



T-LEVELS FOR 19-23 YEAR OLDS

The Value of Maintenance Loans

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T-Levels for 19-23 Year Olds: The Value of Maintenance Loans

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NCFE and the Campaign for Learning Policy Papers

This purpose of NCFE and Campaign for Learning policy papers is to encourage debate on key issues for post-16 education, skills and labour market policy. They are intended to inform policy makers at Westminster, Whitehall and stakeholders in the education and skills system. This paper is the sixth in a series that examines current and emerging policy from a learning and skills perspective. Our previous papers are:

- Earn or Learn for 18-21 year olds: New Age Group, New Policies (November 2015)
- University or Apprenticeships at 18: Context, Challenges and Concerns (April 2016)
- Reforming Technical and Professional Education: Why should it work this time? (February 2017)
- Mending the Gap: Are the needs of 16-18 year olds being met? (January 2018)
- Shaping the new National Retraining Scheme (March 2018)

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SUMMARY

16-18 T-Levels

i. T-levels for 16-18 year olds are planned to be equivalent to A-levels and Advanced Apprenticeships. They represent substantial full Level 3 programmes. T-levels for 16-18 year olds are essentially two-year full-time Level 3 programmes. The technical qualification element of T-levels for 16-18 year olds is expected to last between 450 and 700 hours per year over two years. Integral to T-levels for 16-18 year olds is an industrial placement equivalent to 315 hours during the two years of the programme.

Full-Time T-Levels for 19-23 Year Olds

ii. The government recognises that 19-23 year olds without a first Level 3 could benefit from the same T-level programme as 16-19 year olds. Asking 19-23 year olds to complete full-time T-levels in one year looks daunting. The extent to which accredited prior learning might shorten the duration of T-levels is unlikely, given that they are new qualifications and the age group under consideration is 19-23 year olds. Presumably, part-time T-levels – if introduced – would last a minimum of three years.

19-23 Year Olds with a Level 2 but not a Level 3

iii. There are approximately 627,000 19-23 year olds in England without a first full Level 3 qualification and perhaps 413,000 19-23 year olds who achieved a Level 2 at age 18 but do not have a first full Level 3. Given the extremely large numbers involved, options to limit demand include a cap on the number of 19-23 year olds on T-levels or restricting participation to STEM T-levels.

A Radical Reform of 19-24 Further Education

iv. In 2010, fewer than 110,000 19-23 year olds were in full-time further education at all qualification levels. Today, 200,000 19-24 year olds study full Level 3 qualifications but they are not necessarily of similar size to T-levels or a first full Level 3. Given the number of 19-23 year olds with a Level 2 but not a Level 3 and a presumption of T-levels delivered on a full-time basis, a large-scale full-time vocational Level 3 pathway could be created which radically reforms 19-24 further education.

A Larger and Potentially Easier Market than 16-18 Year Olds

v. Full-time education is the norm in the 16-18 further education system. The debate over 16-18 T-levels is as much about the full-time vocational programmes they might replace as expanding Level 3 provision. Not only is the potential full-time T-level market for 19-23 year olds larger than 16-18 year olds, T-levels for 19-23 year olds is about growing participation rather than replacing existing provision. Politically, therefore, T-levels for 19-23 year olds could be an easier sell to the further education sector than 16-18 T-levels.

Post-18 Education and Level 3 Qualifications

vi. The Independent Panel reviewing post-18 education and funding in England has been asked to consider **all** post-18 funding, from adult basic skills to doctoral loans. The proposition of full-time T-levels for 19-23 year olds will be particularly important for the work of the Independent Panel.

T-Levels and Advanced Apprenticeships for 19-23 Year Olds

vii. Under the apprenticeship levy, levy-paying employers determine the age of apprentices to be trained and the level of apprenticeships to be offered. If levy-payers do not support advanced apprenticeships for 19-24 year olds, the government could ear-mark assistance from the non-levy apprenticeship budget. Politically, however, there is pressure to use the non-levy apprenticeship to offset falls in apprenticeship starts by 16-18 year olds, especially at Level 2. In short, there is no guarantee of Level 3 apprenticeships for 19-24 year olds under the new funding system for apprenticeships.

Targeting Young Adults in Employment and not in Full-Time Education

viii. Approximately 3.2m 18-24 year olds in England are not in full-time education but over 75% of them (2.5m) are in employment. It is employed 18-24 year olds not in full-time education who the government will predominantly need to target and encourage onto full-time and part-time T-levels.

Combining Employment with Full-Time T-Levels

ix. In excess of 1 in 10 young adults aged 18-24 in employment but not in full-time education are on zero-hour contracts, self-employed or agency workers. In addition, 9% of all 18-24 year olds – non-student jobs and student-jobs – earn near or below the minimum wage whilst over 50% earn below the living wage. Young adults funding their living costs to study full-time T-levels from earnings will always put earning before full-time learning, especially if they are atypical workers where earnings are irregular or are in low-paid employment.

x. 18-24 year olds on full-time Level 4-6 higher education programmes are entitled to maintenance loans. There is also the prospect of students on full-time Level 4-6 further education programmes being eligible for maintenance loans.

xi. From the perspective of employers and employed 19-23 year olds, timetabling full-time T-levels, including industrial placements, within working hours could be challenging.

Combining Employment with Part-Time T-Levels

xii. If part-time T-levels lasting longer than two years are introduced, a critical policy decision is whether it is assumed that they will be employer-sponsored. The advantage of younger adults being sponsored by their current employer is that part-time study and industrial placements could be scheduled around the working hours of their employer. However, there are strong grounds for not relying on employer-sponsored part-time T-levels for 19-23 year olds. First, levy-paying employers might wish to concentrate on funding apprenticeships – and not necessarily for 19-23 year olds – rather than supporting participation in T-levels. Second, many of the 1 in 10 young adults in atypical employment might not have

an employer to support them to study for a T-level. Third, young adults would not be able to participate independently in T-levels and subsequently switch employer, occupation or sector on completion. Finally, unemployed young people would not be able to study a part-time T-level because they have no employer.

xiii. Many younger adults in employment and not in full-time education face irregular earnings and low pay. Once again, there is a danger that younger adults would be earners first and part-time learners second.

xiv. From August 2018, maintenance loans will be available for part-time higher education to ease financial pressures on living costs, given the squeeze in real wages since the financial crash in 2008 and the incidence of low pay and atypical working.

Aim of Maintenance Loans for 19-23 T-Levels

xv. The aim of maintenance loans is to facilitate participation on T-levels by 19-23 year olds. Full-time maintenance loans will cover the living costs of 19-23 year olds on T-levels who want to be full-time students first and workers second. If part-time T-levels for 19-23 year olds are introduced, part-time maintenance loans will ease the financial pressure of young adults to put earning before part-time learning.

From Nothing to Maintenance Loans

xvi. Under the present Government, the chances of maintenance grants to support participation in full-time – and part-time – T-levels by younger adults are slim. In effect, the choice for younger adults deciding to enrol on T-levels is between no maintenance support or maintenance loans. Access to maintenance loans for younger adults on T-levels would create a degree of fairness for younger adults in higher education.

Maintenance Loans increase Tuition Expenditure

xvii. The aim of maintenance loans is to increase participation. Each additional student will need funding for 'tuition'. In other words, maintenance loans increase tuition expenditure.

Maintenance Loans – A Different Psychology

xviii. The psychology behind maintenance loans is different to fee-loans. The latter are vouchers released to providers. Maintenance loans, on the other hand, are paid directly to adults in **cash**. Cash payments are real and tangible evidence to students of how loans are supporting their participation in learning.

RECOMMENDATIONS

Design of T-Levels for 19-23 Year Olds

Recommendation 1

T-levels for 19-23 year olds should be substantial full Level 3 programmes.

Recommendation 2

T-levels for 19-23 year olds should primarily be full-time Level 3 programmes. Part-time T-levels should not necessarily be ruled out but they should complement rather than substitute full-time T-levels for 19-23 year olds.

Recommendation 3

If a decision is taken to introduce part-time T-levels for 19-23 year olds, eligibility must be open to all employed 19-23 year olds not in further education. Enrolment onto part-time T-levels must be possible whether or not 19-23 year olds are being sponsored by their current employer or whether they are employed or self-employed.

Recommendation 4

The same range of T-levels available locally for 16-18 year olds – including industrial placements – should be available for 19-23 year olds without a first full Level 3 qualification.

Review of Post-18 Education and Funding

Recommendation 5

Although T-levels for 19-23 year olds could increase the pool of young adults able to progress to Level 4-5 qualifications, the Independent Panel reviewing post-18 education and funding needs to consider whether the achievement of a Level 3 qualification in the form of a T-level is an end-in-itself for post-18 education policy in England.

Recommendation 6

The Independent Panel should specifically examine the specific role of **full-time** T-levels in assisting 19-23 year olds seeking to achieve a first full Level 3 qualification.

