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ABSTRACT
                Since 1994, the Higher Education Funding Council for England
(HEFCE) has funded 97 projects aimed at meeting the lifetime learning needs
of the workforce, expanding the availability of flexible teaching and
learning, and encouraging an active role for higher education institutions in
wealth creation and in regional and local development. An evaluation of the
projects was conducted after 4 years, using structured data from a large
sample of the projects, data from an in-depth study of a selected group of
projects, and policy analysis within a historical and policy framework to
determine the impact of funding the projects. The study found that the HEFCE
funding was an enabling force for many of the higher education institutions
to conduct the projects, and noted some of the following effects: (1)
substantial curriculum and pedagogical innovation has flowed from the
initiative; (2) recruitment and admissions to the continuing vocational
education programs showed least development; (3) the range of evaluation,
monitoring, and assessment procedures was extensive; and (4) development
funding fostered a range of innovations, such as work-based learning,
in-company mentoring, open and distance learning, accreditation of prior
experiential learning, and multimedia instruction, and these innovations had
a significant impact on widening participation and access for previously
under-served groups. The analysis suggested a strong link between continuing
vocational education and economic improvement and pointed to the need to
continue and broaden such educational efforts and innovation. (Contains 31
references.) (KC)

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The evaluation of funding for the development of continuing vocational education (CVE)

THE UNIVERSITY
OF BIRMINGHAM

HIGHER EDUCATION *hefce*
FUNDING COUNCIL FOR ENGLAND

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Glossary

AP(E)L	Accreditation of prior (experiential) learning
BITC	Business in the Community
CAL	Computer-aided learning
CATS	Credit accumulation and transfer scheme
CE	Continuing education
CPD	Continuing professional development
CVE	Continuing vocational education
DfEE	Department for Education and Employment
EHEI	Enterprise in Higher Education Initiative
ESF	European Social Fund
EU	European Union
FE	Further education
FEFC	Further Education Funding Council
FTE	Full-time equivalent
GNVQ	General National Vocational Qualification
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HESA	Higher Education Statistics Agency
IT	Information technology
LCPP	Local Collaborative Project Programme
NCIHE	National Committee of Inquiry into Higher Education (chaired by Sir Ron Dearing)
NETTs	National Education and Training Targets
NHS	National Health Service
NVQ	National Vocational Qualification
ODL	Open and distance learning
PCFC	Polytechnics and Colleges Funding Council
PICKUP	Professional, Industrial and Commercial Up-dating
R&D	Research and development
SME	Small and medium-sized enterprise
TEC	Training and Enterprise Council
UFC	Universities Funding Council
WBL	Work-based learning

Summary

1 The development funding initiative

In 1994, the Higher Education Funding Council for England (HEFCE) announced a continuing vocational education (CVE) development funding initiative which earmarked £60 million for the four academic years, 1995/96 to 1998/99. The initiative had three specific aims:

- meeting the lifetime learning needs of people at work, as identified by employers and individuals;

- expanding the availability of flexible teaching, learning and accreditation for people at work; and

- encouraging an active role for higher education institutions (HEIs) in wealth creation and in regional and local development.

A total of 117 HEIs submitted bids for funding, of which 97 were funded.

2 Evaluation of the initiative

Subsequently, the HEFCE commissioned an independent team of researchers to:

- evaluate the overall impact of the CVE development funding programme, and consider whether its aims and objectives have been met; and

- consider strategies and the priorities for supporting CVE and work-related provision in the future.

The objectives were pursued through four phases of research. The methodology incorporated data from all HEIs which bid for development funding; structured data from a large sample of HEIs; and data from an in-depth study of a selected group of HEIs. A fourth phase involved policy analysis which structured CVE within an historical and policy framework. Our intention was to prepare a report of value to HEIs on the organisation and management of CVE; on effective curricula and pedagogy in CVE; and on ways of developing HEI infrastructure with respect to staff and premises for CVE. It is within that context that we also comment on the wider policy environment and the relationship between the HEFCE and HEIs.

2.1 The impact on activity

Development funding was an enabling force for CVE in many HEIs, facilitating significant developments in several areas.

- Substantial curriculum and pedagogical innovation has flowed from the initiative. The over-arching themes related to meeting the needs of small and medium-sized enterprises (SMEs) and the development of IT-based modes of delivery.

- Recruitment and admissions to CVE showed least development, although in some HEIs it led to fundamental rethinking. In this area, the most substantial impact was in marketing and market research and, in some HEIs, enhancing access for further education (FE) learners.

- The range of evaluation, monitoring and assessment procedures witnessed was extensive. Less attention was given to strategies for improving student retention through changes in pedagogy, student learning support systems or guidance systems.

- Development funding fostered a range of innovations, for example in work-based learning, in-company mentoring, open and distance learning, accreditation of prior (experiential) learning (AP(E)L) and multi-media provision. These had a significant impact on widening participation and access for specific client groups.

2.2 External links

HEIs have used development funding to create and strengthen their links with other agencies, including Training and Enterprise Councils (TECs), Chambers of Commerce, SMEs, FE colleges, professional bodies, and major public and private sector employers. There are few links with local authorities.

- Links with TECs were strong in only a small number of HEIs, and there were problems in reconciling the objectives of CVE plans with those of the TECs.

- Some HEIs saw their relationship with SMEs as being at the core of their development, but in ways which included a range of activities, including consultancy and technology transfer. Individual employees can be the key agents for defining the training needs of SMEs.

- Relationships with professional bodies were seen as positive because of their contribution at the interface of professional and academic accreditation. Where effective, these relationships were often highly successful aspects of the initiative.

- Relationships with large employers in the public and private sectors were seen as a means of providing large-scale, specialised and sustainable programmes in niche markets.

2.3 The economics of CVE

Data collected on external and internal efficiency highlight the difficulties of making assessments of the economic consequences of CVE activity. An appropriate evaluation framework is needed. ,

- In terms of impact on economic growth and skill levels, CVE provision is most likely to have had a positive effect on those currently in work, and mainly in professional occupations. Access to HEIs by at-risk groups in the labour market has been low.

- Collaboration with outside agencies has assisted the exchange of information, securing markets for CVE and exchange of human and physical resources, such as work placements. Development funding led to leverage of additional funds.

- Cost estimation was imprecise but indicates that CVE can be cost-effective and recover investment; policies on pricing and on overheads were diverse and not always consistent within institutions.

o   HEIs appreciated the opportunities for flexible and discretionary use of
     the funding. The capability of HEIs to invest over a medium-term, four-
     year period added to effectiveness.

2.4 Factors influencing effectiveness and cost-effectiveness

Drawing upon case studies of nine HEIs, we identify key aspects of
organisation for CVE which contribute to effectiveness and cost-
effectiveness.

o   Project champions, institutional support, flexibility, external partners,
     an infrastructure that supports providers and clients, expert providers
     and niche marketing within HEIs were all important for the CVE
     initiative.

o   Incentives – through project funding – were effective in supporting
     development work by members of staff. Such funding is, however,
     essentially one-off, and an environment is needed which is not reliant
     on spasmodic incentives.

o   Broad-based and sustained development of CVE within institutions
     requires leadership and commitment. These must be combined with an
     infrastructure which supports non-traditional activity and incentive
     systems which reward the departments and individuals working within
     them.

o   Significant provision can occur without strong or direct centralised
     institutional support, as long as decentralised management systems are
     autonomous enough to provide incentives and infrastructure support.

3 Strategies for development

3.1 CVE within HEIs

Current government and funding council policies seek to strengthen links
between higher education (HE) and the economy. If CVE is to contribute
further to that relationship, four themes need to inform institutional
responses to policy development.

o   CVE needs to be viewed widely, embracing a whole set of relations
     between an HEI and its commercial, industrial and public sector clients.
     Some of the best practice we observed met this definition.

o   Partnerships between HEIs and external bodies are critical to high
     quality development. A more structured and clearer set of partnership
     frameworks should be established, drawing on the respective strengths
     of various agencies.

o   Individuals, particularly those working in SMEs, are good at
     recognising their own CVE requirements. Company-based provision
     must retain the focus on individuals within the circumstances of their
     employment needs. IT has significant potential in supporting access for
     individuals.

- Within HEIs, an institution-wide response to sustained development of CVE requires cultural change which should be manifested through institutional mission, infrastructure to support development, and suitable incentives for staff and departments.

3.2 HEFCE and HEIs

Our assessment of the policy context for higher education points to strong support for strengthening the relationships between HE and the economy. If the HEFCE wishes to give a greater steer to HEIs to strengthen their links with the economy, it is likely – and appropriate – that development funding will be succeeded by a new initiative.

Our analysis suggests that such an initiative should be broader in scope than traditionally conceived CVE. It ought to recognise the role of institutional partnerships in new ventures and take account of individuals as key agents of change, particularly in the SMEs.

A successor to the development funding initiative should encourage HEIs to develop practices which are not only integrated across an institution, but also provide a networked response to the needs of key participants in the economy. In this way, HEIs can better meet the expectations and requirements of lifelong learning.

1 Introduction

Continuing vocational education (CVE) is one of the means by which higher education institutions (HEIs) contribute to the wider needs of the economy. It has a distinctive contribution in that the provision is designed to foster the development of employment-related knowledge, skills and understanding. Typically, this is done through a range of short and long training programmes, some of which have an option of accreditation. The range and nature of provision are distinguished by their diversity. This is a characteristic which is both a reflection of regional variations in the labour market and a feature of the different ways in which providers understand and implement their institutional missions. Provision is also distinguished by the history of involvement in CVE. Some HEIs have established traditions of participation in CVE, while others have a more recent and modest history of activity. These factors also contribute to the variety of organisational contexts in which CVE is provided.

It is against this background that, in 1994, the Higher Education Funding Council for England (HEFCE) announced a CVE development funding initiative which earmarked £60 million for the four academic years, 1995/96 to 1998/99 (HEFCE, 1994b). In the context of the Council's objective of encouraging HEIs to make CVE an integral part of their overall strategy, institutions were invited to submit bids which were expected to show how the development fund might contribute to three specific aims:

* meeting the lifetime learning needs of people at work, as identified by employers and individuals;

* expanding the availability of flexible teaching, learning and accreditation for people at work; and

* encouraging an active role for HEIs in wealth creation and in regional and local development.

HEIs were invited to submit bids for up to £350,000 per annum (later reduced to £300,000) for the four years. In all, 117 bids were submitted. An advisory group was established to assess bids against published criteria, and each was expected to contain a four-year business plan. Allocations were announced in April 1995: 97 bids were funded and 20 were not. HEIs which received development funding are listed in Annex 1.

Evidence of the extent to which the initiative is meeting its stated aims can be drawn from a number of sources. First, as part of the funding agreement, HEIs are required to submit an annual monitoring statement to the HEFCE, a process which requires them to make summative assessments of the progress of the initiative in their own institution. Second, by undertaking an analysis of the monitoring statements, the HEFCE gains a perspective on the progress of the initiative across the sector as a whole. Third, the HEFCE commissioned an external team of researchers from the University of Birmingham to:

o   evaluate the overall impact of the CVE development funding
    programme and consider whether its aims and objectives have been
    met; and

o   consider strategies and the priorities for supporting CVE and work-
    related provision in the future.

This report has been prepared to meet those aims. It is organised into five
parts with a total of eleven chapters. The first part gives a summary of our
findings and recommendations. Part II, *The context of the study*, includes
Chapter 2 on the wider policy context for the role of HEIs in CVE. In that
chapter we give particular prominence to the review of the National
Committee of Inquiry into Higher Education – the Dearing Report (1997),
the Government's response to that review, and to proposed developments in
the sector. This is followed by a chapter which outlines the methodological
approach taken by the research team when undertaking their evaluation.

Part III of the report, *Purpose and practice*, has four chapters. In Chapter 4
we provide a review of the 117 original bids as a way of setting the context
for the goals of the initiative, as interpreted by the HEIs, and identifying the
range of activity potentially within the scope of CVE. We summarise the
main developments in CVE which funded HEIs have indicated in their
monitoring statements (1995-97). Drawing upon data collected from 20
HEIs visited, in Chapter 5 we review the range of activity actually
supported by the initiative. Chapter 6 examines the nature and extent of the
relationships of these HEIs with external bodies and agencies, and in
Chapter 7 we review the economic impact of the initiative. In the context of
the economic and labour market purposes of CVE, this is a crucial aspect of
the evaluation.

Developing and sustaining CVE in an HEI will partly depend upon how it is
led, organised and encouraged. Consequently, Part IV of the report,
Organising for CVE, is concerned with the different approaches to the
management of CVE within the HEIs that were visited. In Chapter 8 we
provide a framework for analysing the organisation of CVE and from this
derive criteria which are applied – in an illustrative way – to the 20 HEIs
visited. In Chapter 9 we apply the analysis more fully to nine HEIs, selected
as case studies of good practice in the organisation of CVE. It is a chapter
which, by representing the diversity of institutional contexts and histories, is
intended to reflect the need for a diversity of organisational responses for
the effective development of CVE. We follow this in Chapter 10 with a
discussion which generalises from the case studies and seeks to identify
factors which influence effective and cost-effective provision, practice and
performance.

Developing CVE is the final part of the report. In the final chapter, we
examine issues related to strategy for CVE both for individual HEIs and for
the HEFCE. The initial fieldwork on purpose and practice, and the later
case studies on the organisation of CVE, provide insights into the
development of CVE. The first part of Chapter 11 identifies aspects of

practice and organisation where HEIs can learn from the experience of others. In the second part, our purpose is to address the implications of the study for the management and funding of CVE by the HEFCE for the sector as a whole. We conclude with a summary of key issues identified in the course of our study, and their consequence for the future of CVE in higher education.

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2 The policy context

2.1 Reviewing higher education

In *Higher Education in the Learning Society* (National Committee of Inquiry into Higher Education, 1997), higher education in the UK has been subject to the most extensive review of its nature and purpose since the Robbins inquiry of the 1960s. Understanding the significance of the CVE development funding programme and giving appropriate consideration to strategies and priorities for future development requires, therefore, an appreciation of the analysis and recommendations of that review (the Dearing Report), as well as the views expressed subsequently by the Government. We need to do so, however, with an understanding of past developments in the HEFCE's policies in this area, as they may provide indicators of trends in policy for the future. Such an analysis will be further illuminated by reviewing aspects of the emerging policy consensus on the role of higher education. These two perspectives can then inform our analysis of changes arising from the development funding initiative and contribute to the discussion in Chapter 11 on strategies for development.

What is apparent is that while higher education has long been seen as having an economic function, the nature of that relationship has been progressively tightened and made more explicit. In this respect, two initiatives are particularly relevant to this inquiry: Professional, Industrial and Commercial Up-dating (PICKUP) and the Enterprise in Higher Education Initiative (EHEI).

Introduced in 1982 by the then Department for Education and Science, the PICKUP programme was a highly focused initiative, concerned with specialist short courses to be provided by universities, polytechnics and further education colleges. These courses were concerned with improving provision for adult training, skills updating and retraining for employers and employees (Deloitte, Haskins and Sells, 1987). From 1988 the Polytechnics and Colleges Funding Council (PCFC) and Universities Funding Council (UFC) assumed responsibility for allocating pump-priming funding for CVE development to institutions. PCFC's initiative continued to be called PICKUP funding, whilst UFC described similar funding as the 'Continuing Education (CE) Development Fund'. This might explain the relative lack of reference to PICKUP in CVE development fund bids submitted to the HEFCE in 1994 by former UFC universities, as compared with ex-PCFC institutions.

The emphasis of the PICKUP initiative was provision, rather than development for strategic or culture change. In addition, the resources devoted to the programme were considered too small, and annual funding rounds meant that planning beyond the short-term was hazardous (Bennett *et al*, 1994). PICKUP provision was supposed to become full cost, with institutional bids and provision aimed at pump priming and facilitating initial development. In 1986/87, PICKUP had an identifiable budget of

£6.7 million – including £3 million of Education Support Grants and £0.7 million of 'overlap funding' through the Local Collaborative Project Programme (LCPP). Local Collaborative Projects were funded by the Manpower Services Commission and the PICKUP programme itself. Projects under the LCPP were aimed at promoting partnership between employers and educational institutions in order to provide for adult skills updating. By the late 1980s, PICKUP was supplying courses to nearly one million adults a year (Ainley, 1990).

The Enterprise in Higher Education Initiative began in 1987, with funding for HEIs to 'develop competencies and aptitudes relevant to enterprise'. By 1991, Enterprise Schemes existed in 50 HEIs and such programmes were to be self-financing after five years. The aim of the EHEI was that everyone seeking a higher education qualification should develop competencies and aptitudes relevant to enterprise. This was a wide remit with an expectation that the culture of enterprise should inform courses for all students in an institution. Its relevance to this project is at two levels. First, its focus on all provision seemed to require a culture change where all parts of higher education are expected to recognise their role in an enterprise economy. Second, its implementation encouraged a variety of approaches: work placements; project-based work in commercial environments; more student-assessed learning; negotiated learning contracts and transferable skills (Ainley, 1990; Wright, 1990; Bennett et al, 1994b).

Taken together, these two initiatives provided appropriate forerunners to the 1994 development funding initiative for CVE, which was presented as a means of both securing cultural change and strengthening the links between HEIs and the economy. This is represented in the objectives of the initiative which sought 'to encourage CVE to be an integral part of an institution's overall strategy' (HEFCE, 1994b).

In identifying the kinds of activities to be associated with CVE, the Council *inter alia* provided a substantive definition of CVE (HEFCE Circular 28/94). These activities were to include:

o   short and long training programmes;

o   consultancy and research;

o   the evaluation of activity;

o   development of new and innovative areas of activity;

o   reorientation or revitalisation of existing activities;

o   covering the initial costs associated with establishing activities; or

o   support for the development of infrastructure.

How this definition and agenda of activity resonate with emerging policy consensus on the role of HE is the theme of this chapter.

In reviewing aspects of the emerging policy consensus on HE we draw on three main sources: the National Committee of Inquiry into HE (NCIHE, 1997) with responses to its report by the DfEE (DfEE, 1998a); the Fryer Report (1997); and the Government's consultation paper (DfEE, 1998b).

Our purpose is not to summarise these documents but to draw selectively from them for our analysis of the development funding initiative. In doing so, we find that the initiative does, in many ways, complement the policy preferences of these documents; this emerges in the seven themes discussed below. Moreover, the emerging agenda has a wider interpretation of the relationship between higher education and the economy than the concept of CVE in the HEFCE Circular, with its emphasis on courses and consultancy. Significantly, however, the practice of CVE in some of the best developments we have observed is already working to this broader conception of the relationship between higher education and the economy. We return to this point in the concluding section of this chapter.

2.2 Higher education policy and the role of CVE

2.2.1 Theme 1: the purpose of higher education

The National Committee of Inquiry into HE proposed that, among others, the purposes of HE should be to:

- inspire and enable individuals to develop their capabilities to the highest potential levels throughout life;

- foster the application of knowledge and understanding to the benefit of the economy and society; and

- serve the needs of an adaptable, sustainable, knowledge-based economy at local, regional and national levels (NCIHE, 1997, p. 73).

These purposes coincide with the aims of the development funding initiative. In its response to the committee's report, the DfEE (1998a) gives priority to increasing participation and widening access (recommendations 1 to 7, 67 and 76); where these apply to mature students, provision through CVE is given implicit support. Similarly, Fryer (1997) proposes a strategy for HE, based on a clear understanding of diverse needs of potential new learners.

2.2.2 Theme 2: the economic role of higher education

The role of CVE in relation to meeting economic and labour market needs is evident in the aims of the development funding initiative. The Government's consultation paper *The Learning Age* (DfEE, 1998b) is explicit on the potential of learning for businesses – to add value, promote competitive strength, and help generate ideas, research and innovation across the entire workforce.

Of three key developments in the UK economy relevant to HE, two directly affect CVE. First, the structure of the labour market is expected to change in a number of ways: more professional employees; more demand for qualifications by employers; growth in cross-functional, skilled work teams; more portfolio careers; and an increase in individuals 'managing the learning which will support their careers' (NCIHE, 1997, pp.56-57). Second, the newly emerging industries will draw on employment of the

highly skilled and rely on a high rate of technological development. In that context, CVE, at the interface of HE research and the technological needs of industry, has the potential to support both labour and industrial change in the economy (*ibid*, pp.58-59).

Further, the DfEE (1998a) proposes that the HE Regional Development Fund support for human capital projects which are responsive to industry should be continued (recommendation 37). In addition, 'equity funding' for business ideas developed within an HEI should be considered (recommendation 39). Both recommendations relate to CVE activity broadly conceived. Furthermore, Fryer (1997, p.8) advocates stronger collaboration between HE and employers, unions and other agencies to enhance the provision for lifelong learning. Provision which offers the ability to learn a range of skills will allow people and individuals to influence economic and industrial change as well as respond to it (*ibid*, p.21). There appears to be a clear imperative for HE to relate more closely to the economy.

2.2.3 Theme 3: the views of employers about higher education

The CVE development initiative is clear in stressing the role of employers and other external agents as collaborators. When we examine evidence given to the NCIHE, including findings from a survey of companies, several elements support the case for CVE and for strong employer links in shaping its development (NCIHE, 1997, Appendix 4).

First, companies expect the demand for continuing professional development (CPD) courses to grow, spurred on primarily by economic changes, but also by more rigorous accreditation by professional bodies (ibid, p.63). The scale of growth, however, will be determined by the flexibility and diversity of provision which HE can offer. The potential for more research and development (R&D) is viewed similarly, with the growth of consultancy being seen as less likely (*ibid*, pp.66-67). Second, closer links with HE are needed to serve two specific ends: to ensure greater convergence between the specifications that businesses use for training and those described or applied by HE; and to provide, through HE, an integrated and coherent accumulation of learning and skills by the individual. As we illustrate below, HEIs have included CPD, R&D and integrated links in their CVE provision. Conclusions from the survey are that it would be difficult to prescribe centrally what HE should do to meet the needs for a highly skilled workforce (*ibid*, p.29) – a perspective which is consistent with the broad definition given to CVE.

Other avenues for HE and business collaboration have been proposed, such as the need for students to have greater familiarity with work through work placements or 'Graduate Apprenticeships' (DfEE, 1998a, R18, R19). The consultation paper notes 'Investors in People' and 'Individual Learning Accounts'. All these proposals stress the need for a stronger link between HE and commerce and, in so doing, emphasise a future role for CVE.

2.2.4 Theme 4: the regional role of higher education

One notable emergent theme has been the emphasis on HEIs as key resources in their region. Fryer (1997) proposes greater collaboration within a region, with a consequent concern for a greater understanding of the needs of each region (*ibid*, p.52), closer ties with Government Offices; and strategic partnerships with firms and the community (*ibid*, p.53). HEIs are being encouraged to engage with their surrounding communities through their support for regional economic development strategies and through the outputs of HE in terms of labour market, human resource development strategies and skills initiatives (NCIHE, 1997). The method of engagement is not prescribed and may include a wide variety of trade, exchange or networking strategies.

However, the impression remains of generally under-developed commercialisation and of uneven progress. This, at least, is a widespread perception amongst those outside HE. The case for systematic mapping of what is already under way, dissemination of good practice, and attention to constraints is generally accepted.

2.2.5 Theme 5: information technology and higher education

A recurrent theme of the NCIHE Report is the need for HE to make greater use of information technology and to adopt alternative modes of teaching and learning. In the view of the NCIHE, such developments may change the organisation of HEIs. They may also affect the skills of entrants to HE, and have wide ramifications for teaching programmes, research, quality assurance and interaction with external organisations (*ibid*, p.62).

2.2.6 Theme 6: cost sharing

Although there is acknowledgement that extra resources should be available to improve quality in HE, there is general agreement that those who benefit from it should share in the cost of provision (NCIHE, 1997, Chapter 18; DfEE, 1998a, Chapter 10). This view applies not only to students, but also to employers, with the latter being exhorted to contribute toward more investment in training employees, and for HE infrastructure, in addition to supporting broader work experience for future graduates (*ibid*, p.288).

Employers, it is felt, should continue to have responsibility for investing in the job-related and career-related training of their employees, although some public funding of employee training may be justified to promote broader learning and portable qualifications (DfEE, 1998b, p.26). Fryer (1997) advocates more spending on HE by the entire economy and emphasises that public funding should be more focused on leverage and stimulation of learning at the margin.

These policy documents make a claim for more resources in HE and broadly exempt the public sector from providing the additional funds. However, they signal that there are circumstances where public funding might have a role, such as increasing the participation of under-represented groups, or to bring HEIs closer to private and public sector organisations at

the regional or national level. The development of Individual Learning Accounts and the University for Industry are examples of the Government's willingness to provide/invest public funds in this context.

2.2.7 Theme 7: concerns about higher education

There are concerns about HE's role and performance, some of which are relevant to CVE and the development funding initiative in particular.

First, the low level of expenditure on R&D is seen as a major concern. HE spent £2,559 million on R&D in 1994/95, a figure which 'compares unfavourably with competitor countries'; Government expenditure on R&D as a percentage of its total expenditure is lower than in France, Germany, the USA, Japan, Canada and Italy (NCIHE, 1997, p.39). There is also a general perception that the UK is weaker in applying the results of its research than its competitors, coupled with an 'erosion of the nation's research equipment and infrastructure' (ibid, p.40).

Second, with a changing student population (towards mature and part-time students), the facilities of HE institutions also need to change. In the survey for the NCIHE of student satisfaction in relation to academic facilities, high proportions of older and part-time students thought that these facilities were irrelevant to them. This was 'just one indicator of a recurrent theme – that HE remains geared to the needs of school-leavers' (NCIHE, 1997, Chapter 2, p.10). This may impair the potential growth of CVE in the future.

Responses to these concerns may include secure and appropriate IT network connections; high quality and cost-effective communications and information technology; and better conceived communications strategies within HEIs (DfEE, 1998b, R44, R27, R41). Discrete initiatives such as the University for Industry or the National Grid for Learning will also be reliant on new information technology and can be expected to impact on CVE.

2.3 From policy themes to CVE practice

There is little doubt that there is a positive resonance between emerging policy themes in higher education and CVE. It is recognised in each of the following themes:

o   the lifelong nature of education;

o   the role of education in the local, regional and national economy;

o   employers' views that HE research and students' learning need to be closer to the world of work;

o   the place of HE in networking strategies supporting economic development;

o   the potential of IT in alternative modes of pedagogy; and

o   the need for greater cost sharing in provision.

However, there are concerns about:

o   whether enough use is made of the R&D potential of higher education
     in partnership with the business sector; and

o   whether HE is meeting the needs of a changing student population.

What is evident from this summary is that the kind of CVE for which
demand is emerging is much wider than the courses and consultancies
mentioned in the HEFCE Circular introducing the development funding
initiative. Links between higher education and the economy should, and do,
go much wider. In some of the good and innovative practice we have
examined, it is this broader conception of CVE which we have observed.
This finding has implications for strategic development and will be
considered more fully in Chapter 11, following the examination of CVE
practice in Part III of our report.

3 The design of the study

3.1 Aims and objectives

The primary purpose of our investigation was to evaluate the overall impact of the development funding initiative and to consider strategies and priorities for the future. In doing so, we defined the following set of objectives:

- describe the profile and integration of CVE within institutions;

- describe and analyse the role of HEIs in regional and local development and the impact of the initiative as a catalyst for change;

- analyse and assess the impact of programmes for the lifetime learning needs of people at work, expanding and revising modes of provision and accreditation;

- analyse and explain those organisational factors in institutions which contribute to the effectiveness and cost-effectiveness of programmes; and

- report on policies, strategies and possibilities for the future development of CVE.

Achieving these objectives required a recognition that CVE is a diverse activity undertaken in a range of ways and in a variety of institutional settings. In order to evaluate development funding and offer guidance on future funding, regional and organisational contexts had to be understood. Not only did our evaluation have to take account of these factors but, insofar as possible, needed to distinguish between the whole of the CVE activity in an HEI and that part arising from the development funding. It is not straightforward to separate established CVE from activities stimulated by the development funding, although we have sought to do so. When we refer to CVE in the report, we use it as a generic term for ease of reference but, in practice, we are referring to the CVE which has been stimulated by the development funding initiative.

In addressing these conditions and to achieve the specified objectives, the investigation was organised into four phases. In Phase 1, CVE provision was mapped and the framework for provision described. In Phase 2, a selected group of HEIs was visited to enable a more thorough investigation of practice. In Phase 3, a smaller group of HEIs was re-visited with a focus on the organisation and management of CVE. Finally, in Phase 4 the team reviewed the implications of the study for the future development of policy.

3.2 The phases of the investigation

3.2.1 Phase 1: describing provision

The description of provision was taken from an analysis of the bids submitted by the HEIs, both funded and unfunded, and the first year of monitoring statements. The Higher Education Statistics Agency (HESA) returns were also examined for reported CVE activity.

The data were organised using a framework classified in terms of: curriculum, assessment and accreditation; access; human and physical resources; and finance.

Curriculum, assessment and accreditation

The information sought included: new programmes, updated provision, volume of activity, course duration, and innovative pedagogy.

Access

Information collected included: institutional 'missions', market research, students participating on courses, and participation of institutions and other agencies.

Human and physical resources

Information collected included: changes in the organisational and administrative infrastructure for CVE, data on the staffing and staff development, resourcing of programmes, and physical provision.

Funding and financial mechanisms

Information was collected on, for example: the scale of original funding, evidence of 'gearing' and the attraction of additional funds, an HEI's own internal mechanisms for resource allocation, and financial planning.

These data contributed to the evaluation of HEI involvement in regional and local economic development, staffing and infrastructure changes and the impact of funding in new developments. The principal outcome of Phase 1 was a systematic descriptive analysis of the distinctive forms of provision in a diversity of institutional contexts.

3.2.2 Phase 2: investigating provision

Phase 2 involved field research at 20 HEIs to realise the third objective of the study; brief notes on these HEIs are provided in Annex 2.

A regional focus was decided on for selecting the 20 HEIs. Four regions, corresponding to Government Office regions, were chosen to represent variety across the sector; four to six HEIs were selected within each region to obtain a range of:

o   type of institution (such as former PCFC-funded, former UFC-funded, specialists);

o   programmes (in terms of the subject, mode of delivery, level, and whether accredited or not);

o   development funding awarded (including HEIs with the maximum allocation, a lower amount, and those which were not funded);

o   the clarity and specificity of proposals.

