



Department
for Education

Review of post-16 qualifications at level 3 and below in England: interim impact assessments

**Accompanying document for the
government consultation on the review
of qualifications at level 3 and below in
England**

19 March 2019

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Overview

The government is conducting a review of post-16 qualifications at level 3 and below in England. The general and equalities impact assessments set out in this document have been prepared to accompany and be read alongside the first of two planned public consultations linked to the review.

Both assessments are initial assessments only. Except for decisions already announced relating to qualifications whose content is now covered by newer, redeveloped qualifications (see paragraphs 11 and 12 of the main consultation document and [Annex A](#) below), our first stage consultation does not set out firm proposals for change on which full and detailed impact assessments can be based. Our aim is to consult first on the principles that guide the review and on the approach to taking the review forward.

Once views on these issues have been considered we will outline, in a second stage consultation later in 2019, our specific proposals for change. We will include any new or updated criteria that qualifications will need to meet to be approved for funding. A detailed assessment of impacts, including equalities impacts, will be possible as part of the second stage consultation.

Who is this publication for?

This accompanying document to the government consultation on the review of qualifications at level 3 and below is for anyone with an interest in post-16 education and training for young people and adults in England. This includes:

- Students (young people 16 to 19 and adults 19 and over)
- Parents and carers Employers
- Awarding organisations
- Schools, further education colleges, sixth form colleges, University Technical Colleges, Studio Schools
- Universities and other Higher Education providers
- Adult and Community Learning providers
- Independent training providers
- Apprenticeship providers
- Headteachers and college principals
- Teachers and trainers
- Careers advisers
- Regulatory bodies
- Equality organisations, including those representing the interests of students with special educational needs
- Local, regional, city and combined authorities, and the devolved administrations in Scotland, Wales and Northern Ireland

- Representative bodies, including employers' representative bodies and trade unions
- Governors of Education and Skills providers
- Local Enterprise Partnerships

Structure of the document

The document covers:

- Part 1 – General impact assessment
- Part 2 – Equalities impact assessment

[Annex A](#) to the document assesses in more detail the impacts of the outlined changes to qualifications where content is covered by redeveloped qualifications approved for inclusion in the 16 to 18 performance tables. Note that '16 to 18 performance tables' refers to accountability measures involving qualifications approved for funding for pupils aged 16 to 19.

Part 1 – General impact assessment

Background

1. In May 2018, as part of its response to the public consultation on T Levels¹ and wider action to drive up the quality and impact of technical education, the government confirmed its plans to review post-16 qualifications (excluding A Levels and GCSEs) currently approved for teaching in schools and colleges in England at level 3 and below.
2. Reforms over recent years have done much to strengthen the quality and rigour of the core academic qualifications (A Levels, GCSEs) available in England at these levels. However, in 2016 the review of the Independent Panel on Technical Education² chaired by Lord Sainsbury concluded that the large and complex array of technical, vocational and applied general qualifications currently approved for public funding was confusing, of variable quality and too often failing to deliver skills that employers and our economy need.
3. The government agreed with the panel's conclusions and, building on them, has announced the review as part of a wide-ranging series of reforms to drive up the quality and impact of our technical education system³.

Features of the current qualifications system at level 3 and below – what the data and broader evidence tells us.

- Some 12,100 different qualifications⁴ are approved for public funding for students aged 16 to 19 years⁵
- Wide range of qualification types with diverse purposes
- Significant variety in qualification size (number of guided learning hours) and design features (e.g. forms of assessment, marking and moderation)

¹ DfE (2018). ['Implementation of T Level programmes consultation response'](#).

² Sainsbury and others (2016). ['Report of the Independent Panel on Technical Education'](#).

³ DfE (2016). ['Post-16 Skills Plan'](#)

⁴ As per ESFA list of qualifications approved for funding 16 to 19 as of July 2018.

⁵ Note, this refers to students at academic age 16, 17 and 18. This is sometimes referred to as 16-18, for example in the Level 3 and below overview, as well as 16 to 19, as is the general approach in this document. However both refer to the same 3 years of education. The difference in approach relates to the different datasources used throughout.

- Multiple qualifications of different types addressing similar occupational skills areas
- Light-touch regulation for large majority of qualifications, although a small proportion (approximately 12%) is subject to tighter quality controls through the 16 to 18 performance table requirements⁶

This has resulted in a system that:

- is difficult to understand – students and employers unclear on skill levels and intended outcomes delivered by different qualifications, often of varying sizes, within the same level
- allows too many students to enrol on numerous qualifications at similar levels
- fails to support the growth in skills – particularly intermediate (level 3) and higher-level skills – that individuals and the wider economy need

More detail on the features of the current system and the case for change is set out in another document accompanying this consultation⁷.

Policy objectives and intended effects

4. The review will streamline the technical qualifications landscape and ensure that, as T Levels are rolled out, we only approve qualifications for funding purposes that:
 - are high quality
 - have a distinct purpose and are truly necessary in the new landscape
 - support students' progression to positive outcomes (to a meaningful job or to higher levels of study)
5. Based on these three key principles, the review aims to develop a new, more robust set of funding approval criteria that all qualifications in future will need to meet. Views on these are invited through the consultation.
6. The aim is a technical qualification system at level 3 and below that is clear, well understood and in which students, employers, parents and providers have confidence. At level 3 we want T Levels and A Levels to become the qualifications of

⁶ ESFA list of qualifications approved for funding 16 to 19 and 16 to 18 performance tables.

