

POLICY WATCH

2007/43

29 May 2007

Now HE adds its thoughts to revisions of Leitch

The revisionist phase of Mission Leitch is now well under way. Over recent months, we've heard from commentators in the press, expert witnesses in the Education Committee, researchers in Thinktanks, all with their thoughts on Leitch and now here's a view from HE in the form of this Paper from the Higher Education Policy Institute (HEPI) entitled '*Higher Education, Skills and Employer Engagement.*'

In a word it calls for caution. "Nothing in this Paper," it says, "is an argument against the Government encouraging universities to pursue vigorously the prospect of tempting employers to invest directly in higher education...It does however suggest, very simply, that caution is required." It's a caution highlighted by the frequent use of the word 'risk.' They sure know how to pitch things in HE.

Some common themes are beginning to emerge under this revisionist phase of Mission Leitch: wariness about the impact of demand led funding; unease about an undue reliance on Train to Gain; uncertainty about the relationship between qualifications and skill levels; apprehension about the nature of demand and how best to generate it; speculation about the effect of levers such as the Skills Pledge; and recognition, to coin a phrase, that 'it's learners stupid' that really count, not so much systems and processes.

This Paper from HEPI reflects many of these themes and in particular the need to focus on the needs of learners. As Bahram Bekhradnia wrote in a supporting piece in the *Education Guardian*, "a move towards employer led demand in higher education can be taken only so far. Students are the ultimate customers; without student demand, courses cannot run." What concerns him is that the Government is getting too carried away with an employer driven system, it is becoming "too excited" as the Paper puts it by Leitch's suggestion of employer co - financing of some HE provision, and yet this is an unproven mechanism for an as yet unproven demand which may have unforeseen consequences. "There may be takers, but the real risk is that co - funding arrangements will create a new class of second class provision offered only by those universities that lack alternative means of fully utilising their capacity." There's that word 'risk' again.

The context of this Paper is the annual funding letter from Government to the HE sector. For the last two years this has pushed the skills agenda and in particular employer co - financing to the top of its list of priorities. Here is Alan Johnson in this year's funding letter: "I would like you, in consultation with DfES and higher education providers, to develop a new model for funding higher education that is co - financed with employers, achieves sustained growth in employer based student places and introduces the principle of employer demand led funding."

A clear momentum towards employer driven provision has therefore built up which Leitch has now fuelled. But what does this mean for the future of HE and is it what

English higher education should be embracing? This Paper sets out to consider by examining the implication of three of the priorities in this year's letter: employer engagement, the targeting of older learners and responding to 14 - 19 Diplomas.

A number of risks are identified in the area of employer engagement. For a start "there is a risk that what employers want will often not be what students want." Of course this is a risk much of the education world faces but at HE level where customers are paying, informed and preparing for progression, this risk is greater. Anyway the current system works; "it combines the low transaction costs of a planned system with the pressure for innovation of a market system." Moves towards a more planned system would "risk" undermining this delicate balance between demand and supply.

Another risky area is employer co - financing. There are a number of issues here. Firstly that the more employers contribute the less the Government will; "employer contributions replace rather than supplement public funding." Secondly that surprise surprise, Government policy appears contradictory: encouraging and rewarding institutions through project funding to work more with employers on the one hand while reducing state funding on the basis that the employer is now picking up more of the tab on the other.

Thirdly, that the Government has "unrealistic expectations" about the potential size of the employer driven market. The Paper looks at Foundation Degrees as an indicative example of demand from employers and remains unconvinced; "if Foundation Degrees with their focus upon employer requirements are supposed to herald a new age of employer funded higher education, something very large has to emerge from what - at present - is a very small acorn." It calls for a golden rule to be established: "the scale of the Government's ambition for employer funded education and training should be determined by real evidence of employer demand." What concerns it is that some universities may be encouraged to sign up for such provision, lured perhaps by the talk of growth, targets and additional income only to find that the reality might be very different. "The phenomenon of English universities pursuing revenue at the expense of the quality of provision and financial stability has been seen before." Not quite fool's gold but a cautionary tale all the same.

On targeting older learners, the Paper is naturally supportive but unclear which and where. Leitch reckoned that to be world class in skills we needed 45% of the 19 - 65 population educated to Level 4 by 2020. That would mean at least an extra 1.5m students, which given demographics would have to come from those aged over 30 "whose participation is almost exclusively part time." At present there are some 320,000 part time students aged over 30; this number would have to increase by 50% and stay as such for over a decade. A tall order if ever there was one.

As for responding to 14 - 19 developments, the Paper offers little encouragement. "The continued differentiation between the academic and vocational routes poses the risk that the Diploma will increase the differences in perception rather than remove any barriers that may be faced by vocational learners."

So plenty of risks but one key question: 'What is HE for in the 21st century?' Discuss

Edexcel Policy Watches are intended to help colleagues keep up to date with national developments. Information is correct at the time of writing and is offered in good faith. No liability is accepted for decisions made on the basis of information given.