



Department  
for Business  
Innovation & Skills

**GETTING THE JOB DONE: THE  
GOVERNMENT'S REFORM PLAN FOR  
VOCATIONAL QUALIFICATIONS**

MARCH 2014

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# Ministerial Foreword



If this country is to have a vibrant and growing economy, it is vital that our education and skills system helps and encourages people to acquire new competences and abilities and to develop further those they have. Vocational qualifications play an important part in this. At their best, they both communicate an individual's competences in a clear and reliable way and can act as signposts for the progress he or she has made. However, a vocational qualifications system which is confusing or contains qualifications of doubtful value will not deliver these benefits.

A series of reports and studies have shown that parts of the system we have inherited are not delivering and are in need of reform. This document describes the steps we have already taken to reform the use of vocational qualifications in full-time education and training, in particular through the development and introduction of Tech Levels. It also describes the way in which employers are taking the lead in developing new Apprenticeships which deliver the full range of competences they need from a successful and productive employee, both now and in the future. Our task is now to ensure that the rest of the vocational qualifications system is of similar quality and has equal endorsement, and that the picture as a whole is a coherent one.

This extends not only to the content of qualifications themselves, the standards on which they are based and the ways in which they are developed and assessed. It also applies to the types of qualifications Government chooses to fund and whether a qualification is the right mechanism to achieve the aims we are seeking. The paper discusses both these issues.

The paper summarises where we have already taken action and provides a time-line for the introduction of our reforms in England. It also sets out new policy initiatives which will take forward our reforms in new areas, particularly building on the review of Adult Vocational Qualifications led by Nigel Whitehead of BAE Systems. Finally, it presents some ideas for future reforms, including the way we currently fund the development and delivery of skills and competences relating to employability. We intend to develop our policy approach in these areas over the coming months, and we will be engaging with awarding organisations, providers, employers and learners as part of this process.

We are engaged in a project which is aimed at transforming the vocational education and training system, making it fit for purpose in a world where skills needs, and the way that provision can be delivered, are changing all the time. This document maps out the next steps in this project and how they may be taken forward by us and our partners.

A handwritten signature in blue ink, which appears to read 'Matthew Hancock'. The signature is fluid and cursive.

**Matthew Hancock**  
**Minister for Enterprise and Skills**

# Executive Summary

## Chapter One: The Government's Reform Programme

If qualifications are to be effective, it is essential that they are both rigorous and responsive. A rigorous qualification has high quality, and ensures that an individual is stretched, needing to show the full range of competences required for a task. A responsive qualification responds to individual need and employer demand, and helps to get people into work and to progress their careers.

The current qualifications system is complex and difficult for individuals and employers to engage with. This reduces the capacity of qualifications to act as a clear and reliable signal of competence, and can lead to the development of qualifications which have no real value in terms of employment or progression. Government has also attempted to use qualifications as proxies for progression in learning. In a system where there is no clear measure of an individual's starting-point, it is doubtful whether they are capable of performing this role effectively.

In response to these problems, Government has commissioned and acted on a series of fundamental reviews:

- A review by Professor Alison Wolf on vocational education for 14-19 year olds in England. This found that many vocational qualifications had low labour-market value and employer recognition. The review recommended funding coherent study-programmes rather than qualifications, and that only substantial qualifications with clear employer endorsement should be recognised in performance tables.
- A review of Apprenticeships by Doug Richard, which recommended a move away from Apprenticeship frameworks based on groups of qualifications towards a more holistic approach driven by high-level standards – which define the things an Apprentice should be able to do and know – developed by employers in specific sectors;
- Rigour and Responsiveness in Skills, a Government document which summarised the responses to the Wolf and Richard reviews and identified key priorities for reform of the skills system.
- The Commission on Adult Vocational Teaching and Learning, led by Frank McLoughlin (Principal of City & Islington College), which emphasised the role of qualifications as a “kite-mark” of the quality of a learning programme and emphasised the importance of curriculum and programme design; business and employer engagement and flexibility for locally tailored elements to sit alongside any national core curriculum.
- The review of the adult vocational qualifications system led by Nigel Whitehead of BAE Systems. This found the current system to be over-complex and lacking in clear accountability structures and recommended that the regulation of the qualifications should be strengthened to focus vocational qualifications more clearly on the needs of employers and individuals

Some key messages have emerged from all this work:

- Regulatory, funding and accountability arrangements should be designed to deliver training and qualifications which clearly lead to progression into a job or further study.
- Employers should have greater ownership of occupational standards and qualifications. Wherever possible, their involvement should be direct, rather than through intermediaries.
- The design and assessment of a qualification should reflect the best research and international practice. Assessment methods must be independent whenever possible and credible.
- The system and its output should be clear, comprehensible and simple, and should enable and encourage innovation.
- There should be a clear rationale for what Government funds. This should include consideration of whether qualifications are the right things for Government to fund in specific circumstances and whether they are the best way of ensuring or indicating effective learning and training.

