



House of Commons
Committee of Public Accounts

**University technical
colleges**

Fifth Report of Session 2019–21

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 20 May 2020*

The Committee of Public Accounts

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Publication

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Committee staff

The current staff of the Committee are Bradley Albrow (Second Clerk), Hajera Begum (Committee Assistant), Jessica Bridges-Palmer (Media Officer), Ameet Chudasama (Senior Committee Assistant), Richard Cooke (Clerk) and Shai Jacobs (Chair Liaison).

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Summary

The Department for Education (the Department) introduced university technical colleges (UTCs) in 2010 as an innovative model of secondary school focused on providing technical education for young people aged 14 to 19. While some UTCs have been successful, many have struggled to recruit students and to be financially viable over a number of years. Ten UTCs have closed, over half of the 48 UTCs open at October 2019 were rated as less than good by Ofsted, and 14 UTCs accounted for nearly 10% of the total cumulative revenue deficits of all academy trusts in 2017/18. The Department has put in significant amounts of money to open UTCs and keep them going, including £680 million in capital funding and nearly £37 million in extra revenue funding. Steps to make UTCs more successful and sustainable are making them less distinctive. UTCs are increasingly joining multi-academy trusts and extending their age range to take students from age 11, like other secondary schools. The Department is nearing the end of its three-year programme to improve the financial and educational performance of UTCs, but it is not clear what its vision is for UTCs in the future.

The significant role of the Baker Dearing Educational Trust in the UTC programme, as owner of the UTC brand, is an unusual set-up. As well as receiving money from the Department to support the opening of UTCs, the Trust charges each school an annual licence fee. We are concerned by the Department's apparent lack of interest in what UTCs are getting from using taxpayer's money in this way.

Introduction

University technical colleges (UTCs) are a type of free school in England, focused on teaching students who are mainly aged 14 to 19. They provide technical courses and work-related learning, combined with academic studies, so that students receive a rounded education. In introducing UTCs in 2010, the Department for Education (the Department) aimed to improve technical education and thereby meet the needs of local employers and the economy.

UTCs are publicly funded state schools and are independent of local authorities. Each UTC is part of an academy trust, which is directly funded by, and accountable to, the Department, via the Education and Skills Funding Agency. Three-quarters of open UTCs began as single-academy trusts but a growing number are now joining multi-academy trusts. The Department supported the establishment of the first UTC in 2010/11 and spent a total of £792 million on the UTC programme between 2010–11 and 2018–19, excluding the per-pupil funding which all schools receive. A charity, the Baker Dearing Educational Trust (the Trust), owns the UTC brand and issues licences to schools wishing to operate as UTCs. The Trust received £893,000 from the Department to support the opening of UTCs and continues to receive an annual licence fee, which rose to £10,000 in 2019/20, from every UTC.

Conclusions and recommendations

1. **UTCs have struggled to attract enough students and three-quarters are less than 60% full.** At January 2019, the 48 open UTCs were operating at 45% of capacity on average, with 13,572 students in total compared with a maximum capacity of 29,934. Just two UTCs were full or virtually full, and three-quarters had occupancy rates of less than 60%. The Department explained the steps it has taken to improve the information provided to parents about UTCs. These include since 2017 requiring local authorities to write to the parents of prospective pupils about their options. In addition, since January 2018, secondary schools that are not UTCs have had a statutory duty to provide their pupils with information about neighbouring UTCs. The Department has written to five multi-academy trusts that have failed to comply with this duty. Most students at UTCs are boys – at January 2019, 72% of UTC students were male, compared with 50% in all secondary academies and free schools. This is disappointing given the ambition for more girls to study STEM subjects and the focus of UTCs on technology.