⁷ DfE (2019). '[Review of post-16 qualifications at level 3 and below in England: the current system and the case for change](#)'

choice for 16 to 19 year olds taking level 3 classroom based qualifications, as apprenticeships will be for students taking work-based qualifications. The system will:

- be inclusive and stretching – one which challenges all students appropriately in line with their abilities and talents and supports their personal development
- deliver clear work-related knowledge, skills and behaviours that are valued by employers, but also lay the foundations for continued education and training across students' lifetimes

7. One potential framework to consider whether qualifications meet this aim was developed by Frontier Economics, who looked at the technical and applied qualifications market for the department in 2017⁸. They proposed four characteristics of qualifications that signalled an effective qualifications market:

- Recognisable – that it allows stakeholders to easily identify the holder's level of skill
- Rigorous – that holders of the qualification meet a required standard
- Responsive – that content remains relevant and responds positively to changes to employer and learner demands
- Innovative – if it allows awarding organisations to improve how they meet current or expected demand

8. This review is part of the government's objective to see many more people equipped to continue their education, acquiring the intermediate and higher technical skills that will be vital for the jobs of the future and to improve the productivity and prosperity of the nation as a whole.

9. Productivity is a key area of focus: performance is relatively poor in the UK with the second lowest GDP per worker in the G7, and also relatively low GDP per hour worked⁹.

10. Over recent decades, improvements in skills have accounted for roughly 20% of growth in average labour productivity¹⁰. This highlights the importance of a high-quality post-16 education system that this review aims to support, that equips students with the skills needed at work, providing them with higher earnings while driving productivity improvements in the economy.

⁸ Frontier Economics/DfE (2017). ['Assessing the Vocational Qualifications Market in England'](#).

⁹ ONS (2017). ['International comparisons of UK productivity, final estimates: 2015'](#).

¹⁰ BIS (2015). ['UK skills and productivity in an international context'](#).

What we are consulting on in the first stage

11. As outlined, the qualifications landscape under review is large and complex and change will take time. The government is committed to progressing at a pace that can be accommodated by the system and that will ensure maximum input from all with an interest in the system.

12. This is why we are consulting in two stages:

- The first stage invites views on the general processes for the review, the broader considerations and the guiding principles. Building on announcements already made, it will also invite views on the impact of removing funding approval from qualifications where content is now covered in newer Tech Levels and Applied General qualifications approved for inclusion in performance tables
- The second stage will set out detailed proposals on the criteria for determining which qualifications should be approved for funding and any supporting regulatory or accountability changes. We will also define and seek views on the processes and timescales within which the new criteria will be introduced and applied

13. The issues on which the first consultation invites views are:

- factors to be taken into account when defining whether a qualification has a distinct purpose, is necessary, is high quality and leads to progression
- how the principles might be applied in removing approval for funding from qualifications that have an overlap with T Levels or A Levels, or are designed to lead to similar outcomes or employment destinations
- principles and priorities that could strengthen the emphasis on progression across all future funded qualifications
- characteristics of study programmes and qualifications that are effective in supporting young people and adults to progress to level 3 programmes/higher education/employment
- the impact of removing funding approval from older qualifications where a newer qualification has been developed that satisfies current performance tables criteria
- removal of funding approval from qualifications with no enrolments
- removal of funding approval from qualifications with low enrolments

Groups affected and likely impacts

14. The following section considers the main potential costs and benefits of reforms to the qualifications market, and how they may affect key groups, recognising that our key tools for policy change will be decisions about whether or not to fund qualifications. They are presented in a descriptive way, as an attempt to monetise these is not possible at this stage, and are relative to a 'do nothing' scenario where no changes are made to the qualifications market at level 3 and below. Ultimately, overall impacts will depend on the new criteria for funding approval, which qualifications are affected and how the changes (including any supporting regulatory changes) are implemented.
15. We expect that there will be four main groups affected by the outcome of this qualifications review: students, providers, awarding organisations and employers. Within the overall group of students, it will be particularly important to identify groups of students with particular characteristics and whether any such groups may be adversely affected by any policy change. We consider this further in [Part 2](#) below, where we set out an initial equalities impact assessment.

Costs and benefits

16. The costs and benefits will ultimately depend on the behavioural responses to the removal of funding approval for particular qualifications, or the introduction of new or amended qualifications. These responses are likely to be interdependent, for example providers can only deliver qualifications created by awarding organisations, and students can only take qualifications offered by providers. However, the most significant impacts will depend on the response of students considering enrolment on qualifications from which funding approval is to be removed, what they do instead, or, particularly in the case of adults, whether they choose to continue in education or training.
17. In addition, the qualifications from which funding approval is removed, and the criteria used to determine removal, will be key to assessing the potential impact.

Costs and benefits for students

18. Following any changes to the qualifications that are funded, likely affected students can be separated into two categories: those who switch to other qualifications and those, likely to be focused amongst adults, who may feel they can no longer access a suitable course.
19. For those who switch to other qualifications, we would anticipate that they would benefit from a higher quality, more rigorous education, leading to improved progression to further education and higher wage returns (as detailed in table 1 below). There may be an initial cost in terms of attainment for students who take qualifications that were not previously offered at their provider, due to a lack of

familiarity with the content and/or assessment methodology, although this effect would be expected to reduce over subsequent cohorts.

Highest qualification held	Aged 19-24	Aged 25+
Below level 2	5%	1%
Mathematics and English*	7%	5%
Full level 2**	10%	8%
Full level 3**	10%	10%

Earnings uplift % are relative to individuals who started, but did not complete, a qualification at that level.

*This is a weighted average of the returns for all English, mathematics and ESOL qualifications.