This paper builds on the earlier documents and identifies further ways in which the Government and others will be taking them forward. It sets out priorities for action to:

- Fund only the highest quality qualifications valued by employers.
- Align the different parts of the vocational education system.
- Ensure that qualifications and Apprenticeships (and the standards on which they are based) are relevant, rigorous and recognised as having value by business and learners.
- Ensure that innovation and new technology are encouraged and supported.
- Identify those qualifications in maths and English which best enable adult learners to progress to GCSE standard.
- Develop a clearer rationale for what qualifications we support through public funds.
- Move towards more qualifications which are graded.

And, over the longer term:

- For Ofqual to undertake reforms to the current regulated vocational qualifications system.

- To consider how to support learning that does not lead to formal qualifications, and whether funding of qualification achievement is the best way of funding training in all circumstances and for all learners.

As part of this simplification process, the Government wants better alignment between qualifications (at 16-19 and 19 plus) and Apprenticeships. High-quality vocational qualifications available to 16-19 year olds (Tech Levels) will also be funded for some adult learners. Both Tech Levels and reformed Apprenticeships will have explicit backing from relevant employers and trade bodies, will be graded and will benefit from an increased use of external and independent assessment.

National Occupational Standards (NOS) are used throughout the UK and underpin many vocational qualifications. The review of the adult vocational qualifications system found that “NOS tend to prescribe outcomes to a degree of detail that can restrict assessment for awarding organisations and delivery for training providers” and recommended that the system should “move over time to a less prescriptive outcome-based standard, rather than continue with a tightly prescribed centralised approach”.

It is important to ensure that there is maximum synergy between work on developing new NOS and the development of new Apprenticeship standards. Means for achieving this are discussed in section 3.3 of the document.

## Chapter Two: Reforms already underway

### 16-19 Vocational Qualifications

In future only high value vocational qualifications will be recognised in performance tables for 14-16 year olds and 16-19 year olds.

Reforms of vocational qualifications taken by 14-16 year olds have now been completed. For the last three years, the Government has published a list of the vocational qualifications which will be reported in 14-16 performance tables and used to measure school and college standards. These are used to incentivise the provision of high value vocational qualifications which will be reported in performance tables for the first time in January 2015.

The same approach is being taken for level 3 qualifications (level 3 equates to A level) taken by 16-19 year olds. In the first annual list of level 3 vocational qualifications approved to count in the 2016 performance tables, qualifications are categorised as either Tech Levels (which provide entry directly or via further training to an occupation) or Applied General qualifications (which provide more general study of a vocational area of discipline <sup>1</sup>).

To be included in the list, these qualifications have had to demonstrate that they are rigorous and support progression into further study or employment. In the case of Tech Levels this includes recognition from employers. Examples of firms backing Tech Levels

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<sup>1</sup> <https://www.gov.uk/government/publications/vocational-qualifications-for-14-to-19-year-olds>

include John Deere, Lovell, Procter and Gamble and Kawasaki. In future Tech Levels will also have to have employer involvement in their delivery.

In some trades or jobs, larger level 2 qualifications provide the main entry route. The characteristics they will need to demonstrate are likely to be very similar to those required for Tech Levels, including evidence of employer recognition, occupational purpose and confirmation they provide and support progression to related employment or further training.

## Skills Funding Agency

Following its 2012 annual review of the publicly-funded qualifications offer, in July 2013 the Skills Funding Agency removed from public funding 1,800 qualifications which had low or no publicly funded enrolments. At the end of January 2014, the Agency announced that a further 1,000 qualifications with low demand are to be removed. This is the first stage in streamlining the publicly-funded qualifications offer.

The Agency is now implementing a new set of business rules for the approval of qualifications for funding, which took effect from January 2014 and which support the longer-term direction of this reform plan. The rules reflect Department for Education requirements for vocational qualifications in order that the offers for young people and for young adults are more closely aligned. But, recognising that adults can also have different needs, aspirations and ambitions, the rules also build on the principles of the review of Adult Vocational Qualifications. Qualifications which already meet Department for Education requirements or respond to a government priority will automatically be approved, but other than this, qualifications will need to meet the new rules in order to be approved for Government funding.

These rules cover size, purpose and employer recognition for new qualifications; and proven track record and progression for existing ones to stay in funding. By 1 November 2014, all qualifications will need to meet all of these rules. The new rules will result in a more employer driven, robust and streamlined offer with a further 5,000 qualifications in scope to be removed as part of confirming the 2014/15 offer.

During the course of 2014/15 the Agency will monitor the impact of the new rules in order to ensure that an appropriate balance is maintained between:

- (i) qualifications which clearly signal and support vocational and occupational skills and progression; and
- (ii) qualifications which, for some adults in some circumstances, offer the support required and incentive needed to re-engage with learning and training and build the confidence needed to operate effectively and independently in life and work.

