

# Study buddies?

Competition and collaboration between  
higher education and further education

Aveek Bhattacharya  
Amy Norman



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Kindly supported by



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## FOREWORD

English education policy since 2010 has been preoccupied with stimulating competition within and between further education and higher education, as well as in other parts of the education system. While it is arguable whether or not the introduction of quasi-markets in education is a particularly smart or reliable way to drive up quality, it is clear that the emphasis on competition has tended to create a strategic environment not especially conducive to cooperation and collaboration.

Equally inimical to this kind of cooperation is the longstanding tendency in English education policy to think in silos, implementing policies and plans that overlook the wider needs and intersections of the system. Reforms in one part of the system often impact negatively elsewhere. Sometimes this is in the form of a trade-off of sorts, robbing Peter to pay Paul. Often, too, reform in one sector has unintended negative consequences in another, but, in most cases, while these consequences are unforeseen they are not unforeseeable. In too many cases, we fail to draw the dots between areas of policy. Despite the promise of the Augar report, which recognised the need to think holistically even if it retained the unhelpful language of markets and competition, this lack of join up continues to be a fault of our thinking.

The new White Paper on further education and skills is, regrettably, another example of this lack of systemic thinking. While there is a welcome attempt to join up local skills provision and demand through ‘local skills improvement plans’, there is not enough on how the new plans will articulate with the existing infrastructure of devolution, or on how chambers of commerce will fulfil their new role. Just as fundamentally, though, there is too little on how the white paper proposals will link to the reform agenda in other parts of the education system: universities, schools and adult and community education. It remains to be seen, too, at time of writing, whether the new commitment to supporting further education will be matched by an adequate increase in resource, or whether it will come at the expense of other parts of the system (as suggested by Augar).

That is why the present publication from the Social Market Foundation, funded by the Further Education Trust for Leadership, is so welcome and timely. It considers the current state of play in post-18 education, specifically examining how further education and higher education presently operate, and the degree to which these operations can be properly described as competitive or collaborative. Drawing on interviews with FE principals, university vice-chancellors and sector experts, it also asks how these two parts of the system might work better together, to the benefit of all our learners.

As I have argued before, in a properly functioning tertiary education system, HE and FE must be united, not pitted against one another, as per our usual habit. Their roles, as argued in this report, are complementary – their respective institutions should not be obliged to fight it out in some ideologically fuelled educational version of the Hunger Games. The Augar report, which, unlike any government report since the 1960s, sought to address all of post-18 education in England, understood this, but it did not go nearly far enough. I would have liked to have seen the report begin with what we need to do with education to help create a fair, prosperous society in which opportunity is evenly shared out, rather with an artificially narrow funding envelope that demanded freezes in investment in HE to pay for increases in FE funding.

The present report represents another important attempt to think in a coherent, systemic way about post-18 education in England. While it is important that we reverse decades of cuts to further education and skills, our learners deserve more: a genuine tertiary education system that is animated by the same, connecting sense of core purpose – something which, I do not feel, we have ever had (though we have always needed it). For this to happen, each part of the system must be self-confident, aware of its unique strengths and mission, and, of course, properly resourced. But we also need politicians and policy-makers who appreciate not only the component parts but the ways in which they join and articulate together.

This report contributes to the kind of progress and the sort of thinking I, and, evidently, many of my colleagues, would like to see, and does so in a thoughtful, clearly focused and perceptive way. My hope that it will be read alongside Augar, the White Paper and other key policy documents, and that, together, we can build on them to create a more coherent, collaborative system that is, first and foremost, about the needs and aspirations of all our students.

**Dame Ruth Silver, President of the Further Education Trust for Leadership**

## EXECUTIVE SUMMARY

Further education (FE) has been described as the “neglected middle child” of the education system, caught between schools and universities, and as a result has often seemed undervalued and short of resources. The current Westminster Government plans to change that, having released a White Paper centred around FE, promising additional investment in colleges and with a response forthcoming to the Augar Review which proposed a funding regime that better supported the sector.

Yet some have voiced concerns that the attention and support given to FE colleges will come at the expense of Higher Education (HE), failing to recognise the extent to which the two fulfil complementary roles in the education system. While the debate on tertiary education is less noisy in the devolved administrations, they too face their own tensions between universities and colleges.

In this report, we set out to explore the relationship between FE and HE. We look at how it currently operates: the extent to which universities and colleges are in competition with one another, and the extent to which they are able to sustain fruitful collaborations. We also consider how the relationship could be made to work better, allowing the system to draw on the respective strengths of universities and colleges to the benefit of learners. We do so drawing on interviews with 22 FE principals, university vice-chancellors and sector experts.

Though there is substantial overlap in their activities, as a broad generalisation, universities and colleges occupy different roles in the education system. A university education puts greater emphasis on research skills, independent study and wider non-academic experience than most college courses. University students also tend to be younger and more socially advantaged. By contrast, FE colleges are seen as offering more practical, job-orientated, guided learning, catering to older less privileged cohorts.

These differences mean that there is significant scope for universities and colleges to complement one another and work together in the interests of learners. **There are several ways in which the two can work together:**

- **Validation of HE courses in colleges by universities**, allowing less mobile students and those more comfortable in a college setting to access degree-level qualifications.
- **Articulation from college to university**, creating pathways for generally less advantaged college students to progress onto university degrees.
- **Addressing local skill needs**: by pooling resources and expertise, universities and colleges may be able to deliver courses they could not offer alone. Together they may be able to exert more political influence on skills policy and benefit from one another’s relationships with employers.
- **Sharing knowledge**: there are plenty of areas where institutions can learn from one another – colleges tend to be more expert in serving widening participation students, whereas universities can bring the benefits of their research expertise.
- **Sharing resources and facilities**: there could be efficiency gains from combining back office functions and student services. There could also be benefits from students having access to staff and facilities from both institutions.



Validation and articulation are widespread (and particularly strong in Scotland), but it is generally felt that there is room to increase their use. Other forms of collaboration are far more tentative and experimental.

**To a significant extent, the reason that the benefits of collaboration have not been realised is because of unproductive and excessively aggressive competition between universities and colleges.**

Driven by a demographic decline in the number of 18 year olds entering education and the lifting of caps on student numbers in 2015, universities have increasingly moved into areas typically considered colleges' territory – Level 4 and 5 qualifications, particularly with the expansion of foundation years – even as the overall number of students taking Level 4 and 5 courses has fallen. Some universities have even started offering Level 3 (A-level equivalent) courses. At the same time, colleges have been squeezed by a decline in the level of funding for their core activities, with per student funding falling by 12% in real terms from 2010/11 to 2019/20.

In theory, competition between universities and colleges might be expected to benefit learners, offering them a greater choice of options and incentivising both types of institutions to improve to attract students.

In practice, the vast majority of people we spoke to believe competition has done more harm than good:

- It has encouraged institutions to focus on courses that are cheaper and easier to deliver, and leads to inefficient duplication.
- It leads to fragmentation rather than coordination, and as a result, providers lack the scale and expertise to provide certain courses.
- Competitive pressures disincentivise and undermine the goodwill necessary for effective collaboration.

Fundamentally, it is hard to envisage fair or effective competition occurring between universities and colleges in their present form, given the scale and financial advantages universities currently enjoy, with higher per student funding, greater financial capacity to invest and more immediate rewards for expansion.

It is possible that competitive pressures may abate in the coming years. We have passed the demographic trough and the number of 18 year olds is beginning to rise again, with the domestic student population expected to increase by 358,000 by 2035. However, this growth may be partially offset by any decline in foreign students in the wake of the Coronavirus crisis and Brexit. Moreover, there are a number of institutions facing substantial financial distress that may be driven to expand student numbers wherever they can. The Government in England has signalled its intention to increase the number of students doing Level 4 and 5 technical courses – an area that sits in the 'messy middle' between universities and colleges – and this has already set off some jockeying for position between the two sectors.

Interviewees described several obstacles to collaboration between universities and colleges:

- **Funding:** a lack of financial security means that colleges in particular feel unable to make the investments and take the necessary risks to sustain effective collaborations.
- **Regulation:** working across institutional boundaries adds to an already complex regulatory environment, which inhibits such arrangements.
- **Incentives:** for universities especially, articulation and validation arrangements can cost them revenue if they mean losing students to partner colleges. Even if partner colleges serve different students, the resources and reputational risks involved are sometimes seen as exceeding the benefits.
- **Power imbalance:** with a stronger financial position, more prestige and the power to award degrees, universities are sometimes seen as dominant over colleges.
- **Trust:** the competitive environment and the risks of collaboration have sometimes undermined trust between colleges and universities.
- **Perceptions:** there is less snobbery towards colleges than is sometimes suggested, but many believe there is a fundamental lack of mutual understanding between university and college staff that impedes cooperation between the two.

At the same time, we identified a number of institutions that had well-functioning relationships across the university/college divide. In those cases, collaboration was facilitated by the following conditions:

- **Shared mission and values:** both institutions agreed on their fundamental objectives and shared core commitments (often serving widening participation students).
- **Strong leadership and personal relationships:** collaboration was set as an organisational priority by senior management, and staff at all levels had an open, communicative and trusting relationship.
- **Clear delineation of roles:** competition was held in check by agreements over which students to serve and courses to deliver.
- **Suitable geography:** institutions operating in areas with a clear distinctive sense of place and/or a well-integrated labour market tend to have a stronger shared commitment to their place and find it easier to contribute to local skills planning.

Based on these findings, we make the following recommendations to college principals and university vice-chancellors:

1. **Seek out potential partners that share common ground**, recognising that the most effective partnerships are based on complementary strengths and common objectives, and that these may trump physical proximity.
2. **Foster close relationships between staff**, maximising opportunities for them to meet, get to know each other and identify additional ways to collaborate.

3. **Think creatively about ways to deepen partnerships:** look beyond validation and articulation and consider ways to share resources, facilities and services.
4. **Formalise the relationship between institutions** so that they are less dependent on individual relationships, considering options from Memoranda of Understanding up to and including forms of merger.

We also have a series of recommendations for policymakers in England:

1. **Fix FE funding:** address under-resourcing and financial insecurity with a three-year settlement and higher per student funding.
2. **Improve the demarcation of roles in the ‘messy middle’:** appoint a ‘referee’ (for example combined authorities or local FE Directors) to adjudicate where the overlap in provision between universities and colleges is likely to cause unhealthy competition.
3. **Increase financial incentives for collaboration:** develop a fund modelled on, or indeed integrated into, the College Collaboration Fund to support collaborative projects between universities and colleges. Consider financial rewards for both institutions offering ‘split’ degrees, partially compensating them for the loss of revenue compared to educating students for their whole course of study.
4. **Support restructuring where appropriate:** offer support and encouragement for federal structures and even mergers.
5. **Simplify regulation:** minimise complexity by reducing the number of different agencies that institutions are answerable to. One possible model would be to have a single lead regulator for universities and a single lead regulator for colleges, with the onus on the regulators to coordinate in areas where they overlap.

More broadly, we suggest that the issues that exist at the interface of colleges and universities result in large part from a basic lack of clarity and indeed growing ambiguity over their respective roles.

A more effective approach to tertiary education would consider both sectors together as part of a single educational system and set the inherited institutional legacy aside in determining what the best division of labour between universities and colleges might be in the interests of learners. This would require policymakers to ask fundamental questions regarding the benefits of specialisation, the relationship between research and teaching, the importance of geography and the value of selection. These questions are deep and challenging – but they must be answered in order to develop a coherent vision for tertiary education.

## CHAPTER ONE – INTRODUCTION

### Context

Further education (FE) has been described as the “neglected middle child” of the education system, caught between schools and universities, and as a result has often seemed undervalued and short of resources.<sup>1</sup> The current Westminster Government has strongly signalled its intentions to change that. The Conservative General Election manifesto promised investment in FE colleges (FECs). In a speech hosted by the Social Market Foundation in July 2020, Education Secretary Gavin Williamson vowed that “My personal commitment is to put further and technical education at the heart of our post-16 education system”.<sup>2</sup> That was followed in September with a speech by Prime Minister Boris Johnson promising a “Lifetime Skills Guarantee”, in which he reiterated “We need to invest in skills, and we need to invest in FE”.<sup>3</sup>

The Government’s White Paper on FE, “Skills for Jobs: Lifelong Learning for Opportunity and Growth”, originally promised in Williamson’s speech, was finally released in January 2021.<sup>4</sup> Its measures included:

- A Lifelong Loan Entitlement, offering student finance for the equivalent of four years of post-19 education – intended to bring parity between technical and academic education by offering the same financial support to both types of student.
- Reforms to higher technical education to encourage greater provision and take-up of Level 4 and 5 courses.
- Local Skills Improvement Plans to be drawn up by employers, FE colleges and other providers and local stakeholders.
- A national recruitment campaign for FE teachers.

The details of some of the key measures – in particular, the specifics of the Lifelong Loan Entitlement, the Government’s promise to simplify and stabilise FE college funding and plans to make post-compulsory education more modular and flexible – remain uncertain, however, subject to consultations over the coming months.

On the same day as the FE White Paper, the Government also published an interim response to the Augar Review, which proposed significant changes to the funding of post-18 education – and in particular, a shift in funding towards FE and away from HE. However, the response failed to make any substantive changes, and deferred a full decision on funding to the next Comprehensive Spending review later in 2021.