Recommendation: *The Department should work with those UTCs that have higher occupancy levels to identify and share lessons and good practice for other UTCs that are struggling to attract students.*

2. **The lack of students has meant the Department has been propping up the finances of UTCs for several years, and most of the extra funding will not be paid back.** Because the funding that schools receive is mainly based on student numbers, UTCs' failure to recruit enough students has damaged their financial viability. In 2017/18, 14 UTC academy trusts reported cumulative revenue deficits totalling £7.7 million, representing nearly 10% of the deficits of the 195 academy trusts that reported deficits. The Department has provided extra funding to support UTCs' financial position totalling £36.8 million between 2015–16 and 2018–19, most of which will not be paid back. As part of this, it has given every UTC transitional funding, which is not available to other schools. Transitional funding has usually been £200,000 per year, but will reduce to £100,000 in 2020–21 and then stop. The Department asserts that it has been tough on UTCs in recent years, providing support to viable UTCs on the basis of clear three-year plans and closing those that are unsustainable. However, the Department is a long way from achieving its aim, by summer 2020, of improving the financial performance of UTCs.

Recommendation: *The Department should set clear three-year financial targets for each UTC. At the end of the three-year period, it should be prepared to close UTCs that are not meeting those targets.*

3. **The Department has still not defined what success looks like for UTCs as distinct from other secondary schools.** The Department's view is that standard exam-based measures of educational performance are not appropriate for UTCs given UTCs' age range and technical focus. It regards student destinations as a better metric but has not adjusted its performance framework to reflect this view or to indicate how the success of UTCs should be judged. The Baker Dearing Educational Trust collects information on destinations as students leave their UTC and therefore has data for students who left in summer 2019. In contrast, the Department publishes data on student destinations sustained over a period of time, which are therefore lagged

with the most recent available data relating to students who left in 2016/17. Both datasets show that, compared with other secondary schools, a higher proportion of UTC students go into apprenticeships. However, most of these apprenticeships are at levels 2 and 3, equivalent to GCSEs and A levels, rather than at a higher level. The Department has committed to look at how information is presented to consider whether it could make more prominent on its website the warning that the educational performance of UTCs should be measured differently from other secondary schools.

Recommendation: *The Department should, within three months, write to us to explain how it uses data on student destinations to track the performance of UTCs, and what steps it will take to better inform parents about how they can use these data to assess the benefits of a UTC education.*

4. **We are concerned that the Department could not tell us what schools get in return for the £10,000 annual licence fee they pay to the Baker Dearing Educational Trust.** The Department invited applications to set up UTCs between 2011 and 2015 and paid £893,000 to the Trust between 2012/13 and 2017/18 to support sponsors planning to open new UTCs. As the Trust owns the UTC brand, a school must have a licence to operate as a UTC and pay an annual fee to the Trust. The Trust increased the fee from £5,500 to £10,000 in 2019/20. The Department regards the decision to pay for a licence, and any assessment of the value received in return, as matters for individual UTCs not the Department. We are concerned by the Department's apparent lack of interest in the value for money that schools are getting from using taxpayer's money to pay the licence fee for a particular model of school on top of the already generous funding that the Department gave to the Trust.

Recommendation: *The Department should work with UTCs to obtain the information necessary to gain assurance about the value schools are getting from the licence fee they pay to the Baker Dearing Educational Trust, and write to us with its findings within three months.*

1 UTCs' financial performance

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Education (the Department) about university technical colleges (UTCs).¹

2. UTCs are a type of free school in England, focused on teaching students who are mainly aged 14 to 19. They provide technical courses and work-related learning, combined with academic studies, so that students receive a rounded education. The Department's vision when it launched the UTC programme in 2010 was for employers and universities to work together, with educational experts, to open new institutions to deliver technical education in specialist areas that met the needs of local employers and the economy. In total 58 UTCs have opened since 2010, but 10 of these have subsequently closed. One further UTC is due to open in September 2020.²

3. UTCs are publicly funded state schools, which are independent of local authorities. Each UTC is part of an academy trust, directly funded by, and accountable to, the Department, via the Education and Skills Funding Agency (the ESFA). The Department spent a total of £792 million on the UTC programme between 2010–11 and 2018–19, excluding the per-pupil funding which all schools receive. This included £680 million in capital funding for land, buildings and equipment. The Baker Dearing Educational Trust, a charity founded by Lord Baker and Lord Dearing in 2010, owns the UTC brand and issues licences to schools wishing to operate as UTCs.³