** Equivalent to 5+ GCSEs at level 2, and 2+ A Levels at level 3

Table 1: percentage increase in lifetime earnings from different levels of qualification, by age¹¹

20. Within the group that suffer from an attainment perspective, some of these could be disadvantaged groups, such as those with special educational needs and disabilities (SEND), who find the higher quality qualifications intrinsically more challenging. The consultation outlines our policy intention to improve progression into further study and employment for all students at level 3 and below, and seeks views on the impact of the proposals on students with SEND.
21. One key consideration will be the lead in time for any decisions around removing funding for qualifications. This will help to ensure that providers have sufficient time to prepare the relevant curriculum and teaching plans ahead of transitioning to new qualifications, which should help to mitigate against some issues associated with delivering new qualifications. Additionally, awarding organisations and providers have a role providing reasonable adjustments for these students and ensure that qualifications are fair and accessible, which should help to mitigate against this. Information about the representation of such groups across the qualifications market is presented in [Part 2](#), as part of our initial equalities impact assessment.
22. A minority of students may not find a suitable course and so disengage from education or training. These students may incur significant costs in terms of reduced achievement, and in turn reduced productivity and wage returns in the labour market. However, our intention is that the reforms will strengthen engagement amongst students as the review will simplify the array of qualifications making routes into employment clearer. The consultation recognises the importance of motivating students and encouraging their participation in education and training. This is especially important for groups more at risk from being not in education, employment

¹¹ BIS (2016). [‘Research Paper 286’](#) (mathematics and English); BIS (2014). [‘Research Paper 195’](#) (below level 2, level 2, level 3).

or training (NEET). The consultation document draws this out specifically in the section on level 1 and below, and seeks views on our approach.

23. We would therefore expect the number of students that do disengage from education to be relatively small. In addition, the removal of a qualification for funding approval due to it being lower quality would also indicate that it may provide little value to students in the labour market, minimising the potential negative impact. The requirement on 16-18 year olds to remain in education or training until the age of 18, and the corresponding duties on local authorities in relation to this is a further mitigation.
24. One impact of the review could be that some qualifications might become approved for funding for 16 to 19 students, but not adults, or vice versa. This could reduce enrolments, potentially making qualifications unviable for providers and restricting access to age groups for whom funding is still available. Additionally, there are potential signalling issues if a qualification is deemed to be of adequate quality for one group but not another. To help mitigate against these risks, the impact on all funded students will be closely considered to ensure that the benefits of proposals do not outweigh the costs, and that no group is unfairly disadvantaged.

Costs and benefits for awarding organisations

25. For awarding organisations there is likely to be a redistribution of enrolments, with some awarding organisations seeing a reduction and some seeing an increase. As in most markets, there are likely to be winners and losers. However, the effect should ultimately be largely cost neutral to awarding organisations as a whole, because we would expect any impact on net student numbers to be small, with students redistributed amongst the remaining organisations. This would in part depend on the types of awarding organisations that lost business. If the 'losers' were smaller, specialist awarding organisations, this could have a detrimental impact on their business and ultimately lead them to exit the market, whereas larger, more diversified awarding organisations may be more resilient. This in turn could lead to the loss of specialist knowledge within the market, and an increased risk of monopoly power for the remaining organisations. Further work will be undertaken on the potential impacts on the qualifications market, which will be considered in forming and presenting future policy proposals.

Costs and benefits to providers

26. For providers, those who teach qualifications that have funding approval removed are likely to incur a 'familiarisation' cost associated with offering new qualifications. Providers do periodically change the qualifications they offer, but any rationalisation of the qualifications market would take this decision out of their control, and thus it is important to recognise this cost.

27. Depending on the type of qualifications that have funding approval removed, some providers could also see a cost through a reduction in student numbers. For example, academically-focused providers could lose out in favour of more technically-focused providers, or vice versa. However, this would be a redistributive effect, rather than an absolute (net) cost to the provider market as a whole.

Costs and benefits to employers

28. Employers are likely to benefit from a more recognisable, easier to navigate, high quality qualifications market. This in turn should allow them to increase their productivity, and with fewer resources spent on finding the right skills match.

29. However, employers are likely to face some initial costs with familiarising themselves with the new qualification landscape, particularly if qualifications they have relied upon previously have funding approval removed. Similarly, if students disengage from the qualifications market following any reforms, this could potentially reduce the skilled labour available to employers, but as previously mentioned, we would expect numbers to be relatively small.

Costs and benefits to others

30. As part of our early assessment of impacts, we have considered and factored in the following:

- Impacts on families. Changes to qualifications leading to improved educational and employment outcomes for students may well, in turn, deliver job, career and potentially wage benefits for adults. Although such benefits will only be realised over time, we will continue to consider these potential impacts as part of our review
- Impacts on regional, city mayoralty and sectoral interests. As part of the review we have established links with these key groups and will ensure that regional, city and occupational sector interests are factored into the detailed development work in the review, including the development of the detailed impact assessments due at the second stage consultation. We also intend to consult with relevant Metropolitan Combined Authorities and the Greater London Authority regarding the Adult Education Budget devolution
- Impacts on the Devolved Administrations. Decisions to remove funding approval from qualifications in England could affect the viability of the qualification in other parts of the UK. However, it is not clear that awarding organisations would take the decision to remove qualifications from availability outside of England because they were no longer funded there. We will continue to consider the potential impacts alongside policy development and will present more detail in the future

Part 2 – Equalities impact assessment

The public sector equality duty

31. Under Section 149 of the Equality Act 2010, the Secretary of State has a duty to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

32. The relevant 'protected characteristics' for the purposes of the Public Sector Equality Duty are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race (including ethnicity)
- Religion or belief
- Sex
- Sexual orientation

33. As with the general impacts discussed in [Part 1](#) of this document, it is not possible to assess the equality impacts of the entire proposed reform as detailed policy proposals have not yet been made. However, we have provided at [Annex A](#) an impact assessment of removing approval for funding from pre-existing qualifications.