T-Levels and Advanced Apprenticeships for 19-23 Year Olds

Recommendation 7

The new funding system of apprenticeships in England means there is no guarantee of advanced apprenticeships at Level 3 for 19-23 year olds. Recent evidence suggests a fall in starts on advanced apprenticeships for 19-24 year olds. T-levels should, therefore, be viewed as an insurance against potential falling Level 3 apprenticeship starts by younger adults.

T-Level Tuition Funding for 19-23 Year Olds

Recommendation 8

At present, young adults aged 19-23 do not contribute towards the cost of the 'teaching and learning' to deliver first full Level 3 qualifications. Young adults participating on T-levels to achieve a first full Level 3 should also not be charged tuition fees. Tuition fees, therefore, will not be a financial barrier for younger adults to enrol on T-levels. No fee-loans will need to be taken out by young adults on T-levels. The only loan to be taken out will be **cash-based** maintenance loans.

Recommendation 9

Funding for the 'teaching and learning' of T-levels for younger adults should be based on a formula defined in terms of qualification hours for **full-time** and **part-time** study. This represents a radical change to the current approach to funding adult education and skills in England. Introducing formula based on full-time and part-time study will assist policy makers in introducing maintenance loans for 19-23 year olds on T-levels.

A National 'Teaching and Learning' Budget for 19-23 T-Levels

Recommendation 10

The government should introduce a non-devolved national 'teaching and learning' budget for 19-23 year olds on T-levels separate from the AEB (Adult Education Budget). A non-devolved budget is required because: (i) tuition funding for 19-23 T-levels must be ring-fenced for 19-23 T-levels, (ii) a consistent definition of qualification hours is essential to define full-time and part-time T-levels, and (iii) universal definitions of full-time and part-time are a vital prerequisite for student access to full-time and part-time maintenance loans. Most importantly of all, 19-23 year olds are the stakeholders who will take out maintenance loans rather than metro-mayors and combined authorities. It is not for metro-mayors and combined authorities to restrict the type of T-levels linked to a local plan studied by 19-23 year olds. Student choice, rather than local planning, should determine the type of T-level young adults enrol on.

T-Level Maintenance Loans for 19-23 Year Olds

Recommendation 11

There is no need to create a separate system of maintenance loans for T-level students aged 19-23. Means-tested maintenance loans for full-time and part-time T-level students aged 19-23 should broadly follow the means-tested maintenance loans system for full-time and part-time higher education students.

Recommendation 12

The policy intention is that a comprehensive range of T-levels and industrial placements will be available for 16-18 year olds locally and similar access will be available to 19-23 year olds. The aim of full-time maintenance loans is to enable 19-23 year olds to continue to live at home – with their parents or in their current independent accommodation – whilst studying full-time locally. Means-tested full-time maintenance loans should be sufficient to cover transport costs to providers and employers offering work placements. In the first instance, however, full-time maintenance loans for full-time T-level students should be restricted to the living-at-home rate for full-time higher education students, which is lower than the living-away-from-home rate. This would limit the cost of maintenance loans for T-level students to the taxpayer and avoid creating extra pressure on private sector rents faced by current full-time students if T-level students were funded to live away from home.

Increased 19-23 Tuition Grant Expenditure

Recommendation 13

If maintenance loans increase participation on T-levels for 19-23 year olds, the Department for Education (DfE) should take into account the extra tuition cost per student. Since 19-23 year olds without a first full Level 3 will be covered by the existing entitlement to full funding, grant expenditure for tuition funding will increase.

Starting T-Levels for 19-21 Year Olds

Recommendation 14

To make the roll-out of T-levels for young adults manageable in relation to cost and capacity, the DfE should consider focussing eligibility **in the first instance** to the 376,000 young adults aged 19-21 with a Level 2 but not a Level 3. Participation in full-time education in higher education is heavily concentrated amongst 18-21 year olds within the 18-23 cohort. Full-time T-levels supported by maintenance loans could also be attractive to 19-21 year olds relative to 22-23 year olds. In addition, starting T-levels with 19-21 year olds would reinvigorate **earn or learn** strategies for 18-21 year olds and positively support the Youth Obligation policy for 18-21 year olds.

Introduction

- 1.** The current Conservative Government is seeking to reform the vocational education element of the 16-18 system in England, through the phased introduction of T-levels. The new T-levels are intended to be a vocational alternative to A-levels and Advanced Apprenticeships which are equivalent to substantial full Level 3 programmes.
- 2.** T-levels are essentially full-time programmes. Largely unnoticed, however, is the signal by the Department for Education (DfE) that T-levels could benefit 19-23 year olds without a first full Level 3. This paper analyses the potential of T-levels in terms of developing a large-scale **full-time** vocational route for 19-23 year olds (without necessarily ruling out part-time T-levels for 19-23 year olds).
- 3.** The proposition of full-time T-levels for 19-23 year olds will be particularly important for the work of the Independent Panel **reviewing post-18 education and funding**, which will inform the government review due to be completed by Spring 2019. Although T-levels for 19-23 year olds could increase the 'pool' of young adults able to progress to Level 4-5 qualifications, the Panel needs to consider whether the achievement of a Level 3 qualification in the form of a T-level is an end-in-itself for adult skills policy in England.
- 4.** Creating a new full-time vocational route for 19-23 year olds via T-levels is difficult to comprehend without access to maintenance support at Level 3, in line with full-time students in higher education at Level 4-6. If it is deemed that participation by 19-23 year olds on T-levels should be available through part-time study as well as full-time study, maintenance loans will also be needed in line with the new part-time maintenance loans for higher education students. Due to the potential numbers involved, T-levels might initially need to be restricted to 19-21 year olds with a Level 2 but not a first full Level 3.

Policy Context

T-Level Consultation

- 5.** In May 2018, the DfE published its response to its consultation on the implementation of T-level programmes. The government response states: "Feedback from the consultation highlighted that there is no 'one size fits all' approach that could be introduced to meet the needs of the majority of adult learners. We recognise that 19 to 23 learners who do not yet have a level 3 qualification could benefit from the same T-level programme as 16 to 19 year-olds" (DfE May 2018A). In effect, the policy proposition is that T-levels could benefit 19-23 year olds without a first full Level 3 qualification.

Highest Level of Achievement by Age 25

- 6.** Often, research commissioned by government departments themselves turns out to be the most important in determining policy thinking in Whitehall. In May 2018, the DfE published research into the highest level of qualification held by 25 year olds in 2014/15 (DfE May 2018C). This group of 25 year olds were aged 16 in 2004/5. The research captures the GCSE attainment at 16 and tracks their achievement or otherwise at Level 2, 3, 4/5 and Level 6 by age 25.
- 7.** The research was commissioned to inform the DfE review of Level 4-5 qualifications launched in October 2017 and contribute to the debate of low achievement of these qualifications (sub-degrees) – especially vocational sub-degrees – relative to Level 6 qualifications (first-degrees). The DfE published an interim review of Level 4-5 education in the summer of 2018 (DfE August 2018A). A key issue is whether increasing achievement of Level 4 - 5 qualifications will come through full-time or part-time study.

8. The emphasis on young people under the age of 25 is not surprising. The so-called **royal route** of GCSEs at 16, A-AS levels at 18 and entry in full-time first degree programmes dominates post-16 education policy in England – and so too does the wider conception of the royal route of achieving Level 2 at 16, Level 3 at 18 and entry into full-time higher education at Level 4-6 at age 18.

9. An important feature of the higher education system in England is that the key year for initial entry is age 18. In AY2015/16, nearly 180,000 18 year olds entered higher education but numbers fall sharply thereafter to only 22,115 at age 20 and 5,180 at age 24 (see Table 1). Furthermore, not only is initial entry heavily concentrated amongst 17-20 year olds – accounting for 90% of all initial entrants aged 17-24 – over 96% of the 17-20 age group study **full-time**. Part-time study is not the norm for 17-24 year olds in higher education.

Table 1

Initial Entry into Higher Education by English Domicile Students Aged 17-24: AY 2015/16			
Age	Initial Entrants	Full-Time	Part-Time
17	1,105	273,000	10,000
18	179,890		
19	79,595		
20	22,115		
21	11,230	Estimate by author 15000	Estimate by author max 15,000
22	7,510		
23	5,990		
24	5,180		

Source: Participation Rates in Higher Education, Academic Years 2006/7 and 2016/17, DfE September 2017

10. The original policy context for the research was, therefore, how to expand participation and achievement of full-time and part-time vocational sub-degrees by age 25 relative to full-time and part-time Level 6 first degrees. Critically, however, the data includes achievement of qualifications at Level 3 and below by age 25. A key finding is that **23% of 25 year olds in 2014/15 had achieved a Level 2 but not a Level 3 qualification** (DfE May 2018C).

