



## **Evaluation of Flexible Delivery – Unit Funding Trials**

Second Interim Report

May 2011

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## BACKGROUND

### Introduction

1.1. The Skills Funding Agency (the Agency) has commissioned ekosgen, in partnership with Education Relations, to conduct a formative evaluation of the second phase of the Flexible Delivery – Unit Funding Trials, which are taking place during the 2010/11 academic year.

1.2. The evaluation began in December 2010 and was originally scheduled to end in April 2011. It has since been extended to include a second wave of providers that joined the trials in March 2011. A final evaluation report covering both the first and second waves of providers will therefore be produced in August 2011.

1.3. The first phase of the evaluation has consisted of the following activity:

- Scoping calls with providers in December 2010 and January 2011 to discuss their plans for the trials and identify any early successes or challenges;
- Case study visits to 12 providers<sup>1</sup>. The detail of each visit has differed but in most cases has included consultations with the provider's lead for the trials, tutors, staff involved in administration (including registration), employers (where applicable) and learners undertaking unitised learning;
- Consultation with Awarding Organisations (AOs) whose units that have been included in the trials;
- Attendance at trial related events and seminars.

### Objectives

1.4. The evaluation is exploring the different flexible approaches to delivery being piloted by providers involved in the trials. The evaluation objectives include:

- Understanding how providers are using the flexibilities of QCF in a "live" operational environment;
- Assessing the costs and affordability of flexible delivery from a provider and learner perspective, taking account of the impact of awarding organisation registration and certification processes and charges;
- Exploring the impacts on learner motivation, credit accumulation and transfer, and co-financing;
- Examining the benefits and challenges experienced by learners, providers and AOs; and

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<sup>1</sup> Delays in starting the trials in five providers has meant that their case study visits could not be completed before the end of April 2011. Visits to these providers (plus one other which was postponed at the providers' request) will be undertaken as part of the second phase of the evaluation between May and July 2011.

- Highlighting good or innovative practice, and identifying considerations and recommendations for the future.

### **This Report**

1.5. This is the second interim report from the evaluation and updates the findings reported to the Agency in January and March 2011<sup>2</sup>. It relates exclusively to the first wave of providers involved in the trials, i.e. those that were recruited in December 2010.

1.6. An anonymised summary of the individuals consulted during each case study visit, and the job titles of the AO consultees is provided at Appendix 1. Appendix 2 shows the case study timetable.

### **Acknowledgements**

1.7. Thanks are owed to everyone that has participated in the evaluation to date, and especially to the providers that have hosted case study visits. Members of the College and Learning Provider Services are also thanked for their ongoing help and support.

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<sup>2</sup> *Evaluation of Flexible Delivery – Unit Funding Trials Baseline Report*, January 2011; *Interim Report*, March 2011; *Position Paper*, 30<sup>th</sup> March 2011.

## 1 DELIVERY PROGRESS

### Introduction

1.1 The evidence from the case study visits undertaken since the previous interim report in March 2011 continues to highlight ongoing enthusiasm amongst providers for flexible delivery. In many cases, good progress is now being made through the trials. Where early delays and / or confusion over the inclusion or otherwise of units on the approved list had occurred, there is emerging evidence that in most cases these are being overcome.

### Provider Overview

1.2 As expected, the scale and pace of delivery across the trial sites has varied considerably. In summary:

#### **Provider 1: Further Education College, Yorkshire and Humber**

Approximately 200 enrolments on QCF units were funded in the autumn term of 2010/11, involving 100 learners. A similar number is anticipated in each of the spring and summer terms, with a total of 600 enrolments likely to be funded by the end of the trials, potentially involving over 500 learners.

#### **Providers 2 and 3: Further Education Colleges, North West and West Midlands**

The providers' Expressions of Interest included units that were not on the Agency's approved list for inclusion in the trials<sup>3</sup>. Delivery had therefore not started at the time of the case study visits in late January and early February 2011. However, as at April 2011 both providers were producing new delivery plans and one had begun delivering QCF units to learners in construction and beauty therapy.

#### **Provider 4: Adult Residential College, London**

The provider is delivering unit funded provision to 15 learners, all of whom are working towards a Level 3 Certificate in Management and Leadership.

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<sup>3</sup> Both providers have been in dialogue with the Agency regarding the reasons for this and are adapting their delivery plans accordingly.

**Provider 5: Adult Residential College, Yorkshire and Humber**

Approximately 200 enrolments on units (known as 'short courses') had been achieved at the time of the case study visit in mid-February, with the provider estimating that around 200 learners would complete a total of 1,000 units and achieve QCF credit by July 2011.

**Provider 6: Further Education College, North West**

By early March 2011, the provider had delivered four units from the Level 1 Award in Retail Knowledge to a group of ten unemployed adults, with a second group of 15 shortly to start. Seven credits are required to achieve the Award, which can be gained from completing four units.

**Provider 7: Further Education College, South East**

The provider is delivering one Level 3 unit in accountancy (via distance learning) to a cohort of 32 learners, 25 of whom are expected to complete the unit by the end of May. The other seven learners had not started at the time of the case study visit.

**Provider 8: Further Education College, South West**

At the time of the visit in March 2011, the provider was delivering several units, mostly at Level 1, from the IT User Qualification (ITQ). Across three college sites, 194 learners and 328 enrolments had been registered, the majority of whom were either unemployed or (less frequently) retired.

