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“Towards a more diverse approach to HE”

Thank you very much for inviting me to your conference to speak to you today. It is a pleasure to be among so many colleagues in the higher education world. This is a very exciting time for higher education, with opportunities for many positive changes and opportunities to shape an increasingly diverse, highly successful and world-leading higher education sector that can offer benefits to everyone in this country.

Before I talk about the future I would like to start by setting out where we are now, and some very real achievements.

We have a world class higher education system in this country, and I would like to thank all of you here for the contribution you have made.

Our universities are a success story, in the fields of world-class research, in teaching and learning, and increasingly in engaging with local communities.

Higher Education is becoming increasingly diverse, with more institutions, some new approaches to teaching and learning, and a rising international profile.

Nor is higher education limited to what might be seen as traditional universities. 13 institutions have attained university status since 2001, following a rigorous scrutiny of what they offer. And as we made clear in our recent White Paper ‘Further Education: Raising Skills, Improving Life Chances’, we see an important role for provision of HE in some, though by no means all, further education colleges.

I'm delighted by the way that higher education institutions have opened up the sector to so many more students in recent years. All told, investment since 1997 has supported more than 200,000 additional students in higher education. Economically, this is helping us move towards that vital goal of equipping a workforce with the skills and attitudes needed for this century. Socially, it is changing the lives of many individuals who, in the past, may not have even considered going into higher education.

This past year has seen us keep our promise on funding for the higher education sector. Real terms funding per student fell by more than one third from 1990 to 1997. The previous Government simply declined to face up to the financial realities. It was happy to squander a precious national asset.

By contrast, we have taken politically difficult decisions which many thought Government would simply decline to face up to. We have invested in HE, and we have provided stability. At the same time, we have introduced a system that is genuinely skewed to the needs of those who most need support.

September sees the start of a new era for higher education in this country. We will see the abolition of up-front tuition fees and the beginning of variable fees. Grants will once again be available to those that need them most. £350 million will be available in bursaries and "outreach" programmes to support students, which will help to boost and widen participation. Access Agreements mean that institutions know where they stand and can get on with the most important job of explaining to students exactly what they are offering. The package of support announced for part-time students last autumn will add diversity to the system to meet the needs of more and more learners. We announced that Train to Gain will be extended to provide access to HE level skills and courses.

I am also very pleased at the way the National Student Survey has progressed. One of the major challenges for Higher Education in the years ahead will continue to be the "market". This is not a new challenge of course, because institutions have been reflecting and reacting to changes in student

and employer demand for years. But there will be an ever-increasing demand to provide information for students and I am pleased to see so many institutions have responded positively to initiatives like the National Student Survey, trying to give students the information they need to make informed choices. In a world that is increasingly customer-focused I think this is a valuable and necessary approach. It is here to stay and I expect prospective students in years to come to look at it closely.

I would like to congratulate the sector on the positive way it has responded to these challenges. But it is characteristic of our world today that a period of change does not preface a period of stability. Further challenges lie ahead. And the main message in my speech today is to set out why I believe a more diverse approach to providing HE is a key challenge for us working together over the next few years.

50%

Last week saw confirmation that although student numbers are growing, in the years between 2002 and 2003 the participation rate didn't grow.

I am an unashamed apologist for our policy of expansion. It is vital for our economy to raise productivity and competitiveness to world class levels which will give young people the best life chances and enable them to make the most of their potential in education, work and training.

Research forecasts by the Institute for Employment Research suggest that 50% of all UK jobs – affecting around 6.8 million people - will require a graduate level qualification by 2012. In our globalised world it is a given that we need higher skill levels among our workforce if we are to compete against the newly emerging economies when so many nations are willing and able to undercut us on wages. We have to provide our workforce with a cutting edge attained through high quality education and skills levels in order to compete in the future.

