



ASSOCIATION
OF COLLEGES

T Level Funding Consultation

Association of Colleges response:
February 2019



Association of Colleges

The Association of Colleges (AoC) represents nearly 95% of the 257 colleges in England incorporated under the Further and Higher Education Act 1992.

Colleges are transformational – they help people make the most of their talents and ambitions and drive social mobility; they help businesses improve productivity and drive economic growth; they are rooted in and committed to their communities and drive tolerance and well-being. They are an essential part of England's education system.

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.

At a technical level, we agree with proposals for additional funding bands (bands 6 to 9) as the most effective way to provide the correct differentials in funding for higher teaching hours on T Level programmes. This approach is easy to understand and operate because it makes it possible to distinguish between different types of T Level.

Despite this, we cannot support the proposals because they do not offer enough funding to deliver the quality and experience that colleges want to offer students, for the following reasons:

- The indicative T Level funding bands assume a continuation of the current £6.67 hourly rate used to set the £4,000 full-time funding rate. HM Treasury and Department for Education (DfE) fixed this rate in the 2015 spending review for the period up until 2020 but T Levels start after this date. Inflation and the transfer of additional costs to institutions have eroded the value of this protection by an estimated 17% over the 5 year period. The underlying base rate which applies to all 16-18 year olds must increase. That would allow for a higher hourly funding rate in 2020-21 to ensure that T Levels can be successfully delivered.
- Colleges will need to employ teaching staff with high levels of teaching and industry expertise and experience to make T Levels a success. The current median college lecturer pay of £30k is wholly inadequate and will not allow colleges to recruit and retain the people they need for T Level delivery.
- The flexibility provided by the minimum band for planned hours becomes less valuable for larger programmes because the allowance is expressed as a fixed number of hours (100 a year). Underfunding of 16 to 18 education means that the minimum band is already widely used for standard study programmes. The implied funding rate for programmes at the minimum bands falls from £7.40 to £7.16 (at Band 7) and £7.07 (at Band 9).

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.

We agree with DfE's initial assessment that the first 3 pathways should be set at Band 7 but we recommend that DfE establishes an impartial, evidence-based process for setting and adjusting the rates in future. DfE does not currently have such a process for 16 to 18 education funding whereas it does consult the School Funding Implementation Group about the components of the primary and secondary school funding formula and gives the Institute for Apprenticeships authority to set rates for apprenticeship programmes.

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.

Funding for industry placements within the funding formula is a sensible approach. However, it needs to be made clear what the £550 should cover. A detailed cost model needs to be developed with pilot organisations and then shared transparently. Industry placements require sourcing of appropriate placements, confirming roles and responsibilities, monitoring (including dealing with breakdowns) and evaluation. For example, the recently published [Evaluation of the Industry Placements Pilots](#) report notes that in one case a visit to a student on placement cost the provider £100. It would be helpful if learning and evaluation from capacity and delivery funding (CDF) could make recommendations about cost effective strategies such as the most effective forms of employer engagement and streamlining interaction with brokers such as the National Apprenticeship Service; CRM systems; team structure; health and safety checks and monitoring.

The funding consultation does not outline proposals for bursary funding to help cover the vital travel and appropriate work wear costs of students which will be higher for those in rural areas and from disadvantaged communities. Such funding will be crucial to ensure the smooth running of placements and allow for fair access.

There is no detail of how colleges could apply for additional funding/resource to meet the needs of students with special educational needs. The cost of reasonable adjustment and additional support (even for an induction phase) could be prohibitive for providers and or employers.

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.

The industry placement should rightly play a key part in the T Level Study programme, but the pilot evaluation and the current cdf pilots indicate that there are some challenges in finding one placement per student (and for all students within the cohort) of 45 to 60 days. Colleges have asked for flexibility to use more than one employer. For example, two colleges have sourced a placement of 30 days with large national employers, but the business could not commit to more than 30 days. The colleges did not wish to turn down the placements as they offered excellent opportunities for the students and could jeopardise the relationship with the employer who felt they were meeting the college expectations half-way.

Where necessary there should be the opportunity for a provider to use more than one placement to meet the requirement or the requirement should be reviewed. This might help students from rural areas and in more sparsely populated areas to be able to access a wider range of T Level routes and overcome the risk that students' life chances are severely inhibited by where they live.

Different routes provide different challenges and there will need to be flexibility for routes/pathways where placements present particular challenges such as Digital (security requirements), Craft Construction (health and safety requirements for under 18s) and Creative Industries (small, micro employers who often work to personal briefs).

It is also highly likely that some placements will be impossible to complete – companies going bankrupt for instance, a student getting ill – so there needs to be provision for exceptional circumstances which are beyond the control of the student or the college.

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.

No.

Where a student is required to resit English and maths these subjects should be funded on top of the T Level. As the consultation recognises, the size, stretch, rigour and external assessment requirements of the T Level programme will mean that few students who undertake a T Level will take English and maths as they will need good levels of English and maths to embark upon and be successful on the programme.