**Provider 9: Further Education College, East Midlands**

One Level 1 unit in Fashion is being delivered to ten learners, leading to six credits. The provider plans to extend delivery to another curriculum area during the summer term, covering a further 48 learners, and to deliver employability-related units to 1,200 learners in the 2011/12 academic year.

**Provider 10: Adult and Community College, West Midlands**

By the end of March 2011, there had been 201 enrolments on ICT-related units through the trials, 132 at Level 1, 44 at Level 2 and 25 at Level 3.

**Provider 11: Adult Education Centre, Yorkshire and Humber**

The provider is delivering a range of units from Progression qualifications at Entry Level and Level 1 to learners with low levels of prior attainment, including some with learning difficulties and / or disabilities.

**Provider 12: Adult Residential College, South East**

At the time of the case study visit in March 2011, two units from NOCN's Level 2 Progression qualification had been delivered to a total of 12 learners. It is expected that a further ten units will be delivered by the end of the academic year.

1.3 Five providers requested that their case studies be postponed until May or later because of delays or slower than expected progress at the outset of the trials. In summary:

- One provider has been affected by staff changes, meaning that delivery through the trials had not begun at the time of writing. They have also experienced difficulties building links with Jobcentre Plus and as a result have not been able to recruit the unemployed adult learners they were intending to target. Although some unit funded provision is expected during the 2010/11 summer term, this is likely to be on a much smaller scale than originally planned;
- Following the publication of the Agency's approved list of units, one provider worked with their arms length sites to identify those that they would deliver. This exercise was completed by the end of February and the provider and its subsidiaries intend to begin delivering unit-funded learning at the start of the 2010/11 summer term;
- One provider changed its delivery plans from those set out in the EOI and delayed its recruitment of learners (19+ unemployed). Delivery is now due to start in the summer term although progress has been further held up by staff sickness;
- Uncertainties around affordability and complications registering learners on individual units have delayed delivery through the trials at the fourth provider. Recent conversations suggest that delivery is due to begin shortly, with a case study visit to follow in mid July;

- The final provider had not taken forward any activity through the trials at the time of the previous interim report due to uncertainties over funding, but has since begun delivering units as planned. A case study visit will be undertaken in July;

1.4 In addition to the above, one provider has withdrawn from the trials.

## 2 AFFORDABILITY, COSTS AND ASSESSMENT

### Introduction

1.5 This section presents updated findings relating to the issues of affordability, cost structures and assessment. In some cases, these issues will have implications for the systems used by AOs to register learners, verify achievement and progress, award credit, and record and (where required by providers or learners) certificate unit achievement<sup>4</sup>. The extent to which each provider and AO is affected varies considerably, although in the case of providers, it seems that those who have made the most progress with the trials are the least affected.

### Affordability

1.6 There are two separate issues relating to the affordability of flexible delivery. The first relates to AO fees charged to providers and the second to the internal costs which providers bear as a result of delivering on a unit basis rather than through registration on full qualifications. Each is considered in turn below.

### Awarding Organisation Charges

1.7 The majority of providers consulted to date report that they have not faced any additional AO charges as a result of delivering units through the trials, for one or both of the following two reasons:

- They have a history of delivering learning in small chunks (for example, two are residential colleges and four deliver predominantly to adults) and therefore the trials do not represent a significant departure from what they would consider business as usual. One provider was already paying their AO on a per unit basis prior to the trials, whilst another had negotiated a pricing structure which ensured that it was no more expensive to register learners for individual units than for a full qualification;

And / or:

- They have actually registered learners on full qualifications and are selecting units from those available within the qualification (this applies to two providers). Although this enables the providers to test unitised delivery, it does not simulate the funding arrangements or affordability considerations that would apply if flexible delivery (as defined through the trials) was rolled out more widely.

1.8 However, a minority of providers did state that they are facing relatively high AO charges for registering learners on units compared with qualifications. In one case, this has caused the provider to change their original delivery plans as the cost of registering learners on a single unit (£15) compared with the cost of registering them on the full award (£19) was

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<sup>4</sup> For some of the providers involved, particularly those delivering to learners with low levels of prior attainment, the potential to have individual units accredited and the learner's achievement recognised through provision of a certificate was seen as an important motivating factor, although it may result in additional costs.

not felt to represent value for money. The provider is instead delivering a unit from another AO on which it is no more costly to register learners for units than qualifications.

1.9 The same provider had asked another AO for a price for registering learners on one of its units (Professional Cookery Level 1) but the AO had been unable to give one, causing delivery of the unit to be delayed.

1.10 From the AOs perspective, unit registrations account for a very small proportion of their total business (see Cost Structures, below). Consequently, most AOs are still to give detailed consideration to the implications of a shift in the market that result in large increases in demand for unit registration and the award of credit. In the meantime, providers are negotiating with AOs on unit registration charges, although their capacity and confidence to do so varies considerably. Whilst some providers have contacts within AOs with whom they have agreed affordable rates, others have struggled to find the right person or team.

1.11 One provider questioned whether it is efficient for a large number of providers to negotiate individually with each AO and suggested that there could be a role for the Agency to help ensure that a consistent offer is available to all providers, and therefore to all learners.