34. Overall, we believe that impacts will be positive. This is because the review's fundamental purpose is to address the weaknesses in quality in the current technical, vocational and applied general qualifications available, ensuring that all qualifications approved for funding will deliver positive outcomes. Within the protected groups (such as those with special educational needs and disabilities (SEND) and those from BAME groups), our general expectation is that students will benefit. However, as outlined below and in [Part 1](#), much will depend on what changes are implemented, how they are implemented and how well the new funding criteria introduced take account of the needs of particular groups.

35. Questions posed in the first consultation have been expressly designed to draw in views from all stakeholders on how the review can take full and proper account of equalities considerations before detailed proposals are developed and presented for the second stage of the consultation in late 2019.

36. In the interim, this section presents a demographic overview of the qualifications market at Level 3 and below, which alongside further evidence, including that obtained through the consultation, will be considered as part of the policy development process in the qualifications review.

37. Please note that the data used in this assessment is high level and not at an individual qualification level. However, we will undertake these considerations at a more granular level when making future policy proposals as part of this review. A more detailed assessment will be produced in the second stage consultation, reflective of the policy thinking and proposals presented.

Age

38. Table 2¹² shows the age split across qualifications at level 3 and below. There is particularly high representation of 16 to 19 year olds on A Levels, GCSEs and other level 3 classroom-based qualifications, with adults being considerably more prominent on apprenticeships at both level 2 and 3.

Highest study aim	16 to 18 ¹²	19 to 24	25 to 49	50+	Total
A/AS Level*	100%	0%	0%	0%	100%
Level 3 apprenticeship	17%	39%	39%	6%	100%
Other level 3	67%	13%	19%	2%	100%
GCSEs	77%	7%	14%	2%	100%
Level 2 apprenticeship	22%	32%	16%	8%	100%
Other level 2	15%	16%	53%	15%	100%
Below level 2	14%	16%	54%	16%	100%
Other*	0%	6%	48%	46%	100%

* This also includes some other academic level 3 qualifications, such as Pre-U.

**Most aims in this category are non-regulated community education provision.

Table 2: age split of students, 2016 to 2017¹³

¹² Note, estimates for the age groups are derived by combining different data sources. The 16 to 18 figures correspond to learners described as '16 to 19' throughout this document. Both terms refer to the 3 years of education; academic age 16, academic age 17 and academic age 18.

¹³ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

Disability

39. Table 3 shows the general tendency for a greater proportion of 16 to 19 students on lower level qualifications to have some identified SEN. There is also a tendency for higher representation of identified SEN on technical qualifications. This is also the case for those studying GCSEs post-16, where students are likely to be studying GCSEs because they did not achieve them during Key Stage 4.

Highest study aim	No identified SEN	SEN support	Statement /EHC	All
Higher education	93%	6%	1%	100%
A/AS Level and AGQ	93%	6%	1%	100%
A/AS Level	95%	4%	1%	100%
Level 3 apprenticeship and AGQ	92%	8%	1%	100%
Level 3 apprenticeship	88%	11%	1%	100%
AGQ	86%	13%	2%	100%
Other level 3	83%	15%	2%	100%
GCSE and Technical Certificate	70%	25%	5%	100%
GCSE	68%	25%	8%	100%
Level 2 apprenticeship with Technical Certificate	80%	19%	2%	100%
Level 2 apprenticeship	80%	18%	2%	100%
Technical Certificate	72%	22%	6%	100%
Other level 2	60%	29%	11%	100%
Below level 2	36%	26%	38%	100%
No recorded aim	73%	22%	5%	100%
All students	82%	14%	4%	100%

Table 3: SEN status at academic age 15, of students aged 16 to 19, 2016 to 2017¹⁴

Race (including ethnicity)

40. There is significant variation in the representation of different ethnic backgrounds for students aged 16 to 19, across both qualification type and ethnicity. For example, students from Asian backgrounds are more strongly represented on A/AS Levels and

¹⁴ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

AGQs, while students from white backgrounds tend to be more strongly represented on apprenticeships, other level 3 and level 2 study (with the exception of GCSEs).

Highest study aim	White	Mixed	Black	Asian	Any other ethnic group	Information not obtained	All
Higher education	73%	4%	6%	14%	2%	1%	100%
A/AS Level and AGQ	76%	4%	6%	12%	2%	1%	100%
A/AS Level	74%	5%	5%	13%	2%	1%	100%
Level 3 apprenticeship and AGQ	77%	7%	10%	4%	1%	1%	100%
Level 3 apprenticeship	90%	3%	2%	4%	0%	1%	100%
AGQ	72%	5%	9%	12%	2%	1%	100%
Other level 3	85%	4%	4%	6%	1%	1%	100%
GCSE and Technical Certificate	83%	3%	4%	7%	1%	1%	100%
GCSE	75%	4%	7%	10%	2%	1%	100%
Level 2 apprenticeship with Technical Certificate	92%	2%	1%	3%	0%	1%	100%
Level 2 apprenticeship	92%	3%	1%	3%	0%	1%	100%
Technical Certificate	87%	4%	3%	5%	1%	1%	100%
Other level 2	80%	4%	5%	7%	1%	1%	100%
Below level 2	78%	4%	6%	8%	2%	2%	100%
No recorded aim	86%	4%	3%	5%	1%	1%	100%
All students	79%	4%	5%	9%	1%	1%	100%

Table 4: ethnic backgrounds of students aged 16 to 19, 2016 to 2017¹⁵

¹⁵ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

Gender

41. Women are most strongly represented on academic qualifications, either at higher education or level 3. Conversely, men are significantly more strongly represented below level 2 and on level 3 apprenticeships.

