



Department
for Education

Review of post-16 qualifications at level 3 in England: Second Stage

**Government consultation – impact
assessment**

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Introduction

1. This document presents an assessment of the likely impacts of the policy proposals outlined in the second stage consultation of the 'Review of Post-16 Qualifications at level 3 and below'. A brief summary of the proposals is provided (more detail can be found in the accompanying documentation), before setting out our approach to estimating the impacts of the policies. We then consider the impact on specific groups, including students, education providers, awarding organisations and employers.
2. In addition, we present an assessment of the potential equalities impacts associated with the policy proposals, in [Annex A](#) of this document. We also present the supporting data and underlying methodology in [Annex B](#) of this document.
3. Due to the ongoing development of the final package of proposals, the interaction with other policy changes (e.g. introduction of T Levels, reforms to higher technical education), and the current uncertain economic climate it is not possible to provide a fully quantified assessment. However, indicative estimates of the scale of impacts are presented, based on the currently available data. We will continue to review these impacts in light of further policy development, responses to the consultation, and as new data becomes available.

16 to 19 Year Olds; Level 3 Landscape Proposals

Overview

4. The consultation document outlines the potential scenario for the future landscape of qualifications at level 3 for students aged 16 to 19.
5. In summary, as shown in figure 1, the landscape is designed to have a clear technical and academic route.
6. On the technical side, T Levels would be the main option, providing students with practical knowledge and skills to achieve basic occupational entry-level competence, or to pursue higher technical study where appropriate. In addition, some additional specialist qualifications, and qualifications that are aligned to employer-led standards in occupational areas with no T Level or T Level Occupational Specialism, would also remain.
7. On the academic side, A levels would remain the main option for students. In addition, a limited number of alternatives to A levels would remain where they enable progression to specialist HE courses, as well as academic qualifications designed to be taken alongside A levels where they support progression to high quality HE courses and provide content distinct from A levels.

8. More detail can be found in the accompanying consultation document.

Impacts

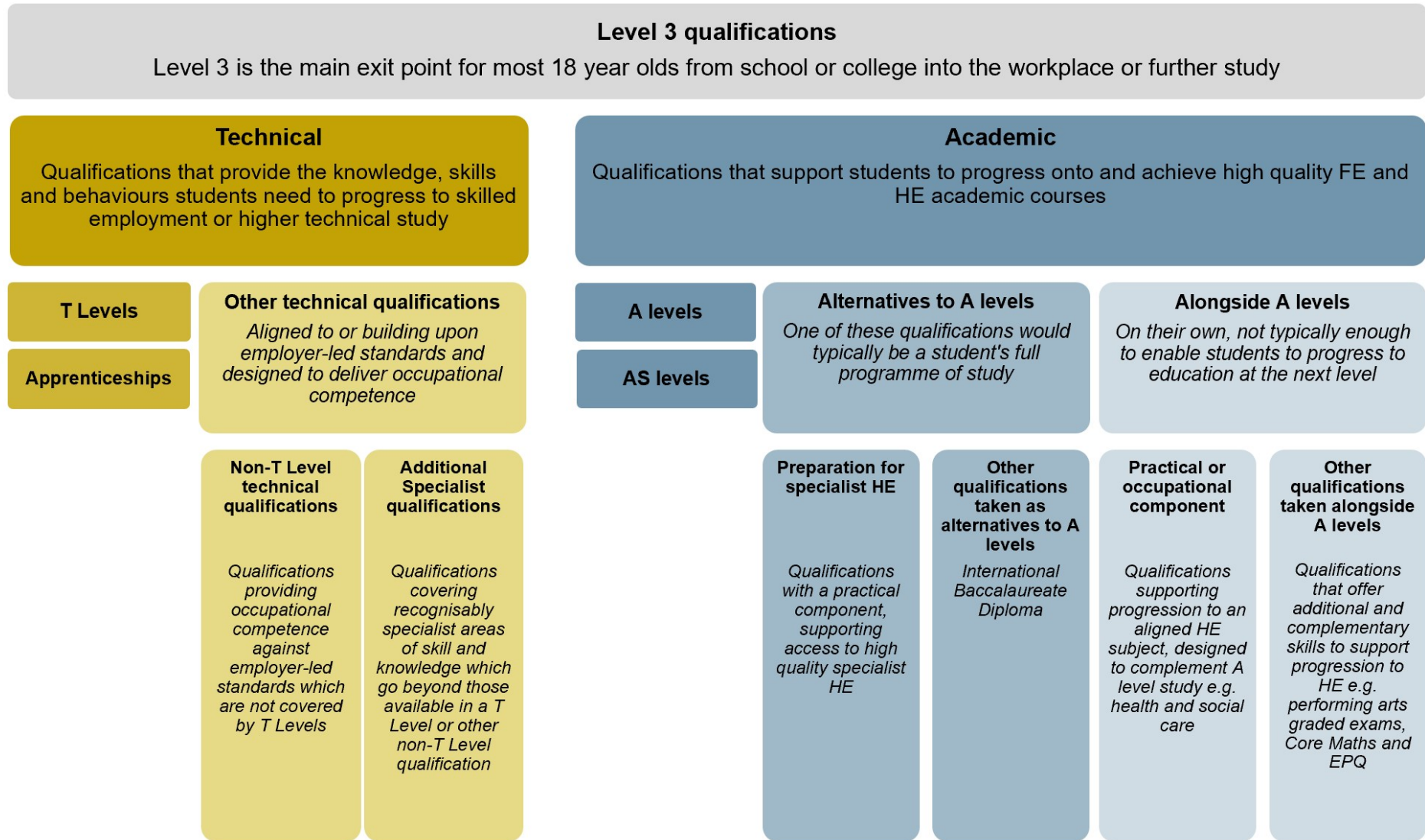
Approach

9. To understand the potential impact of the proposals, an internal mapping exercise was completed. This involved segmenting the current qualifications market at level 3 into the groups above. This allows us to better understand the potential impact on different groups in the future system.
10. The regular changing of available qualifications, uncertainty around Awarding Organisations' behavioural responses to the proposed landscape, and the impact of other reforms (e.g. T Levels) on the achievability of level 3 in future, mean this exercise is indicative, and intended to give a sense of scale and nature of the potential impacts resulting from the policy.
11. Based on the indicative mapping exercise, and qualifications currently available, it is expected that the above landscape would lead to a significant reduction in the number of qualifications available. Excluding qualifications removed through separate policies (e.g. pre-existing qualifications and no enrolment qualifications as outlined in the first stage consultation), we estimate that around **60% of Education and Skills Funding Agency (ESFA) funded qualifications currently available at level 3 may not fit into the future landscape for young people**, and as such would no longer be available through ESFA funding streams. These qualifications represent **16% of all 16 to 19 enrolments at level 3**, and 62% of non-A level enrolments at level 3. The significant difference in these proportions reflects that A levels are the main choice of study at level 3 for 16 to 19 year olds.
12. It should be noted that these estimates are based on the indicative mapping exercise of the current landscape, and they do not reflect the introduction of any qualifications in future. They are only intended to give an indicative estimate of the potential scale of the reforms, rather than the removal of specific qualifications.
13. We now consider the impact this change is likely to have on different groups.