### *Internal Costs*

1.12 The second issue relating to affordability is the increased internal cost borne by providers as a result of flexible delivery. Although the number of learners involved in the trials is currently relatively small, several providers have highlighted the additional administrative burdens they are incurring as a result of registering learners on individual units on their own internal registration systems. Others can foresee this becoming a more prominent issue as the volume of unit based delivery increases over time.

1.13 Higher costs, or greater time commitments, are also expected in other areas, most notably Information, Advice and Guidance (IAG). Whilst only one provider visited to date had provided additional staff training on IAG as a result of the trials, and although this had only covered one curriculum area, it was nonetheless reported to have been quite time consuming. The provider was keen to stress that if training on IAG (especially in relation to rules of combination and credit accumulation) is to be done properly, it needs to be well planned in advance and the time commitments not underestimated.

1.14 In addition to IAG, providers also expect additional resources to be required in two further areas: firstly to negotiate costs and other changes to the usual way of working with AOs, and secondly to explain the unit-based approach to (potential) learners and employers (although to some extent this overlaps with IAG).

1.15 Understandably, providers are not yet in a position to quantify these resources or the associated cost. Their focus to date has been on the practicalities and immediate issues of delivering learning through the unit funding trials, rather than on longer-term implications. However, there is some concern (reported by a minority of providers) that the benefits which a unit-based approach will bring may not be sufficient to offset the costs involved.

## Awarding Organisation Cost Structures

1.16 The research shows that the implications and impacts of flexible delivery will vary across AOs. For some, there will be little departure from business as usual, whilst for others, considerable internal change is needed, ranging from IT system updates to more fundamental re-appraisals of the AO business model.

1.17 Four of the 11 AOs consulted to date reported that flexible delivery and unit funding would have no, or only a very minor, impact on their cost structures.

1.18 For two of these, the trials have coincided with internal reviews which have resulted in their internal systems, both in terms of process and IT systems, being updated to accommodate flexible delivery and unit funding. Whilst they had not seen any direct impact from the trials at the time of writing, one reported that they were very keen to “*get the ball rolling*”. The other said that although they were equally ready, the vast majority of learners enrolled on their qualifications need to complete the full qualification to enable them to practice (as childminders). The AO does not therefore expect to see a marked increase in the unit registrations in the short term.

1.19 The seven other AOs felt that unit funding would have more significant implications:

- In one, learners can be registered either on qualifications or units, but the pricing structure is very much slanted towards qualifications. For example, the cost of registering for one unit is £12.50, whilst the cost of registering on a Certificate made up of five or six units is £24.50. However, the AO noted that this would be a barrier to them maintaining their market share if the unit funding approach became more commonplace and stated that “*if the market was going to get much bigger, we would want to review our pricing structure*”;
- The above also applies to another AO, although the cost difference between units and qualifications is not as large;
- In the third AO, if a learner was to complete units and gain credit which amounted to a qualification, the provider would currently be required to pay for both the units and the full qualification. The nominated consultee within the AO was not aware of any instances where this had happened (unit registrations currently account for only a very small proportion of the AO’s business) but acknowledged that it would be necessary to review and most likely change these arrangements if the demand for units increased significantly;
- The fourth AO does not currently have a formula for pricing individual units and, to date, have done so on a case by case basis (they had received three enquiries so far in 2011, although none was related specifically to the trials). The AO is however looking to develop a formula to price its units and given the nature of the qualifications it provides (in teaching), fixed costs are a relatively small proportion of total costs, meaning that the cost per unit is likely to be considerably lower than the cost of a full qualification;

- The fifth AO reported that currently it is approximately 10% more expensive to register for all of the individual units making up a qualification than to register for the qualification itself. However, it was noted that unit registration imposes additional costs on the AO, and if the volume of activity via this route increased significantly, there may be an associated need to increase the costs charged to providers;
- In the case of the final two AOs, their systems are such that learners can currently only be registered on full qualifications (see Systems Issues, below). One stated that whilst there is a pricing structure in place for individual units, providers would have to pay the registration fee for the full qualification up front (and this might be for more than one qualification depending on the units selected), and a credit note would then be issued for the units that were not undertaken.

### Assessment

1.20 To date, unit funding has not required AOs to make changes to their assessment processes, nor do the majority expect to in the future. One stated that their process was already based on a unitised model whilst the others felt that theirs would remain fit for purpose under a unit funded approach (the point was made that providers who have learners registered on individual units are also likely to have other learners on full qualifications, and the assessment of the two groups could therefore be undertaken in parallel).

1.21 However, three AOs highlighted the potential cost and resource implications of a change to assessment on a unit by unit basis and the potential need to assign a verifier / moderator to each unit. For one, this is already reflected in their pricing structure, where registration for individual units is considerably more expensive than registration for the full qualification(s) to which they contribute.

1.22 Providers noted that AO assessment and verification procedures are currently undertaken at set points in the year, which can lead to considerable delays between learners completing units and being formally notified of their achievement. This already causes some issues, especially where providers have patterns of rolling recruitment and delivery throughout the year, and these issues are expected to increase as the volume of flexible delivery increases. One provider in particular, who caters for learners with low levels of prior attainment and whose attendance "*can be quite erratic*", expressed concern that they may no longer be in contact with learners by the time their units are assessed and verified. They feel that here is a risk that the motivating effect of completing learning in small chunks, and learners being able to see the progress they are making towards a longer-term goal, could be lost as a result.