As part of its annual review for 2014 the Agency will report on the impact of its new business rules to Ministers.

During 2014 the Agency will also review the qualification offer at Entry and level 1 in order to ensure that where qualifications are approved and available, their achievement can act as recognised and transferable currency for the individual. Linked to this, the Agency has also completed a review of the non-regulated provision it funds. It will align its work on



reviewing the qualifications offer at Entry and level 1 and non regulated provision to ensure that, for learners at this level (who may need support in overcoming barriers to the world of work and re-entering learning) the available offer provides maximum opportunity for achievement and progression. This will also support the work around different approaches for different types of learners outlined in section 3.4 of this document and the Agency will report on this work, via its Qualifications Advisory Group, during the spring and summer 2014.

As part of the review of non-regulated provision, the Agency is recommending that English and maths non-regulated provision which is not part of a regulated framework should be removed from funding as well as non-regulated vocational provision. The Agency will continue to fund non-regulated provision for learners with learning difficulties and ESOL learners.

### Apprenticeship reform

Existing Apprenticeship frameworks are being replaced by new employer-designed Apprenticeship standards. There will be higher expectations for English and maths within Apprenticeships, a 12 month minimum duration regardless of age or prior experience, more assessment at the end, and the introduction of grading. Eight Trailblazers have been formed already, through which leading employers are coming together to design the first new Apprenticeship standards for their sectors. Further phases of Trailblazers will develop standards over the next few years, and by 2017/18 all new Apprenticeship starts will be working towards standards, rather than frameworks.

The transition will be staged to ensure we continue to build on the best aspects of the current approach and grow the number of employers and Apprentices benefitting from the programme.

### English and maths

English and maths GCSEs are being reformed, and the new specifications will be taught for the first time from September 2015. They will be rigorous qualifications, capable of being achieved by the vast majority of students. They will provide a strong foundation for progression to further academic and vocational study. They will include assessment of skills such as spelling, grammar and problem solving, so that employers can be confident that young people with these GCSEs have demonstrated important skills that will be of value in the workplace.

Our ambition is that once the new GCSEs are available they will replace other qualifications as the single gold-standard for literacy and numeracy at level 2. We will review assessment requirements for level 2 and for progression towards that standard over the spring, summer and autumn of 2014.

### Higher level skills and progression

The Government will be building on its earlier work to encourage progression by developing the concept of career pathways, in which each step provides a basis for proceeding to the next level. The basic principles are:

- Qualifications will be sufficiently rigorous and broad that they provide a strong basis for progression.

- Universities should be engaged (where possible and appropriate) in the design and approval of vocational qualifications.
- Where a current qualification does not provide a basis for progression to the next level, it should be broadened or deepened or an intermediate step should be developed.
- Funding should support progression.
- We should work with employers to encourage the development of career pathways.

### Outcome-focused success measures at qualification level

Whilst the achievement of qualifications is clearly important, emphasis also needs to be given to the outcomes of learning – whether individuals enter or progress in the labour market, and whether they make progress within learning. Currently, the FE Choices website sets out comparable information at provider level.

Our aim is to build on this by creating a set of outcome measures which show destinations into employment and further learning; progression within learning; and earnings change. In the first instance we intend to publish experimental data at provider level in July 2014. BIS are exploring how matched data can be also presented at qualification level, enabling learners and employers to make more informed choices.

### Open and accessible information

The review of Adult Vocational Qualifications highlighted the need for simple, accessible information about the vocational qualifications on offer. Different qualification databases are used by different organisations for different purposes and although they may all hold similar information, it is not clear how they relate to each other. Nor is it easy for employers and learners to navigate such databases. Ofqual and the Skills Funding Agency, in collaboration with the UK Commission for Employment and Skills, will work together to see how respective databases can better connect and whether a single point of access is appropriate and practical. They will take this forward during 2014.

## Chapter Three: What next for vocational qualifications

### Design principles for vocational qualifications and improving the regulatory system

Effective regulation of qualifications helps to give confidence to users that standards are maintained and qualifications are valuable. The market alone will not necessarily secure qualifications meeting these criteria. Regulation is voluntary, but significant numbers of awarding organisations choose it because it gives users (including Government) confidence in the qualifications.

Government relies increasingly on the assurance provided by the regulator on the standards, responsiveness and integrity of the qualifications. Ofqual is developing its regulatory approach to respond to this, building on the recommendations of the review of Adult Vocational Qualifications. It will be holding awarding organisations clearly to account

for the quality and integrity of their awards and taking strong action where awarding organisations do not meet regulatory requirements.

Ofqual is issuing a statement about the role of regulation in driving up the quality of vocational qualification and its plans for reviewing the current system in parallel with this document.