Students

14. Based on an assessment of the benefits, costs and mitigations below, our judgement is that the impact on students is anticipated to be largely positive, however this will depend on their ability to continue to study and achieve level 3 in the future landscape.

Figure 1: Visual representation of the proposed 16 to 19 level 3 landscape



Benefits

15. For students who are able to achieve level 3 in the future, one of the main benefits will be increased labour market performance. By having a qualification landscape that is more rigorous and aligned to occupational standards, this should lead to a more skilled labour force, who are more productive during employment. This in turn should result in students being more likely to find employment and receiving higher earnings when they do.
16. In addition, students should be able to better identify the pathway they are most interested in. By reducing excessive duplication within the qualifications market, students will be better able to select the course they wish to study and have confidence that their chosen study programme is of high quality and value. However, typically students are faced with choices between institutions, rather than duplicate qualifications, and as such the impact on their decision making process is likely to be small.

Costs

17. As the qualifications available at level 3 become more rigorous this is inevitably likely to make it more challenging for some students to achieve level 3. This would lead to a likely fall in participation at level 3, as well as achievement rates, although the scale of this is difficult to predict.
18. Providers currently use their professional judgement and experience to decide what level of prior attainment is required for students to be admitted onto their various level 3 programmes. This is the right approach and will continue to be encouraged following the reform of the level 3 qualifications landscape. So we are unable to predict with accuracy the impact on the number of students who will be admitted to, or achieve, level 3 qualifications following the reforms.
19. However if we were to assume that the achievement of at least five GCSEs at grade 4 or higher¹ was a benchmark to access a level 3 programme, and applied this to students enrolled on qualifications no longer expected to remain, we estimate that the equivalent of around 4% of 16 to 19 year olds currently studying at level 3 may not be able to progress directly to level 3 study following the reforms. If one were to reduce this benchmark to four GCSEs at grade 4 or higher², the figure would drop to around 3%. It is important to note the uncertainty associated with these estimates

¹ The data relating to 5 GCSE passes correspond to the 20th percentile of students currently achieving those level 3 qualifications that are expected to remain following the reforms.

² The data relating to 4 GCSE passes correspond to the 15th percentile of students currently achieving those level 3 qualifications that are expected to remain following the reforms.

and the inherent inaccuracy associated with applying blanket entry requirements to a diversity of qualifications and students³.

20. This approach has clear limitations, does not account for potential behavioural responses, and is only intended to give an indication of the scale of challenge students may face in achieving level 3 under the future landscape. This is to help understand what mitigations may be required.
21. The extent to which students may find it difficult to achieve may also be impacted by the approaches taken by Ofqual and the Institute for Apprenticeships and Technical Education (the Institute) in their respective roles in the approvals process, as these could have an effect on aspects such as qualification and assessment design and delivery. This could lead to students studying qualifications not expected to be removed, also finding it more difficult to achieve in the future.
22. For these individuals, there is a risk that they may be worse off in terms of labour market outcomes and progression. Evidence ⁴shows that higher levels of qualifications are associated with higher earnings and employment prospects. Furthermore, those students may also find themselves no longer able to progress onto HE and accrue the significant average benefits to wage and employment returns⁵.
23. However, there are mitigating factors that lessen the risk of this impact. The T Level Transition Programme ultimately aims to boost level 3 attainment by supporting more students to access, and be successful on, T Levels through providing a tailored preparation programme for those who need additional support before enrolling on a T Level. We are also exploring the extent to which a new form of transition could support students looking to progress onto level 3 programmes other than T levels. This should help offset some of the reduction due to changes to the level 3 landscape, although it is not possible to quantify by how much. In addition, we want to explore how else level 2 can increase progression to level 3, and provide better labour market outcomes, further helping to mitigate against this impact. We intend to do so in the forthcoming call for evidence. Further mitigations against this risk will continue to be considered.

³ In order to reach these estimates, we need to make a number of assumptions. These include assuming the prior attainment of those achieving qualifications is equivalent to the prior attainment of those studying them, and that the proportion of enrolments with prior attainment below the chosen percentile threshold is equivalent to the proportion of students not meeting the benchmark. We will continue to refine our estimates in light of further policy development and new evidence.

⁴ CVER (2019). '[Labour market outcomes disaggregated by subject area using the Longitudinal Education Outcomes \(LEO\) data](#)'.

⁵ DfE & Institute for Fiscal Studies (2018). '[The relative labour market returns to different degrees](#)'.

24. Information regarding the potential equalities impacts affecting students can be found in [Annex A](#), at the end of this document.

Education Providers

25. The net impact on education providers will ultimately depend on how many of their level 3 enrolments are currently on qualifications we do not anticipate being part of the future landscape, and how they choose to respond.

Benefits

26. The main benefit to providers is likely to be a reduction in costs associated with deciding on their qualifications offer. By reducing the numbers of qualifications available at level 3, and in particular by removing duplication, the complexity of the qualifications market providers are faced with will be reduced, in turn minimising the recurring costs associated with deciding which competing qualification a provider wishes to offer. The impact of this duplication on providers is a consideration highlighted previously by the Sainsbury and Wolf reviews.

Costs

27. While providers may experience some short-term costs, based on the assessment below we would expect the impacts to be positive in the medium to long term.

28. Providers whose provision at level 3 consists of a significant proportion of qualifications not expected in the future landscape, are likely to incur some one-off costs. Providers need to invest time and resources to familiarise staff with the new content of the qualifications, and this will result in a cost for providers. Providers periodically change their qualifications offer, and as such at some point these costs would have been incurred anyway. However, the scale of change in the offer is significant, and therefore costs will likely be more significant as well.

29. There are some mitigations against these costs to consider. By taking a phased approach to defunding, this could help to ensure that providers' costs are spread out over time, which should help to avoid financial difficulty from having the costs land at the same time. Furthermore, some providers may choose not to replace the qualifications, instead choosing to focus on scaling up existing areas of provision, or on the new T Level qualifications, which become available in 2020/21.

