In response to an initial soundings paper issued by the United Kingdom's Qualifications and Curriculum Authority, the Learning and Skills Development Agency (LSDA) presented its views on ways of enhancing the United Kingdom's existing vocational qualifications system. Selected points of the position that LSDA presented are as follows: (1) the time has come for radical rethinking of the system for designing and regulating vocational qualifications; (2) the terminology associated with qualifications and awards must be clarified; (3) local authoring and local generation of qualifications within a nationally agreed upon framework for quality assurance is needed; (4) the vocational qualification system should aim to secure qualifications that would be fit for purpose, demonstrate vocational learning and skills, have credibility with users, support development of an educated and skilled workforce, and (when appropriate) provide licenses to practice; (5) a wide range of parties must have opportunities to participate in securing a relevant and comprehensive system of vocational qualifications; (6) suitable learning opportunities for 14- to 19-year-olds are needed; (7) for many adults in the workplace, units will be more accessible than whole qualifications; (8) regulating more devolved systems of quality assurance to allow local flexibility and responsiveness should be a key focus; and (9) the funding system should support development of a credit framework. (Contains 16 endnotes. An introduction to the series is appended.)
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**Background**

This paper is based on LSDA’s response to a Qualifications and Curriculum Authority (QCA) initial soundings paper that sought the views of a number of organisations on how the current vocational qualifications system could be enhanced.\(^1\) The paper also includes findings from research carried out on behalf of the Department for Education and Skills (DfES) in relation to the reform of funding for adult learning and the DfES Skills Strategy.

The Qualifications and Curriculum Authority has been working with partner regulatory authorities, funding agencies and devolved administrations at the request of the DfES to develop a plan of work leading to a high-quality, more coherent system of vocational qualifications. They proposed a vision for vocational qualifications and asked for views on key issues that needed to be addressed to achieve the vision.

Our research leads us to believe that the absence of a responsive and flexible vocational qualifications system is a major inhibitor to the credibility of the vocational route for young people and the take-up of learning in the workforce. Securing relevant vocational qualifications is a deep-seated problem, and there have been many attempts at reform as outlined below.

- The Review of Vocational Qualifications working group (1986),\(^2\) called for the development of clear, coherent and comprehensive qualifications that were directly relevant to the needs of employers and individuals.
- The Beaumont Review (1995)\(^3\) called for approaches to combine mandatory and optional units to provide employers with flexibility to tailor the NVQ, offering the prospect of evolution consistent with future employment patterns.
- The Dearing Review of Qualifications for 16–19 year olds (1996)\(^4\) proposed that traditional qualifications should become outcomes based and aligned with NVQs in a National Qualifications Framework (NQF), which proposed three distinctive pathways – academic, general and vocational – now renamed general, vocation-related/vocational and occupational.

The need for reform to the NQF is still evident, and the take-up of vocational qualifications outside the NQF far outstrips take-up of those within it. The total number of NVQ/SVQ certificates awarded up to September 2001 was just over 3.5 million, with a further 677,000 holding an NVQ/SVQ unit.\(^5\) In contrast, the take-up of other vocational qualifications\(^6\) continues to rise. Between 1995 and 2001, 1,875,000 N/SVQs were awarded, compared with 2,849,000 other vocational qualifications during the same period.\(^7\)

The wholesale review of vocational qualifications (RVQ) undertaken in the mid-1980s\(^8\) identified the following weaknesses in the then-current system of vocational qualifications:

- overlap, duplication and incoherence in vocational qualifications
• barriers to access and inadequate arrangements for transfer of credit
• a bias towards assessment of knowledge rather than skills and competence
• insufficient recognition of learning gained outside formal education and training
• limited take-up of vocational qualifications.

Despite numerous attempts at incremental change, many of the weaknesses described still remain. Our response to QCA, which forms the basis of the rest of this paper, identified how we think these weaknesses need to be addressed, and these ideas are expanded upon in this paper. We believe it is time for a radical re-think of the systems for design and regulation of vocational qualifications. Enhancement of the current arrangements will not be sufficient to create a long-term solution to current inadequacies.

