

Study buddies?

Competition and collaboration between
higher education and further education

Executive summary

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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.