Post-18 Education and Funding Review

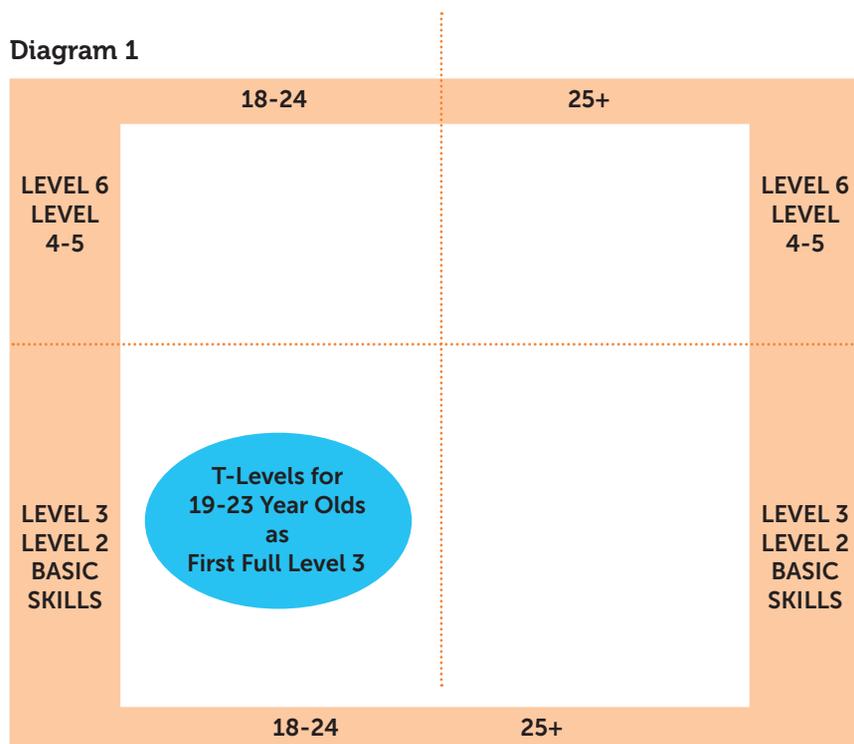
11. The review of post-18 education and funding launched by the Prime Minister on 18th February 2018 is highly significant (DfE February 2018A). The Independent Panel chaired by Philip Augur is conducting a review that is countercultural to Whitehall, Westminster and the media, comparing higher education and adult further education rather than further education and higher education.

12. Despite the terms of reference of the review implying consideration of all post-18 education – from doctoral loans to **adult basic skills and everything in between** – early attention was certainly on Level 4-5 relative to Level 6 by age 25. From a vocational education and training perspective, this meant full-time and part-time vocational sub-degrees and Level 4-5 higher level apprenticeships, as well as degree and post-graduate apprenticeships at Level 6 and 7 respectively. Government interest in T-levels for 19-23 year olds has at least resulted in attention turning towards Level 3. Interest in Level 3 has also intensified after the recommendation by the House of Lords' Economic Affairs Committee to extend free education and training for a first full Level 3 qualification to 25 year olds and over (June 2018). The government has stated that the Post-18 Review of Education and Funding

will examine the case for extending the entitlement to free training for a first Level 3 to adults aged 25 and over (DfE August 2018B).

Positioning T-Levels for 19-23 Year Olds

13. Diagram 1 (below) conceptualises four areas of post-18 funding which the Independent Panel should consider in turn. T-Levels for 19-23 year olds are part of the debate about adult basic skills to Level 3 qualifications for the 18-24 age group.



T-Levels for 16-18 Year Olds

Key Features

14. Key features of T-levels for 16-18 year olds are that:

- they are Level 3 programmes equivalent to A-AS levels and Advanced Apprenticeships
- they are full-time programmes generally studied over two years
- they will be composed of five elements – a technical qualification; an industry placement; maths, English and digital requirements; other relevant occupational-specific requirements and additional employability, enrichment and pastoral (EEP) provision
- they will consist on average of 1,800 hours over two years
- they will have a technical qualification lasting between 450 and 700 hours per year
- they will have an industrial placement which lasts a minimum of 45 days for a minimum of 7 hours per day taken within the two years of the course (DfE November 2017, DfE May 2018A)

Full-Time Programmes

15. At an average of 900 hours per year, T-levels for 16-18 year olds are **clearly full-time programmes**. Hours counting towards study programmes for 16-19 year olds include qualification hours – teaching and learning – and non-qualification hours – including work placements organised by providers delivering the programme and employment, enrichment and pastoral provision. The DfE/ESFA definition of full-time study by 16 and 17 year olds is 540 hours or more. (see Box 1)

Box 1

Band	Annual timetabled hours in the academic year	Applies to	
5	Full time	540+ hours	16 and 17 year olds. Students aged 18 and over with high needs
4	Part time	450+ hours	Students aged 18 and over who do not have high needs
4b	Part time	450 to 539 hours	16 and 17 year olds. Students aged 18 and over with high needs
3	Part time	360 to 449	All students
2	Part time	280 to 359 hours	All students
1	Part time	Up to 279 hours	All students

Source: 16-19: Planned Hours in Study Programmes, Guidance ESFA March 2018

Full-Time or Part-Time T-Levels for 19-23 Year Olds?

16. The Government has stated that they “**recognise that 19 to 23 learners who do not yet have a level 3 qualification could benefit from the same T-level programme as 16 to 19 year-olds**” (DfE May 2018A). A key judgement to make is whether they will be defined as full-time or part-time programmes.

Full-Time 19-23 T-Levels

17. A strict interpretation is that if T-levels for 16-18 year olds are full-time programmes, **T-levels for 19-23 year olds should also be full-time programmes**. However, defining T-levels for 19-23 year olds as full-time programmes causes problems and challenges for the post-18 education system and especially the 19-24 further education system.

Full-Time: Funding ‘Teaching and Learning’ in Adult Further Education

18. The term **full-time** does not really exist in the world of adult further education and specifically the Adult Education Budget. The ESFA assigns learning hours according to different definitions of the size of provision. For example, large provision is defined as 101 to 388 learning hours and **very large provision** is defined as 389 or more learning hours (ESFA March 2018A).

Full-Time: Funding ‘Teaching and Learning’ in Higher Education

19. Full-time is a much stronger concept in higher education. Whether a student is classed as **full-time** or part-time determines the level of fees institutions can charge and the amount of fee-loans students must take-out. The Office for Students (OfS) defines full-time as a course which requires at least 24 weeks in a year and an average of 21 hours or more of tuition and work placement provision (OfS 2018).

Full-Time Maintenance Loans in Higher Education

20. Until recently, the term **full-time** determined whether higher education students were entitled to maintenance loans as these were restricted to full-time students. From August 2019, maintenance loans will be available to support Level 4-6 technical education. If technical education at Level 4-6 is full-time, presumably full-time maintenance loans will be available for these technical programmes.

Full-Time Two-Year T-Levels for 19-23 Year Olds

21. The key element of T-levels is the technical qualification. The technical qualification must be common across T-levels irrespective of the age of the learner. At between 450 and 700 hours per year, they will:

- exceed the definition of very large provision of 389 or more learning hours used by the ESFA within the AEB
- exceed the definition of part-time study for benefit purposes of 15 hours per week as applied to an academic year of 36 weeks (540 per year)
- be comparable to full-time higher education courses of a minimum of 504 hours per year (noting that work placements are not normally part of 3-year full-time courses).

Prior Attainment

22. Policy makers might turn to prior attainment as a way of shortening full-time T-levels from two years to one year for 19-23 year olds. The expectation is that prior attainment could count in terms of the core content across T-levels within, but not across, routes. (DfE November 2017). But since T-levels are new study programmes and accredited prior learning is an option usually for older adults rather than younger adults aged 19-24, the opportunity to use prior attainment to shorten T-levels for 19-23 year olds might be limited.

Industrial Placements

23. Another option to shorten full-time T-levels for 19-23 year olds into one-year programmes is to make industrial placements voluntary rather than mandatory. Whether such a decision makes for 'good' skills policy is discussed later but from the perspective of turning two-year full-time 16-18 T-levels into one-year 19-23 T-levels, the decision would not make the design of the latter easier. The key design question is whether 900 to 1,400 qualification hours can be delivered in a single academic year of 36 weeks, equivalent to 25 to 39 hours per week. On the face of it, this is unrealistic.

No Maintenance Loans for 19-23 Year Olds on Full-Time Level 3 Programmes

24. Whether full-time T-levels for 19-23 year olds are two years or one year in duration, at present, there is no access to maintenance loans for 19-23 year olds on full-time Level 3 courses

Part-Time 19-23 T-Levels

25. On the other hand, the government could seek to define T-levels for 19-23 year olds as part-time programmes, i.e. longer than two years in duration.

