

T level Funding Consultation: Baker Dearing Response

Baker Dearing has submitted the following responses to the T Level funding consultation run by the Department for Education. February 2019

Question 1: Do you agree with the proposals for funding bands and hours set out above? Yes/No. Please give reasons for your response.

- No. We do not agree with the proposed rates. In determining these rates, the DfE has simply pro-rated the existing unit cost rates. Baker Dearing has almost a decade of practical experience in the delivery of the technical education envisaged in T levels. We know that the current unit cost of £4,000 significantly underestimates the costs of delivering technical education. Staff work longer hours to ensure that they can deliver the technical curriculum; energy and material costs are higher; employer engagement, which lies at the heart of the proposed T level, requires more time and resources. As well as the premium salaries essential to attract scarce teachers of Engineering in the numbers required, the enhanced technical elements of the curriculum require well-trained high skill technical support staff.
- If DfE accepts these costs are integral to the delivery of the T level programme, then each of the proposed bands for T levels would have to be raised. At the higher end, we estimate the gap may be as high as £1800 per student. This excludes the capex costs of delivering (and maintaining) the equipment needed to ensure students are well versed in the machinery before they are placed with an employer. Based on our practical experience of operating UTCs, this higher unit cost needs to cover:
 - Increased staff contact time. A technical curriculum requires more staff-student contact time. All staff in a UTC are teaching approximately 25% more contact time than in an academic setting.
 - Technician costs are higher in a technical environment. The increased technical provision means that, ideally, UTCs would allocate 2 technicians to cover the full spectrum of courses during the day.
 - Material costs are a significant drain on UTC baselines. Our estimates are that this can be as much as £25,000 per annum. This is not reflected in any of the unit costs at present.
 - Energy costs are higher in UTCs. We estimate that around £35,000 per annum for every UTC.
- The proposed allocation of 75 hours per annum for Enrichment, Employability and Pastoral (EEP) is welcomed. It is a significant underestimate of the amount of EEP that students in a technical education require. Most UTCs ensure that an afternoon every week is devoted to some form of study or experience linked to employer

engagement. The recent Royal Academy of Engineering/NFER evaluation¹ of UTCs sets out the enhanced EEP-like learning that students gain from the Project Based Learning in UTCs.

Question 2: Do you agree with the above approach to allocating T Levels to funding bands, subject to further checking against the emerging content for each T Level? Yes/No. Please give reasons for your response.

- Yes, broadly we support the proposed bands. It will be important, however, as the more complex qualifications come on stream, such as the Engineering T levels, that these are consistently allocated to the correct funding bands. We must not see decisions driven by DfE affordability to place limitations on the deliverability of large T levels in the future.
- In particular, we would like to see the Local Enterprise Partnerships advice being a trigger for genuine action from Central Government. This could take the form of additional bursaries aimed at students able to undertake study in shortage areas. This should be coupled with a responsive adjustment to the funding mechanisms (such as PCWs) to enable providers to respond more quickly to these shortage subjects. In this way there is a more direct causal link between the advice from LEPS and the incentives to both providers and students.

Question 3: Do you agree with the above method for allocating funding for industry placements for students on T Levels? Yes/No. Please give reasons for your response.

- No, we do not agree with splitting the funding for Industry Placements into 2 equal payments. This introduces cashflow risks for providers just to maintain budget control for the ESFA. Providers must be given maximum flexibility to deliver the Industry Placements that matter to employers and students. If UTC employers want more access to students in the first year of a T level, then the provider must be permitted to claim the relevant amount in year one. Without this, the DfE is introducing lagged funding into the most difficult and crucial element of the T level programme.
- We would also propose that Local Enterprise Partnerships could increase the funding being allocated to Industry Placements in shortage subjects. We know from The Challenge that some regions and some subjects struggled to find suitable placements. By enabling the local solutions to create more incentives with employers, it reduces the risks associated with shortages of Placements.

¹ Evaluation of University Technical Colleges, RAEng, NFER, Edge, January 2019

- We would also propose that LEPs should create a local Industry Placement Fund that would enable providers to pay for the employer engagement skills of UTCs. Employers do not want to engage with every provider, but UTCs with their experience of profound employer engagement could act as a local conduit for other local schools to engage with local business. This would help reduce the strains on businesses from multiple engagements, but also ensure that Placements were of the right quality. This local Industry Placement fund could also address the risks if employers were to close or if there were a major event forcing them to withdraw from the process with students in mid Industry Placement.

Question 4: Do you agree with the criteria set out in Annex A for the completion of an Industry Placement as part of a T Level? Yes/No. Please give reasons for your response.