The visits were undertaken by various members of the research team. Where possible, and in recognition of the diversity of HEIs' provision of CVE, data were collected using a standard set of questions for each of four key agents: participants (students); director of the CVE unit; finance officer of the HEI; and course providers (lecturers). At each HEI, interviews with the director and the finance officer were undertaken. In addition, at least

one course provider was interviewed at each HEI. Over 100 participants were questioned across the HEIs. The interview schedules are summarised in Annex 3 and the questionnaire included as Annex 4.

3.2.3 Phase 3: understanding effectiveness

We visited nine HEIs to investigate more fully the provision of CVE and to examine the organisational and contextual factors associated with 'best practice'. This group included two HEIs that had not been funded. The purpose of these visits was to realise the fourth objective of the study. They built on the field research from the previous phase, and the outcomes are a set of case studies.

Phase 3 data supplemented information collected in earlier phases and was drawn from: (i) further interview data on processes of decision making within institutions; (ii) interviews with representatives of external agencies; and (iii) group meetings with students. Interview schedules were tailored to the specific circumstances of the institutions, and therefore to some degree varied in content.

This phase enabled the project team to evaluate those factors which contribute to effectiveness and cost-effectiveness in meeting the goals of the CVE programme. The case studies provided: (i) evidence of the rationale and values which underpin and justify development; (ii) evidence from key participants, about decisions, actions and organisational processes; and (iii) information on the nature and basis of partnerships with (and participation of) agents and agencies outside HEIs.

By linking earlier data on provision and performance to our analysis of processes, an explanatory analysis of the *organisational characteristics* associated with effective and cost-effective provision of the CVE programmes was developed. This is presented in Chapter 8 of the study and applied to the case studies in Chapter 9.

3.2.4 Phase 4: policy, strategy and priorities

Phase 4 involved research to realise the final objective of the study and so to provide recommendations for strategies and priorities. The intention is to offer policy guidance which reflects an understanding of organisational, contextual and programmatic factors which shape the effectiveness and cost-effectiveness of CVE provision. ╯

In summary, the research methodology deploys data on the range of development funding for CVE from evidence from all HEIs; from structured data collection at a large sample of HEIs; and from in-depth study of a select group of HEIs. We hope that this has enabled us to prepare a report which will be of value to HEIs in providing evidence and guidance on good practice in the organisation and management of CVE; on effective curricula and pedagogy in CVE; and on ways of developing HEI infrastructure with respect to staff and premises. Our descriptions of CVE are given in Part III, *Purpose and practice*.

4 Development-funded CVE activity

This chapter describes CVE provision related to the development funding initiative in all 117 HEIs which submitted bids in 1995. The description is based on analysis of two sources of sector-wide information: the proposals originally submitted by HEIs, and the monitoring statements of HEIs which received development funding.

In the proposals submitted to the HEFCE, each institution set out its plans and strategies for CVE, in the light of existing provision. These give a concise description of CVE activity within each HEI, indicating the intentions of CVE providers and how CVE is perceived within the institution. On this basis we investigated variations in CVE provision across different institutions, and examined the relationship between the intentions of CVE providers and the criteria for funding.

Institutions which received development funding were expected to submit an annual monitoring statement to the HEFCE. The monitoring statements followed guidelines, but were generally free-format descriptions of the use of CVE development funding within each HEI. We analysed these statements to derive a map of the types of CVE activity which are being undertaken with development funding.

4.1 Developing CVE in higher education

The map of CVE provision is divided into four parts, each of which is necessary for education to be offered. These four parts – curriculum, access, human and physical resources, and funding – are considered in turn below.

4.1.1 Curriculum, assessment and accreditation

In the submitted bids, new programmes were seen as a primary way to develop CVE. Almost all HEIs were intending to offer new programmes. This activity might be:

o   at a different level (sub-degree or higher degree);

o   to a different target group (post-experience); and

o   developed through new materials for an entire new course.

In conjunction, nearly three-quarters of HEIs were seeking to update provision and tailor mainstream HE provision to CVE. In their plans, HEIs appeared more concerned to develop courses and modules – backed by administrative and managerial resources – than with developing new skills, specialisms and client bases. In so doing, it should be recognised that they may have been responding to this emphasis in the HEFCE Circular inviting the original bids.

The strong emphasis on modularisation, and on part-time and short course provision may assist the proposed curriculum development, in particular by ensuring staff commitment and by reducing risk should demand be insufficient. For similar reasons, open-access courses were also frequently

mentioned, as were (to a lesser extent) distance, open and customised modes of learning. Also, the need for new forms of accreditation for different target groups and the role and status of HE as an accreditation body were generally recognised. However, many institutions were less clear about how these developments in provision would affect curriculum content or their role in offering a cogent rationale for developments in pedagogy. Work-based or distance learning modules, moreover, not only have important educational consequences, but also financial and management implications and these were rarely made explicit. This also made it difficult to evaluate whether the primary imperative for development was financial or educational.

4.1.2 Access

Access to HE provision will be influenced by each institution's mission and its modes of student participation on courses or modules. Here, the history of past provision was important: institutions which had developed provision under the PICKUP initiative were the furthest advanced. The volume of provision also varied widely across HEIs. CVE was more developed where the approach was 'client-centred', with HEIs intending to extend open access and encourage more flexible and tailored forms of provision. The willingness to write new courses or re-write existing ones clearly influenced the accessibility of CVE to new clients and groups.

For CVE, though, access is not only determined by the range of education supplied, but also by the ability of HEIs to inform and negotiate with their potential clients. This process of negotiation typically included a market research strategy, and involvement with external agencies, the private sector and other education providers. HEIs provided a range of data and information on markets, including research on markets:

- in the region (this was done by almost all HEIs);

- in other countries (a third); and

- across demographic groups (a quarter).

The effects of economic structural change and skills deficiencies were little addressed, other than by acknowledgement of the National Education and Training Targets (NETTs).

External links were substantial, but differed across regions. Over three-quarters of HEIs had established links with external agencies, such as professional bodies, TECs, Business Links, Chambers of Commerce or FE colleges (although the extent and nature of these links were undocumented). Just over a third of institutions provided information on substantive links with companies; a quarter had links with specific sectors of industry or commerce. Finally, at least two-fifths of institutions intended to collaborate with other HEIs (and FE colleges) to augment provision.

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4.1.3 Resources and organisational structure

Available human and physical resources play an important role in the development of CVE. Almost all HEIs had developed their provision of CVE through an examination of the existing resources and skills portfolio within their institution. Specific rather than general staff involvement appeared to be the strategy for ensuring sufficient human resources. Some HEIs acknowledged that CVE can enhance other academic activities.

Physical resources were sometimes identified through an internal audit. However, a reasonable estimate was not typically made of the claims on these resources, and such estimates were only given infrequently. Almost half of the HEIs made no reference to the rate of growth of CVE within departments and only a minority – around two-fifths – provided calculations for the projected increases in either student numbers or student hours.

The organisational structure of an HEI can be expected to influence the deployment of resources. Almost all HEIs organised and managed CVE within the administrative remit of the institution, although a fifth partly or wholly managed CVE provision through an affiliated agency. In such cases, it was typically a limited company with strong financial and/or managerial links to the parent HEI.

4.1.4 Funding and financial issues

For HEIs intent on expanding provision, issues of cost-effectiveness, course sustainability and investment gearing all need to be considered. In setting out their plans for CVE development, however, only three-quarters of HEIs incorporated a form of financial or business plan. There was little explicit concern for value for money and cost-effectiveness, and no justification for planned CVE was made in these terms. Three-quarters of HEIs could cite some form of corporate support, although the monetary value of this was infrequently stated. More importantly, few business plans combined statements about the revenues and costs of provision with estimates of the future flows of extra income.

The average bid from a university was £300,000 compared to £150,000 from an HE college or other HE provider. On average, the funds awarded were around half of that requested.

4.2 Differences in CVE across institutions

The HE sector can be divided into four groups: former UFC-funded HEIs (of which 50 bid for funds), former PCFC-funded HEIs (35), HE university colleges (22); and specialist monotechnics (10). There were some differences in CVE provision across HEIs.

Former PCFC-funded HEIs are clearly in the vanguard of CVE provision. These institutions:

o   could give considerably more information about pedagogical changes;

- were developing CVE at sub-degree level (incorporating new accreditation such as NVQs);

- were changing mainstream HE provision into CVE;

- were more likely to have viewed the 'extension of institutional expertise' as a specific aim of CVE; and

- were more positive and clear about building up CVE development organisation through additional management infrastructure.

Reflecting this, these HEIs were more likely to provide examples and numbers of courses; name connections with and support from companies, sectors and agencies (TECs and FE, for example); and give better data on human and physical resource requirements.

In contrast, CVE is an emerging enterprise for many former UFC-funded HEIs. These HEIs saw CVE as equivalent to mainstream courses and were less interested in sub-degree provision (outside current courses); less motivated to give new provision sub-degree accreditation; but more likely to view CVE goals in relatively straightforward terms as course development. For this group the momentum emerges from thinking creatively about the skills embedded within their own institutions and from looking more toward international markets.

Generally, monotechnics offered a smaller range of provision, although proportionally CVE is more important to these HEIs. The HE colleges and monotechnics appear to follow behind both university groups in developing courses for particular companies, though they were more likely to propose new CVE provision broadly aimed at industrial and commercial sectors.

The evidence indicates that CVE activity is diverse across HEIs. This diversity reflects, in part, the complex nature of identifying labour market needs, the challenge of supplying appropriately qualified and skilled employees, the heterogeneous nature of the institutions, agencies and firms involved, and different institutional histories. Such heterogeneity can be an incentive for educational development, since it allows individual institutional responses to local circumstances.

4.3 Funding of bids

Twenty of the 117 funding proposals were not funded. A comparison of the successful and unsuccessful bids shows the former to be more explicit about their CVE development structure. These HEIs also emphasised institutional expertise and their connections with companies and agencies. They also clearly addressed issues about access. The funded HEIs were not, however, noticeably clearer about new courses to be developed, changes in the curriculum, innovation in provision, or new forms of accreditation. In view of their stronger tradition, it is not surprising that former PCFC-funded HEIs were most likely to have received financial support, and received higher average levels of funding.

4.4 CVE provision supported by development funding

The annual monitoring statements submitted by the HEIs to the HEFCE are a second source of data on developments in the system as a whole. Our analysis of that data refers to the uses of CVE development funding 1995-96 and 1996-97 (194 monitoring statements). In doing so, we identify shortfalls in CVE development which HEIs have cited.

4.4.1 Expenditure of CVE development funding

Expenditure of the CVE development funding divides into five broad categories:

o the development of course provision;

o collaboration with external agencies;

o marketing;

o research and technology transfer;

o administration and infrastructure; and

o other activities.

In this respect the monitoring returns tend to report on a somewhat wider range of activity than the emphasis on course development in the original bids.

New course provision is the primary focus of the CVE funds. Most of the HEIs allocated significant funding to the development of courses, either by buying out staff time or by generating an infrastructure where development could occur. The approximate amount of expenditure which was allocated to such activities was 65-85 per cent of the total funding. However, a sizeable number of HEIs (around one-sixth) allocated less than half their funding to this purpose.

There are a plethora of ways in which course provision can be developed (CURDS, 1994, p.29). Undergraduate courses may be rendered more vocational in focus, perhaps with adjunct courses in key skills or for flexible, mature entrants in non-traditional subjects. Postgraduate vocational courses may be linked to industry, perhaps with ties to professional qualifications. General courses in commerce and computing disciplines may be offered, either open access or closed. Provision was most likely to be developed in a cluster of subjects: engineering, IT and computing, and business studies. These were typically short courses. Longer courses were often offered for professional qualifications, particularly for public sector workers and in conjunction with an external awarding body (for example, in health sciences or health service management).

The next most significant activity was collaboration. Many of the HEIs cited close and continuing links with other agencies – either firms or other government agencies. This activity was not typically identified with a particular tranche of funding, but it was common across most of the HEIs, therefore appearing as a large part of the total activity.

Another common expenditure item was administration and infrastructure. Examples of this were staffing costs to administer, allocate and supervise the CVE development funding; or expenses on office equipment for the organisation of CVE within the HEI. Expenditure on this item varied across the HEIs, but was typically less than 15 per cent of the total.

The remainder of the development funding was allocated to marketing, research and technology transfer, and other activities. For a given HEI, however, typically only one of these areas represented a sizeable activity: some HEIs devoted resources to marketing, others to research and technology transfer, and others to diverse activities. There were some exceptions, with HEIs spreading their resources evenly across the three areas.

'Other activities' indicates the diversity of CVE. These included: infrastructure learning projects; staff development; initiation or overhaul of accreditation schemes; conferences and taster events; creation of new award schemes; workshop activities; development of research centre activities; the production of journals, videos and websites; development of multi-media centres; or activity to complement institutional reorganisation.

4.4.2 Under-achievement

From analysis of the monitoring statements, several key issues have emerged regarding under-achievement against plans for development; these include unsatisfactory outcomes or delays in generating outcomes. The gestation period for provision was often under-estimated, suggesting that the timing of CVE initiatives is important.

The primary area of under-achievement arose with courses which had insufficient demand. Insufficiency was conceived more in terms of enrolment than course income, suggesting an inability to sustain courses in the medium-term, or inadequate market research. This insufficiency was more likely to arise in two subject areas – sciences and languages – and if the course was a highly specialised one for professionals.

A main cause of under-achievement arose from staffing and organisational problems. HEIs found it hard to appoint motivated 'change agents', and to site them appropriately within the managerial structure, or to assemble effective project teams. They also experienced setbacks when key staff left, and sometimes failed to excite interest among academic staff in CVE provision.

A variety of other specific instances of under-achievement were also given. These often related to a failure in collaboration between the HEI and another external agency. Typically, problems arose because of delays by external agencies, either in committing resources or time to an activity, or in deciding how the CVE should be delivered. Under-achievement also arose in HEIs which underwent restructuring. Given the often hybrid position of CVE within an HEI, CVE initiatives were particularly prone to delay from restructuring.

4.5 From bids to practice

It is constructive to compare the relative emphasis of each bid with that of the monitoring statements. This comparison illustrates the differences – sometimes quite wide – between intentions and reported practice. Such differences may be explained by natural difficulties in the forward planning of CVE activity, or by systems and policies within which CVE providers work in their HEIs, which tend to constrain innovation or speed to market. However, it is also evident that some CVE providers have been able to accommodate market and environmental changes by modifying their CVE strategy over the four-year period. The stability of the level of funding and of the funding period has been instrumental in allowing this to occur.

The bids give primacy to the development of programmes or to revising existing programmes to attract new client groups. The monitoring statements demonstrate that this has been the principal use of the funding, but they also recognise significantly broader activity, including new infrastructure development, marketing, technology transfer, staff development, and so on. These distinctions, particularly the reference to technology transfer, are significant in signalling a definition of CVE in practice which is wider than that conceived of in the HEFCE Circular. They also provide evidence of market responsiveness from HEIs, with CVE developing to meet emerging market opportunities. There are also important differences in the attention given to human resources and organisational issues.

Understandably, the monitoring statements identify problems in achieving plans; some of their explanations relate to the staffing of CVE and organisational problems, as well as difficulties with external agencies.

These issues provide an appropriate context for the more detailed examination of CVE practice drawn from across England, discussed in the next three chapters.

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5 Impact on educational activity

Twenty HEIs were visited to collect more detailed evidence on the impact of development funding. All responses were treated as confidential and anonymous, so we have used fictitious names for the HEIs concerned. Annex 2 gives brief descriptions of each. There were eight former UFC-funded HEIs (Cape, Fitzsimmons, Hanson, Hilltop, Keaton, Serendip, Sheldon, and Zara); seven former PCFC-funded HEIs (Benton, Carfield, Highgate, Keys, Monroe, Newtown and Oakfield); and five other HEIs, colleges and specialist institutions (Coopers, Cromer, Orleans, Rowley and Woodford). Of these, Hanson and Zara did not receive development funding and so offer a benchmark for the growth of CVE within the sector.

In this chapter we examine the impact development funding has had on CVE activity as it relates to educational provision. It is divided into three sections which reflect impact on innovation: recruitment and admissions; curriculum and pedagogy; and monitoring and assessment. Examples of innovative practice and development strategies are provided for each area. The focus is largely on practice within particular CVE projects and activities, although examples also point towards wider institutional issues.

5.1 Recruitment and admissions

This section explores examples of practice and strategy which focus on what happens to learners before they begin to study. For a few HEIs, development funding led to a fundamental rethinking of the nature of the institution's CVE client group (for example, at Monroe and Woodford). In other cases, the redefinition of the CVE client was set within a more general restructuring of provision, based on lifelong learning (as was the case at Keaton) or the imperatives and values of competitiveness (Fitzsimmons). The first sub-section examines one of these cases – Monroe – in more detail. This example identifies the way in which the development funding can lead to a rethinking of CVE policy and strategy. The other examples in this section seldom have such wide-ranging implications, but all show some important features of CVE development flowing from the initiative.

5.1.2 Redefining the 'client' at Monroe

At Monroe a fundamental redefinition of the CVE client took place on the back of the CVE development fund. This rethinking started with an examination of the question 'Who is our client?' in relation to the process of developing new CVE provision. As a representative from Monroe explained:

> 'We have developed a new answer to the question: "Who is our client?" through CVE. Traditionally, the institution had two main client groups: corporate clients (large companies) and individual students. Now there is very little corporate support left. On the other hand, there are many SMEs locally and in the region. However, SMEs do not think like large

companies; they don't collaborate. Neither do individuals necessarily want traditional modes of course delivery. Therefore, there was a need to address this new situation by negotiating with individuals (*to deliver*) a flexible, individualised programme and targeting individuals within SMEs (and SMEs themselves) in terms of what can be delivered (as opposed to what the institution wants to deliver).'

This redefinition of the client at Monroe signified a long-term major shift in policy, but development funding accelerated change. The outcome was that accessing new clients became a case of identifying individuals in context – in this case, within SMEs. Such thinking led the HEI to emphasise activities such as work-based learning (WBL); negotiated studies; key skills development; cross-professionalism; and relationship marketing.

5.1.3 Marketing and market research

A separate HEFCE report, *Promoting Vocational Lifelong Learning: A Guide to Good Practice in the HE Sector*, (Field and Moseley, 1998) explores the promotion of CVE to a range of markets. The following examples focus on the marketing of CVE to SMEs, which was a significant issue for many HEIs visited.

Marketing
One of the greatest challenges in working with SMEs is that they have relatively limited training budgets and cannot afford production 'downtime' caused by the absence of key workers.

Oakfield HEI targeted its whole CVE strategy towards working with SMEs, which made marketing of CVE provision problematic, particularly where non-sector-specific skills were being offered, or where departments had little or no prior experience of working with SMEs. The strategy adopted was to allocate special funds from the CVE development funding for market research into the most appropriate marketing for projects, and for staff development.

An example of this approach at Oakfield is a unit specialising in running courses for business people within the School of Languages and European Studies. They run a project which aims to address language training for managers and workers within SMEs. The project leader noted the familiar problems associated with running CVE provision for SME personnel. Whilst there was recognition amongst potential learners within SMEs that language training was sometimes necessary, nevertheless, they typically had insufficient time to devote to good quality provision. A marketing strategy was established to alert the local SME community to the new provision on offer. This involved a market plan; a promotional campaign; breakfast presentations with representatives from the local Chamber of Commerce and TECs; a course brochure; and some advertising in the local press, together with an article and an advert in the Chamber of Commerce newsletter. Despite all this effort, recruitment was 50 per cent under target.

We noted two other types of strategy for marketing CVE to SMEs. First, one HEI (Highgate) had a marketing officer for its food and safety courses. Although this member of staff was specifically employed to market the new provision, colleagues recognised the efficiency and effectiveness of the food and safety CVE provision since the appointment. Furthermore, the marketing officer undertook market research – contacting clients to ascertain needs – in a much more focused way than had been done before. The marketing work also included finding out what competitors were doing, the updating and maintenance of a website, and better liaison with printers (regarding publicity and marketing materials). But perhaps most significantly of all, the marketing officer had the time to have detailed discussions with clients, which formed a basis for building and extending relationships.

The second strategy for attempting to form productive relationships with SMEs is 'relationship marketing'. This was pursued in Monroe's Faculty of the Built Environment where staff were attempting to unite the industry's professional bodies around a common agenda for continuing professional development, based on secure, long-term and trusting relationships.

Two main conclusions can be drawn from these examples. The Oakfield case illustrates the fragility of the CVE SME market, and shows that a comprehensive action plan does not necessarily guarantee success in this volatile arena. Conventional marketing tools may work, but the risks associated with CVE SME initiatives could well require something more.

The other two examples demonstrate the importance of developing long-term relationships with SMEs around CVE. In the case of Highgate, these relationships were being developed around a specific post supported from development funding which amalgamated diverse strands of client data and built up long-term and high trust relations. The Monroe example also shows how long-term relationships can be built up for CVE activity where there is both a generic and a sector-based focus revolving around CPD activity. Such an approach maximises the potential for eventual CVE provision. However, as Monroe discovered, creating industry-wide agreement around an agenda for CVE development through CPD takes time and considerable negotiation.

The examples show that where marketing is carried out in a careful and targeted manner – with the purpose of building long-term relationships with either specific SMEs or industrial sectors – there can be success. Field and Moseley (1998) also illustrate a range of marketing and promotion strategies for use within a CVE context, and some of these have a special resonance for SME CVE development.

Market research and analysis
Once development funding had been secured, most institutions set up internal bidding systems, and market research and analysis often figured in the allocation of funds to departments or projects.

Cape University, for example, devised an internal bidding system where bidders had to conduct market analysis which:

o   identified competition;

o   examined existing products (to ascertain if they could be adapted for CVE);

o   explored new forms of delivery;

o   explored the potential of working with TEC(s);

o   established that new initiatives were part of the overall CVE development strategy; and

o   provided evidence on all of the above.

This stimulated a continuing market research and analysis effort.

In other HEIs an allocation of development funds was made in order to explore new markets. For example, at Newtown, development funding was used to research the CPD needs for imaging and radiography staff. At Benton, marketing questionnaires were used to test potential provision for architects, surveyors and planners in the region.

5.1.4 Access

If CVE is to become sustainable, access to courses is fundamental. Typically, access tended to be related to other areas – such as progression, especially from FE to HE; modularisation (an issue for most HEIs); key skills provision; new forms of accreditation and provision; and addressing barriers to learning.

One example from Monroe's Education Faculty illustrates this inter-connection. The strategy focused on widening access to non-traditional students through partnership arrangements with organisations pursuing continuous improvement and continuous learning. The non-traditional students being targeted were people working in non-managerial jobs who had the potential, commitment and desire to attain higher-level skills. Whilst some of these workers came from large companies, others came from SMEs and the public sector (mainly in the health area). Three CVE development officers were appointed to undertake this initiative. This strategy of opening up access to employed non-traditional students – the 'new disadvantaged' in terms of education and training – was underpinned by a philosophy of lifelong learning and the development of 'autonomous learners'.

5.1.5 Accreditation of prior learning

Most institutions had introduced schemes for the accreditation of prior learning (APL) and/or the accreditation of prior experiential learning (APEL).

At Cape there was a particularly strong and comprehensive approach to AP(E)L. An Access Development Unit was established which catered for APL and APEL services, targeted at non-traditional undergraduate

recruitment. A partnership with 32 regional colleges provided 40 per cent of Cape's students. Development funding supported three projects in the Access Development Unit in 1994/95 and 1995/96:

- a Training for Industry Programme (to improve the economic development of SMEs through training and development);
- a Key Skills Project (developing key skills up to NVQ level 3); and
- the Accreditation of Prior Learning Project (covering APL and APEL).

The last of these projects had a wide-ranging, cross-institutional effect. It was initially facilitated by the appointment of a staff member on a fixed-term contract funded by pre-1995 CVE funding. The outcomes were:

- an APL co-ordinator;
- development of APL policy and practice which have been implemented across the university;
- setting up of an APL Steering Group reporting to Senate through the Teaching and Learning Committee;
- establishment of an APL Staff Development Group to share good practice across the university;
- development of a student support system through a 'make your experience count' programme;
- establishment of a student referral system through partner colleges in the university's FE/HE consortium;
- the development of a student tracking system for APL students;
- the establishment of support groups for APL students; and
- successful recruitment of students, with a total APL claim of 223 students.

This example is contrasted with Carfield where APEL was devolved to departments. Here, there were difficulties with APEL for some client groups. APEL was being used in relation to a Diploma in Social Work (DipSW) and a Practice Teacher Programme in Social Work. The School of Social Work was working very closely with some key partners (social services departments) for these programmes. Yet there was a reluctance from many partners to undertake APEL for the DipSW: they were not convinced that prior experience was always compatible with their current needs.

For the Practice Teacher Programme there were two routes: a short route, for more experienced practice teachers – who only came in for five sessions a year (but did the same assessment); and a 10-session route. A problem was that students taking the shorter route tended to have lower outcome scores.

These contrasting accounts illustrate that AP(E)L needs to be sensitive to the client base, and is not necessarily appropriate for all CVE situations.

5.1.6 Pre-course guidance, registration and induction

An example of a complex recruitment process was in relation to social work CVE provision at Carfield. Criteria for recruitment were established through negotiations with partner agencies, who then 'prioritised' people for training and education on the agreed criteria. Applicants were interviewed, with standard questions for all the agencies involved in the same programme. This ensured equality of treatment and access for students across the agencies. It also illustrated how the recruitment process was sensitive to the concerns of participating agencies.

5.2 Curriculum and pedagogy

The examples below have been selected for their implications for good practice.

5.2.1 Key skills

The development of key, core or generic skills facilitates learner progression. This is especially significant in terms of enabling progression into HE.

In association with 32 FE colleges, Cape developed a project on key skills focused on requirements for success in HE. The aim was to develop key skills up to NVQ level 3. Activities included mapping NVQ key skill competencies onto the existing undergraduate curriculum, and the development of embedded and non-embedded curriculum models (that is, key skills embedded within curricula or as 'add-ons'). The key skills at the heart of the project were communication and IT.

Hilltop was in the process of developing 'post-Dearing' key skills (study skills, report writing, communication, mathematics) as a pedagogical strategy for developing access to HE for members of a major trade union and telecommunications company.

Although some HEIs were attracting significant numbers of unemployed and disadvantaged groups (e.g. Serendip, Cromer) using the European Social Fund (ESF) to subsidise student fees, the development of key or core skills is particularly significant in breaking the barriers between learning levels 3 and 4 and the FE/HE divide. HEIs with particularly strong links with FE (such as Cromer, Orleans, Cape, Carfield and Woodford) are in a position to facilitate progression through key (or core) skills development, especially in combination with open and distance learning.

5.2.2 Open and distance learning (ODL) and IT

'Innovation' in terms of ODL is conditioned by institutional and departmental history of CVE. Some had a flying start based on their particular academic strengths or on past investments in open or distance learning programmes or in IT-related activities. Nevertheless, a number of modes of ODL can be identified within a CVE context. These are described below.

Print-based distance learning
This involves the conversion to print-based format of conventional face-to-face courses or the development of completely new programmes. The study also identifies the conversion of print-based on-site provision to print-based distance packages. A number of HEIs were at this stage of development in some elements of their CVE activity (e.g. Woodford, Coopers); others were aware of the need to use IT as the medium of instruction and of student support in order to improve provision and increase access (e.g. Woodford).

Open learning
To facilitate open-access learning, print-based materials are used for 'on-site' students, the programmes also being supported by face-to-face sessions. At the next stage of development these materials may be converted into IT-based modes and delivered through a learning centre or IT centre (e.g. Oakfield and Woodford). In these cases intranet (providing for local access) or disk-based solutions are frequently used.

Development of IT-based ODL
In some cases, print-based or learning centre-based materials are placed on the Internet. This was a relatively inexpensive and 'low-tech' method of widening provision and access through IT. Keys used it as a basic element of its CVE strategy, whilst others (e.g. Newtown) used it for specific projects. A related practice was to use CD-ROM in a non-interactive way as the delivery medium (as done by Highgate and Serendip).

Development of interactive ODL
Some HEIs were operating at a higher level of IT development. Examples of this included video-conferencing and interactive multi-media for CVE or CVE-related activities (Cape, Fitzsimmons). At this level, IT served three purposes: it improved interactive learning, pedagogic development, and market information transfer.

Hilltop was developing the concept of 'learner reconfigurability' (that is, replicating how students used print-based learning materials in IT mode): students could personalise and customise learning materials much as they do conventional print-based ones. Orleans had developed provision in interactive multi-media in its Faculty of Art and Music. Benton aims 'to create at a distance what would happen in face-to-face interaction' through satellite, ISDN and campus conferencing technologies. To enhance IT-based pedagogy, Fitzsimmons has video-conferencing suites, satellite links, extensive computer-aided learning (CAL) applications and a high investment in IT-based learning systems. For information transfer, to stimulate businesses' competitiveness, Cape developed a 'virtual Chamber of Commerce', an IT-based learner support system, award-bearing programmes and a whole range of services for SMEs through an electronic network.

It is in this last mode that uses of development funding seemed most innovative. HEIs could be viewed as moving up the modes, with those who already had hardware and long-term investments able to gear in substantial

investments from other sources. Others with a strong academic discipline base also supported such leading edge developments and were well situated to become leaders in IT-based ODL. However, 'fitness for purpose' was a key determinant regarding which mode was utilised at specific HEIs, for specific projects, or within particular departments.

Basic moves: buying staff time

There were three other basic and widely used strategies for developing ODL. The first involved either bringing in new staff recruited specifically for ODL and IT-based developments, or accessing the skills of new staff principally recruited for other purposes. The second meant buying in expertise on part-time contracts, hiring consultants or commissioning authors to write materials. However, the most common method was to use development funding for buying the time of existing staff to develop or write ODL materials.

5.2.3 Modularisation and credit accumulation transfer schemes (CATS)

In terms of widening access and easing students' progression, modularisation and credit accumulation and transfer schemes are fundamental. Such schemes had already started to develop, or had been developed, prior to the development funding. It is difficult to pinpoint particular CATS created as a direct result of the development funding. However, at some HEIs (Woodford, Carfield) the funding had either enabled or powered the development of CATS, or made the extension into new fields much easier. The Woodford credits scheme is perhaps the clearest example of a CATS evolving directly out of development funding money. At Cromer, the development funding kick-started modularisation.

5.2.4 Curriculum

Examples of curriculum development were expectedly very widespread.

At Rowley, development funding has enabled more 'high risk' courses, for example, the 'Design for Assembly' course (using software which analyses product components to enable production with fewer components and with Faculty of Textiles equipment). They now use the programme in consultancy work.

