

April 2004/15

**Special initiative**

Allocation of places and funds

This report is for information only

This document announces the allocations of development funds and additional places for foundation degrees for 2004-05 to 2005-06. Bids were invited in October, in HEFCE 2003/48.

# Foundation degrees

## Allocation of development funds and additional places

## **Foundation degrees: allocation of development funds and additional places**

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges
Of interest to those responsible for	Strategic planning, Funding, Access, Quality assurance, Curriculum development
Reference	2004/15
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### **Executive summary**

#### Purpose

1. This document announces the allocations of development funds and additional places for foundation degrees for 2004-05 to 2005-06.

#### Key points

2. Foundation degrees are two-year vocational qualifications that aim to give people the intermediate technical and professional skills that are in demand from employers, and to provide more flexible and accessible ways of studying.
3. To support the Government's plans for expanding foundation degrees, we invited bids last year (in HEFCE 2003/48) for additional places and for funds to develop new programmes and/or to replace Higher National Diploma places with foundation degrees.
4. We particularly encouraged bids that would:
  - deliver high quality foundation degree programmes
  - involve employers in the design, delivery and review of the programmes
  - help to meet local, regional and/or national skills needs
  - increase the number of foundation degree students overall
  - widen participation by increasing the number of students from disadvantaged backgrounds
  - be delivered through further education colleges (FECs).
5. All figures are expressed in headcounts unless otherwise stated.

6. All higher education institutions (HEIs) and FECs that we fund directly were eligible to bid. We received a total of 122 bids, with 81 from HEIs and 41 from directly-funded FECs, for a total of 386 foundation degree programmes. In total the bids involved 226 FECs, mostly through indirect funding arrangements with HEIs, in delivering most of the programmes. The bids sought 11,497 full-time equivalent (FTE) places in total, of which 9,302 were to start in 2004-05 and 2,195 in 2005-06. We received bids for funds to develop 114 new programmes.

7. We have allocated for 2004-05 a total of 7,185 new places (5,211 FTE) at foundation degree level in the competition. Full-time places were 2,524 of the total, and the remaining 4,661 places (2,687 FTE) were for part-time programmes. For 2005-06 a total of 5,013 new places (3,749 FTE) have been allocated with full-time places making up 2,133 of the total with the remaining 2,880 places (1,616 FTE) being for part-time provision.

Action required

8. No action is required: this report is for information.

## **Background**

9. Foundation degrees were set up with the DfES in 2001-02, as a two-year higher education qualification. They aim to give people the intermediate technical and professional skills that are in demand from employers, and to provide more flexible and accessible ways of studying.

10. To support the Government's plans for expanding foundation degrees, we invited bids (in HEFCE 2003/48) for additional places and for funds to develop new programmes or to replace Higher National Diplomas (HNDs) with foundation degrees.

11. We made available funds for 10,000 full-time equivalent (FTE) places, for programmes that would increase full-time or part-time student numbers from 2004-05 or 2005-06. In addition, £5.5 million was available for development funding.

## **Framework for assessment**

12. The framework for allocating places and funds was based upon our previous framework for allocating additional student numbers. It was adapted to reflect the distinct nature and content of foundation degrees, and to increase involvement from both employers and regional bodies.

13. HEFCE 2003/48 stated that bids for funding and additional places should support the Government's objectives for foundation degrees. These were; to contribute to the reduction in skill shortages at the associate professional/higher technician level; to expand the number and range of foundation degrees; to contribute to widening participation; and to promote collaboration between employers, Regional Development Agencies (RDAs), Sector Skills Councils, universities, and higher and further education colleges.

14. In particular we encouraged bids that would:

- deliver high quality foundation degree programmes
- involve employers in the design, delivery and review of the programmes
- help to meet local, regional and/or national skills needs
- increase the number of foundation degree students overall
- widen participation by increasing the number of students from disadvantaged backgrounds
- be delivered through FECs.

15. All bids had to meet generic criteria by showing evidence of fit with the institution's strategy, quality of provision, and student demand. They also had to incorporate the following specific features:

- employer involvement
- partnership and collaboration
- development of skills and knowledge, and application in the workplace
- flexible delivery.