- No, we do not agree with the criteria in Annex A of the consultation document. It requires the employer and the provider to agree. This places the employer as part of the assessment process, which Baker Dearing has consistently argued is not a positive step. It must be the responsibility of the provider to work with the employer to ensure that student completes the Industry Placement. Providers must be accountable for maintaining the quality of their Placements and the records that support Placements. Those records will provide all the information, should it be needed, that the employers have been instrumental to the successful Placement for the student. This is how UTCs conduct their Project Based Learning. We do not wish to see Industry Placements deviate from this methodology. Both the responsibility and the accountability for certifying the work of students must rest solely with the provider. To do otherwise risks deterring employers from engaging with T levels and, more importantly, Industry Placements.
- UTCs have established the profound employer engagement that T levels will need. This has enabled those employers engaged with UTCs to have a unique influence over the curriculum of a UTC. The Project Based Learning/Extended Project qualification (or its equivalent) in many UTCs ensures that the student is able to apply the theory from the classroom into the industry they are placed with. Unless this kind of genuine and deep employer engagement is enforced and incentivised in T levels, there is a risk that some providers will put students into a Placement that is little more than an enhanced work experience. Baker Dearing cannot endorse that model. See our earlier proposal to establish a local Industry Placement Fund that would enable schools and other providers to pay the UTC to support their employer engagement.
- Finally, employers cannot be part of the assessment process. Industry volatility means that it will be providers who have to source alternative Placements should the employer go out of business or simply refuse to accept Placements at any point in the 2 years of the students study programme.

Question 5: Do you agree with the approach for funding level 2 maths and English for those students who have not yet met the minimum exit requirement? Yes/No. Please give reasons for your response.

- We agree with the proposed one-off payment. This reflects the costs that UTCs are now incurring to ensure students starting in a UTC are given targeted catch-up work as students enter the UTC in year 10 and year 12, particularly on English.

Question 6: Do you agree with the above proposals for ensuring that the extra funding for T level programmes is made available in the year it is needed before reverting to the usual lagged method of funding? Yes/No. Please give a reason for your response.

- Yes, we agree with the proposal not to apply lagged funding in the first years of the T level programme. Indeed, as it is likely that demand will be very volatile in the first few years, we would argue that this should remain in place for some time, whilst both demand and quality are being established.
- We would propose that the DfE, given the Secretary of State's stated ambition that T levels will reach steady state in 10 years, should defer any move to lagged funding until that steady state is reached.
- If the DfE intends to introduce lagged funding before the system reaches steady state, then there should be a further consultation before this change is introduced. UTCs must be given ample opportunity to ensure that their business model is not affected by a sudden shift to lagged funding.

Question 7: Do you agree with the above proposals for applying retention arrangements for T Level programmes? Yes/No. Please give reasons for your response.

- No, we do not agree with the proposals to apply the generic UTC retention rate to T levels. The T level model will enable students to move between Apprenticeships and other forms of Post-16 study. We see that happen now with year 12 students in UTCs. We do not agree that a student moving from institution or across a post-16 programme is a loss of retention. It is unfair to penalise any technical provider in this way. Indeed, a student who starts a T level, but who is better suited to an apprenticeship is a positive destination. Technical education providers must not be penalised for fulfilling their statutory careers advice duty if they and the student agree to these kinds of moves.

- It would be doubly unfair to apply this kind of penalty to a totally new programme. It would be more appropriate to apply the specific retention calculated from the first full year of operation of each new T level pathway. Given how few providers are delivering in 2020, it should be feasible for DfE to calculate and apply a specific retention figure, taking account of the students destination. These smarter retention factors can then be applied to each subsequent provider within that T level pathway. Each new pathway should have its own specific retention rate. Recognising that students will move, DfE should then reconcile student numbers in the second year of each programme. Once the T level programme has stabilised, both in terms of quality and levels of demand, the DfE could look to introduce a more generic set of arrangements.

Question 8: Do you agree with the above approach for applying PCWs to T Levels programmes? Yes/No. Please give reasons for your response.

- No, we do not agree. The only 0.3 differential between base and the highest programmes, does not provide sufficient adjustment to properly reflect the costs incurred in delivering larger programmes. The DfE research into training costs¹ in other major European competitors showed that high cost training, such as Engineering and skilled crafts often had a cost base four times higher than other less skilled provision. Baker Dearing would argue that high cost, high value subjects, particularly those the Local Enterprise Partnerships deemed a shortage should attract a more significant PCW. We would argue that high cost provision should be 0.4 - 0.5, medium should be 0.2 – 0.3 and the base cost should be 0 – 0.1. The final decisions on PCW should be informed by LEP skills analysis on shortage subjects (to which the Secretary of State for Education has just allocated £75,000).
- Secondly, it cannot be right to determine the PCW for some of the more complex T levels, such as Engineering, whilst the content panels are still developing the programmes.
- Without this greater differentiation, there is a risk the cost base for the larger programmes not being adequately reflected in the overall funding for the programme. These PCWs are intended to adjust for some of the internal costs being designed into the qualifications by the content panels. An Engineering qualification is going to incur significantly higher costs than a qualification in education and childcare.
- The DfE 16-19 Funding Formula Programme Cost Weightings Review Research Report Nov 2013 (p.73) identified that 21% of respondents from General Further Education Colleges argued that the proposed Programme Cost Weighting for Level 3 Engineering and Manufacturing programmes should be raised from 1.3 to 1.6 on the basis that they require specialist facilities (a category reserved for specialist programmes in agricultural colleges). We consider that this figure more accurately reflects our own experience across UTCs five years on.