The approach outlined in the consultation document gives rise to a number of questions:

- English and maths should be appropriately funded for as long as necessary for a student to achieve passes at grade 4 or above; in a relatively small number of cases that will be two years of funding. £750

will not be sufficient to fund two years of English and or maths where needed. To suggest that funding allocated in the first year of the programme will mean that providers are 'encouraged to help student gain their level 2 qualifications as soon as they are ready' indicates a lack of understanding of the current approach of providers (mainly colleges – 90% of students in scope of the progress measure in 2017/18 were in colleges). If all it took was 'encouragement' every student would pass their first resit. Colleges want as many students to pass first time as possible, but student skills gaps and self-confidence often mitigate against this.

- Funding needs to be sufficient to enable the small group sizes that may be required to timetable English and maths alongside a T Level. Currently students from different courses can be timetabled for the same English and maths group. To enable industry placements for example, this might not be possible with T Levels. T Level students may also require small group teaching to catch up on learning that they miss due to industry placements.
- ILR/Mides data indicates that students are more likely to pass a retake at 17 than at 18 or 19. Thus if a student has not achieved English and maths within the transition phase at 17 then it is less likely that they will achieve within the first (or indeed second year) of their T Level. It follows that non-achievement of English and maths may be a reason for students not to achieve their T Level. ILR Mides data shows that 18% of current Level 3 students complete a technical/vocational qualification without achieving English and maths.
- There should be a similar investment in English and maths for students on the transition phase to allow for additional hours of delivery and support to enable them to have the best opportunity of achieving English and maths before they embark on a T Level. At the same time the condition of funding should be relaxed in a similar way for the transition phase and other study programmes. To have two systems running in parallel will be confusing for key stake holders including students, parents and carers and employers.

Question 6:

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

Yes.

We believe that it is necessary to provide more certainty about funding in the first few years of T Levels for the following reasons:

- Institutions need the confidence to make up-front investments in teaching staff, industry placements, facilities, marketing and other costs without fearing that they will need to start making cost reductions part way through the first year if enrolments fall slightly below expectations. T Levels are two-year programmes but the current 16 to 18 formula adjusts numbers on a year-by-year basis. The financial pressure on colleges means that there is little room for loss-leading courses and T Levels will have a high set-up cost for many colleges.
- It is likely that some colleges will struggle to reach optimum class sizes in the early years of T Levels. They are an un-tested, new and radical departure which will make some students, their parents and advisers wary of committing. This requires T Level courses to be offered with the risk shared with DfE for at least the first 5 years whilst colleges are able to build reputation and prestige of the T Levels as well as capacity to deliver.
- The funding provided by HM Treasury means that DfE has the money to provide funds on a planned basis. If numbers fall below targets in the 2020-21 academic year and funding is clawed back in the 2021-22 academic year, then there would be no guarantee that these funds would remain for 16 -18 students.

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.

Yes.

We agree that ESFA should use the same retention rules for T Levels as for other 2-year programmes and should use an institution level factor for calculating retention factors in the first instance. As explained in our answer to question 2, we believe that there should be an impartial evidence-based process for assessing funding factors in the formula.

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.

AoC research indicates that most T Levels will have viability issues. On behalf of the Gatsby Foundation AoC has undertaken research, based on data from a small number

of colleges, into costs for the following routes: Engineering, Science, Digital, Construction and Business Administration. The outputs indicate that to make T Level pathways viable in these areas, based on class sizes of 16 (FE commissioner recommended minimum class size), the programme cost weightings should be increased from those outlined in Annexe B:

| Route | Proposed PCW Annexe B | Research based recommendation |
|-------------------------|-----------------------|-------------------------------|
| Engineering | 1.3 | 1.4 |
| Construction | 1.2 | 1.4 |
| Science | 1.0 | 1.25 |
| Digital | 1.2 | 1.2 |
| Business Administration | 1.0 | 1 |

When combined with the additional costs of pay, pensions and inflation this modelling assumes the need for a minimum base rate increase of £1000 to make all programmes (including study programmes) viable based on average, minimum and recommended class sizes.

This research also shows that construction, engineering and science are not viable at maximum class sizes using the existing base rate and proposed PCWs.

We strongly recommend that the Department undertakes further research into PCWs and works with AoC and colleges in order to ensure T Levels are funded adequately, especially for STEM specialisms.

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

Yes.

This seems an appropriate method. The delivery of GCSE or Functional Skills English and maths does not vary between subject areas and there is no need for additional weighting, but an uplift on disadvantage and area allowance will go some way to help support recruitment of English and maths teachers in what is a competitive market for teaching staff, especially in maths.

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.

Yes.

It seems a fair and appropriate method to help support and retain students from more deprived backgrounds who may be at greater risk of dropping out of education. However, there also needs to be further clarification regarding financial support

available for students on T Level programmes to ensure they are not disadvantaged from not being able to take on part-time jobs to supplement family income, especially when undertaking industry placements.

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.

Yes.