The complexity and rapid pace of change in employment contexts, in addition to the government’s desire for adult skills and workforce training to be formally recognised, together create the need for a more flexible and more devolved system for qualification development and regulation. In addition to a national role, we strongly believe that there needs to be an option for locally generated qualifications with national recognition. This is essential to allow customisation for precise local and sectoral contexts and to promote employer engagement.

Currently, there are 85,669 qualifications on the LSC qualification aims database, and evidence from LSDA research suggests that over 50% of provision taken by adults, funded by the LSC in colleges, is outside the National Qualifications Framework. We are undertaking further work to explore the nature of the provision and why it is being offered, but initial explanations from colleges relate to appropriateness of provision, and the desire to meet the needs of employers and to reach non-traditional learners. These issues are not new and have been the subject of submissions from LSDA and its predecessor organisations since the Dearing 14–19 proposals to rationalise the qualifications framework. Creating a system capable of recognising the range of vocational skills delivered through post-16 education and training requires a fundamentally more flexible approach, with less central control over precise content and devolved powers to accredit provision within a national system. We suggest therefore that the notion of a clearly bounded and exclusive National Qualifications Framework may be an inappropriate objective, perpetuating the current position where qualifications and awards proliferate outside the framework. A more organic, inclusive and devolved set of arrangements is needed.

We also believe that there is a case for clarifying terminology associated with qualifications and awards. In particular, it may be helpful to establish a more precise definition for the term ‘qualification’. For example, while the term qualification seems appropriate to describe achievement that implies licence or competence to practice, it does not seem appropriate to describe the outcomes of a short updating course. The latter might more sensibly be described as a
recognised award or certificate of achievement. We recommend that further consideration be given to terminology and whether there is a need for a more precise and agreed taxonomy.

The vision

The QCA has developed the following draft vision for vocational qualifications:

By 2010, a modern, responsive and easily understood vocational qualifications system will be fully in place within a coherent national framework. Vocational qualifications will promote and recognise the acquisition of the knowledge and skills necessary to help individuals prepare for and progress within employment. Quality-assured qualifications that support vocational learning and are flexible and responsive to employers’ needs will be available across all sectors in England, Wales and Northern Ireland – linking transparently with developments in Scotland.

The re-vitalised system will support all employers, individual learners and consumers. It will benefit the economy by promoting the skilled workforce needed to improve international competitiveness. Qualifications within the national system will be the preferred choice of employers for both initial and continuing development needs of their workforce. Individuals will be attracted to high-quality vocational qualifications offering genuine learning and development opportunities – including higher education – and career progression. Consumers will have the benefit of products and services in the UK delivered by a skilled workforce of world class.

QCA Initial Soundings paper (January 2003)

We applaud the sentiments expressed within the vision, but reiterate that it will only be achieved by a radical review of the nature and purpose of vocational qualifications.

If a single framework is to encompass all vocational qualifications – pre-service, in-service and updating – the notion of ‘framework’ needs a fundamental overhaul. We do not believe the vision can be achieved by central control of all content. For some purposes, there is a need for local authoring and local generation of qualifications within a nationally agreed framework for quality assurance.

Mechanisms for quality assuring the content will be required, but the nature of the content may need to meet local or precise sectoral needs. In such cases, approval through special panels involving Sector Skills Councils (SSCs) and local employers may be more appropriate than national definition of content.
Our vision for vocational qualifications system would aim to secure qualifications that would:

- be fit for purpose, in terms of validity of what is assessed and in the assessment method as perceived by a range of users
- demonstrate vocational learning and skills, and specify the level of attainment in relation to the relevant sector
- have credibility with users, and provide access to life chances — progression, employment, promotion, pay, professional esteem
- support the development of an educated and skilled workforce — at the pre-service and in-service phases
- in some cases, provide a licence to practise.

We would like to consider in more depth the following aspects of the vision:

‘Qualifications that...are flexible and responsive to employers’ needs.’ — We support the need for this, but as indicated above believe that this implies the need for locally devised, in addition to nationally prescribed content. The ‘framework’ needs to be robust, but sufficiently flexible to accommodate such provision.

‘Quality assured’ — In current arrangements this means those qualifications approved via QCA. As a result, some qualifications offered by approved awarding bodies are not ‘quality assured’ in this sense. One means of bringing more flexibility into the system would be, within national criteria, to deem qualifications offered by approved QCA awarding bodies, to be within the National Qualifications Framework.