Question 9: Do you agree with above proposals for incorporating level 2 maths and / or English funding into the funding formula? Yes/No. Please give reasons for your response.

- We agree that English and Maths should be uplifted. Many post-16 students are difficult to engage in English and Maths courses, given their previous experiences. Hence the teaching costs are likely to be higher in a T level programme.

Question 10: Do you agree that disadvantage block 1 funding should be provided for T Level students on this basis? Yes/No. Please give reasons for your response.

- We agree with this proposal.

Question 11: Do you agree that extra disadvantage block 2 funding should be provided for T Level students on this basis? Yes/No. Please give reasons for your response.

- We agree with this proposal.

Question 12: Do you agree that the Advanced Maths Premium and the Large Programme Uplift should apply for T Level students on this basis? Yes/No. Please give reasons for your response.

- Yes. The Advanced Maths Premium is paid only on the basis of increased participation above an established provider baseline. The provisional national baseline for new UTCs is 45% of students compared with 32% for new schools and academies. (DfE 16-19 Funding: advanced maths premium. Feb 2018). This significantly higher participation in level 3 maths qualifications in UTCs is driven by the demands of employers and universities for students on Engineering and Manufacturing programmes. Hence, in the case of Engineering and maths programmes, we argue that the LPU should be paid for successful completion (Grade E or above) of a Level 3 maths programme at full A level, AS or Core Maths. i.e. not just on attaining Grades A or B in the full A level (Grade C in Further Maths).
- The inclusion of the A level within the T level programme is welcome. As written, DfE appears to believe this would involve a small number of students. Yet, we believe almost every UTC student would attract this programme uplift. The ability to study an A level as part of a T-level is the most important step forward for the T level programme. Indeed, we believe there needs to be a more public statement that there is now more opportunity to study A levels and T levels at the same time. This will do much to attract the brightest and best students. It will also accelerate the parity of esteem we all seek between A levels and T levels.

- DfE should not introduce any lag into the payment of this uplift. This would introduce more cashflow risk for providers in the early stages of the t level programme. This might act as a disincentive for more UTCs to get engaged. They should not have to wait for the uplift if they are delivering significant numbers of larger T level programme. If the DfE wants to see T levels increase in scale in the early years, it must seek to de-risk the delivery for providers as far as it possibly can. Lagged funding is a budget control mechanism that benefits DfE. We understand why this was introduced for the academy programme, but that happened only after it had reached scale. It should not be introduced to the T level programme at the start. We would argue that in order to ensure it reaches the proposed steady state, lagged funding should not be introduced until steady state has been reached.
- We will be seeking clarification from the DfE as to the deliverability of this commitment to include an A level alongside the T level. For example, assuming an Engineering T level is between 1450-1600 hours, how can this be integrated into the curriculum alongside A level in Maths?
- Finally, we would propose that the LEP should be able to provide additional funding to attract and support students, particularly in shortage or rural areas, with the A level element. For example, with transport costs.

Question 13: Do you agree that the extra funding that will be provided for the new and larger T Level programmes should be uplifted by area cost allowances as described above? Yes/No. Please give reasons for your response.

- No. We do agree that there must not be a postcode lottery for providers. The current Area Based Allowances have, however, been developed over time and the cost-base for those allowances is not as relevant as it once was. This will be particularly true as the DfE starts to raise the esteem of T levels. The true costs of delivering a technical education require a much more focused local solution. The DfE should commit to an independent review, based on the first few years of T level activity, of the Area Based Allowances. This could be remitted to the Local Enterprise Partnerships to develop localised solutions to ensure the delivery of solutions to meet their skills shortages.

Question 14: Do you agree with the above proposals for ensuring there is a way that provision can respond to the skills needs of particular local areas? Yes/No. Please give reasons for your response

- No, we do not agree with the establishment of another level of government. We already have Local Enterprise Partnerships, most of which have sub-committees focused on skills. Skills Advisory Panels should simply be merged into the LEPs. We note the DfE guidance on these SAPs.
- On the assumption that this will be adopted, we would wish to see every SAP required to engage with their local UTCs. This would be consistent with the principles

behind section 2 of the Technical and Further Education Act 2017 (the “Baker clause”).

- Furthermore, it is crucial that DfE (at a political and official level) moves away from the constant use of FE centric language. UTCs are legally schools yet will play a crucial role in the Skills debate. Indeed, if the DfE desires better destinations for its post-16 technical education students, then UTCs deliver better outcomes than the FE sector as a whole.
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ⁱ Funding and expenditure in post16 education
An international review July 2017 Professor David Greatbatch and Sue Tate