The sector has generally welcomed the renewed focus on FE, but some elements of the Government’s rhetoric have caused concern. In particular, there are worries that increased attention and resources for FE will come at the expense of Higher Education (HE). The Prime Minister, previewing the Lifelong Loan Entitlement policy, justified it on the basis that colleges would be “better able to compete with universities”.<sup>5</sup> In his speech Williamson argued that “it’s clear that there are limits to what can be achieved by sending ever more people to university”, and that “a significant proportion of graduates fail to gain much advantage from going to university at all”. Though he insisted that “universities can be an important part of the solution”, he called on them to “significantly step up their

provision of higher technical qualifications in order to do so". Indeed, news coverage of the speech overwhelmingly framed it as a repudiation of Tony Blair's target to get 50% of young people into Higher Education.<sup>6</sup> In response, Geoff Barton, general secretary of the Association of School and College Leaders questioned "why the education secretary feels it necessary to denigrate the value of higher education in setting out his ambition for further education".<sup>7</sup>

The debate around tertiary education tends to be less noisy and politically contentious in the devolved administrations, but Wales, Scotland and Northern Ireland have also in their own ways been delineating the roles of FE and HE.<sup>8</sup> For example, the Cumberford-Little report, commissioned by the Scottish Government, called for a reconsideration of the balance of funding between universities and colleges and for greater "collaboration, co-location, co-funding and co-investment" between the two forms of institutions.<sup>9</sup>

## Methods

Against this backdrop, in this report we set out to explore the relationship as it currently exists between colleges and universities, higher and further education. In post-compulsory education, higher education pertains to the provision of English Level 4-8 qualifications, though it can also be used more narrowly to refer to undergraduate and postgraduate degrees. Further education refers to post-compulsory provision of English Level 1-5 qualifications, such as vocational qualifications and apprenticeships. While Level 4 and 5 are strictly speaking HE qualifications, they are often delivered in FE colleges, and therefore inhabit a somewhat ambiguous position between HE and FE. Scotland operates a different system of numbering qualification levels, as the table below shows. To minimise confusion, in this report when we refer to qualification levels, we will use the English system.

Qualification	Level (England)	Level (Scotland)
First certificate; GCSE (grades 1-3); Level 1 award etc.; Access 1-3 (Scotland); Intermediate 1 (Scotland)	1	1-4
GCSE (grades 4-9); intermediate apprenticeship; Level 2 award etc.; Intermediate 2 (Scotland)	2	5
A Level; AS level; Access to Higher Education Diploma; Advanced apprenticeship; International Baccalaureate diploma (IB); Modern apprenticeship (Scotland); Level 3 award etc.	3	6
Higher National Certificate (HNC); Certificate of Higher Education (CertHE); Higher apprenticeship etc.; Higher apprenticeship; Level 4 award etc.	4	7
Higher National Diploma (HND), Diploma of Higher Education; Foundation Degree; Level 5 award etc.	5	8
Bachelor's degree (with or without honours); Degree apprenticeship; Graduate certificate; Graduate diploma; Level 6 award etc.	6	9 (Ordinary degree) / 10 (Honours degree)

Master's degree; Postgraduate certificate (PGCert); Postgraduate Certificate in Education (PGCE); Graduate apprenticeship (Scotland); Level 7 award etc.	7	11
Doctorate (PhD or DPhil); Professional Apprenticeship (Scotland); Level 8 award etc.	8	12

*Source: Department for Education (DfE) and Scottish Credit and Qualifications Framework*

While this report focuses on the sectors of HE and FE overall, in practice this translates to the relationships between further education colleges and universities. As we are interested in fostering collaboration between the institutions themselves, this report uses the terminology of 'college' and 'university' when referring to the primary providers of FE and HE respectively.

We seek to understand how the relationship operates at present, the ways it works well and the problems it causes. In particular, we want to understand the extent to which it is characterised by competition or collaboration. To what extent is the relationship zero-sum, either at the level of individual institutions or systemically: do universities have to lose for colleges to do well, and vice-versa? And to what extent is there scope for fruitful collaboration that benefits both sides?

Based on this understanding of how things work now and how they might be improved, we then try to identify lessons for both sector leaders, such as university vice-chancellors (VCs) and college principals seeking to negotiate their relationship with the other side, as well the lessons for policymakers seeking to develop a better functioning and more effective education system.

Over the course of November 2020, we conducted 22 in-depth interviews and held a roundtable discussion with sector leaders and experts. We asked them to reflect on their own experiences of collaboration and competition between universities and colleges, the factors that obstruct or facilitate positive dynamics between the two, their views on the appropriate roles of different types of institution, and their recommendations for their peers and policymakers.

Our participants represented a mix of institutions. 11 were college principals, eight university vice-chancellors and three sector experts. They worked in a range of contexts and locations, both large cities and small towns, and all over the country. While we specifically targeted institutions known to have distinctive models of collaboration (for example, mergers or group structures), many participants had experiences of institutions with few close links to the other side. While we had three participants from Scotland, we did not speak to anybody from Wales or Northern Ireland, so the findings of this report may not be as relevant to those countries (though of course some of the general themes may apply there too). We were also unable to interview anybody currently working at a Russell Group university – though some of the most selective universities do have relationships with colleges<sup>10</sup>, this may reflect the fact that such arrangements are less common and further from their core activities than for other universities.



## CHAPTER TWO – BENEFITS OF COLLABORATION

The current political and policy narratives around FE and HE risk increasing divisions in the post-18 education landscape, which would not only be damaging for students but also an inefficient use of public funds. Greater collaboration between colleges and universities can help foster a more coherent education system, develop more and better progression routes for students and help institutions operate more efficiently and effectively.

The distinction between universities and colleges is a legal one, with only authorised higher education providers allowed to refer to themselves as universities. In practice, though, the line between what universities and colleges actually deliver can be blurred. We can, however, make some broad generalisations, though these do not hold in every case:

- **Research-led versus practical:** generally speaking, university courses focus on teaching research skills applied to more academic questions whereas college provision is focused more on teaching vocational skills for practical application.
- **Independent study versus guided learning:** contact time can also differ between different types of institution. Universities tend to place greater emphasis on independent study with less contact time from lecturers. In comparison, college courses involve more guided learning with smaller and more frequent classes.
- **Broader experience versus narrower focus on learning:** university students are more likely to move away from home to study, and place greater value on the wider benefits of a university experience to their personal and social development beyond their formal studies. By contrast, students attending college usually do so in their local area with the more narrow objective of enhancing their career opportunities.
- **Younger versus older learners:** typically, university students are younger and are more likely to be recent school leavers than college students.
- **‘Traditional’ versus widening participation backgrounds:** university students are more likely to have parents that attended university themselves, whereas college students are more likely to come from backgrounds that mean they are less familiar with and confident in educational settings.

To reiterate, these are broad generalisations with thousands of exceptions. But they capture some of the key functional differences between the roles and objectives of universities and colleges. As a result of these differences, providers often have different strengths and complementary objectives to offer in a partnership. As a result, institutions can learn from each other and create opportunities for greater mutual benefit. Participants identified a number of benefits from collaboration between universities and colleges for learners, institutions and society at large. However, our research indicates that the full potential of these benefits is far from being realised.

Throughout our research, we found colleges and universities vary in terms of the level of integration and formalisation of their partnerships. Some relationships were characterised by transactional arrangements, such formal validation agreements, without any deeper collaboration between the institutions. At the other extreme were structural

reorganisations, such as mergers, which integrate both formal governance structures and informal institutional cultures. A small number of institutions also reported informal, close relationships that were based on ad hoc sharing of ideas and research. One participant emphasised the range of benefits available by noting: “there’s lots more to the partnership than HE delivery” (*College Principal*).

### Models of university-college collaborations

Collaboration between universities and colleges takes very different forms between different universities. Though the specifics vary from place to place, we can distinguish the following broad models:

- **Ad hoc transactional relationships and central departmental level:** isolated validation or articulation agreements for particular courses with no broader strategic objectives
- **Memoranda of Understanding:** time-limited agreements setting out areas for collaboration, and sometimes demarcating responsibility for providing different types of courses to limit competition
- **Loose ‘federations’:** longer-term agreements between a set of institutions to work together, though institutions retain operational independence. May involve shared governance e.g. cross-representation on boards. May involve common branding and strategic planning – as for example, in the Teesside University College Partnership
- **‘Mergers’:** in recent years, there have been two mergers between universities and colleges: between Bolton University and College, and between London South Bank University and Lambeth College. In both cases, the colleges became wholly owned subsidiaries of the university group, meaning that there is a single governance structure for the institutions, but they are not financially integrated.

In the course of our research, we interviewed sector leaders with experience of each of these models.

### Validation of HE courses

While colleges only deliver a small proportion of the overall HE provision, it is a critical part of their overall educational offer. FECs are long-standing providers of HE, with some tracing their higher-level work back to the 1950s and 60s.<sup>11</sup> In 2018/19, around 7% of HE students (excluding postgraduates) studied in a FE provider in England, while this figure stood at around 21% in Scotland.<sup>12</sup> HE provision delivered in colleges largely comprises Level 4 and 5 qualifications, such as Higher National Certificates (HNCs), Higher National Diplomas (HNDs) and Foundation Degrees.<sup>13</sup> Two-thirds of colleges in England also offer some undergraduate and/or postgraduate courses.<sup>14</sup> However, FE providers only account



for a small fraction of all undergraduate degrees – a little over 1% in England, and less than 1% in Scotland.<sup>15</sup>

Only a handful of colleges have their own degree awarding powers, meaning that most colleges partner with universities to validate the qualifications for their HE courses. Participants acknowledged that this form of agreement is beneficial for colleges who want to expand their HE provision in part because it attracts greater and more stable funding.

*“Most FECs want to have a stake in HE and having an HE partner that enables them to provide HE is a good way to do that.” – University VC*

Universities also financially benefit from these arrangements, with colleges paying a fee for university validation.

For many students, studying HE in a college is a lower-cost and more logistically feasible alternative to university. As a result, colleges play a critical role in providing HE qualifications for those who cannot or do not want to study in a university setting, such as adult learners with work or caring responsibilities and/or those from socially disadvantaged backgrounds.<sup>16</sup> Participants emphasised the importance of validation agreements in enabling colleges to meet the needs of local areas where university provision may not be accessible. Some described how these partnerships can help to fill university ‘cold spots’:

*“[The university validation partner] give us access to offer degrees here that we can’t currently offer under our awarding powers. [Local students] would have a minimum of an hour’s travel to do a degree if we didn’t offer them here. [The university] give us the accessibility to serve our local market where our own powers don’t yet reach.” – College Principal*

*“The only way you’re going to attack some of the cold spots is through FE...In those places, the only way you’re going to do HE is through a college. Universities aren’t interested in that” – FE sector expert*

*“A lot of the individuals have quite a lot of local commitments, they’ve got families. They’re not 19 year old students, they’re in their late 20s, 30s, 40s, 50s, 60s. They’ve got dependents, they’ve got complex lives. It’s far better if they can study locally, they’re desperate to stay with us and study locally” – College Principal*

Ultimately, the system of university validation of college-delivered courses enables learners to gain higher qualifications, which will likely lead to job opportunities and income growth.<sup>17</sup> This not only benefits individual learners, employers and the local economy, but it also aids social mobility and economic growth at a regional and national level.

### Articulation from college to university

Articulation agreements between colleges and universities enable students to move relatively seamlessly from FE to HE with recognition of their prior learning. Articulation works most effectively where students receive full credit for their previous achievement, but this is not always the case. In practice, this usually involves students completing a Level 4 Higher National Certificate (HNC) or Level 5 Higher National Diploma (HND) in a college and progressing into the second or third year of an honours bachelor’s degree at

a university, respectively.<sup>18</sup> Establishing articulation routes from colleges to universities can have significant benefits for learners, institutions and wider society.

This route to HE benefits students who may not be academically, economically, or personally prepared to enter university at the point when they commence their studies. As a result, articulation is most commonly associated with widening participation of underrepresented and disadvantaged groups in HE and enabling the ‘topping up’ of qualifications or upskilling.<sup>19</sup> Many participants spoke of the existing agreements they have with either college or university articulation partners, and how this benefits students:

***“We don’t run a Level 4/5 without an articulation into Level 6 – I would consider that quite unethical. Either we run the Level 6 articulation here on our campus so that it is seamless, or we have an articulation agreement with a particular HEI [Higher Education Institution].” – College Principal***

*“We don’t like broken ladders. In theory, a learner should be able to come to us with the lowest level of skills (in theory, Level 1) and be able to climb the ladder steadily up until they leave with a degree.” – College Principal*

*“At the end of the day, it’s the students that win from those better relationships. **Where we can share resources, students can tap into the university or the college, and there are progression routes that might last a lifetime.** That’s what we’re ultimately working towards.” – College Principal*

For universities, articulation can be used as a mechanism to grow their student base overall, particularly among learners from widening participation backgrounds.