1.23 To overcome this issue the provider is hoping to achieve Direct Claims status, enabling them to claim for the award of credit without the need for results to be signed off by an external Quality Reviewer, and speeding up the process considerably.

## Systems Issues

### Unit Registration

1.24 In the majority of cases, AOs' existing systems are able to accommodate unit registration. However, for three AOs, current ICT systems do not allow learners to be registered for an individual unit.

1.25 In one instance this does not cause significant problems for the flexible delivery / unit funding approach, as the AO has a 'unit payment route' which enables learners to be registered on the full qualification but to complete units on a pay-as-you-go basis. This does impose slightly higher costs than the full qualification route but the difference is not large (although it would become more significant if a learner had to be registered on a number of different full qualifications in order to access all the units they wished to undertake, or if they wanted to complete units from more than one AO).

1.26 In the second case, the AO is currently updating its registration systems to ensure that learners can be registered on units rather than solely on qualifications. To date the AO has provided a bespoke, case-by-case, unit price to providers who have expressed an interest in delivering individual units.

1.27 However, for the third AO, this is proving to be a more of a problem. Four different providers have identified units offered by the AO that they want to deliver through the trials, but their internal systems cannot currently accommodate individual unit registrations. Whilst they can take the credit note approach outlined above, this would have to be done manually, imposing a significant administrative burden on both the AO and the providers. Over the longer term, the AO *"wouldn't think twice"* about changing its approach if flexible delivery / unit funding became more established, however it is unwilling to do so for the purposes of a (relatively short-term) pilot.

### Certification

1.28 Only in a minority of cases have issues with AO ICT systems (now resolved) caused problems regarding the certification of units and award of credit. For example, one provider encountered a number of minor problems early in the trials as a result of the systems used by the AO to generate certificates. These were being automatically generated when learners had accumulated the required credit to achieve an Award, even though the learner was working towards a QCF Certificate. Some learners were supplied with two certificates because the units they had achieved met the rules of combination for two different qualifications. This caused some confusion for learners but was quickly overcome by the AO agreeing only to generate a certificate when requested by the provider.

### 3 LEARNER VIEWS

#### Introduction

1.29 Nine of the twelve providers visited to date had learners on unit funded provision at the time of the visits, with numbers ranging from three to over 100. The characteristics of the learners differed considerably between providers. For example:

- Four providers have targeted learners with low levels of prior attainment. These include individuals on means-tested benefits, unemployed people looking to return to work and young adults (post 19) with learning difficulties;
- In three providers, many learners could be classified as 'leisure learners', taking short courses for their own personal interest (and paying the associated fees themselves). However, alongside these were a number who were learning for reasons directly related to employment, including those at risk of redundancy or who had recently lost their jobs;
- In the other two providers, although the learners were employed, the learning did not involve their employer directly (see Section 5 on employer involvement for further detail). In one of the providers, learners were involved in their capacity as newly-appointed Trade Union representatives. In the other, they were engaged in distance learning on a vocation-related unit.

1.30 Learners were consulted in eight of these nine providers<sup>5</sup>, either through group discussions or one-to-one consultations. Because of the range of learner characteristics and the varied nature of the learning being undertaken, it is important to note that the findings presented below should be treated as indicative rather than being representative of the larger cohort of learners involved in the trials.

#### Reasons for Participating

1.31 Whilst learners reported a range of different reasons for taking part in learning, in most cases these did not relate specifically to the benefits of flexible delivery. Most frequently learners said they were taking part to develop their knowledge and skills, to progress to higher level qualifications, because of increased responsibility at work or because it was a mandatory requirement of their job.

1.32 All learners were satisfied with the provision and considered it to be fit for purpose. At one residential provider, learners had undertaken previous short courses (during a taster weekend held prior to the trials) and had enjoyed this form of delivery.

1.33 One learner was very keen to stress that his participation in learning had been directly influenced by the benefits of a flexible approach and that he would not have undertaken the learning if he had had to enrol on the full qualification. Currently looking for work, the learner had identified from job adverts and interview feedback that in order to improve his chances of

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<sup>5</sup> The exception being the provider with distance learners.

securing employment, he needed “*relevant skills but not necessarily qualifications*”. He had therefore enrolled on a Level 3 unit in Microsoft Excel and welcomed the fact he could “*study what I need now but I could still build to a full Level 3 Qualification if needed*” at a later date.

### Understanding Units and Credits

1.34 Learners’ knowledge and understanding of units and credits varies considerably. At five of the nine providers, all of the learners were aware that the units they were studying would allow them to accumulate credit that and build towards full qualifications. At a residential provider, for example, learners valued the opportunity to gain an Award or a Certificate whilst working towards the Diploma and welcomed the flexibility that the unitised approach offered. One learner reported that she could not attend the remainder of the course due to personal circumstances but that credit accumulation would enable her to gain an Award now and to return at a later date to complete the Certificate:

*“I think that the idea is brilliant; it gives you a choice. If I don’t want to go straight to the Diploma I can have a break and come back next year with my Certificate units in the bag.”*

1.35 Another learner (who was at risk of redundancy) explained that if she did lose her job, she would be able to ‘bank’ the credit she had accumulated and come back to it once she had found alternative employment.