Minimum Three-Year Part-Time T-Levels for 19-23 Years Olds

26. Bearing in mind that the qualification element of T-levels is expected to be 900 to 1,400 hours and assuming a minimum of three-year T-levels as the definition of part-time study, the number of hours per year to deliver the technical qualification component would range from 300 to 467. An average of 300 to 467 hours per year would be:

- equivalent to large provision – defined as 101 to 389 hours – and very large provision (band 1) – defined as 389 to 580 learning hours – for AEB purposes
- under the definition of full-time study for benefit purposes of 16 hours per week, which is equivalent to 576 hours per year assuming a 36 week academic year
- equivalent to 69% to 92% of a full-time higher education course per year – i.e. 504 hours based on 24 weeks at 21 hours per week – which is well above the 25% minimum intensity of a full-time course per year for eligibility for part-time maintenance loans (see <https://www.gov.uk/student-finance/parttime-students>).

Part-Time Maintenance Loans in Higher Education

27. From August 2018, maintenance loans will be available to support students on part-time higher education courses at Level 4-6. From August 2019, maintenance loans will be available to students on Level 4-6 technical education programmes. If technical education at Level 4-6 is part-time, presumably part-time maintenance loans will be available for these programmes.

No Maintenance Loans for 19-23 Year Olds on Part-Time Level 3 Programmes

28. Whether part-time T-levels for 19-23 year olds are three or more years in duration, currently there are no maintenance loans for 19-23 year olds on part-time Level 3 courses.

Mode and Living Costs

29. Mode is not just important in determining the design of the T-levels for 19-23 year olds themselves but also the different levels of funding to cover the cost of teaching and learning. Whether 19-23 year olds will be enrolling on full-time or part-time T-levels is critical to the assessment of how young adults themselves will secure an income to cover their living costs whilst studying and whether they will be able to study full-time or part-time without access to maintenance loans.

Potential Size of the T-Level Market for 19-23 Year Olds

19-24 Year Olds without a Level 3 in the UK

30. At the end of 2016, 30% of 19-24 year olds in the UK had not achieved a Level 3 qualification (see Table 2), equivalent to 1.49m young adults aged 19-24. By contrast, 18% of 19-24 year olds in the UK had a Level 2 but not a Level 3 as their highest qualification, equivalent to 896,000 young adults aged 19-24.

Table 2

Highest Qualification held by Working Age Adults in the UK 2016		
19-24	Level 3	Level 2
4.975m	70%	88%

Source: Labour Force Survey, Q4 2016

19-24 Year Olds without a Level 3 in England

31. Working on the basis that 84% of the UK population live in England, approximately 1.25m young adults aged 19-24 do not have a Level 3 qualification. In turn, there are around 752,000 **19-24 year olds** with a Level 2 but not a Level 3 qualification in England.

19-23 Year Olds without a Level 3 in England

32. Taking into account that T-levels could be targeted at 19-23 year olds, a strict apportioning results in an estimate of 1.0m 19-23 year olds without a Level 3. Similarly, there are also **627,000 19-23 year olds with a Level 2 but not a Level 3 qualification.**

19-23 Year Olds with a Level 2 but not a Level 3 in England

33. A critical design issue for T-levels for 19-23 year olds is whether young adults without a Level 2 can enrol on a Level 3 programme. For analytical purposes, however, it is useful to focus on 19-23 year olds who have a Level 2 but not a Level 3 (see Table 3).

Table 3

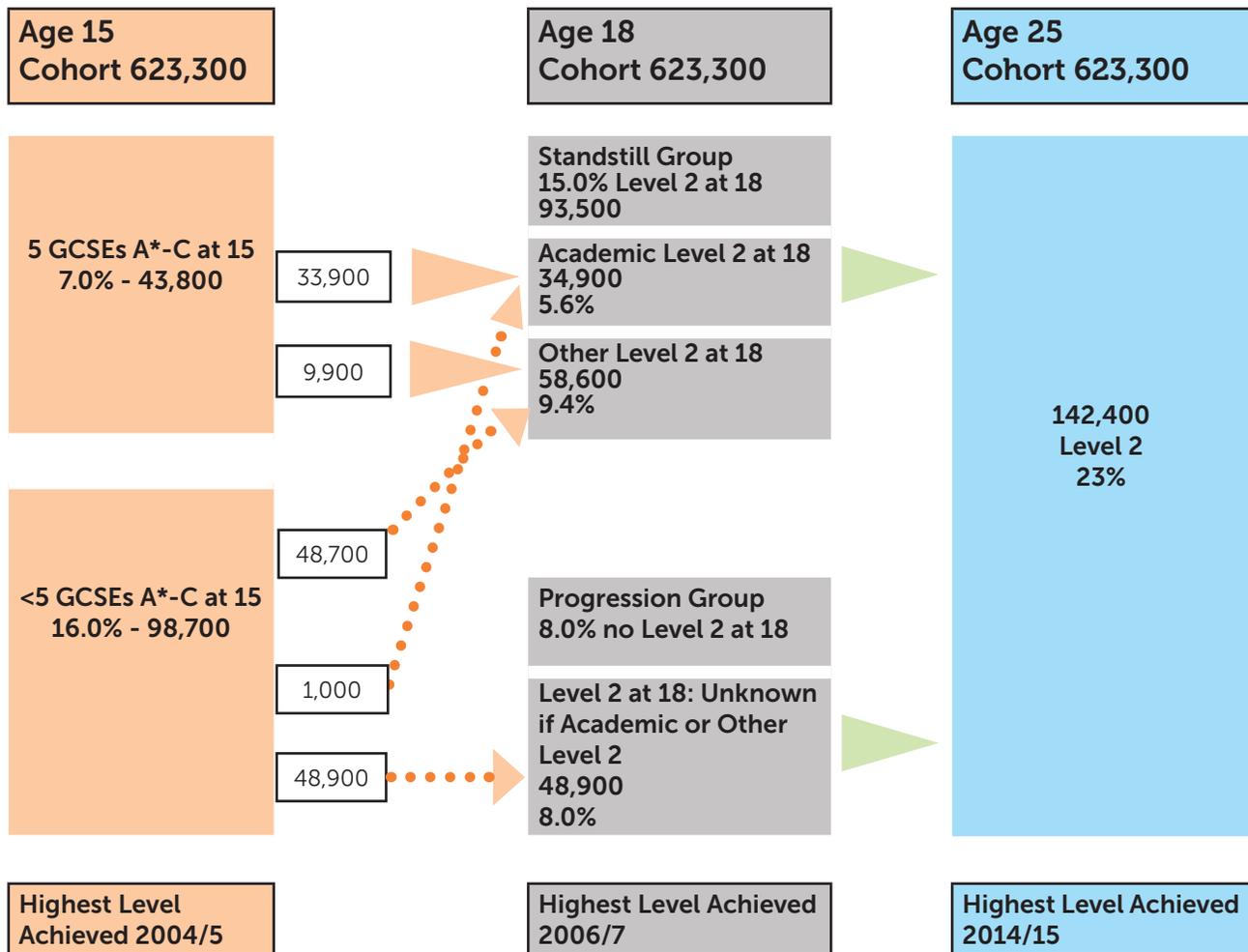
Potential T-Level Students Aged 19-23	
Estimated Number of 19-23 Year Olds with a Level 2 but not a First Level 3	627,000
Estimated Number of 19-23 Year Olds with a Level 2 at age 18 but not a First Level 3	413,800
Number of 19-24 Year Olds on Full Level 3 Qualifications ⁽¹⁾	203,890
Number of 16-18 Year Olds on Existing Vocational Level 3 Qualifications ⁽²⁾	317,100

Sources: (1) <https://www.gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills>
(2) Implementation of T Level Programmes - Equalities Analysis, DfE May 2018B

34. Also working on the basis that 19-23 year olds could only enrol on a **Level 3** T-level programme if they had a first full Level 2 qualification, the number of young adults is likely to be less than the snapshot estimate of 627,000. This can be demonstrated by examining achievement of Level 2 by age 25 (see DfE May 2018C).

35. In 2014/15, 23% of 25 year olds (142,400) reported that their highest qualification was at Level 2 (see Diagram 2) – but nearly two thirds of this group had achieved their Level 2 at age 18 (the standstill group). Although the remaining third achieved a Level 2 by age 25 (the progression group), there is no telling when they did so between the ages of 18 and 25. Obviously, the later the achievement of a Level 2 by age 25, the less time is available to enrol on a Level 3 T-level programme by age 23.

Diagram 2



Source: Post-16 Education: Highest Level Achievement by Age 25, DfE May 2018C

36. Assuming that T-level eligibility is restricted to 19-23 year olds without a first Level 3 (627,000) but with a Level 2 at age 18 (66% of the 2004/05 cohort age 18), a **minimum of c413,800 young adults aged 19-23** could be eligible for T-levels (see Table 3).