Highest study aim	Female	Male	All*
Higher education	57%	43%	100%
A/AS Level and AGQ	52%	48%	100%
A/AS Level	56%	44%	100%
Level 3 apprenticeship and AGQ	28%	72%	100%
Level 3 apprenticeship	39%	61%	100%
AGQ	49%	51%	100%
Other level 3	49%	51%	100%
GCSE and Technical Certificate	38%	62%	100%
GCSE	42%	58%	100%
Level 2 apprenticeship with Technical Certificate	40%	60%	100%
Level 2 apprenticeship	44%	56%	100%
Technical Certificate	41%	59%	100%
Other level 2	41%	59%	100%
Below level 2	34%	66%	100%
No recorded aim	45%	55%	100%
All students	49%	51%	100%

*includes a small number of records with no gender information therefore is slightly higher than the sum of 'female' and 'male'

Table 5: gender of students aged 16 to 19, 2016 to 2017¹⁶

Disadvantaged

42. Students who were eligible for free school meals (FSM) aged 15, tend to be more highly represented on lower level qualifications. They are also particularly poorly represented on apprenticeships as a qualification type.

¹⁶ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

Highest study aim	Not eligible for FSM	Eligible for FSM	All
Higher education	92%	8%	100%
A/AS Level and AGQ	90%	10%	100%
A/AS Level	93%	7%	100%
Level 3 apprenticeship and AGQ	91%	9%	100%
Level 3 apprenticeship	91%	9%	100%
AGQ	85%	15%	100%
Other level 3	86%	14%	100%
GCSE and Technical Certificate	79%	21%	100%
GCSE	76%	24%	100%
Level 2 apprenticeship with Technical Certificate	87%	13%	100%
Level 2 apprenticeship	87%	13%	100%
Technical Certificate	80%	20%	100%
Other level 2	73%	27%	100%
Below level 2	67%	33%	100%
No recorded aim	80%	20%	100%
All students	86%	14%	100%

Table 6: free school meals (FSM) eligibility, at academic age 15, of students aged 16 to 19, 2016 to 2017¹⁷

Other characteristics

43. We do not currently have data on gender reassignment, pregnancy and maternity, religion or belief, or sexual orientation of students.

¹⁷ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

Annex A: Impact assessment for removing approval for funding from pre-existing level 3 qualifications

Background

44. Following the Wolf¹⁸ Review, the department introduced new requirements that level 3 qualifications had to meet to be eligible for inclusion in performance tables as a Tech Level or an Applied General qualification (AGQ). To give awarding organisations sufficient time to redevelop their qualifications, the criteria were introduced in two phases.

45. Qualifications for the 2016 performance tables (taught from September 2014) were required to meet interim requirements, which were:

- **Declared Purpose** – aims, objectives and intended purpose of the qualification
- **Recognition** – from industry and/or universities
- **Minimum size** – of guided learning hours (GLH) (300 GLH for Tech Levels, 150 GLH for an AGQ).

46. For the 2018 16 to 18 performance tables (taught from September 2016) onwards, full requirements were required for level 3 qualifications, which were the three original criteria plus:

- **Appropriate Content** – the specific content that must be passed to achieve the qualification, and the associated contribution to the overall grade, which must make up at least 40% of a Tech Level and 60% of an AGQ
- **Appropriate Assessment** – rigorous and appropriate assessment arrangements, and minimum external assessment thresholds (30% for Tech Levels, 40% for AGQs)
- **Synoptic Assessment** – assessment arrangements that require students to demonstrate that they can identify and use effectively in an integrated way an appropriate selection of skills, techniques, concepts, theories, and knowledge from across the whole vocational area, which are relevant to a key task
- **Grading** – a distinction, merit, pass, fail structure or a more detailed grading scale, that applies to the overall qualification and reflect a student's attainment across the qualification's content

¹⁸ Wolf (2011). ['Review of Vocational Education – the Wolf Report'](#).

- **Employer involvement** – in the delivery and/or assessment of Tech Levels (not required for AGQs)
- **Progression** – evidence that students have secured related employment, apprenticeships, related training or continued to study at a higher level (once the qualification has been completed by a cohort of students)
- **Proven Track Record** – achieved by at least 100 students aged 16 to 19, across at least three centres, in one of the first two years following approval

47. Awarding organisations developed AGQs and Tech Levels to meet interim requirements. They subsequently redeveloped AGQs and Tech Levels to meet the full requirements. However, some of the older qualifications that met the interim but not the full requirements have not been withdrawn from Ofqual's register of regulated qualifications since 2017. This means that in some cases there are older versions of qualifications running in parallel with the newer versions that have been redeveloped to meet performance tables rules. We refer to these older versions running in parallel as 'pre-existing' qualifications.

48. As outlined in this assessment, we have decided to remove approval for funding for new starts on these pre-existing qualifications from August 2020. Students currently enrolled on these qualifications will be funded to completion. Approval for funding will be removed from qualifications on the ESFA list of qualifications approved for funding 16 to 19, level 2 and level 3 legal entitlements, and Advanced Learner Loans.

49. This impact assessment sets out the impacts of this change on students, providers and awarding organisations. It includes an Equalities Impact Assessment.

Why are we removing approval for funding from pre-existing qualifications?

50. There are currently more than 12,100 qualifications approved for funding for 16 to 19 year olds¹⁹, many of which can also be taken by adult students. This large number of qualifications creates a complex landscape where it is difficult for students, parents, schools, further education colleges, universities and employers to understand the value of different qualifications.

51. An additional layer of complexity is that in some cases there are pairs of very similar qualifications that have different assessment methods. It is difficult to compare the results between these qualifications.

¹⁹ As per ESFA list of qualifications approved for funding 16 to 19 as of July 2018.