‘Qualifications within the national system will be the preferred choice’ — This will only be achieved if users believe that these are credible in their assessment of the knowledge and skills they purport to accredit and are valuable in securing life chances. This will only be achieved through a responsive regulatory system, which allows close working with employers to engage them in discussion about appropriate national qualifications for their industry and which also provides mechanisms to ensure relevance to specific local need. Our research for the LSC on externally accredited programmes outside the NQF reveals a lack of understanding or knowledge of it on the part of practitioners, and learners are certainly unaware of whether the programmes they are studying are within or outside the framework.

In summary, our attitude towards the vision hinges on the definition of framework, and the extent to which this encompasses local generation of qualifications. We believe the qualification system needs to be both national, to provide the quality kitemark, and local, to accommodate the flexibility and speed of response required in a fast-changing world.
Achieving the vision

We believe that another examination is required – of the rationale for a single national framework for vocational qualifications, of what it contains and of how it should be regulated. Many of the current difficulties associated with the regulation and development of the National Qualifications Framework and other qualifications are due to lack of clarity in the roles and functions of the regulatory planning and funding bodies and the currency of vocational qualifications. The QCA soundings paper suggested that the vision for vocational qualifications needed to be accompanied by a communications strategy to raise employers' and individuals' awareness of the new system. A workable communications strategy will only be achieved if this clarity is secured.

Roles and responsibilities

Vocational qualifications have a key role in relation to the performance of the economy, employers and the workforce, and therefore a wide range of parties have a direct interest in securing a relevant and comprehensive system of vocational qualifications. Chief among these are:

- SSCs and employers – in determining the needs of the workforce within sectors
- the Sector Skills Development Agency (SSDA) and employers – looking at generic needs
- Regional Development Agencies (RDAs) – in identifying regional skills needs
- Learning and Skills Council (LSC) – determining priorities for public funding
- Local LSCs – in identifying local skills needs and securing appropriate provision
- awarding bodies and providers – converting these needs into qualifications and learning programmes
- QCA – in regulating the above
- Quality Assurance Agency (QAA) – licensing Access to HE provision.
- the Higher Education Funding Council for England (HEFCE) – supporting widening participation into higher education from vocational routes.

Because many organisations collect information that could be fed into the identification of skills gaps and qualifications needs, LSC should be responsible for the overview and dissemination of this process. Its key role will be to ensure the provider base has the capacity to meet these needs.

The great potential for education and training providers themselves to work with employers and local organisations to identify and meet skill needs should be taken into consideration. Our work has demonstrated that colleges can have a significant role in supporting the business goals of local employers. A more
dynamic relationship is also required between the content and the delivery of the learning process that leads to the qualification. This relationship could be strengthened if providers had access to local or regional systems for developing customised awards.

**Developing and updating qualifications**

Our research suggests that the length and complexity of the current system which updates and develops qualifications within the NQF to reflect changing work contexts and practice is a significant barrier to their take-up and use. A reformed system could draw on models for validation developed for Authorised Validating Agencies (AVAs) for Access Courses and by Open College Networks (OCNs), and adapt this to an industrial context. Key components of such a system would be:

- engagement of experts from the vocational sector, including through the SSCs, in describing the content and design parameters of vocational qualifications
- a unitised system which would provide flexibility in adding, deleting or amending units from a shared central bank
- kitemarking or licensing of organisations, such as large employers or colleges, to deliver and validate the qualifications
- strict monitoring of the take-up and use of the qualifications, and of the destinations and progression routes of the holders in order to assess the utility of the awards
- the capacity for credit accumulation and transfer.

**A comprehensive range of qualifications – without duplication**

It is simplistic to determine a precise number of vocational qualifications – the range and contexts in which vocational qualifications are required is inevitably substantial. Any rationalisation of qualifications must be handled with care to ensure that it does not remove useful qualifications that then need to be re-invented. A unitised system would enable mix and match so that qualifications can be easily adapted, possibly from a smaller range of units, especially if there were some leeway to customise content. This could ultimately reduce the number of duplicate qualifications on offer.