Though the benefits of articulation are widely recognised, in practice, progression routes are varied and complex.<sup>20</sup> Participants noted that coordinating articulation agreements can be challenging and requires detailed work between curriculum teams and programme leads for each course. Consequently, this involves a substantial commitment of resources and will to prioritise collaboration:

*“I’m a big advocate for recognising previous qualifications and allowing students to articulate in – it’s not always easy though.” – University VC*

*“When we are developing articulation pathways, it takes the programme leads sitting down with each other to see where needs matching and adjusting.” – University VC*

*“There’s lot of things that go into successful transition. It needs time and dedication of the team.” – University VC*

*“It’s where you’ve got those good team to team relationships and good integrated systems.” – College Principal*

Our findings from participants indicate that articulation agreements differ on an institutional basis, and with very limited systemic oversight in England. The Government also recognises that this is a problem.<sup>21</sup> In many cases, credits are not well-recognised and learners are required to undertake additional years to complete the course.<sup>22</sup> Learners are often left to navigate the process alone,<sup>23</sup> which is more likely to deter learners who

are less familiar with a university setting. Ultimately, this comes at a cost to social mobility, regional development and the strength of the economy.<sup>24</sup>

In comparison to England, articulation routes in Scotland are much more well-established.<sup>25</sup> In part, this is a consequence of Scottish government policy, which has explicitly prioritised articulation, particularly as a mechanism for widening participation. It could also be linked to the fact that post-18 education in Scotland is characterised by less competition than England, facilitating greater collaboration. Between 2009/10 and 2014/15, the number of Scottish students articulating from college with full credit increased by over a third (37%) to just over 4,000 students,<sup>26</sup> where it remains to this day.<sup>27</sup> More than one in five (21%) students who articulate with full credit are from the most deprived areas of Scotland.<sup>28</sup>

Since 2003, the Scottish Funding Council (SFC) has provided specific funding for articulation, which later led to the formation of five regional articulation hubs in 2008.<sup>29</sup> These hubs were created to foster better relationships and articulation pathways between institutions across a region, although the funding ceased in 2016. Since 2012, the SFC has encouraged articulation through a separate funding stream which is shared between colleges and universities.<sup>30</sup>

While recognising the relative success of articulation in Scotland, in 2020 the National Articulation Forum – a collaboration led by Universities Scotland and Colleges Scotland – made a number of recommendations for expanding articulation and making it accessible and successful for more students.<sup>31</sup> These included: closer alignment in curriculum between colleges and universities, better use of evidence on skills gaps to guide the development of articulation pathways, more transition support to help students develop the necessary study skills to do well at university and greater promotion of articulation in information, advice and guidance services.

However, a consistent issue raised with articulation in Scotland is the perceived greater engagement of post-92 universities with the agenda compared to the more selective ancient universities. For example, the Commission on Widening Access's (COWA) report in 2016 highlighted that post-92 universities had made greater use of SFC articulation funding and expressed concerns that without intervention, a stratified HE system may persist *“where learners who take longer to realise their potential only have access to a restricted number of institutions and courses”*.<sup>32</sup> Consequently, the expansion of articulation routes across a wider range of Scottish universities is an increasingly prominent policy objective. At the same time, one participant in our interviews was sceptical that ‘forced’ articulation was in the best interest of the learner, suggesting that post-92 institutions were better equipped to support these students:

***“There is a lot of widening access and articulation going on, but because it isn’t where the government wants it, they’re trying to change the structures. There is a risk in doing that – their approach is a false change of the dynamic and isn’t necessarily improving life chances. A student from [a college] going to [an ancient university] will struggle because the environment is different, but they will fit [at a post-92].” – University VC***

While we do not take a view on which universities are best suited to articulation, we recognise that both England and Scotland could benefit from greater availability of articulation routes from college to university, albeit that need is greater in England.

### Widening access and participation

As noted above, one of the key strengths of colleges is making higher education accessible to learners who otherwise may not attend university, due to low prior attainment and/or financial or personal circumstances.<sup>33</sup> In 2016, around a third of HE students came from colleges, and they were more likely to be from disadvantaged backgrounds.<sup>34</sup> Some of those we interviewed claimed that disadvantaged students may be more likely to benefit from a smaller and more guided learning environment, and are therefore better suited to a college setting than a university.

*“Whilst a student might be more than capable of doing a higher-level qualification, level 4 or above, they might find that emotionally difficult to do that in a university setting, whereas in a college setting it’s more inviting, we’re smaller, all our staff know all our students by name, so it’s a lot less intimidating.” – College Principal*

*“We specialise in widening participation for those who didn’t get a decent crack of the whip first time out of the gate. **I have around 1200 HE students, the average age is 30 and 70% of them come from widening participation backgrounds. This is not a typical university setting.** These are people who need this qualification and want to work hard to get it.” – College Principal*

By supporting colleges, through either validating their HE provision or building articulation routes, universities can contribute to widening participation of socially disadvantaged students in HE. This not only supports the upskilling of a greater proportion of the population, which increases productivity of the workforce, but it also acts as a mechanism for social justice, by equipping those from disadvantaged backgrounds with the means to live a meaningful life.<sup>35</sup> Many participants from universities saw working with colleges as a way to fulfil their commitment to widening participation and social mobility:

***“Universities like mine would feel that it’s absolutely core to our mission to work with colleges. It’s in our interest. [...] Our university was founded to provide opportunities to the working class.” – University VC***

Institutions that charge more than the basic fee are required to have Access and Participation Plans approved by the OfS, which is funded in part by the additional fee charge.<sup>36</sup> This funds outreach work and support for disadvantaged students, such as bursaries and employment support. However, the Augar Review noted that there has not yet been any assessment of the effectiveness of this spending on recruiting and supporting disadvantaged students.<sup>37</sup> There may be scope for universities to collaborate with colleges in reviewing, refining and improving these plans.

### Addressing local skills needs

Working together, colleges and universities can offer courses and skills packages for their local area that they could not offer alone. One of the key strengths of colleges is their relationships with local employers and their knowledge of the local skills needs.<sup>38</sup> A recent survey by the Association of Colleges (AoC) and the Gatsby Foundation found that 98% of colleges have an employer engagement strategy, with a majority sharing facilities with

local SMEs.<sup>39</sup> A more coordinated approach could enable a local application of the university's research and innovation through the college's technical provision and employer relationships, in a way tailored to the area's needs. Several participants were convinced of the benefits of a coordinated skills offer:

*"When they can work collaboratively, we have really great examples of where students and the local economy can benefit because they bring different skills and wider partnerships to the table." – College Principal*

***"You're not competing in established markets; you're trying to solve a skills problem for a local employer. That's the big thing I'm really excited about."*** – College Principal

### Cross-sectoral collaboration on Teesside

A number of participants shared examples of effective collaboration to meet local skills needs. A particularly striking instance is the Teesworks development, led by the Tees Valley Combined authority on the former site of the SSI steelworks in Redcar, which closed in 2015 at the cost of over 2,000 jobs. Teesworks is intended to develop over 20,000 jobs in sectors such as offshore and clean energy. By pooling their resources and expertise, the Teesside University College Partnership (which comprises Darlington College, Redcar & Cleveland College, Stockton Riverside College, Hartlepool College and Teesside University) were able to position themselves as brokers for Teesworks' training needs, offering both higher and further education skills.

Similar opportunities for collaboration occur all the time on a smaller scale. One college principal described a three-way partnership between their college, a university and a nearby hospital. Among other needs, the hospital had a shortage of a certain type of technicians that the university, but not the college, had experience of training. Working together allowed them to take advantage of the university's knowledge and the college's location and experience to deliver the training the hospital wanted where it wanted it. Overall the key benefit, in the principal's eyes, is that collaboration *"means you don't have to say no to employers"*.

That said, there is still room for greater coordination between the two, particularly to support the economic recovery from the Coronavirus pandemic. As unemployment rises and the sectoral make-up of local areas shifts, educational institutions have a vital role to play in supporting people through upskilling or reskilling. Many participants highlighted the need to do better on this score:

***"We could offer packages together as a one-skilling offer at various levels with colleges and universities. It might be around healthcare. We would all recognise each other's credits. I think there's a lot to be done by colleges and universities on the upskilling and reskilling agenda."*** – College Principal

*"There is the opportunity for significant gains if you could get colleges and their local universities to come up with a joined-up adult education offer."* – FE/HE sector expert

*“For me, the ideal is that you work very closely together, and if you can do that you can meet the needs of the local economy to begin to increase productivity etc.” – College Principal*

The UK Government’s proposed Local Skills Improvement Plans could help in addressing the issue. However, it is unclear how involved universities are intended to be in developing and implementing these plans. While the FE White Paper says that the plans will involve “sustained and effective engagement between colleges and *other providers* and local employers” (emphasis added), most of the discussion in the White Paper focuses on the link between employers and colleges, rather than other institutions.<sup>40</sup>

In comparison to colleges, participants indicated that universities have closer links with larger regional and national employers, policymakers and government. By working together, colleges and universities can strengthen their political influence. One college principal emphasised how merging with a university meant they had “*greater clout and bargaining power with regulators and funders*”. But even without full merger, participants felt that they were more likely to be listened to if they worked together:

*“There are times when **we can stand together as a partnership and go to the combined authority to input on skills.**” – College Principal*

*“From a combined authority that’s a very attractive proposition when you’ve got the majority of your education providers coming together on a collaborative project.” – College Principal*

### Sharing knowledge, resources and facilities

There are many further benefits that greater collaboration between colleges and universities could bring either institution, from sharing knowledge and best practice to resources and facilities. A number of participants said they were exploring innovative ways to collaborate with other institutions, but in practice few have gone much beyond the basics of validation and articulation.

Each college or university is different; however, as described above, both types of institutions have respective strengths that each could learn from. Participants noted the success of colleges in widening access and participation of post-18 education to those from more socially disadvantaged and vulnerable backgrounds. Universities could learn a lot from colleges on how best to support these students articulating into a different educational setting, and to nurture them through their qualification. Knowledge sharing between institutions might also include subject specific knowledge, drawing on their research output, as well as more general staff training.

*“Universities can bring research expertise and knowledge that we haven’t got.” – College Principal*

Participants described ways in which they were trying to deepen relationships, but these are often quite experimental and certainly not widespread:

*“Each year [there is] a partnership CPD event. Individual schools and course teams share their own expertise, do their own knowledge transfer.” – College Principal*



*“We’re able to share practice with [the local university]. You can walk up the street and go into a meeting, staff training, share in a development activity.” – College Principal*

*“I think they’re learning a lot from the debate around pedagogy in further education.” – College Principal*

*“Around a third of our staff are now on masters programmes at the university partner, free of charge.” – College Principal*

One participant described how they are looking at innovative ways of sharing staffing contracts between the university and partner colleges in future:

***“We’re looking at joint employment contracts where staff work between two or more institutions in the group. The college can’t always afford to employ someone if they only need them one day a week so I’m happy to take on a contract for four days a week and they have access to the same member of staff for the fifth day.” – University VC***

There is further scope for institutions to share facilities, including libraries and sports facilities, as well as student services, such as mental health and wellbeing support. This would benefit both the institutions, allowing them to rationalise costs, as well as learners, who would have greater or improved access to services and facilities. Some participants gave examples of this working well:

*“Students that come here are a dual student, so they can access all the facilities at the university campus.” – College Principal*

*“We run a library for the college in [another town].” – University VC*

Participants also noted how the sharing of facilities, services, staff time and student information can support smoother transitions for students articulating:

*“Imagine if that student went to university but still had their FE tutor. That’s what I mean about integration.” – College Principal*

*“We all start with a blank sheet of paper. We inherit a student, know nothing about them, learn all about them, and then pass them onto the university who know nothing about them again. For example, this student had a trauma in December, always has a wobble at the end of the year.” – College Principal*

## CHAPTER THREE – COSTS OF COMPETITION

Though their core activities are quite different, there has been significant competition between colleges and universities in England in the areas where they overlap. In theory, this could be a good thing: many have argued that competition in public services increases choice for users and incentivises providers to improve.<sup>41</sup> The Department for Education endorsed this theory in the 2016 White Paper on HE, stating:

*“Competition between providers in any market incentivises them to raise their game, offering consumers a greater choice of more innovative and better-quality products and services at lower cost. Higher education is no exception.”<sup>42</sup>*

However, our participants were overwhelmingly sceptical that competition between universities and colleges has been able to produce these benefits. In recent years, there have been a number of changes in the pattern of study across the post-18 education sector, such as the decline in Level 4 and 5 provision and the rise in university enrolments.<sup>43</sup> Speaking to experts and senior leaders across the sector, there is a widespread belief that these changes have in part been influenced by increasing competitive forces. Participants raised concerns about the extent to which universities and colleges are encroaching on what is considered either’s respective core provision, with negative consequences for the sector and for students.

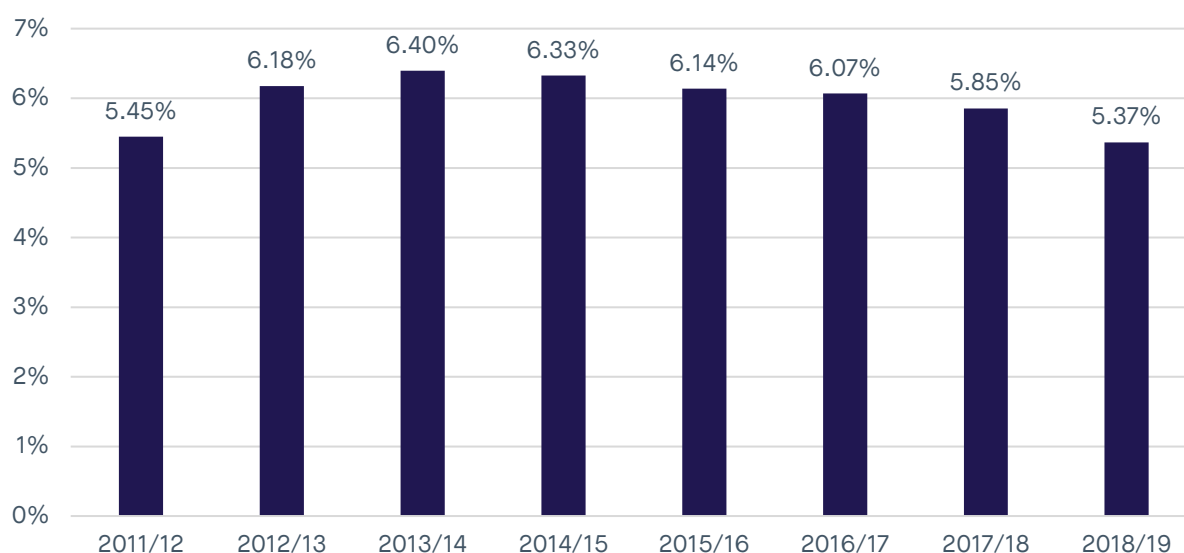
Anecdotal evidence from our research participants indicated that universities have increasingly expanded their offer to include more Level 3-5 provision, part of the ‘messy middle’ which traditionally has been delivered in colleges. Comparable longitudinal data on this is limited, due to the changing nature of university provision and data reporting. While some individual universities may have grown their Level 4 and 5 provision, national figures in England highlight an overall decline in the enrolment on these qualifications.<sup>44</sup> Yet the most notable area of growth for university provision relative to colleges has been in integrated foundation years – not to be confused with Foundation Degrees, which are Level 5 qualifications in their own right.<sup>45</sup> While HESA reports student enrolment data for HNC/HNDs, Foundation Degrees and undergraduate degrees, foundation years are not individually reported.<sup>46</sup> However, in a 2019 report the Office for Students quantified the increase in foundation years attached to degree courses delivered by universities over recent years. The number of UK-domiciled students entering integrated foundation years tripled between 2012/13 and 2017/18 from 10,430 to 30,030, with the vast majority (79%) progressing into a degree programme.<sup>47</sup> In comparison, the number of entrants to Access Diplomas, which provide a similar function to foundation years and are typically delivered in colleges, declined by 18% over the same time period.<sup>48</sup> Some participants also claimed that universities have expressed greater interest in delivering higher-level apprenticeships, which have also been traditionally delivered by colleges. As a result, we found that competitive tensions between colleges and universities over this ‘middle’ provision, and these students, has heightened.