1.36 At the other three providers, however, the picture was more mixed:

- In one, the nature of the client group is such that provision tends to focus on small chunks of learning and the majority of learners were unaware of the links between units and qualifications. Most regarded the unit they had just completed as “*a course*” in itself, with only one demonstrating an understanding of “*grouping courses together*” to gain a bigger qualification;
- In another, only one learner could be interviewed and was motivated by the need to develop specific skills offered by a single unit. He had no particular understanding of, or interest in, accumulating credit or taking his learning any further;
- In the third, the two learners that were interviewed saw the units they were undertaking as steps towards one particular qualification rather than as credit that could count towards a number of different qualifications.

### Personal Learning Record and Credit Transfer

1.37 In the majority of cases, the learners consulted did not have a good understanding of the PLR or the benefits it might offer. Similarly, they are not aware of credit transfer<sup>6</sup>.

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<sup>6</sup> The one exception was a learner who was employed by one of the providers involved in the unit funding trials, who had gained this knowledge through their job rather than through any information provided as part of the learning.

## 4 EMPLOYER INVOLVEMENT

### Summary

1.38 At nine of the twelve providers visited to date there has been no employer involvement in the trials, mainly because the learners undertaking units are unemployed or retired.

1.39 The evaluation evidence on co-financing therefore remains limited, with only two examples found. The first relates to delivery of a unit in Creative Craft through Pattern Cutting. Whilst most learners were paying fees because they were learning for personal interest or as a hobby, one self-employed learner was learning for business-related reasons and had contributed to the cost. In the second example, the provider itself was the employer of one learner and had co-financed the delivery of the units.

1.40 At a third provider, staff explained that they were delivering units specifically developed to meet the needs of a local employer, but that this was as part of a general move towards flexible delivery rather than as part of trials.

1.41 Looking to the future, several providers reported that have either started, or are planning to start discussing flexible delivery with local employers with a view to stimulating a greater degree of co-financing. Anecdotal feedback suggests that where these are happening, employers are very receptive to the potential benefits of unitised provision.

1.42 Further findings on co-financing obtained through the remainder of the research will be included in the final report.

## 5 CAT and RPL

### Credit Accumulation and Transfer

1.43 Whilst all the learners who have completed units through the trials have accumulated credit, there is little evidence of credit being converted to a qualification or transferred between qualifications to date. None of the eleven AOs consulted had reported any noticeable increase in Credit Accumulation and Transfer (CAT) as a result of the trials, although one reported an increase in the number of learners on their unit funding route prior to the trials beginning. This was mainly on qualifications at Levels 2 and 3 which feed via CAT into Level 5 management qualifications, the suggestion being that learners are topping up existing credits into full qualifications. A second AO reported being contacted by three providers looking to deliver specific units since the start of the year, again outside of the trials.

1.44 The level of understanding of CAT and rules of combination amongst provider staff is reported to vary considerably, with potential consequences for learner IAG. Whilst most providers are reasonably confident that their staff understand the principles of CAT (especially providers who had delivered through units or small chunks of learning prior to the trials), a minority said that staff were uncertain about how individual units can be built up into meaningful qualifications, suggesting a limited understanding of Routes to Achievement and Rules of Combination. This is yet to have a significant impact, as the first wave of the trials includes relatively few units and learners, but it may become a more sizeable challenge as flexible delivery expands, imposing a significant staff training (and therefore cost) burden on providers<sup>7</sup>.

1.45 In one provider there has been some misunderstanding about CAT, with staff under the impression that CAT needed to be demonstrated within the trials by the end of July 2011. The provider had identified the Level 3 QCF unit *Understand how to set up a home based childcare service* for inclusion in the trials. Having completed this unit, new childminders need six months work experience before they are able to register on the Level 3 Diploma for the Children and Young People's Workforce. They would therefore be unable to begin the Level 3 Diploma before Autumn 2011. As such, the provider felt it would be inappropriate to deliver the unit within the trials as CAT would not be demonstrated until after the July 2011 'deadline'.

1.46 AOs highlighted a number of points in relation to CAT, including the following:

- Recent changes made to their systems and operating procedures, resulting from the move to the QCF, facilitate CAT, although as noted above the degree to which it is occurring is currently limited;
- Rules of combination influence the degree to which CAT will be possible. AOs noted that including shared units (which account for the majority of units in the QCF) in the rules of combination and identifying mandatory and optional units rather than grouped units or pathways would be a way of increasing opportunities for CAT;

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<sup>7</sup> When asked, providers were unable to estimate the likely scale in time or money terms.

- However, two specialist AOs reported that there are limited opportunities for credit transfer between themselves and other AOs, indicating that CAT can be constrained by a lack of shared units. One, which does not currently have any units shared with other AOs, suggested that they would be reluctant to increase the number of shared units because of the risk of losing registration fees ;
- There may also be resource implications, with one AO reporting that if credit from another AO's units is to be counted towards one of their qualifications, a moderator must go into a centre and check for certificated evidence of prior achievement. However, this has only been necessary on a small scale to date.

### Recognition of Prior Learning

1.47 The significance of the Recognition of Prior Learning (RPL) within the trials has so far been limited. None of the AOs reported any increased focus on RPL as a result of the trials per se, although four stated that mechanisms for RPL were already in place, sometimes as a result of the introduction of the QCF.

1.48 Two AOs expect the level of interest in RPL to increase in future as flexible delivery becomes more widespread. One, which is a professional membership body, is already experiencing an increase in enquiries from employers about what RPL means for them, and expects this to continue over the coming months.