We have little time to lose, for the emerging economies all recognise the

centrality of higher education to their national development. They are busy upskilling their own workforces, and set great store by higher education levels. Already, the participation rates of countries like India and China are increasing at a rapid rate whilst those of our natural competitors in the developed world are already significantly higher than our own. As the OECD has found, there is a distinct relationship between the number of graduates in the economy and the increase in GDP growth rates. It is not a given that Britain will remain the fourth largest economy in the 21st century. We have to strive to achieve it.

In short, a failure to improve and widen participation and access to higher education would therefore be bad social policy and very bad economic policy.

A more diverse HE system

If we truly want to make the step change in higher education participation that I believe our economy requires then we have to be prepared to be radically different in the way we deliver higher education to meet the needs of students of the 21st century. Different, more flexible models to meet the different social and community needs are required.

Too many people still do not see higher education as being an option for people like them. That is true for school and college leavers; it is true for young people in their twenties who begin to realise they need to upgrade their skill levels; it is true for older people too.

That's why I believe that reforming both how people access higher education provision, and the models by which that provision is delivered will be so important in the future. We cannot hope to persuade everyone we need to persuade to consider the option of higher education if we do not break out of the traditional models. I believe we need to be much more committed to change and more ambitious in defining new approaches.

That's why I am glad that HEFCE has included in its strategic plan a key performance target to increase innovative, flexible approaches to the delivery

of higher education across the planning period.

What does this mean in practical terms?

More flexible approaches to higher education provision will give people more opportunities to learn when, where, and in ways that meet their learning needs, preferences and abilities best.

A really challenging way of putting this message is to say that provision needs to be less supplier driven. If we are honest, we surely have to acknowledge that in the past most HE provision was configured to reflect supplier needs.

Potential students might have been able to express a choice between suppliers – although ultimately the suppliers chose their customers. But there was relatively little differentiation. Modes of teaching were fairly uniform between institutions, with little scope for adjustment to fit different groups of learner. The assumption was that studies would be taken over a fixed period of time, punctuated by a holiday pattern driven by university rather than student needs.

Of course this is somewhat unfair as a caricature. There was a good deal of excellent and personally committed teaching. And for many young people the traditional three year degree allowed for a range of experience of immense personal value.

But just because a model fits some people well doesn't mean it fits all – and increasingly we live in a world where people expect that service providers will have scope to offer flexibility, not uniformity.

Let me give some specific examples.

A model of full-time provision that dictates that an honours degree must last three years rather than a much more intensive but shorter period of time is, ultimately, supplier driven. Often it works as a model. But not always.

So I am very interested indeed in the scope for two-year compressed honours.

This isn't, of course, about lowering standards. We would need to ensure the competencies and skills acquired by a student undertaking a compressed degree were the same as a student undertaking a traditional 3-year degree course. However, I believe that if we can get this right, two year degree courses would offer a great opportunity to many students and would encourage those who would not usually feel able to take 3 years out of their lives to study to see that a degree may be possible for them.

HEFCE is considering how best to encourage them, and is currently funding pilot projects for compressed degrees at 5 institutions. Between them, these will test out how more intensive courses could operate within a range of different subject areas – from sport to business, to biomedical science. And also within different delivery models, including work based learning programmes.

We are waiting with interest for the outcomes of these pilots to decide what lessons we can learn from them, and how we can move forward and offer this flexible way of learning in the best way.

I am sure that getting the issue of credits right is one of the keys here in facilitating all forms of flexible learning, enabling learners to vary their pace and place of learning, and to get recognition for their achievements.

I am really pleased, therefore, to see the progress that has been made by Bob Burgess' group on Measuring and Recording Student Achievement, in developing the basis for a credit framework for Higher Education, for further consultation with the sector. And I congratulate the work it has done to ensure that the Higher Education arrangements for England work effectively with other parts of the UK, and can share common principles, and where possible, common operational criteria with the forthcoming Framework for

Achievement. The outcomes from this work will play a strong role in helping to facilitate learners' progression and their ability to complete their education at their own pace; in different modes of study; and in different locations.

There are other examples of flexibility. Distance learning is an attractive option to those who live in more rural areas where there may not be an existing higher education institution.