30. To the extent that they are unable to do this, they may find it financially unfeasible to continue operating due to insufficient students, translating into insufficient funding. This could create potential 'cold spots' in provision – i.e. specific geographical regions with very few or no providers. This may reduce access to some forms of learning for students, creating potentially fewer labour market skills.

31. However, in practice we would not expect this risk to be significant, as we would expect providers to successfully adapt their offer instead. We would anticipate a low likelihood that providers could go out of business, though a quantitative assessment cannot be undertaken at this stage.

Awarding Organisations

Costs

32. Awarding Organisations (AOs) are expected to incur costs because of the proposed landscape, however again the scale of this will depend on their response, and those of students and providers.

33. As highlighted above, the new landscape would see a significant number of qualifications no longer available. AOs who offer these qualifications will, in the first instance, lose the associated enrolments. Based on the indicative mapping exercise described previously, this could reduce up to 7 AOs' publicly funded 16 to 19 year old enrolments by 80% or more. These affected AOs are relatively small, with less than half having over 1,000 ESFA funded 16 to 19 enrolments in 2018/19, and none having over 15,000.

34. Fewer qualifications could mean these, and potentially other, AOs struggle to operate due to financial pressures, which may cause AOs to leave the market in extreme situations. In the long run, there could be more competition between organisations. However, factors like market regulation could hinder this – e.g. DfE requiring greater upfront scrutiny of qualifications before approving them for funding could actually lower competition.

35. Fewer qualifications could also disproportionately affect smaller AOs. Their business could be at greater risk and if they specialised in more niche qualifications, their specialist knowledge could be lost if they left the market. Nevertheless, larger AOs could simply employ the individuals from the smaller ones. Thus, specialist knowledge would be retained in the market.

36. AOs that do remain in the market, are also likely to incur one off costs to familiarise themselves with the new approvals process, and to make adjustments to qualifications to ensure they meet them.

37. Lastly, if remaining qualifications are catered for by fewer AOs, these firms could dominate the market, creating risks associated with market power.

38. However, these estimates should be treated as upper bound estimates, and the impacts presented as 'worst case' scenarios. They do not take into account the redistribution of these enrolments, as they could simply move onto other existing or new qualifications offered by the AO. The ability of the AO to grow other parts of

their business (e.g. remaining level 3, adult level 3 market, level 2, non-publicly funded market) will be a significant mitigation. The phased approach to landscape reform should also help to offset the risk to AOs' economic viability.

39. Furthermore, while the impact across AOs will vary, losses for one AO will largely be offset by another's gains, as student numbers would be relatively fixed. As such the net impact on AOs is likely to be relatively small, and instead redistributive.
40. Overall, we think it is likely that AOs will experience costs as a result of having qualifications no longer available to publicly funded 16 to 19 year olds. While this has potentially significant negative impacts for the AO market, we expect the scale will be below this. However, we recognise the need to continue to consider these impacts during further policy development, and potential ways to mitigate against them. Further analysis will also be done to try and understand the impact on AOs' business as a whole, rather than the impact on their publicly funded enrolments alone.

Employers and Wider Economy

Benefits

41. Based on the assessment of costs and benefits below, we expect the reforms to the landscape to be overwhelmingly positive for employers, and the wider economy. While there is some risk and likely short-term costs, we expect the medium and long term benefits highlighted below to outweigh these.
42. By having a landscape that is more closely aligned to occupational standards, and a reduction in duplication of qualifications, employers should be able to more easily identify relevant, high quality skills within the labour market. This should lead to increased productivity and revenue for employers, and reduce costs associated with searching for the employees with the right skills set. This in turn, should lead to benefits to the wider economy through increased productivity, including increased tax revenue for government.

Costs

43. In the short term, there may be some small costs to employers. The introduction of new qualifications (e.g. T Levels) and the removal of some current qualifications, will lead to familiarisation costs. However, the newer qualifications landscape should be easier to understand, and the reduction in proliferation of the qualifications market should make identifying the most desirable and relevant qualifications easier for employers.
44. A potential cost is that employers' productivity reduces, due to a reduction in the availability of level 3 qualified labour. By making level 3 more rigorous and

challenging, this could reduce the number of people educated to level 3, and the availability of these skills within the labour market. This could make it harder for employers to acquire the skilled labour they need and reduce their productivity.

45. However, we are exploring whether we can mitigate against this risk through the potential introduction of targeted transition programmes, and reforms to level 2 both aiding progression to level 3, and providing greater economic returns for those who use level 2 to enter the labour market.

T Levels

Benefits

46. The landscape outlined above is expected to have a positive impact on the delivery of T Levels. T Levels are expected to be the main route in classroom based technical education, with alternatives only available in areas not covered by T Levels or on specialist qualifications which build on T Levels. Low competition on the technical route, should help to support the delivery and take up of T Levels.

Higher Education Providers

Costs

47. Higher Education (HE) providers could find a reduction in the number of applicants to study, because of the landscape proposal above. As identified above, some students may find it more difficult to achieve level 3 in future, which in turn would reduce the number of students with grades suitable for applying to HE.
48. However, we think this risk is relatively small and likely to have a small impact. HE providers set their own entry criteria, and as such would likely be able to adjust their entry requirements to account for the new attainment profile at level 3. The main route into HE for 16 to 19 year olds are A levels, which remain unchanged in the future landscape. As such, the landscape proposals are expected to have a relatively small impact on progression to HE.

Devolved Administrations

Costs

49. Devolved administrations (DAs) may see a reduction in the qualifications available under the future landscape. AOs may remove qualifications in Wales if they do not feel there are sufficient enrolments following landscape reforms in England to make offering some qualifications financially viable. This could be where enrolments in England comprise a substantial proportion of total enrolment and Wales comprises a

small proportion. This would impact students in Wales who may face a restricted choice of qualifications.

50. More information is required to understand whether this impact is likely, and we will continue to work with DAs to understand the potential effects of defunding qualifications. In practice, AO operating practises suggest they sometimes operate with minimal enrolments. Therefore, the impact on DAs could be less than what has been described here.