At the same time, some participants indicated that colleges have also expanded their HE provision, which has increased competition with some lower-tier universities. While this may be the case for individual colleges, national-level data indicates that in England, this increase peaked in 2013/14 and has since declined – as seen in Figure 1. Conceivably, this more recent decline coincides with the lifting of the university student number cap in



2015, from which point competitive pressures reportedly increased significantly. As we explore later in this report, universities have substantial competitive advantages over colleges, with greater financial, political and social power. As a result, colleges are likely to lose out in direct competition with universities.

**Figure 1: HE student enrolments in FE providers as a percentage of total HE students, 2011/12-2018/19**



Source: HESA, SMF analysis

While competition between institutions to recruit students is the most visible form of competition between universities and colleges, it is not the only form of competition, or necessarily the most significant. To a greater or lesser extent, the two sectors also engage in competition at the political level for attention and resources: the generosity of the funding they receive, whether they are subject to numbers caps, how regulation (for example, degree awarding powers affects the balance between the two). For example, there is a debate at the funding council level whether Scottish colleges should be allowed to deliver more HE – one participant noted the stated intention of a Scottish college to achieve degree awarding powers. Describing the landscape in Scotland, one participant said:

*“There is quite an intensifying competition for resources within the state apparatus.” – University VC*

### Drivers of competition

Competitive forces in post-18 education are not new; however, participants indicated that policy and political rhetoric since the 1990s has heightened competition between colleges and universities, particularly for HE provision.<sup>49</sup> More specifically, some participants suggested that the emergence of new universities through the Further and Higher Education Act 1992 and the Labour Government’s 1998 commitment to getting 50% of young people into higher education helped set the conditions for the ‘market’ we have today. This political emphasis on increasing HE provision was felt by some participants to have come at the expense of colleges. Taking their cue from policy, some institutions were seen to have engaged in what participants referred to as “bad behaviour” and “unhealthy competition” between colleges and universities.

In 2015, the Coalition Government's lifting of the student number cap removed limits to how many students universities could recruit.<sup>50</sup> Around the same time, the population of 18 year olds in England was in decline, putting pressure on both colleges and universities to viably fill their courses.<sup>51</sup> As a result, competition for students has grown fiercely and relatively uninhibited – as one participants put it, “*demographics trumps policy*” (FE/HE sector expert).

*“In the last 10-15 years, **we’ve gradually marketised both FE and HE. As there is only a finite number of young people – that has set up the conditions in England for an increasingly fratricidal relationship of competition.**” – FE/HE sector expert*

The structures and level of funding for universities and colleges have also contributed to this competition for students. University funding largely follows the student through course fees of up to £9,250, incentivising them to recruit as many students as possible.<sup>52</sup> By contrast, colleges are funded by annual contracts based on the provision delivered in the previous year.<sup>53</sup> As a result, colleges are subjected to a much more restrictive funding system that effectively caps their student numbers year-on-year, making expanding their provision more challenging.<sup>54</sup> This is exacerbated by the fact that the level of per-student funding colleges have received has declined, putting many colleges under financial strain.<sup>55</sup> The Institute of Fiscal Studies (IFS) found that FECs and sixth forms have seen the largest falls per-student funding of any education sector since 2010/11, with a fall of 12% in real terms from 2010/11 to 2019/20.<sup>56</sup> Part of this fall is due to a decline in funding for adult education, which comprises a core part of FECs provision.<sup>57</sup> Consequently, institutions have tended to stray from their traditional provision in search of greater funding:

*“Where funding is tight, [colleges] have tended to go where the funding is.” – University VC*

*“The post-92s and lower-level universities are often much more concerned about their recruitment numbers.” – College Principal*

*“**Funding often puts us as two sectors at odds with another. Just as universities moved into apprenticeships, colleges have increasingly looked at providing HE. Again, there is that tension in chasing additional and secure income wherever we can, because we have to** – it is a difficult landscape to operate in.” – College Principal*

Though there is a degree of overlap throughout all levels of provision (Level 3 to Level 7), the consensus across participants is that competitive forces are strongest where universities and colleges overlap most: around Level 3, 4 and 5, what is sometimes called the ‘messy middle’:

*“Level 4 and 5 (HNC/HND qualifications) has typically been the stomping ground of FECs. But we’re finding now **with the funding that is going into apprenticeships, universities are starting to ‘put their toe in our water’**. Level 6 has typically always been their field but there are a number of colleges that run degrees, either on a franchise basis or with direct awarding powers.” – College Principal*

*“You can see HEIs moving down into Level 3 provision and have tried to capture what little of sub-degree is left.” – FE/HE sector expert*

As noted above, a recent trend in post-18 education is the decline in Access Diplomas delivered by colleges compared to the increase in integrated foundation years delivered by universities.<sup>58</sup> The Augar Review indicates that this shift is predominantly seen in medium or lower entry tariff institutions, typically with a high proportion of students from poorer backgrounds, “to entice students who do not otherwise meet their standard entry criteria”.<sup>59</sup> While Access Diplomas are effectively capped at £5,197, universities can charge up to £9,250 for a foundation year course, which often leads into a full three-year bachelor’s degree also priced at £9,250 per year.<sup>60</sup> Currently, incentives are stacked in favour of the provision and uptake of three-year full-time undergraduate degrees and against the provision and uptake of Level 4 and 5 courses.<sup>61</sup> As a result, universities are incentivised to encourage students down this route rather than through college Access Diplomas. Some participants insisted that certain courses are better suited to academic foundation years in a university setting. However, others argued that the expansion of university sub-degree provision is undermining the ability of colleges to recruit to and deliver what are considered to be their ‘core’ activities.

*“University has a plethora of foundation year courses, which eats into [the college’s] access market and there’s no need for it. **[Colleges] do Level 3 provision, that is where we specialise. The fact that universities run that foundation year at £9,250 a year – that is not about educational rigour but about the money.**” – College Principal*

In this view, they echo the conclusion of the Augar Review, which questioned whether this shift towards foundation years in universities is the most efficient use of learner and taxpayer money.<sup>62</sup>

While the scope of this research focuses on competition and collaboration between FECs and universities, it is important to note that FECs are also subject to competitive pressures from schools with sixth forms, university technical colleges (UTCs), independent training providers (ITPs) and alternative providers (APs).<sup>63</sup>

### Looking ahead: an uncertain outlook

There are concerns within the sector around what competition will look like over the next few years with many uncertain factors at play, in part due to the economic and social impact of the Coronavirus pandemic.

Demographic pressures should ease over the coming years, as the population of 18 year olds is projected to rise from 2021 onwards.<sup>64</sup> The Higher Education Policy Institute (HEPI) estimates that 358,000 more student places would be needed to support the growing population in England by 2035, based on the assumption that participation continues to increase at the average rate from the last 10 years.<sup>65</sup> However, their analysis shows that the population of 18 year olds will reach its peak in 2030 and decline thereafter.<sup>66</sup> Thus the easing of demographic pressure over the next decade may well be a temporary phenomenon. Though it is unclear what the effect of the Coronavirus pandemic and Brexit will be, it is possible that they will lead to a decline in international student numbers that in part offsets the increase in domestic students over the coming years.<sup>67</sup> Rising unemployment as a result of the Coronavirus pandemic may also lead to more adults needing and wanting to retrain, either in colleges or universities. This could also create

opportunities for collaboration or competition depending on the strength of other competitive forces, such as financial constraints.

Student numbers may also be influenced by a possible reintroduction of student number caps in England. While a temporary cap was introduced for the 2020/21 academic year, this was later removed following criticism over the Government's handling of A-Level results this summer.<sup>68</sup> The Universities Minister also called on universities to offer deferred places for students who did not meet their offer conditions, making it unlikely a cap would be reintroduced for the 2021/22 academic year.<sup>69</sup> However, it is possible that caps could be reintroduced in future (perhaps in response to the perceived cost of student loans to the government), which could alter the nature of competition for students between colleges and universities.

The Government's more recent focus on higher technical skills was welcomed among the majority of participants, particularly as a mechanism for recovering from the Coronavirus pandemic. Historically, colleges have delivered this type of provision as part of their core institutional purpose. It was therefore unsurprising that many participants objected to claims by some in the university sector that they would be better placed to deliver higher technical skills training and should be the provider of choice:<sup>70</sup>

*"There are universities pitching very hard for an exclusive right to offer those HND, Foundation Degree, degree apprenticeship-type provision and take all of that away from colleges. **We think that is a really serious potential policy deficit that could be looming.**" – College Principal*

*"It's really clear from Treasury and No. 10, what they want is more work-focused, employer-supporting skills training at Levels 3,4 and 5. Colleges should deliver 80% of that." – FE sector expert*

Many participants expressed concerns that in a time of constrained finances, more universities may be tempted to expand their offer to secure funding. Consequently, the price signals and implementation of any new policy for Level 4 and 5 courses will largely influence competition between colleges and universities.

*"That Level 4, Level 5 playing field's going to be interesting because of the Government's retraining schemes. [...] It is going to be contentious. Sadly, because of the pandemic more universities will be on the brink and try to step into an area I don't think they're going to be good at – which is going to be really difficult for us all. They'll have huge ambitions, and they've probably got more to invest, but I think local colleges are far more the solution for retraining people who haven't been in education for a long time." – FE/HE sector expert*

A few participants suggested that across the sector, there were a number of 'zombie institutions' which will likely face serious questions about their future over the coming years. There is a risk that potential closures could lead to HE 'cold spots'. Politicians and policymakers should therefore consider how incentivising greater collaboration can support rationalising areas of the sectors without leaving areas behind.

## The sector's view of competition

Across the vast majority of the sector leaders that we spoke to, participants were sceptical of the benefits of competition within post-18 education. Many participants questioned whether competition genuinely incentivises improvement of provision or student choice. Participants questioned the suitability of competition to post-18 education, given the inevitable imperfections of the market. As a result, they felt that competition results in wasteful duplication that neither benefits the learner, institutions or society.

*"It's not anti-competitive, it's just realism about how big the market is." – FE sector expert*

***"Market economy in education drives, what I consider to be, very unhelpful competition which then can damage a person's one chance at getting a good education."*** – College Principal

## Efficiency

Competition, according to most of our participants, encourages institutions to focus on courses that are cheaper and easier to deliver. As a result, they believe it has encouraged overprovision of these sorts of courses:

***"Competition can often lead to focus on margins, it can lead to undercutting."*** – University VC

***"People deliver the things that are cheap and easy and less risky to deliver"*** – FE sector expert

***"There is a lot of duplication in areas of provision – and all that does is split the cohort out so we all ended up with a smaller cohort that is less viable"*** – College Principal

Building quality provision that benefits from economies of scale takes time and dedicated resources. However, participants claimed that the marketisation of post-18 education has incentivised institutions to stray from their traditional core provision in search of greater or more stable funding. The ability of institutions to build high-quality provision by specialising and scaling over time is therefore undermined with each new price signal. As a result, participants suggested that the sector has become inefficient and ineffective with institutions delivering courses they lacked the expertise to deliver:

***"To do Level 4-5 well, you need a critical mass of students, expert staff that know the sector, facilities that match the industry and you need employer relationships. The chances of getting that in most places through competition are zero."*** – FE sector expert

***"If everyone tries to do it, you end up with nobody able to make it work."*** – FE sector expert

Many participants observed this trend, characterising it as 'mission drift', whereby a college or university lacked a core institutional purpose as a result of chasing funding. This is not only wasteful and complex at a system and institutional level, but ultimately,

participants indicated that competition, in its current form, does not deliver quality for students.