In addition, this 25% additional uplift should be made available to all students who have not achieved English and maths (the number on T Levels will be small as acknowledged earlier in the consultation document). English and maths are gateway skills and this additional funding should be allocated to students on other programmes, especially the Transition phase to help enable smaller group sizes, attract more highly skilled staff and potentially more hours of delivery.

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.

In theory this is an appropriate approach. However, in practice other factors may mitigate against colleges being able to offer Level 3 maths in addition to the T Level Programme.

Tertiary and sixth form colleges currently deliver mixed study programmes, a combination of A Levels and vocational qualifications including level 3 maths, within a 540 to 600-hour framework. How realistic this will be in addition to an already large T Level Programme remains to be seen. Will there also be other elements of higher level maths for example embedded within the T Level content? Is another maths qualification required? It needs to be borne in mind that not all T Level providers deliver A Levels and advanced maths premium uptake has been limited in colleges. In response to the recent AoC English and maths survey 79% of respondents indicated that the introduction of the Advanced maths Premium hasn't encouraged them to expand Level 3 maths provision. Concerns were expressed about the level of funding being insufficient, that colleges need to focus on Level 2 and below and that lack of staff affected their capacity to introduce or to expand Level 3 maths provision.

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.

Yes.

We agree with the continuation of the area cost allowances in the formula in the first instance, but we think it may be worth considering the introduction of a sparsity factor for the following reasons:

- The costs of providing for T Levels may well be proportionately higher in rural areas
- Class sizes may inevitably be lower for T Levels which may be local/regional priorities
- Travel to learn and travel to industry placement will both be higher in sparsely populated areas
- The last time that the question of a sparsity factor was considered in post-16 education funding was in 2002. Meanwhile DfE has reviewed the issue in setting the pre-16 formula and has decided to retain a factor.

As explained in our answer to question 2, we believe that there should be an impartial evidence-based process for assessing funding factors in the formula.

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 recognise that SAPs will be able to provide overall guidance on the priorities for a local labour market and colleges and other providers will want to take heed of that. We also welcome the acknowledgement in the Skills Advisory Panel Guidance of 6 December that colleges should be represented on SAP boards to help inform thinking and planning for local skills needs. Colleges will bring crucial expertise to the table as many already use LMI data to inform their curriculum planning to meet local need. However, we do not agree that students should be offered T Levels only in sectors/subjects which are local priorities. Regional and national opportunities should be considered by colleges in their delivery plans and should be recognised as reasonable, given our aspirations for a society which works for everyone, irrespective of where they happen to be born. That is a basic principle which seems to work well for A Level and university students and should be afforded to T Level students as well.

As college to LEP/SAP ratios differ from area to area, college representation on SAPs needs to be discussed and agreed at a local level. A nationwide common framework for tenure and responsibilities would be helpful.

There needs to be clarity regarding the remit and powers of the SAPs. Colleges should not be penalised for taking informed decisions about the courses they offer, balancing the local intelligence with regional and national skills priorities and needs as well as being able to respond to student demand. The following points should also be borne in mind:

- T Level and higher technical qualifications will need specialist staff who may be difficult to recruit when industry can pay better salaries. It will also, in some cases, require investment in more specialised facilities. The [Taking Teaching Further](#) initiative and capital investment for the 2020 providers needs to be extended into 2021 and beyond in order to ensure that colleges are able to deliver to meet priority needs.
- T Levels will have more than one specialism. Building Services Engineering for example has eight specialisms. It will be challenging for even the largest providers to deliver eight specialisms with viable numbers even if the appropriate staffing (see above) is available. Under the current base rate groups would need to be between 14 and 16 in number to be viable, which may be unrealistic in every college in every place.
- Collaborative working could help this if travel to learn is properly funded. Providers working in close proximity could agree which specialisms they should each deliver. This will of course be more challenging in rural localities. This will work well in some places where colleges are working together, such as the 22 West Midlands Colleges which are part of the Further Education Skills and Productivity Group. The formation of similar regional groupings may be helpful.
- Some young people do not wish to stay in their local area and may have aspirations to work in the wider region, nationally or even internationally. No such local skills requirements are placed on young people undertaking A Levels or degrees.
- Collaborative working between LEPs/MCAs and colleges should enable evidenced based conversations and appropriate patterns of delivery. Colleges should not be penalised for not delivering a particular course if there is insufficient funding, lack of suitable facilities, challenges in recruiting staff or where there is low student demand

Question 15:

How could any adverse impact be reduced and are there any ways we could better advance equality of opportunity or foster good relations between people who share a protected characteristic and those who do not? Please provide evidence to support your response.

DfE needs to consider the following issues:

- There is a high level of gender segregation in participation in current technical programmes, which is long-standing, and which largely mirrors the labour market in construction, engineering and childcare.
- Participation in different technical programmes also varies widely by ethnic origin.
- The industry placement requirement may act as an obstacle to young people with disabilities unless there is concurrent and prompt action from councils via student Education Health and Care Plans

Association of Colleges
February 2019