## 6 BENEFITS, CHALLENGES AND IMPACTS

### Introduction

1.49 Many of the providers who were recruited to the trials in December 2010 have now reached the mid-point in their delivery through the trials. There is some evidence of benefits emerging from the approach, and a number of challenges have also been identified. These are summarised below, with the benefits grouped by learners, providers, employers and AOs. Also noted are the effects which providers have experienced as a result of flexible delivery through the trials - although it is too early for significant impacts to have been generated.

### Benefits: Learners

1.50 The main benefits of flexible delivery reported by (or for) learners are as follows:

- It enables them to develop the skills they need for employment without having to commit to a qualification which may involve some learning that is not relevant to their needs;
- Learning in small chunks can be less daunting than full qualifications for those returning to education after a lengthy break or for those who have had negative experiences of learning in the past;
- Achievement can be more regularly recognised through the award of credit, with learners who had not previously been able to benefit from accredited learning now able to do so;
- Learners welcome the flexibility that unitised delivery offers, both in terms of building up from individual units to qualifications and the ability to bank credits with the option of returning to learning at a later date.

1.51 The above points are supported by the findings from the consultations with AOs, many of which praised the increased relevance of the learning, its flexibility and the potential (if not yet occurring in practice) of CAT.

### Benefits: Providers

1.52 Providers believe they will benefit from unitised delivery in a number of ways:

- Learner recruitment will become easier, as learning will become more affordable and will not require such a significant time commitment; and
- Employer engagement will be facilitated by enabling providers to match provision more closely to employers' needs.

1.53 In relation to learner recruitment, a flexible and unitised approach is particularly appropriate for those providers serving learners traditionally classed as hard to reach. Whilst these providers have been delivering learning in small chunks for some time, it has not been

reflected in funding mechanisms, nor measures of success. As one provider noted: “we have difficulties with funding and success rates given the nature of our learners if we can’t recognise learning in small steps”<sup>8</sup>.

1.54 With regard to employer engagement, providers agree that a unitised approach will help them to work with employers, by making it easier to respond to their business needs. The hope is that this will prompt employers to contribute a greater share of the cost, particularly in occupations with relatively high staff turnover, where they have traditionally been unwilling to fund full qualifications which are thought to make their staff more attractive to competitors.

1.55 There is already evidence of this occurring. One provider is delivering specific QCF units based on the needs identified by an employer. The employer currently pays for these units, which are not on the Agency’s list of units approved for inclusion in the unit funding trials. The provider is in discussion with the employer to make additional employability and supervisory units available (from the Agency list) to complement the employer funded units.

### **Benefits: Employers**

1.56 As previously explained, the evaluation is yet to involve consultation with employers and the findings in this regard are therefore limited.

1.57 In the case of the provider that is delivering unit funded provision to new Trades Union representatives, the approach is said to:

- Fit well with shift patterns;
- Make it easier for learners to request time off to learn;
- Allow learners to gain a recognised qualification; and
- Increase the relevance of the training to the learners’ jobs.

1.58 AOs were positive about the potential of flexible delivery to increase employer access, via co-financing, to accredited training, stating that SMEs – who often face the most significant cost and time barriers to training – would benefit in particular from the provision being delivered in smaller blocks.

### **Benefits: Awarding Organisations**

1.59 AOs did not identify any benefits for themselves at this stage in the roll-out of flexible delivery and unit funding. Indeed, two noted that there could be a negative financial impact from the move to more unitised delivery, as a result of:

- A smaller proportion of total fees being paid up-front than is the case when learners register for a full qualification, and

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<sup>8</sup> Note that units currently lie outside the success rate measures.

- The increased competition for learners as a result of shared units.

1.60 However, AOs did identify a number of benefits for learners, the key benefit being that a move to unitised delivery will help them provide a better service by improving the relevance of and access to the learning they offer. One AO stated that a unitised approach would create *“every opportunity for learner success – in line with our charitable purpose”*. Another stated that whilst there would be some inconvenience to the organisation in terms of changes required to systems, a unit funded approach fits with their philosophy – taking *“small steps to achieve, which is what we specialise in”*.

## Challenges

1.61 The main challenges for flexible delivery reported through the consultations can be summarised as follows:

- **Systems and processes:** Seven of the eleven AOs highlighted areas in relation to their systems, costs or pricing structures that would need to be developed if registration of learners on individual units was to become more widespread. AOs are conscious of the potential cost of system re-design, including online registration and assessment (one AO estimated that this could cost around £250,000). Whilst all AOs stated that they would make the necessary changes if justified by the market, they are unlikely to do so until it becomes more evident that unit funding will take place on a much larger scale;
- **Charging arrangements:** The consultations highlighted four cases where AO unit registration was more costly for providers than registering for the equivalent units under the full qualification and two where AOs were not able to provide a per unit cost. All of the AOs recognised that this would not be sustainable in an environment where unit funding was the norm, although as with systems re-design, a greater degree of confidence in the future of unit funding is required for changes to be made;
- **New unit delivery plans:** Two providers had made plans to deliver units that were not included on the Agency’s approved list. In both cases this has delayed the start of the trial while the providers consider a new approach.