*“Unhealthy competition doesn’t benefit the learner – it instead just leads to a clamouring of marketing for essentially similar courses offered by different institutions in the same area.” – College Principal*

*“Government’s view is that competition in education improves quality – I don’t agree. **People only get one chance at their education. It’s not like any other market, it doesn’t function like any other market and it shouldn’t be allowed to, because people’s one chance will be the casualties of that.**” – College Principal*

## Fairness

Competition between colleges and universities is also ineffective because they are not operating on a level playing field. Participants highlighted the funding advantages of universities that allow them to scale and expand more easily, due to higher course fees and more flexible funding structures.<sup>71</sup>

*“For funding and policy attention the competition is colossal, and universities continue to enjoy a very favoured place in the development of policy.” – College Principal*

As a result, colleges are incapable of competing with universities on marketing and recruitment of students, as well as retention of staff.

*“We don’t have the resources to be able to compete equally and confidently with the universities.” – College Principal*

*“**We are running on a shoe-string, we’ve been in that funding issue since 2012, we can’t do massive marketing campaigns, we can’t afford to do the stuff [universities] do to sell their places.**” – College Principal*

*“**If a university decides to step into territory we’ve long considered ours we don’t really stand a chance because they have the resources.** They have the learning facilities and the student union set ups and all those things that mean they can walk all over us.” – College Principal*

*“[University] staff are much better paid – a FE college lecturer in England is pretty close to the bottom of the educational pay ladder.” – FE/HE sector expert*

Indeed, in a 2016 report on the FE market, the Department for Business, Innovation and Skills (BIS) recognised that the funding of FE in colleges limits its ability to operate in a normal market:

*“The level of government funding and the role of government and public agencies in the way FE is delivered mean that it is not a typical ‘market’.”<sup>72</sup>*

Participants also made the point that universities’ degree awarding powers enable them to have significantly more influence than colleges in shaping the HE landscape. However, this imbalance could shift if more colleges aim for and are awarded degree awarding powers in future.



## Implications for collaboration

The vast majority of participants suggested competitive forces disincentivise and undermine goodwill for collaboration between institutions. Insecure funding and uninhibited recruitment has, in some cases, enabled unhealthy behaviour. Participants reported experiences with both colleges and universities whereby competition for the same students damaged relationships between institutions. College participants described being dropped by their university validation partners with short notice because the university wanted to run the provision themselves:

*“[The local university] changed their tariff so that a student that would normally stay with us, after one year they had sufficient points to get on a degree course because they’d lowered the tariff. [...] We weren’t able to run that course that year because we didn’t have sufficient numbers, so that was quite frustrating.” – College Principal*

Additionally, university participants reported that some colleges were ‘promiscuous’ with their validating partners, seeking out multiple universities for better offers:

*“Colleges have also behaved badly where they have been cash-strapped for so long and have had to chase ‘every penny’ to survive.” – College Principal*

***“There has been bad behaviour on both parts – universities have ripped up [validation] agreements and colleges have ‘gone around the houses’ for better offers.” – HE sector expert***

There was an overwhelming consensus amongst our participants that this behaviour has been the result of policy and political rhetoric that has pitted institutions against each other and encouraged rent-seeking behaviour.

*“The policy framework doesn’t encourage effective collaboration; it encourages sloppy behaviour on both sides. There’s nothing that should surprise us – **both [colleges and universities] have responded to short-term price signals.**” – HE sector expert*

While we do not take a view on the behaviour of specific institutions, the interview evidence was clear that this is an issue across the sectors and types of institutions. There is a risk that unhealthy competition such as this could force more institutions into silos, leading to a complex and incoherent system which is limiting for institutions and learners.

## Student choice

One of the key components of marketisation and competition is to increase individual student choice, which, in theory, then drives better outcomes for learners.<sup>73</sup> Yet participants were sceptical that the system as it currently works does effectively offer students an appropriate range of options. The fragmentation of the system, and the consequent lack of scale, limits the range of courses that institutions are able to offer, with participants identifying capital-heavy technical Level 4 and 5 courses among the sorts of options that are not as widely available as they should be. Participants also pointed out that universities’ failure to collaborate with colleges limits student choice, and that in a better functioning system, more students would have the chance to study HE in a college or to split their studies between college and university through articulation.

Moreover, participants identified inadequate advice and guidance as a major obstacle to student choice, especially given the complexities and overlap in the system that make it hard for some students to navigate.

*“The individuals should be able to have a choice, but it needs to be an informed choice and it should be about the experience they’re likely to get and the outcomes they’re likely to achieve.” – University VC*

*“Where competition is healthy for consumer choice, it must be really overwhelming for students. There is a lot of duplication in areas of provision. All that does is split the cohort out, so we all ended up with a smaller cohort that is less viable. Competition in that sense has not been helpful.” – College Principal*



## CHAPTER FOUR – OBSTACLES TO COLLABORATION

While there are many benefits to collaboration (as highlighted in chapter two), institutions face a number of obstacles to forming meaningful partnerships, in part due to competitive pressures. While many participants were receptive to collaborating with colleges and universities in principle, there was a consensus that current market conditions and policy makes it harder.

*“Collaboration is much better than competition in education, but **we’ve been set up by the Government to be in competition with each other.**” – College Principal*

Interviewees described several obstacles to collaboration between universities and colleges, such as funding, regulation, incentives and a power imbalance that impacts trust and perceptions between institutions.

### Funding

To recap, universities and colleges are funded under two very different systems and to varying extents.<sup>74</sup> Whereas university funding largely follows the student through their course fees, college funding is allocated annually based on the previous year’s provision, which is much more restrictive.<sup>75</sup> Not only are university fees typically higher than college courses, colleges have also experienced a legacy of underfunding.<sup>76</sup> In 2018/19, a third of colleges in England reported an operating deficit and even prior to the pandemic half of colleges were receiving emergency financial support from the Government.<sup>77</sup>

As a result, many colleges do not have sufficient reserves to front the cost of investment and innovation to expand and/or improve their provision, without recouping the costs until the following year.<sup>78</sup> This inhibits the extent to which colleges can be flexible or take risks in developing new pathways or collaborating with universities.

*“The biggest thing from an FE perspective is long-term funding. At the moment we’re funded on an annual basis, **we don’t find out about our funding until 2-3 months before the academic year, so how on earth, why on earth would you invest in the long term if there’s no funding guarantee?**” – College Principal*

*“It changes every year, **there’s no sense of stability in FE at all.** They just don’t leave you alone. If it’s not apprenticeships they’re [altering], it’s 14-16 direct entry or it’s qualification reform.” – College Principal*

*“The capacity for new development in colleges is zero. They’ve got no risk capital, they can’t invest in stuff that doesn’t work, whereas universities can.” – FE sector expert*

In 2019, the OfS reported that “the [university] sector overall is currently in financial health”<sup>79</sup>; however this performance notably varies at an institutional level, with a quarter of universities in deficit.<sup>80</sup> While participants also acknowledged that university funding is more stable funding than colleges, some universities also feel financially insecure. In particular, some suggested that ‘lower tier’ universities have experienced financial hardship as a result of the demographic dip and lower student recruitment.

*“**Universities have been richer because of their funding structure** – they’ve had a good few years **but clearly now, things are tough too.**” – College Principal*

The IFS found that universities are likely to face several risks to their finances over the coming years, as a result of the Coronavirus pandemic. The largest source of this risk is likely to be from staff pensions, due to reduced interest rates and depressed rates of return increasing the cost of pension schemes.<sup>81</sup> This could increase the pressure on universities to pursue more aggressively competitive behaviour to recruit more students for themselves, rather than collaborate with colleges on joint course offers, for example.

## Regulation

In addition to funding, the current regulatory framework was also mentioned by participants as key obstacle to collaboration between colleges and universities, both on an institutional basis as well at a system level. Across the two sectors of HE and FE, there are four or five main agencies that fund and regulate education institutions. However, participants noted that in practice, there are even more bodies involved, particularly for colleges, who are more likely to deliver a mixture of qualifications.

In the post-18 education system, the **Education and Skills Funding Agency (ESFA)** funds and regulates FE provision, largely up to Level 3 and including ‘non-prescribed’ Level 4/5.<sup>82</sup> Recent devolution of the Adult Education Budget (AEB) means that around half of providers will receive their adult education funding from one of the six **Mayoral Combined Authorities**, while the other half still receive theirs from the ESFA.<sup>83</sup>

The **Office for Students (OfS)** funds and regulates HE provision, including ‘prescribed’ Level 4/5, Level 6 and above. ‘Prescribed’ or ‘designated’ Level 4/5 provision is part of the HE system and accounts for at least 70% of Level 4/5 learners.<sup>84</sup> The OfS was established through The Higher Education and Research Act (2017) to replace the Higher Education and Funding Council in England (HEFCE). It has a duty to assess quality and standards in the HE sector, with greater powers to intervene as a market regulator, compared to HEFCE.<sup>85</sup> The OfS also oversees the financial health of the HE sector and individual HEIs.<sup>86</sup>

Separate bodies conduct quality assessment and inspection. The **Office for Standards in Education (Ofsted)** inspects the quality of all ESFA-funded provision up to Level 6 to encourage services to “improve, to be user-focused and to be efficient and effective in their use of resources”.<sup>87</sup> Ofsted inspections assess the quality of FE and skills providers on a graded scale from 1-4: 1 (outstanding); 2 (good); 3 (requires improvement); and 4 (inadequate). The **Office for Qualifications and Examinations Regulation (Ofqual)** is also responsible for most regulated qualifications in FE, such as ‘non-prescribed’ or ‘non-designated’ Level 4/5 provision, which accounts for at least 20% of Level 4/5 learners.<sup>88</sup> The **Quality and Assurance Agency for Higher Education (QAA)** is responsible for the quality assessment of HE-funded provision on behalf of the OfS.<sup>89</sup>

In practice, many more bodies are involved, including but not limited to the following. The **FE Commissioner** assesses the capacity of leadership and governance in colleges and is closely aligned with the ESFA.<sup>90</sup> The role of the FE commissioner is to make recommendations for actions that college governing bodies should take to improve.<sup>91</sup> The **Institute for Apprenticeships and Technical Education (IfATE)** is responsible for apprenticeship standards. The **Charity Commission** oversees FECs due to their status of exempt charities.

The multiple layers of the regulatory landscape cause confusion for those running the institutions. One college principal had been inspected by their combined authority, the ESFA and Ofsted in a matter of weeks, describing it “*like different firms digging up a road with little coordination*”. The complexity of this system makes collaboration between colleges and universities more challenging:

***“The [regulatory] system isn’t a system because there are about four [regulators] and that causes confusion. [...] It’s really confused and difficult.”*** – FE sector expert

On an institutional basis, greater collaboration often involves dealing with more regulators, which places greater demands on the college or university to meet. Participants from universities were particularly hesitant to be overseen by Ofsted:

***“We would occasionally think of doing things with FE and then we would think ‘we don’t want Ofsted here’. [...] It’s a more intrusive process and that would sometimes lead to us saying ‘whoa, it’s Ofsted’.”*** – University VC

Meanwhile college participants noted the demands placed on HE providers by the OfS as being more significant than FE regulators:

***“[The HE sector] is confined to that quite rigid structure that the Office for Students and QAA put on them. [...] We’ve got a lot more flexibility in the FE sector.”*** – College Principal

At a systemic level, there was a view that shifts in the English regulatory apparatus and philosophy had worked to make collaboration harder. The replacement of funding councils with market regulators is perceived to have inhibited collaboration. As the very purpose of regulators such as the OfS is to encourage competition, they are poorly set up to support collective organisation (which from a competitive perspective seems like collusion).

It was suggested that the introduction of regulators and the centralisation of policy-making over recent years has led to a decline in institutional expertise. By comparison, participants indicated that funding councils knew the sectors better, enabling a more flexible and collaborative approach top-down. The Scottish model of a singular funding council was perceived by one participant to produce a body better placed and more informed implement policy and oversee changes in the post-18 education system, compared to England’s regulators:

***“A move towards a market regulator rather than funding councils and greater infrastructure has not been helpful as a coordinating mechanism – as seen throughout the challenges of the COVID-19 summer. England lacks the mechanisms to help university and college sectors adjust where cooperation is in the best interest of institutions, government and wider society.”*** – FE/HE sector expert

***“DfE have taken away a lot of the institutional infrastructure that would have enabled them to respond to these very new conditions... and that’s going to be a problem.”*** – FE/HE sector expert

## Incentives

For universities in particular, collaboration with colleges is not always seen as financially worthwhile, with the benefits perceived to be smaller than the associated costs and risks. To the extent that supporting colleges with validated degrees and articulation involves ‘cannibalising’ demand for three- and four-year degrees based at the university, that entails a loss of revenue for the university.

The most stable and secure partnerships we encountered were where working with a college allowed the university to serve and attract a different set of students to those that would ordinarily attend their institution, and so both sides saw the relationship as a genuine ‘win-win’. For example, one university vice-chancellor we spoke to faced an effective cap on residential student numbers due to limits on student housing in the city. They therefore saw no alternative to partnerships with colleges as the only feasible way for their institution to expand.

Even where partnerships with colleges broadens a university’s potential base, validating HE delivery in colleges and working together to facilitate articulation involves time, effort and resources for universities. Relative to their size, the financial benefits are often relatively small:

*“Our HE is around £2 million. The university’s turnover is well in excess of £100 million. **The reality is I don’t think we’re strategically significant in a business sense.**” – College Principal*

At the same time, participants recognised that validated courses delivered by colleges could tarnish the university’s brand if poorly taught:

*“You have to build up that sense that you’re going to do what you said you were going to do and you’re not going to muck around in a way that impairs their academic standards or causes them any risk.” – College Principal*

Indeed, recent regulatory developments may heighten these worries. In November 2020, the Office for Students launched a consultation on a proposed set of minimum benchmarks for continuation, completion and progression rates below which institutions will be subject to investigation or sanctions.<sup>92</sup> Significantly, the OfS intends to take a “universal” view of a provider’s obligations in evaluating against these benchmarks. That means that drop-out rates and graduate outcomes for students studying courses validated by a university but delivered by a college count just as much towards the university’s metrics as drop-out rates and graduate outcomes for students studying at the university. Insofar as this incentivises universities to better support their college partners to improve their joint metrics it is a positive thing. However, the more concerning and perhaps more likely outcome is that universities may be discouraged from validating college-delivered courses altogether for fear of their numbers being dragged down.