At Sheldon, the CVE project has been modified in response to updated market information (from a local TEC) which suggested that there was an additional need for guidance and training for individuals establishing businesses providing professional services in the region. This led to initiatives concerned with training counsellors and consultants to work with individuals and organisations in the local business community.

At Fitzsimmons, the School of Pharmacy developed a series of free-standing modules. This was driven from CVE and led to new postgraduate qualifications. The next step was to embed these new modules in the CATS, and then to develop diploma/masters provision (for example, a clinical diploma), multi-media provision and distance learning options.

5.2.5 Pedagogical strategy

The new CVE pedagogical strategy at Woodford was based on a decision to accredit and integrate short course provision into a credit scheme. The credit scheme formed the basis of a new professional diploma. The success of this led to:

○ the integration of careers services into CVE;

○ the establishment of a new CVE unit;

○ a new marketing strategy; and

○ the diversification of short course provision.

There were other demand-led factors at work (e.g. several professional bodies opted for compulsory CPD), but the availability of development funding also led to a rethinking of pedagogy, and other developments.

Hilltop was in the process of developing entirely new provision in partnership with a major trade union. There was demand for higher level learning from members who were well educated but without degrees. A project was set up to develop pathways for degree-level entry, starting with short bridging courses. The pedagogical strategy was based on key skills development. Most students did not have the necessary level of mathematical knowledge. On the other hand, it was acknowledged that 'if you put too much academic work in too quickly, then students would "lose touch" when they could not find a practical application' (Hilltop interviewee). Thus there was a need to develop courses with a strong concrete and practical element, but which also stimulated the desire to learn.

Hilltop's pedagogic strategy also needed to be sensitive to the fact that some students were at a senior level within their organisations. As a result a dual strategy was adopted:

○ a competence strategy which could draw on the experience of the students' working lives. Out of this, case studies could be developed which emphasised report-writing and study skills, but in relation to work-based issues. Key skills were embedded within 'live' case studies; and

○ the introduction of mathematical concepts through problem-solving in real cases, rather than abstract notations or textbook examples.

5.2.6 Innovations in learning (with special reference to IT)

'Innovation is embedded change and practice which relates to real need'
(Director, The Graduate School, Cape).

There were many developments of IT-based CVE, of which we give examples identifying key strands.

Sheldon's project on Communications Technologies in Education and Training was developed in the Business School, but draws together expertise from across the university. It aims to provide expertise on the application, design and development of CVE programmes involving the use of new

technologies in teaching and learning, and to develop and pilot at least two specific programmes. Staff have assessed needs in relation to developing and delivering a learning technology module for the MSc in Continuing Education and Training. The objective is to develop the adaptation of this learning technology module for use by all Sheldon staff, and facilitate the use of new technology in other teaching programmes.

The CAL package on Business Training for Accountants at Fitzsimmons is a project concerned with the application of business principles to business problems in a simulated business environment. It is not primarily about teaching subject matter. Students need to use financial, strategic management and marketing techniques for problem-solving. Uncertainty and ambiguity were built into the programme (to mirror real life). The task was then to identify problems and to develop the capacity for sound judgement through a skill-based package, which would have a relatively long shelf-life and wide applicability (to various sectors of industry and commerce).

5.2.7 Work-based learning

Work-based learning is a particularly prominent feature of solutions to the problems of developing CVE collaboration with SMEs. These problems, and the role of WBL, are emphasised in the following examples.

At Fitzsimmons, work with SMEs has been a relative failure. However, this led to a radical rethinking which attempted to address the time, cost and access constraints on SME clients. In this rethinking, work-based learning has become more prominent: for example, in the School of Pharmacy all clients are treated as individuals whether they come from SMEs or major retail chains. Many other HEIs were using work-based learning approaches in SME CVE work – through case studies; embedding core or key skills or generic learning; using work-centred issues as topics and resources for learning; and work-based tutoring and mentoring systems. These developments were typically part of a wide range of assessment, accreditation and delivery strategies designed to address the problems of working with SMEs.

5.2.8 Guidance and counselling

Support and guidance for students varied according to the type of CVE provision. Where most provision was short-course based or distance-learning based, the systems did not seem to be as developed as compared with long course provision.

For example, Sheldon developed a project aimed at guidance and counselling for individuals establishing businesses and providing professional services in the region. The project developed four new programmes in:

°   core business skills for young graduates and professionals;

°   starting business consultancy;

- setting up a practice as a professional counsellor; and

- career change and development.

Full-time equivalents (FTEs) were five times higher than planned. Income was more than double the forecast.

At Carfield, the student support and guidance for the social work CVE utilised professionals 'in the field'. Students on the Diploma in Social Work also had a personal tutor. Post-qualifying courses were linked to career progression. Tutors provided initial guidance which was supplemented by advice from professionals in the field. If students didn't want to go into social work then they could use the Carfield Careers Centre. There were also referrals to staff across the region – especially if students were thinking of transferring from one local authority to another – so that students could develop another perspective on their career plan. This illustrates the importance to HEIs of collaboration and partnership with a wide range of contacts and agencies.

5.2.9 Accreditation

Extensive data were gathered on new forms, types and partnership arrangements for CVE accreditation. A significant issue was the HEI's interface with professional bodies, regarding the accreditation of CVE.

Two examples illustrate how HEIs tended to conceptualise accreditation in terms of CVE strategy, and how CVE directors can play an important role in decisions about accreditation.

At Sheldon, development funding has supported progress towards accrediting innovative programmes relating to local economic regeneration. These include programmes for graduate business start-ups and for those going into business in professional services. Development funding has also supported mainstreaming and quality control of CVE programmes, and the CVE director is a member of the Courses Committee which approves accreditation.

At Cape, accreditation of CVE takes place within a wider, progressive framework of credit accumulation. The CVE director chairs a working party looking at issues of comparability of standards, entrance qualifications and coherence (raised, for example, by the question of whether 20 credits earned on a short course could contribute to a postgraduate certificate).

5.3 Monitoring and course assessment

This section examines monitoring and assessment: from the student perspective; the internal and external academic perspective; and also the role that employers and other clients play in course assessment.

5.3.1 Assessment of student progress

An interesting example of managing issues of accreditation in relation to professional bodies was found at Woodford.

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Woodford's model involved an assessment module at the end of CPD for professional bodies. Students gained credits from Woodford modules, but the level of accreditation was determined by the assessment module. A benefit was that programmes were not distorted by the assessment process, and valuable relationships with professional bodies were maintained. Woodford could use external examiners in the usual way, with benefits for students:

> 'If a vocational qualification is going to stand for anything it has to have that quality assurance – and the students we get from outside like this, and they will talk about this quality issue.' (Woodford interviewee)

The second example, from Oakfield's European Language Training for SMEs Project, highlights the relationship between a method of assessment and active learning. Materials for the language courses were bought by the institution with self-assessment in mind, and this cut down costs for SME clients. It also meant that students became more active learners through tutorials. These provided opportunities for:

- assessment of work;
- discussing problems;
- practice on difficult areas;
- monitoring of progress against the Learning Statement; and
- oral communication, which was very important for open learning provision, given that there was no group conversation work.

Client-centred assessment procedures were thought to be especially important for the SME clients. The assessment focused on work targets attained at the client's own pace, giving learners maximum control over their own learning.

5.3.2 Learning support services

This section considers on-programme learning support for students.

At Cape, development funding was used to initiate flexible learning through IT and multi-media. New technology was used to enhance both the content of programmes and learner support. Cape established an open and distance learning team in January 1997 (a courseware developer, a networked learner support officer, and an interactive software engineer) supported by development funding. Any internal bids for development funding must include the cost of the team's time into bids.

At Monroe, a more people-centred learning support system was developed for work with employed non-traditional students in the Education Faculty. This involved a two-step strategy for student financial support. CVE development funding was used first to establish new provision and partnerships, and second to pay for time to seek funding to support students in their learning (from the ESF, European Regional Development Funding, Further Education Funding Council (FEFC) and employers). This work led to the strategy for learning support. A new Certificate of HE in Professional Studies incorporated a new model of delivery where learning support was central. This involved:

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- formal input in terms of lectures and workshops (some of which were at the HEI and some in-company) delivered by Monroe and company staff on Saturday mornings;

- work at company Learning Centres;

- in-company learning consultants;

- agreement with the employer to identify supervisors(s) or manager(s) who would act as mentors to individuals on-programme.

Monroe argued that this was not as expensive as it may appear, and both the university and companies regarded activity as a longer term investment.

5.3.3 Course evaluation by students

A number of HEIs used course evaluation sheets or questionnaires on provision defined as CVE (e.g. Highgate, Woodford). Other HEIs have gone considerably beyond a standard course evaluation form in strategies aiming to 'democratise' the evaluation of CVE.

For its social work provision, Carfield uses an end-of-module student evaluation form (which is a customised version of the university's standard form). There is also student evaluation mid-way through each module. Programme leaders receive feedback from the partner agencies (such as social services departments). There are also programme management committees with student representation where issues about quality, relevance, value and delivery are raised.

5.3.4 Course assessment

There were many examples of inclusive CVE assessment, involving professional bodies, employers and other client groups in student evaluation, and other evidence that CVE course evaluation was integrated into standard HEI assessment procedures.

At Rowley, monitoring of CVE activity is well established; statistics are centrally produced and analysed (and feed into the CVE Business Plan). The CVE Co-ordinators' Group receives progress reports on projects (including financial information). There is a short courses feedback questionnaire for participants (and one for sponsors). Output payments and external audit procedures are also in place.

External accreditation is extensive for some forms of CVE, especially where it merges into CPD. Rowley is a validated member of the CPD Award Scheme and a licensed centre for the Management Charter Initiative.

Keys is a large CVE provider. Its experience demonstrates how standard course evaluation procedures in an institution can be applied to CVE. CVE originates from departmental initiatives, and developments are progressed through faculty procedures. New proposals are approved by the directorate and considered for validation, and existing courses are reviewed on a quinquennial basis. The Academic Standards Unit takes forward the validation process at an institutional level.

All taught courses (including short courses) are monitored and evaluated annually. Course teams prepare quality action plans, highlight issues of

good practice or problem areas, and are also asked to rate themselves. It is a key part of departmental monitoring and provides an opportunity for reflection on courses.

At Hilltop, the Core Computing course for a major trade union client is in the process of being evaluated. The evaluation team includes the head of CVE, the vice-principal of the trade union's residential college and his staff, and observers from a large telecommunications company (including board members). The evaluation embraces educational effectiveness and cost-effectiveness.

5.3.5 Student retention strategies

The student retention dimension of CVE was not given great attention by HEIs. This is understandable for HEIs engaged in short course provision (some courses were a day or half-day, or at most a week). Student retention is more pertinent to long, part-time, accredited courses. For long courses, within an SME context, the issue of student retention often came to the fore. The experience of Monroe's Education Faculty is instructive.

In some sectors of industry there is a substantial drop-out from CVE programmes, reflecting high staff turnover among many SMEs. However, at Casablanca Cars and in Monroe Health Authority there is low staff turnover, so retention rates on CVE programmes are high. However, some students want to 'park' (to look after sick relatives, for example) and then come back to study later. The model developed allows for a module-by-module approach to facilitate this. In addition, two people 'parked' last year because they were fearful of dealing with strategic management and finance, so they received one-to-one tutorials to help them get over this. The in-company learning consultants and mentoring system also helped to reduce drop-out.

5.3.6 Student progression strategies

Many HEIs have addressed the issue of student progression, either at an internal whole-CVE level (in relation to course progression), or in terms of inter-sectoral progression where students might be moving from FE to HE provision. For example, Orleans was addressing FE to HE in its Faculty of Art and Music, where there had been discussions with FE colleges looking for progression within music technology and multi-media courses. Local FE colleges were better placed to identify market needs for this type of provision, but there was also a need to provide progression for their students. Orleans was aware of the need to widen access in relation to the modern music industry where the educational backgrounds of students participating in FE courses are diverse.

5.4 Widening participation

In view of recent policy statements and initiatives on lifelong learning and widening participation (see Chapter 2 above), development funding initiatives have been particularly timely. The development of key skills, open and distance learning, the use of IT, modularisation and CATS have come to

form a growing infrastructure for lifelong learning within HE. Development funding has clearly led to a more flexible, responsive (for individuals and corporate clients) and integrated CVE capacity in almost all HEIs visited.

Developments in key skills, ODL, modularisation and CATS were the first steps in putting a lifelong learning philosophy into operation. A large number of HEIs argued that the activities flowing from development funding had made rhetoric and hopes concerning lifelong learning approach reality for some client groups. Three examples may be cited.

First, the lifelong learning team which was established in Monroe's Education Faculty; development funding was used in ways that the lifelong learning team defined as 'essential to lifelong learning practice' for HEIs. Second, Benton took flexibility and flexible learning to be key themes underpinning CVE. The aim for Benton was to bring about appropriate innovation and change to the teaching/learning processes in order to increase participation in CVE through the use of technology-based flexible learning. Third, developments at Rowley, which brought together WBL, AP(E)L, open learning, and multi-media support systems (CD-ROM, Internet), generated a range of new training programmes in small-business skills and management development. Rowley illustrated the greater integration of CVE services and approaches.

Such developments underpin delivery systems for lifelong learning. The changes brought about by development funding clearly facilitated the move towards provision reflecting lifelong learning.

5.5 Participants' views of CVE provision

The evaluation has sought the views of those enrolled on courses. A questionnaire was issued to 72 participants at various HEIs on a range of courses. The respondents anonymously completed the questionnaire, which investigated their motivation for attending the course and the main benefits from attendance. (A copy of the questionnaire is included at Annex 4.) The sampling frame was 'convenience' in that the participants were selected from courses running on or close to the day of the evaluation team's research. Given partial self-selection of respondents by the HEIs, we would argue that the absolute results overstate the benefits from attendance. We therefore focus on the relative merits of different aspects of the CVE provision.

Respondents were questioned about their motivation for attendance on courses. To the question 'who decided on whether you should go on this course?', four-fifths said that they had made the decision; the remaining fifth said that it was their employers. This result indicates that the demand for CVE is expressed by individuals rather than by firms and that the demand for CVE should therefore be primarily addressed at this level. This is confirmed by the strategy adopted in some HEIs, which direct marketing at individuals rather than to firms or sectors of the market. However, the payment for courses was made by employers in 60 per cent of cases. Employers' budgets for training and education therefore have a key role in promoting CVE activity.

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On the importance of factors *motivating the decision to study* in HE, respondents considered the following to be particularly important: 'the qualification was more respected in the workplace' (half responded positively); 'instruction was better quality' (two-fifths); and the 'mode of learning was flexible' (one-third). Less important were aspects such as HE 'being the only place which offered these courses' and 'offering a better range of courses'; a majority of respondents thought these were either moderately important or not important.

In responses to questions concerning the *gains from education*, the key gains were clear: two-thirds of respondents stated that their course would help a lot with 'developing expertise in the field' and 'maintaining their skill level'. Very few individuals thought their training would help raise their earnings or give them security from unemployment. Four-fifths thought courses would not help much or at all. The responses also suggested that students consider the gains would be achieved in the long-term rather than the short-term. More positive responses were given for the course raising 'earnings in the long-term' than 'earnings in the short-term'. Around half thought 'promotion' would not be aided much or at all, but a similar number thought that their general future 'employment prospects' would be helped a lot.

In questions about *course provision*, the absolute scores were very high, particularly in response to questions about 'course materials', 'teaching instruction' and 'course assessment.' There were much lower scores for questions about 'facilities and equipment' (a third rated these no better than average although the spread of responses was wide), and 'induction and enrolment' (a quarter rated these no better than average). Very few of the students had been offered any careers guidance or counselling during or after the course. There were also two other measures of satisfaction: almost all respondents said that they would come on more courses at that HEI, and a clear majority described their course as 'good value for money.'

5.6 Innovation and development

The data in this section have been presented as a series of snap-shot, single issues. In practice, the issues were often inter-related. The case studies in Chapter 9 provide a holistic view of development.

Innovation in strategies for improving recruitment and admissions to CVE is weak. This was partly a product of the emphasis in the interviews on curriculum and pedagogical development, although examples do point to cases where development funding led to fundamental rethinking, particularly in relation to marketing. The most substantial impacts were in CVE marketing and market research (stimulated by bidding systems), and in enhancing access (especially for FE learners) in some HEIs. For some HEIs, post-1994 market research efforts have led to significant change in CVE strategy and scope (e.g. at Sheldon and Orleans).

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There is considerable curriculum and pedagogical innovation flowing from development funding. This was often linked with other innovations in marketing and recruitment, and how to address the needs of SMEs and the development of new IT-based modes of delivery.

The range of CVE course evaluation, monitoring and assessment procedures is extensive. Less attention seems to be paid to student retention strategies, especially in terms of thinking how pedagogy, student learning support systems and guidance systems could increase retention. However, some institutions, such as Orleans, have gone much further than others. Elsewhere, particular course leaders (especially those working with SMEs, and the Core Computing provision at Hilltop) had addressed these issues, partly in response to the nature of client groups and the provision of learning support.

What is clear is that, in important respects, development funding has facilitated significant developments at a large number of institutions. It is an enabling force for CVE, fostering educational activity inside HEIs and with outside partners. These external relationships are explored in Chapter 6.

6 External links

HEIs have used development funding to create and strengthen their links with other agencies. These links have been made with a number of groups and we examine relations with the principal bodies:

- Training and Enterprise Councils;
- HE/FE;
- SMEs;
- professional bodies; and
- other agencies (e.g. local authorities, Business in the Community (BITC), Business Links, Regional Government Offices).

In the first section of this chapter, we discuss these links with agencies. The second section is a thematic analysis of external links in terms of how they affect provision and development of CVE activity. We also look at some of the barriers to the development of external links.

6.1 Relationships with external bodies

6.1.1 HEIs and TECs

Perceptions among the HEIs visited concerning the usefulness and value of TECs were diverse. There are, however, some clear links between CVE development and the role of the TEC. All HEIs said that they had developed some links, or had contacts with either a local TEC or a number of regional TECs. These links included using TEC data, representation on TEC boards, the funding of projects, and collaboration.

The most common way in which HEIs developed relationships with TECs was through the use of labour market data, although the quality and value of the information were widely questioned. Criticism of TEC data by HEIs usually concerned the appropriateness of the skill levels and needs identified for them. Many HEIs said that they dealt with different client groups than the TECs, who provided information on sectors of the labour market irrelevant to the needs of the institutions; for example NVQ levels 1 to 2 rather than levels 3 to 5.

On the other hand, the relevance of TEC data was also dependent on the way in which HEIs had interpreted or understood their local/regional roles. The weaker an HEI's regional orientation, the looser would be its relationship with the TECs.

A small number of HEIs were quite dismissive of the value and role that TECs played in relation to CVE development and provision. Among HEIs critical of TECs (more often the 'traditional' HEIs), difficulties were associated with the very different roles and missions that accompanied their priorities in leading-edge research, consultancy and postgraduate teaching. They clearly felt that these priorities militated against the development of partnerships, and that they could only develop through a redefinition of institutional mission and strategy.

HEIs were also ambivalent about TEC policy, and educational and funding priorities. Some argued that TEC initiatives geared to a broad national perspective often did not fit with HEI perceptions of local needs. This clearly discouraged some HEIs from involvement in initiatives, and led to the criticism that TECs should be encouraged to be more independent of nationally determined policies and take more account of local/regional circumstances. Equally, this mis-match could be a product of contested views about local/regional needs with HEIs having a different perspective to the TECs.

Many HEIs identified with a national/international role in the economy, and claimed to be unable to work with TECs because nationally determined objectives were incompatible with their own mission statements. Other HEIs saw a potential in developing relationships with TECs if they could be based upon local/regional needs. Some HEIs, looking to become involved in regional/local provision capitalised on TEC data, expertise and funding because they saw collaboration as a platform for gearing funding from elsewhere. By offering provision to national/international audiences, some HEIs could maintain a high academic profile and benefit from wider prestige. Some institutions wanted to remain aloof from involvement with TECs or Business in the Community because of the profile they wanted to maintain; while others wanted to build an (inter)national profile on the basis of their involvement with TECs in ESF projects.

6.1.2 HEIs, TECs and FE

The case for collaboration between HEIs, FE and TECs is centred on the need for educational 'progression'. There are some examples of HEI/TEC collaboration which have led to the development of progressive CVE, perhaps starting with NVQ and proceeding into a modularised masters programme. This requires institutions to adopt a highly flexible approach to new client groups and the structure, organisation and content of the curriculum.

HEIs' decisions on their educational priorities determine the extent and nature of partnership, collaboration and progression. Unless HEIs consider progression from, for instance, NVQ levels and FE provision when setting their own educational agenda, and involve TECs (and FE) in that planning process, then the influence TECs can have in HE is limited. Furthermore, HEIs' decisions about their position in the market might reduce the relevance of TECs to their institutional mission. There is concern among HEIs that TECs are more concerned with lower level skills and, therefore, are more likely to look for partnership directly with FE.

However, there is evidence of some change in relationships between HE, FE and TECs, particularly among the colleges of higher education. In one case, an HEI established a network of 'franchised' accredited courses in a number of FE colleges within its region. This structure ensured that students can progress through the educational system from NVQ to masters level, at the same time as the HEI can capitalise on TEC funding for lower level skills

provision. In this case the HEI is also training FE college staff, who now teach a range of initial professional courses (e.g. teacher education) previously run by the HEI. The HEI provides extension courses into its masters programme and accredits courses. Reductions in income from student fees are off-set to a large extent by the HEI establishing a staff training/development role with franchised FE colleges.

Partnerships often have financial implications. Where HEIs without a previous history of involvement in CVE seek new involvement, resentment can be created in other institutions. This is cited as a reason why there is little collaboration between HEIs in some regions. Links with FE are often jealously guarded. However, these attitudes are beginning to break down, notably among institutions where there is a less competitive environment for students, or a limited overlap between student populations. Institutions with different missions are more able to collaborate because it is less threatening.

6.1.3 HEIs and SMEs

There is widespread recognition that work with SMEs is an important priority among HEIs and TECs alike. However, it is also generally acknowledged that developing and sustaining links with SMEs and catering for their CVE development is extremely difficult. These difficulties may have contributed to criticism among HEIs of developing provision for SMEs in conjunction with TECs.

HEIs' developments for SMEs could involve comparatively high levels of expenditure from development funds and there was concern at the slow return on these initiatives. On the other hand, HEIs also rationalised failure to promote sustainable activity with SMEs because it was inherently high risk, and likely to take a long time to develop before provision became profitable. Despite their recognition that it was a priority for economic regeneration, a number of HEIs have abandoned working with SMEs. Reasons given included difficulties associated with recruitment and internal pressures to generate income and sustain activity.

HEI work with SMEs is therefore a good example of how high risk innovation is believed to need longer term investment to become sustainable. Too many schemes founder because of problems associated with pressures for short-term income generation. Many HEIs suggested that one of the important attributes of development funding was the medium-term perspective it enabled them to take on innovation. However, there was no universal agreement on this among HEIs. Some argued that the programme was still too short if SME-related projects were to become sustainable.

Some HEIs have evaluated their initial failures to develop sustainable activity with SMEs, and have subsequently reviewed activities and changed policies. Only in one case did this result in an approach which led to greater SME involvement. This had been achieved through a use of IT distance

5.0

learning modularisation. In most cases, early failures to open SME markets made CVE providers wary of trying different approaches.

One of the most common problems associated with HEI/TEC collaboration in SME-related projects was the high cost of provision and subsequent pressures for differential pricing. Many HEIs involved in SME work were reluctant to introduce pricing differentials in case it encouraged larger companies to ask for similar reductions. Pricing was seen as one way in which institutions signalled the quality of their provision, and this had to be protected at the expense of providing access to participants from a market with different characteristics to those of larger companies. An important feature of the SME sector is that it is not supported or represented by a single professional association or trade organisation. This militates against the development of collaborative projects among companies, although this was being attempted by one HEI. Another HEI suggested that the way in which TECs could support developments with HEIs and SMEs would be to subsidise targeted activities. This would off-set the financial constraints of many HEIs associated with sustaining activity through income generation, and their concerns about the effects of differential pricing policies.

6.1.4 HEIs and professional bodies

Development funding is being used extensively to create courses and develop materials for a wide range of professional bodies. Collaboration with professional bodies is based on the supposition that they are in the best position to identify 'market' needs, as well as on the role they play in accreditation.

Development expenditure in this area is also defended on the grounds that there is likely to be an assured market for materials/courses, given the position of professional bodies and their knowledge of the market. There are examples where collaboration is producing sustainable CVE provision because of good market intelligence. But there are also examples where collaboration has resulted in investment in courses which have not been successful in attracting students.

Generally, the materials that have been produced are of high quality, since they meet the professional requirements and standards of the particular professional body concerned. But this does not ensure that they meet the requirements of the market. In some cases this mis-match between market and provision can be attributed to the gap between professional leadership and professional practice. The mis-match between materials and market is also caused by the exaggerated status of some (semi) professional bodies seeking to acquire responsibility for the accreditation of training. Accreditation has become a commodity rather than simply a function of educational institutions.

There has been a considerable increase in the number of organisations seeking accreditation for their work. HEIs are developing partnerships with a wide range of organisations concerned with the accreditation of semi-

professional employment. However, as the requirement for work accreditation becomes more widespread, so there are often a number of agencies competing for professional leadership. These claims have not always been resolved, and have led to a number of HEIs producing expensive course materials which have little or no take-up in the market because the professional body has little legitimacy with workers or employers. In this way, development funding could be said to be part of a process of creating markets rather than being responsive to them.

6.1.5 HEIs and other external agencies

HEIs are developing effective partnerships/compacts with local government and other public sector agencies. Partnerships have been established by many HEIs with health trusts, including integrated programmes which cover a whole range of employment groups. There is also more specialist provision for a range of health service professionals, including radiographers, physiotherapists and nurses. There are few partnerships with local authorities, however, and these have rarely been successful.

6.2 Developing external links: key issues

6.2.1 HEIs and the problem of market data and research

Several HEIs have undertaken CVE developments on the basis of their research activities, assuming that commerce and industry need up-to-date knowledge. Thus, provision can be developed with good justification on research knowledge, but may not be viable if it is not seen as being immediately relevant or necessary to industry. This exemplifies the need for HEIs to have a clear conception of their market and industrial and commercial needs. HEIs adopting best practice have tailored CVE to industry through dialogue, rather than assuming that they would be able to 'sell' predetermined products.

This issue highlights the problematic relationship between research and technological transfer. The commercial exploitation of innovation in this country has been a source of concern for many years and, in principle, a broad-based conception of CVE is an important vehicle for technology transfer. Ensuring that there is a link remains a difficult problem.

The gap between research and market needs/interests seemed less evident, however, in HEIs which targeted individuals rather than companies. In one HEI all publicity was directed at the lifelong learning needs of individuals. This has led to the development of taught short courses and work-based masters and doctoral studentships which cater both for the individual educational needs of students and for the wider needs of companies. In this case the employer assumed some of the responsibility for student supervision, and therefore had an interest in the successful outcome of the activities because of the benefits to the company as well as the individual.

6.2.2 Partnership and the role of personal agency

Several HEIs suggested that the attitudes and roles of significant staff (either in the HEI or TEC) were important factors in the development of strong institutional relationships. These staff were often members of a CVE 'unit', but this was not universally the case. For instance, a number of vice-chancellors and pro vice-chancellors have had a powerful impact upon CVE provision, instigating changes in culture, attitude and the nature of institutional partnerships. Some HEIs see a benefit in recruiting staff to administrative CVE posts from industry, so that networks already established through the former business role can be used to develop CVE provision and funding opportunities. Most HEIs see the role of developing both internal and external networks as inherently political. Successful collaboration and partnership can, in that sense, often be attributed to personal agency. The skills and charisma of individuals are clearly important factors in developments in a number of HEIs, where senior staff have become the champions of CVE.

6.2.3 Funding project development

A number of HEIs collaborate with TECs in the development of projects and in some cases presented joint HEI/TEC bids for funding. This is particularly evident in relation to projects embraced by the ESF. Others tended to see TECs more simply as a source of funds. In cases where joint bids for funding were being sought, development funding was said to have often had an important 'gearing' role, as it exemplified the commitment of the university sector to collaboration and partnership.

On the other hand, many of the HEIs which had simply asked TECs for funding had often over-estimated the amount of money that was available or, in the absence of partnership, made bids which were inappropriate for particular TECs.

A number of HEIs reported that there were often contractual problems associated with the acceptance of TEC funding. In particular they mentioned problems with performance-related targets, which were seen either to militate against the achievement of longer term educational goals or to impose too short a timetable on developments. This had the effect of restricting opportunities for fragile networks and partnerships to develop. One disillusioned representative from an HEI suggested that the 'short-term' policy adopted by the local TEC made collaboration extremely difficult because of the implications for staff contracts, and the likelihood that initiatives would not be sustained if objectives were not realised quickly.

There is some evidence that HEIs are able to lever additional funds using development funding, but not all HEIs have tried to do so. As later case studies show, some have made attempts through TECs and through the ESF. However, there is little evidence that professional bodies or employers' organisations are contributing to development funding. For example, many of the materials produced by HEIs for professional bodies have been subsidised through the development fund, rather than supported by the body concerned.

6.2.4 The problem of 'boundary'

One aspect of the problems associated with rationalising national, regional and local initiatives is the effect of geographical, political and administrative boundaries. HEIs invariably have little difficulty identifying client groups, but some have problems identifying with local and regional areas, and the role they should play in their development and regeneration. Consequently there can be a rhetoric among HEIs about their commitment to locality and region, but less evidence that their provision genuinely caters for local or regional needs. This was an important factor in the development of relationships between HEIs, TECs and local authorities, particularly in a region characterised by no unified political structure, a highly competitive HEI environment, and a weak CVE network. Elsewhere, however, there are well-established HEI networks for CVE, although as yet few HEI/TEC/local authority partnerships.

Where an HEI is developing provision in collaboration with more than one TEC, or a combination of agencies, conflicting strategic aims can be a barrier to wider networking, partnership and effective operation. Some HEIs identified a role for Regional Government Offices to facilitate relationships.

6.2.5 Niche markets and heterogeneity

Some HEIs are developing an important/effective role on the demand side of the economy, especially in relation to strategic thinking about regeneration. Where there is HEI involvement in demand-side thinking and decision making, close relationships have developed with TECs, along with others, such as BITC and Business Links.

One problem associated with this avenue for development is that TECs very often identify niche client groups with particular needs, which an HEI may or may not be able to meet. In these circumstances partnerships are unlikely to develop, although there is evidence that TECs are beginning to address the needs of companies/individuals for higher level skills development. But if questions surround the ability of TECs to identify and work with new higher level skill client bases, then this barrier to change also applies to those HEIs who are resistant to expanding provision to a changing 'student' population.