4. The Department has a three-year programme to improve UTCs, which began in September 2017. The measures of success for the programme are: firstly, for the proportion of UTCs rated as good or outstanding by Ofsted to be the same as for free schools generally; and secondly, for the proportion of UTCs on the ESFA's national concerns list to be the same as for academies generally. At August 2019, of those schools it had inspected, Ofsted had rated 52% of UTCs as good or outstanding, compared with 84% of free schools. At July 2019, 26% of UTCs were on the national concerns list, compared with 1% of academies.⁴

Number of students

5. The National Audit Office found that UTCs have struggled to recruit students at age 14, partway through the normal period of secondary education. It concluded that this had affected their financial viability as the amount of funding that each school receives is mainly determined by the number of students it has. At January 2019, the 48 open UTCs were operating at 45% of capacity on average, with 13,572 students in total compared with a maximum capacity of 29,934. The two longest-standing UTCs were 96% and 101% full respectively, but 36 UTCs (three-quarters of open UTCs) had occupancy rates of less than 60%.⁵

6. The Department told us that, to help UTCs attract more students, since 2017 it had required local authorities to write to the parents of prospective pupils to set out the

1 C&AG's Report, *Investigation into university technical colleges*, Session 2019–20, HC 101, 30 October 2019

2 C&AG's Report, paras 1, 1.1, 2.3, 3.1

3 C&AG's Report, paras 1 (What this investigation is about), 7, 1.5

4 C&AG's Report, para 4.2

5 C&AG's Report, paras 2, 2.6–2.7, Figure 5

options on offer. In addition, in 2018, it had put forward legislation, which Parliament had supported, to require secondary schools that were not UTCs to provide their pupils with information about the neighbouring UTCs. The Department confirmed that it had since written to five multi-academy trusts that were failing to comply with this requirement and these trusts were now letting their pupils know about the existence of UTCs.⁶

7. To help boost numbers, some UTCs have started to take students who are younger than age 14.⁷ The Department told us that, if it did not appear possible for a UTC to be financially sustainable with a 14 to 19 age group, it would extend the age range to 11 to 19. It said that three UTCs would now be taking students from age 11.⁸

8. The Department described how UTCs were working well where they had strong partnerships with universities and employers. It told us that there were great examples of employers putting in investment—such as machinery and equipment—in the way that the UTC model was designed to work and bringing through applicants accordingly. It accepted that UTCs needed to show they could offer something special—for example, being particularly strong on apprenticeships or early adopters of T levels.⁹ We received written evidence from the Mulberry Schools Trust, which told us that, because employers influence the curriculum, students leave UTCs ‘industry ready’, able to hit the ground running on entry to the workforce. It highlighted that Mulberry UTC focused on delivering high-quality technical education in health, the creative industries and business.¹⁰

9. The previous Committee concluded in 2018 that departments were making insufficient progress in addressing the gender imbalance in many areas of STEM learning and work.¹¹ Girls are under-represented at UTCs, as most students are boys—at January 2019, 72% of UTC students were male, compared with 50% in all secondary academies and free schools. We asked the Department what it was doing to encourage more girls to enter UTCs. The Department could not answer our question during our evidence session, but committed to writing to us with details of this work.¹²

Financial sustainability

10. In 2017/18, 14 UTC academy trusts reported cumulative revenue deficits totalling £7.7 million, representing nearly 10% of the deficits of the 195 academy trusts that reported deficits. The Department told us that the financial challenge that UTCs faced was driven by the difficulty of recruiting as many students as expected, and that UTC debts were a consequence of estimates of student numbers that were not, in practice, realised. It said that, in order to reduce the amount of debt, the ESFA was now assessing UTCs’ financial sustainability, on the basis of the number of pupils that each UTC was realistically likely to have, rather than on the basis of their total capacity. It also told us that the ESFA had sent school resource management advisers to most UTCs to identify the potential for savings.¹³

6 Q 62

7 C&AG’s Report, paras 4.7, 4.10

8 Qq 17, 34

9 Qq 19–20

10 Ev xx Mulberry Schools Trust submission

11 Committee of Public Accounts, *Delivering STEM skills for the economy*, Forty-Seventh Report of Session 2017–19, HC 691, 22 June 2018