Comparisons

37. Two stand-out points emerge from these ball-park estimates based on restricting entry to 19-23 year olds with a full Level 2:

- On the one hand, the **eligible cohort of 400,000-600,000 19-23 year olds exceeds the current numbers on full Level 3 programmes (200,000)**, noting that not all of this latter group will be seeking a first Level 3 and the size of the Level 3 qualifications could be less than the specification for T-levels.
- On the other hand, the **19-23 T-level market could be larger than the 16-18 T-level market**, which could be 300,000 if T-levels replace all existing vocational Level 3 programmes (DfE May 2018B).

The 18-24 Education and Employment Market in England

38. Data on 18-24 year olds is split between those in full-time education – who can be employed, unemployed or economically inactive – and those not in full-time education – who are also classified as employed, unemployed or economically inactive. The latest data for each category in the UK is set out in Table 4A.

Table 4A

Educational Status, Economic Activity and Inactivity of People Aged 18-24 (UK)								
Total	Full-Time Education				Not in Full-Time Education			
5.642m	1.840m				3.802m			
		Employed	Unemployed	Inactive		Employed	Unemployed	Inactive
		0.597m	0.080m	1.163m		2.925m	0.324m	0.553m

Source: UK Labour Market – June 2018, ONS June 2018

39. Data for England is derived by applying 84% to each category, which is equivalent to the English population as a share of the UK population. The remainder of the analysis refers to the totals in Table 4B.

Table 4B

Educational Status, Economic Activity and Inactivity of People Aged 18-24 (England)								
Total	Full-Time Education				Not in Full-Time Education			
4.739m	1.546m				3.193m			
		Employed	Unemployed	Inactive		Employed	Unemployed	Inactive
		0.502m	0.067m	0.977m		2.457m	0.272m	0.464m

Source: Calculations by Author

18-24 Year Olds in Full-Time Education

40. Approximately 1.55m 18-24 year olds in England are in full-time education, of which 33% are also in employment, 4% are unemployed and 63% are economically inactive (i.e. neither employed or unemployed).

41. Full-time further education at Level 3 and below is a key activity for 16-18 year olds and obviously 18 year olds are part of the 18-24 age group too. By contrast, entry into full-time higher education at Level 4-6 – especially at Level 6 – starts at 17 but the peak year for recruitment is at age 18 by a wide margin and then falls away from age 19 onwards. Table 5 brings together data from a range of sources on 18-24 year olds in England in full-time education by qualification, level and sector. Although not strictly comparable, three broad points emerge:

- 85% of 18-24 year olds in full-time education are **full-time higher education students**.
- The number of full-time students on higher education courses at Level 4 and above at age 18 (196,200) is greater than the number on full-time further education courses at Level 3 and below at age 18 (122,700).
- The number of 18-24 year olds enrolled on higher education courses at providers in England (1,226,750) dwarfs historic participation in full-time further education by 19-24 year olds (115,500).

Table 5

18-24 Year Olds in England: Full-Time Education by Level and Sector		
	Year	Number
Full-Time Further Education at 18: Level 3 and Below (People) ⁽¹⁾	122,700	End 2017
Full-Time Higher Education at 18: Level 4 and Above (People) ⁽¹⁾	196,200	End 2017
Full-Time Higher Education 18-24: Level 4 and Above (Enrolments at English Providers) ⁽²⁾	1,226,750	AY 2016/17
Full-Time Further Education 19-24: Level 3 and Below (People) ⁽³⁾	100,800	AY 2009/10
Full-Time Further Education at FE Colleges 19-24 (People) ⁽⁴⁾		Q4 2011
	Employed	43.0%
	Unemployed	5.4%
	Inactive	51.7%
Full-Time Further Education 19-24 (People) ⁽⁵⁾		AY 2010/11
	19	51,001
	20	23,406
	21	14,608
	22	10,746
	23	8,550
	24	7,242
Part-Time Further Education 19-24: Level 3 and Below (People) ⁽⁴⁾	215,600	AY 2009/10

Sources: (1) Participation in Education, Employment and Training by 16-18 Year Olds in England – End 2017, Statistical Release, DfE June 2018 (2) Personal Characteristics of Full-Time Higher Education Students Enrolled with Providers in England in 2016/17, <https://www.hesa.ac.uk/data-and-analysis/students/whos-in-he> (accessed July 2018) (3) Individualised Learner Record. (4) Labour Force Survey Q4 2011 (5) Individualised Learner Record

18-24 Year Olds not in Full-Time Education

42. Around 3.19m 18-24 year olds in England are **not in full-time education**, of which 77% are in employment, 8% are unemployed and 15% are economically inactive.

43. Within the 2.457m 18-24 year olds who are employed but not in full-time education are young adults in apprenticeship jobs. Expanding starts on Advanced Apprenticeships – Level 3 apprenticeships – is a potential route to increase the pool of younger adults with Level 3 qualifications.

44. However, between Q12016/17 and Q12017/18 – the year before the apprenticeship levy and non-levy funding regime came into effect – starts on Level 3 apprenticeships by 19-24 year olds fell by 15% (Resolution Foundation, April 2018). Meanwhile, at the end of 2017 the number of 18 year olds on Level 3-6 apprenticeships increased by 2.5% (DfE June 2018), although it is not possible to say whether these were on Level 3 apprenticeships or Level 4-5 (so-called higher level) apprenticeships.

45. It is uncertain whether the new apprenticeship funding system in England will result in more or fewer 18-24 year olds on Advanced Apprenticeships. **T-levels for 19-23 year olds should be viewed as a policy response to the uncertainty over whether Advanced Apprenticeships will increase the supply of Level 3 qualifications to the labour market.**

18-24 Year Olds in Full-Time Higher Education

Availability of Maintenance Loans

46. A defining feature of the funding system for full-time students in higher education at Level 4-6 is access to maintenance support, which currently takes the form of maintenance loans. As part of the debate around increasing participation on Level 4-6 qualifications – especially technical qualifications at these levels – via **full-time study** by 18-24 year olds, maintenance loans for students on Level 4-6 technical qualifications are scheduled to become available from 2019/20. It has also been recommended that maintenance loans become available to students on Level 4-6 FE qualifications (House of Lords June 2018).

Maintenance Loans Facilitate Full-Time Participation

47. The reality is that participation in full-time higher education would be virtually impossible without access to maintenance loans whatever the fee-regime. Remove maintenance loans at a stroke and participation in full-time higher education would drop like a stone. Only students from the wealthiest households would be able to participate in full-time higher education as only their parents would be able to cover the living costs associated with this mode of study.

Full-Time Learners First, Workers Second

48. About 33% of full-time students aged 18-24 are also employed. Given that 85% of all full-time students are in higher education, the vast majority of 18-24 year olds are combining full-time study **with** employment in higher education – but the principle remains: students in full-time higher education are **learners first and workers second**. Employment might be desirable and, for some, a necessity and yet employment is not presumed in higher education policy. It is access to maintenance loans which underpins the **learners first, workers second** principle.

18-24 Year Olds in Full-Time Further Education

The Position of 18 Year Olds

49. As stated above, participation in full-time education is a key feature of the 16-18 education and training system in England. Education and training at Level 3 and below is free to 16-18 year olds. Fee-loans do not apply to the 16-18 education system.

50. From a maintenance support perspective, grants rather than loans apply. Parents with 16-18 year olds in full-time further education are eligible to claim means-tested child benefit and child tax credits within universal credit. Payments to parents are, in effect, grants. 16-18 year olds in full-time education – including traineeships but not apprenticeships – are eligible for the means-tested 16-18 Bursary Grant, although this is less generous and more restrictive than the Education Maintenance Allowance (also a grant payment) which they replaced.

51. In effect, a maintenance system is available to support participation in full-time further education for parents of 18 year olds and 18 year olds themselves. Maintenance support, however, takes the form of grants rather than loans and rightly so.

19-24 Year Olds – A Minority Sport

52. Data on full-time further education by 19-24 year olds available for this paper is nearly a decade old. Bearing this in mind, however, in 2010/11 only 115,000 young adults aged 19-24 were in full-time further education. Importantly, more than 40% were aged 19, some of whom would be completing their full-time studies which they started at age 17 or 18. In these circumstances, parents of 19 year olds in full-time further education would have been eligible for child benefit and child tax credits and 19 year olds themselves eligible for EMAs. Relative to full-time higher education by 18-24 year olds, participation by 19-24 year olds in full-time further education was a minority sport a decade ago.

No Maintenance Loans for 19-24 Year Olds in Full-Time Further Education even for Level 3

53. A key feature of full-time further education for 19-24 year olds is that there is a lack of a national system of maintenance support, whether in the form of maintenance grants or maintenance loans, and from the perspective of this paper, there is no system of maintenance loans for 19-24 year olds to achieve a first full Level 3 qualification by studying full-time.