### **Principles for Government Funding of Adult Vocational Qualifications**

Rigour and Responsiveness in Skills and the Skills Funding Statement 2013-2016 set out government priorities, which remain Traineeships, Apprenticeships, higher standards and better qualifications.

The Skills Funding Agency's new business rules begin to streamline and refocus the qualifications. However, we need to be clear about which other vocational qualifications we will support for adults outside of Tech Levels and Apprenticeships and what their purpose and characteristics should be.

The Skills Funding Agency will not change the current funding matrix approach in advance of the outcomes of Ofqual's review of the Qualifications and Credit Framework. However, once the outcomes of the review are clear the Agency will review the current approach. In doing so, it will consider two aspects. The first is the design of the qualifications themselves in terms of:

- Size
- Structure
- Assessment
- Purpose and use
- Relevance and
- Recognition.

The Skills Funding Agency will work closely with Ofqual to look at these principles, including clarifying roles and responsibilities, considering incentives and risks, and aligning systems.

The second aspect is the totality of the offer, how it is used and who is using it. Relevant considerations include:

- How far the offer supports employer responsiveness
- The right approach to learner eligibility
- Matching qualifications to learners
- Prioritising certain sectors or levels

- Incentivising innovation and use of technology
- Developing key performance indicators.
- How far the publicly funded offer shapes the wider skills market

This work will allow us to ensure that we have the correct balance of qualifications which are clear in terms of their purpose and use, high quality, responsive both to employer and sector needs, and deliver meaningful and transferable currency for learners.

### **The development of future occupational standards**

The UK Commission for Employment and Skills is already working to define the characteristics of new, higher-level occupational standards, along the lines recommended in the review of Adult Vocational Qualifications. At the same time, the Apprenticeship trailblazers are developing new standards for the occupations they cover.

In order to get maximum value from the effort that employers have put into developing new Apprenticeship standards, the Government believes that these should form the basis of any new National Occupational Standards that are developed. We are asking the UK Commission for Employment and Skills to make sure that any new NOS which are produced draw on the content of the relevant new Apprenticeship standard.

### **Different approaches for different types of learners.**

In some cases, in order to draw down funding, providers need things to be developed and assessed as qualifications which should not need such accreditation, such as participation in work experience. Funding qualification achievement, rather than progression or job outcomes, narrows provision and can damage confidence in qualifications which support progression and provide meaningful signals of attainment to employers. A very large number of qualifications exist under the current offer, which is a logical consequence of a public funding system that uses them as a main proxy for all achievement and learning.

We need therefore to review thoroughly how the offer to unemployed people can achieve its core objectives of moving people towards employment and giving them the skills to gain and sustain work. We need to examine the case for retaining a link between funding and qualifications according to different types of learning and different types of learner. We will explore the scope for defining robust outcomes from learning which could replace qualification achievement.

This will involve substantial work: establishing the right set of measures; looking at different models of payment-by-results; and finding the right place for such a mechanism within the wider system. We have already begun a process of dialogue with employment and skills providers to consider the positive outcomes we are trying to deliver through the pre-employment offer. Over the next year we hope to work closely with the sector to develop this work and to assess the role funding can play in incentivising these positive outcomes.

## Technology

It is important that our support for qualifications and training encourages new ways of applying technology to the learning process. We said in the Skills Funding Statement<sup>2</sup> that we will look at applying an 'online only' funding rate where providers are innovating with online delivery. The Skills Funding Agency will work with the FE sector, focussing through their business rules on a specific range of qualifications where we can test out funding approaches to online delivery. Further work will be needed to understand some of broader challenges and opportunities around learner access, infrastructure, and the potential use of the Personal Learner Record.

Ofqual and the Skills Funding Agency have been asked to jointly lead a feasibility study into providing a single point of access to qualification databases. This will look at users' precise needs, and whether a single, front facing access to the databases can be delivered, what the resource implications would be, proposals for addressing issues, the services that can be offered to which user groups and a timescale for when any new model could be introduced. Interim findings will be presented in the summer with final recommendations at the beginning of autumn.

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<sup>2</sup> <https://www.gov.uk/government/publications/skills-funding-statement-2013-to-2016>

# Chapter One: The Government's Reform Programme

## 1.1 The Role of Vocational Qualifications and Principles for Reform

1.1.1 Effective qualifications allow people to record their achievements and to signal these to others. This is particularly important in the vocational field. A person's chances of getting a job may well depend on an employer understanding what a qualification stands for in terms of what standard the holder of the qualification has met, and the relevance of this standard to industry. If any of these elements is missing, the qualification will not realise its full value. Our two objectives are rigour and responsiveness: rigour to ensure high quality and that every individual is stretched, no matter what their starting-point; and responsiveness to individual need and employer demand, so that training helps people to get work and progress their careers.