It's important in general to think about how we use technology to aid the educational process. Flexible learning, incorporating e-learning, is about developing a blend of approaches to learning and teaching based on self-paced study, mentoring and specific task-based learning.

E-learning can also help to advance the flexibility and personalisation of learning, to support progression and lifelong learning. It provides opportunities to develop new ways and new places to learn. Its potential to become more relevant to employers and employees has never been more important.

Flexible and distance learning are important components within HEFCE's 10 year e-learning strategy, which is backed by £33m to support capital investment. This is an evolving and responsive strategy that will help higher education institutions to develop and embed e-learning based on evidence of what works, and advice and guidance from around the sector and beyond.

Although young entrants are central to our plans for widening participation, supporting lifelong learning for part-time and mature students is important too. By 2020 80% of the workforce will already be in employment making lifelong learning more important than ever. We need to have educational progression linked to personal and professional development. Independent learners, with a broad variety of previous life and educational experiences, are returning periodically to upgrade higher level skills and sustain their employability.

And Foundation Degrees, supported by employers, also have a significant

role to play. They are key to continuing expansion and widening participation in higher education. They provide the specialist knowledge and skills that employers need and want, as well as the broader understanding that equips graduates for future professional development and a smooth transition to honours degrees. They add an important dimension to higher education by offering real employer engagement and much more applied and practical learning in the higher education sector.

Specialised diplomas will also provide an alternative access route into higher education for those who want it, providing young people with the skills and knowledge they need to progress into employment, training and further or higher education with a qualification which is nationally recognised and valued. It is crucial that the higher education sector gives support to the Diplomas if they are to offer a good progression route into higher education. That is why we are involving you in the design of these Diplomas, to ensure they are valued and relevant.

What I have said so far has been about diversity of provision. But I also favour increasing diversity of provider. We also need to see increasing institutional diversity.

The recently published White Paper, 'Further Education: Raising Skills, Improving Life Chances' made clear that we intend to encourage more young people to consider higher education opportunities through building access routes at the community level via our network of FE colleges. In many instances FE colleges offer the only convenient access to higher education which might otherwise be hard for potential students to reach – for example, in areas where there is no higher education institution nearby.

FE colleges may also have a special attraction for potential students seeking a smaller scale and more supportive atmosphere, especially those students who have already studied in a college for lower qualifications. 14-19 partnerships are important in terms of smoothing the transition into HE vocational courses, whether they are delivered in schools, colleges or the

workplace.

Partnerships between HEIs and further education will be increasingly important. We will continue to support the development of Lifelong Learning Networks (LLNs). These combine the strengths of a number of diverse providers and allow sharing of teaching expertise, curricula and facilities. They enable learners to move between different kinds of vocational and academic programmes, and between institutions, as their interests, needs and abilities develop. There are currently 10 such networks in operation, covering over 40 universities and 100 FE colleges. The White Paper said we want these extended to the highest priority areas.

In addition, we need to go further in expanding links between HE and employers, and work-based learning provision in the HE sector.

Starting in September 2006, the Train to Gain service will be extended so that employers in three pathfinder regions can meet their skills needs at Level 4 and above through Train to Gain brokers, as well as through direct links with higher education institutions. FE colleges and HE institutions, working with Sector Skills Councils, Regional Development Agencies and employers in priority regional economic sectors, will establish new, flexible workplace focused skills provision centred on the needs of employers and employees. Because of the potentially high returns for employers and employees, they will be expected to contribute significantly to co-financing customised provision alongside the Government's contribution.

Firstly, with the expansion of the "Train to Gain" programme to provide access to HE level skills and courses. Starting in September 2006, the Train to Gain service will be extended so that employers in three pathfinder regions can meet their skills needs at Level 4 and above through Train to Gain brokers, as well as through direct links with higher education institutions. FE colleges and HE institutions, in partnership with Sector Skills Councils, Regional Development Agencies and employers in priority regional economic sectors, will establish new, flexible workplace focused skills provision centred on the

needs of employers and employees. Because of the potentially high returns for employers and employees, they will be expected to contribute significantly to co-financing customised provision alongside the Government's contribution.