There may be value in a system where there is a relationship between small local or sectoral awarding bodies with a 'lead' awarding body to ensure quality. For example, the All England Netball Associations could be underwritten by a larger awarding body such as the Institute of Sport and Recreation Management; or the Institute of Construction Management could be merged with the Construction Industry Training Board (CITB).
Balancing responsiveness and rigour

The system for developing qualifications needs to be able to operate quickly. At the moment, getting a new award into the National Qualifications Framework is perceived to be a very cumbersome process. As a result, providers may be deterred from bothering when they need customised qualifications, opting instead for awards outside the framework. As stated earlier we believe that regulation of processes for approval of qualifications in lieu of regulation of content could provide the basis for a more responsive system, and that a local dimension is essential. In addition, a unitised framework would enable individual units to be added to the framework rather than requiring revision of whole qualifications.

Inhibitors to the dual goals of responsiveness and rigorous regulation in the current system stem from:

- **the need to prove a sufficient demand for new qualifications** – This prevents qualifications from being at the leading edge of skills and knowledge development. The establishment of experts to review and update qualifications by means of an evolutionary process, within a unitised qualifications system, could resolve this dilemma.

- **the requirement for qualifications to be generally applicable** – This precludes qualifications which are customised for a particular company, which nevertheless may be setting the benchmark in their sector. Because funding for qualifications from the public purse is predicated on their inclusion in the NQF, this may conflict with the policy aim of increasing the contribution of employers to funding for learning which is directly related to their company's business needs. This could be resolved by stipulating a pro-rata split between funding from employers and the public system for such qualifications. Over time, if the specific company requirements became the norm across the industry, these qualifications could be generally available.

- **complex and time-consuming arrangements for approving 'hybrid' qualifications** – If these are based on standards from more than one sector there may be considerable time lost before all parties agree to their inclusion in new qualifications. This problem is partly administrative and could be overcome by the establishment of dedicated systems for such circumstances. However, there are also perverse steers caused by the need for SSCs to become self-financing eventually, which may exacerbate vested interests in the control of 'their' standards.

Ensuring qualifications meet the needs of individuals and employment

QCA asked for views on how national occupational standards may be enhanced to specify more clearly the skills and knowledge required for particular occupational roles. There will always be a need to update national occupational
standards to take account of changing demands. Currently, national occupational standards are appropriate for large companies but are sometimes not directly applicable for small companies. Interpretation of the standards would be helped by more systematic dialogue between the users and designers of the qualifications and accompanying learning programmes.

The extent to which the content of individual qualifications should take account of specific employment needs and regional or local needs also needs to be considered. Standards could be written in language that allows for interpretation within specific local or employment contexts. Thus content could be adapted without the need for different standards. A system of core and optional units – some of which could be specific to employers or local circumstances – would ensure flexibility without numerous exceptions needing to be individually approved. It is likely that a combination of specific and generic skills will be required, including some skills sets relating to particular occupational roles.

The system should take account of the different needs of learners at the pre-service and in-service stages. While a single framework would be useful, different expectations and purposes of qualifications will remain. The skills, knowledge and attributes needed by individuals (and employers) as preparation for entry to employment differ from those needed by mature workers. A single framework would need to accommodate these varying needs while maintaining a balance in the regulatory controls and aspirational targets set, so these are not unduly dominated by the needs of a particular interest group.

Attempting to reconcile these within a single framework would require the development of a range of qualification frameworks, each with a set of core standards, to provide the building blocks from which qualifications could be developed. This would secure both initial grounding for new entrants, and employer confidence in this, and would accommodate local variation, company-specific variation and local contextualisation.

In addition, we would also suggest that serious consideration be given to overarching awards towards which units can be accredited. This could ensure quality through a recognised awarding body, include a set of core units, and offer flexibility at local level.

**Individuals want qualifications but employers want training**

QCA asked for advice on whether the individuals' need for qualifications with national currency could be reconciled with employers' need for training that is not necessarily accredited. We believe that the approach suggested earlier for quality assurance of processes rather than content, which would allow local authoring, could help to ensure that recognition is available for locally devised content. In addition, we suggest that the answer could be through the use of credits for achievement. These could provide transferable recognition and an additional means of recognising achievement of part qualifications.
There is also a need to acknowledge that national recognition and certification will not always be necessary. Experience and unaccredited training can be included in a CV, with references provided as evidence.