1.1.2 Employers, alongside learners, are meant to be the customers of the system but in practice it is complex and difficult for them to understand, with little effective ownership from businesses, young people or adults. It has delivered too many qualifications which have little impact on learners' work or progression prospects. The system has also relied on qualifications as an indication of both competence and progression, when it is not clear whether current qualifications are capable of doing either job effectively.

1.1.3 In the current system, qualifications act as a proxy for the development of skills and competences. People achieving qualifications are assumed by the system to have increased their skill-levels significantly, and Government funding is triggered as a consequence. However, a system which uses qualifications in this way, particularly one in which a learner's starting point is not always measured effectively, can be subject to manipulation and perverse incentives. In order to trigger funding, there is an incentive to enter people for qualifications which involve little or no progression from the level of skills they already have. A system of this kind could lead to expenditure for minimal skills gain. The Government is determined to prevent this, and to incentivise high-quality training and value for money.

1.1.4 As a first step towards reform, the Government asked Professor Alison Wolf to review vocational education for 14-19 year-olds. In her report, published in 2011, Professor Wolf emphasised the need to establish successful pathways into employment or higher education, and that the system must support this.

1.1.5 Professor Wolf found that while degrees and other academic qualifications (like A levels and English and maths GCSEs, professional qualifications and qualifications gained through work) had high wage returns, many vocational qualifications had low labour market value. Professor Wolf suggested around 350,000 16-19 year olds were working towards vocational qualifications which were of limited value to them and not recognised by employers. As a result, by the age of nineteen these students found themselves with very few employment or further training options.

1.1.6 She emphasised the importance of coherent programmes of study including English and mathematics as well as high-quality vocational qualifications designed in collaboration with business and delivering competence in an occupation. As a consequence of this, she recommended ending funding each qualification in favour of funding a student's programme of study. The Government accepted Professor Wolf's recommendations in full, and this has driven our reforms to vocational education for 14-19 year olds, with the aim of helping learners access qualifications that have genuine labour market value, incentivising more rigorous qualifications and ensuring that learners at 19 have the skills and knowledge they need to access employment or further study. Section 2.2 briefly describes the new programmes of study and associated qualifications introduced by the Department for Education as a response to Professor Wolf's report.

1.1.7 The second element of reform was the Richard review of Apprenticeships, published in 2012. Like Professor Wolf, Doug Richard stressed the importance of a system which enables real progression, and involves employers more fully. He proposed the refocusing of Apprenticeships, so they would be based on standards designed by employers which set out what an Apprentice should be able to do and know at the end of their Apprenticeship. He considered that Apprenticeships based on groups of qualifications organised into frameworks obscured this holistic vision. His report called for a move from a system focusing on box-ticking, with no clear means for measuring development and progress, to one based on the acquisition of new knowledge and skills with greater employer involvement in judgements of competence at the end of the Apprenticeship. The Government accepted the principles of Doug Richard's review, and section 2.3 summarises the steps we have taken to reform Apprenticeships.

1.1.8 In April 2013, the Government provided a further explanation of its plans to update the skills system in the document *Rigour and Responsiveness in Skills*. This set out the progress made up to that time on implementing the reforms proposed by Alison Wolf and Doug Richard, and discussed some basic principles for qualification reform stemming from their work. These were:

- Delivery of a broad mix of learning, including literacy and mathematics, especially for younger learners;
- Effective employer involvement in the design and validation of qualifications; and
- On the design of qualifications, a move away from the current inflexible and process-driven approach, based on detailed National Occupational Standards.

1.1.9 The document also discussed problems with the present adult skills system. The current vocational qualifications system - the Qualifications and Credit Framework - contains more than 15,800 qualifications, of which more than 11,000 are within the scope of public funding. However, many of these have had little or no publicly-funded use and nearly 3,000 have now been removed from the scope of public funding. *Rigour and Responsiveness* set out the Government's intention to review how adult vocational qualifications could be reformed to secure greater employer ownership, become more purposeful and deliver better value for money and its continued ambition to reduce radically the number of qualifications funded within the current system.

1.1.10 The Commission on Adult Vocational Teaching and Learning (CAVTL), chaired by Frank McLoughlin, Principal of City & Islington College, published its report in March 2013. It argued that the principles of curriculum development and pedagogy must underpin excellent vocational teaching and learning. However, whilst it recognised that



qualifications play an important part in the English system for employers, individuals and society more generally, it advocated turning the current way of doing things on its head and returning qualifications to being the kite-mark of a learning programme, not the definition of a curriculum. This, the Commission believed, requires putting the focus back on curriculum and programme design; re-invigorating business and employer engagement in the process; and creating flexibility for locally tailored elements to sit alongside any national core curriculum. The Commission argued that this will ensure employers get the skills they need, whilst strengthening links between on and off the job elements of vocational programmes