12 Q 60, C&AG’s Report, para 1.4

13 Qq 16, 34, 50, C&AG’s Report, para 3

11. The Department provided extra revenue funding totalling £36.8 million between 2015–16 and 2018–19 to support UTCs’ financial position, for example by reducing their debts, including £28.0 million of transitional funding. Every UTC received transitional funding, but this was not available to other schools. The Department told us that transitional funding had been £200,000 per year for each UTC but the amount would halve to £100,000 in 2020–21, which would be the final year of transitional funding. Between 2015–16 and 2018–19, the Department also provided a total of £8.8 million to 18 UTCs to address budget deficits, of which £4.4 million was recoverable. The Department told us that UTCs had not yet repaid any of this money. It confirmed that this money was due to be repaid, and committed to writing to us with a schedule of when these payments will be made.¹⁴

12. The Department told us that it was seeking to ensure that the UTC programme was sustainable and successful, but acknowledged that a number of UTCs were at risk and a number were in deficit.¹⁵ In order to secure the financial future of UTCs, the Department explained it was increasingly encouraging them to move into multi-academy trusts. Of the 48 open UTCs, 12 began as part of multi-academy trusts with the remainder starting as single-academy trusts. The Department told us that there were now 21 UTCs in multi-academy trusts, and it expected the number to rise to 30 or more in the next year or so.¹⁶

13. We asked the Department about intervening when it had concerns about the financial sustainability of a UTC, particularly whether there was a trigger point after which the Department would need to make a decision whether to monitor more closely, or close, a UTC, other than the UTC itself raising concerns. The Department asserted that it had been taking a tough approach and would continue to do so. It told us that it had carried out a review after the 2015 exam results had made clear that the programme was facing a significant challenge. It subsequently put in place a dedicated team within the ESFA to scrutinise the finances of each UTC. On the basis of a three-year plan, this team determined whether the UTC would be able to reduce their deficit and could be sustainable. If the Department judged a UTC was sustainable, it would put in extra funding, subject to conditions such as joining a multi-academy trust. If the Department did not think that a UTC was sustainable, it would close it. It explained that so far it had closed 10 UTCs. The Department expected that, in three years’ time, it would be able to point to having secured financially sustainable plans for all UTCs or to have closed them down.¹⁷

14 Qq 35, 44, C&AG’s Report, para 2.13, Figure 10

15 Q 11

16 Qq 27, 45, C&AG’s Report para 4.4

17 Qq 12, 17–18, 28, 69

2 UTCs' educational performance

14. The National Audit Office found that UTCs have performed less well than other secondary schools against key measures of educational performance. The Department reports standard exam-based measures, such as 'Progress 8' and the proportion of students entered in English Baccalaureate courses, for all schools including UTCs. However, it agreed that some of these measures did not apply well to UTCs since they typically took in students at age 14. It confirmed that, for this reason, Ofsted inspectors had been specifically told not to use Progress 8 data as an input to their inspections of UTCs; instead inspectors had been told to make more use of student destination data. We noted, however, that the Department has not adjusted its performance framework for secondary schools to reflect the particular circumstances of UTCs, or indicated how the success of UTCs should be judged.¹⁸ We were concerned that this meant parents would not be able to interpret properly the performance information available on the Department's website when considering the options available to their child. The Department agreed to look at how information is presented to consider whether it could make more prominent on its website the warning that the educational performance of UTCs should be measured differently from other secondary schools.¹⁹

15. We asked the Department whether it was measuring the long-term destinations of students from UTCs in addition to the information available from the Baker Dearing Educational Trust. The Department explained the difference between its data, the most recent of which was for 2016/17, and the information collected by the Baker Dearing Educational Trust, which had data for 2019. It said that the Trust collected data about what had happened to the young people as soon as they left their UTC, while the Department tracked what had happened to students over the longer term. The Department recognised that the consequence of its approach to reporting was that it was significantly lagged—it had to wait to see whether students got a job and sustained it. It explained that was why the Department's data was for 2016/17, while the Trust had data for 2019.²⁰