At the same time that some HEIs are expressing concerns about changing the focus of their work, many are exploring the heterogeneous opportunities offered by large companies/clients seeking to extend training to a wide spectrum of staff. Many HEIs have successfully established niche markets in these areas. Clearly, these are vulnerable to changes in staffing within HEIs, changes in market needs, and economic conditions. One example is the effect upon provision of HEIs dependent on companies identified with the Asia/Pacific region. Set against these risks, the strong 'one-stop' links bring gains for HEIs through further involvement through consultancy and research.

6.3 External relations and national policy

There is clear evidence that the way HEIs are defining their role is changing, and this has been given increased impetus by the Kennedy Report (1997) and the 'Lifelong Learning' Green Paper (DfEE, 1998b). In relation to the Green Paper, however, some HEIs believe it is irrelevant to their aims. The majority, however, do see it as a catalyst for change requiring a broad re-conceptualisation of their mission and role. Many HEIs are evaluating their role particularly in relation to sub-degree work, their involvement with higher level NVQs, the modularisation of courses, and the promotion of progression with other colleges and agencies. But these initiatives are to some extent destabilised by the uncertainties associated with emerging policies. These are all factors which will make relations with external bodies more significant.

Taken together, Chapters 5 and 6 provide an account of the educational developments stimulated by the funding initiative and the role of external agencies in these. What all this activity means in terms of economic consequences is the focus of the next chapter.

7 The economics of CVE

This chapter focuses on the external and internal economics of CVE. The policy context of Chapter 2 makes a strong presumption that CVE should be related to the wider, external economy. Primarily this external effect involves knowledge transfer to those already in work, although this transfer may be in a variety of forms. In addition, the allocation of CVE resource must be efficient in achieving its aims. The deployment of resource internally, within the HE sector and individual HEIs, must therefore be considered in terms of its cost-effectiveness and efficiency.

This economic study of CVE therefore divides into three sections. First, the external economic impact of development funding is assessed. Second, the internal cost-effectiveness of CVE is appraised. Finally, the relationship between the mode of funding and the distribution of resources is analysed. This section foreshadows the discussion in Chapter 10 about the factors influencing the cost-effectiveness of CVE.

7.1 Economic impact

7.1.1 Economic growth and skills levels in the region

The main effect of the development funding on economic growth would be expected to be through improved skill levels via direct CVE provision. These improved skills should translate into reductions in unemployment, improved productivity, better job matching, and higher earnings or higher profits (because a large amount of training is paid for by employers; Barron et al, 1993). These effects are generally found in aggregate studies of training (Elias, 1995; Greenhalgh and Mavrotas, 1995; Blundell et al, 1996).

However, this general finding may or may not apply to CVE provision. On the positive side, there may be a high skills effect for those who are actively practising (and so can directly apply their skills), are already interested in education, and are in occupations of influence. Many courses are for the higher skilled, either building on the participants' practical expertise or updating their skills. Examples of this were courses at Serendip and Highgate (in medicine and the sciences) and Benton (in agriculture). Courses which are developed within a short time may be particularly effective in satisfying perceived skills needs for these groups.

In contrast, training programmes usually have the greatest impact on at-risk groups in the labour market (the unemployed, the young, ethnic minorities, or the low-skilled); few of the HEI CVE programmes target these groups. Typically, basic skills CVE provision was for courses, for example in computing (at Highgate or Carfield) or management studies (Rowley). These courses were not dedicated to at-risk groups, although these groups were not excluded from enrolment, and often were only a moderate proportion of the total provision within a given HEI. Orleans, for example, acknowledged that only a low percentage of funding was directed to the

least advantaged. At Rowley, only around a quarter of the course participants were from any one of the at-risk groups. Oakfield had channelled its funding into an ethnic minority enterprise training guide, providing better preparation for students in vocational subjects. Serendip had a top-level institutional directive to focus on economic regeneration and to encourage 'marginal groups', but this directive was not tied to any specific programmes.

If CVE provision is being subsidised, displacement effects are also possible: firms may be accepting subsidies for training which would have occurred anyway, or subsidised trainees may increase their training at the expense of other workers (Dolton, 1993; Makepeace, 1996). Many of the trainees were also receiving government subsidies from other programmes.

7.1.2 Extension of the collaborative partnerships

A second, but no less significant external effect of CVE development funding has been through collaboration between HEIs and other groups. This has arisen because CVE has been taken to include not just provision, but also broader exchanges and collaborative activities. These are the gains from practising CVE in its wider sense. The CVE funding has stimulated numerous links with external agencies such as TECs, Chambers of Commerce, professional bodies and private sector companies, with spin-off economic gains. Improved linkages reduce transactions and information costs, with gains for both the private and public sector (cf. Benson, 1997). This diffused synergy effect improves local economic development, enhances the built environment and cultivates social and community development (CURDS, 1994, p.7).

Across the sector, McNicoll et al. (1997) argue that HE has a high impact on the local economy. With few imported inputs, a sizeable proportion of export income, and its labour intensive nature, HE has high direct, indirect and induced employment multiplier effects (see also CURDS, 1994, Appendix II). The case study evidence illustrates a wide range of economic gains from linkages and trades between HEIs and other agencies.

One gain arises from exchange of information. These exchanges may generate gains in terms of learning about the labour market, identification of potential client groups and greater understanding of the training needs of target groups (Rowley, Benton and Cape were good examples of this). TEC and HEI collaboration involves business diagnosis and counselling. It can also lead to a greater understanding of the needs of the local economy and this should reduce market research costs (Sheldon had developed a wide area for collaboration to achieve this). In smoothing over and clarifying the demands of businesses and workers, more productive education can be provided and sustained over the longer term.

A second gain from collaboration is that of securing markets for CVE provision. Such collaboration with the TECs and other external agencies increases and secures the demand for participation on courses. Carfield had enhanced its networks of local authorities for this reason and also had its

CVE offices sited in the same building as the TEC. An unfunded HEI, Zara, attributed the strength of its Policy Studies courses to close links with local government. Collaboration may also reduce marketing costs of CVE (as found at, for example, Carfield and Serendip) and facilitate further funding for courses. Cape had obtained matched funding from an NHS trust for some of its courses. As well as direct funding, collaborative ventures may assist in raising funds from other sources, such as the DfEE.

A third economic gain from better links involves exchanges of human and physical resources between HE and the private sector. These exchanges may raise institutions' abilities to offer work placements to participants (which were funded even at undergraduate level at Serendip), and augment conventional HE careers guidance services. HEIs also undertake more case study work with industry, increasing the scope for work-based learning. Both Rowley and Keaton, for example, used CVE resources to equip research laboratories for participants; Sheldon had strengthened its CPD network; Monroe had placed one of its academic staff part-time at the site of a partner private company. At Highgate, academic staff linked with external groups across the range of provision, evaluation and assessment of courses. These exchanges facilitate the sharing of research techniques, innovations and expertise.

Not all linkages worked smoothly. For example, HEIs and TECs do not have exactly overlapping goals, and problems may arise where these goals diverge. Providers at some HEIs recognised that the profiles of their student catchment often differed from that of the TEC (e.g. Highgate, Monroe, Carfield, Serendip). In turn, the involvement of HEIs in graduate recruitment is often limited to their careers services, which constrains the development of mutually productive exchanges. Also, the need for large-scale capital funding for some activities may hinder collaboration.

In summary, we suggest that it is likely that CVE may complement the activities of other agencies in the public sector. Provision may also be effective in supporting business as its R&D becomes increasingly complex (combining different technologies), fast-paced (with market developments), and innovation-driven (CURDS, 1994, p.9). Successful relationships between the HEIs and external agencies tend to be organic, emerging and developing through mutual opportunism and a common strategic vision of the key agents. There is evidence that these relationships are a common feature of CVE activity. However, a caveat must be made: these links are diverse, with uncertain outcomes over the long term. The long-term economic impact is thus hard to quantify.

7.1.3 Income generation, gearing and widening the resource base

A general economic gain arises from gearing and multiplier effects. This was manifest in two ways.

First, many HEIs utilised the development funding to lever in further income: for example Cape, Newtown and Sheldon were explicit about this

as a gain for their institutions. Most HEIs stressed the synergy of development funding initiatives with other externally funded activities. There was widespread evidence of a gearing effect from development funding, that is a rise in income over the expenditure on CVE provision. This gearing either arose from particular, identifiable projects or was attributable to a general academic activity and spill-over effect from other external initiatives.

Although development funding was a catalyst for the development of provision, it was rarely sufficient for a course to be provided. Typically, funding covered staff time to devise the curriculum; other costs such as physical resources (materials, equipment and infrastructure) and human resources (the time of the instructor) had to be met from other sources of funding. In theory, these costs should be met by course fees. However, in order to guarantee a market, the HEI would often have to devote resources to reducing the cost to the participants.

Examples include Monroe, where the gearing effect was hard to distinguish from other gains in synergy; Cromer, where the activity of one individual had levered in further research for colleagues; and Oakfield, where matched funding was obtained for CVE projects. Cape also had clear examples of gearing. Often the gearing effect arose when the institution secured further funding; this lumpiness in changes in gearing renders such measures only a rough guide to the effects of CVE (e.g. Hilltop).

One HEI, Rowley, gave evidence of having used all five main sources of funds to reduce the costs of fees to enrolees. These included the DfEE, the ESF, corporate agencies, TEC support, and local government budgets. Almost all the other institutions gave similar examples, often tailored to the particular tranches of funding available in their area (as in ESF Objective 1 regions). Sometimes, multiple sources of funding had to be garnered, with considerable effort from individuals within the HEIs. For one MA course at Serendip, sponsorship was drawn from a private company, a professional body and a laboratory. There were many instances where the course would not have generated sufficient enrolees if alternative funds had not been available to lower the price.

Second, many institutions, particularly those with devolved budgeting, appreciated the diversity of income generation that CVE provided. The resource base was widened through new sources of income (e.g. technology transfer), new markets (e.g. courses for professionals) and greater income in proportion to mainstream income flows. For some HEIs, CVE funding represented one of the few discretionary budgets available for responding to new challenges. Development funding, when measured as a percentage of the total income flows of a given HEI, is low but does have effects at the margin.

Nonetheless, the magnitude of the development funding was important. For an average size HEI, £200,000 per year was regarded as the threshold for

effecting a 'culture change.' However, (on average) it is likely that sums above £400,000 per year would have created capacity constraints for HEIs.

Often institutions extended provision to individuals or companies into other forms of exchange, such as technology transfer or consultancy. In some HEIs this was an explicit strategy and reflected a more integrated response to local economic conditions. In the best cases this led to diversification of tasks and of skills. Over the long-term this may reduce the dependence of particular individuals on HEFCE core funding. The result is likely to be greater flexibility in the deployment of staff and resources within HEIs.

7.2 Cost-effectiveness

7.2.1 Cost estimation for provision

Notwithstanding the external gains from CVE activity, an assessment of the internal efficiency is also pertinent. The approach here begins by looking at the costs and revenues of CVE provision.

Table 1 presents data reported by 32 HEIs for over 74 CVE courses between the 1995 and 1997 years. A variety of costs measures is given, reflecting the different reporting conventions across HEIs. The first column indicates the ratio of investment income from the development fund to the number of FTEs generated: this figure takes the cost allocations to particular courses by the HEI and divides them by the number of FTE participants (figures declared from the monitoring statements of the HEIs). The figure of £2,100 (inter-quartile range: £600-£2,800) compares approximately with the undergraduate FTE cost figures used by the HEFCE of £1,900 to £3,600 (the range of classroom to science and engineering subjects). Because of low top-slicing for such courses and some cross-subsidy, this estimate is probably a slight under-estimate of the actual cost.

Fee income per FTE, column 2, is significantly higher than the cost and compares favourably with the standard unit of resource given by the HEFCE. There is no evidence here to indicate that CVE provision could not be at least cost-recoverable for HEIs; indeed, provision supported by development funding might be expected to be profitable. Two other measures of CVE costs are also given: fee income per hour and per student. However, both ratios have very wide spreads and a high number of outlier values. These measures may be useful for the cost management of courses, as well as indicating the average price students will bear.

Table 1 Costs ratios (£)

	Development fund investment per FTE	Fee income per FTE	Fee income per hour	Fee income per student
Upper quartile	2,800	4,600	17	480
Average	2,100	4,140	16	365
Lower quartile	600	1,600	6	110
Number of programmes	*33*	*47*	*22*	*74*

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Nationally, the costs (and revenue generation) of CVE courses and mainstream undergraduate or postgraduate provision may be compared. Given the differences in the modes of instruction, the demands of the students and group sizes, we would anticipate that the unit of resource needed for CVE would be greater than mainstream provision. Also, new courses may be more expensive to run in the short-term as they require new administration and access systems. However, if there is substantial spare capacity within HE for provision which is flexible to organise, the marginal costs of CVE may be lower than the mainstream average unit of resource. The information given here is only suggestive, but it does not support the hypothesis that CVE need be loss-making.

7.2.2 Assessment of the cost-effectiveness of provision

Cost-effectiveness analysis should be used to evaluate CVE provision. Gains from tracking the flows of costs include: better accountability; improved understanding of what the resource requirements are; and information on the substitutability between, for example, human and physical resources. These information gains are particularly important when: (a) there is no price charged for provision and so participants' willingness to pay is not revealed; (b) HEIs are expanding their services in many diverse (and perhaps not equally cost-effective) areas; and (c) outcomes may differ significantly.

Given the variety of modes and subjects of provision and the various uses of the CVE funding, a full cost-effectiveness analysis has not been undertaken. The practice of HEIs is therefore discussed: it is for the HEIs themselves to ensure that the gains across different modes of CVE are maximised and cost-effectiveness achieved.

Although it was broadly recognised that cost-effectiveness was important, in practice little value for money assessment was undertaken by HEIs. Moreover, HEIs differed on whether cost-effectiveness should be formalised or not, with the former being more evident at Monroe and the latter at Newtown and Cape. As a result, cost-effectiveness information was infrequently fed back, except in a very informal manner, into the decision-making and resource-allocation processes.

Often there were reasons why cost-effectiveness analysis could not be undertaken:

- courses may disappear or change level (Serendip);

- projects may have lumpy costs so targeting costs and outcomes may be inexact (Orleans);

- there was no basic numerical value for comparison between CVE provision and other modes, the standard unit of resource being rejected as non-comparable (Benton);

- development funding, being used as seed money for the writing of curricula, only represented a small contribution to the provision of any course (Cape);

- prices were fixed and demand was constrained, so strategic decisions about value for money were limited; and

- synergies from various diverse activities could not be suitably captured in a cost-effectiveness ratio (Monroe, Benton).

Some of these reasons have more justification than others. We recognise that, for given costs, comparison between outcomes may be problematic if the outcomes are diverse. It may be that what can be measured accurately, which is typically the costs data, submerges the hard-to-quantify, typically the outcomes data. Accurate measures of student numbers, as might be captured by the HESA returns, were also regarded as a poor proxy outcome (Monroe, Benton). Formulaic cost-effectiveness may therefore be inappropriate.

HEIs claimed, however, that cost-effectiveness had been assessed *ex ante* (Rowley, Highgate). When this was done, it was often on a piecemeal basis, although Carfield and Benton did this at central level. Given the difficulty of forecasting outcomes, it was of necessity an inexact practice. Nonetheless, one institution had developed a standard internal measure (revenue per contact hour) which was used for comparability across provision. HEIs' accounting systems do allow for an *ex post* assessment of value for money. Again, this was not undertaken in the majority of institutions we visited (as noted in an earlier study, Chivers and Nixon, 1995). In a typical case, however, despite several years of PICKUP funding and over two years of CVE development funding, it had not been concluded whether or not CVE activity had been cost-effective in a formal, comparable sense. Moreover, there was little commitment to devising a set of stylised facts and practical rules to ameliorate this comparability problem. Such an approach would assist in future assessments of value for money in provision, and contribute to better allocation of resources.

7.2.3 Investment appraisal

Development funding has been utilised as part of an initial investment in CVE often not for direct provision. Accurate investment appraisal is therefore important and may complement assessments of cost-effectiveness. However, appraisal of the rate of return to CVE investment is difficult for a number of reasons:

- the demand for the course is not always certain. Some HEIs would not run open courses for this reason (e.g. Monroe and Benton); others found widescale marketing to be necessary but effective for such courses (e.g. Cromer);

- course demand is often very high or very low; income generation is often either very successful or very unsuccessful;

- there was uncertainty about the period over which the course would be undertaken, because of the dependence on either key individuals (e.g. Serendip, Keaton) or funding initiatives, where these paid for fees (e.g. Cromer, Highgate);

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- taster or introductory evenings were not always a good indicator of subsequent demand (e.g. Rowley, Keaton); and

- many courses were short courses so that the investment of resources was less risky for the HEI (e.g. Benton, Monroe).

As a result of these reasons:

- target ranges were very broad (e.g. Sheldon noted that FTEs and income were more than double the forecast);

- break-even points for any investment were rarely specified (Orleans was an exception, citing two years as a stipulated break-even point; similar figures were given by Oakfield);

- it was difficult to establish which of the courses or what proportion of courses were likely to be sustainable (this was acknowledged to be important by some HEIs such as Hilltop), profitable, or cost-recoverable; and

- forecasting was often an extrapolation of previous similar initiatives and not very informative (e.g. Keaton).

In sum, budgeting and cost accountability become increasingly important. The efficacy of these varies across HEIs, with some fund managers undertaking detailed exchanges with departments to ensure accurate costings (e.g. Benton). Some HEIs re-allocate funds away from under-performing initiatives (e.g. Hilltop); others invest for cultural change. Elsewhere, the arbitrary capping of bids or reduction of bids suggested that cost accountability is inadequate. In-house investment accountability is a necessary complement to autonomy for HEIs to use CVE monies flexibly.

7.3 Mode of funding

7.3.1 Pricing policy

Pricing is fundamental to the success of CVE initiatives. This is particularly important given the relative inexperience of HEIs in selling educational services, the heterogeneity of the 'product' and the motivations of both suppliers and users. There is some evidence that the price of non-formal education is more easily, and so more frequently, assessed by students than its educational content (Coopers and Lybrand, 1990, p.151). The efficacy of pricing may also be a guide to the internal efficiency of CVE, and indicate how sustainable CVE may be for HEIs over the longer term.

Pricing strategy may reflect three elements: pricing to clients, cost-recovery, and market pricing. Each of the three elements was found across the spectrum of HEIs. We consider each in turn.

The client-base for CVE can be divided into three groups: private sector companies, (other) public sector employees, and individuals. Each of these three groups will express different preferences for courses and the price charged to each may reflect this. For public sector employees, for instance, there may be no monetary transaction, but merely an exchange of credits

between government agencies; the same is often the case for individuals, who may receive training rebates or subsidies from their TEC or the DfEE. In contrast, private sector companies may have much larger training budgets and, when comparing HEI provision with other private sector provision, may be willing to pay more for CVE. One HEI expressed a doubt that HEIs properly tapped the more lucrative private sector, and were instead selling themselves too cheaply (Monroe).

Producer surplus accruing to the HEI should be greater if there is an opportunity for differential pricing across these three groups. Some HEIs already had a range of opportunities for discretionary pricing for part-time participants (e.g. Benton); others had banded the prices of the courses; few had systems in place which might fully accommodate differential pricing. Also, the disadvantages of differential pricing (complexity, with confusion for customers) were evident to the providers.

Cost-recovery was often the default practice for institutions (e.g. Carfield, Serendip). Some providers expressed unwillingness to become crude profit-maximisers (e.g. Monroe); for others, cost-recovery was a good test of whether or not the market would sustain such a course. The phrase 'what the market will bear' was often a shorthand for a pricing policy to ensure sufficient enrolments, rather than any attempt to extract surpluses (e.g. Orleans, Keaton).

In some HEIs a bolder pricing strategy was used for 'sunrise' courses. In order to build up demand, the course would be run at less than cost-recovery with the intention that it should become self-sustaining after a couple of years (e.g. Benton). There is limited information on the success of this approach.

Pricing to the market includes concerns over supply as well as demand. For this form of price setting, providers should compare their own provision and that of alternative suppliers or competitors. Some institutions did make such comparisons (using the Internet to check on other providers, as at Monroe and Keaton, or via enquiries from 'mystery shoppers'). Two general findings emerged. First, there was a sense that HEIs offered courses at significantly lower costs than private providers; this impression came from both the clients and the providers. Second, HEIs felt CVE markets were competitive to a limited extent. On the demand side, many providers were aware of the cyclical demand for training and of high price elasticity (e.g. Highgate, Newtown). However, the incomparability of courses and their low substitutability limited the application of such pricing models.

7.3.2 Top-slicing of overheads

Accounting conventions in HEIs are for income to incur a central services overhead charge. The typical figure across the sector for full cost-recovery overheads on provision is around 40-60 per cent. However, this figure is discretionarily applied depending on the income source.

At many HEIs, either a much reduced or zero top-slice percentage was applied to development funds (Benton, Serendip, Sheldon are primary

examples of this practice). The average figure was between 10 per cent (Benton, Orleans, Serendip) and 20 per cent. This figure, being significantly lower than the full cost-recovery amount, represents a substantive resource commitment by the HEIs to CVE – unless the marginal cost of undertaking CVE was such as to warrant a lower overhead top-slice.

The discretionary low top-slice was recognised as a signal to those within the HEI that such activity was being actively promoted (e.g. Benton). Elsewhere, a dual top-slice was used to direct the expenditure between salaries and overheads (e.g. Sheldon). A third method was only to top-slice on the income generation rather than on the costs incurred (e.g. Serendip and Benton). This partial underwriting of the investment encouraged risk-taking.

Zara is an unfunded HEI where the resource allocation model has incentives for departmental heads to support income-generating activity. Overheads paid from the departmental budgets reflect the actual level of central resources used, so that all surpluses are retained at the departmental level. It allows the departments to make judgements about pricing, cross-subsidy and risk-taking.

7.3.3 Management of resources

The allocation of income generated from CVE activities may have an important effect on future CVE. In most cases, the department kept the income from the provision of CVE (Monroe, Rowley, Keaton and Highgate, for example), giving the departmental provider the incentive to recoup income from CVE. Another incentive introduced by some CVE directors (e.g. Newtown) was the requirement to departments that development funding would only be given alongside pledged matched funding from resources within the department.

However, the terms on which the funding was allocated to the departments affected incentives. In most cases, development funding was given to the departments and not often recouped by the income generation from subsequent activity. This allocation was thus an 'invisible' expenditure and represented a direct subsidy of activity in the HEIs. A typical example arose where the HEI had used the time of a CVE officer to attract external funding. The externally funded activity would then be undertaken, but the resource used to attract the funding would not be recouped.

However, the motivation and strategic mission of the CVE unit were important here. Often the CVE unit decided how much money should be kept within the unit and how much should be devolved to departments. The proportion of development funding allocated to the unit also varied, being very high at Keaton and relatively low at Cape and Keys. On average, as noted in Chapter 4, 10-20 per cent of fund budget was retained by the unit. The allocation method varied between HEIs where the resource to the unit was ring-fenced (e.g. Keaton, Highgate) albeit to pay only salary costs, and those where the unit had to bid for money within the same channels as

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departments (e.g. Rowley). In one case, the top-slice on income generation at the departmental level was re-allocated to the CVE unit, thus giving a dual incentive to providers. In other cases, central services would demand a registration fee per student (e.g. Cromer, Keaton).

7.3.4 Capacity constraints within the system

There are likely to be economies of scale in many forms of education provision – a new curriculum does not need to be created for each year's student group, for example. However, there may also be capacity constraints. Such constraints will limit the expansion of CVE within departments, and may have implications for the allocation of funds across institutions or regions.

One indication of surplus capacity is if the number of bids per institution is high. This was the case at a number of HEIs (Cape, Benton, Carfield, Highgate, Serendip and Rowley). Capping of bids was sometimes a response to this excess demand. However, the merit of these unsuccessful bids was not evident; effectual excess demand could not be ascertained. In other institutions, capacity constraints had been approached (e.g. Orleans, Cromer). Elsewhere, and this was more typical of the former UFC-funded HEIs, CVE had yet to permeate into many departments and faculties (e.g. Keaton, Zara). Where CVE had long been part of the mission of the HEI, the scope for expansion seemed to be more limited.

Two main types of capacity constraint were evident: those on staff and those on equipment or infrastructure. At most, one-third to one-half of the academic staff could be reasonably involved in CVE in varied capacities (e.g. Benton, Keaton), but some HEIs had taken steps to augment staff development so more staff could undertake CVE (e.g. Monroe, Benton). Physical constraints may also impair the scope for expansion of activity with: the use of specialised equipment (e.g. Keaton); instruction in dedicated laboratories (e.g. Serendip); and limits on the potential number of students (e.g. Highgate).

Similarly, pedagogy may impair the scope for expansion of activity. Some courses have low fixed costs but high variable costs, so total costs may rise rapidly with increases in student numbers (Rumble, 1997, p.119). Alternatively, some courses may have high fixed costs so increasing student numbers will create fewer constraints, reducing average cost (Wagner, 1982). It is this latter cost function which most HEIs faced; consequently, a number of HEIs were developing significant new technologies to increase capacity for CVE (e.g. Cape). These new technologies to improve access and delivery have long lead times and require much greater resources than the development funding. If these technologies are effective, however, they should reduce the cost of delivery significantly in the future.

Although the number of constraints varied across HEIs, the evidence of such constraints suggests caution in ascribing to CVE the capacity to significantly broaden the resource base of HEIs.

7.4 Economic consequences

Data collected on external and internal efficiency highlight the difficulties HEIs have in making assessments of the economic consequences of their activity. In terms of external efficiency, the economic impact of a single CVE activity will typically be difficult to quantify, not least because the benefits often accrue over the long-term. One factor which will have a significant effect on the rate of return to CVE is sustainability: if the CVE described in Chapters 5, 6 and 9 continues over the next few years (without more development funding), estimates of the economic effect should be revised upward. Given the time frame of our research, sustainability has, however, been hard to estimate. There is nonetheless a need for an appropriate evaluation framework to assess CVE provision.

As much can be said for internal efficiency, although here there is greater scope for making an economic assessment. Costs data can be managed in ways which provide greater information on the costs of provision, and this alone can illuminate the decision process. The inadequacy of existing approaches may reflect a resistance to a way of thinking which is prepared to ask questions about resources, for what purposes they are being used, and whether the outcomes achieved are consistent with those intended. Improvements in the assessment of the economic consequences of CVE may require HEIs to be more oriented to the value of economic appraisal. In turn, this may be linked to the organisational context of CVE, an issue we consider in the next chapter.

8 Criteria for organising CVE

8.1 Existing models of organisation

CVE in HEIs has been the subject of inquiry and comment in a number of reports (UACE, 1992a and 1992b; Brennan, 1997). Our purpose is to build upon this earlier work but locate the analysis in a post-Dearing landscape, which can be expected to make CVE a more prominent part of higher education. In doing so, we benefit from the work of Brennan and Moorhouse (Brennan, 1997) who summarise the provision of CVE as occurring through four principal 'models' of organisation.

Model A Delivered centrally by CVE 'unit' or department, which promotes courses on a commercial basis, with or without expertise 'bought in' from subject departments.

Model B Delivered as above *and* by a range of subject departments, with a number of central functions for CVE, e.g. development, monitoring, quality assurance, and promotion.

Model C Delivery *entirely* devolved to departmental level, but with a strong central support through a range of functions, e.g. finance, development, monitoring, quality assurance, and promotion.

Model D Delivery devolved to departments, with little or no central support, co-ordination or monitoring.

While these are abstractions of existing forms of organisation – and ones which we have encountered in our own inquiry – they may not be entirely appropriate for an environment where CVE is likely to be part of the core mission of most HEIs. For example, model A can clearly be a successful part of an HEI but, as Brennan observes, such units may 'become relatively detached from the rest of the organisation' and, by implication, less appropriate for an institution committed to lifelong learning. He also recognises that HEIs organised according to model D can be successful. Noting that it is 'the most obviously deficient model of organisation' for promoting CVE, Brennan's detailed discussion nonetheless includes the following observation:

> 'The existence of this model need not, however, correspond with a low level of CVE. Institutions may have strong pockets of provision without a central support framework. Such pockets may be characterised by high levels of expertise and established reputations in particular niche markets. The absence of a "CVE" frame for the organisation or description of activity may be offset to some extent by the presence of another organising frame such as the graduate school or a professional development centre. Neither of these alternative frames is likely to include the range of work which might be described as "CVE" in an institution, however.'

At least two issues and one question are raised by this observation. First, the empirical recognition that CVE may be successful within an organisation where the organisational form does not predict success must lead to some caution about the general applicability of the models as a guide to institutional practice. Second, we must also be cautious about the distinction between the 'language of CVE' within an institution and its practice. It may be, for example, that some HEIs do a lot of CVE but do not describe it as such, and it would clearly be inappropriate to offer a critical account of organisation and provision in HEIs who may not use CVE as a descriptor of activity. Third, might there be aspects of the detailed organisation of CVE in these 'successful' model D institutions which can assist us in understanding and defining good practice? These issues and questions lead us to suggest that at this stage in our analysis we need to preface our conclusions about organisational forms with an examination of the principles which underlie them.

8.2 Principles of organisation

We take this approach on the basis that it may provide both a more reliable guide to the predictability of the success of CVE within an HEI, and a more elaborate account of the characteristics of an *effective* organisation. In framing our analysis, we suggest that two principles need to inform the organisation of CVE within HEIs. The first relates to the nature and extent of *institutional support*, and the second to the nature of the *reward or incentive systems* within the organisation.
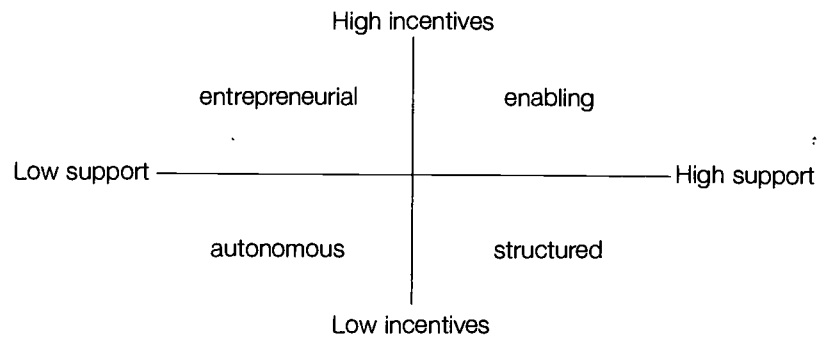
The first key principle underlying the organisation of CVE is the existence of institutional support, which is the primary focus of Brennan's models. If CVE is to be well supported within an HEI, we would expect institutional leadership which includes a strategic commitment to CVE. What can be expected to flow from this is an organisation with systems for responding to non-standard activity: an academic administration which is flexible about new developments in course design and assessment, modes of delivery, accreditation and validation; a student record system which can cater for the registration of non-standard recruits; a financial administration which assists in preparing budgets and advising on pricing policies; and the administration of external relations which is client responsive.