1.1.11 Rigour and Responsiveness and CAVTL led in turn to a review of the Adult Vocational Qualifications system led by Nigel Whitehead of BAE Systems and published in November 2013. This looked at the characteristics appropriate to a regulated adult vocational qualification whether or not it is funded by public money. The report maps the current adult vocational qualification system and finds it both over-complex and lacking in clear accountability structures. Drawing on a wide range of evidence (including from CAVTL), Nigel Whitehead recommended that regulation of the qualifications market by Ofqual should be strengthened to focus vocational qualifications more clearly on the needs of employers and individuals. In particular, he recommended that:

- Awarding organisations offering vocational qualifications should be obliged to engage more actively with relevant employers in the design and development of vocational qualifications, and require training providers offering their qualifications to work with employers locally to support delivery
- The future model for occupational standards should articulate the ambitions of employers for their workforce clearly in a “high level outcome-based standard”, and be the same for adult vocational qualifications, Apprenticeships and Tech Levels (and in future qualifications which provide occupational entry at level 2);
- New design principles for vocational qualifications should be developed, giving qualifications a clear identity and facilitating innovation by removing barriers such as the requirement to use a prescribed unit format and share units
- Awarding organisations and providers should report on the impact of their qualifications to their customers;
- Qualifications databases should have a single point of access and should be easily accessible to those without knowledge of the technical language of vocational qualifications ;
- The qualifications system should encourage rather than inhibit the use of new technology.

The Government welcomed the report and agreed with these principles.

1.1.12 Throughout this process, a series of key principles emerge which unify our approach to vocational qualifications across the board – among under 19s, adults and in Apprenticeships:

**A: The regulatory, funding and accountability arrangements should be designed to deliver training and qualifications which clearly lead to progression into a job or further study. The system should be able to enable real progression, rather than simply encouraging the recognition of existing knowledge or ability.**

**B: Occupational standards developed by employers should be based on the real needs of businesses (of all different sizes), and should recognise the difference**



between occupational and pre-occupational training. Business input should not be delivered only through intermediaries. Direct employer sign-off of qualifications is important. There should be a clear line of sight from simple employer-owned occupational standards to the training and qualifications that are assessed against them.

**C:** The way that competence is assessed in a qualification is important in determining its credibility. The design and assessment of a qualification should reflect the best research and international practice. Assessment methods must be independent whenever possible and credible. If the training or qualification is about being competent in an occupation, the assessments must provide evidence that each individual assessed can achieve the standard consistently.

**D:** The system and its output should be clear, comprehensible and simple. It should enable and encourage innovation in design and delivery. Differences between the various types of vocational qualification should exist only where necessary, for example to reflect the needs of different employers in a sector, or different levels of maturity or exposure to work.

**E:** There should be a clear rationale for what Government funds. As well as meeting all the above principles, the Government offer should add value, and it should only fund qualifications where these are the best instrument for achieving its policy goals.

**F:** There should be a rationale for where qualifications are required or beneficial for those wishing to access public funding, and when they are not the best way of ensuring or indicating effective learning

1.1.13 This paper builds on the earlier documents and identifies further ways in which the Government and others will be taking them forward. It summarises the actions we have taken so far to reform the qualifications and Apprenticeship systems, and sets out priorities for immediate action to:

**Align the different parts of the vocational education system (pre-19 and adult qualifications; Apprenticeships) to ensure that they follow consistent basic and design principles, whenever possible and appropriate, and do not generate unnecessary bureaucracy or conflicting requirements.**

**Ensure that all future qualifications and Apprenticeships, and the standards on which they are based, are relevant, rigorous and recognised as having value by business and learners, with business having a real input into their design, development and delivery- in line with the principles of the Adult Vocational Qualifications Review.**

**Ensure that innovation in the delivery of future qualifications and Apprenticeships is encouraged and supported.**

**Identify those qualifications in maths and English which are recognised as rigorous and valid, and best enable adult learners to progress to level 2 and achieve GCSE at grades A\*-C.**

**Build on the Skills Funding Agency's work on business rules for government-funded qualifications under the current system, developing a clearer rationale for what qualifications we support through the investment of public funds in which**

**circumstances and for which learners in a reformed system, and ensuring that the system delivers real skills gain in return for government investment.**

And, over the longer term:

**Ofqual, the qualifications regulator, which has been reviewing the regulatory arrangements for vocational qualifications, to set out its plans for reform to secure standards, high quality, valid assessments and responsiveness to the needs of users, and facilitate innovation, efficiency and value-for-money of qualifications.**

**To consider how to support valuable learning that does not lead to formal qualifications, eg, short employability training for the unemployed, and whether funding qualification achievement is the best way of supporting providers to offer high quality and relevant training leading to real progression.**

**To consider whether more qualifications should be graded, so that learners can demonstrate a level of excellence as well as competence.**

## **1.2 Principles of alignment between different elements of the system**

1.2.1 The Government's reforms to Apprenticeships and vocational qualifications for young people and adults share common aims: to drive up quality, to ensure effective employer engagement in design, delivery and assessment, and to provide accessible routes into employment.