## Impacts

1.62 At the time of writing it is too early for significant impacts to have been generated through the trials (progress across the provider cohort has been varied and delivery relatively small scale). However, although not measurable impacts, the following effects have been observed as a result of the trials (note that they relate either to single providers or a small number of learners so should not be considered representative of the trials as a whole):

- One provider reported an increase in progression from units to full qualifications, specifically at Level 3;
- Another reported strong interest and buy-in to the unit funded approach from senior management and faculty heads, paving the way for a wider roll-out in the future;

- Learners have improved their work-related skills through the trials and in some cases would not have been able to had flexible delivery not been available (for example, in one case the full qualification would not have been funded by Jobcentre Plus and in another, as a self-employed worker the individual would not have been able to commit the time required to undertake a full qualification).

## 7 Next Steps

### Summary

1.63 For the majority of the original group of 18 providers, delivery will continue into the summer term (in a number of cases it will not commence until after Easter) with learners expected to complete their units before August. The trials have now entered a new phase with a further 63 providers joining in March 2011. The evaluation has been extended to cover this new wave of providers and preliminary contact has been made to verify the EOIs and discuss early progress.

1.64 The next steps for the evaluation are to:

- Confirm case study dates with the remaining providers where delivery through the trials has been delayed;
- Follow up with those providers who are no longer participating to identify the issues and barriers to progress;
- Consult with Ofqual to assess how their regulations will be applied in an environment of increasingly flexible delivery;
- Select a cohort of providers (from the second wave of the trials) for case study visits during the summer term.

1.65 During May and June 2011, telephone consultations will be undertaken with all providers involved in the second wave of the trials. These will be followed in the summer by AO consultations and the aforementioned case studies. A final evaluation report will be submitted to the Agency in August 2011.

## 8 Conclusions and Recommendations

### The Future of the Unit Funding Trials

1.66 The unit funding trials are giving providers the opportunity to implement flexible delivery in a live operational environment, and providing the Agency with the opportunity to explore the costs and benefits for learners, providers and employers. Much good work has taken place since the latest phase of the trials began in December 2010, with considerable enthusiasm amongst the providers and learners involved and some emerging example of good practice.

**Recommendation:** In order for the Agency to obtain a fuller picture of the benefits and challenges of a move to flexible, unit funded delivery, the trials should continue for at least another year. This would give providers a longer time-scale in which to gauge the costs and benefits of the approach, and provide a more certain environment in which they can plan for the longer-term.

### Engaging the Awarding Organisations

1.67 For most AOs, the proportion of their business currently accounted for by unit registrations is very small, and the level of priority being given to flexible delivery is therefore relatively low. There is evidence of a lack of understanding in some AOs about the direction of travel, and some uncertainty about the scale of the change which it may bring about.

**Recommendation:** The Agency is encouraged to re-arrange the event originally planned for February 2011 to explain the trials to AOs, update them on progress and discuss emerging issues. This could act as the start of a more regular dialogue with AOs about the plans and proposals for rolling out flexible delivery.

**Recommendation:** Each AO should be encouraged to nominate a member of staff to act as the key contact for unit funding-related queries. The Agency is also encouraged to ask AOs to include information about unit funding on their websites, along with details of the key contact.

### Communications

1.68 Although two events have been organised for providers involved in the trials, some would welcome more regular contact with the Agency and with one another, and in particular an online forum for sharing information and raising issues.

The next phase of the evaluation activity will involve asking providers to identify the types of material and ongoing communications that they would find useful. This could include:

- Guidance on flexible delivery through the trials;
- Knowledge and good practice sharing, particularly in developing solutions to challenges faced by a number of providers;

- Recommendations or preferences for an online forum.

### Supporting Providers to Adapt to Flexible Delivery

1.69 For many of the providers involved in first wave of the trials, flexible delivery and unit funding represents a considerable change from business as usual. Whilst four of the providers are adult learning centres or residential colleges which have delivered through 'short courses' for many years, for general FE Colleges the shift to unitised delivery is potentially a fundamental one. Not surprisingly, some have experienced challenges in delivering through the trials, despite the relatively small scale at which they are currently operating.

1.70 There seems to be evidence that where there is senior management buy-in to the trials, quicker and more significant progress has been made. One challenge to achieving this buy-in is the uncertainty over the medium-term plans for flexible delivery. Taken together with the significant cuts being faced by the FE sector as a result of the Comprehensive Spending Review and the potential impact of the government's response to the Wolf Report, providers are operating in a challenging environment which makes planning for the future more difficult. The use of the existing provider allocation to fund unit delivery reduces the visibility of the approach and increases the risk that short-term priorities will divert providers' focus away from the trials.

**Recommendation:** The Agency is encouraged to inform providers, as far as is possible, of when strategic decisions about the trials, and unit funding more broadly, will be made. This may help providers with forward planning and enable them to respond quickly when required.

**Recommendation:** Funding to deliver units through the trials could potentially be ring-fenced to remove the risk of it being diverted to other activity.

**Recommendation:** There is emerging evidence that some providers would benefit from support to overcome the challenges they encounter as they introduce flexible delivery. This support could take several different forms, from an online forum (as discussed above) to dedicated face-to-face support that providers could call upon as needed.

### Employer Engagement

1.71 The move towards flexible delivery has the potential to overcome some of the barriers faced by employers in releasing staff for learning and training. The unit funding trials give providers an important opportunity to pilot new approaches to engaging employers and test what helps to encourage co-financing.