Combine Employment with Full-Time Further Education

54. Data from the Labour Force Survey in Q12011 shows that 43% of 19-24 year olds in full-time education at further education colleges were employed, 4% were unemployed and 52% were economically inactive (see Table 3) – so nearly half covered their living costs through wages or unemployment benefit, and the rest presumably had access to benefits not linked to actively seeking work (such as incapacity and disability benefits available at the time).

55. Essentially, policy makers have expected 19-24 year olds to combine employment with full-time further education and **fund living costs through wages**. The low numbers of 19-24 year olds in full-time further education at the start of the present decade suggest they did not do so and are unlikely to do so in the future.

Workers First, Full-Time Learners Second

56. In short, 19-24 year olds are viewed as workers first and full-time learners second, the exact inverse of full-time higher education students. 19-24 year olds need to secure a source of income to pay for their living costs if they wish to study full-time as maintenance loans are not available.

18-24 Year Olds not in Full-Time Education

Employment is the Main Activity

57. Two thirds of 18-24 year olds in England (3.193m) are not in full-time education (see Table 4B), and over three quarters of 18-24 year olds not in full-time education are in employment (2.457m). Employment is the predominant activity of 18-24 year olds not in full-time education.

Enrolment onto T-Levels

58. A fair assumption therefore is that the vast majority of the 0.4m to 0.6m 19-23 year olds potentially eligible for **full-time** or **part-time** T-levels – c400,000 to 600,000 – will be in employment (see Table 3). **In this context, a critical question is whether 19-23 year olds will be able to cover their living costs to support full-time or part-time study solely through earnings in the absence of maintenance loans.**

18-24 Year Olds in Employment but not in Full-Time Education

Zero-Hour Contract Jobs

59. The latest estimate for the number of zero-hour contract jobs in the UK is 901,000. Of these, 18.7% are in full-time education and 36.0% are aged 16-24. Applying the population share of England in the UK, the respective figures suggests there are 141,600 in full-time education and 272,000 aged 16-24 in England.

18-24 Year Olds in Full-Time Education and Zero-Hour Contracts

60. The total number of people aged 16 and over in full-time education in England is approximately 2.7m. Around 1.0m 16-17 year olds are in full-time further education, along with 0.12m aged 18 and 0.10m aged 19-24. Data for those aged 25+ in full-time further education is not available. In addition, there are 1.23m under 25 year olds enrolled on full-time higher education courses in England – nearly all of whom are aged 18-24 – and 0.25m aged 25 and over. A rough estimate, therefore, is that 1.33m 18-24 year olds are in full-time education, 49% of the total population of full-time students. Applying this proportion to the total of those in full-time education with zero-hour contract jobs implies 70,000 are aged 18-24 (see Table 6), most of whom will be in full-time higher education and eligible for full-time maintenance loans.

18-24 Year Olds in Zero-Hour Contract Employment but not in Full-Time Education

61. The estimated number of 16-24 year olds on zero-hour contracts in England is 272,000. There are 66,000 16 and 17 year olds who are in employment but not in full-time education or jobs with apprenticeships (DfE June 2018). If it is assumed that all of them are zero-hour contract jobs, the number of 18-24 year olds employed and on zero-hour contracts is 206,000. In turn, this implies 136,000 18-24 year olds are employed on zero-hour contracts who are not in full-time education (see Table 6).

Self-Employment

62. Approximately 5.7% of 18-24 year olds in employment but not in full-time education are self-employed (see Table 6). Many of this group will be self-employed construction workers.

Agency Workers

63. Work by the Resolution Foundation (December 2016) suggests there were 865,000 agency workers in the UK, 18% of whom are aged 16-24. Applying the population of England as a share of the UK, there could be 131,000 16-24 year olds who are temporary workers. Unfortunately, it has not been possible to find out the split between those in full-time education and those not in full-time education. However, given that 91% of 16-24 year olds in employment are aged 18-24, a working estimate is that there are 119,000 18-24 year olds in temporary employment (see Table 6).

Table 6

18-24 Year Olds in Employment		
18-24 Year Olds in Employment not in Full-Time Education⁽¹⁾	2.457m	Share
Of which:		
in employment on zero-hour contracts ⁽²⁾	136,000	5.5%
self-employment ⁽³⁾	140,000	5.7%
18-24 Year Olds in Full-Time Education and Employment⁽¹⁾	0.502m	Share
Of which:		
in full-time education and employment on zero-hour contracts ⁽²⁾	70,000	13.9%
18-24 Year Olds in Full-Time Employment	2.959m	Share
Of which:		AY 2009/10
agency workers (2016) ⁽⁴⁾	119,000	4.0%
earn near or below National Minimum Wage (2017) ⁽⁵⁾	280,000	9.5%
earn below the living wage	1.685m	56.9%

Sources: (1) UK Labour Market – June 2018, ONS, June 2018. (2) Calculations by author based on ONS (April 2018), Contracts that do not guarantee a minimum number of hours (3) Self-employment as a share of 18-24 year olds in employment but not in full time education in Q4 2011 LFS applied to Q2 2018 LFS (4) Resolution Foundation December 2016 (5) Calculation by author using data from Low Paid Britain 2018, Resolution Foundation (May 2018)

Atypical Working

64. Only a third of 18-24 year olds in full-time education might have jobs (0.502m). Of these, 70,000 might zero-hour contract jobs and potentially a similar number might have temporary jobs (see Table 6). However, 18-24 year olds combining full-time education and employment should not be the group of primary concern. After all, the vast majority of 18-24 year olds in full-time education are higher education students who have access to maintenance loans. **Earnings from zero-hour contract and temporary jobs are a top-up to their maintenance loan.**

65. The key group to analyse are 18-24 year olds in employment but not in full-time education because their main source of income is from wages, not maintenance loans. Over 83% of 18-24 year olds in employment are not in full-time education (2.457m). A minimum of 11% of 18-24 year olds in employment and not in full-time education are on zero-hour contracts or self-employed, with a significant percentage who are temporary workers.

Low Pay and Squeezed Real Wages

66. According to the Resolution Foundation, 165,000 21-24 year olds and 210,000 16-20 year olds in the UK earn near or below the National Minimum Wage (May 2018). For the purposes of this paper, we will assume 333,000 were aged 18-24 in the UK and 280,000 in England equivalent to 9.5% in employment (see Table 6). Furthermore, the Resolution Foundation estimates that 825,000 21-24 year olds and 1.075m 16-20 year olds earn below the living wage in the UK. The total for 18-24 year olds in the UK could, therefore, be 1.685m, equivalent to more than half of all 18-24 year olds in employment. In addition, 18-24 year olds in employment faced the same squeeze in real wages between 2009 and 2014 as other age groups since the 2008 financial crash.

19-23 Year Olds: Combining Employment with Full-Time T-Levels

Earnings first

67. 19-23 year olds seeking to combine employment with full-time T-levels will be workers first. Earnings from employment of whatever type and quality will be the priority as wages is the main source of income to pay living costs. Combining employment with flexible learning sounds seductive but is fanciful. The reality is that the 12% or more of 18-24 year olds in atypical employment (but not in full-time education) would focus on whether they had a paid day's work rather than studying for their T-level. Even permanent full-time and part-time workers aged 18-24 on low pay would focus on accepting overtime to earn more money instead of studying for their full-time T-level. Rather than combine earning and flexible full-time learning, the danger is there would be no earning and no learning.

Teaching

68. T-levels are significant study programmes equivalent to 3 A levels. If they are defined as two-year programmes, the number of hours per year is expected to be between 450 and 700 hours, or 12.5 and 19.5 hours per week respectively over a 36 week academic year. The number of teaching hours is not necessarily a problem. Given the need to earn a regular income to support themselves, it is the hours set by their employer which will determine the hours they can attend college, school or an independent provider to complete their full-time T-level. Night school might be a solution but many employers require 18-24 year olds to be available at different times of the day and weekends.

Industrial Placements

69. The hours set by their employer will also determine the delivery of the work placement. It is difficult to imagine an employer allowing block release for the industrial placement when they are required to work on a weekly or monthly basis.

Employer-Sponsored Full-Time T-Levels

70. Combining employment with full-time T-levels from an earnings perspective and meeting the timetabling needs of providers – including the scheduling of industrial placements – can work where the employer is sponsoring an employee. However, the number of employers wishing to offer existing 19-23 year old employees to study for a full-time T-level is likely to be limited, especially organisations with pay bills of £3m or more who will wish to fund apprenticeships out of their levy payments.

A Significant Restructuring of 19-24 Further Education

71. Potential eligible 19-23 year olds for full-time T-levels is between 400,000 to 600,000 young adults (see Table 7). At this scale, full-time T-levels would be four to six times greater than full-time study by 19-23 year olds at the start of the decade, representing a major expansion of very large provision – as defined under the AEB funding methodology (see Paragraph 18 above) – in terms of first full Level 3 qualifications by 19-23 year olds.