## Power imbalance

An additional significant obstacle to collaboration is that colleges and universities are not operating on a level playing field. Instead, universities hold significantly more power in terms of financial security, cultural norms and prestige, and accreditation powers. As a

result, participants reported that partnerships felt more like domination than collaboration, with the university acting as the “parent organisation”.

*“[The] ‘we’re the lead and you do as you’re told’ arrangement really round me up.” – College Principal*

As discussed, the relative financial security of universities means that colleges have more to gain from greater collaboration. As a result, colleges do not have an equal voice in these relationships. In some cases, colleges may be on the brink of financial distress and thus feel reliant on more formal support from universities, such as a merger or takeover, and/or feel obliged to commit to unfavourable terms. Some college participants suggested that the validation fees set by university partners were unreasonably high, but the time and resource cost of seeking a new partner would be burdensome, without a guarantee of finding a lower-cost alternative.

Similarly, there is a disparity in the cultural status granted to universities and colleges. Some participants said that colleges often felt as though they were not taken seriously as a rigorous educational provider by university partners, politicians, policy-makers and even the wider population, placing them at a disadvantage with partner institutions.

*“Universities are seen as prestigious; colleges are seen as where other people’s kids go.” – College Principal*

### Perceptions and misunderstanding

Generally speaking, a perceived hierarchy of status between colleges and universities has both been shaped by and continues to shape negative perceptions of the sectors and institutions. Across the literature and political discourse, there are often reports of snobbery between universities and colleges. In his speech to the SMF, Gavin Williamson said, “it exasperates me that there is still an inbuilt snobbishness about higher being somehow better than further [education]”.<sup>93</sup>

Participants acknowledged that this attitude exists in places and that stereotypes of colleges as incompetent and/or delivering lower quality provision persist. Our hypothesis was that this would be a significant barrier to collaboration between colleges and universities. However, overall, participants claimed that this rhetoric has been largely exaggerated and that on the ground it does not substantially limit collaboration:

*“We don’t have any issues with snobbery.” – College Principal*

*“I’d say we have great respect for our college leaders, but we just do different things.” – University VC*

Instead, participants suggested that the issue is more a lack of mutual knowledge and shared experience, rather than outright prejudice:

*“The other interesting thing is how little we know about each other’s sectors. [...] There is a lack of understanding on both sides about what the other does and that can be a problem.” – College Principal*

## Trust

In light of the reputational and financial risks associated with university-college partnerships and the ‘bad blood’ that can be created by aggressive competition, it can be difficult to generate the trust necessary to sustain effective collaboration. Participants shared stories of institutions resorting to “*bad behaviour*” and “*stealing students*”, dropping validation agreements with short-notice or expanding into different subject/course markets. In some cases, this has damaged trust between institutions and inhibits future opportunities for collaboration. Some participants reported they were hesitant to work with some of their local institutions due to negative experiences in the past:

*“We need a collaborative approach to skills in an area - I don’t think we’ve ever had it and I don’t think we’re going to get it. Institutions compete with each other.”*  
– College Principal

For the most part, though, we found that institutions remained relatively resilient and open to collaborating, despite reporting “*feeling burned*” by college or university partners. However, given this history, it will take some time for institutions to move beyond shallow transactional relationships and ease themselves into deeper, more throughgoing partnerships that can realise more fully the benefits of collaboration.



## CHAPTER FIVE – ENABLING FACTORS FOR COLLABORATION

Across the sectors, we learned that collaboration is best fostered where certain conditions are met. These conditions broadly depend on a shared mission as well as a commitment to developing deeper relationships and reducing competitive pressures at both the institutional and the programme level.

### Shared mission and values

Fundamentally, participants indicated that collaboration requires a shared mission and values between institutional partners to be successful. While the specifics vary from one partnership to another, in the majority of cases, the ambition extends beyond simple growth in student numbers. In some cases, partnerships are motivated by widening participation, while others are committed to meeting the needs of local area and/or region. As a result, participants noted that their relationships with other institutions are deeper and feel more ‘transformational’ than ‘transactional’.

***“Collectively, we’re trying to achieve the uplifting of the region. Talent is everywhere but opportunity isn’t - particularly in our part of the world.”** – College Principal*

***“[The local university] tends to pride itself on widening participation, and they see college as integral to that.”** – College Principal*

***“For us it’s never been about what income can we bring in from this, it’s always been about the fact that we’ve got the big hospital up the road. Health and social care sector in [our area] is massive.”** – College Principal*

***“The single most important thing – organisational and cultural fit. Attitudes, values and beliefs have to have a synchronicity to them. If they don’t, they will fail. We’re both committed to widening access.”** – College Principal*

A general trend that emerged throughout our interviews is that the sense of common mission is strongest between newer, post-92 universities and colleges. Participants tended to see post-92s as more empathetic and understanding of colleges. This is because of their background as polytechnics, which occupied a similar vocational space in post-18 education. Some participants indicated that student cohorts were also more similar between post-92s and colleges:

***“We tend to find former polytechnics and applied universities to be much more open and collaborative. They understand that ultimately you are preparing people for jobs, not just academia.”** – College Principal*

By contrast, our research indicates that the more selective universities, such as Russell Group institutions, do not have as strong relationships with colleges, due to a misalignment of their core missions. There is a sentiment that these universities have different ambitions, which colleges are less able to contribute to, such as producing academic research. Many of these universities have strong brands, and as such find student recruitment less of a challenge, limiting the strategic benefits of building progression pathways with colleges. As a result, participants from colleges reported feeling like their relationships with these universities resembled more of a charity or corporate social responsibility project, rather than legitimate equal partnership. Thus,



mutual benefit and respect between institutions is also an important factor to enabling collaboration.

### Strong leadership and personal relationships

Due to the lack of financial incentives driving collaboration, our findings show that partnerships are strongest where they are driven by strong personal relationships and a commitment to uphold a shared mission. The majority of participants indicated that where collaboration has been successful, it has been facilitated at the top, between Principals of colleges and Vice-chancellors of universities. In many cases, this relies on 'old fashioned relationship building', taking the time and effort to build rapport and an understanding of each other's provision and needs.

***"We've spent many years getting those relationships to work well. We've put quite a lot of effort into it."** – University VC*

However, this reliance on the personal relationships of senior leaders can be an unstable form of collaboration, vulnerable to leadership change or simply a change of mind. Relationships that are more deeply embedded are more reliable over time. In practice, participants reported this could be through formal agreements or supporting institutions, where the whole leadership structure is committed to the partnership. In some instances, participants reported how shared governance can support this, whereby there is an overlap of some board members across the institutions board of directors. It was indicated that strong leadership is necessary from Vice-chancellors and Principals to prioritise working together and get members of the leadership structure on board. Where this has not happened, a small minority of participants said that intentions for collaboration were largely ignored further down the chain of command, such as by Deans of Faculty.

***"The difference in our partnership is the commitment of the senior management team that then puts weight and speed behind colleagues further down the chain. So when [the college Principal] has any issues and concerns around system, process or outcomes [they're] absolutely comfortable to ring the academic registrar, and I think it's fair to say he responds at 150 miles per hour."** – College Principal*

***"Personal relationships are important. Having good institutional relationships that work well is key because in the end I can't actually make anything happen. I can get other people to make things happen – it's an organization of 22,000"** – University VC*

Across our research, the most crucial condition to building long-standing partnerships is communication. Participants often recounted the ease of "being able to pick up the phone" and speak to their partner institutions about issues they may be confronting. Consequently, participants said that this transparency and open communication creates an atmosphere of trust between the institutions, which is necessary for effective collaboration.

***"If people get on, if they've got common values, they've got a common view of what they're trying to achieve together, there's a concept of shared practice between the different departments and they communicate easily and successfully and are talking regularly about practice, it works brilliantly. You get a really strong sense of partnership."** – College Principal*

## Clear delineation of roles

Our findings indicate that successful, collaborative relationships largely depend on the absence of strong competitive pressures for students. Overwhelmingly, participants said that their existing relationships worked because of the core differences in each other's educational offers, target student cohorts and/or geography. At a systemic level, it is perhaps too complex to demarcate what provision or specific role colleges or universities should play. Additionally, restricting institutions to delivering specific levels of qualifications is unlikely to be in the interest of learners or local economies. However, participants acknowledged that between individual institutions, it is possible to outline separate but complementary roles.

***"If you can work together so the university can provide something that complements what you're doing, than that does work really well."** – College Principal*

***"You have to have a relationship where there's mutual benefit, a win-win."** – College Principal*

***"Over a career, I've seen lots of those relationships work really well, where everyone brings something a bit different to the table but **working collectively, everyone wins.**"** – College Principal*

***"It's in [the partner Vice-chancellor's] interest for both university and college to thrive. **There's no benefit to [them] from playing one off against the other.**"** – College Principal*

In some cases, institutions made a conscious commitment to differentiate their provision from their partners. Participants told us that they had explicitly developed either informal or formal agreements with their partner institutions detailing the limits of what each would deliver. Some stipulated that the college would deliver the technical provision and the university would focus on the academic qualifications to deliver a more comprehensive and efficient skills offer for the local area.

***"[We] agreed with the university that nothing either side provided would be replicated."** – College Principal*

***"We won't deliver research-based degrees, but we'll provide degrees that give people the skills they need to do local jobs"** – College Principal*

Additionally, some participants said that their partnerships rested on an agreement that each institution would recruit different cohorts of students. As noted, generally speaking, the sorts of students that attend college differ from those that attend university, in terms of personal and educational background, but also in the types of course they favour. Partnerships that recognise and respect these differences in their recruitment practices reported stronger collaboration:

***"Whilst a student might be more than capable of doing a higher-level qualification, (Level 4 or above), they might find it emotionally difficult to do that in a university setting. Whereas in a college setting it's more inviting, we're smaller, all our staff know all our students by name, so it's a lot less intimidating. [Our university partner] really understands that, so that explains why we don't have so much competition here."** – College Principal*

Memorandums of understanding have also been deployed by institutions in some cases, as a way of formalising these agreements. However, participants noted that they can be time-limited, subject to renewal with each leadership change or dependent on the current local politics.

## Geography

Another enabling factor for collaboration is related to the geography of institutions. Depending on the context and provision of the institution, some participants reported that proximity enabled greater collaboration, while others reported that distance was more helpful for building partnerships.

In areas where there is a clear sense of place, and the local area forms a relatively distinct economic unit or labour market, it is more feasible to work with nearby institutions to develop skills plans. Some of the devolved city regions, for example, lend themselves more naturally to these sorts of arrangements that (say) many London boroughs, which are more economically porous. Culturally, a strong local identity makes it more likely that institutions will share the same place-based mission. For example, one college principal operating in a combined authority said that the new mayor had *“helped us throw our shoulders back a bit more”*. Economically, working in an area with a more clearly defined labour market makes it easier to identify the industries and employers to engage with.

***“[The partnership] was about place, it was about social mobility, it was about access to opportunity, it was about real-world impact” – College Principal***

Devolved City Regions and local governments can also be effective at facilitating partnerships between colleges and universities in the same area, in line with their skills agenda. Some participants reported that more recently, there has been a greater coordinated effort by Local Enterprise Partnerships and Combined Authorities to bring together local educational institutions, conceivably to form a coherent skills response to the Coronavirus pandemic. However, we suggest that there is greater scope here for local government to play more of a facilitating role.

Proximity brings other practical advantages, allowing institutions, for example, to share resources or facilities. Participants reported how staff members *“can walk up the street and go into a meeting”*, which supports the two institutions feeling more integrated.

Conversely, some participants reported that collaboration is most successful when there is greater distance between themselves and their partner institution. This is because both institutions perceive there to be lesser competitive pressure for the same students, rather than *“recruiting from the same patch”*. As noted, many college participants experienced feeling *“burned”* by local university partners, who dropped their validation agreements as competition for students increased. Consequently, colleges reported being pushed to finding new partners further afield, which have since proved successful.

***“The closeness and the geography does have an impact on that relationship. Now we’re with [a different university partner] who aren’t in direct competition with us at all, because they’re outside of the region. They’re less concerned with us being in direct competition with them.” – College Principal***

For some, the reduction of competitive pressures with more distant partners meant that institutions developed deeper relationships, sharing best practice and ideas. By contrast, they suggested that this would not be possible with neighbouring institutions due to concerns that this knowledge would be used to “*steal students*”.

## CHAPTER SIX – RECOMMENDATIONS FOR SECTOR LEADERS

As we have seen, much of the existing impetus for destructive competition and barriers to collaboration is driven by government policy. However, we have also seen that some institutions have been able to develop effective partnerships that benefit learners and communities within the existing system. In this chapter, we consider what principals and vice-chancellors ought to do to work better together, regardless of what happens in Whitehall or Holyrood. Some of the policy proposals we make in the following chapter would make it easier to take these steps. Nevertheless, in many contexts, we believe that closer collaboration than what is currently achieved is both possible and desirable. Specifically, we recommend that university and college management do the following:

- 1. Seek out potential partners that share common ground**
- 2. Foster close relationships between staff**
- 3. Think creatively about ways to deepen partnerships**
- 4. Formalise the relationship between institutions**

### Seek out potential partners that share common ground

Interview participants told us that the single most important condition for an effective university-college partnership is a shared set of objectives and values. There is some scope for institutions to forge these together, but collaboration is likely to be easier and more effective if building on common pre-existing incentives and commitments.