Adults: Level 3 Landscape Proposals

Overview

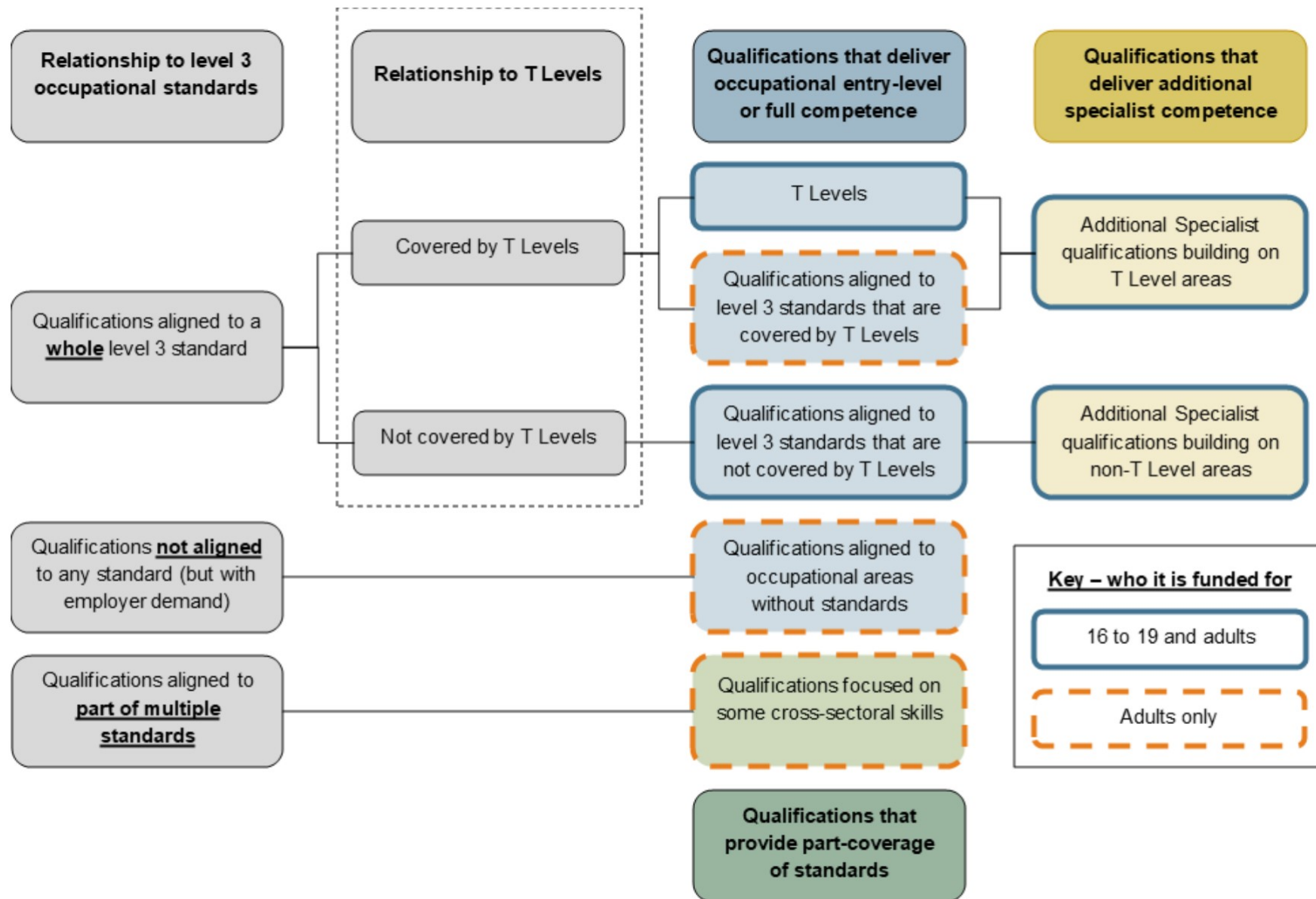
51. The consultation also outlines a possible future landscape for adults studying at level 3. This is depicted in figure 2 below.
52. In contrast to the landscape for 16 to 19 year olds, the adult level 3 landscape focuses on a broader range of technical qualifications. These qualifications will generally provide skills and knowledge in line with occupational maps, with some exceptions where there is still employer demand. In addition, qualifications must provide at least occupational entry-level competence.
53. The proposals for adults also go beyond a landscape of qualifications and consider the ways adults interact with education. Recognising additional time-constraints typically faced by adults, there is a focus on modular delivery of content, with a final compulsory assessment to confirm at least occupational entry-level competence has been achieved. This is supplemented by proposals to encourage recognition of prior learning (RPL) for adult students, to help them study just the content which is relevant for them to acquire the knowledge needed to complete the final assessment.
54. More detail can be found in the accompanying consultation document.
55. Consideration of the future academic landscape at level 3 for adults will be given at a later date.

Impacts

Approach

56. The approach taken to assessing the impact of the adult landscape was the same as taken for the 16 to 19 landscape. An indicative mapping exercise was conducted to link currently available qualifications to the future landscape as outlined in figure 2 below. As with the exercise for 16 to 19 year olds, this is only intended to give an indication of scale, and has various limitations including the rapidly changing qualification landscape, and unknown responses of AOs to the new landscape.

Figure 2: Visual representation of the future level 3 landscape for adults



57. Based on the mapping exercise, and qualifications currently available, it is expected that the above landscape would lead to a smaller reduction in the number of qualifications available than for 16 to 19 year olds. Of technical qualifications at level 3 that are available through adult funding streams⁶, we estimate **that 31% may not fit into the future landscape for adults**, and as such would no longer be available through ESFA funding streams. These qualifications represent **19% of adult enrolments on technical qualifications at level 3**.
58. However, the majority of adult study in FE is currently at level 2 and below, with just 18% of adult students studying at level 3 in 2018/19⁷. Again, It should be noted that these estimates are based on the mapping exercise of the current landscape, and they do not reflect the introduction of any qualifications in future. They are only intended to give an indicative estimate of the potential scale of the reforms, rather than the removal of specific qualifications.
59. We now consider the impact these proposals are likely to have on different groups.

Students

Benefits

60. Based on the assessment of benefits and costs below, the reforms are expected to significantly benefit adults. By ensuring a strong link between technical qualifications and occupational standards, students should find it easier to find skilled employment, and should expect to be more productive when they do. This should in turn help to increase economic returns to individuals.
61. In addition, it is expected that the proposals will increase adult participation at level 3. By providing better returns, and reducing the need for repeat learning through RPL, this should encourage adults to take up study at level 3.

Costs

62. There is a risk that employment rates for those who achieve level 3 qualifications could fall, due to a lack of employer confidence. The introduction of RPL, allowing students to complete qualifications without formally studying all the content, could undermine employer confidence in the validity of the 'final' assessment. This in turn could cause them to question the qualifications as a signal of a holder's skills and make them less likely to offer employment.