If CVE is to be provided as a significant or worthwhile part of an HEI, there must also be adequate reward or incentive systems to encourage activity. Whatever the structure of the organisation, attention must also be given to encouraging and sustaining the academic staff who must give the time and effort to lead and provide CVE activity. Establishing this as a key principle recognises that self-interest plays an important part in how individuals and groups respond to situations. Thus, we would expect CVE to be stronger in those institutions where financial and non-financial incentives are organised to support such activity. For the individual, this could mean direct payment for CVE activity, or recognition of CVE activity as part of a profile for promotion and career advancement. For the

department, it would mean direct financial benefits for CVE activity, such as an entitlement to retain course revenues, or lower top-slicing than for other activities. It could also include access to high quality accommodation on the grounds that market-based CVE activity needs such provision.

We present these two key principles as dimensions of Figure 1 and identify four *ideal types* as the basis of our preliminary typology of organisational forms: enabling, entrepreneurial, structured and autonomous.

Figure 1 Ideal types of organisational form for CVE

```
                        High incentives
                              |
        entrepreneurial       |        enabling
                              |
Low support ──────────────────┼────────────────── High support
                              |
          autonomous          |        structured
                              |
                        Low incentives
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In Figure 1, the 'enabling' institution is high on both rewards and incentives for those individuals and departments who engage in CVE, and high on the extent of institutional support for what is traditionally a non-standard form of provision. It does not follow that there needs to be a CVE 'unit', although there may be. For example, in an HEI where CVE is already well established, a decentralised system of management relying on incentives, supported by a customer-responsive central administration, may not require a specialist 'unit'. In these circumstances, reliance on institutional guidance through processes of strategic planning may be sufficient – much as some HEIs support mainstream teaching and research. For those HEIs seeking to make CVE part of their core mission, this may be the type of incentive and organisational structure to which they might aspire.

In the 'entrepreneurial' institution, there will be an emphasis on rewards and incentives for individuals and departments, although these may be generalised in their application and not geared specifically to CVE. This could occur in HEIs with highly devolved management systems which allow local 'entrepreneurs' to engage in income-generating activity and retain revenue earned. In such HEIs, the culture will be neutral about CVE development and it will not be prominent in strategic planning. It can lead, however, to Brennan's model D organisations which are significant providers of CVE – often in niche markets – but where there is no specific central support and where the activity may not even be described as CVE. In these HEIs, provision relies on 'entrepreneurs' in the faculties, schools or departments, who may have to struggle with administrative systems poorly equipped to deal with non-standard provision. It is an environment which requires 'champions'.

In the model characterised as 'structured' in its organisation of CVE, the emphasis is on high institutional support, but with limited incentives for individuals and departments. In these cases, we might expect institutional leaders to have a high declared commitment to CVE, and a central administration which allows for the flexibility required for effective CVE. However, there may be an over-reliance on institutional infrastructure and too little attention to rewards and incentives for individuals and departments. It is an approach which can co-exist with strong central 'units' or even devolved systems (Brennan's models B and C), but with traditional models of reward, so that departments are subject to a high top-slice for overheads, or individuals discover that 'traditional' research and teaching remain the necessary conditions for career advancement.

In the 'autonomous' model, reliance is exclusively on CVE 'champions' wherever they are found within an institution. These would be circumstances where central support is not geared to non-standard provision and is not sympathetic to its needs, and where 'traditional' norms of research and teaching are the key to career advancement. It may not be too implausible to suggest that in some HEIs the provision of continuing education in the recent past has been on this basis.

As with Brennan, we recognise that these *ideal types* are 'abstractions which serve to simplify complex information'. They serve, nonetheless, as a frame within which we can specify the criteria which HEIs need to consider when designing a management framework which not only provides *institutional support* for CVE, but also gives *incentives* for individuals who, as always, are the key to the success of any educational endeavour.

8.3 Criteria for effective management of CVE

In the previous section we outlined the general characteristics we might expect to see associated with the provision of a range of effective CVE programmes. Here, our purpose is to provide a more specific set of criteria which can then form the basis for an analysis of the data collected in Phase 2 of the study. In doing so, we distinguish between criteria related to institutional support (for which we draw upon the criteria prepared by Brennan (1997) on external promotion, internal promotion and good practice in the management of customer relations), and the incentives for the individuals or departments/groups making the provision.

8.3.1 Criteria signalling institutional support for CVE

We set out the criteria on institutional support in five groups:

Institutional leadership
- commitment to CVE in key HEI strategy documents;
- clarity on targets for development;
- strong central committee as an institutional focus; and
- champions of CVE at a senior level in the institution.

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Academic innovation
- CVE linked to other areas of curriculum and teaching development;
- credit accumulation for award-bearing programmes;
- support for flexible modes of study;
- support for innovative forms of assessment; and
- prepared to negotiate discrete initiatives.

Client infrastructure
- clear points of contact for general enquiries;
- effective follow-up of contacts;
- student record systems accommodate CVE registrations; and
- quality assurance procedures tailored for CVE.

Provider infrastructure
- financial administration assists in preparing budgets, costing programmes and invoicing clients;
- continuity of support from one year to another;
- HEI provides information on opportunities and benefits of CVE development;
- quality accommodation available for courses;
- development and maintenance of client data bases;
- central co-ordination and guidance on publicity;
- central support for market research; and
- HEI supports network meetings of CVE practitioners.

External relations
- senior HEI representation on relevant external bodies;
- promotion of CVE to external bodies;
- use of a range of promotional approaches; and
- readiness to collaborate with others within and outside the HE sector.

8.3.2 Criteria signalling incentive and reward systems

We set out the criteria on individual/departmental support in three groups:

Recruitment, retention and promotion
- an individual's CVE potential as a criterion in recruiting staff;
- recognition of CVE development and teaching in promotion;
- recognition of CVE administration in promotion; and
- an individual's CVE activity accepted as part of their general teaching.

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Financial benefits
○ individuals may gain direct payment for CVE activity;

○ departments retain revenue gains from CVE programmes; and

○ university top-slicing is reduced to encourage CVE development.

CVE development
○ use of internal funds to support new developments and encourage innovation;

○ support for preparing research and development bids on CVE;

○ support for developing new initiatives;

○ networks of practitioners to exchange good practice and support individual initiatives; and

○ HEI-wide recognition of CVE developments.

8.4 Applying the criteria

In this part of our analysis our aim is to apply these criteria to the range of HEIs visited in Phase 2 of the study. This allows us to examine the applicability of our ideal types and the criteria derived from them. Moreover, the criteria provided a basis for the selection of a set of institutions for further visits in Phase 3. These case studies are presented in Chapter 9.

8.4.1 The nature of institutional support

Institutional leadership
For many HEIs, CVE is an activity which is marginal to the traditional core mission of teaching undergraduate and postgraduate students and undertaking research. In this environment, there is a need for strong institutional leadership if CVE is to develop into a more central part of activity; this leadership is apparent in many of the HEIs visited, although the explanation for this differs. At Rowley, Cape, Benton, Keaton and Sheldon the commitment from institutional leaders seemed particularly strong: it was apparent in key strategy documents; in the clarity of targets for development; through a major central committee which gave development an institutional focus; and through CVE champions at a senior level. In Rowley, this is almost certainly owing to the major place of CVE in the college's existing work, while at Cape, Benton and Sheldon it probably arises from their substantial history of working in vocational areas with close contacts with employers. At Keaton, the position is somewhat different and represents a clear shift of strategic focus, with the university moving beyond its traditional base of undergraduate programmes and seeking to position itself as a regional and national centre for lifelong learning.

The emphasis on CVE in mission statements and management structures in these HEIs should be set in context. There were other HEIs where CVE provision was more substantial – for example, Serendip compared with Keaton. What distinguished the latter was the energy being put into giving

the university a new direction in this area of work; whereas at Serendip the use of development funding appears to be geared to doing more of what is being done already. Whether leadership is being converted into an institutional and academic structure which provides appropriate support for CVE is the next aspect of our analysis.

Academic innovation

If CVE is to be understood as a key component of HEI developments in lifelong learning, it needs an environment which can adapt to new methods of teaching, learning, assessment and accreditation. For this reason, our analysis of a suitable organisational context for CVE includes collecting data on flexible modes of study, innovative forms of assessment and the capacity to accumulate credit towards academic awards. We might expect to find a positive institutional attitude to work-based learning, in-house training and non-traditional students, for example. Allied to this, we would expect to see a readiness to negotiate discrete initiatives which could include the validation of activity with partners inside and outside the HEI. Finally, if CVE is to be a central part of an institution's mission we would expect the management of its curriculum and teaching development to become increasingly integrated with the rest of the HEI's work.

For many HEIs in our study, these features are already prominent, reflecting their existing provision for non-traditional and part-time students. Nonetheless, the data we have collected point to some HEIs as strong on these aspects of academic innovation, notably Cape, Oakfield, Carfield and Benton. We would also note Orleans, Keys, Fitzsimmons, Woodford, Sheldon and Keaton, Keaton's distinctiveness reflecting its desire to implement strategic change rather than having achieved the necessary structures to enable flexible and lifelong CVE. We might also note the aspirations of Rowley and Cromer, but reflect whether the latter's need to have courses accredited and/or validated by a neighbouring HEI serves to inhibit the development of more flexible programmes. This willingness to be innovative in academic provision is a necessary condition for developing CVE, but is not sufficient. A readiness to be responsive to clients is another attribute of organisational success.

Client infrastructure

We suggest a number of indicators for assessing the responsiveness of HEIs to their clients: student record systems which accommodate CVE registrations and recording of progression (representing a general approach which makes for ease of progression through an institution's procedures); quality assurance procedures tailored to the sometimes distinctive requirements of CVE; clear points of contact; and effective follow-up of contacts. In the data we have collected, these were not areas of great strength in many institutions, although many had identified them as important. A number had clear points of contact for enquiries. Few had a single point of contact, although this was not always appropriate for HEIs where CVE was pervasive. There was greater evidence of effective follow-up on contacts, and some clearly recognised the benefits of maintaining

contacts with corporate clients for repeat courses, and extension and refresher courses. Student record systems were not examined in any detail in this phase of the study but, where they were, it appeared that CVE registrations were often dealt with differently to clients on more conventional modes of study. In about half the HEIs we visited, quality assurance systems seemed reasonably well adapted to the specific requirements of CVE. Of the whole set of HEIs, Rowley, Cape, Monroe, Woodford, Benton and Sheldon appeared to be strongest in this area of institutional support.

Provider infrastructure

Another set of factors which can contribute to effective organisational support for CVE relate to what we have called provider infrastructure – factors which point to the capacity of the institution to support the work of those engaged in providing CVE. These include: market analysis; support on financial administration; co-ordination and guidance on publicity; development and maintenance of client data bases; and support networks to discuss and share good practice for those working on CVE within an institution. The self-financing nature of CVE activity means the quality of financial administration can affect readiness to engage in the work. Staff must also feel that good quality accommodation is available for courses, whether this is in the HEI or elsewhere.

Relatively limited data were collected on some of these factors in our initial visits, but they point to an area where provision may need review; however, among those who performed reasonably against these criteria are Newtown, Cape, Oakfield, Woodford, Benton and Keaton.

External relations

Developing the scale and profile of CVE requires a good deal of attention to relations with outside bodies and potential clients. Almost all HEIs recognise the significance of this domain of activity and commit people and resources to it; Coopers, with its distinctive mission, was notable in not being as committed to this work as others. There is also evidence of some HEIs seeking and failing to deal successfully with some outside agencies, notably their local TECs, for reasons which relate more to the other agencies than the HEIs. Among the group of HEIs visited, Newtown, Oakfield, Fitzsimmons, Woodford, Benton and Keaton seemed particularly prominent activists in this area, with two institutions having strong relations with the local TEC, including a jointly financed development officer.

Taken together, our preliminary evidence on institutional support shows almost all the HEIs visited scoring on each of the domains we have identified. Given that each of these HEIs was in receipt of development funding, it is to be expected that each would score on one or more of the criteria we identify for institutional leadership. On academic innovation, all except two HEIs show evidence on two or more of the five criteria, with two – Cape and Benton – scoring on all five. Client infrastructure was

generally not as strong as it might need to be for substantial development in the scale of CVE activity; provider infrastructure is also somewhat under-developed. By contrast, most HEIs give significant attention to external relations.

Comparatively poor performance on client and provider infrastructures may reflect two aspects about CVE development in these HEIs. First, CVE remains a small-scale activity by comparison with the main teaching and research of most institutions and, for this reason, client and provider infrastructures are not sufficiently geared for CVE. Second, if CVE is now acquiring greater salience in institutions, it would be expected that this would first show in institutional mission statements and strategic plans. Innovation in academic management, such as flexibility in modes of provision and arrangements for credit accumulation, would also be expected in order to prepare an institution for future development.

Taken together, while all these institutions score on the category of *institutional support* there is an apparent diversity of performance. A broad categorisation shows about one-third with rather less institutional support than may be necessary to sustain major development in CVE activity: Highgate, Newtown, Orleans, Serendip, Coopers and Cromer. At the level of institutional commitment to development and change, a set of others appear to be better placed: Rowley, Cape, Keys, Oakfield, Monroe, Fitzsimmons, Carfield, Woodford, Benton, Keaton and Sheldon.

To the extent that CVE may be moving from being a marginal activity to attaining a more central place in the work of HEIs, we might also expect to see change in the incentive and reward systems of HEIs, so that individuals and departments are encouraged to engage with the activity.

8.4.2 Incentive and reward systems

Recruitment, retention and promotion
If CVE is to be a prominent part of the work of HEIs, approaches to the recruitment and promotion of staff must be reviewed. In many HEIs, recruitment and promotion increasingly emphasise the potential for research. While this is understandable in an era when research income is one of the areas of potential growth – both as a direct and indirect result of the Research Assessment Exercises which redistribute significant sums on the basis of research output – it does not necessarily assist in the development of CVE. Yet, while CVE is also an area of potential growth and development, this has yet to have the same impact on institutions as research activity. If institutions are to expect their staff to commit their energies to these developments, however, the work must be given greater significance.

This is an area where we did not collect data systematically during our initial visits but we are able to provide some representation of what is occurring. In some HEIs, for example Rowley and Cape, the way CVE is defined already places it at the centre of institutional activity, so it is an area where the work of staff can be expected to be recognised. Elsewhere, even

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in institutions where there was high institutional support, for example Benton, lecturers often spoke of CVE as an activity which was not 'rated' within their departments. Indeed, there was a strategy to try to explore the research potential of CVE activity as a way of attracting the university's academic staff into the area.

Financial benefits
Data collected during our visits also offered preliminary evidence on the way institutions used finance as part of their incentives to develop CVE. There was limited evidence of individual academic staff gaining financial benefits from successful CVE activity. This needs careful management if the CVE is to become a major feature of work. One approach is the 'profit' sharing schemes operated in some units, notably those dealing with overseas work where the distinction between private consultancy and employment-related activity is difficult to define. More typically, there was evidence of departments benefiting from CVE trading: Monroe, Fitzsimmons, Woodford, Benton and Sheldon operated devolved financial systems where the financial gains of CVE were retained by departments. More HEIs used their discretion over overheads to support CVE activity, either by charging a lower overhead on CVE compared with other income-generating activity, or by not taking an overhead from the development funding so that the money could support a greater number of initiatives; examples are Cape, Serendip, Monroe, Fitzsimmons, Carfield, Benton and Cromer. As with recruitment and promotion, this is clearly an area where HEIs need to review their policies to ensure that appropriate incentives are in place to reward CVE work.

CVE development
The development funding plays a crucial role in providing support for individuals and departments to develop new or extend existing CVE activity. With the exception of Coopers, all the HEIs used these funds to support new developments and encourage innovation, as well as offering central support for developing new initiatives. Many also gave support to staff preparing research and development bids to extend CVE activity, and some were placing great emphasis on the use of development funds to lever in funds from other sources, such as the EU and the Urban Regeneration Budget. A smaller number, including Orleans, Benton and Keaton, maintained networks of CVE practitioners as a way of exchanging good practice and supporting individual initiatives, with some ensuring that these developments were given recognition in institution-wide newsletters.

In terms of rewards for individuals and departments, it is clear that the development funding is a key source for incentives. What is less clear is whether HEIs have developed suitable policies to provide long-term incentives for staff to become professionally committed to CVE. We have already commented that as HEIs develop their profile of CVE, we might expect to see initial evidence of change in strategic documents and academic innovation. What is also required is attention to the incentive structure for the people and departments who, ultimately, are the key to success. A broad

approximation suggests that in about half the HEIs visited, policies on rewards and incentives are under-developed for sustaining major development of CVE activity: Highgate, Newtown, Orleans, Hilltop, Serendip, Keys, Oakfield, Coopers, Carfield, Woodford, Sheldon and Cromer. Elsewhere, there is evidence of suitable policies being developed – Rowley, Cape, Monroe, Fitzsimmons, Benton and Keaton – with Benton having the clearest set of policies to encourage personal and departmental activity.

8.5 Identifying case studies

The application of the criteria enabled the selection of a set of HEIs for more detailed inquiry, and the preparation of case studies representing distinctive and, typically, good practice. To this set we added two HEIs which did not receive development funding but which had characteristics making them worthy of further study. This led to the preparation of nine case studies which are reported in the next chapter. Following these case studies, Chapter 10 offers an analysis of the effectiveness and cost-effectiveness of organisational practice.

9 Case studies of organisational practice

In Chapter 3 we described the selection procedure for the case studies of CVE practice. The case studies which follow are intended to illustrate best practice within the particular context of each HEI, using the models and criteria developed in Chapter 8 as the basis for the analysis. Because information was provided in confidence, we have used fictitious names. Brief descriptions of all the HEIs visited are given in Annex 2. Each case study has a common format.

° Elements of success are identified.

° A statement of context and scale is provided.

° An analysis is made of the organisational context which helps understand the reason for good practice.

° A summary of key organisational characteristics is presented.

There are nine case studies. These include two HEIs (Hanson and Zara) which did not receive development funding, but do undertake CVE work. In some ways their inclusion can be used as a benchmark against which some of the impact of development funding can be assessed. The nine case study HEIs are:

° Benton

° Cape

° Fitzsimmons

° Hanson

° Keaton

° Monroe

° Rowley

° Woodford

• Zara.

These case studies should not be taken as comprehensive accounts of CVE provision in each institution or, indeed, a full account of activity stimulated by the development funding. Our primary purpose is three-fold. First, we use the studies to illustrate the types of CVE activities occurring in each HEI and to draw attention to some of the significant developments. Second, they illustrate how a set of organisational factors can contribute to development. Finally, they illustrate HEIs at different stages of development, and how contextual factors inform the nature and progress of CVE. In these respects they constitute a set of cases which are subsequently drawn upon for the more general analysis and conclusions in Chapters 10 and 11.

Benton

Elements of success

Benton University has achieved, or is developing:

* structured management of CVE initiatives and projects with effective institutional support;

* a strong portfolio of CVE-related activities from external funding; and

* innovative incentives for encouraging academic staff to become involved in CVE.

Context

Benton is a large university with a full range of academic and vocational courses, 20,500 students and nearly 1,100 academic staff at the end of the academic year 1996/97. The university has a full range of academic departments and some specialist satellite departments. Relatively distant from other HEIs, the university has focused on the local region and formed close links with external agencies. The salient characteristics of the region are the existence of a dispersed population, an under-developed market for CVE, and an area with small, low-technology industries.

CVE provision

In total, the HEI organised over 300 CVE events in 1996/97, with almost 6,000 participants. Total gross income was over £2m from either short or long courses (credit-bearing and non-credit-bearing) or consultancy. The university secured the maximum amount of CVE development funding of £300k per year, which is managed by its Training and External Developments Centre. The centre has a broad conception of CVE and used the funds for initiatives in CPD, technology transfer, accessing SME markets and the promotion of flexible learning. CVE development-funded provision in 1996/97 involved 35 new courses with 1,376 participants, with income of £78k. (In comparison, in 1995/96 development-funded provision was used in relation to nine new courses, with 159 participants, and attracted £17k in income.)

Given the size of the HEI, CVE managers had conceptualised CVE in such a way as to maximise its links to other mainstream activities, under the following six themes:

* CPD;

* SME activity;

* flexible learning;

* technology transfer;

* marketing; and

* analysis and evaluation.

These themes were inclusive of what is broadly termed 'CVE', cut across subjects and modes of provision, and encapsulated CVE for this HEI. This facilitated a strategy for CVE and articulated the relationship between CVE and other activity. Developments could be measured and monitored against past activity for each theme.

Recognising CVE to be diverse and diffuse, the themes linked to operational objectives which in turn could be related to other externally funded projects. This reduced the danger that CVE could be seen as nebulous – that is, any HE activity which was not mainstream teaching and research. In view of the large number of external projects which the CVE unit was developing, it was important that CVE was not regarded as *ad hoc*.

Benton used development funds to complement external income, yielding an extensive portfolio of related projects from a variety of funding bodies. CVE was eclectic and included the development of an Internet Learning Laboratory; a broad range of

CPD courses for professionals in business, engineering and agri-business; projects allied to its Teaching Company Schemes; and the employment of a research fellow to assess the feasibility of CVE in particular departments.

It was felt that management of development funds required a clearer managerial steer, and integration into the institutional strategy. The themes were also used to articulate targets for future CVE activity. Sceptical of the value of medium-term projections of student numbers or income streams, the CVE unit evaluated achievement thematically: for example, the targets relating to CPD were to 'clarify the positions of professional bodies' or 'ensure information resources were sufficient'.

Understanding success

This institution exhibited good practice in CVE organisation in terms of its overall management. The degree to which incentives are embedded in the organisational structure varies across departments and across personnel. However, the HEI had developed CVE which had many of the positive traits which we class as supportive. In relation to the ideal types (see chapter 8.2 above), the organisation of CVE at Benton can be classed as structured in some areas, and enabling in others. The strong support for CVE helped it to meet the challenge of developing CVE in a large institution, with under-developed markets.

Benton has strong and demonstrable *institutional leadership* for CVE. This was evident in the working roles of the CVE manager, as a member of the senior management team, the deputy

vice-chancellor and the vice-chancellor. The first two of these were 'champions' and 'change agents' for CVE across the university with positions on a number of central management committees. The university's principal planning document also bore out the importance of CVE to the HEI.

Client and provider infrastructure must be appropriate for CVE to succeed. The Short Course Administrative Units are the mainstay of the 'provider infrastructure'. The units administer CVE within departments or faculties:

* advertising, servicing and administering short course activities;

* liaising with finance;

* maintaining data base information;

* ensuring adequate facilities;

* collating documentation for assessment and evaluation; and

* gathering market intelligence.

The CVE manager oversaw the creation of these units, and was able to assist them to build on the experiences of other units within the HEI. Guidance was also given on market research.

Understanding that academic staff were course managers as much as course providers, the CVE manager oversaw procedures and facilitated independent initiatives, rather than set the rules for provision. The result was that the infrastructure could be tailored to the particular circumstances of the course providers. This occurred within a clear framework for the allocation of funding within the HEI through a transparent, facilitating bidding system. There was support for flexible modes of study and

assessment, as well as the expectation that discrete initiatives with companies or external agencies might be negotiated.

One innovative approach to improving *client infrastructure* related to the education provision itself. A difficulty for CVE is that business is often unsure about what opportunities are available for increasing skills, and an HEI may not know the skills that business needs. General solutions to this information problem are often hard to find. At Benton, one solution involves personal and professional profiling for undergraduates. Profiling aims to encourage continuing learning from undergraduate study through to professional development. The hope is that if graduates are aware of their professional skills, and if an HEI gives clear information about CVE opportunities, this will support the development of sustainable markets for CVE.

Effective institutional support also requires good *external relations*. The CVE team recognised the importance of a co-ordinated marketing strategy for undergraduate, postgraduate and CVE provision, so that the institution benefited from the synergies of marketing, and could present a unified face to business, and further development was planned.

External relations also includes a willingness to collaborate with others. Benton had close links with the regional TEC, the nearest HEI, and FE colleges across the region. Research activities were often undertaken collectively and development plans were also shared. This was effective in:

* reducing the likelihood that provision would be duplicated across the sector;

- enhancing academic credibility across the sector; and

- leading to compatible structures for credit accumulation.

Despite the support which the HEI offered, there is still a need for *incentives for individuals* to undertake CVE. For most academic staff, CVE is still a marginal activity, and will remain so unless there are sufficient rewards from it. The position in terms of rewards for undertaking CVE at Benton was unstructured. Some staff were paid extra for CVE as an additional responsibility. Often staff were engaged in CVE through a desire to 'make it work'. Informal support was sometimes given to particular initiatives, and academic staff appreciated the opportunities for involvement in the HEI's strategy, but the direct rewards were often limited. The HEI recognised this and was developing two responses.

First, incentives for CVE were increased by linking them to promotion criteria. Teaching fellows had been created, which were equivalent in status to a readership, and awarded for teaching in any field. Second, CVE activity was linked into initiatives in IT and distance learning.

The strategy for IT-based provision had three strands:

- stronger ties within a partnership college network, helping to provide physical satellite centres for provision;

- development of an external infrastructure for IT provision through a large-scale externally funded project to ensure that clients had the technological resources to receive provision; and

- incentives for academic staff through the availability of in-house resources to simplify registration, delivery, assessment and evaluation of courses, and to implement and adopt new technologies.

Development funding was used to transform the 'stick' of greater contact hours into a relative 'carrot' of easier administration and greater efficiency within those contact hours.

Benton has developed strong institutional support for CVE within a flexible model of provision. The thematic overview of CVE contributed to a clearer conception of CVE, and how it could complement other initiatives, and reflect changes in the higher education environment. In several departments, the HEI had achieved a structured provision of effective CVE; in the remainder, both support and incentives were high and Benton may be described as organised to enable CVE.

Cape

Elements of success

Cape University has achieved, or is developing:

o projects of international importance aimed at economic regeneration and SMEs;

o innovative IT-based delivery;

o a sound organisational framework; and

o a philosophy as a guide to strategy and development.

Context

Cape University is in an urban environment and has recently undergone significant organisational restructuring through merger. Health is the main new large area to have emerged. Since the early 1980s there has been an emphasis on developing capability for jobs. Enterprise in HE Initiatives aided this process (e.g. embedding core skills in the undergraduate curriculum). The university is well known for established links with industry, commerce and the public sector. Many courses have close links with employer-based accreditation bodies. These long-standing industrial ties underpin the rationale for CVE.

CVE provision

Combined development funding from the two merged institutions was £400k, which was distributed through a joint committee of both university and university college personnel, who worked to the objectives of both bids. There is a substantial CVE profile, with 336 FTEs and over 100,000 student hours in 1993/94. Cape has strong links with FE; 40 per cent of the university's students come from 27 of the 34 colleges in the FE/HE consortium. The university aims to increase the number of FTEs it generates through CVE to over 400 in the first two years (from 336 in 1993/94), and to over 420 in the following 2 years.

Cape views CVE as:

o short updating courses;

o single modules (with or without credit);

o professional programmes (CPD);

o postgraduate programmes and development initiatives, e.g. ODL; and

o work-based learning.

The main strategic theme is to meet the needs of mature learners by offering a flexible and rounded service of learning, support and guidance which will increase their capability within the workplace and local community. This strategy has five elements:

o integration and use of ODL;

o mainstream development of postgraduate programmes;

o increasing the flexibility of provision and accreditation;

o increasing the provision for the ATHENA Network (see below); and

o developing partnerships.

Cape has used the development funding creatively. First, £100k supports a strong central administration. Second, funding has bought staff time to develop a range of new higher degree courses in such subjects as clinical radiographic reporting, and health professional education in occupational therapy or rehabilitation. Third, a Learning and Research Centre has developed a range of innovative provision linked to research opportunities. Fourth, ODL modules were being developed in environmental engineering, information systems and IT. By developing core and transferable skills, Cape helped corporate clients to gain

'Investors in People' awards. Finally, in its work aimed at economic and social regeneration, SMEs and decision making within supply chains, the university has also made an important contribution.

Cape has sought to enhance economic capability through: a Training for Industry initiative for improving the capacity of SMEs through training; a Key Skills Project with 33 colleges focusing on the skills necessary for success in HE; facilitating access to higher level learning; and, through accreditation of prior (experiential) learning, capacity to improve access and flexibility.

Other projects will also have significant economic impact in coming years. ATHENA is the basis of 32 research projects aimed at economic regeneration, and forms a platform for CVE project development. It provides on-line business support services to local businesses; delivers multi-media on-line training resources; and creates, promotes and demonstrates new applications.

As part of the ATHENA Network, Cape has developed the Virtual Chamber, a 'virtual business community' developing business and commercial applications through the Internet. It has an accumulated value of £6m, with development funding as matched funding, and has recruited about 35 companies to date, with a target of 400 by the end of 1999. By April 1998, on-line CVE-related services and activities will include:

- core skills programmes for company directors;
- learner support tool kit;
- occupational safety and health;
- creative technology;

- virtual law;
- electrical and electronic engineering;
- credit management;
- human resource development;
- managing IT;
- design management; and
- research (33 doctoral researchers).

Understanding success

Cape has pursued a wide-ranging CVE strategy whilst simultaneously attaining a sharp focus around IT-centred economic regeneration. Although the CVE unit itself is entrepreneurial, the HEI's organisation of CVE may be classed as structured. This has given CVE a strong institutional profile.

Cape's vice-chancellor is very pro-CPD and has introduced a new strategic framework which is based on three principles:

- high quality learning environment;
- widening access; and
- expanding all lifelong learning activities.

Commitment to these three goals is evidence of *institutional leadership* and is conducive to future CVE development. By raising the agenda of CVE, development funding has helped CVE to become part of the 'central structure'.

However, the real drivers for CVE are within departments, each of which needs a 'champion'. University-wide champions – the CE director, director of graduate school and the pro vice-chancellor for teaching and learning – are the facilitators aiding the departmental 'champions' to realise CVE goals. The organising capacity of the Continuing Education Unit (CEU)

is the fulcrum for any institution-wide impetus to raise the status of CVE.

The CEU is located in the Graduate School. This gives the unit representation at senior management level and enhances and promotes its image within the university. The unit provides support for delivery of CVE, ensuring coherent use of money. The head of CVE and director of CE lead development funding initiatives. The CEU incorporates:

- a centre for action learning and research;
- open and distance learning;
- courseware development;
- a technology education development unit;
- a centre for advanced inter-professional development;
- a problem-solving centre; and
- administrative and secretarial support.