Table 7

Potential T-Level Students Aged 19-23	
Estimated Number of 19-23 Year Olds with a Level 2 but not a First Level 3	627,000
Estimated Number of 19-23 Year Olds with a Level 2 at Age 18 but not a First Level 3	413,800
Number of 19-24 Year Olds on Full Level 3 Qualifications ⁽¹⁾	203,890
Number of 19-23 Year Olds in Full-Time Further Education ⁽²⁾	108,300

Sources: (1) <https://www.gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills> (2) Individualised Learner Record

Full-Time Maintenance Loans to Support Full-Time T-Level Participation

72. The creation of a large-scale full-time T-level pathway for 19-23 year olds is only possible if students have access to maintenance loans. Access to maintenance loans will enable 19-23 T-level students to be **full-time learners first and workers second**.

73. The stress of combining employment with full-time T-levels could lead to high drop out and low achievement rates. Insecurity arising from atypical employment and low pay more generally supports the case for making maintenance loans available to 19-23 year olds on full-time T-levels where they are seeking a first Level 3 qualification.

74. The case is strengthened on the grounds of **fairness**. Full-time students on Level 4-6 programmes – first degree and sub-degree, academic and technical in higher and further education – attract access to full-time maintenance loans. A system of maintenance grants exists for 16-18 year olds on full-time Level 3 programmes in the form of child benefit and child tax credits paid to parents, and Bursary Grants paid to students. The gap in the middle is maintenance loans for 19-23 year olds on full-time T-level programmes.

Offer Maintenance Loans for Full-Time HE Students to Full-Time T-Level Students

75. There is no need, however, to invent a separate system of full-time maintenance loans for 19-23 year olds on full-time T-levels. Means-tested maintenance loans for full-time higher education students will suffice.

A Live-at-Home Rate of Maintenance Loans for Full-Time T-Level Students

76. Full-time students in higher education have the choice to study and live away from home or study and live at home. The maximum value of means-tested maintenance loans for full-time higher education students in AY2018/19 living away from home outside of London is £8,700, and living at home is £7,324 (Gov.UK July 2018).

77. The case for enabling 19-23 year olds on full-time T-level programmes to be eligible for means-tested maintenance loans equivalent to the living-away-from-home rate paid to full-time higher education students is based on the grounds of:

- equality since 19-23 year olds wishing to study full-time further education should be treated no differently to 19-23 year olds studying full-time higher education
- accessibility as 19-23 year olds might need to move to a different area to access the T-level they want to do or be closer to an industrial placement offered by an employer.

78. The case for restricting means-tested maintenance loans for full-time T-level students aged 19-23 to the living-at-home rate – **whether they are living with parents or independently** – of full-time higher education maintenance loans is based on the grounds of:

- **delivery** as Level 3 qualifications tend to be delivered locally whilst Level 4-6 are delivered regionally and nationally
- **cost to the taxpayer** since not only is support for living away from home greater than living at home, but access to the former could encourage some 19-23 year olds living with their parents – currently 55% of the age group (ONS November 2017) – to enrol on a T-level as a way of leaving home rather than gaining a Level 3 qualification, with the consequence of further pressure on private sector rents faced by full-time students in general.

19-23 Year Olds: Combining Employment with Part-Time T-Levels

A Minimum of Three Years

79. The qualification element of T-levels is equivalent to significant study programmes in the 16-18 system and very large provision in the adult further education system. The shortest possible time to do a part-time T-level is probably three years.

Employment and Part-Time Study

80. Part-time T-levels could be an alternative to full-time T-levels for 19-23 year olds. **Given that 77% of 18-24 year olds not in full-time education are employed, a large-scale system of part-time T-levels for 19-23 year olds would be created where young adults combine employment with part-time study.**

Employer-Sponsored Part-Time T-Levels

81. A critical decision by the DfE will be whether the working assumption is that part-time T-levels will be employer-sponsored – in other words, whether employers with 19-23 year old employees will support them to study part-time T-levels. The advantage of employer-sponsored 19-23 year olds on part-time T-levels is that employers could schedule working hours around study hours and industrial placements. However, the disadvantages are more significant:

- Employers with pay bills of £3m or more will concentrate on supporting 19-23 year olds on Level 3 apprenticeships – or different levels and age groups altogether – to use their levy funds, rather than supporting part-time T-level participation.

- Participation by employed 19-23 year olds will be restricted to employers sponsoring T-levels, thereby excluding 19-23 year olds in employment seeking to support independent participation on part-time T-levels to progress with another employer or enter another occupation or sector.
- 19-23 year olds in atypical employment will not be able to participate in part-time T-levels because they either do not have an employer – such as the self-employed – or employers do not view it to be their responsibility to train them – such as employees on zero-hour and temporary contracts.
- Unemployed 19-23 year olds will not be able to move off benefit and necessarily find employment with an employer prepared to sponsor participation on part-time T-levels.

Part-Time T-Levels Open to All Employed 19-23 Year Olds

82. Eligibility for part-time T-levels must reflect the youth labour market. They should be open to all employed 19-23 year olds not in full-time education, irrespective of the type of employment contract they have.

Earners First, Part-Time Learners Second

83. The danger remains, however, that 19-23 year olds in employment and not in full-time education will be earners first and part-time learners second. Those with irregular or low earnings will always concentrate on how they can secure an income sufficient to live before studying part-time.

Lessons from Part-Time Higher Education

84. The DfE has been concerned about the decline in participation in part-time higher education. Although the reasons for the decline are complex, the DfE concluded that a contributory factor was the lack of maintenance support to cover living and support costs (DfE March 2017A). As a consequence, maintenance loans for part-time higher education students will be available from August 2018. Interestingly, the Equality Analysis (DfE March 2017B) explained that the rationale for introducing part-time maintenance loans was to:

- increase participation as people who are currently discouraged from studying part-time courses due to financial barriers will have their concerns eased
- increase retention, which is significantly lower for part-time students, as students will have access to greater finance, which will reduce the risk of having to drop out due to unforeseen costs during the time they are studying for a part-time qualification
- increase levels of attainment as a reduction of financial pressures leaves some students able to reduce time spent working and allows part-time students to focus more intensively on their studies.

85. As well as seeking to arrest the decline in part-time Level 4-6 higher education in general, the decision to introduce part-time maintenance loans was driven by the desire to reverse the significant fall in part-time students in Level 4-5 sub-degrees. From August 2018, there will be a level playing field in terms of access to maintenance loans for both full-time and part-time higher education students on Level 4-5 vocational sub-degrees.

Offer Means-Tested Maintenance Loans for Part-Time HE Students to T-Level Students

86. Potential part-time T-level students aged 19-23 face the same financial barriers as part-time higher education students aged 19-23. If achievement of a first Level 3 in the form of a T-level qualification is seen as either increasing the pool of students for progression into Level 4-5 technical education or as an end in itself to meet skills needs, the case for part-time maintenance loans for part-time T-level students is compelling. Once again, however, there is no need to invent a separate system of part-time maintenance loans. Means-tested maintenance loans for part-time higher education students will suffice.

Funding T-Levels for 19-23 Year Olds

Entitlement to Fully Funded First Full Level 3

87. The government has stated that T-levels could benefit 19-23 year olds without a first full Level 3 qualification (ESFA March 2018B). At present, young adults seeking a first full Level 3 aged 19-23 are not charged fees and fee-loans do not apply. The cost of 'teaching and learning' associated with T-levels for 19-23 year olds meeting the criteria of a first full Level 3 qualification should be fully funded.

A Funding Formula for Full-Time and Part-Time T-Levels

88. Funding for the 'teaching and learning' of T-levels for younger adults should be based on a formula defined in terms of qualification hours for full-time and part-time study.

Maintenance Loans for Students on Full-Time and Part-Time T-Levels

89. Introducing a 'teaching and learning' formula based on full-time and part-time study, defined according to the number of qualification hours, will assist policy makers in introducing full-time and part-time maintenance loans for T-level students aged 19-23. Maintenance loans for T-levels for both modes should follow maintenance loans for higher education students.

Maintenance Loans to Support Full-Time T-Levels Living at Home

90. On the grounds of limiting the cost to the taxpayer and avoiding increased private sector rents faced by full-time students, means-tested maintenance loans for 19-23 year olds on T-levels in the first instance should be limited to the living-at-home rate of full-time higher education students. The aim of maintenance loans is to enable 19-23 year olds to continue to live at home – with their parents or in their current independent accommodation – whilst studying full-time locally.

A National 'Teaching and Learning' Budget for 19-23 T-Levels

91. At present, the entitlement to fully funded first full Level 3 qualifications for 19-23 year olds is exercised through the Adult Education Budget. The AEB is a grant budget but is subject to varying degrees of devolution. Nearly 50% of the £1.5bn AEB will be subject to full cash devolution by the end of the decade. Metro-mayors and combined authorities have the power to determine the funding formula and funding rates for different provision funded by the AEB as well as decide which courses at any given level to fund. For instance, they may decide to cease funding A-levels for 19-23 year olds but expand Level 3 vocational qualifications for 19-23 year olds and vice versa.