16. Full details of the assessment criteria and priorities for the competition are in HEFCE 2003/48, paragraphs 44-85.

### Allocation process

17. We specified the expected distribution of the additional places and development funds across the regions as shown in Table 1. We decided to base the distribution upon regions' record of HE delivery because this was thought to provide the best chance of achieving recruitment to all the additional places.

**Table 1 Expected regional distribution of development funds and places<sup>1</sup>**

Region	Development funds (£000s)	Additional foundation degree places (FTEs)
East Midlands	540	980
East of England	350	630
London	1,100	1,990
North-East	340	620
North-West	760	1,390
South-East	730	1,320
South-West	490	890
West Midlands	550	1,000
Yorkshire and the Humber	640	1,180
<b>Total</b>	<b>5,500</b>	<b>10,000</b>

18. We strongly encouraged institutions to discuss with other providers in the region and/or sub-region their plans for developing foundation degrees and delivering the additional places. Where institutions across a region reached agreement in advance, and submitted bids that overall did not exceed the funds and additional places available in the region, we stated that we expected to allocate all the funds and places sought, provided that the bids satisfied the assessment criteria.

19. As in previous years, a national panel assessed the bids. Annex A shows its membership and terms of reference. The panel received commentaries on the bids from HEFCE regional teams, and reports from external bodies, including the Quality Assurance Agency (QAA) and OfSTED. In addition, HEFCE's Regional Advisory Groups (RAGs) provided advice on the extent to which bids addressed their priority skills needs within the region.

### Bids received

20. For the 2004-05 competition we received 81 bids from HEIs and 41 from directly-funded FECs, for 386 foundation degree programmes overall. In total the bids involved 226 FECs, mostly through indirect funding arrangements with HEIs, in delivering the majority of programmes. The bids sought 11,497 FTE places in total, of which 9,302 were to start in 2004-05 and 2,195 in 2005-06. We received bids for funds to develop 114 new programmes.

<sup>1</sup> Calculated according to the number of HEFCE-funded FTEs in each region as a proportion of the sector total.

21. Table 2 shows the regional distribution of places sought. Five of the regions bid broadly in line with their regional allocations; three significantly exceeded the available places; and one region bid significantly below the available numbers. A number of regional HE associations, such as the West Midlands, the North-West and the East, reached agreement over their allocation. It is not necessarily the case that a region that underbid had insufficient demand. The tight timetable for bidding meant that some institutions were unable to work up proposals sufficiently by the deadline, but they do wish to continue with developments.

22. On balance, we believe the regional distribution has acted as a spur to regional collaboration, not only between HEIs and colleges, but also with regional stakeholders such as the RDAs.

**Table 2 Additional places to be delivered in a region**

<b>Region</b>	<b>FTEs available</b>	<b>Total FTEs sought</b>
East Midlands	980	576
East of England	630	638
London	1,990	1,875
North-East	620	963
North-West	1,390	1,149
South-East	1,320	1,911
South-West	890	2,124
West Midlands	1,000	996
Yorkshire and the Humber	1,180	1,265
<b>Totals</b>	<b>10,000</b>	<b>11,497</b>

23. There was a wide range of bids, from programmes linked to specialised employment needs in a region, for example to train managers in the licensed trade, and community regeneration programmes, to those that addressed national skills needs, for example for teaching assistants. Similarly, there was a considerable spread in the number of employers involved in developing programmes: 247 programmes involved up to six employers; 97 programmes from seven to 13 employers; and 42 programmes 14 or more employers.

24. The programmes varied in how much work had taken place and how much employers were already involved. Many were clearly at a very early stage, and were perhaps ambitious in expecting to start this autumn. But there were some innovative developments well under way, where the work-based learning elements accounted for between 50 and 60 per cent of the programme. These would offer good models for future foundation degree developments.

25. The subject spread of the places sought is shown in Annex B. Subjects allied to the public sector professions generated a large number of bids. We received bids for more than 1,600 FTE places in education, primarily for teaching assistants; and for almost 2,000 FTEs in nursing, and health and community studies. As in previous years, demand was also strong for places in business and the creative arts.

## Selection process

26. The panel adopted a selection process for both development funds and additional places that was similar to previous rounds. There was, though, an additional regional element to the assessment, carried out by the RAGs.

27. The assessment panel marked bids according to the extent to which they met the generic and programme specific criteria described in HEFCE 2003/48. The scores were distributed according to the matrix in Figure 1.