CVE is thus embedded within a unit which houses a range of complementary services and areas of expertise. The unit's work is based on a philosophy of continuous development, improvement and learning which recognises and meets the demands of the mature learner. It aims to provide them with high quality, professional and appropriate learning experiences through:

- more flexible provision;
- enhanced learner support;
- increased accessibility;
- developing alternative and new markets;
- quality assurance; and
- accreditation.

Academic innovation has emphasised developing ODL. For example, the

ATHENA project involves cabling the campus and the local authority in order to offer a wide range of services to the community on a range of technology platforms. The Virtual Chamber (of Commerce) is another key example. IT has been harnessed to solve particular problems. To reduce a 40 per cent drop-out rate on award-bearing courses, a Learner Support Tool Kit had been developed working with Lotus IBM. It enables peer and student support for ODL.

Development funding has been used to make pedagogy more 'learner-centred' through small allocations to develop innovative practice. The goal is to transform courses which have a distance-learning base into an ODL format with comprehensive student support.

A team of seven staff in the Educational Development Unit, which incorporates the Access Development Unit, supports internal staff for:

- core skills development;
- guidance into courses;
- study skills;
- 'making experience count' – AP(E)L; and
- FE/HE consortium initiatives.

Physical resources for clients also support CVE. Cape has high quality seminar and conference rooms and video-conferencing facilities. All departments have agreed to develop CVE activities within their strategy, and there are targets for raising participation in CVE from one-quarter to about three-quarters of all staff within the next two years. There is also an injunction on CVE bidders to undertake market research and analysis, with clear criteria defining a 'good bid'.

Some areas of CVE work require further development. First, there is no central co-ordination of CVE publicity; this has been left to departments until recently, with the appointment now of a director of external relations. Second, there is also a need for a central access point and to 'shop around' through an 'information hot house' which provides access and guidance. An audit on what is available is being prepared as the current mechanism is insufficient. Internal documents indicate that the university is aware of the issue and is pushing for financial support for solutions. Third, there is a low level of participation in HE by the immediate local community. Creating better links with local schools is one strategy being pursued. Fourth, there is a student records system for courses with more than 10 modules, but with no software for exploiting data for marketing. Reward and incentive systems for individuals and departments seem relatively weak compared with some HEIs, though the situation varied between departments (especially on CVE activity as a staff promotion criterion).

Cape's CVE framework can best be described as structured with high support, but relatively few reward systems for CVE. There is strong, committed and institutionally-grounded management, with intensive academic innovation and support from high levels within the institution. The result is an impressive array of initiatives with a high IT component, tailored to the needs of learners.

Fitzsimmons

Elements of success

Fitzsimmons has achieved, or is developing:

○ high level management support for CVE based on a 'one-stop shop' strategy for provision;

○ a reward and incentive structure encouraging staff participation;

○ targeted curriculum areas with poor history of CVE activity; and

○ IT as an important agent for institutional and pedagogical development.

Context

Fitzsimmons is a small city centre university with about 5,000 students; its student population has remained stable against general sector growth. For some staff this symbolises an image of excellence. The HEI has a history of links with industry through vocational or applied course provision. Yet, the feeling is that the university has not always catered for the needs of the economy, either in provision or attitudes, failing to demonstrate an awareness and responsiveness to industrial and commercial needs. By the 1980s it was 'out of touch with the world of work'. With a 'traditional' ethos it had become an 'old style academic institution', although with an untapped strength in the network of contacts with industry through generations of graduates.

CVE provision

The award of development funding of £300k per year instigated a change in policy towards the position, role and relevance of CVE in university activities, and had a gearing effect on the resources committed to support these changes. Since 1994/95 development funding has led to 29 new courses and a 54 per cent increase in delegate hours of CVE. In concert, the university has provided £270k per year in overhead support and a £1.5m investment loan programme for improving accommodation and facilities. CVE activities are intended to become sustainable, with development funding extending current operations from the Business School, languages and European studies into civil engineering, health and safety, and vision sciences.

Development funding has helped the HEI to cater for the needs of the economy. In this respect the university has returned to its roots, working hard to re-establish its relationship with the world of work, although it still has some way to go to realise these new objectives. Part of that process is restructuring into four schools, with an Institute of Continuing Studies (ICS) as the organisational centre for CVE development.

The ICS is a marketing, business development and administration centre, although it exerts considerable influence over activities, through its executive powers over staffing and rewards for CVE activities, and responsibility for HESA returns. In the academic year 1997/98 ICS income is projected to be £2.7m, though not all of it is from CVE activities. A trading surplus of £330,000 will come from associated residential and catering services. A proportion of the ICS director's salary is performance-related.

The ICS has strong links through a pro vice-chancellor to all major committees, and exerts considerable influence on both staff and curriculum development across the institution. For CVE to flourish, the ICS is having to adopt an institutional development role. This was achieved by offering departments rewards through retained income and incentives to staff. This influence looks likely to be extended, reorienting pedagogical development through the use of IT and broadening access.

Fitzsimmons is positioning itself as a 'leading-edge player with leading-edge companies' offering continuing professional and managerial studies for people predominantly in 'fairly senior positions'. It aims to become a 'one-

stop shop' for the CPD needs of large and medium-sized companies, and its current portfolio of clients and range of activities reflect this. Its values are therefore more 'client-driven than mission-centred'. A central feature of CVE provision is that it 'caters for and meets company needs', and it 'fosters the competitiveness of clients'. Securing contracts in a competitive tender 'is the assurance that Fitzsimmons was considered to be the best value for money'. New, high quality accommodation is offered to support these clients. There is a possible 'route' from postgraduate study to CPD, but the university has no wish to work at sub-degree levels, acknowledging that a large neighbouring HEI 'can do it better than we could anyway'.

As an adjunct to this, the university sees itself providing an integrated 'applied curriculum' through its sandwich course structure for both undergraduates and postgraduates, in addition to its CVE CPD provision.

Understanding success

Pivotal to these changes is the leadership provided by the new vice-chancellor, who has given a renewed impetus and emphasis to links with industry and commerce. The pro vice-chancellor also wants CVE to become 'more and more in tune with the market' and less 'primarily academic'. This accords with policies to reduce dependence on HEFCE funding generally, and the shift in emphasis over appointments. More company-sponsored research and links with professional associations are sought, so that CVE becomes the 'conduit' for wider institutional involvement in the economy.

The director of the ICS is a member of the university's Academic Planning and Strategy Committee. ICS is also represented on each of the four School Boards of Study, which scrutinise proposals for curriculum development before they are presented to Senate.

These changes also require staff with new attitudes. These are people with 'industrial or commercial backgrounds' and 'industrial and academic credibility', who will 'enhance the university's standing with the leading-edge companies' that predominantly make up its CVE portfolio. The ICS director plays a key role in the staff selection process, as well as making decisions about staff participation in CVE activities.

The new vice-chancellor wants the university to reposition itself in the region, following criticism of its local impact and the obvious financial success of its near neighbour. In doing so it revisits an earlier chapter in the university's history. Fitzsimmons is redeveloping links through CVE targeted at SMEs and ethnic minority businesses. It is struggling to make these financially viable and is subsidising 'loss leader courses'. Development funding reduces the financial risks accompanying innovation, so that tough 'marketing targets' can be addressed. The HEI needs to find ways to work with people who 'can't pay our rates'; some CVE work with SMEs was initially a failure because of the high costs. However, these failures have led to a rethink on better access to that market by using IT. This reduces the problems of time, access and cost. Work-based learning is also becoming more prominent and there are experiments in video interfacing, and cable and

digital TV. Use of CD-ROMs was considered, but until commercial operators make decisions about them the university is reluctant to implement development. At present Fitzsimmons is keeping IT options open. It was felt that without development funding the re-vitalised role of the university might evaporate, and efforts to improve access from within the region would wither.

Development funding has been directed at proposals from departments which have relatively little CVE activity. To stimulate wider institutional involvement in CVE, new developments in higher risk areas are supported. CVE has developed within the institution because it provides financial incentives for staff. The policy is to look to improve longer term sustainability in less strong areas.

The ICS, at present, has no firm view on pedagogical development, leaving this to the schools. However, through its involvement in IT developments (which it directly funds), a range of examples of good pedagogical practice are evolving. IT developments include:

- video-conferencing;
- video recording of lectures and seminars;
- broadcasting on a pay as you view channel; and
- interactive CAL modules.

The ICS also has the role of brokering arrangements between clients and the schools who deliver courses. CVE as 'graduate top-up education' incorporates existing products from the wider postgraduate menu, modified in discussions between the university and clients. This is a 'cost-effective way of extending opportunities', and one way of 'achieving client

satisfaction'. The ICS is also responsible for ensuring academic quality standards and assessment procedures for the courses it runs.

Provider infrastructure has also been developed, although this has been more through the sharing of ideas than improving physical infrastructure. Central to this role is the work of the ICS CVE co-ordinators in:

* disseminating good practice between schools;

* acting as catalysts for change through the development of institutional networks;

* integrating the coherence of what is offered to clients; and

* integrating and managing contacts with clients across the university.

The CVE curriculum is the product of a dialogue between the university and clients. However, it is acknowledged that the clients have a better idea of the value of CVE than the university because they can 'track' the careers of the people involved.

Fitzsimmons represents good practice in CVE organisation and management, placing CVE at the heart of decision making and resource allocation within the university. It provides appropriate course development structures and individual rewards for staff. IT is being used to enhance the educational and cost-effectiveness of provision.

Fitzsimmons provides a highly supportive context for CVE development in terms of policy cohesion, management and organisational framework. It has identified a range of pedagogical options and clear educational principles which facilitate development. It provides an institutional framework that allows staff to exercise professional control over development. In that way it is an enabling institution.

Elements of success

Hanson has achieved, or is developing:

o renewed policy initiatives identifying an integrated strategy and objectives for CVE;

o renewed emphasis on creating a CVE infrastructure that fosters collaboration and networking; and

o a high level of successful CVE activity sustained by relationships with market providers, employers, and professional bodies.

Context

The university, established in the 1960s, has a relatively small undergraduate population, but a very strong reputation in teaching and research. It offers a specific range of academic disciplines in which CVE now has a particular role in the furthering of teaching, learning and research. However, Hanson did not receive development funding from the CVE initiative.

CVE provision

The university has had a strong departmental structure, and departments' autonomy has been an important factor conditioning curriculum and pedagogic development. CVE has not been immune from this culture, which constrains inter-departmental collaboration and communication. Developments also received little institutional support, with few incentives either to collaborate or to innovate. However, this is changing following relatively recent appointments at senior levels within the HEI.

CVE is undertaken largely at the discretion of individual staff. Some support for CVE was provided by a co-ordinator but it has been peripheral to the concentration on undergraduate and postgraduate teaching and research. Decisions about involvement in CVE, market research, the nature of activities, accreditation and access were all taken at departmental level. Pricing and costing were also decided by heads of department, with wide variation across the university. Although CVE was principally associated with non-accredited short courses for a wide range and level of

client groups, there were more activities focused on specific niches, markets and businesses.

Departments that sustained professional or business interest remain active, including electronics, chemistry, computer science, management and archaeology which all had national reputations for excellence. These departments capitalised on CVE activity by developing associated consultancy work for individual staff, but this has not become widespread or fostered wider university activity. The Department of Health Studies recently incorporated into the university is a highly successful major provider of CVE-type activities for the NHS.

The profile of CVE improved when, facing declining resources, departments had to seek alternative sources of income and to relate CVE to the wider purpose of the university.

When the bid for development funding was rejected in 1995, much of the provision for the locality and the city was abandoned. For a number of years there was no coherent policy for CVE across the university. Beyond the requirement for departments to engage in income generation, there was limited integration with staff or curriculum development programmes.

Additionally, the co-ordinator post was abolished. Departments already engaged in activities provided their own programmes in a climate of autonomous entrepreneurialism. The failure of the bid effectively disabled innovation in departments not engaged in activities. CVE provision became the preserve of individual departments, focused on professional re-skilling and upgrading courses for workers in specialised companies. The university became largely divorced from the city and the region.

Much of the current provision is financially very successful, but there has been little progress in the development of an institutional programme because of:

o historically poor inter-departmental communication;

o a lack of consensus about CVE;

o an unwillingness to share expertise; and

o the absence of appropriate financial models.

A range of successful CVE activities are operating at Hanson in isolation, without external support and with very limited institutional support. But there is also recognition that in the absence of development funding, this has created a major constraint on development, both for departments already involved and crucially for those not yet providing CVE.

Understanding success

Following initiatives from senior personnel, and particularly the recent appointment of a CVE co-ordinator from internal funds, the role, status and organisation of CVE look set to change, and the new strategy for CVE development realised. For the first time

in a number of years, a concerted attempt is being made to produce an institutional mission statement for CVE with the primary objective of developing the university's involvement in lifelong learning.

The changes in attitude are exemplified in the creation of a new university Committee for CVE, which is now responsible for developing policy for CVE and lifelong learning.

There is now a 'requirement' for all departments to respond to the 'trend' towards the development of lifelong learning. They still have autonomy over decisions, but the policy framework is tighter. Targets for development are also being clarified.

Departments are being encouraged to modify components of existing courses at both undergraduate and postgraduate levels into accredited short courses, 'ideally according to a common currency', (although this remains little more than a broad outline at present). Departments are urged to accredit courses with appropriate professional bodies/institutions, and those departments which have sustained CVE do have good links with professional bodies.

Hanson's strategy document makes clear that CVE should be integrated into the two core activities of research and teaching. However, this poses problems because current CVE activities are still predominantly short courses. There is still little modularisation within undergraduate and especially postgraduate provision, and no effective integration within the curriculum. Departments, looking to improve their own *provider infrastructure* capacity, are considering ways in which their existing and future

teaching and learning provision may become more flexible in terms of 'time and space', recognising the erosion of traditional boundaries, modes and levels of study, and the emergence of new forms of pedagogy. It is also recognised that departments 'have run activities which they think can make money, they have played safe and focused on their core activities for a CVE agenda'. Innovation has been restricted.

The university college affiliated to Hanson recognises the need to develop opportunities for NVQ qualifications through FE providers. This is a radical departure for a 'traditional' university, and is reflected in the re-naming of CVE to 'continuing education'. The new Centre for Continuing Education has limited funding, but without development funding can neither invest in the development time this proposal requires nor offer financial inducements or rewards to staff considering CVE initiatives. Despite this, the centre is expected to:

o co-ordinate enquiries and responses for CVE-type activity across the university;

o work with staff across the university on development;

o identify opportunities for inter-disciplinary co-operation;

o network between departments;

o encourage collaboration, reducing internal competition and unnecessary repetition;

o promote best practice;

o monitor lifelong learning activities on behalf of the Planning Committee; and

o develop a promotional strategy in conjunction with other publicity from the university.

At the departmental level, health studies presents a model of *academic innovation* and financial success. It provides teaching and research in the health and social services sector. It employs about 110 FTE staff and has 1,750 students in seven sites throughout the region. The director of management and continuing education within the department is highly entrepreneurial, a 'champion' of the market, who expresses the need for subsidy or university funding.

The department is based in the university science park with major teaching centres at a local district hospital and the campus of an affiliated university college. Learning resource centres are located at NHS trust sites across the region. There are also students engaged in distance learning programmes, including a large number in nursing studies. The demand from employers for part-time and distance learning modules of delivery continues to increase. The department has:

o   strong relationships with professional bodies;

o   academic coherence between sub-degree and postgraduate qualifications;

o   accreditation through professional bodies; and

o   developed pedagogies.

Officially integrated into the university, the department still operates as a separate entrepreneurial institution receiving little support from the university for its development. The department has a devolved management system, although the extent to which performance-related pay schemes or other financial incentives play a part in its operation

is unclear. The department retains and spends its income, although it returns an overhead to the university. It remains highly focused and reliant upon links and networks within the health and social care sectors.

Hanson has developed high levels of expertise and sustainable CVE provision in some areas, in the absence of development funding. It is in the process of fostering new institutional structures and changing attitudes towards wider learning, collaboration and inter-disciplinary activity. Hanson's models for successful CVE development depend upon highly entrepreneurial ways of working and offer little to others. Developing supportive systems for organising CVE has been recognised as a challenge for the future. In fostering change and encouraging a wider, collaborative institutional approach to development, Hanson is evolving from an autonomous organisational structure to one which is enabling.

Keaton

Elements of success

Keaton has achieved, or is developing:

○ a unified award scheme for professionals;

○ a coherent institutional response to changes in HE funding; and

○ close and co-operative relations with neighbouring providers.

Context

Keaton is a 'traditional' university where provision has been largely dedicated to undergraduate first degrees and accompanying research. There are almost 8,000 students and 800 academic staff. Undergraduate enrolment is customarily high, but the declining resource base affecting HE has prompted the university to seek alternative funding sources. The vice-chancellor has a particular interest in lifelong learning and is keen to pioneer developments outside the mainstream. Historically, CVE has been viewed as a peripheral, perhaps even low status activity. The location of the HEI is also significant: the region is not densely populated or industrialised, there is European Union priority funding for part of the area, and a high concentration of SMEs. Industrial links with HE have been limited, and low budgets for training in a dispersed concentration of firms have tended to hinder their rapid development.

CVE provision

Keaton's situation, of declining resource units and the apparent opportunities from alternative sources of funding, may be familiar to many traditional, older universities. Within a large-scale organisational restructuring, the HEI is raising its research profile and orienting provision along a more expansive definition of HE. In 1996/97, Keaton provided non-credit-bearing vocational courses for over 200 FTEs on almost 400 courses; during the same year approximately 1,400 credit-rated CVE courses were offered. These were primarily in engineering, environment, IT/multi-media, health and social care, with some courses in the Business School being developed. However, prior to HEFCE CVE development funding, the HEI did not have a clear vision for CVE, and in the first year, funds were initially allocated to the Department of Continuing Education where little institutional 'cultural change' was effected.

The university received £250k per year for development funding. Funds have been used for restructuring CVE and establishing new development posts based in departments within the key strength areas for relations with business. The staff in these posts are key change agents who liaise between the central CVE unit and the academic staff. Funds have also been allocated to the CPD award scheme and the accreditation systems which accompany it.

The development funding was used primarily (80 per cent) to support staff for the promotion and facilitation of CVE; the remaining 20 per cent was spent directly on specific projects. By the end of the second year, the CPD award scheme had over 80 registered students. The main achievements from the CVE funding have included:

● new courses in industrial heritage;

○ projects in mining and minerals;

○ increased take-up of IT courses by SMEs;

○ a regional business programme; and

○ developments in open learning.

To substantiate the restructuring and to dovetail with the CVE initiative, the CVE Unit, working in conjunction with the Business Relations Unit, identified six key strength areas of academic work. This focus contributed to effective CVE organisation in four ways:

- CVE funding built on the strengths and expertise of the HEI;

- there was an incentive for inter-departmental and inter-disciplinary co-operation because key strengths were not tied to specific departments;

- marketing of CVE was facilitated; and

- the externally-oriented Business Relations Unit supported CVE developments through its contacts with business.

The intention was to maximise the impact of CVE and make it sustainable across the university. However, the HEI had a management structure which offered few incentives and little support to CVE. Therefore the explicit and bold step was taken to move toward a structured provision with high levels of support for CVE from the centre.

Understanding success

Key to the success of the initiative is the role of the CVE Unit. As well as central co-ordination of the development officers and the raised profile of CVE within the HEI, the CVE Unit director was working to make CVE financially viable beyond the development funding.

The CVE Unit provides the infrastructure to support CVE and is key to promoting 'cultural change' among staff. This staff development contrasted with the typical approach in HEIs where CVE is more established: in such cases, the maximum amount of funding may be transferred to individual projects. Keaton down-played a project-specific approach, reflecting a concern that individual projects 'too easily disappear': demand

for courses changes, provision may need updating, or the expertise within the HEI may be transient. There was also a view that often projects rely on 'project champions', and when these disappear, initiatives are jeopardised.

It was felt that allocating much of the resource to a single department or faculty would compound the 'marginalisation' of CVE, as occurred in the first year of development funding. Therefore Keaton believed there was a strong argument for investing in the strategic, cross-HEI support of CVE.

The CVE Unit supports the running of CPD modules (mainly at the postgraduate level), reducing the burden on academic staff either to initiate the courses or to organise the necessary accreditation. The institution's interest is in higher degree provision; it is felt that the FE sector serves sub-degree HE very well within the region. Second, there is a focus on postgraduate provision as it is attractive to academics, giving them an interest in developing new courses and allowing the university to build on existing mainstream postgraduate work.

A distinctive characteristic of Keaton was the integration of many modules into a CPD award. This serves a number of purposes: it unifies the professional provision of the university; it is a ladder to higher awards available from diploma to masters degree (the award includes both 'academic' and 'vocational' modules); and it meets individuals' demands for accredited professional development. In recognition that individuals want qualifications (even though employers may pay for training) Keaton tailored aspects such

as curriculum, access to provision and resources, and accreditation to the needs of individuals rather than firms, so that, for example, each module is accredited.

The range of modules available within the award is stimulated by administrative staff in the CVE Unit's development posts, who are located within departments in the key strength areas. These officers liaise with each other and the CVE Unit director and are a catalyst for CVE activity, providing a focus for those wishing to undertake CVE. They also support the preparation of funding applications and co-opt courses for the CPD award structure. In general, this enables a holistic and strategic approach linking research, business relations and CVE across the HEI. However, this approach relies on a consensus view of what CVE should be, and this has not yet been fully achieved.

The CVE Unit director has clear and purposive *leadership* and support from the vice-chancellor. He encourages heads of departments to offer CVE, and works closely with the Business Relations Unit and the head of external relations. There is a CVE sub-committee of the Teaching Committee, and a dedicated member of staff in the Finance Department. In the future, the CVE Unit will be re-sited, closer to the university's administrative core, giving the unit director a more integral role.

Two *academic innovations* in which the HEI is increasingly engaged are collaborative ventures and accreditation of provision with other education institutions. The former includes close links with a neighbouring HEI and TEC, particularly on a large-scale project for distance provision, and on credit

transfer agreements with other colleges in the region. These links will allow Keaton to:

- expand the menu of module options;
- respond better to student need;
- increase participation; and
- offer higher quality ODL modules.

Market research is pooled, building on the mutual strengths of each of the HEIs and complementing the work of the TEC. External accreditation has stimulated links with industry through the accreditation of employer in-house programmes, appealing to large, national employers. The HEI can provide or work with the trainers for industry; attract in-house trainees onto the CPD award scheme; and build on its research portfolio. Both these activities, collaboration and accreditation, are seen as part of a long-term strategy and foundation for further development of CVE at Keaton.

Keaton has developed a coherent university-wide initiative for CVE. This initiative, demonstrably supported by senior officials in the university, is tailored to individuals' requirements for accredited training. Development funding has been used to effect 'culture change' from the top down. The HEI, facing constraints similar to many traditional universities with declining units of resource, has taken the direct step of advancing from a CVE organisation which may be described as autonomous to one where management control is more structured.

Monroe

Elements of success

Monroe has achieved, or is developing:

o   organic change, building on past success and achievement in CVE;

o   a 'model' of CVE delivery;

o   strong local and regional partnerships; and

o   a learning policy with large corporate clients.

Context

Monroe is a former PCFC-funded university with a history of provision in vocational subjects and a high proportion of mature students from the local region. The university has 24,000 students and 1,700 academic staff organised into nine faculties (but only seven are involved in CVE work supported by development funding). These faculties are closely linked to the region, through postgraduate, undergraduate and continuing provision. Monroe is in a region with a strong industrial base.

CVE provision

Because each of Monroe's faculties has a strong vocational programme, it is hard to identify what is general innovation and what has been effected by development funding. CVE provision is embedded within the HEI and is fundamental to its mission. Development funding therefore encouraged changes at the margin, and established more effective infrastructure and a deepening of CVE provision, rather than introducing any significant culture change.

Monroe targeted its allocation of £300,000 per year evenly across four areas – engineering, the built environment, advanced IT and art and design – with a larger allocation to business. This last area is expected to become the largest income generator over the next five years; all areas are to develop provision to support the higher levels of NVQ.

By 1996/97, the main achievements have been to co-ordinate CVE across the HEI through a set of four initiatives: accreditation and quality assurance; best practice and benchmarking; CPD marketing and research; and networking activities. CVE at Monroe has a wide embrace, including:

o   a number of modes of provision (from dedicated courses for large companies to skills workshops for SMEs);

o   varying educational processes (from distance learning to mentoring); and

o   a range of performance evaluations (from module accreditation to benchmarking standards).

With a history of involvement in PICKUP, CVE at the institution evolved through the support of a dedicated Enterprise Centre which has a broad remit for 'vocational learning'. This includes provision and links with industry, local government and trainers. Institutional learning, and a developing learning policy in partnership with large businesses has led to incremental and organic change – building on past experience and success. In parallel, the Enterprise Centre is linked with a cross-institutional marketing strategy.

Understanding success

Two aspects of Monroe's provision particularly demonstrate good CVE organisation and practice: its general management; and the approach taken

by different sectors which have developed CVE in innovative ways. This approach reveals an organisational structure which is neither overly supportive nor strong on incentives, and so may be classed as autonomous. Monroe's performance does, however, clearly indicate how such a structure may be appropriate for organising CVE.

Central management commitment was essential for CVE developments to give coherence to the wide range of activities. This would ensure that:

- they conformed to the mission of the HEI;

- activities were not duplicated by or in conflict with those in other faculties; and

- good practice would be disseminated.

Management should recognise the diversity within the system, the need for which is illustrated when provision is broken down into its constituent parts. These are:

- the initial research;

- market development;

- marketing; and

- course development and collaborative development.

With CVE as an integral part of the general provision of the university, a small team administers and monitors the funding of projects. This team works in close co-ordination with area heads. Common activities and learning can be shared across departments; an example of this was an internal initiative on benchmarking.

The specific outcomes of development funding are much harder to identify within this synergistic approach. There was no separate tracking of CVE

numbers and courses as core outputs. Monroe's strategy was based on establishing long-term partnerships with professional bodies and public sector and corporate clients. Therefore, some of the pay-offs from these enterprises in terms of conventional provision are long-term, and in some cases not immediately quantifiable. Given this evolving environment, clear institutional criteria for allocating development funds were needed. These criteria were:

- quantifiable evidence for effective demand;

- existing collaborative arrangements in place, or potential for collaboration; and

- expertise to develop provision.

The aims of CVE still needed to be centrally articulated, and they were signalled and effected through income targets. With sufficient control and persuasion by area heads of department, the motivation to use income effectively was strong.

The institution does not seek to standardise 'lifelong learning'. Academic staff can be opportunistic in the infrastructure deployed for clients. However, there are instances when a centralised approach is beneficial. Examples of this approach are given below.

Modes of study needed to be suitable to the skills of the participants. To widen provision, Monroe recognised a need for a structured approach to pre-entry and on-course support. The student body was also heterogeneous with many mature students, returners and those from the local region, so the distinction between mainstream undergraduate activity and other modes of provision was flexibly framed.

Monroe is committed to AP(E)L initiatives, work-based learning, and to the development of G/NVQs. Harmonisation of course structures, assessment regulations, recognition of equivalence and transferability between different awards were all essential. To facilitate harmonisation, a member of the CVE team was involved in a consortium for quality assurance and credit frameworks. Monroe had developed compatible modular structures, which linked to Quality Assurance Agency rubrics on examinations, accreditation, and examinations appeals procedures, and dovetailed with undergraduate provision. Using the common knowledge within the CVE Unit, departments were able to build on the validation frameworks of external agencies. To end anomalies in accreditation, university regulations were made more comprehensive. The CVE Unit also has become involved in a cross-sector consortium on credit accumulation and transfer.

An example of co-ordinating work followed the setting up of an awarding body for the construction sector, which linked the professional bodies. A member of the Built Environment Faculty was working to harmonise the demands and requirements of the groups within the supply chain of the sector.

Another example of the institution seeking to reconcile differences in approach between organisations was its strategy for addressing 'autonomous' student progression and development. Individual in-company learners were required to 'make explicit their learning skills' so that they could be guided through WBL, negotiated learning and modular pathways; and educational advisers

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were available 'on-site' in large automotive and engineering plants, to take forward such discussions.

Focal point for collaboration

The CVE Unit became the focal point for a diverse set of collaborative ventures. These were often inter-faculty, but also involved numerous other agencies:

- other HEIs;
- FE colleges;
- professional bodies;
- accreditation bodies;
- government agencies;
- employers; and
- international franchisees.

The unit managed information and its dissemination within the HEI (through a newsletter, a website and CVE bibliographic details) and sustained inter-disciplinary links within the HEI. These links included developments on bidding strategies, complementary strategies for enhancing the effectiveness of new pedagogies, or the monitoring and benchmarking of activities.

Activity with the Faculty of Education provides an example of the benefits of having an autonomous organisational structure. Staff involved in education were looking to diversify into post-experience educative practices which were broader than 'training of trainers'. These include coaching, mentoring and capacity building across the public, private and voluntary sectors. Faculty staff saw opportunities to expand into new markets, with learners who might be classed as non-traditional in terms of their working styles or behaviours (that is, workers

who typically get no training, groups of workers without clear roles in companies, those working for not-for-profit organisations, or those in community organisations). These groups tend to want capacity-building skills, practical learning, financial planning and marketing skills.

Using CVE funding, the faculty developed a 'model' of delivery which is responsive to corporate clients' training needs. This model can summarised as follows:

- establish long-term partnerships with organisations committed to a process of continuous learning and improvement;
- discuss and agree on learning policy, with partners;
- identify current and future generic learning skills for 'non-traditional students' and design a learning programme; and
- deliver fully-costed provision through in-company training, with support from company learning centres, learning consultants and mentors.

> Monroe is structured for autonomous CVE and this has been very effective. Given the strong vocational ethos and Monroe's mission, the relative lack of direct financial rewards was not an undue constraint on CVE development. Moreover, the strengths of the limited central control are evident in cultivating diversity and building on expertise. CVE development has thus been strong.