Educational managers have to balance a diverse set of motivations and imperatives, and these will overlap in different ways for different partnerships. In some cases, the driving force will be a moral mission: for example, a shared commitment to serving particular types of student or a particular place. In others, it will be financial or strategic: working together, institutions may be able to address new ‘markets’ or additional funding streams. Alternatively, it could be a matter of expertise, with institutions complementing one another in terms of competences or specialism. Ideally, partners will line up on more than one of these dimensions.

These conditions are most likely to obtain for institutions working in the same geographical area. Moreover, physical proximity may make it practically easier to deepen relationships in the ways we suggest below. But senior managers should not necessarily restrict themselves to their obvious local partners. In many cases, there may be a closer cultural or strategic fit with an institution further afield, so nets should be cast wider than they currently are.

### Foster close relationships between staff

Participants told us time and again that the effectiveness of collaboration between universities and colleges depends on personal relationships. First, there is a widespread belief that further and higher education staff do not understand one another’s sectors well. Second, well-functioning partnerships require trust and clear, easy communication, which is easier where relationships are established. Third, repeated contact makes it easier to identify common challenges and additional potential areas of cooperation or mutual learning.

Leaders can help set the tone necessary to encourage close relationships between their staff and their counterparts at partner institutions, both by modelling close working with their own opposite number and by emphasising that building the partnership is a strategic priority. They should also try to identify opportunities for bringing staff from each institution together to get to know one another better – for example, shared away days, regular cross-institution events or jointly organized professional development opportunities, from individual training sessions to full staff immersion programmes.

### Think creatively about ways to deepen partnerships

As we outlined in chapter two, there are two basic forms of university-college cooperation: universities validating HE courses in colleges, and articulation agreements to ease the path for college students to study at university. Both are important and there is certainly scope to expand both forms of collaboration. In the years ahead, though, educational institutions should explore other, less conventional and established ways of working together.

Universities and colleges should pool their resources and expertise (for example, universities' comparative advantage in research and colleges' close links to employers) to find opportunities to meet skills needs that they would not be able to address alone – as Teesside University College Partnership has done in order to support regeneration of the Redcar steelworks. They should use their combined weight to help shape economic and skills planning in their areas where appropriate.

The different types of institutions should seek out ways to learn from one another. Colleges may be able to help universities to better address widening participation students. Universities may be able to support colleges in linking their teaching and skills development to research.

There is a wealth of opportunities for universities and colleges to benefit from sharing resources and facilities. There may be efficiency gains from pooling back office administrative functions such as finance or human resources. There may also be benefits from coordinating investment in digital infrastructure – and area of substantial activity in many institutions, which could be more effective if it resulted in institutions that work closely with one another having systems that fit well together. There may be economies of scale from working together to deliver student services: for example, giving students access to bigger shared library facilities or an increased number of mental health services. There may even be scope in some cases for some degree of shared staffing: common training and personal development for teachers, and teachers from one institution doing some instruction in the other.

All of these options are being explored to some degree in institutions across the country, but thus far we have only scratched the surface of what is possible.

### Formalise the relationship between institutions

Collaboration between universities and colleges too often relies on goodwill, individual initiative and personal relationships. That makes it inherently fragile, and when certain key figures move on or lose interest, partnerships can collapse, causing substantial disruption and poisoning the well for future collaboration.

The solution is to formalise relationships as far as possible when they become established. Rationalise them centrally, rather than leaving individual departments uncoordinated. Write up Memoranda of Understanding, though these can easily be broken. Consider closer ties through loose federations where appropriate.

Closer, more formalised relationships carry a cost in terms of institutions' autonomy. They are unlikely to work well where institutions feel resentful because they have been dominated and pressurised into giving up their independence. But where both sides are amenable, there may be scope for more institutions to consider certain forms of 'merger'. The people we spoke to that had been through a merger were confident that it had better aligned the incentives of the university and college and allowed them to deliver a better service to their learners. That will not be the case everywhere, but it seems likely that more institutions should at least explore the option.



## CHAPTER SEVEN – (IMMEDIATE) RECOMMENDATIONS FOR POLICYMAKERS

Throughout our interviews, there was widespread dissatisfaction with the state of tertiary education policy in England and the way that it has created pressures and incentives that inhibit effective collaboration. There was some optimism that the FE White Paper and reviews of funding structures could improve things, tempered with a degree of cynicism based on the perceived failings of the past. In this chapter, we consider what policymakers should do to create a better functioning relationship between colleges and universities. We focus primarily on England, because that was where most of our participants came from and because both the Government and the sector believe that reform is more urgent South of the border. However, some of these recommendations will apply to Scotland as well, and where that is the case, we make it explicit.

We make the following recommendations to policymakers:

- 1. Fix FE funding**
- 2. Improve the demarcation of roles in the ‘messy middle’**
- 3. Increase financial incentives for collaboration**
- 4. Support restructuring where appropriate**
- 5. Simplify regulation**

In general, we recommend a shift away from head-to-head competition between individual universities and colleges to attract student, for the reasons laid out over the previous chapters. Such competition leads to inefficient duplication of courses, inhibits the development of scale and expertise and undermines collaboration. That is not to say that all rivalry between the sectors can be eliminated, just that it should not be resolved in the quasi-market of student choice. Instead, we propose that tensions between universities and colleges over the demarcation of roles and the distribution of resources should be dealt with through the process of regulatory and funding decisions.

Instead, we suggest that the tertiary education system should do more to establish the necessary conditions for effective collaboration between universities and colleges: offering colleges more financial security, providing stronger incentives for collaborations and re-organisations that bring the two together and regulatory simplification to smooth the boundary between them.

### 1. Fix FE funding

It is widely recognised that the way further education is funded in England is dysfunctional and inadequate. That is bad in itself, but our participants saw it as one of the biggest obstacles to collaboration with universities. A shortage of funding for the core activities of FE colleges – community and adult education – is seen as a driving factor for more aggressive competition with universities to deliver more economically rewarding courses. Financial insecurity also disincentivises capital investment and risk-taking: colleges feel they cannot afford to develop novel and innovative programmes and pathways with universities in case they do not work out. Though the chief problem is the level of funding, uncertainty is an issue too: unable to forecast with any great confidence what their

budgets will be in the years to come, college leaders find it hard to engage in long-term planning. A further issue is the complexity of college funding, which means that finding money to try new things often involves taking on a substantial administrative burden.

The Westminster Government should respond by increasing funding for FE, at the very least reversing the real-terms cuts in per student resources they have faced over the past decade. The SMF has previously called for the adult education budget to be boosted by a minimum of £1.3 billion a year in order to achieve this.<sup>94</sup> The Government's National Skills Fund goes some way to filling that gap, but the entire budget for the programme is £500 million a year in England and it will not all go to adult education, so without further spending commitments it will fall well short.<sup>95</sup>

Equally important is the need for longer term guarantees to the sector over its funding. November 2020's comprehensive spending review offered an opportunity to offer a three-year settlement for Further Education. Though that opportunity was missed, it is encouraging that the Government has recognised the problem, and committed in the FE White Paper to launching a consultation in Spring 2021 to "explore how funding can be allocated in a simpler way, so providers receive a clear and certain funding allocation for the forthcoming year and have full autonomy on how they use that funding to deliver outcomes".<sup>96</sup> In particular, it has floated the idea of moving to a multi-year funding regime and to reduce ringfencing – though without much yet in the way of detail on how this is to be achieved. Moreover, the consultation process implies that it may be a couple of years before institutions see any improvement. In any case, more stable budgets will be worth less to colleges if they are not returned to the higher levels that are needed in the form of greater spending.

Funding stability and complexity is an issue in Scotland too.<sup>97</sup> 'One year' funding systems restrict Scottish colleges' ability to invest and plan. The system is excessively fragmented, split into small pots of money linked to specific initiatives, which limits efficiency and flexibility. As in England, there would be benefits to providing Scottish institutions with more predictable flows of financial support, covering longer periods.

While participants from universities and colleges alike agreed that it was colleges that face more severe financial pressure, there were some concerns that additional support for FE could come at the expense of universities. Though universities have been more comfortable than colleges in recent years, some are facing budgetary pressures of their own, especially in the wake of the pandemic. Effective collaboration requires investment and security from both parties and if universities fear for their viability they will be unable to provide that. The Government should therefore move to reassure universities where appropriate that support for colleges will not be used to undermine them.

## 2. Improve the demarcation of roles in the 'messy middle'

As we have seen, a great deal of apparently inefficient competition, sowing mistrust that undermines cooperation, occurs because of a lack of clarity over the respective roles of universities and colleges. These turf wars take place particularly in the Level 4-5 space, but some universities are sceptical of colleges' ability to deliver Level 6 qualifications, and many are doubtful that universities should offer Level 3 courses. With the Westminster Government intending to expand technical education located in the middle

of this disputed territory, a number of those we spoke to were concerned that conflict would intensify.

Ultimately, what is needed is a clearer demarcation of which institutions should do what. That does not mean an end to competition altogether, but rather a shift in the arena of competition – away from head-to-head pitched student recruitment battles, and towards a form of competition based around which institution can make an effective case to a coordinating authority that they are best placed to deliver each form of provision.

It would be undesirable to have blanket rules, forbidding certain sorts of institutions from offering certain sorts of courses. Depending on local context and institutional capabilities and experience, colleges and universities may each be well placed to offer similar degrees or technical qualifications. There may be a case for creating a presumption – for example, that Level 6 and above belongs to universities and Level 5 and below to colleges, but that simply raises the question of how and when to judge whether to override that presumption.<sup>98</sup>

Ultimately, what is needed is a set of ‘referees’ to adjudicate between institutions’ desires to provide similar courses, with authority spanning both universities and colleges. Where they exist, combined mayoral authorities, which already have responsibility for local skills planning, may be well placed to take on this role. The education think-tank EDSK has proposed the creation of FE Directors, appointed by colleges within a particular combined authority or Local Enterprise Partnership area to coordinate local FE provision.<sup>99</sup> We could envisage FE Directors – if they had sufficient buy-in from universities – being given the power to arbitrate potential conflicts.

Different approaches each have their pros and cons, but the critical point is that things should not go on as they currently are. Whoever is granted ultimate responsibility, there is a need for some institutional mechanism to limit unnecessary and antagonistic overlap between colleges and universities.

In Scotland, such an institutional mechanism already exists, and consequently duplication and inefficient competition are more limited. However, respondents to the Scottish Funding Council’s ongoing review of universities and colleges “highlighted a need for better differentiation and specialisation between institutions – a clearer definition of the roles each plays in order to become a more efficient system and to reduce duplication”.<sup>100</sup> The Independent Commission on the College of the Future has called for the SFC to establish “the distinctive and exclusive role of colleges in the delivery of higher level technical and professional qualifications up to SCQF Level 7 and 8 and/or HNC and HND”.<sup>101</sup> We are wary of such a hard-and-fast line being drawn, but the existence of these views suggests that there could be scope to better regulate such competition as currently exists between the sectors in Scotland.

### 3. Increase financial incentives for collaboration

Some of the principals and vice-chancellors we spoke to told us that they engage in collaboration in spite of, rather than to further, their financial and strategic interests. That is far from ideal – collaboration should not depend on the willingness of institutions to put their social mission above their other objectives. To correct this situation, the

Government and funders should seek to ensure that it pays for universities and colleges to work more closely together.

This could be done through a dedicated fund to support collaborative projects and share good practice. Indeed, such an initiative – the College Collaboration Fund<sup>102</sup> – already exists to promote closer relationships between FE colleges, although at a total value of £5 million, it has been criticised for being too small.<sup>103</sup> Given that the objectives of the two programmes are so similar, there could be a case for combining them into a single fund for both college-college and university-college collaborations to ensure the most promising projects are funded. However, under that approach there is a danger that universities could be seen as hijacking a funding stream intended for colleges and so steps would have to be taken to avoid university dominance. For example, it could be made mandatory for the lead applicant and budget holder on proposals to be an FE college, even if they have a university partner.

At a more fundamental level, incentives should be strengthened for institutions to ‘share’ students. At present, if a student spends a year studying at college, and then two years studying at university, each institution is only paid for the years that they deliver. That creates a financial incentive to ‘hoard’ students for the full length of their study (as the increase in the promotion of integrated foundation years by universities attests), even if that is not in the student’s best interests. Funding schemes that better recognised both institutions’ contribution to ‘split’ students such as these could open up a greater range of options for students. We could for example, envisage a system whereby institutions received some financial payment for years their student study at a partner institution, as partial compensation for the loss of those years at their own institution. Thus, for example, universities could receive some payment for the year a student spends studying an HNC at college before moving onto university, and the college could receive payment for the following two years that they are university. The arrangement would be reversed for HND students that spend two years at college and one at university. The additional payments would be far less a full year’s tuition, and given that such split degrees cost less to the government than a three year university degree, there would not necessarily be a cost to the Treasury. Of course, the fact that compensation for giving up a year or two of a student would only be partial means that it does not entirely remove the financial incentive to hoard students, but at the very least this incentive could be weakened.

#### 4. Support restructuring where appropriate

Our interviews suggest that close formal ties and even forms of mergers between universities and colleges can help align them and make the most of their relative and combined strengths to the benefit of students. However, our impression from the interviews is that government and sector regulators have treated such moves with a degree of suspicion. Caution is understandable, as mergers are difficult to execute and can be extremely damaging if they go wrong. However, there may be scope for institutions to be given greater support and encouragement to explore federal structures and even mergers, and a role for government and regulators to share the lessons from those institutions where it has been successful.