16. The Department told us that the two datasets told a similar story: if you go to a UTC, you are more likely to go into an apprenticeship at key stage 4, and even more likely at key stage 5, than to remain in full-time education, and significantly more likely to do a higher-level apprenticeship than to remain in full-time education at key stage 5.²¹ Written evidence from the Baker Dearing Educational Trust showed that, of 2,500 students leaving UTCs in 2019 at age 18, 22% started apprenticeships compared with 10% nationally.²² The Department's data show that of 1,315 students leaving UTCs in 2016/17 after A levels and equivalent, 21% moved to sustained apprenticeships, although only 3% were in higher and degree level apprenticeships with 5% at level 2 (the equivalent of GCSEs) and 13% at level 3 (the equivalent of A levels).²³

18 Qq 52–53, C&AG's Report, para 11

19 Qq 54

20 Qq 55–56

21 Q 57

22 ([UTC0004](#)) Baker Dearing Educational Trust submission

23 C&AG's Report, Figure 11

3 Role of the Baker Dearing Educational Trust

17. As the Baker Dearing Educational Trust owns the UTC brand, a school must have a licence to operate as a UTC and pay an annual fee to the Trust. The Trust increased the fee from £5,000 per UTC in 2012/13 to £5,500 in 2018/19 and to £10,000 in 2019/20.²⁴

18. We asked whether UTCs were getting value for money for the licence fees. The Department told us that it would not want to adjudicate between the Trust and individual schools as to whether they took a licence or not. It was for UTCs to make that judgment for themselves. We asked how this could be the case when the Department approved applications for UTCs that would use the licence. The Department explained that if an existing UTC felt that it was not getting good value for money from using the brand, logo and services, it could stop paying the licence fee. It would not be able to call itself a UTC anymore, but it could carry on being an institution providing the education it wanted to.²⁵

19. In written evidence, the Trust told us that it was established to promote and develop UTCs. It asserted that it sat at the centre of the UTC network and was uniquely placed to provide co-ordinated support to, and advocacy for, UTCs.²⁶ We asked the Department the extent to which it thought that the Trust was taking forward the UTC sector. The Department told us that the Trust could point to how it had supported lots of UTCs to succeed, but equally others had not succeeded. It noted that it was hard to imagine the UTC model having got to where it had without the Trust.²⁷

20. The government set out its ambitions for the number of UTCs in successive budget statements between 2011 and 2015, and the Department ran application rounds specifically for new UTCs. Between 2012/13 and 2017/18, it paid £893,000 to the Trust to support sponsors planning to open new UTCs.²⁸ The Department told us that it had made no payments to the Trust since 2017/18. It also noted that since 2015 it had not sought applications for UTCs separately from the free schools programme, partly because of the challenges faced by the existing UTCs and partly because innovation had been created as intended.²⁹ The Department confirmed that it had recently received three applications for new UTCs as part of the free schools programme, which it was considering. All three applications proposed taking children from age 11.³⁰

24 C&AG's Report, para 1.5

25 Qq 70, 72, 74

26 ([UTC0004](#)) Baker Dearing Educational Trust submission

27 Q 70

28 C&AG's Report, paras 8, 2.1, 2.3

29 Qq 71, 77

30 Q 75

Formal Minutes

Wednesday 20 May 2020

Virtual meeting

Members present:

Meg Hillier, in the Chair

Gareth Bacon	Mr Richard Holden
Olivia Blake	Gagan Mohindra
Sir Geoffrey Clifton-Brown	Nick Smith
Dame Cheryl Gillan	James Wild
Peter Grant	

Draft Report (*University technical colleges*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 20 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Fifth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Friday 22 May at 1:45pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 16 March 2020

Jonathan Slater, Permanent Secretary, Department for Education

[Q1–80](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

UTC numbers are generated by the evidence processing system and so may not be complete.

1 Baker Dearing Educational Trust ([UTC0004](#))

List of Reports from the Committee during the current Parliament

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Session 2019–21

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Second Report	Defence Nuclear Infrastructure	HC 86
Third Report	High Speed 2: Spring 2020 Update	HC 84
Fourth Report	EU Exit: Get ready for Brexit Campaign	HC 131
Sixth Report	Excess votes 2018-19	HC 243