1.72 However, the time-scales in which the trials are operating and lack of certainty over how they will be taken forward has acted against this. Providers have been unable to engage employers in time to deliver learning by the end of the academic year and are unwilling to publicise the trials too widely to avoid the risk of raising expectations and demand for learning which they may not be able to meet after the current trials come to an end in July. The low level of employer involvement in the trials means that the evidence relating to employer co-

financing will be very limited and may not provide the Agency with sufficient information on which to make informed choices about the next steps for unit funding.

**Recommendation:** A longer planning window would be beneficial in the next phase of the trials (assuming there is one), ensuring that providers have sufficient time to raise awareness amongst employers of flexible delivery and how it will benefit them.

**Recommendation:** Good practice in employer engagement / involvement could be highlighted and shared amongst providers involved in the trials (and those looking to become involved at a later date). Employer engagement could also be encouraged through strategic bodies such as Sector Skills Councils, who could publicise the trials to their members and work with providers to identify specific units where there is employer demand.

### Transitional and Longer-Term Issues and Challenges

1.73 Several of the challenges being experienced by providers (such as difficulties with AOs' awareness of the trials, registration systems not accommodating unitised delivery and high registration costs) are related to flexible delivery being a new approach for many organisations. It is likely that they will be resolved over time, assuming that this way of working is rolled out more widely. Other issues are likely to be more fundamental, such as the potential impact on resources, including staff training on IAG, and costs (which providers do not expect to be offset by higher revenue).

1.74 Concerns also continue to exist about how learners' achievements at unit level can best be tracked in the absence of the PLR.

**Recommendation:** The cost and resource implications of a move to a more flexible approach should be kept under review and providers asked to give quantified examples (the second phase of the evaluation will include questions on this topic). This should help to assess the scale of what providers see as a very significant challenge.

**Recommendation:** Continue to keep providers up to date on progress towards implementing the PLR, and how providers should record learning information in the intervening period before it is operational.

## Appendix 1 – List of Consultees

| Table 1: Provider and AO Consultations |   |
|--|---|
| Provider 1                             | Strategic lead, Administrator (2), Learners (2)   |
| Provider 2                             | Strategic lead, Department lead (2)   |
| Provider 3                             | Strategic lead, Department lead (2), Administrator  |
| Provider 4                             | Strategic lead, Administrator, Learners (2)   |
| Provider 5                             | Strategic lead, Department lead (3), Administrator (2), Learners (18)   |
| Provider 6                             | Curriculum Manager, External Funding Projects Manager, Business Development Manager, Trainer  |
| Provider 7                             | Strategic lead, Deputy Head of Faculty, Administrative lead   |
| Provider 8                             | Director of Curriculum Innovation, External Funding and Special Projects Manager, Director of Systems, ICT Tutors (2), Learners (2) |
| Provider 9                             | Strategic lead, Course Team Leader, Curriculum Area Manager (2), Programme Area Manager, Integrated Employment Manager, Learner (1) |
| Provider 10                            | Strategic lead, Administer (2), Performance Manager, IAG Officer, Tutor, Learners (3)   |
| Provider 11                            | Strategic lead, Administrator, Tutor, Learners (7)  |
| Provider 12                            | College Principal, Managers (2), Management Information Officer, Programme Co-ordinator, Learner (1)                                |
| AO 1                                   | Interim Managing Director   |
| AO 2                                   | Research and Product Development Manager  |
| AO 3                                   | Director of Accreditation   |
| AO 4                                   | Policy Manager  |
| AO 5                                   | Stakeholder Relations Manager   |
| AO 6                                   | Development Manager   |
| AO 7                                   | Centre Support Manager  |
| AO 8                                   | Head of Qualification Development   |
| AO 9                                   | Director of Qualifications  |
| AO 10                                  | Director of Portfolio Development, Funding Manager  |
| AO 11                                  | Member of Policy Unit   |

## Appendix 2 – Schedule of Provider Case Study Visits

| <b>Table 1: Case Study Visit Schedule</b> |  |
|---|--|
| <b>Provider</b>                           | <b>Visit Date</b>  |
| Provider 1                                | 21 <sup>st</sup> January 2011  |
| Provider 2                                | 18 <sup>th</sup> February 2011   |
| Provider 3                                | 27 <sup>th</sup> January 2011  |
| Provider 4                                | 15 <sup>th</sup> February 2011   |
| Provider 5                                | 2 <sup>nd</sup> February 2011  |
| Provider 6                                | 7 <sup>th</sup> March 2011   |
| Provider 7                                | 10 <sup>th</sup> March 2011  |
| Provider 8                                | 15 <sup>th</sup> March 2011  |
| Provider 9                                | 23 <sup>rd</sup> March 2011  |
| Provider 10                               | 24 <sup>th</sup> March 2011  |
| Provider 11                               | 15 <sup>th</sup> March 2011  |
| Provider 12                               | 16 <sup>th</sup> March 2011  |
| City Of Bristol College                   | 11th May 2011 (re-arranged from March)   |
| Swindon College                           | 13th July 2011   |
| Learning Plus                             | July 2011  |
| Workers Educational Association           | Delayed  |
| Leek College of FE & School of Art        | Delayed  |
| Stockton Riverside College                | Delivery going ahead on a much smaller scale than originally envisaged. Telephone consultation only. |
| Cirencester College Business School       | Withdrawn from the trials  |