**Figure 1 Matrix for scoring bids against generic and programme-specific criteria**

		Scores on programme-specific criteria		
		80% and higher	60-79%	Below 60%
Scores on generic criteria	80% and higher	1a	1b	1c
	60-79%	2a	2b	2c
	Below 60%	3a	3b	3c

28. As in previous years, the panel decided to set a threshold for bids fundable in principle – at 60 per cent of the total possible marks – and not to consider for support those programmes with scores of 1c, 2c, 3a, 3b, or 3c, because they were not of sufficient quality.

29. The RAGs were asked to advise on how well bids and individual programmes to be delivered in their region addressed regional skills needs.

30. Where the total number of places and programmes sought in a region was greater than the indicative allocation, the RAGs were asked to comment on the proposals and to classify them into three equal groupings according to how well they addressed regional skills needs.

31. Where the places sought did not exceed the indicative allocation for that region, the RAGs did not need to group the programmes, but were asked to confirm that the programmes did respond to regional skills needs.

32. Advice from the RAGs was set alongside the matrix scores for each programme.

33. The assessment panel then agreed to make allocations based on the following parameters:

- a. The total additional places for 2004-05 should be around 5,000. The remainder should be from 2005-06.
- b. Development funding and additional places to be delivered in each region should not exceed the distribution set out in HEFCE 2003/48.
- c. Where the total numbers to be delivered in the region did not exceed the places available, the fundable programmes should be allocated all the numbers sought.
- d. Where the places sought in a region exceeded those available, advice from the RAG should influence which programmes were funded.
- e. Programmes should be scaled back where necessary to ensure that the total delivered in each region did not exceed the places available.
- f. Where an individual institution intended to deliver more than three programmes or sought more than 100 FTEs for the first year of the programme, only a proportion of the places should be supported, so that the allocations would not exceed the places available in the region.
- g. Where an institution's total allocation for 2004-05 would exceed 50 FTEs, a proportion of the first year and associated phased numbers should be deferred by a year, to start in 2005-06.
- h. Development funding should be allocated to institutions according to the relative merits of the proposal, and the number of partner institutions and employers involved in the fundable programmes of the bid.

34. The additional places are summarised in Table 3.

**Table 3 Summary of additional places allocated**

	Headcount		FTE	
	2004-05	2005-06	2004-05	2005-06
Full-time	2,524	2,133	2,524	2,133
Part-time	4,661	2,880	2,687	1,616
<b>Totals</b>	<b>7,185</b>	<b>5,013</b>	<b>5,211</b>	<b>3,749</b>

35. Table 4 shows the breakdown of HEIs and FECs involved in delivering the places.

**Table 4 Institutions involved in delivering additional places**

<b>Institution type</b>	<b>Number of institutions</b>	<b>FTEs to be delivered in first year</b>
HEIs	62	3,461
FECs: directly funded provision	36	1,369
FECs: indirectly funded provision	164	4,129
<b>Totals</b>	<b>262</b>	<b>8,960</b>

36. The allocations exclude 100 FTE places, set aside from the places available for the North-West, to allow support for developments in Cumbria. These will be subject to the strategic plan for HE currently being prepared and will need to meet the same quality threshold as other bids. This distribution has been deferred until later this year.

37. Annex C gives the final allocations of additional FTEs to institutions for starts in 2004-05 and 2005-06. Annex D provides the amount of development funding given to each institution.

38. In line with the panel's decision at paragraph 33b above, where the numbers sought in a region are below those available, there will be an opportunity for them to be allocated within the region for 2005-06.

39. Where we have phased numbers, the additional allocations for 2005-06 and beyond will be conditional upon institutions recruiting successfully in 2004-05 and achieving overall growth in places that we have funded.

40. Foundation Degree Forward was recently established by HEFCE, and provides a network of expertise to promote good practice in foundation degrees. It will offer support to institutions whose successful bids are still in the development stage.

41. We wrote to institutions on 17 February 2004 to offer them their provisional allocations, which subsequently have been agreed by the HEFCE Board.

#### **Review of the competition for 2004-05**

42. As in previous years, institutions that have been allocated additional places will be asked to report on their achievement in recruiting students to those places.

43. The assessment panel will review the competition and will report to the HEFCE Board in June. Its findings will be published on the HEFCE web-site.