However, our research suggests that employers may provide training for which there is already a qualification but not enable the employee to be assessed to gain recognition. Such situations may be related to perceptions of who benefits from qualifications and where responsibility lies for paying for accreditation. Greater clarity is needed in terms of what realistically can be expected of the employer, the state and the individual in this regard.

The ‘public’ system of vocational learning also needs to be better prepared to enable ‘top-up’ and progression for individuals through simple processes. There are implications for better advice and guidance, and the availability of a wider range of learning modes to secure access for people at work.

**Progression routes**

Much wider acceptance of the value of vocational qualifications and work-based learning is required to ensure that progression to both employment and higher education from the vocational route is the norm. Schools have a key role to play here. School-age learners generally receive too little advice on vocational qualifications, and teachers are unaware of vocational routes. Greater attention should be given in teacher training courses to vocational pathways so that teachers understand these better. The OFSTED Chief Inspector’s report criticises schools for having too narrow a curriculum and for being too focused on keeping students at their school in their sixth forms. We welcome the proposals to reform 14–19 provision and in particular to enhance the vocational pathways.

The existing progression route from full- and part-time vocational education and training (for example, from BTEC National to HND/C and Foundation and other degrees), and the excellent work-based vocational route to higher education in some major companies does not seem to be taken into account in the soundings paper. In addition to such progression at the early stages of a career, people already in the workforce need to operate at higher levels of skills and knowledge. Bringing this about may involve higher education – albeit of a very different kind – but it will also crucially depend on in-company training. Progression through professional awards may be a more lucrative route in certain jobs.

We believe that the use of a credit framework could assist in securing progression to higher education. The simple device of credits to denote volume and levels to indicate complexity would provide a means to understand the relative demand and scope of different qualifications, irrespective of whether they have a vocational or academic focus.
As indicated earlier, Access to HE courses are, in the main, credit-based and many HE institutions have a clear understanding of the value of these credits for HE entry. In some, albeit limited, cases, entry requirements are specified in terms of credit achievements. If vocational qualifications carried credits determined on the same basis, it would be easier to use these achievements as the basis for HE progression.

Routes through to higher education need to be clearly articulated, with the involvement of the receiving HE providers. There is an opportunity with the HE White Paper and the high priority being given to collaboration, to develop strong local pathways building on the planned expansion of foundation degrees. Foundation degrees offer welcome potential for more flexible, work-based, part-time and vocational routes, and greater employer involvement in their design.

In addition, we note the establishment of a new body (Foundation Degree Forward) to support the development of foundation degrees. We recommend that consideration be given to whether such an awarding body, operating at the interface between further and higher education might also have a role in widening participation by promoting progression from vocational qualifications to higher education. However, progression routes within particular industries may be distinctive in the local context. Strong networks of employers, education and training providers, SSCs and other employer bodies may be the best means of developing trust and understanding in the options available locally. National systems may not always be appropriate.

It should also be noted that there is already a progression route from BTEC National to Higher National levels and to degrees, including foundation degrees. This route is most commonly used where the individual and employer understand the route and the qualifications in relation to the occupation. It appears most successful in industries that traditionally have included an apprenticeship route. It includes the flexibility to pursue essentially the same qualifications in a full-time, sandwich or part-time basis. The Foundation Degree builds on this tradition but will take time to establish its reputation.

Providing suitable vocational learning opportunities for 14–19 year olds

It is essential that the links between the school curriculum and the progression routes are made and lessons need to be learned from the introduction of Curriculum 2000 when HE institutions were not involved in development of the new curriculum and did not understand what it meant. We need to demonstrate that vocational routes will lead to qualifications respected in the labour market, which improve job prospects.

Vocational qualifications must be developed together with employers and HE institutions to avoid progression problems. We must not allow ‘academic’ approaches to drive vocational qualifications. It is important that ‘vocational’ content is appropriate. We need clarity about what ‘vocational’ means at different
ages and stages, and to develop qualifications that reflect this progression. We need to avoid narrowing choices too soon and ensure individuals can change direction with the qualifications they gain.