52. When a new qualification is introduced there can often be an impact on attainment as providers adapt to the teaching of new material and preparation for new assessments.
53. Typical practice in general qualifications such as GCSEs or A Levels is that when new qualifications are developed the older versions of the qualifications are withdrawn and replaced by the new versions. This has not been the case with some performance table qualifications such as AGQs and Tech Levels.
54. Students taking pre-existing qualifications do not benefit from taking the new, higher quality, more rigorous qualifications. Those taking the redeveloped qualifications may lose out because the grading of the redeveloped qualifications appears to be substantially different from that of the pre-existing qualifications.
55. Early evidence suggests that it is considerably harder to achieve the highest grades on the redeveloped qualifications²⁰. We know that some pre-existing qualifications have been subject to grade inflation²¹ and the redeveloped qualifications have mandatory external assessment to help ensure consistency of assessment and increased rigour.
56. Employers and universities may not understand the differences between the two versions of qualification and judge them equally when making hiring and admissions decisions.
57. Pre-existing and redeveloped qualifications are allocated the same number of points by UCAS. Ofqual and UCAS have been working with universities to help them understand the difference between the two, but both pre-existing and redeveloped qualifications have been treated as equal in status by many universities when making admissions decisions.
58. A small proportion of pre-existing qualifications have passed their operational end dates and been removed from the market, but many remain. Removal of approval for funding is the surest way to remove them from the market. The greater simplicity in the market that will result will improve the recognition, and potentially the value to key stakeholders, of available qualifications.
59. For a similar reason as stated in paragraph 58, it should reduce confusion for universities and employers when considering qualifications in admissions and recruitment exercises. It will also streamline the offer for students and ensure more rigorous qualifications are available to them.

²⁰ DfE (2019). [‘A Level and other 16 to 18 results: 2017 to 2018 \(provisional\)’](#).

²¹ Ofqual (2018). [‘An exploration of grade inflation in ‘older style’ level 3 BTEC Nationals’](#).

Criteria for identifying pre-existing qualifications

60. The criteria we applied to identify the qualifications from which we will remove funding approval are:

- Tech Levels and AGQs at level 3 that last appeared in the 16 to 18 performance tables for 2016 or 2017, based on the most recently published edition of the tables for each year
- the qualification maps to a current performance table qualification (a 'redeveloped' qualification). A qualification is 'mapped' against the five criteria below:
 - i. the same awarding organisation must own the pre-existing qualification and the redeveloped qualification
 - ii. the pre-existing qualification and redeveloped qualification must map to the same qualification type – for example, an AGQ does not map to a Tech Level
 - iii. the pre-existing qualification must be in the same sector subject area (at tier 2) as the redeveloped qualification
 - iv. the pre-existing qualification and redeveloped qualification must be similar in size, in terms of guided learning hours (GLH) – within 10% of each other. For example, if the GLH of the pre-existing version is 120 hours, the redeveloped version will need to have between 108 and 132 hours)
 - v. the pre-existing qualification and redeveloped qualification must have similar titles, with a maximum of only a couple of words being different (for example, 'horse management' maps to 'equine management')

61. A small number (16) of pre-existing qualifications are mandated as part of an apprenticeship standard. The Institute for Apprenticeships and Technical Education will work with Trailblazer groups to ensure any qualifications that have approval for funding removed will be replaced within the apprenticeship standard by the redeveloped version.

62. Qualifications must meet all of the criteria above to be identified as a pre-existing qualification.

Notes on data

63. The data sources used in this impact assessment are:

- Snapshot of Ofqual's Register of Regulated Qualifications at 9 October 2018
- 16 to 18 performance tables for 2016, 2017, 2018, 2019 and 2020 (at September 2018)

- 2016 to 2017 final year Individualised Learner Record (ILR) data
- 2016 to 2017 final year for school census data for 16 to 19 year olds on a study programme only, it does not include pre-16 funding

Data definitions

64. The definitions of terms used are:

- **Redeveloped qualifications** – Tech Levels and AGQs at level 3 that meet the size, content, grading and assessment criteria to be included in 16 to 18 performance tables from 2018 onwards, based on the most current published edition of the tables for each year
- **Pre-existing qualifications** – Tech Levels and AGQs at level 3 that last appeared in the 16 to 18 performance tables for 2016 or 2017, based on the most current published edition of the tables for each year
- **Qualification** – a qualification on Ofqual’s Register that has a unique reference number

Impact, costs and benefits of the changes

Impact of the changes

65. In October 2018 there were 359 qualifications (96 AGQs and 263 Tech Levels) approved for funding for 16 to 19 year olds that last appeared in the performance tables in 2016 or 2017. 45 of these had passed their operational end date, i.e. the date at which an awarding organisation will no longer accept new students. Based on the snapshot from October 2018, this leaves 314 qualifications (86 AGQs and 228 Tech Levels) that meet the first part of the criteria set out at paragraph 60²².

66. The second part of the criteria for removing approval for funding is that qualifications map to a sufficiently similar redeveloped qualification. In October 2018, 145 of the 314 qualifications identified above mapped to redeveloped qualifications (those that are on current performance tables). This means there are 145 qualifications that have been identified as ‘pre-existing’.

²² Internal analysis of the ESFA list of qualifications available for funding 16 to 19 as of October 2018 and 16-18 performance tables.

Pre-existing qualifications	AGQs	Tech Levels	Total
Qualifications that were last in performance tables in 2016 or 2017	96	263	359
Of which operational end date not passed	86	228	314
Of which map to redeveloped qualification, identified as 'pre-existing' qualifications and not past their operational end date	62	83	145

Table 7 – Pre-existing qualifications that meet removal of funding approval criteria, by qualification type²³

67. Qualifications meeting the criteria for removing approval for funding are reasonably evenly spread over different subject sector areas. The subject sectors with the most enrolments in qualifications that meet the criteria for removing approval for funding are: business management; sports, leisure and recreation; and ICT practitioners. These three subject sectors account for nearly half of all enrolments in qualifications that meet the funding approval removal criteria²⁴.