⁶ This includes the Adult Education Budget and Advanced Learner Loans

⁷ DfE (2020). [‘Statistical data set: Information on learner, learning programmes and learner achievement’](#).

63. However, our judgement is that this risk is low. The inclusion of a 'final' assessment is itself to confirm a student has achieved a level of occupational competence to allow them to enter the workplace and has been used successfully as validation for completion of apprenticeships. As such, it is expected employers will have confidence in the assessment, although we recognise the need to monitor and engage with employers to ensure this is the case.
64. The proposals pose a small risk that participation could decrease. By linking qualifications to occupational standards, study in some subject areas may no longer be available. This could lead to some adults becoming disengaged from the system. However, exceptions are allowed for some specialist qualifications, qualifications that are aligned to employer-led standards, or where evidence of employer demand can be demonstrated, in occupational areas with no T Level or T Level Occupational Specialism, and for those that focus on cross-sectoral skills. In addition, we will continue to work with appropriate groups to ensure appropriate provision is in place, and to mitigate against this risk.
65. One risk it is not possible to offer a view on currently, is the impact the proposals for adults will have on the overall rigour or challenge of qualifications at level 3 for adults. For 16 to 19 year olds we compared prior attainment of students on the current qualifications, to indicate what this would mean for future achievement rates. However, prior attainment data is not consistently available for adult students. We will continue to explore different methods to understand the potential risk for adults and consider appropriate mitigations where necessary.
66. Information regarding the potential equalities impacts affecting students can be found in [Annex A](#), at the end of this document.

Education Providers

Costs

67. For education providers, there is a risk that they could incur additional ongoing costs, due to having to deliver more bespoke provision. By having students undertake a wide range of modular study, this could lead to increased delivery costs to accommodate different students' needs. In addition, providers may also need to adapt to delivering new content in a new format, potentially incurring additional costs for staff.
68. However, modular delivery of content already exists for other types of qualifications, and so the scale of change for providers delivering in the new landscape is lessened. Furthermore, significant lead in time for FE providers will be provided, alongside a phased approach to the reforms and consultative support to help mitigate against delivery challenges that providers may face.

Awarding Organisations

Benefits

69. AOs are expected to benefit from increased revenue as a result of the reforms. As mentioned previously, adult participation is likely to increase in study at level 3. While some of this may be from students who would have previously studied at level 2, it is likely that part of this increase in enrolments will come from adults currently outside the education system. This increase will represent additional enrolments and additional revenue for AOs.

Costs

70. Although many qualifications are already designed to be modular, some work may be needed by AOs to adapt their qualifications to allow them to be delivered in such a format. Additionally, some may need to adapt their qualifications to ensure they align with occupational standards, or face losing enrolments that they would have previously had. This is likely to result in some one-off costs.

71. However, many qualifications already have a terminal, or linear, approach to assessment, and in some cases AOs will also already be familiar with a modular approach. This should help to partially mitigate against this cost.

72. There is also a potential cost, depending on how the funding of qualifications studied in a modular way is structured. If the fee charged by an AO is linked to the number of modules taken, rather than a fixed fee for the overall qualification, then a move to a modular system could see a reduction in revenue for AOs. This is because a modular system combined with RPL, would allow adults to skip out modules, instead of studying whole qualifications.

73. This will depend on the funding approach taken. If qualifications are charged at the same fee regardless of the number of modules taken, then the risk will not materialise. In addition, any losses due to this are expected to be offset by revenue gains from increased participation.

74. While more qualifications from the current landscape are expected to be available in the future compared to the landscape for 16 to 19 year olds, some are not which could lead to a loss of enrolments for some AOs. We estimate up to 5 AOs could lose at least 80% of their adult enrolments. However again this is a worst case scenario, which does not account for AOs' abilities to redistribute enrolments onto remaining qualifications, or growth on remaining or new qualifications.

75. Further analysis will be done to try and help to mitigate any negative impacts, and to understand the impact on AOs' business as a whole, rather than the impact on their publicly funded enrolments alone.

Employers and Wider Economy

Benefits

76. Employers are likely to benefit from the proposals, by having an improved supply of skilled labour. As the policy is expected to increase participation of adults in level 3 study, this should increase the availability of occupational competent (entry-level) labour. This should help employers to more easily find the labour required, and potentially fill existing skills gaps, leading to increases in productivity and revenue. The wider economy is also likely to benefit, as the increase in revenue in turn leads to increased consumption and taxation revenue.

Costs

77. There will likely be some costs to employers in the short term. Employers will need to familiarise themselves with the revised qualifications offer and understand the interaction of RPL. Some employers will likely already be familiar with a final exam approach through apprenticeships, and with modular delivery of qualifications more generally. As such the costs are expected to be minimal overall.

Devolved Administrations

Costs

78. As with the landscape for 16 to 19 year olds, there is a risk that decisions made about the future landscape in England, will impact the availability of qualifications in Wales. This would be the case if it became unviable for AOs to offer qualifications due to overall enrolments reducing by too much, as a result of it becoming unavailable in England.

79. This risk is expected to be smaller in the adult landscape, due to the broader future landscape proposal. However as with 16 to 19 year olds, more information is needed to understand the extent of this risk, and we will continue to consult with DAs to better understand the likely impact.

Level 2 and below

80. The potential future landscape at level 2 and below is still being considered. The upcoming level 2 and below call for evidence aims to help shape policy development in this area and help us understand what and who classroom-based study at level 2 and below is for and how it fits into the rest of the further education landscape.

81. Level 2 is also likely to have an increasingly important role in aiding progression. As detailed above, it is expected that planned reforms to level 3 are likely to make it harder to achieve for 16 to 19 year olds. This means level 2 will have an increasingly

important role in providing the educational foundation to support individuals into progressing to higher levels of learning.

82. Similarly, we recognise that level 1 and entry level study will have an important role in helping students, particularly those with a history of SEND, to progress and demonstrate achievement.

83. As policy development continues on these levels, we will consider available information, including responses to our call for evidence, to help inform our assessments of the likely impacts, and in turn inform further development of policy.

Conclusion

84. On the basis of the costs and benefits considered in this Impact Assessment, we expect the proposals outlined in the second stage consultation document to have a net positive impact for students and the economy.

85. Reforms to the level 3 landscape should provide 16 to 19 year olds with a better initial route into skilled employment, while retaining high quality routes into further study at higher levels. For adults, the reforms should ensure qualifications link closely to occupations, improving their value to adults entering the labour market, at the same time making them as accessible as possible.