**Collaborative working between key agencies and stakeholders**

We suggest that for the objective of enhanced provision to be achieved, the key agencies should:

- cooperate to offer an appropriate range of provision across a geographical area
- make available a single information source for young people/parents on local/regional progression routes
- communicate the curriculum offer to parents, employers and universities
- recognise that ‘realistic’ content and settings are important, therefore schools should not be doing vocational education in isolation from others
- cooperate to avoid repetition and overlap between pre- and post-16 experiences of young people.

**The relative value of units rather than full qualifications**

For many adults in the workplace, units will be more accessible than whole qualifications. Equally, evidence suggests that the short-term goals offered by small chunks of learning can be motivating and less daunting than long horizons for those less confident in learning. Adults can already take units of qualifications, and the LSC funds these.

LSDA is currently doing research for the LSC on unitised qualifications for certain groups of 16–18 year olds. Early findings suggest that there is potential to increase participation of certain groups of young people, particularly the disaffected and disengaged and those most likely to drop out at 16. The LSC-funded pilot E2E (Entry to Employment) projects are already using units of qualifications for this group of young learners. There is potential for units of programmes to enable young learners to develop at their own pace and accumulate units over a longer period.  

**Quality assurance**

As indicated earlier, we believe that the key focus should be on regulating more devolved systems of quality assurance, to allow local flexibility and responsiveness, rather than on prescribing precise content for vocational qualifications.

The process route opens up flexibility for local determination of content, although care should be taken to minimise bureaucracy. There is also a need to identify and manage risks. One such risk is that the demands of a 14–19 qualification
system could limit essential reform of vocational qualifications for adults. Another is that qualifications may not meet their stated purpose in developing an educated and highly skilled workforce. The balance between these opposing risks, and the political appetite to take them, needs to be considered.

Another key focus in our view should be on the capacity of the system to engage with employers and SSCs in relation to the content of vocational qualifications. This should encompass the different types of employer engagement – such as support for the take-up and use of vocational qualifications, as well as assistance in determining content and in delivery of learning.

QCA asked how developers, deliverers, assessors, awarders, funders and regulators of vocational qualifications should work in partnership to optimise the quality of qualifications. We propose that the basis of this must be clarity about the purposes of vocational qualifications at particular life-stages and for certain target groups. In addition, articulation and acceptance of complementary roles by key players would be essential.

**Funding mechanisms to promote provider responsiveness**

The LSC funding mechanism has several elements that can either support or inhibit the responsiveness of providers to identified needs. The mechanism provides the basis for calculating the price paid to providers for different sorts of learning; these decisions on the rates of funding are perhaps the most visible element. The funding mechanism also entails decisions about eligibility for funding – who and what gets funded, and about the volumes of provision that will be supported. These elements can be of greater significance.

The LSC arrangement for setting rates currently encourages providers to focus on the needs expressed by learners and employers by reflecting the necessary costs of the different programmes offered. It is important to maintain this approach as significant variations from the cost of provision can distort providers’ choices. The rates reflect variations in cost that derive from the length and type of programme and also where it is offered, paying more to those providers in London and the South East who incur high labour costs. An element of funding is held back and only paid to providers when learners succeed in achieving their learning aims. While the reasons for this are understood and appreciated, to link too great a proportion of funding to outcomes risks distorting provision.

Decisions about who can be funded and what can be funded are of major importance. There is a need to ensure that the public purse does not substitute for what has historically been privately funded, or which ought to be privately funded on the grounds that there is no public benefit. Driving lessons are an example of the first category; ballroom dancing might be thought to be in the second class. In the last ten years there has been a reduction in the proportion of funding in the FE sector received from employers, and encouraging greater
participation needs to be tempered by concern about funding ‘deadweight’.

In general, greater responsiveness to needs will be achieved by reducing the number of reasons why funding might be considered ineligible. The decision that LSC is able to fund units of qualifications as well as whole qualifications for adults was welcome. Consideration ought to be given to extending this freedom to learners aged 14–19 on vocational programmes.

We are reluctant to see the use of the funding mechanism to ‘steer’ providers in a particular direction largely because we believe that incentives to participate should be directed to learners not providers. Too little funding can certainly inhibit providers from meeting needs but there is little evidence that too ‘much’ funding can effectively induce more learners to come forward. We feel therefore that the planning element of the funding system should focus on trying to identify the demands from individuals and employers, rather than attempting to determine the pattern itself.