The pathfinders will need to demonstrate that HE provision can be delivered successfully through this programme. We will need to see that the model is responsive to employer demands, delivers flexible provision relevant to the workplace and high quality HE.

Linked to this I believe we also need to do more to incentivise and fund HE provision which is partly or wholly designed, funded or provided by employers. There is a lot of existing good work in this with universities working with companies and businesses through the Higher Education Innovation Fund and the development of Knowledge Transfer Partnerships. But we still need much closer partnership, with employers influencing the design of courses and programmes to ensure that they respond to their needs.

That is why we are concluding Agreements with a number of Sector Skills Councils, funding demonstration pilots which will address some of the practical barriers to effective partnership working, like the accreditation of in-house training, and curriculum design. But I still feel that there is more that could be done, and this is a theme we and HEFCE will be thinking about further this year and in coming years. We need to ensure that the right incentives are in the system to serve the interests of employers, students and institutions.

This is also the time to say that this needs to happen in a streamlined and effective way, with activity being concentrated on results, not bureaucracy. The organisations that work with institutions – HEFCE, Skills Councils, health organisations, and so on – have a clear obligation not to impose needless burdens. That is why I warmly support the concordat on data sharing and quality assurance that the HERRG has developed, and to which my Department and its agencies are among the signatories. We are committed to ensuring that the concordat doesn't become a dead letter, and that it is

properly policed and in due course updated.

RAE

I want to turn now to the RAE. You will all be aware of our forthcoming consultation on the use of metrics in research assessment. I am delighted that David Eastwood has agreed to co-chair the working group that has been formed to draw up proposals. I would like to thank HEFCE for the technical support that they will be giving the Working Group. It is right that HEFCE should continue to have a public role in leading this exercise.

I am clear that this is a major challenge for both Government and funding councils. I would like to highlight three points in particular. Firstly, that the fact that we are raising the issue of metrics now is in no way a criticism of past RAEs or the work that has gone into the 2008 exercise. In a recent Lords debate on the RAE, all sides acknowledged how much the RAE has done to promote productivity and dynamism in the sector, and I would like to add my support to this statement. The task now is to ensure that this dynamism continues into the future. Our continued global competitiveness and the higher education sector's high reputation depend upon it. Sustaining a world class capacity for research is a vital objective for Government and for HEFCE.

Secondly, I would like to be clear that this is not a matter of Government stamping its will on the sector. If our proposals do not gain the sector's confidence in the way the RAE has by and large done, then they will not be the right proposals. That is why the working group has been formed and that is why we are committed to long and serious consultation on our proposals and positive engagement with all our stakeholders.

Finally, the prize we are seeking is a system which builds on what the RAE was achieved over the last 20 years in a way that is recognised throughout the sector as significantly more efficient but at least equally as fair.

It is therefore the Government's presumption that the 2008 RAE should go ahead, incorporating a shadow metrics exercise alongside the traditional

panel-based peer review system.

However, if an alternative system is agreed and widely supported, and the clear majority of UK universities were in favour of an earlier move to a simpler system, the government would be willing to consider that.

I understand that there is uncertainty in the sector and in HEFCE about where the process will lead. That is why we have promised to produce the work quickly and make our intentions known at the earliest possible stage. The working group met for the first time last week and, with HEFCE's help will complete its work before the end of May.

CONCLUSION

This is a highly challenging and exciting agenda of change for higher education institutions, young people, employers and Government and one where we have a shared responsibility to work together. But if we can get this right, which I believe we can, this would signal a major change to the way that higher education is taught in this country.

Increasing and widening participation and tackling the barriers to access will and should change the face of HE provision in the future.

Across the country many HE and FE institutions and businesses are already geared up to meet these challenges and are committed to this far-reaching and ambitious agenda of change. But we need this commitment to spread more widely.

If we fail to bridge the skills gap, if we fail to equip the next generation for the demands of the new global, knowledge based economy of the 21st century and if we fail to provide new paths into higher education and training for all who want them then we fail to enhance the life chances of the next generation.

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