68. The costs and benefits will depend upon the behavioural response to removing funding approval from pre-existing qualifications. In particular, what students will study who would have studied a 'pre-existing' qualification. The costs and benefits will depend on the proportion that:

- switch to studying the equivalent redeveloped qualifications
- do not engage in any education or training, particularly adult students as students aged 16 to 18 are required by law to participate in education or training until their 18th birthday
- switch to a similar qualification that is not included in performance tables
- switch to qualifications in different subjects

69. The benefits and costs are set out below, but due to their inherent nature, it is not feasible (nor indeed proportionate) to quantify them. The number of students, awarding organisations and providers affected is modelled based on enrolments in 2016/17 and Ofqual's Register of regulated qualifications in October 2018. The exact number of qualifications, students, providers and awarding organisations affected will

²³ Internal analysis of the ESFA list of qualifications available for funding 16 to 19 as of October 2018 and 16-18 performance tables.

²⁴ Internal analysis of the ESFA list of qualifications available for funding 16 to 19 as of October 2018 and 16-18 performance tables.

change as awarding organisations add and withdraw qualifications from the register, and students and providers choose different qualifications.

70. Below is a description of the costs and benefits to different groups affected by the removal of approval for funding.

Students

Costs and benefits for students

71. The impact on students will depend on what they study instead of the pre-existing qualifications:

- Students who switch to redeveloped qualifications:
 - Should benefit from better labour market returns and/or progression onto further education from studying a more rigorous qualification that is supported by employers and/or universities
 - As the assessment of the qualifications is more rigorous, some students may achieve a lower grade in the redeveloped qualifications than they would have in the pre-existing qualifications, and this could have a negative impact on their progression and future labour market returns
- Students who do not engage in education or training:
 - Students might not gain labour market returns that they would have gained from undertaking the pre-existing qualification
 - Students might not incur the 'cost' of the time they would have spent studying
 - We anticipate this group will be relatively small and primarily adults, with most 16 to 19 students moving onto new qualifications as they are required by law to remain in education or training until age 18
- Students who switch to other qualifications:
 - The policy might have an impact on students who switch to similar qualifications that have never been included in the performance tables rather than to the redeveloped versions. As these qualifications have never been approved for performance tables, they may be poorer quality than the qualification from which approval for funding was removed, which could lead to worse progression and labour market outcomes. The qualifications review will ensure that for future students, funded qualifications will be of high quality that will lead to good progression and labour market outcomes

Students affected

72. In academic year 2016 to 2017 there were around 314,000 enrolments²⁵ on qualifications that meet the criteria for the removal of funding approval. The actual number of students is lower than this as some students enrolled in more than one qualification in scope. Therefore, we should treat 314,000 as the upper estimate of the number of students that would be affected. To put this into context, in the same year there were around 6.6 million enrolments in qualifications that were approved for funding, of which around 2.7 million were at level 3²⁶. The majority of these enrolments (around 9 out of 10) are part of 16 to 19 study programmes. In addition, nearly 20,000 of these enrolments were funded as part of apprenticeship frameworks, which are being withdrawn from July 2020 and therefore would not be affected by the policy.
73. Further information on the background characteristics of students likely to be affected by the changes, can be found in the subsequent equalities analysis. The demographic information applies to students studying all pre-existing qualifications in academic year 2016 to 2017, not just those enrolled in qualifications that map to a redeveloped qualification.

Awarding organisations

Costs and benefits for awarding organisations

74. Removal of approval for funding from pre-existing qualifications on which students are enrolled may affect the relative market share of different awarding organisations. Some may benefit, if more students enrol on their redeveloped qualifications than they lose from their pre-existing qualifications that have had approval for funding removed. Some may see a net decrease in student numbers. However, as one of the criteria for removing approval for funding for a qualification is that it 'maps' to a redeveloped qualification offered by the same awarding organisation, we do not expect a significant impact on relative market share.

Impact on awarding organisations

75. Of the 130 awarding organisations that have qualifications approved at level 3 and below for 16 to 19 year olds, 21 offer pre-existing qualifications. Four of these awarding organisations only have pre-existing qualifications that have passed their end date. Eight awarding organisations offer qualifications that met interim

²⁵ Internal analysis of the ESFA list of qualifications available for funding 16 to 19 as of October 2018 and 16-18 performance tables.

²⁶ DfE (2019). ['Students and qualifications at level 3 and below in England'](#)

performance table requirements but do not have a redeveloped equivalent. Nine awarding organisations offer pre-existing qualifications that currently map to a redeveloped qualification, so would have approval for funding removed according to the criteria above²⁷.

76. For all of these awarding organisations, qualifications that meet the criteria for removal of approval for funding make up less than 10% of their qualifications currently approved for 16 to 19 year olds. Due to issues of commercial sensitivity, we cannot provide more information on the awarding organisations affected by these criteria. However, affected awarding organisations will be contacted privately to advise them of the qualifications they offer that meet the criteria.

Providers

Costs and benefits to providers

77. Providers may face a one-off cost of switching from the pre-existing qualifications to what they offer in their place. However, providers review and change their qualification offer periodically, so some of this cost would be incurred anyway.

78. Another potential cost is that they may lose income from enrolling fewer students, if some students who would have taken pre-existing qualifications do not engage in education or training or choose not to take the redeveloped qualifications. However, we do not expect many students to disengage from education as a result of the removal of pre-existing qualifications, and so would not expect this cost to be significant.

79. Additionally, costs may be incurred if the redeveloped qualifications are more expensive to teach compared to the pre-existing qualifications they replace.

80. Providers will benefit from a clearer and more focused qualifications offer, which should help reduce costs associated with identifying the most relevant qualifications from the thousands approved for funding.