92. A national 'teaching and learning' budget for 19-23 T-levels is required because:

- funding for provision for T-levels must be ring-fenced for T-levels
- a consistent definition of qualification hours is essential to define full-time and part-time T-levels
- clear and comprehensive use of the definitions of full-time and part-time qualification hours is a vital prerequisite for students to access full-time and part-time maintenance loans
- if employers receive a financial incentive to offer industrial placements, they will want the same level of support across England rather than different rates set by different devolved authorities.

93. Most importantly of all, however, if 19-23 year olds decide to take out a means-tested full-time maintenance loan to support their participation on T-levels, the type of T-level they study should be decided by them and not restricted by a metro-mayor. Income contingent loans are not devolved and they are not taken out by devolved authorities. Individual choice rather than local planning should determine the type of T-level studied.

Maintenance Loans Increase Demand for Tuition Funding

94. The aim of maintenance loans is to increase participation, retention and achievement. When the government announced the introduction of maintenance loans for Level 4-6 technical education from 2019/20 in March 2017, the Office for Budget Responsibility (OBR) pointed out that additional expenditure would be required for tuition fees covered by Adult Learner Loans. By the same token, access to full-time and part-time maintenance loans will increase the need for grant expenditure to support the entitlement to free tuition for T-levels for 19-23 year olds.

Aversion to Income Contingent Loans in Adult Further Education

95. The further education sector tends to be less than supportive of income contingent loans. This is unfortunate for adult FE policy making in general and T-level policy making in particular.

Adult Learner Loans

96. Concerns about income contingent loans in the adult FE sector start with Adult Learner Loans. Adult Learner Loans are tuition-loans for Level 4-6 FE courses, Access to Higher Education (Level 3) courses and 19+ Level 3 courses (but not first full 19-23 first Level 3 courses). The vast majority of loan funding is for 19+ Level 3 courses. The adult fee-loan budget is seriously underspent. The FE sector uses data on underspends to justify the inappropriate role of income contingent loans in adult further education.

Adult Fee-Loans and Part-Time HE Fee-Loans

97. Of course, the FE sector is only aware of the level of underspends in terms of adult fee-loans because the DfE publishes a maximum budget. Interestingly, the amount of loans issued for adult fee-loans and part-time higher education fee-loans is about the same – approximately £235m per year – but there is no way of telling the level of underspends for part-time HE fee-loans because an allocated budget is not published.

98. The government believes a contributory factor to the decline in part-time higher education is financial barriers faced by students which are to be addressed through part-time maintenance loans. Perhaps the low take-up of Adult Learner Loans is also due to financial barriers other than the cost of fees. The Economic Affairs Committee of the House of Lords had this in mind when it recommended maintenance loans for students of Level 4-6 FE courses where fees are covered via Adult Learner Loans. Nevertheless, the potential low uptake of fee-loans for 19+ Level 3 courses has yet to be linked to financial barriers – such as low pay and irregular earnings from atypical working – and the lack of maintenance loans.

Only Maintenance Loans for T-Levels

99. There is another critical difference with respect to income contingent loans for T-levels. Only one income contingent loan will be required – maintenance loans. This is because the cost of ‘teaching and learning’ for T-levels will be fully funded through a national grant budget and not fee loans.

Maintenance Loans – A Different Psychology

100. Most important of all, the psychology between maintenance loans and fee-loans is quite different. Apart from postgraduate loans, students do not receive fee-loans in the form of cash. Fee-loans are, in effect, a voucher paid to providers. Maintenance loans, however, are cash-loans. Students know that maintenance loans can support participation, retention and achievement because they are receiving cash from the Student Loans Company.

A Voluntary Decision to Take Out Maintenance Loans

101. By and large, 19-23 year olds will not be required to take out full-time or part-time maintenance loans to support participation on T-levels. It is a voluntary decision. The exception to this principle is where 19-23 year olds are entitled to universal credit/welfare benefits because they are unemployed and fit to work, disabled and do not have to actively seek work, or low-paid workers and seek to study full-time or part-time.

102. Full-time and part-time maintenance loans – as well as other forms of student support excluding fees – are taken into account for the benefit purposes of students and family members (<https://revenuebenefits.org.uk/universal-credit/guidance/adviser-guidance/dwp-advice-for-decision-making-adm/> - H6, Transition to Universal Credit, revenuebenefits, accessed August 2018). The general rule is that maintenance loans are treated as income for benefit purposes – less disregards for books, equipment and travel – even if a student does not take the loan out. Whilst this is extremely harsh, the implications of maintenance loans for full-time and part-time students on T-levels and their families on benefit will be no different to full-time and part-time students in receipt of maintenance loans.

Potential RAB Charge for T-Level Maintenance Loans

103. The estimated RAB charge for adult Level 3 fee-loans is 50-55%. A fair assumption is that the RAB charge for adult Level 3 maintenance loans is also about 50-55%.

From Nothing to Maintenance Loans

104. Under the present Conservative government, the choice in terms of maintenance support for 19-23 year olds enrolling on T-levels is between nothing and maintenance loans. The prospect of maintenance grants for 19-23 T-level students is grim.

A Cap on the Number of 19-23 Year Olds on T-Levels

105. Funding for full-time and part-time fee and maintenance loans for higher education students is demand-led. There is no cap on student numbers. This is because tuition and maintenance support takes the form of loans rather than grants. With respect to the number of 19-23 year olds on T-levels, however, a cap on student numbers is required because:

- between 400,000 and 600,000 19-23 year olds might be eligible, even assuming achievement of a Level 2 qualification, with demand strengthened by access to maintenance loans
- any increase in demand caused by maintenance loans will cause an increase in expenditure of tuition funding
- not all funding for T-levels will take the form of loans as the funding of 'teaching and learning' will be grant expenditure.

Restricting T-Levels to STEM Subjects

106. A cap on student numbers in the first instance could be achieved by restricting the free tuition and maintenance loan entitlement to T-levels for 19-23 year olds to STEM subjects.

T-Levels for 19-21 Year Olds

19-21 Year Olds with a Level 2 but not a Level 3 in England

107. Another option to limit the potential number of young adults eligible for T-levels is to restrict them to 19-21 year olds with a Level 2 qualification but not a **first full Level 3** in the first instance. A working estimate is that there are 376,000 19-21 year olds in England with a Level 2 but not a first Level 3 qualification (see Table 8).

Table 8

Potential T-Level Students Aged 19-23	
Estimated Number of 19-23 Year Olds with a Level 2 but not a First Level 3	627,000
Estimated Number of 19-23 Year Olds with a Level 2 at Age 18 but a a First Level 3	413,800
Number of 19-24 Year Olds on Full Level 3 Qualifications ⁽¹⁾	203,890
Number of 19-23 Year Olds in Full-Time Further Education ⁽²⁾	108,300
Number of 19-21 Year Olds with a Level 2 but not a First Level 3	376,000

Sources: (1) <https://www.gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills> (2) Individualised Learner Record

Rationale

108. As well as making the number of eligible students for T-levels post-18 more manageable, the rationale for targeting 19-21 year olds is based on the following:

- Nearly 95% of initial entrants into higher education aged under 25 are aged under 22 (see Table 1).
- Over 95% of initial entrants into higher education aged under 25 are full-time students and of those, nearly all are aged under 22.
- Participation in full-time study supported by access to maintenance loans is a key choice for higher education students aged under 22.
- T-level programmes are primarily full-time study programmes.
- Full-time T-levels supported by maintenance loans could be attractive to 19-21 year olds, as studying full-time is an attractive option for the under 22 cohort as a whole.
- Over 57% of 19-21 year olds (excluding full-time students) still live with their parents and so potentially cheaper maintenance loans set at the living-at-home rate of full-time higher education students would go with the grain of present housing tenure patterns.

109. Expanding full-time T-levels for 19-21 year olds would also contribute to an earn or learn strategy for 18-21 year olds (see NCFE/CfL November 2015) and the present Youth Obligation policy for 18-21 year olds.

The Politics of T-Levels for Young Adults

110. Full-time education is the norm in the 16-18 further education system. T-levels are full-time programmes. The debate over T-levels for 16-18 year olds is as much about the full-time Level 3 vocational programmes they might replace as it is about growing the market for full-time Level 3 vocational education. By contrast, there is no large-scale full-time Level 3 pathway for 19-21/23 year olds in the adult further education system. As essentially full-time two-year programmes, T-levels would create a large-scale full-time vocational Level 3 pathway in the 19-24 further education system. Not only is the potential full-time T-level market for 19-21/23 year olds larger than for 16-18 year olds, T-levels for 19-23 year olds would be about growing participation rather than replacing existing provision. The politics of selling full-time T-levels for 19-21/23 year olds to the further education sector should be less rocky than for 16-18 year olds.

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