86. We recognise that the reforms could pose challenges for some students in being able to continue to access level 3. The impact of future decisions around system design and the increased scrutiny of qualifications by Ofqual and the Institute will also have impacts on the accessibility of level 3. Mitigations highlighted, such as potential transition programmes to support progression to level 3 and other possible future reforms to level 2 informed by an increased understanding of what works at level 2 to prepare for level 3 gained from the forthcoming call for evidence, are therefore vital in ensuring the reforms work for all students.

87. The proposals do also pose some short-term costs to providers and AOs through familiarisation and redevelopment. It will be important to work closely with these groups to ensure the reforms are delivered at a pace that is achievable. We do expect the longer-term impacts of the reforms to benefit providers and AOs, through increased market stability, and participation.

88. We will continue to consider evidence and responses to this consultation to help inform policy development and update our impact assessment accordingly.

Annex A: Equalities Impact Assessment

The public sector equality duty

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

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

90. 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

91. In keeping with the impact assessment above, the equalities assessment here focuses on proposals outlined for level 3 for 16 to 19 year olds, and for adults. Given the different approaches taken, we will assess their impacts separately, however we will consider the differences in overall impacts under the 'Age' section in each. As with above, assessments are based upon the mapping of qualifications previously described, and are subject to the same limitations, so must be treated as indicative estimates only.

92. Overall, we expect the reforms to provide benefits for students, providing clearer and better outcomes both for those entering the job market, and looking for further progression. Within the protected groups, we recognise that some of the reforms have the potential to pose challenges for some, particularly those from SEND backgrounds.

93. We are actively considering how best to mitigate against these risks, and are seeking views both through the consultation and upcoming call for evidence at level 2 and below, to help ensure that our reform package provides a positive change for

all. As policy development continues, we will consider evidence in responses received, as well as further available evidence, to help to ensure this.

Level 3 Landscape for 16 to 19 Year Olds

Age

94. The proposals relate specifically to 16 to 19 year olds, however the majority of qualifications available for 16 to 19 year olds, are expected to be available for adult students. As such these proposals should not provide any significant disproportionate impacts, based on students age.
95. The proposals for the adult landscape are considered separately later in this document.

Disability

96. Table 1 below shows the proportion of 16 to 19 enrolments who received SEND support at age 15, on qualifications expected to continue in the future landscape at level 3, and those expected to no longer be offered.

Table 1: Proportion of 16 to 19 enrolments at level 3 with SEN support, by future landscape classification

16 to 19 Enrolments	level 3	...excluding A levels	...of which Remain	...of which No Longer Available
% SEN	6%	9%	7%	10%

97. It highlights that those from SEN background are more likely to be affected by changes to the qualifications available in the future landscape. Given the reforms are expected to make achieving level 3 more challenging, and a general correlation between students from SEN background and lower prior attainment, this could lead to these students being more strongly negatively impacted by being unable to achieve level 3 in the reformed landscape. This could lead to lower participation, and achievement rates, at level 3.
98. We are considering different options to minimise this impact, including exploring more structured transition support to achieve level 3. Our call for evidence on level 2 and below will seek to further understand issues and good practice at level 2, to inform future reforms at level 2 and below. In addition, those who would have studied qualifications that no longer remain, and are able to achieve level 3 in the future, are likely to experience the greatest benefit. This is due to the qualifications

they study in the future landscape, delivering better skills and job market currency, relative to those they would have studied in the current landscape.

Race (including ethnicity)

99. Table 2 below shows the proportion of 16 to 19 year old enrolments at level 3 from different ethnic backgrounds, based on whether the qualifications they are on are expected to remain in the future landscape proposal.

Table 2: Proportion of 16 to 19 enrolments at level 3 from different ethnic backgrounds, by future landscape classification

16 to 19 Enrolments	level 3	...excluding A levels	...of which Remain	...of which No Longer Available
% White	70%	73%	76%	72%
% Mixed	5%	4%	4%	4%
% Asian (inc. Chinese)	13%	10%	9%	11%
% Black	6%	6%	4%	6%
% Other	2%	2%	1%	2%
% Unknown	5%	5%	5%	5%

100. The above highlights that on qualifications other than A levels at level 3, enrolments from Asian and black ethnic backgrounds, are more likely to be affected by the proposals, as they are particularly strongly represented on qualifications expected to no longer be available in the future.

101. Given the association with enrolments on qualifications no longer expected to remain with lower prior attainment, this means students from these backgrounds could be disproportionately negatively impacted by the proposals as they may find it harder to achieve level 3 in the future. However, as highlighted in the previous section, we are exploring mitigations to help support students to achieve level 3. In addition, those who would have studied qualifications that no longer remain, and are able to achieve level 3 in the future, are likely to be positively impacted by the proposals and experience the greatest benefit. This is due to the qualifications they study in the future landscape, delivering better skills and job market currency, relative to those they would have studied in the current landscape. We anticipate this will outweigh the negative impacts for those who are unable to achieve level 3 after the reforms.

Gender

102. Table 3 below shows the proportion of 16 to 19 year old enrolments at level 3 who are female, based on whether the qualifications they are on are expected to remain in the future landscape proposal.

Table 3: Proportion of female 16 to 19 enrolments at level 3, by future landscape classification

16 to 19 Enrolments	level 3	...excluding A levels	...of which Remain	...of which No Longer Available
% Female	54%	49%	61%	45%

103. As the table above shows, the proposals are likely to particularly impact males, who are significantly more highly represented on qualifications no longer expected to remain. They are more likely to struggle to achieve level 3 in future, although those who would have studied qualifications that no longer remain and are able to achieve level 3 in the future, are likely to experience the greatest positive impacts. This is due to the qualifications they study in the future landscape, delivering better skills and job market currency, relative to those they would have studied in the current landscape.

104. As mentioned previously for those with characteristics who are more likely to be impacted by the proposals, we are exploring mitigations, such as transition programmes to support progression to level 3, through the upcoming level 2 and below call for evidence, which should help to reduce any negative impact, and expect the benefits to outweigh the negative impacts.

Other Characteristics

105. We do not currently have data on gender reassignment, pregnancy and maternity, religion or belief, or sexual orientation of students. We do not have reason to believe that the reforms should disproportionately impact students with such characteristics.

106. While not a protected characteristic, we also recognise the importance of ensuring the proposals positively impact students from disadvantaged backgrounds. Table 4 below shows the proportion of 16 to 19 year old enrolments at level 3 who received Free School Meals (FSM) at age 15, based on whether the qualifications they are on are expected to remain in the future landscape proposals.