Rowley

Elements of success

Rowley has achieved, or is developing:

○ research into the management and organisation of CVE;

○ integration of CVE within mainstream programmes;

◉ rapid and high profile growth in key strength areas of the HEI; and

○ institutional pedagogical developments using IT.

Context

Rowley is a relatively small HEI, with approximately 6,000 students, of which almost half are part-time and around three-quarters come from the local region. This strong regional and local profile gives it a persuasive presence with local industry. There are about 330 academic staff, organised into three faculties: Arts, Science and Education; the Business School; and the School of Technology. These offer a broad range of programmes with a strong vocational emphasis. Rowley is seeking university status and is concerned to develop high-quality CVE provision.

CVE provision

The scale of CVE is relatively large; over £500,000 PICKUP funding had given a substantial fillip to provision. Rowley offers over 180 short courses, with an intake of 1,700 students. The average short course lasts three days.

CVE activity is interpreted broadly and includes:

● new course development (with pay to release academic staff);

● amending or updating course syllabuses;

● the creation of CVE data bases;

● research into the identification of training needs and new learning technology; and

● promotional and networking activities such as meetings, booklets, contributions to advertisements, poster campaigns and 'on course' news.

Rowley's relatively small size meant that the institutional focus was clearly identified with one person. The HEI had no prescriptive view on the relative merits of its CVE. However, there was a general belief that:

● course provision (particularly short courses) was the main instigator of a continued relationship with business; and

● short open courses were the least secure and most changeable of courses to offer.

The committee which advised on allocations of CVE money also advised on the allocation for CVE administration. In this way the CVE controller was held accountable for the use of development funding to the same extent as the course providers, despite offering a wide range of provider infrastructure services including:

● financial information to assist in preparing budgets and costings;

○ continuity of support and personal links with the providers;

○ information on the opportunities for CVE provision;

○ a registry of information on the needs of the companies;

○ ⁾ central assistance and co-ordination on publicity; and

○ market research.

The CVE controller's role was a move towards a 'relationship marketing of CVE', in which the college offered closed courses, Teaching Company Schemes, research and consultancy as part of its strategy to create closer and stronger links with companies.

Institutional leadership is strong, with a stated commitment to CVE in key strategy documents. There was consensus about the benefits brought by CVE, if not in the targets for growth. Rowley's CVE controller recognised that open short courses can rarely earn their provision costs, and that a longer-term involvement with business is advantageous to both sides, and may lead to dedicated provision, knowledge transfer and graduate placements. This strategy is consistent with a long-term perspective on the economic gains from CVE.

Understanding success

Two elements were of interest. First, the direction given by the CVE controller, who was part of the marketing and external relations wing of the HEI. This gave clear *institutional leadership* to the development of CVE activities and tied CVE to other provision, precluding the need for a dedicated unit. Of note here was the instrumental role of research into CVE undertaken by members of the team. The second element of interest was the growth of CVE provision in key strength departments. Strong incentives exist for staff to engage in CVE. Despite limited central support, CVE was seen as an important activity and staff were acknowledged appropriately, thus contributing to its pervasion. Academic staff could be entrepreneurial in their involvement in CVE.

The CVE controller preferred to operate 'a light touch' towards the provision and performance of CVE. Giving such responsibilities to departments was felt to be in their interest because it gave them an incentive to secure future funding,

either from clients or the CVE development fund. Benchmarking and information exchange between departmental providers was encouraged.

The CVE controller was, nevertheless, a 'champion' at the institutional level and had sought out and supported advocates for CVE at the departmental level.

Rowley had undertaken some research on the general support the other HEIs were giving to CVE. This gave a base on which to build its strategy for CVE, and helped it to manage the development of CVE in the context of institutional change, such as the academic restructuring of the HEI into faculties.

The research also informed the development of provider and client infrastructures at the college. The CVE controller used the research to reorganise the marketing of activities to companies, and improve external relations and leverage into greater and deeper contacts with industry. Marketing was simplified and streamlined, making the HEI's services more understandable to clients. Take-up of services had improved as lengthy discussions about company needs were reduced.

The research also played a part through seminars, papers and information which gave CVE a strategic role within the college. Topics included the strategic links between HE and SMEs, and a manual on staff development. Often these dovetailed with evaluation work done for government agencies. As a result external relations were more effective, leading to better promotion of CVE to external bodies.

The result was an effective system of client infrastructure with clear points of contact for general enquiries including:

o   a reception office for courses;

o   multi-media availability; and

o   a departmental student record system for CVE which allowed the generation of statistics on current provision in a variety of formats.

The proof of the efficacy of this light touch for CVE administration at Rowley was exemplified in the CVE activity of the Engineering Department.

The Engineering Department had increased its short course provision rapidly over the previous six years into a high volume of foundation, intermediate and specialised courses. These courses, which ranged from two-year initial training to short courses at postgraduate level, were well recognised across the sector with high quality assessment, professional body accreditation and evaluation. The department had achieved some notable successes:

o   running taster courses to address the commercial needs of businesses; and

o   developing a method where SMEs could train their workers in-house.

The department identified two major problems affecting the delivery of courses to students:

o   limited access to the specialised facilities available at the college such as the computer-aided learning studio; and

o   insufficient strategic ambition to broaden access.

These problems were addressed by using IT for pedagogical change. Development funding was used to produce web-based modules and learning packages modified from existing book-based materials. To access the CAL studio either students were equipped at home with computing equipment, including an ISDN link to the studio server, or computer equipment was installed at work. At the end of the courses, students keep the PCs.

Experts from other HEIs were brought in to contribute to courses where it was appropriate. This option, organised at low cost to SMEs through TEC and EU funding, is an example of the 'gearing' effect of development funding. SMEs could upgrade their skills to levels comparable to those found in large firms.

The range of courses and diversity of modes of provision increased the probability of repeat attendance, either as part of an existing module or via a separate initiative. Hence academic innovation associated with CVE was interwoven with other areas of the curriculum. As well, with distance learning technology, there was implicit support for the accompanying forms of assessment. By ensuring clear links with professional bodies, the award-bearing aspect of provision was also established. The department's provision had also been sufficiently flexible to embrace a relatively new feature of CVE, the use of personal professional portfolios to guide and provide a logbook for individuals over the course of their CPD. The department was thus extending and deepening provision, along lines similar to the modern graduateships advocated by the DfEE.

Rowley is a small-scale provider which has made effective strategic investments in CVE. Building on early successes, CVE has grown in prestige and become a sustainable, high status operation. The college's entrepreneurial management has stimulated high quality provision with a strong vocational emphasis yet CVE organisation is structured autonomously. Direct support was obviated by the expertise and experience of the departments. The CVE controller monitored progress through research into the operational management of CVE and was able to offer strategic guidance.

Woodford

Elements of success

Woodford College has achieved, or is developing:

○ an integrated CVE/CPD service, guidance, counselling and admissions point;

○ CPD short course provision through an over-arching credits system (enhancing choice, flexibility, progression and lifelong learning);

○ a strong, centralised management structure, well embedded within institutional policy-making forums; and

○ a business development, appraisal and advice service for

Context

With 1,500 undergraduates, Woodford is a large provider of HE and CPD for the rural economy. Until the early 1980s, provision was largely at pre-degree level; the college then began degree programmes with external validation, and gained degree awarding status in 1996. The undergraduate modular structure incorporates 300 modules in the food, agricultural engineering, land-based and environmental sectors. There are masters degrees and postgraduate diplomas in crop protection and crop biotechnology, and 11 research degree programmes, with 22 students studying for doctorates. Since the mid-1980s the college's CPD work, its research profile and capacity to engage in crop and animal trial research have all increased significantly.

CVE provision

Woodford had developed a number of courses out of PICKUP funding and working with professional bodies, and was already a substantial player in CPD/CVE prior to CVE development funding. Between 1990 and 1993, the college invested £40,000 in capital works to enhance its CVE facilities. In 1994/95 the college ran events for over 550 industrial delegates.

The college received over £200,000 per year in development funding. Non-credit-bearing programmes generated an income of over £150,000 in 1996/97 (£120,000 in 1995/96) and a conference surplus of £130,000 for 1996/97. A total of 911 participants enrolled on 69 courses, with 25 students on part-time studies through the new WBL, independent learning and college-based modules under the credit system. The college exhibited its CVE catalogue at 19 local and national agricultural shows in 1996/97.

Woodford has five strategic aims. The first has particular relevance to CVE:

'to provide flexible education programmes in a range of modes,

and with admission policies and delivery systems which facilitate equal opportunities, access, progression, credit accumulation and lifelong learning.'

The bid to the HEFCE for development funding had a strategic thrust, proposing an organisational framework through the establishment of a new Centre for Continuing Vocational Education. This would provide an integrated set of CVE services with flexible and expanded programmes geared to improved access and lifelong learning.

New short course/CPD provision has been developed in new subject areas – management, poultry, animal health, and dairy cow nutrition – with £30,000 being spent on short course materials development in 1996/97. Print-based distance learning materials have been produced for these new modules. CPD development (via professional bodies) has been underpinned by the integration of CPD short courses and CVE credit-bearing modules through the Woodford Credit System. Clients can switch between CPD and CVE provision. With a local authority, Business Link and a

professional body, the college has developed a business appraisal and advice centre for farmers which focuses on maximising potential sources of income to the farm business. Development funding was used to gear in money for this initiative from the European Agricultural Guidance and Guarantee Fund (EU Objective 5) and the Ministry of Agriculture, Fisheries and Food.

Understanding success

Development funding has been used to promote a new CVE organisational structure and the credit system. Organisational change has been central to CVE development. Previously dispersed services were brought together with new ones to form an integrated and focused point for CVE development. Client infrastructure was then given a priority. In 1997, the Professional and Careers Guidance Service (PCGS) was established as the focal point for CVE, incorporating:

○   the careers service;

○   industrial training placements;

○   credit management;

○   AP(E)L;

○   psychometric testing;

○   the lettings service;

○   industrial liaison; and

○   marketing strategy for these services.

The aim of this restructuring was to integrate the careers service, lifelong learning and CVE; integration of these services was viewed as essential for enhancing access and flexibility and responding effectively to corporate client needs.

An integrated CVE service through the PCGS has also enhanced the provider infrastructure, including: market analysis; CVE publicity and marketing; accommodation through control of lettings services (ensuring that industrial delegates have the best possible accommodation); and using student and company data bases and tracking systems to establish a lifelong learning marketing strategy. The CVE pre-entry information, counselling and signposting services have been enhanced. For example, the PCGS has a 2,000-company database to identify CPD/CVE opportunities; three mailshots were undertaken to these individuals/companies in 1996/97. The advice and guidance capability has been enhanced through: a telephone helpline and 24-hour answering telephone service; one-to-one pre-entry counselling; and exhibitions at local and national agricultural shows.

The PCGS has systematically set out to integrate CPD and CVE through accrediting short course CPD provision. Weekly team meetings ensure that this philosophy is reflected in practice. The restructuring has had the support of the head of educational development and quality assurance, who had overall responsibility for its operations. CVE is therefore plugged into major committee and policy-making forums and the principal has supported these developments in policy-making committees.

Since undergraduate modularisation began 10 years ago, the college has embarked upon building a unified credits system. The development funding enabled the college to complete the full CATS in March 1996. The integration of the short course programme with the credit system has enhanced flexibility and lifelong learning opportunities.

The new centralised management of CVE/CPD has clearly brought a number of benefits. However, the success of the college's CVE/CPD strategy can partly be explained by the strong *reward and incentive systems*.

A number of factors encourage departments and individuals to be involved in CVE/CPD activities. Departments keep 40 per cent of surplus funds generated by CVE/CPD activities and use these mainly to support the development of research projects; the other 60 per cent goes to the PCGS to support and further develop the service. For individuals, the incentives are clear. Staff are paid £24 per hour on extra contracts, and £40 per day for managing short courses. For the college, these additional payments are lower than the cost if the work was integrated into a lecturer's workload. For the individual, they enhance take-home pay in an institution where promotion opportunities are limited. As well as gaining extra income, staff working on short courses could also pick up research work and contracts from companies while teaching company-based delegates. One £100k research contract was gained via a short course delegate.

In terms of staff recruitment, two factors were at work: the research profile of candidates was especially significant (the college has ambitions to improve its Research Assessment Exercise rating). Furthermore, candidates were recruited partly on their industry links across the board; industrial experience and credibility were just as important for undergraduate teaching as for CVE/CPD, and staff were not specifically recruited for the latter. Whilst the college's centralised and

integrated CVE management structure worked well in creating sound client and provider infrastructures, the incentive systems – which were in place before funding – played a significant role in the success of its CVE/CPD operation.

Nonetheless, Woodford still faces a number of challenges – most significantly the relative lack of progress in developing IT-based open and distance learning provision. Compared with other institutions visited, there was a relatively low level of academic innovation, especially through IT. Given relatively heavy undergraduate teaching loads, Woodford's research ambitions and the fact that staff were doing substantial amounts of work on CVE/CPD through extra contracts, there is little time or energy for developing IT-based materials. Furthermore, the college was generating income through conventional and print-based delivery; the motivation for IT-based innovation in teaching and learning was therefore not strong.

Departmental heads were aware of the problem and had discussed it with PCGS staff. Development funding was available, but many staff were loath to give up work on CVE/CPD courses to devise IT-based CVE materials, though they had welcomed the opportunities that funding gave for developing print-based products.

PCGS staff were attempting to deal with the issue: first, a new head of learning resources has been appointed who will help staff develop computerised distance learning in the next phase of CVE development. Second, the possibilities for putting masters material onto the Rural Broadnet are being pursued and some

design of materials has occurred. But converting to IT-based distance learning was considered expensive, and the speed of conversion will depend on future CVE funding.

As an 'enabling' CVE operator (high incentives, high support) Woodford illustrates how these positive factors may not necessarily work in the same direction. The strong incentive and reward system sometimes worked against the strategies pursued by the centralised organisational structure. This was a key factor in the selection of Woodford as a case study. The challenge for the college in the next phase is to bring these into greater harmony.

Zara

Elements of success

Zara has achieved, or is developing:

* key skills embedded in programmes of study;

* strong CVE incentive systems; and

* a new emphasis on regional economic development and collaboration.

Context

Zara is a traditional university which did not receive development funding. The university's mission focuses upon the advancement of learning through research, teaching and the dissemination of knowledge. CVE is therefore viewed as a mechanism for transferring knowledge within mainstream teaching provision and research to those with an interest in practical applications. Zara is in a large urban area, but has a national catchment of students, with over 12,000 undergraduates.

CVE Provision

CVE activity at Zara is devolved. Schools develop their own strategies close to their markets with minimal direction from the centre. Heads of school produce an implementation plan on all areas of activity, and CVE enters into strategic planning at this point. School plans are reviewed by deans, allowing cross-school initiatives to be incorporated, before being integrated into the institutional plan. Central administration may insert new 'drivers' or initiatives into the planning process.

The university has a strong commitment towards ensuring that undergraduates are equipped with work-related skills. This is the responsibility of the Teaching and Learning Committee. Zara also runs a graduate placement scheme.

There is no central policy view on what constitutes 'CVE': it follows from school-level priorities. Provision is spread unevenly throughout the HEI. It is particularly concentrated in six schools and one faculty:

* the School of Public Policy's output is dominated by CVE with a wide range of postgraduate masters, MBAs, diplomas and short courses to public sector professionals;

* Medicine runs a wide range of vocationally focused masters and research programmes;

* the Business School has higher degree programmes in a range of business courses; its alumni associations play a role in fostering client development and lifelong learning;

* Social Sciences runs some higher degree courses in money, banking and finance which have strong vocationally-relevant content, and short courses in social services management;

* the Schools of Electrical and Mechanical Engineering have over 100 masters students on vocationally relevant provision;

* Education has a large CPD programme with progression routes from advanced certificate to MEd, many through distance learning;

* the Faculty of Law, through the Centre of Professional Legal Studies, has developed advanced CPD provision in various formats in matrimonial practice, solicitor training and legal practice; and

- Continuing Studies – which focuses largely on liberal adult education – is offering more vocational courses.

Understanding success

There is little conventional, centralised infrastructure (as found in nearly all funded and unfunded HEIs visited by the evaluation team). Zara has limited support infrastructure and few incentives at the institutional level. There are strong income incentives for departments, however. Zara can be characterised as a combination of autonomous and entrepreneurial against our ideal types.

There is an 'embedded' school-based infrastructure which reflects the organisational structure of the university. This can be enabling if heads of schools seek to enhance their CVE profiles. However, heads of schools have flexibility in terms of developing CVE. Schools are the locus of market research and analysis, and generate their own funds for these activities (with some basic alumni data from the centre). While schools largely reap the benefits of CVE, they also carry the costs of any failures. These factors make for an 'entrepreneurial' approach towards CVE.

The External Relations Support Infrastructure Office (which holds alumni data) and the Research Support Office provide specialised support to schools for CVE development. The former promotes the university's CVE activity and business enhancement capacity through the media. It projects Zara's provision and capabilities to the business world and reinforces the reputation of the university. The Research Support Office has some responsibility for initiating contacts

with industrial and commercial partners, but its main role is to support school-led links with business. It also liaises with local, regional and national employer organisations.

Other separate units support CVE. The Centre for Computer-based Learning provides a base for IT-centred academic innovation (seen in many HEIs with development funding); and the Computer Assisted Learning Interest Group (CALIG) provides a forum for sharing computer-based teaching and learning methodologies. The Public Affairs and International Offices assist schools in marketing provision. Finally, the Central Staffing Services Staff Development Office has a staff member specialising in organising short courses (mainly internal) in this area.

Other infrastructure is largely embedded within schools. First, there are a number of short course organisers based in schools and faculties. The School of Public Policy, for example, has 10-15 support staff who organise short courses. Second, the whole output of the School of Public Policy (apart from a small undergraduate programme) is basically CVE – providing a wide range of postgraduate and short courses to professionals working in the public sector. Administrative support in this school is therefore CVE oriented. Other schools participate in CPD: for example, the School of Education has a CPD Office which employs two administrative staff to organise and promote CPD.

Zara has built up a substantial profile of CVE-type activities. This can partly be explained by the strong reward and incentive systems for CVE development. Schools have to generate

payments on the indirect cost allocation model (ICAM) to support central administration. Each school is allocated a percentage of the total ICAM to deliver to the centre for university-wide administrative, research, business and development support. All income generated above individual school targets is kept by the school. Profitable CVE activity can help in meeting the ICAM target. There is a clear incentive for schools to put on activities at the margin (such as CVE) to boost income. Given the degree of decentralisation, schools are in a position to reward CVE activity through extra payments to staff. There is no central policy on such extra payments. Finally, in schools with high CVE output, promotions and recruitment criteria are CVE-friendly. There can be a synergy between research standing and the capacity to deliver CVE activity in staff recruitment and promotion. Although Zara sees itself as a research university, where research and teaching interface with CVE (as on vocational masters and short courses), schools can reward CVE potential and activity.

These features of the reward and incentive system at Zara enable schools to develop CVE which fits in with their teaching and research profiles. Furthermore, as most market research is undertaken by schools, it fosters ownership and the ability to be responsive to markets.

There are a number of recent and forthcoming initiatives at Zara which will facilitate CVE development. First, the new Net Shape Manufacturing Laboratory is involved in product development for SMEs in:

- the casting sector;
- automotive components;

- aerospace;
- telecommunications; and
- ceramics.

The laboratory has a multi-disciplinary team of 100 researchers, technicians and academic staff who will provide research, design and development services of immediate relevance to industry. There are clear possibilities for short courses and knowledge and technology transfer.

Second, high level personnel changes and a national movement towards the regionalisation of government support for HE/industry links has led the university to rethink its strategy in ways which have significance for CVE. A new pro vice-chancellor for regional development and external affairs has been appointed. The need to form strong regional partnerships with HEIs has been acknowledged by university leaders.

Third, academic reorganisation has given deans increased responsibility for developing and responding quickly to new market opportunities through multi-disciplinary approaches and partnerships. Academic innovation is supported by central funding where it can be demonstrated that it will generate funding (through additional students, research or industrial contracts).

A number of other factors have opened up possibilities for CVE in recent years and point towards increased development:

- the School of Continuing Studies has accredited almost all of its provision, has recently taken on a lifelong learning perspective, and is starting NVQ provision in liaison with the TEC;

- Zara's modularisation programme enhances learner flexibility and access;

- there are a number of centres, units and committees with responsibility for academic innovation – for example, in computing, and teaching and learning;

- there is an extensive staff development programme with a strong emphasis on pedagogical styles and IT – where Information Services plays a leading role;

- key skills development is ongoing; and

- there is an acknowledgement that links with FE, and FE/HE progression and access, will require more attention in future.

> Zara can best be categorised as an institution which is organised for autonomous (low support, low incentive) CVE with an embedded, strongly entrepreneurial school-based structure for CVE support. Incentive and reward structures at Zara are also strong at the school level. There is also a range of units, centres and offices which provide support for CVE, but this is not their sole or even main function. But they are 'enabling' and can be seen as part of the CVE 'structure'.

10 Factors influencing effectiveness and cost-effectiveness

In this chapter, our purpose is to draw lessons from the case studies of Chapter 9 which can contribute to our understanding of the appropriate context for supporting the effectiveness and cost-effectiveness of development funding, and the general development of CVE.

Effectiveness and cost-effectiveness for development funding and for CVE must be subject to the same test: to what extent is activity fostering the development of employment-related knowledge, skills and understanding? A clear-cut answer on whether provision is effective or cost-effective is not easily determined. The discussion on the economics of CVE in Chapter 7 highlighted the problems of measurement and the difficulties of obtaining suitable data. Nonetheless, that discussion provides a framework for analysis and, together with the organisational analysis in Chapter 8, a means for drawing some conclusions about factors influencing effectiveness and cost-effectiveness. We do this in the two main sections of this chapter. The first reviews factors related to the effectiveness of CVE in terms of its location and development within HEIs. The second reviews factors related to testing and assessing cost-effectiveness.

10.1 Locating effectiveness

The material in Chapter 5 and the case studies of Chapter 9 both provide many examples of effective CVE, and of initiatives which have been sponsored and supported by development funding. It is in the case studies that key factors begin to emerge: project champions, institutional support, flexibility, external partners, an infrastructure which supports providers and clients, expert providers and niche marketing have all contributed to successful CVE. The availability of development funding has also enabled HEIs to provide incentives, which have supported development work by members of staff. Such seedcorn funding is, however, essentially one-off, and there is a need to recognise that sustaining the growth of CVE requires an environment which is not reliant on spasmodic incentives.

In terms of providing sustained support for CVE, the data from the case studies are valuable, both from those HEIs which received development funding and from those which did not. What emerges is that the assessment of factors influencing effectiveness needs to take account of the relationship between institutional context, history and mission.

10.1.1 CVE and institutional achievement

The development of CVE across an institution requires leadership and commitment at the highest level. In our earlier analyses, we have indicated the importance of 'champions' at the institutional level. However, this alone is not enough: success requires a willingness to be innovative in terms of academic provision, as well as in creating an infrastructure which supports

what, for many HEIs, remains non-traditional activity. A responsive institutional leadership must also include devising incentive systems which reward departments and individuals. A critical factor in sustained development of CVE is that the people working in the area – or being encouraged to be active – must see the potential benefit in terms of their career.

Typically, the HEIs in the case studies of Chapter 9 manifest many of the features identified here, although not all these features can be identified in each institution. Benton, Fitzsimmons, Monroe and Woodford, however, are all HEIs which were strong on organisational effectiveness. In each, there was evidence of strong CVE leadership and commitment, and a readiness to be innovative in providing CVE and responding to client needs in an integrated way. There was also evidence of reward systems being linked to CVE-type activity, sometimes because CVE was so integral to an HEI's activity that it was inevitably a factor in the reward system. At Benton, however, the introduction of the title of teacher fellow, a post comparable in status with a readership, is a distinctive innovation which signals the importance of both creativity and leadership in teaching and, thereby, some aspects of CVE development work. These four case studies illustrate the synergy which can be obtained where CVE is strong in terms of both institutional support (leadership, innovation, client and provider infrastructure and external relations), and its reward systems (recruitment and promotion, financial incentives and CVE development opportunities). Success is further assured where these factors occur in HEIs with a strong historical orientation to CVE and a clear contemporary mission to support and extend the work.

In a second set of HEIs, CVE was no less supported by institutional commitment to CVE – with clear evidence of strong institutional support, academic innovation, client and provider infrastructure, and attention being given to external relations. HEIs which clearly illustrate this are Cape and Rowley. What was less convincing in these was the attention given to incentive and reward systems. By this, we do not mean that no attention was given, but that there was comparatively less emphasis than in the first set of HEIs. While this could create some conflicting signals about institutional support and its reward system, we do recognise that the histories and contemporary mission of both these HEIs emphasise the importance of vocationally oriented activity and, therefore, the importance of CVE work.

A further aspect of institutionalising CVE, however, is a commitment to it as a broad concept. By defining and incorporating a wide range of activity as CVE, an HEI effectively adopts a more inclusive approach in its strategy. This has a double benefit. Not only does it increase the number of staff who are able to identify their work as part of CVE, but it also has greater resonance for client groups. SMEs, for example, do not distinguish their CVE needs in terms of courses or graduate apprenticeships. They are more likely to have a set of needs and, if they approach an HEI for resolution of

those needs, would prefer a single integrated package. By no means all six of the HEIs to which we have referred here sought to provide an integrated package to customers. However, some (for example, Benton) had a broad view of CVE which recognised that SMEs would not wish to 'shop around' for solutions to problems.

It is in this context that effective providers of CVE can be expected to assist in developing networks of people committed to CVE. In this way, knowledge about the capacity of an HEI to respond to certain demands becomes more widespread within the institution, adding to the capacity to respond effectively. Our case study evidence suggests that it is through this combination of institutional support, incentive systems, a wide conception of CVE, and internal networks that CVE becomes a sustainable component of an institution's future.

10.1.2 CVE and the challenge of change

Set against these two groups of HEIs are three institutions whose contexts, histories and mission are somewhat different, not only from the other six but also from each other. They are Keaton, Hanson and Zara, the last two being HEIs which did not receive development funding.

Keaton has a history of success as a traditional university attracting a good cohort of undergraduates. It is seeking to change its role to develop a much stronger emphasis on CVE-type 'lifelong learning' provision. In terms of our organisational analysis, it is seeking to move away from an autonomous type characterised both by little organisational support for CVE and by reward systems largely geared to its earlier mission. The change is marked by clear institutional leadership and a strong emphasis on improving external relations.

However, there is also evidence of change in terms of client and provider infrastructure. While funding has been used to encourage CVE development, there is limited evidence of change in the reward and incentive structure. Keaton also has many academic staff who continue to define their role in terms of the university's historical mission. In these circumstances, it provides a good example of the considerable challenge involved in moving an institution into a quite different phase of development, sponsoring new and unfamiliar work. It illustrates the importance of institutional leadership in signalling change. It also shows how implementation strategies need to encompass procedures which not only create a secure institutional environment, but also give inducements for staff to respond to the new demands being placed on them. Change occurs slowly and requires a substantial commitment over a number of years.

Hanson illustrates how an HEI can have partial success in CVE provision without having clear institutional leadership. Within a structure which emphasises traditional concepts of academic autonomy, it was left to individuals and departmental heads to decide the priority to be given to CVE. The case study shows how this led to considerable success in selected

areas of activity, where the institution established itself as a national centre of excellence. The case study also shows how institutional policy is now changing, with central direction that all departments review their activity and develop more CVE-related work. It remains to be seen how successful this will be. What is emerging is clear direction for the HEI as a whole and a supportive infrastructure. It is less clear, however, whether the incentive systems are being altered sufficiently to enhance the impact of greater central support.

Zara shows how significant and sustained provision of CVE can occur without strong or direct institutional support. Its decentralised management system allows departments the scope to develop their own programmes, and to reap the benefits or carry the costs of those activities. Critical to success in this situation is a system of incentives which allows the key operating unit a considerable degree of autonomy. Such autonomy not only extends to defining its work and negotiating agreements with outside bodies, but also to defining criteria by which staff are rewarded. At Zara, therefore, the factors which determine promotion to levels below professors are decided by schools. The university adopts a quality assurance role to ensure that school criteria are properly applied. In these circumstances, a school committed to CVE can shape promotion criteria which provide suitable incentives for its staff. Schools can also provide support structures to assist in the effective provision of CVE. At Zara, therefore, the concept of infrastructure support is manifest, but at the school level. In this respect, the conditions of our organisational model are met, but at a level below the institution.

Keaton, Hanson and Zara are illuminating case studies for a number of reasons and have implications for CVE provision in the system as a whole. For example, Keaton illustrates the challenge involved in raising the scale and significance of CVE across a whole institution. Changing the orientation of an HEI is a major task and, if it is to be achieved, requires strong leadership and implementation strategies which cover the range of needs.

Hanson and Zara show how development funding is not critical as a factor leading to significant CVE activity. This is a challenging finding in terms of future HEFCE strategy, and its significance needs to be fully understood. At one level, it does no more than reinforce the message to be drawn from all the case studies. If CVE is to be a sustainable activity in the long-term, it is essential to ensure that appropriate organisational support structures and incentive systems are in place. HEIs committed to CVE might usefully review their policies against the criteria we have used in our organisational analysis. Hanson and Zara indicate, therefore, how CVE can be sustained when those conditions are in place. However, since their success is market-contingent, they also illustrate how CVE in these circumstances must pass a stringent test of economic viability. (In contrast, development funding can be used to subsidise initiatives and be used to support access for disadvantaged groups).

Hanson, and more particularly Zara, also show that 'localised' success is not necessarily dependent on clear institutional commitment to CVE, although support and incentives are needed. However, the outcomes are pockets of success, where provision arises from heads of department acting as entrepreneurs, creating and responding to market needs. If CVE is to be broadly based across an HEI, however, wider institutional leadership is required as observed in the first six HEIs.

