



## **Institutes of Technology – Policy Statement**

The Government will be launching a call for proposals to establish Institutes of Technology before the end of 2017. Applicants will be able to bid into a £170m fund to establish high quality and prestigious institutions which specialise in delivering the higher-level technical skills that employers need across all regions of England.

### **Background – the requirement**

We are supporting the creation of new Institutes of Technology (IoTs) to achieve a step-change in provision of technical education at higher levels. This is part of the Government's ambitious reforms to technical education to increase the supply of technical skills that our economy needs to maximise productivity now and in the future and improve the life chances of thousands of young people. IoTs will have a particular focus on teaching technical disciplines where industry demand is growing, driven by the pace of technological change and the loss of skills as older workers retire. Whilst there are examples of high-quality provision already, we need to work with employers to build on this and expand the offer across England, particularly at skills levels 4 and 5 (sub-degree level), aligned to the needs of local, regional and national industries.

### **Key Features of an IoT**

IoTs will have employers at the heart of their leadership and governance, and in the design and delivery of curriculum. IoTs will strengthen and grow provision to fill gaps in the market; they will focus particularly on technical (eg Science, Technology, Engineering Mathematics) skills at levels 4 and 5 but will extend to degree level and above (level 6+) to strengthen routes into higher levels of technical education, as well as directly into employment.

In creating high quality IoTs we are looking for innovative collaborations between employers and FE and HE providers that capitalise on their different strengths, leveraging their assets, resources and relationships to produce a new learning offer that meets the demand for higher technical skills today and in readiness for future technological change. The IoT can be created by drawing together the very best assets of existing providers to form a distinct and prestigious entity or, if appropriate, can be a new build institution. IoTs will need to engage with or access research capabilities to link applied teaching with the latest innovative technologies. IoTs will need to be developed at a sufficient scale to be successful in delivering these functions and to enable them to make a demonstrable impact in meeting the skills and productivity challenges today and in the future; this means we expect them to operate at a regional or sub-regional level. The appropriate scale and offer

will vary for different areas, but all must be designed to contribute to the core objectives of the IoT programme, which are to:

- Significantly increase the number of learners with higher-level technical skills which are crucial to national, regional and local productivity growth;
- Attract a wide range of learners to maximise the social as well as the economic impact of this new type of institution; and
- Improve the occupational competency of learners to meet the needs of employers now and in the future.

Meeting these objectives will offer a clear route to high skilled, high wage employment and help boost social mobility across England, raising the prestige of technical education so that it is a credible high quality complement to purely academic routes.

## **Critical Success Factors**

We expect all IoTs to share the following critical success factors:

1. Strong employer engagement in governance and leadership as well as the design and delivery of the curriculum;
2. Specialise in teaching technical disciplines, such as STEM, at level 4 and above, creating a clear technical education pathway to high skilled, high wage employment;
3. Offer high quality industry-relevant teaching, using industry standard facilities and equipment;
4. Be responsive and agile in meeting the current and future needs of local, regional and national industries, including upskilling the current workforce;
5. Create a prestigious and distinct identity for both the institution and the offer to learners;
6. Work collaboratively to harness the assets, resources and expertise of employers and FE and HE providers; and
7. Be financially viable and resilient.

By meeting these factors, IoTs can deliver improved outcomes in the amount, quality and occupational relevance of higher-level technical training and widen learner participation.

We expect the first IoTs to open in 2019. More details on the bidding process will be published at the competition launch before the end of 2017.

# Institutes of Technology – Information for Potential Bidders

## Who can bid?

We would expect to see collaborative approaches between employers and the FE and HE sectors, where the assets and resources of each are combined to maximise their relative strengths. We would expect FE colleges to play a major part in these collaborations to ensure quality and continuity by building on the partnerships they have established with employers, LEPs and Combined Authorities through the Area Review process.

In summary, proposals would need to include the following working as part of a consortium:

- local employers;
- at least one FE College (FEC) or independent training provider; and
- a Higher Education provider<sup>1</sup>.

In order to achieve the right scale and impact, we would not expect to fund bids which duplicate provision in an area so we require that bids are supported by the LEP or Combined Authority to confirm the fit with strategic economic priorities and existing provision. We anticipate that we will use both output and outcome measures to track progress in meeting the core objectives of the programme.

## Role of employers

We would expect employers to be at the heart of an IoT's leadership and governance to ensure the institution is focused on delivering a skilled workforce ready for employment both now and in the future. We would anticipate that this would extend to the design and delivery of the IoT curriculum. We would expect to see strong evidence of commitment from employers to help make the model viable, in terms of time, resource and high quality, industry standard equipment and facilities.

## Delivery Models

Given the nationwide variance in skills needs and provision, we are not prescribing a 'one size fits all' delivery model but will offer flexibility for bidders to adopt models best suited to the needs of an area and the collaborative partners. The IoT could take a range of legal forms permitted by HE or FE law provided that it fulfilled the applicable criteria, legislation, regulations and conditions for FE and/or HE provision, and relevant grant funding and student support to support a financially viable model.

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<sup>1</sup> Proposals should additionally involve an Applied Research and Innovation Institution if this function is not covered by a HE provider

Delivery will be through partnerships of employers, FE and HE but could be through a range of legal structures and delivery models ranging from Joint Venture or Special Purpose Vehicles, wholly new FE or HE institutions or other entity of a type which is permitted to conduct HE and/or FE provision under existing FE and/or HE legislation.

Whichever delivery model is selected, the IoT will need to have a distinctive identity which is independent of its partner institutions.

## **Process**

The assessment of applications will follow a two-stage process. Stage 1 will be a competitive appraisal of the Strategic Case and Outline Business Plan, including the fit with the core objectives and critical success factors of the IoT programme. Stage 2 will comprise an assessment of the Full Business Case and Capital Application for funding. This will confirm viability and funding required together with the detailed arrangements for successful delivery.

A high-level outline of the expected timeline and process is provided in the Annex to this note. More details on the bidding process will be published at the competition launch before the end of 2017.

## **Awarding IoT status**

Successful bidders will receive the right to call themselves Institutes of Technology (precise branding to be confirmed). We will grant this right to a single legal person representing all of the parties to the bid. This does not have to be the 'lead' bidder of a consortium and, as mentioned above, can be a special purpose vehicle. IoT status can be revoked after the initial set-up period if monitoring shows that the outcomes stated in the business plan have not been achieved or the quality of provision is below the expected standard.

## **Funding details**

The £170m fund is for capital investment to support high quality, industry-standard facilities and equipment. This can cover new build investment or upgrades and improvements to existing assets. As core revenue streams, we would expect IoTs to harness the Apprenticeship Levy, relevant grant funding through the ESFA and HEFCE, tuition fees and Advanced Learner Loans to ensure financial viability. This can be supplemented by commercial income such as bespoke courses for local employers. Potential bidders should carefully consider their assumptions around learner number forecasts and progression routes.

## **Registering interest**

Interested parties should register their interest using the attached proforma and send to the IoT team at the Department for Education at: [institute.technology@education.gov.uk](mailto:institute.technology@education.gov.uk)

## Institutes of Technology: process and timeline