Providers affected

81. In 2016 to 2017, around 2,300 providers had enrolments on pre-existing qualifications. For most of these (69%), pre-existing qualifications accounted for 25%

²⁷ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

or less of their level 3 enrolments. Pre-existing qualifications accounted for 75% or more of level 3 enrolments for 3% of the providers who offered them²⁸.

82. Nearly half (48%) of enrolments in pre-existing qualifications were at general further education colleges²⁹.

Equalities impact assessment

The public sector equality duty

83. Under Section 149 of the Equality Act 2010, the Secretary of State has a duty to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

84. The relevant 'protected characteristics' for the purposes of the Public Sector Equality Duty are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race (including ethnicity)
- Religion or belief
- Sex
- Sexual orientation

85. Removing approval for funding from qualifications that meet the criteria should have a positive impact on the students affected, simplifying the qualifications landscape and encouraging students to undertake redeveloped qualifications. However, as noted above, the impact of removing the approval for funding will depend on how students,

²⁸ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

²⁹ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

providers and awarding organisations respond to it. The requirement for more external assessment in reformed qualifications may have a positive impact on students from protected groups and disadvantaged backgrounds, as they may do less well in internal assessment due to unconscious bias in internal assessment³⁰.

Age

86. Most students affected by the change will be 16 to 19. Nearly 90% of enrolments in academic year 2016 to 2017 on qualifications that would have approval for funding removed according to the above criteria were funded through 16 to 19 study programmes³¹. As such, we would expect that young people would be particularly affected by the policy change.

Disability and SEN

87. A higher proportion of students enrolled on pre-existing qualifications have special educational needs or a declared learning difficulty or disability (14%) compared with 5% for A/AS Levels, 7% for redeveloped Tech Levels and AGQs, and 8% for other level 3 qualifications. Therefore, we would expect students with a learning difficulty or disability to be relatively highly affected by the policy change³². The consultation outlines our policy commitment to improving progression to further education and employment for all students, including those with SEN or a disability, across all levels. Young people with SEN or a disability can face barriers to employment³³, and it is therefore particularly important that they have high quality pathways to work. Our SEND Code of Practice makes it clear that young people with SEND should be prepared well for adult life and have good quality pathways to employment³⁴.

88. The consultation document seeks views about the impact of our proposals on students with protected characteristics and those with SEND, as we are particularly concerned to ensure that any policy changes have a beneficial impact on these students and to minimise any possible risks. In addition, awarding organisations and providers are required to make reasonable adjustments to ensure that reformed qualifications do not unfairly penalise students, such as those with SEND. We would

³⁰ Bew and others (2011). ['Independent review of key stage 2 testing, assessment and Accountability'](#).

³¹ Internal analysis ESFA list of qualifications available for funding 16 to 19 as of October 2018.

³² DfE (2019). ['Students and qualifications at level 3 and below in England'](#)

³³ DfE (2018). ['Outcomes for pupils eligible for free school meals and identified with special educational needs'](#).

³⁴ DfE (2015). ['SEND code of practice'](#).

expect any negative impacts to be largely mitigated and be relatively minimal in the short term, with positive impacts in the medium to long term.

Race (including ethnicity)

89. Around 24% of students enrolled on pre-existing qualifications are from BAME backgrounds. This is lower than for A Levels (26%) and redeveloped qualifications (26%), though higher than other level 3 qualifications (15%)³⁵.

Gender

90. Removing approval for funding from qualifications that meet the criteria is likely to have a relatively greater impact on male students than female students. 54% of enrolments on pre-existing qualifications were by male students. This compares to 50% of redeveloped Tech Levels and AGQs, 43% of A/AS Levels and 44% of other level 3 qualifications enrolments being male students³⁶.

Other characteristics

91. We do not have data on gender reassignment, pregnancy and maternity, religion or belief, or sexual orientation of students enrolled in qualifications that meet the criteria to have approval for funding removed.

Disadvantage

92. While 'disadvantage' is not a protected characteristic under the public sector equality duty, we recognise the importance of ensuring that those from disadvantaged backgrounds are not unfairly penalised. In the absence of data regarding disadvantaged students on pre-existing qualifications specifically, we use data for level 3 technical qualifications instead.

93. Students taking level 3 technical qualifications tend to be more likely to come from disadvantaged backgrounds and have lower prior attainment at key stage 4 than students taking A/AS Levels, so we would expect this to also be the case for those taking pre-existing qualifications. 14% of 16 to 18 year olds studying other level 3 technical qualifications were eligible for free school meals (FSM) at age 15, compared to 7% amongst those just studying academic level 3 qualifications. Of those studying academic level 3 qualifications aged 16 to 18, 98% had achieved at least 5 A* to C

³⁵ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

³⁶ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)

(old grading) or 9 to 4 (new grading) GCSEs or level 2 equivalent at age 15, compared to 80% of students studying level 3 other technical qualifications³⁷.

Conclusion

94. Having weighed up the costs and benefits and taken due account of the potential impact on students (including those with SEND), providers and awarding organisations, we have taken the decision to remove the approval for funding from pre-existing qualifications from August 2020. We believe it is the right way to support improvement of the robustness and quality of technical education.

95. We believe that having a system that strengthens the quality and comparability of AGQs and Tech Levels in the 16 to 19 and adult qualifications offers, where duplication of qualifications is minimised, and where all students can benefit from technical qualifications that are of a high quality and more rigorous than the pre-existing qualifications, is the right thing to do.

96. We believe these benefits, particularly alongside some of the mitigations detailed above, outweigh the potential costs highlighted here. However, we have invited respondents to provide further evidence regarding any additional impacts that they believe have not yet been considered so that we can mitigate against these. The equalities impact assessment will be updated following this in due course.

³⁷ DfE (2019). [‘Students and qualifications at level 3 and below in England’](#)



Department
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