Taken together, the nine case studies show how the successful development of CVE is contingent upon a range of factors. Although these include the institutional support structures and reward systems which we have discussed, it is also clear that their significance depends upon the histories and missions of HEIs. In HEIs where vocational programmes are a strong and long-established part of provision, the culture of commitment provides an additional pressure to respond positively to CVE initiatives. In HEIs where more traditional conceptions of academic provision dominate, the development of CVE across a whole institution relies even more on direction, support and reward systems. These elements assist in understanding the factors which contribute to effectiveness in providing CVE; in the next section we review the evidence on cost-effectiveness.

10.2 Testing cost-effectiveness

We began this chapter by emphasising that the cost-effectiveness of development funding and of CVE more generally must be subject to the test: to what extent is activity fostering the development of employment-related knowledge, skills and understanding? In terms of development funding alone, it could also be argued that evidence of its cost-effectiveness could be the long-term sustainability of initiatives launched. In Chapter 7, however, our discussion of the economics of CVE recognised the difficulties in arriving at firm conclusions about either the external or internal efficiency of CVE. It is with this problem that we begin.

An appraisal of the cost-effectiveness of CVE provision is feasible, but requires HEIs to use their cost data as a source of information. That few do so may reflect a resistance to this form of appraisal among providers. Nonetheless, financial information systems can be designed so that data more closely reflect activity. Such an approach would make the cost of provision more transparent, and be a significant advance in generating the data required for assessing cost-effectiveness. This approach could also contribute to changing the existing diversity among HEIs in terms of: top-slicing income for institutional overheads; the pricing of CVE activity; and the mis-match between institutional mission and incentive structures. In this way, a commitment to greater transparency over costs could have benefits for other factors which impinge upon the cost-effectiveness of CVE.

Our study has demonstrated a diversity of practice in top-slicing income (including development funding) which almost certainly bears little resemblance to the actual level of overhead. A financial information system designed to identify the cost consequences of activity would allow the

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overhead of CVE to be estimated more accurately. A commitment to transparency and to cost identification would also inform decisions about the pricing of CVE activity. Here also we see a diversity of practice, but only limited evidence of pricing policies derived from a coherent analysis of both costs and market conditions; as a result some activity is likely to be over-subsidised. Indeed, our analysis of the evidence on costs which we did collect shows that, in principle, there is capacity for cost-recovery. We are not proposing that all CVE should be subject to cost-recovery and a pricing policy which provides for that. Rather, we suggest that better information systems would allow HEIs to decide on costs and pricing based upon firmer evidence. In particular cases, this might well lead to a decision to subsidise a course, perhaps because it is a new initiative or because it is for a low income group. Our contention is that, at present, these decisions are made with inadequate information.

The absence or inadequacy of approaches to analysing cost-effectiveness or economic impact may well have a bearing on the disjuncture between the CVE goals of an HEI and its reward systems. Too often the reward systems for developing CVE, by departments and by individuals, were limited in nature and did not reflect the effort involved.

The limited impact of methods of economic appraisal such as cost-effectiveness also has implications for the wider assessment of the economic impact of development funding and of CVE. In Chapter 7, the discussion of economic impact recognised problems of subsidising training which might anyway have occurred; the benefits of information exchange between HEIs and other sectors of the economy; and the impact of development funding on gearing activity.

On the issue of subsidies, one way of responding to the problem is good market analysis so that demand and pricing information can be collected. However, even where market analysis occurs, pricing information is more limited, and when that is linked to poor internal cost information, the results are not likely to be as well informed as they could be. Although HEIs are public sector organisations, in which profit motives are neither compelling nor pervasive, CVE does have economic benefits for the participants. Simply, if participants are willing to bear the full cost of provision, such provision is *de facto* cost-effective. Subsidising individuals on CVE courses therefore needs justification. A presumption for the HEI might be that CVE should be priced at what the participant will bear; otherwise the taxpayer is bearing an unnecessary cost. Serendip and Highgate showed imaginative solutions to this by obtaining private sector sponsorship for their courses.

What is more apparent from the study is the extent to which CVE supports information exchange across sectors of the economy. In view of the economic role of higher education, such links are clearly beneficial in the long term. However, these benefits are hard to identify and there is an obvious concern that cost-effectiveness is impaired by information-sharing which yields no ostensible educational outcome. Information exchange

per se is not an outcome, and cost-effectiveness would be enhanced if there was a direct link between exchanges and outcomes. Moreover, subsidised information exchange is not costless, as it involves senior educational professionals whose opportunity costs are high. The more cost-effective providers recognised when the marginal costs of networking exceeded the marginal benefits.

The study also shows the many ways in which development funding has contributed to gearing activity. In many HEIs, it has facilitated partnerships which have led to initiatives attracting, for example, European Social Fund money and income from local TECs. These activities appear to be beneficial in stimulating new developments between HEIs and others. They add to the diversity of income streams into HEIs. By reducing reliance on core funding, these also add to the independent capacity of an HEI and its ability to withstand changes in specific income flows, a factor which assists the overall economic viability of an institution. Cost-effective providers were ones which managed and exploited these diverse sources of income in ways which maintained the focus on education, upheld the profile of the HEI and protected the interests of academic staff.

Taken together, our study points to the need for HEIs to generate more information on costs as a basis for judgements on cost-effectiveness. We have indicated ways in which that can be done and how it can affect cost-effectiveness. We have also drawn attention to the way in which poor information can lead to poor decisions on pricing and, potentially, to subsidies for training which might anyway have been purchased. Set against this, the links between HEIs and other sectors of the economy seem to be a clear benefit of development funding and of CVE, and the former has stimulated partnerships to attract additional funding from sources such as the EU.

10.3 Effectiveness and cost-effectiveness

The organisational factors and institutional conditions which contribute to the effectiveness of CVE provision are easier to identify than those which allow an assessment of cost-effectiveness. Our analysis has pointed to the importance of institutional leadership, supportive infrastructure and reward systems, but has also recognised the effect of an institution's history and mission. Extending our analysis to assess cost-effectiveness is more difficult. HEIs need to develop better financial information systems and attitudes which make costing and pricing more central to decisions on the viability of CVE initiatives. In the current environment, it is difficult for many HEIs to assess cost-effectiveness. This is not to suggest that much of the activity is not worthwhile: the training and information exchange taking place, and the partnerships being created, all point to the viability of CVE in the long run. Yet, too much uncertainty surrounds their costs and benefits. This is neither desirable in itself nor sensible for the long-term, where judgements and decisions on future developments would be improved by better quality information. This factor is examined in the concluding chapter.

11 Strategies for development

Since the launch of the CVE development funding initiative in 1994, and the completion of this report in 1998, higher education policy has been commented upon in several reports. It is against their background that strategies for future development need to be considered. We propose to do so in four stages. In the first, we comment on the achievements of the initiative in encouraging and sponsoring CVE and CVE-related activity in HEIs that have received development funding. This provides a context for the second section, where we draw upon the policy themes identified in Chapter 2, and review the findings of our inquiry in relation to those themes. This leads to a third section, where we consider the implications of the policy context and our findings for the management of CVE within HEIs. Finally, we consider what this may mean for the relationships between the HEFCE and HEIs as a whole – the interface of policy and practice.

11.1 The development funding initiative

Several chapters in this report attest to the success of the development funding initiative in stimulating growth and innovation in CVE. The material in Chapter 5 and Chapter 9 reflects the scale and diversity of CVE developments sponsored by development funding. These include changes in approaches to recruiting and admitting students, innovation in curriculum and pedagogy, and procedures for monitoring and assessing student progress and achievement, including modes of accreditation. Some of these changes have had modest effects upon the nature of the students recruited. In some HEIs, the funding has been used to develop IT applications to learning in significant and innovative ways, providing a benchmark of quality against which changes elsewhere could be judged. These substantial positive achievements should not cause us to overlook some significant failures in the initiative. In a number of HEIs, there was evidence of specific initiatives which failed, for example falling well short of target numbers of students. Some HEIs also appear to have misjudged their client needs and used the funding to produce materials for which demand has been more modest than the expenditure might have justified.

In Chapter 6, we illustrated the range of external relations which HEIs have developed, and which are integral to the success of some areas of CVE work. The discussion also recognised the difficulties encountered by some HEIs in seeking to reconcile their institutional goals with the goals of the prospective partners; agreement has not always been possible. The chapter raises valuable questions about the need to ensure that the goals of nationally funded organisations responding to national direction have the flexibility to respond to distinctive regional requirements.

In Chapter 7, the achievements of development funding were reviewed from an economic perspective. Here the challenge is to collect data that can provide a persuasive account of the economic consequences of CVE activity.

The chapter's account of the internal and external efficiency of CVE analyses achievement within a suitable framework, while also recognising the limitations of much of the available data.

In Chapter 9, the case studies illustrate what has been achieved in seven HEIs which received development funding, while also recognising that much can also be achieved by HEIs which did not receive funding. In the first group it is evident that developments have been initiated – and risks taken – which would not have been possible without development funding. Both the amount of money and the guarantee of funding over four years were significant enabling factors in these HEIs. Set against that is the evidence from two unfunded HEIs. In one of these, Hanson, the immediate negative impact of not being funded has been followed by a reassessment of institutional aims and a renewed commitment of institutional effort to CVE. In the second unfunded HEI, Zara, its approach to the management of CVE demonstrates that it is possible to have significant activity without clear direction from the leadership of the organisation.

The general lessons to be drawn from the case studies were considered in Chapter 10. In that discussion we stressed the importance of institutional leadership, supportive infrastructure and reward systems. However, we also recognised the current limitations on HEIs' capacity to assess cost-effectiveness, and stressed the need for better financial information systems as a means of informing cost and price decisions. These and other lessons will be considered further in the third section of this chapter.

What is evident from much of this work, however, is that the concept of CVE which applies is broad and relates to the relationship between HEIs and its wider economic role. Certainly, the best CVE provision went well beyond the provision of courses and sought to integrate an HEI's capacity to meet the needs of the local economy. This was probably most notable in strategies for responding to the needs of SMEs. The approach may have implications for the development of policy. If existing experience is to provide a basis for future policy, however, it needs to be placed in the emerging policy context. In the next section, therefore, we review the findings of our inquiry against the policy themes identified in Chapter 2.

11.2 Policy themes and CVE practice

11.2.1 Themes

In the concluding section of Chapter 2, we summarised evidence on the relationship between emerging policy themes for higher education and CVE. We argued that there is a positive resonance between policy and CVE in each of the following themes:

° the lifelong nature of education;

° the role of education in the local, regional and national economy;

° employers' views that HE research and students' learning need to be closer to the world of work;

- the place of HE in networking strategies supporting economic development;

- the potential of IT in alternative modes of pedagogy; and

- the need for greater cost-sharing in provision.

However, there were concerns about:

- whether enough use is made of the R&D potential of higher education in partnership with the business sector, and whether HE is meeting the needs of a changing student population.

If the practice of CVE is to be managed so as to strengthen the link between it and national policy for higher education, three strands of thinking need to inform policy development. A broad conception of CVE needs to be encouraged; partnerships must be encouraged; and individual access to CVE must be protected.

11.2.2 A broad concept of CVE

CVE activity is predominantly described as the provision of courses, both short and long. These courses may be provided at an HEI, hotel or conference centre, in the workplace, through the web, or elsewhere. Such activity is often of high quality and appropriate to need. However, it does not capture the breadth of CVE. In some of the best practice we observed, the concept of CVE to which an HEI was working embraced the whole set of relations between HEIs and their commercial, industrial and public sector clients.

Applying this wider concept of CVE, the question asked about the role of the HEI was: what are the needs of our clients and how can the capacity of the HEI be harnessed to meet those needs? This approach leads to an integrated response to client needs, where the research base of an HEI is as relevant in responding to those needs as its capacity to mount courses; and where the ability to offer consultancy to an SME can be linked to work placements by postgraduates, establishing a synergy which enhances their work-based skills and the new learning requirements of the company.

Typically, it was argued that this approach to CVE was what companies required, most notably SMEs. It also helps broaden the base for CVE within an institution, making activity more relevant to the everyday work of a greater number of academic staff. In Chapter 2, we noted that one of the concerns about HEIs in the UK is that they are weak in applying the results of research to the wider economy. An approach which broadens CVE so that it is a conduit between higher education and the economy can help address that concern.

11.2.3 CVE in partnership

Three of the themes identified in Chapter 2 refer to partnerships between HEIs and others. The role of HE in the local, regional and national economy can clearly be understood as an aspect of partnership. Ensuring that students' learning needs are close to the world of work can be assisted

by closer relationships between HEIs and employers. Finally, in some instances, cost-sharing will require negotiations between prospective partners so that 'deals' can be struck.

Set against these themes, our inquiry showed how partnerships between CVE providers and others could be effective means for developing appropriate activity. We have included several examples which illustrate the links between professional bodies and HEIs in devising high quality training materials. We have also cited HEIs that have developed a range of activity – consultancies, placements and training – with local employers. There is also evidence of some HEIs collaborating closely with TECs and other HEIs to develop new programmes and to attract significant amounts from the European Social Fund for major infrastructure work.

We would not want to exclude opportunities for HEIs to 'go it alone,' but these partnerships do signal a significant way forward whereby HEI developments can be integrated more securely with the needs of clients. In an environment where national policy increasingly recognises the need to encourage regional collaboration, CVE-related activity is one route by which HEIs can engage in that development.

11.2.4 Individual access

The current policy debate makes lifelong learning central to the future role of higher education. Almost by definition this should place CVE at the centre of development. CVE clearly has a significant economic role to play, both for the development of the economy and for the individuals who constitute that economy. Within that, it is the roles of individuals as economic agents that need recognition, all the more in view of the importance of SMEs as agencies of economic growth and innovation.

The evidence from much of our inquiry identifies SMEs as key clients of CVE, but also recognises the difficulties of supplying the CVE which SMEs need. There are concerns that SMEs are poor at identifying and investing in training needs, which suggests that their employees are better placed to act to meet those needs. It is this combination of responding to individual needs, and meeting the needs of SMEs in doing so, that is the third component of our policy analysis.

Some of the most effective CVE providers in our inquiry see SMEs as their principal target, but believe that their individual employees are the route by which they will participate in CVE. If this analysis is correct, then CVE provision must retain an emphasis on individuals-as-clients – its traditional focus. While negotiating – and establishing partnerships – with individual companies must become more significant, it is important to retain a focus on the individual.

In doing so, the role of IT is likely to become more important. Developing methods of teaching and learning using IT can add to the ways individuals can access CVE. Such approaches can also benefit policies geared to improving the range of clients using CVE, broadening the base of users of higher education.

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11.2.5 A framework for policy

The three strands which we have discussed point to a possible context for the next stage of development for CVE. This requires an explicit recognition of a broader concept of CVE than may be the case at present. Making that 'new' CVE work requires partnerships which extend current practice, but in ways that recognise the role of individuals as agents in defining and demanding CVE. It is within this context that HEIs must shape their own strategies.

11.3 The management of CVE within HEIs

Strategies for CVE within HEIs are developed in the context of policy decisions made by the Government and shaped by the HEFCE. In exploring the implications of our study for the management of CVE in HEIs, we need to take some account of the context. Our comments, then, combine some of the conclusions of Chapter 10 with our comments on the wider policy context.

In the previous chapter, we concluded that if an HEI wants CVE to be an integral part of its development, it will need an appropriate organisational structure to support development and an incentive structure which rewards success. If it adopts the more limited objective of developing CVE only in fertile parts of the institution, it will still need to provide appropriate incentive systems to reward success.

The institution-wide approach is clearly the more challenging task: it would require a shift in the culture of many HEIs. We have reviewed some strategic options in Chapter 8. In addition to the implications for leadership, infrastructure and reward systems, there is a need for better information on costs and pricing.

We believe that most HEIs will need to consider the option of an institution-wide response. On the assumption that most future growth in HE is likely to be in non-traditional areas of provision, most HEIs will wish to position themselves to respond to increased activity in this area. Few HEIs can insulate themselves from these changes; to do so would require considerable strength in research performance and an ability to maintain flows of traditional undergraduate students, perhaps boosted by top-up fees.

For most HEIs, therefore, the option is likely to be an institution-wide response to the policy developments on CVE which will be determined by central Government, with implementation shaped by the HEFCE. It is the nature of that shaping we now consider.

11.4 The HEFCE and HEIs

In this section we review options as the initiative ends and the HEFCE reviews its response to the current policy environment. As the HEFCE has resisted an overly dirigiste approach to the sector, we limit our discussion to financial mechanisms by which policies will be steered rather than implemented.

Our assessment of the policy context for higher education points to strong support for strengthening the relationship between higher education and the economy. Whether this will be done through a continuation of existing policy is less clear. It is in the nature of initiatives such as this that they are one-off and that policy will, in some degree, move on in 2000. The HEFCE position is that development funding is, almost by definition, a one-off programme to stimulate change. Our own inquiry would add weight to the initiative being superseded, because the conception and form of the relationship between HEIs and the economy could be significantly redefined if that relationship is to be optimised.

These comments make it unlikely that further development funding in its existing form is either probable or desirable. Yet, the alternative of mainstreaming the funding might also be seen as undesirable. The Government's policies to which we have referred emphasise the need for a closer match between the work of HEIs and the needs of the economy. Mainstreaming funding would do little to support that policy thrust. While mainstreaming funds would leave HEIs to spend the money as they see fit, it would be hard for the Council to claim that it is actively promoting the link between HEIs and the economy.

If the Council wishes to give a greater steer to HEIs to strengthen their links with the economy, it is likely – and appropriate – that development funding will be succeeded by a new initiative. In view of our earlier analysis, our speculation is that such an initiative will be broader in scope than traditionally conceived CVE. We also suggest, however, that such an initiative should support some of the best practice in CVE which we have observed. By this, we mean the practice in HEIs which view CVE both in terms of the broader definition described earlier, and as an institutional strategy requiring an integrated response to the needs of clients in the economy. A new initiative might also recognise the role of partnerships in new ventures. We also hope that it would recognise the role of individuals as key agents of change, not least in the SMEs which are key components in developing the contemporary economy.

How such an initiative might be managed by the HEFCE also merits comment. The current initiative has been reviewed regularly through annual monitoring statements, providing HEIs with guidelines but allowing considerable flexibility in their actual response. We would suggest that, in the future, such monitoring might seek to be more prescriptive. This would provide for greater accountability, but there are more significant gains. A greater standardisation in the reporting format would allow increased scope for comparison between HEIs and the potential for benchmarking. Benchmarking would also facilitate comparison and inter-institutional learning. It has been clear from our own inquiry that HEIs are eager to learn about developments elsewhere, and a more formalised reporting procedure would assist in this.

11.5 Building on success

A closer interface between HEIs and the wider economy has been a feature of policy development for higher education for several years. PICKUP was an opportunity for HEIs to develop specialist short course provision. The Enterprise in Higher Education Initiative was intended to secure a wider cultural change, whereby all parts of HE provision were to recognise their role in the enterprise economy. CVE development funding was a significant successor in that it provided a means for both specific development and broader cultural change: It may be that its successor will seek changes whereby HEIs are encouraged to develop practices which are not only integrated across an institution, but also respond to the needs of key agents of development in the economy. In this way, HEIs can better meet the expectations and requirements of lifelong learning.

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Annex 1

HEIs receiving CVE development funding for academic years 1994/95-1998/99

Anglia Polytechnic University

Aston University

University of Bath

Bath College of Higher Education

Birkbeck College

Bolton Institute of Higher Education

Bournemouth University

University of Bradford

Bretton Hall

University of Brighton

University of Bristol

Brunel University

University of Cambridge

Canterbury Christ Church College

University of Central England in Birmingham

University of Central Lancashire

Central School of Speech and Drama

Cheltenham & Gloucester College of Higher Education

Chester College of Higher Education

City University

The College of Guidance Studies

College of St Mark & St John

Cranfield University

De Montfort University

University of Derby

University of Durham

University of East Anglia

University of East London

Edge Hill College of Higher Education

University of Exeter

Goldsmiths College

University of Greenwich

Harper Adams Agricultural College

University of Hertfordshire

University of Hull

Imperial College of Science, Technology and Medicine

Keele University

King Alfred's College, Winchester

Kingston University

Lancaster University

University of Leeds

Leeds Metropolitan University

University of Leicester

University of Lincolnshire and Humberside

University of Liverpool

Liverpool John Moores University

London Business School

London Guildhall University

University of London – Senate

London School of Economics and Political Science

Loughborough University[1]

University of Luton

University of Manchester

Manchester Metropolitan University

Middlesex University

Nene College

University of Newcastle upon Tyne

University of North London

North Riding College

University of Northumbria at Newcastle

University of Nottingham

The Nottingham Trent University

The Open University

University of Oxford

Oxford Brookes University

University of Plymouth

Queen Mary and Westfield College

University of Reading

Roehampton Institute

RCN Institute (Institute of Advanced Nursing Education)

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[1] Merged with Loughborough College of Art and Design

Royal Veterinary College

University of Salford[2]

School of Oriental and African Studies

University of Sheffield

Sheffield Hallam University

South Bank University

University of Southampton[3]

Southampton Institute

Staffordshire University

University of Sunderland

University of Surrey

Surrey Institute of Art and Design

Thames Valley University

Trinity and All Saints

UMIST

University College London

University of Warwick

University of the West of England, Bristol

University of Westminster

Westminster College, Oxford

University of Wolverhampton

Writtle College

Wye College, University of London

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[2] Merged with Salford College of Technology

[3] Allocation originally made to La Sainte Union College of Higher Education

Annex 2

HEIs visited

Twenty HEIs were visited to collect detailed evidence on the impact of development funding. From this group, seven HEIs were selected for further study because there was evidence of good practice; two additional unfunded HEIs were also selected for visits. Evidence was collected in confidence, so we used fictitious names to identify the institutions. Eight were former UFC-funded HEIs: Cape, Fitzsimmons, Hanson, Hilltop, Keaton, Serendip, Sheldon, and Zara. Seven were former PCFC-funded HEIs: Benton, Carfield, Highgate, Keys, Monroe, Newtown and Oakfield. Five other HEIs, colleges and specialist institutions were: Coopers, Cromer, Orleans, Rowley and Woodford.

Benton is a large university accommodating nearly 20,500 students, and 1,100 academic staff, providing a full range of academic and vocational courses. It is in a region with a dispersed population, with a large number of small, low-technology industries. The university has focused on the local region and formed close links with external agencies.

Cape is in a densely populated urban area. It is the product of a merger between a university college, a college of nursing, and a university. Since the early 1980s its courses have emphasised developing a capability for jobs through strong links with FE, industry, commerce, and the public sector. These well-established links underpin its rationale for CVE.

Carfield is one of the biggest HEIs in the UK, with 23,000 students. Most students come from the region, and an increasing proportion are mature students. It offers a full range of academic and vocationally orientated courses, and has been innovative in creating industry-sponsored partnerships and work-based learning.

Coopers is a tripartite organisation with a complex trade union, policy and advisory, and education/accreditation role for about 300,000 professionals. Following legislative changes affecting accreditation standards, and mandatory updating of skills, it became involved in the development of distance learning materials in collaboration with the broadcasting authorities.

Cromer is a university college with around 4,000 students; one-third of these are mature students. The college is affiliated to a nearby university and runs programmes in the arts, humanities and social sciences. Many programmes are vocationally-orientated, linking NVQs with undergraduate courses, and are delivered in association with external agencies.

Fitzsimmons is a small city centre university with about 5,000 students. It has historical links with industry which are reflected in vocational or applied course provision, although it has the ethos of an older 'traditional' institution. It is seeking to diversify by expanding activities in high-quality CPD niche markets.

Hanson is among those HEIs established during the 1960s. It is on the outskirts of a historic city and provides a full range of academic subjects.

The university has a strong departmental structure which has been an important factor influencing curriculum and pedagogic development. CVE provision has been limited, although recent changes in senior personnel and policy developments have given a renewed impetus to development.

Highgate is an urban HEI with a strong commitment to the surrounding region. Most of its students are mature part-timers undertaking a range of vocationally orientated courses, many of which have been developed in collaboration with industry. Provision has a marked emphasis on work-related skills/knowledge and flexible patterns of teaching, and is geared to professional accreditation.

Hilltop is an urban HEI with 8,000 students (1,600 postgraduates) working in nine faculties. Courses are widely modularised enabling flexible access. It has strong historical links with the surrounding community, although these have weakened as it has pursued a wider research-led profile. However, it still retains a preponderance of vocationally orientated courses, and is rapidly developing work-based modules.

Keaton is a traditional university where provision is largely undergraduate teaching and research. There are almost 8,000 students, and 800 academic staff and it offers a full range of academic subjects. Historically, CVE has been viewed as a peripheral activity. It is in a region that is not densely populated or industrialised, although it has a high concentration of SMEs and attracts European Union priority funding.

Keys is one of the largest non-federal HEIs offering over 400 courses in 70 different subject areas. These reflect a primary orientation towards practical work-related education and training, with clear and distinctive vocational links with industry. Half of its students are mature people updating skills, and about 10,000 are part-timers.

Monroe is a new university with 24,000 students and 1,700 academic staff organised into nine faculties. It has a history of provision in vocational subjects and recruits a high proportion of mature students from the local region.

Newtown is an urban university with 19,000 students, almost half of whom are mature and part-time students. It offers a wide range of modularised academic and vocational courses which emphasise transferable skills and IT. Study skills are also embedded in most courses.

Oakfield is an inner urban HEI with a strong focus on its region and a commitment to increase access and enhance its role as an economic stakeholder in the local community. This is reflected in a wide-ranging programme of vocational and professionally orientated courses located in four faculties and targeted at SMEs.

Orleans is a small HEI with university college status located near an historic city. It offers a range of professional and vocational modularised courses in the arts, humanities and social sciences. A majority of its 2,500 FTE students are mature part-timers who mainly come from the immediate

locality. Scope for diversification is constrained, although it has established very strong innovative links with a large network of FE colleges concerned with the progression from FE to HE.

Rowley is a small HEI seeking university status, with 6,000 students and 330 academic staff, organised into three faculties offering a broad range of programmes with a strong vocational emphasis. Almost half of the students are part-time, and three-quarters come from the local region, which gives it a persuasive presence with local industry, and a powerful incentive to develop high quality CVE provision.

Serendip is a red-brick civic university with a strong affinity with the surrounding region. It offers a full range of academic courses to 12,000 students, although vocationally orientated provision is growing. It has a relatively smaller proportion of postgraduates than many similar HEIs (1,200), although the vast majority of these are mature part-time students.

Sheldon is an urban university, offering a wide range of academic and vocationally orientated courses to approximately 8,000 students, 4,000 undergraduates and 4,000 postgraduates, most of whom are mature part-timers. It has a strong tradition of professional education, with a wide range of modularised courses catering for CPD focused on industry.

Woodford has 1,500 undergraduates. It is the largest provider of HE and CPD for the rural economy in the UK. The undergraduate structure incorporates 300 modules in the food, agricultural engineering, land-based and environmental sectors.

Zara is a large civic university with 17,000 students. It provides a full range of subjects within a decentralised management structure. It is committed to widening access and equipping students with work-related skills, embedding key skills in all levels of study. CVE is broadly seen as a vehicle for the transfer and practical application of knowledge arising from mainstream provision and research.

Annex 3

Summary of interview schedules

Interview schedule 1: Director/administrator/manager of the CVE unit

Impact of development funding on CVE:

o   organisation

o   resource management

o   provision

o   assessment

o   pedagogy

o   external partnerships

o   marketing

o   gearing/finance

o   monitoring provision.

Interview schedule 2: Finance officer

Effect of development funding on CVE through:

o   financial administration

o   resource management

o   income management and course pricing

o   value for money assessment.

Interview schedule 3: Course provider (lecturer)

Effect of development funding on CVE through:

o   changes in provision

o   changes in student entry

o   changes on student support

o   programme monitoring and assessment

o   development of new materials.

Questionnaire to course participants

CONTINUING VOCATIONAL EDUCATION (CVE)

THE UNIVERSITY
OF BIRMINGHAM

This questionnaire is part of the Higher Education Funding Council for England (HEFCE) CVE Evaluation Project. The researchers for the Project are based at the School of Education, University of Birmingham. This questionnaire asks for your views, perceptions and observations regarding your experience of CVE provision.

Any response you make will be confidential and anonymous.

COURSE TITLE:..

....

DATE: ....

GENERAL INFORMATION (Please Tick):-
Gender: M[ ] F[ ]   **Ethnicity:** Afro-C[ ] Asian[ ] White[ ] Other[ ]   **Age:** under 25[ ] 25-34[ ] 35-44[ ] 44+[ ]

[1]. What is the length of the course? _____ (in weeks)

[2]. Does this course lead to a qualification? Yes [ ]   No [ ]

[3]. What qualification does the course lead to? _____

[4]. Who decided on whether you should go on this course?
        You [ ] Your employer [ ] Your professional association [ ] other [ ]

[5]. How important were the following factors for your decision to study in Higher Education:

	Very important	Important	Moderate	Not important	Don't know
Better quality instruction in HE	[ ]	[ ]	[ ]	[ ]	[ ]
Flexible mode of learning	[ ]	[ ]	[ ]	[ ]	[ ]
Qualification more respected in the workplace	[ ]	[ ]	[ ]	[ ]	[ ]
Only place offering these courses	[ ]	[ ]	[ ]	[ ]	[ ]
Better range of courses	[ ]	[ ]	[ ]	[ ]	[ ]

[6]. What do you think this course will help with?

	A lot	Quite a lot	Not much	Not at all	Don't know
Employment prospects	[ ]	[ ]	[ ]	[ ]	[ ]
Promotion	[ ]	[ ]	[ ]	[ ]	[ ]
Earnings in the short term	[ ]	[ ]	[ ]	[ ]	[ ]
Earnings in the long run	[ ]	[ ]	[ ]	[ ]	[ ]
Security from unemployment	[ ]	[ ]	[ ]	[ ]	[ ]
Developing expertise in this field	[ ]	[ ]	[ ]	[ ]	[ ]

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Maintaining your skill level   [ ]   [ ]   [ ]   [ ]   [ ]

[7]. How would you rate the following aspects of the course?

	Very poor	Poor	Average	Good	Very good	Don't know
induction/enrolment	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
course materials	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
teaching instruction	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
facilities/equipment	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
course assessment	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

[8]. Was there any careers guidance or counselling?
during the course [ ]   after the course [ ]   no guidance [ ]

[9]. Would you come on more courses at this Higher Education Institution?
    Yes [ ]   No [ ]

[10].
(a) Was there a charge for this course?
    Yes [ ]   No [ ]   Don't Know [ ]
    If 'Yes', how much was it? _____

(b) Who paid that charge?
    You [ ] Your employer [ ] Your professional association [ ] other [ ]

(c) Is this course good value for money?
    Yes [ ]   No [ ]   Don't know [ ]

[11]. Was the course what you expected?   Yes [ ]   No [ ]
If you ticked 'No' to this question, please explain how and in what ways if differed from your expectations

[12]. Do you have any final comments to make on any aspect of your experience of your current course/module or other form of CVE provision?

THANK YOU for completing this form
Please hand it to a member of the research team
Alternatively, please FREEPOST your response to:

The Research Office, The School of Education, The University of Birmingham, Birmingham B15 1BR

Higher Education Funding Council for England
Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD

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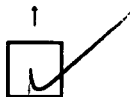
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