**Credit-based funding**

The funding mechanism should support rather than inhibit the development of a credit framework, which has great potential advantages for all users of qualifications. We do not see this as implying that funding should be based on credit; credit is based on learning time whereas costs are based (roughly) on teaching time. The principal way in which funding can support credit is to allow the funding of units of qualifications and locally devised units as well as national schemes. It would potentially be possible for funding to be linked to a coherent pathway through a credit framework but such a degree of complexity may not be practicable at the present time.

**Enhanced funding to support new qualifications**

It may be possible to offer funding incentives to support new qualifications. We are currently investigating whether a ‘sparsity factor’ might be built into the funding of providers in rural areas where learner numbers are sparse. A temporary uplift for new qualifications might in some circumstances be appropriate.

**Funding to support employer take-up of qualifications**

It might be a further sensible step to recognise that some employers do not want certification at all for some aspects of their employees' learning. Encouraging non-accredited provision, however, does raise the argument that there is diminished public interest in funding training where all of the value is captured by the employer and it may be wise to require a higher employer contribution where provision does not lead to a nationally recognised qualification.
Although colleges are able to provide locally accredited programmes and programmes outside the NQF as 'other provision', the expectation is that these programmes will not normally be expanded. To respond fully to local needs providers need to be able to offer locally devised and accredited programmes and also programmes that fall, and will probably continue to fall, outside the NQF as currently defined.

There seems to be no good reason to be restrictive about the funding of vendor qualifications, since they both benefit those who obtain them and, through their wide recognition, provide a public benefit by making the labour market work more effectively. There is a need to re-examine the restrictions on the minimum length of courses, though it is acknowledged that the benefits to recruitment can be overstated, and there is a danger of providers simply splitting programmes to boost retention rates artificially.

Finally, there is a need to rethink the restrictions around employer involvement in franchise arrangements which results in the fees to colleges being discounted both for dedicated provision and employer-based franchises. To clarify policy in this area requires a clear general view on when and what employers should contribute to the costs of learning, rather than a regulation of one mode of delivery. As an initial proposal we would suggest that employer contributions should be higher to the extent that individual returns to learning are higher (Level 3 and above) and to the extent that individual employers monopolise the benefit from learning (exclusive courses and uncertificated provision). These principles would apply, though perhaps in modified form to SMEs.

**Unit funding for all learners**

The LSC’s individualised student record (ISR) for 2001/02 indicates that over 4000 16–18 year olds are registered on unitised programmes, suggesting that providers feel there are benefits to unitised provision for some young people. Our research16 will throw light on what units are being offered and how desirable it might be to offer units to this age group. If it seems desirable for certain groups of young learners such as those at risk of disengagement, or with learning difficulties and disabilities, then funding for units of qualifications should be the same as for adults.
Notes

1 The original response from LSDA is available on the LSDA website www.LSDA.org.uk
2 De Ville HG (1986). Review of vocational qualifications in England and Wales. HMSO.
6 'Other vocational qualifications' is the accepted term used by the LSC to describe vocational qualifications outside the NQF, but eligible for public funding. These qualifications include the traditional craft qualifications typically offered by City and Guilds, and professional qualifications offered by BTEC/Edexcel, as well as many other new qualifications offered by minor awarding bodies (ABs), such as the Northern Council for Further Education (NCFE).
8 De Ville, HG (1986). Review of vocational qualifications in England and Wales. HMSO.
9 'An investigation into externally accredited courses outside the National Qualifications Framework.' LSDA Research Project RR559.
10 FEFC estimated that in 1995/6, 63% of learners in FE colleges were on courses other than GCSEs, GNVQs, A-levels or NVQs.
11 For example, Admission to the qualifications framework: report to QCA, Caroline Mager (FEDA 1998), commissioned by FEFC.
12 An investigation into externally accredited courses outside the NQF. Contact Maggie Greenwood at LSDA on mgreenwood@LSDA.org.uk
13 These are all awarding bodies listed by the LSC as having awards.
14 Reporting for England. Speech by Her Majesty's Chief Inspector of Schools, David Bell, to the City of York Council's annual education conference in February 2003.
16 LSDA Research Project RR 602 'Can unitisation improve participation and performance of certain groups of 16-18 year olds?'.

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