Table 4: Proportion of 16 to 19 enrolments at level 3 who received FSM, by future landscape classification

16 to 19 Enrolments	level 3	...excluding A levels	...of which Remain	...of which No Longer Available
% FSM	8%	10%	8%	11%

107. The table above shows that the proposals are anticipated to particularly affect students who previously received FSM, as they are more highly represented on qualifications we expect to no longer be offered, than those expected to remain.

Table 5: Proportion of 16 to 19 enrolments at level 3, by IDACI and future landscape classification

16 to 19 Enrolments	level 3	...excluding A levels	...of which Remain	...of which No Longer Available
% IDACI 1 (Most Disadvantaged)	17%	22%	18%	24%
% IDACI 2	19%	21%	19%	22%
% IDACI 3	20%	19%	20%	20%
% IDACI 4	21%	19%	21%	18%
% IDACI 5 (Least Disadvantaged)	23%	18%	22%	17%

108. Similarly, table 5 demonstrates that using the Income Deprivation Affecting Children Index⁸, enrolments on the qualifications no longer expected to remain, are more likely to be from the most disadvantaged backgrounds, than those on the remaining qualifications

109. This suggests students from disadvantaged backgrounds are more likely to struggle to achieve level 3 in future, however those who would have studied qualifications that no longer remain, and are able to achieve level 3 in the future, are likely to experience the greatest positive impact. This is due to the qualifications they study in the future landscape, delivering better skills and job market currency, relative to those they would have studied in the current landscape.

⁸ More information can be found in [Annex B](#) of this document.

110. We are exploring potential mitigations against these negative impacts, such as transition programmes to support progression to level 3 and reforms to level 2 and below, which should help to mitigate against any potential negative impact, and expect the benefits to outweigh the negative impacts.

Level 3 Landscape for Adults

Age

111. In contrast to the 16 to 19 landscape, the adult proposal is broader in the range of qualifications expected to be available in the future and has a significantly different approach to qualifications (e.g. modular, RPL). As such, 16 to 19 year olds will not have access to the same learning opportunities and styles that would be offered to adults.

112. However, we feel the differences in approach are justified, given the different general requirements of adult and 16 to 19 year old students. The landscape for 16 to 19 year olds is focused on larger programmes, aimed to either help students progress to further study, or to enter employment for the first time. For adults, a greater range of options is available as most will be in the process of upskilling, or training to focus on a new career path. In addition, smaller programmes and modular delivery of qualifications are included, to help them balance study alongside other commitments, such as employment or childcare.

113. We recognise that in some circumstances 16 to 19 year olds could also have a need for smaller study programmes, or modular study (e.g. careers). We will continue to consider ways to ensure students in such circumstances are not disadvantaged by the proposals, and will update our assessment following additional evidence, including responses to the consultation.

Disability

114. Table 6 below shows the proportion of adult enrolments who are classified as students with learning difficulties or disabilities (LLDD), on qualifications expected to continue, and not, in the future landscape at level 3.

Table 6 - Proportion of adult enrolments at level 3 with known learning difficulties or disabilities, by future landscape classification

Adult Enrolments	In Scope Adult Qualifications	...of which Technical	...of which Remain	...of which No Longer Available
% LLDD	12%	12%	12%	12%

115. The table shows an even proportion of LLDD on both qualifications expected to remain, and those expected to no longer be available. Given this, we do not expect there to be a disproportionate impact on LLDD.

116. However, we will continue to consider any potential disproportionate impacts, in light of any new evidence and further policy development.

Race (including ethnicity)

117. Table 7 below shows the proportion of adult enrolments studying at level 3 from different ethnic backgrounds, based on whether the qualifications they are on are expected to remain in the future landscape proposal.

Table 7: Proportion of adult enrolments at level 3 from different ethnic backgrounds, by future landscape classification

Adult Enrolments	In Scope Adult Qualifications	...of which Technical	...of which Remain	...of which No Longer Available
% White	80%	80%	80%	79%
% Mixed	3%	3%	3%	3%
% Asian (inc. Chinese)	6%	6%	6%	8%
% Black	5%	5%	4%	7%
% Other	1%	1%	1%	1%

118. The table highlights that adults from Asian, and particularly black ethnic backgrounds are more likely to be studying qualifications no longer expected to be available. This suggests that they are likely to be disproportionately impacted by the changes. However, those who are able to achieve on the remaining qualifications, are also those who we expect will experience the greatest positive impact, from qualifications delivering better skills and job market currency, relative to those on qualifications expected to remain.

119. Table 8 below shows the proportion of adult enrolments at level 3 whom are female, based on whether the qualifications they are on are expected to remain in the future landscape proposal.

Table 8: Proportion of female 16 to 19 enrolments at level 3, by future landscape classification

Adult Enrolments	In Scope Adult Qualifications	...of which Technical	...of which Remain	...of which No Longer Available
% Female	50%	50%	52%	71%

120. The above shows that female adult enrolments are highly represented on qualifications no longer expected to be available in the future landscape. This indicates that they will be disproportionately affected by the proposals.

121. However, those who are able to achieve on the remaining qualifications, are also those who we expect will experience the greatest positive impact, from qualifications delivering better skills and job market currency, relative to those on qualifications expected to remain.

Other characteristics

122. We do not currently have data on gender reassignment, pregnancy and maternity, religion or belief, or sexual orientation of students. We do not have reason to believe that the reforms should disproportionately impact students with such characteristics.

123. Table 9 below shows a breakdown of adult enrolments by their level of disadvantage (IDACI), and by whether their qualification is expected to be funded in the future.

Table 9: Proportion of adult enrolments at level 3, by IDACI and future landscape classification

Adult Enrolments	In Scope Adult Qualifications	...of which Technical	...of which Remain	...of which No Longer Available
% IDACI 1 (Most Disadvantaged)	25%	25%	25%	28%
% IDACI 2	22%	22%	22%	24%
% IDACI 3	19%	19%	20%	19%
% IDACI 4	17%	17%	17%	16%
% IDACI 5 (Least Disadvantaged)	16%	16%	15%	13%

124. As the table above shows, enrolments on the qualifications not expected to be available in the future are more likely to be from the most disadvantaged

backgrounds, than those that are. This means those from disadvantaged backgrounds are more likely to be impacted by the reforms.

125. Those who are able to achieve on the remaining qualifications, are also those who we expect will experience the greatest positive impact, from qualifications delivering better skills and job market currency, relative to those on qualifications expected to remain.

Annex B: Methodology and Data

126. This section outlines the methodology behind the Equalities Impact Assessment and also provides the data underlying the figures shown in the document.