1.2.2 The guiding principles are:

- To simplify the vocational education offer, so employers and individuals can make better and more informed choices.
- To better align qualifications and Apprenticeships with employers' skills needs.
- To recognise and fund only high-quality and rigorous qualifications and Apprenticeships.

1.2.3 We have already confirmed that the high-quality vocational qualifications available to 16-19 year olds (Tech Levels) will also be available for adult learners.

1.2.4 We have also confirmed that Tech Levels and reformed Apprenticeships must meet similar criteria such as grading, recognition from relevant employers, trade bodies or HEIs and an increased use of external assessment.

1.2.5 There will be clear links between Apprenticeship standards, Tech Levels and equivalent level 2 qualifications – for example, Tech Levels should relate to the equivalent Apprenticeship where relevant. English and maths requirements will be a feature in 16-19 provision, Apprenticeships, traineeships and funding continues to be available to support achievement of qualifications up to and including level 2 qualifications by adults who have not yet got these.

## 1.3 Occupational Standards

1.3.1 Many vocational qualifications are underpinned by National Occupational Standards (NOS), which are used by all the nations of the United Kingdom and to support labour mobility into Europe. This degree of commonality is important, since many employers operate throughout the UK and want to use qualifications which have been developed to common standards. The standards are procured on behalf of the four nations by the UK Commission for Employment and Skills and developed by a range of different bodies, including professional bodies and sector skills councils. They are intended to summarise the competency requirements for an occupation in such a way that they can be used to develop qualifications capable of robust assessment. There are currently around 940 of these standards, covering 56% of the occupations in the Standard Occupational Classification.

1.3.2 The review of the adult vocational qualifications system, discussed at 1.1.11 above, found that “NOS tend to prescribe outcomes to a degree of detail that can restrict assessment for awarding organisations and delivery for training providers” leading to a tick-box approach and making it difficult for providers to customise the curriculum to meet local needs. The report recommended that the system should “move over time to a less prescriptive outcome-based standard, rather than continue with a tightly prescribed centralised approach”.

1.3.3 At the same time, as discussed at paragraphs 1.1.7 and 2.3.2, employers have started to develop new Apprenticeship standards, with work in eight Trailblazer sectors underway. It will be important to ensure that there is maximum synergy between the work on developing new NOS and that on Apprenticeship standards, and this issue is discussed in section 3.3 below. It will also be important that these standards have genuine buy-in from employers, and do not stifle innovation or the responsiveness of qualifications to the needs of different employers in a sector.

# Chapter Two: Reforms already underway

## 2.1 16-19 vocational qualifications

2.1.1 In line with Professor Wolf's recommendations, in future only high value vocational qualifications, which meet pre-defined characteristics, will be recognised in performance tables for 14-16 year olds and 16-19 year olds.

2.1.2 We have now completed the reforms of vocational qualifications taken by 14-16 year olds. For the last three years we have published a list of the vocational qualifications which will be reported in performance tables and used to measure school and college standards. These, rather than funding, are used to incentivise the provision of high value vocational qualifications. These will be reported in performance tables for the first time in January 2015.

2.1.3 We have now taken the same approach for level 3 qualifications (level 3 equates to A level). The first annual list of approved vocational qualifications meeting interim requirements was announced in December 2013, ahead of teaching from September 2014<sup>3</sup>. Qualifications have been approved as either 'Tech Level' or 'Applied General'. Categorising qualifications in terms of their purpose and progression routes helps students to identify where a qualification is likely to lead. Without clarity about the types of vocational qualification on offer, and where they can lead, it can be very difficult for a student to make an informed choice about which qualifications best match their career goals.

2.1.4 Tech Levels are for students wishing to specialise in a specific technical occupation or occupational group. Applied General qualifications are for students wishing to continue their general education at advanced level through applied learning. All Tech Levels are backed by at least 5 employers or a relevant industry body. Examples of firms backing Tech Levels include John Deere, Lovell, Procter and Gamble and Kawasaki.

2.1.5 Awarding organisations have until summer 2015 to re-develop qualifications to meet the full requirements for Tech Levels and Applied General qualifications relating to assessment, grading, progression, track record, and employer involvement (for Tech Levels only). These full requirements are to be confirmed by Government in Spring 2014.

2.1.6 The highest achievement in technical education at 16-18 will also be recognised through the TechBacc - a performance table measure based on students undertaking Tech Levels along with maths beyond GCSE and an extended project qualification. From September 2015 a smaller maths qualification, known as 'Core Maths', will be available and will count towards the TechBacc measure. Core Maths has been designed for

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<sup>3</sup> <https://www.gov.uk/government/publications/vocational-qualifications-for-14-to-19-year-olds>

students who got a grade B or C at GCSE and want to develop a more practical approach to the use of maths than those taking A level or AS maths.