## 5. Simplify regulation

Another factor that inhibits collaboration between universities and colleges is regulatory complexity. Like many of the policy issues we have described, it is bad in itself (even without entering into partnerships, regulatory compliance can be burdensome), but exacerbated for those institutions that seek to engage in cross-sector working. FE colleges in particular are overseen by a dizzying array of institutions: the Education and Skills Funding Agency; the FE Commissioner; Ofsted; the Institute for Apprenticeships and Technical Education; the Office for Students; and the Quality Assurance Agency, to name just a few. Institutions are understandably deterred by the prospect of trying to forge collaborations that span these different bodies' jurisdictions.

The need for regulatory simplification is widely recognised. While each of these agencies has different important functions, they could do more to coordinate with one another to minimise the number of points of contact and sets of requirements that colleges and universities are expected to engage with. Again, the Government has shown some awareness of this issue in its proposals for revamped Level 4 and 5 provision. The FE White Paper explicitly encouraged Ofqual and IfATE to work more closely together to reduce duplication and streamline the regulatory process for institutions offering these new courses.<sup>104</sup> However, this streamlining could go further still.

One way to do this would be by having a single lead regulator responsible for working with colleges, and one for universities. Insofar as the two overlap, the onus should be on the two regulators rather than institutions to coordinate. So, for example, the Office for Students and Quality Assurance Agency could set standards and expectations for Level 6 qualifications, but the college regulator would be responsible for ensuring the application of those standards and expectations for Level 6 provision in colleges.

## CHAPTER EIGHT – THE BIG PICTURE

In this report, we have focused on giving voice to the views and experiences of those who see the consequences of tertiary education policy up close on a daily basis: college principals and university vice-chancellors. Based on the insight we gained from speaking to them, in chapter six we presented a set of actions institutions can take, almost regardless of the policy landscape, and in chapter seven we presented some immediate recommendations for policymakers to smooth some of the rough edges in the interface between universities and colleges as they currently operate. What we have not done so far is to address the deeper structural questions our inquiry raises. That is the purpose of this chapter.

The fundamental issue causing the tensions and inefficiencies that we have presented in this report is the failure (in England at least) to recognise that universities and colleges operate as part of the same system. As a result, there has been substantial ambiguity about their relative roles. That has driven the poaching of students, dramatic funding differentials, the neglect of certain forms of provision (especially Level 4/5) and regulatory incoherence, to the detriments of learners themselves.

A more coherent and systemic approach would acknowledge that the institutional structures we currently have in higher and further education are in large part of the legacy of the institutions we inherited, and as such, they may not be the institutional structures that best serve the needs of learners and society.

### Distinguishing colleges and universities

Dame Ruth Silver, President of the Further Education Trust for Leadership, has characterised the different components of the English education system in the following way<sup>105</sup>:

*“Schools, quite rightly, are compulsory, and protected by the law. Universities, are selective, quite rightly, and protected by the Queen via royal charter. FE has none of those protections, is available to serve and, so, is the first place to which governments, of all colours, turn when they have to make quick changes with direct impact.”*

While the adaptability of FE is no doubt admirable, the degree of flexibility colleges have been required to show reflects the challenging and arguably unreasonable position they have been put into. Lacking a coherent and reliable purpose they can commit themselves to, colleges have ended up simply picking up the slack of whatever is left over after schools and universities have done their jobs. That is what drives the Augar Review’s concerns that FE colleges “*have become providers of everything to everyone*”.<sup>106</sup> To some extent, the answer to this may be to separate out some of the functions that colleges currently take on. For example, the think tank EDSK has proposed a three-way distinction between Community Colleges offering basic skills and community learning, Sixth Form Colleges providing Level 2 and 3 courses and Technology Colleges specialising in vocational and technical training.<sup>107</sup>

However, the identity of colleges is also shaped to a significant extent by the roles and requirements of other institutions: schools, employers and – our focus here – universities.



What are colleges supposed to do that distinguishes them from universities? How are the learners they are meant to serve different? There are a number of possible answers, as we discussed on page 14, but each is controversial and in need of more explicit justification and debate. Moreover, in many cases the direction of travel, especially from newer universities, has been towards effacing the differences between the university and college experience.

### **Selection**

Dame Ruth's formulation implies that the difference between universities and colleges is in terms of prior attainment and ability. If universities are the "selective" sector, the corollary would seem to be that colleges exist for those that are not selected – those not (yet) able to cope with university work. Some colleges might accept this dividing line, arguing that they are more used and better set up to help those with weaker academic backgrounds. But such a view comes perilously close to a hierarchical and stigmatising view that many would resist, of colleges as the option for those not good enough to get into university. The extent to which universities want or ought to be the preserve of the most academically able is also a matter of debate. Certainly not all universities are considered or consider themselves equally 'selective', especially following the expansion of HE in recent years, and there is increasing discussion of the idea of 'comprehensive universities' – eliminating the differences in prior attainment at least within the university sector.<sup>108</sup>

### **Qualification type**

Alternatively, the distinction could be based on the level of qualifications they offer. Throughout this report, we have suggested there is scope for a clearer division of labour between universities and colleges. One simple approach would be to make colleges responsible for delivering Levels 3, 4 and 5, and universities responsible for Level 6 and above. However, our interviews have also highlighted the problems with such a clean separation. For many learners, Levels 4, 5 and 6 can bleed into one another as part of the same course or qualification or as a natural progression from one to the next. Moreover, students may find college a more suitable and convenient setting for studying a Level 6 qualification (for example, because it is geographically close or because they feel comfortable and supported in their college and would prefer not to move elsewhere). Conversely, universities could be better placed to deliver some Level 4 and 5 qualifications. Thus while some policing of the boundary between what colleges and universities may be beneficial, an excessively rigid approach is likely to mean losing certain valuable forms of provision.

### **Integration of research and teaching**

Universities are often presented as more research-led and academic, colleges as more vocational and practical. Yet universities have for a long time taught vocational courses (like medicine and law), and most university students are at least somewhat motivated by the prospect of improving their career prospects. It is the case that university tuition is far more likely to be provided by active researchers, and universities have long claimed that this is part of their distinctive value. However, more modern universities and FE colleges delivering degrees have tended to play down the relationship between research and teaching, or indeed to suggest that students benefit more from institutions with a more



single minded focus on teaching.<sup>109</sup> A 2009 report of the House of Commons Innovation, Universities, Science and Skills Committee found that while many students do appreciate being taught by active researchers, there is little evidence to suggest that good-quality research is necessary for good teaching of undergraduates.<sup>110</sup> In any case, teaching in universities is increasingly delivered by tutors and lecturers that are not research active: just under a third of UK academics were on teaching-only contracts in 2018/19, up 5% in four years.<sup>111</sup>

### **Independent study vs guided learning**

Another potential distinction between universities and colleges is that universities are supposed to put more emphasis on independent study, whereas colleges offer more regular contact and guidance. Again, though, this difference might be overstated. In practice, university students spend similar amounts of time in taught study compared to independent learning, and there is evidence that the amount of time they spend studying independently is in decline.<sup>112</sup> In any case, it is questionable whether the lack of contact university students receive is a *benefit* to them. It is striking, for example, that more selective universities tend to have lower student:staff ratios and smaller class sizes, and present this among the benefits of attending such institutions.

### **Broader experience vs narrower focus on learning**

A fifth common answer is that university is more about the wider experience beyond, facilitating personal and social development, whereas colleges are more narrowly focused on learning. That has some plausibility, but fails to reflect the motivations and experiences of many university students – around a quarter of whom do not leave home to study.<sup>113</sup> This conception of the value of university is also controversial – there will be those that doubt whether helping students to ‘grow up’ is a legitimate goal of higher education policy, not least given the cost to the taxpayer involved in sending students to university.

### **Questions raised by a more systemic approach**

The government might be tempted to embrace the effacing of the distinction between universities and colleges in terms of what and who they teach – accept or even encourage overlap in terms of the sorts of students they take, the courses they offer and the approach to teaching. That logic tends towards a single integrated system. If colleges and universities are doing the same basic thing, they should be funded the same, regulated the same and should engage in head-to-head competition for students. To the extent that they specialise, that specialisation should be driven by student preferences expressed through the (quasi) market. If students want to stay local, they’ll stay local. If they want to study under the best researchers, they’ll choose the institutions where they work. If they want close attention or a freer rein, they’ll apply to places that offer that sort of teaching.

At times, elements of the Government’s rhetoric and policy suggest that this is its favoured approach. Most notably, the Prime Minister has vowed to “end this bogus distinction between FE and HE”.<sup>114</sup> In introducing Lifelong Loan Entitlements it has moved towards consolidating student finance between universities and colleges. And certainly there would be benefits to levelling the playing field in some ways between universities and colleges – for example, by funding them at comparable levels: a necessary precondition of any genuine competition between the two sectors.

However, a system that recognised no differences between universities and colleges would have considerable drawbacks, if our findings in this report are any indication. The level of overlap and competition that exists at present already causes substantial inefficiency and undermines collaboration in the sector, as we have seen. It leads to gaps in provision due to a lack of scale. The poisoning of relations between universities and colleges can lead to fewer options for students – who may, for example, not be able to study their favoured course locally without collaboration between universities and colleges.

The Government should, then, accept some responsibility for shaping the contours of the tertiary education network and delineating roles. In the previous chapters, we have made a number of observations about how the relationship between FE and HE currently operates, and some practical suggestions for how institutions and policymakers can secure better coordination between the two within the existing paradigm. However, we have also run up against the limitations and inconsistencies of that paradigm. In order to develop a more coherent system – rather than patching over the tensions in the current one – there are fundamental decisions to be made about the nature and purpose of the two sectors. That requires reconsidering and evaluating the distinctions discussed above and addressing questions like the following:

- Is selection on academic grounds actually necessary and beneficial for tertiary education?
- How can we balance the benefits of institutions specialising in different levels of education while preserving the links between those different levels and ensuring smooth transitions for learners?
- Which students, if any, benefit most from exposure to more active researchers?
- How does the appropriate balance of contact and guided learning to independent study vary across different types of learner?
- To what extent are broader personal and social benefits beyond formal learning a legitimate objective of tertiary education?

Based on how we answer these questions, we end up with potentially quite different visions of the tertiary education system. On what basis should we allocate students to institutions? At the moment, we emphasise academic selectivity, and therefore the priority is ensuring that people study with students of broadly similar academic attainment. This may have benefits, in terms of calibrating the difficulty of learning materials and producing positive peer effects. But we could equally prioritise other things. For example, we could allocate students more by geography, and put our efforts into ensuring that everyone can achieve their potential without leaving their local area (this is one way of conceiving of the task facing schools, which are given responsibility for educating the children within their catchment). We can allocate them according to the sorts of courses they are studying – stratifying institutions by level, or indeed by subject matter. Alternatively, we could allocate students by learning styles and preferences. At the very least, this means dividing them according to the extent to which they benefit from independence as opposed to close attention. But perhaps, in time, it might be possible for institutions to specialise in different directions, according to the way their students conceive of the world and absorb information. One dimension on which this

differentiation could certainly occur in the years to come is according to students' capacity to learn digitally and remotely. Finally, we may want to allocate students to different institutions depending on whether they are there 'just' to learn, or if the institution is intended to help develop them in other ways.

These approaches to allocation are not mutually exclusive. Institutions vary along all these dimensions within the current system: universities are selective to a greater or lesser extent, universities and colleges serve their local area to a greater or lesser extent, they do specialise by course, and as we have seen they take different approaches to teaching. And of course, we have in the Open University, an institution entirely dedicated to remote learning. The point is, however, that these different dimensions interact. Because the system prioritises selection, students may have to leave home in order to study at an 'elite' institution. If geography were given priority, that would not be the case.

## Conclusion

The infrastructure of tertiary education currently in place is largely the product of our inheritance rather than of conscious design. For that reason, it is worthwhile to consider how things would be different if we were drawing up a new system starting with a blank sheet of paper. We have outlined some of the questions such an exercise would raise, in terms of the benefits of specialisation, the relationship between research and teaching, the importance of geography and the value of selection. Yet policymakers too often settle for patches to the existing system, rather than developing such a vision for the sectors and their relative roles. The FE White Paper makes some important and valuable moves towards a more systemic approach to tertiary education, including closer integration of student finance and steps to address the under-provision of higher technical qualifications at Level 4 and 5. It implies that the balance in student numbers between universities and colleges is too far towards the former – for example, in its (somewhat selective) observation that higher technical qualifications are associated with higher earnings at age 30 than degrees.<sup>115</sup> However, it does not say explicitly how many more students it would prefer to go to college, and on what basis. It does little to delineate how college instruction is meant to differ from university instruction.

That is not to say that the blank sheet of paper exercise would give us a blueprint to follow. Uprooting an entire education system is difficult, costly, time consuming and disruptive. Reforms that would in theory improve things may not be worth the transition costs. However, setting out a clearer vision would at least direct the system towards a set of principles, and make clear the general direction of travel. The task then would be to reconcile the ideally desirable with the practically feasible. A coherent, systemic strategy should specify both: not just the route we are taking, but the destination we are trying to get to.

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<sup>4</sup> Department for Education (2021), “Skills for Jobs: Lifelong Learning for Opportunity and Growth”.

<sup>5</sup> Johnson (2020), op. cit.

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<sup>14</sup> Association of Colleges (2020), “College Key Facts”

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<sup>17</sup> SMF (2020), “(Adult) Education, Education, Education: How adult education can improve the life chances of those on low incomes”

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<sup>22</sup> Ibid.

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