Methodology

127. The ESFA approves qualifications for government funding for students aged 14 to 19. The Equalities Impact Assessment is based on a snapshot of qualifications approved for funding level 3 or below as of May 2019.

128. Each qualification is linked to enrolment information for the full 2018/19 academic year. Enrolment information is taken from the [Individualised Learner Record \(ILR\)](#)⁹ and the school census.

129. The qualifications data is also linked with learner characteristic information from ILR and the [Young Persons Matched Administrative Dataset \(YPMAD\)](#),¹⁰ also for 2018/19, to analyse enrolments by age 16 to 19 learner characteristics.

130. For learners aged between 16 and 19, enrolments are linked to Free School Meal (FSM) eligibility, Special Education Needs (SEN) and ethnic background, as recorded in the school census at age 15.

131. Information on adult (age 19+) enrolment and learner characteristics is based solely on the ILR dataset.

132. Data on level of deprivation is included for all ages. This is based on the Income Deprivation Affecting Children Index (IDACI), part of the Indices of Multiple Deprivation (IMD). The index gives a score to each postcode area representing the proportion of children under 16 in each area who are income-deprived. Scores for learners' home postcode areas are grouped into bands 1 (most deprived) to 5 (least deprived)

⁹ This is the information about students and the learning they undertake, in the further education (FE) and skills sector, that publicly funded colleges, training organisations, local authorities and employers (FE providers) must collect and return to the DfE. The ILR data source for this analysis is the final collection of 2018/19 and includes information on provision for the full academic year.

¹⁰ DfE (2020). '[Level 2 and 3 attainment in England: Attainment by age 19 in 2019: Technical document](#)'. This records information on the highest level of attainment and qualification studied each academic year matched to individual personal characteristics, as recorded in the school census at age 15.

133. Based on a policy proposal outside the scope of this analysis, qualifications have been grouped on whether or not they would fit into a future level 3 landscape. This analysis then looks at the 'protected' and other characteristics for young and adult learners in each qualification group.
134. Total enrolment numbers and percentages for each group are shown in tables in the following section.

Data Tables

Table 10: Total number of age 16 to 19 enrolments for different level 3 landscape scenarios

	Level 3 qualifications expected to remain (excluding A levels)	Level 3 qualifications expected to no longer be available	All level 3 qualifications (excluding A levels)	All level 3 qualifications (including A levels)
Number of Qualifications	690	1,410	3,770	4,060
16 to 19 Enrolments	249,100	400,400	856,600	2,738,800
Female	150,900	180,900	422,800	1,481,400
White	188,100	290,100	623,400	1,922,100
Mixed	10,400	16,200	35,900	125,000
Asian (inc. Chinese)	23,000	44,200	89,600	343,300
Black	11,000	25,100	50,800	156,300
Other ethnic background	3,500	6,100	13,200	47,700
Unknown	13,100	18,600	43,700	144,400
SEN	17,800	38,900	78,000	157,100
FSM	20,700	44,200	89,700	210,600
IDACI 1 (Most Deprived)	45,500	94,400	191,000	475,000
IDACI 2	46,900	88,200	180,300	515,500
IDACI 3	48,600	78,100	166,100	534,600
IDACI 4	51,900	72,600	161,100	571,600
IDACI 5 (Least Deprived)	55,700	66,300	156,000	636,100
Unknown	600	800	2,100	6,000

Sources: Individualised Learner Record (ILR), Young Persons Matched Administrative dataset (YPMAD); School Census

Enrolments are rounded to the nearest 100; Qualification counts are rounded to the nearest 10.

Table 11: Proportions of age 16 to 19 enrolments for different level 3 landscape scenarios

	Level 3 qualifications expected to remain (excluding A levels)	Level 3 qualifications expected to no longer be available	All level 3 qualifications (excluding A levels)	All level 3 qualifications (including A levels)
Female	61%	45%	49%	54%
White	76%	72%	73%	70%
Mixed	4%	4%	4%	5%
Asian (inc. Chinese)	9%	11%	10%	13%
Black	4%	6%	6%	6%
Other ethnic background	1%	2%	2%	2%
Unknown	5%	5%	5%	5%
SEN	7%	10%	9%	6%
FSM	8%	11%	10%	8%
IDACI 1 (Most Deprived)	18%	24%	22%	17%
IDACI 2	19%	22%	21%	19%
IDACI 3	20%	20%	19%	20%
IDACI 4	21%	18%	19%	21%
IDACI 5 (Least Deprived)	22%	17%	18%	23%
Unknown	0%	0%	0%	0%

Table 12: Total number of adult enrolments for different level 3 landscape scenarios

	Level 3 qualifications expected to remain (excluding A levels)	Level 3 qualifications expected to no longer be available	All level 3 qualifications (excluding A levels)	All level 3 qualifications (including A levels)
Number of Qualifications	1,090	490	3,770	4,060
Adult Enrolments	160,600	38,400	260,900	265,100
Female	82,800	27,100	129,400	131,600
White	128,500	30,500	210,500	212,900
Mixed	4,200	1,100	7,000	7,300
Asian (inc. Chinese)	9,400	3,000	16,400	17,200
Black	7,200	2,800	12,900	13,400
Other ethnic background	2,100	500	3,600	3,800
Unknown	9,300	500	10,400	10,500
LLDD	18,800	4,800	32,000	33,100
IDACI 1 (Most Deprived)	40,000	10,800	64,300	65,400
IDACI 2	35,800	9,100	57,500	58,500
IDACI 3	31,500	7,400	50,500	51,300
IDACI 4	27,400	6,000	44,600	45,300
IDACI 5 (Least Deprived)	24,300	4,900	41,500	42,000
Unknown	1,600	200	2,400	2,400

Table 13: Proportion of adult enrolments for different level 3 landscape scenarios

	Level 3 qualifications expected to remain (excluding A levels)	Level 3 qualifications expected to no longer be available	All level 3 qualifications (excluding A levels)	All level 3 qualifications (including A levels)
Female	52%	71%	50%	50%
White	80%	79%	81%	80%
Mixed	3%	3%	3%	3%
Asian (inc. Chinese)	6%	8%	6%	6%
Black	4%	7%	5%	5%
Other ethnic background	1%	1%	1%	1%
Unknown	6%	1%	4%	4%
LLDD	12%	12%	12%	12%
IDACI 1 (Most Deprived)	25%	28%	25%	25%
IDACI 2	22%	24%	22%	22%
IDACI 3	20%	19%	19%	19%
IDACI 4	17%	16%	17%	17%
IDACI 5 (Least Deprived)	15%	13%	16%	16%
Unknown	1%	0%	1%	1%



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