2.1.7 The TechBacc measure is intended to encourage ambitious, talented students to pursue a technical career and give them the opportunity to be stretched and demonstrate their personal best. Recognising excellence will end the perception that vocational education is a poor second to academic study and encourage the development of high-value qualifications and demanding technical study programmes.

2.1.8 We have also consulted on the publication of performance measures relating to larger level 2 qualifications taken by 16-19 year olds which provide entry to an occupation, just as we have done for qualifications taken by 14-16 year olds and level 3 qualifications for 16-19 year olds. Larger level 2 qualifications provide the main entry route for a number of trades and job roles, so we anticipate the characteristics they need to demonstrate will be very similar to those required for Tech Levels. They will need evidence of employer recognition and have a clear occupational focus and support progression into an occupation or further training.

2.1.9 Taken together, these reforms will identify existing high value vocational qualifications from 14 to 19, spur the development of new vocational qualifications and provide students in England with a respected, high status vocational training route to help them compete in the global race and give them the skills that employers need.

2.1.10 From September 2014 Tech Levels, and from September 2015 the new approved level 2 vocational qualifications will provide the main route for entry to many professions and trades for both 16-19 year olds and adults. Employers will also be able to specify them within individual Apprenticeship standards.

2.1.11 By setting these requirements, whether through school and college performance standards at 14-19 or Skills Funding Agency funding rules post-19, we are incentivising the take-up of vocational qualifications that are of demonstrably high value, and that support progression. These reforms will give students much greater confidence when choosing their qualifications – they will know which qualifications have been recognised by employers and universities as valuable preparation for future employment or further study.

2.1.12 These changes will incentivise institutions to guide students into the most challenging and valuable qualifications, recognised by employers and meeting key skills gaps within the UK economy. They will directly address the issues raised by Professor Wolf in her Review. They build on the reform of post-16 funding and the introduction of Study Programmes from September 2013, which will ensure that all students follow a programme of study tailored to their individual needs, education and employment goals.

## **2.2 Skills Funding Agency: Low and no take-up qualifications and Business Rules**

2.2.1 The Skills Funding Agency (working with Ofqual) is already undertaking work to prepare for and support the broader programme of Vocational Qualification Reform.

2.2.2 Following its 2012 annual review of the publicly funded offer, the Agency removed 1,800 qualifications which had been available for two years and had low or no publicly

funded enrolments. These qualifications were taken out of public funding at the end of July 2013. As part of the 2013 annual review of the offer, the Agency identified a further 1,200 qualifications which again were in scope for removal because of low or no demand from employers or learners. At the end of January 2014, the Agency confirmed that just over 1,000 qualifications will be removed at the end of July 2014 because of low or no publicly funded demand. This means that we have identified nearly 3,000 qualifications which have been available for a period of two years and which have been removed from public funding because either no one is using them or their usage is very low.

2.2.3 Alongside reviewing qualifications with low demand, the Agency is implementing a new set of business rules through which they will approve qualifications for funding. These new rules took effect from January 2014 and will be used to add qualifications to the 2013/14 offer and to confirm the 2014/15 offer.

2.2.4 Although these rules are aligned to and reflect Department for Education requirements for vocational qualifications, they also build on the principle of relevant, rigorous and recognised vocational qualifications for adults outlined in the review of Adult Vocational Qualifications. This is because while we are seeking to improve the alignment of the offer for young people aged 16 to 19 and that for young adults aged 19 to 23, we also recognise that older adults may require a slightly different offer. This should allow for the improvement and updating of skills through working life, and be able to respond in a more bespoke way to the particular circumstances of some adults - including building confidence to re-enter the world of work.

2.2.5 Where qualifications already meet Department for Education requirements, or respond to a government priority, the Agency will automatically approve these for funding. Outside of this, qualifications will need to meet the new rules in order to be approved. There will be a set of rules around size, purpose and employer recognition for qualifications to enter funding and a set of rules linked to proven track record and progression for qualifications to stay in funding. Whilst there will be a period of transition for awarding organisations to ensure that their qualifications meet the rules, by 1 November 2014 all qualifications will need to meet all of the rules if they are to be included in the 2015/16 funded offer. Following the Department for Education model, the Agency has produced Technical Guidance for awarding organisations so it is clear what evidence and requirements awarding organisations have to meet in order that their qualifications can be considered for public funding for learners aged 19 and over<sup>4</sup>.

2.2.6 It is intended that the new rules, complementing the reformed regulatory arrangements that Ofqual will be putting in place, will result in a more employer driven, robust and streamlined offer, with a further 5,000 qualifications in scope for being removed from the 2014/15 offer. Applying the rules should ensure that we can focus public funding on the right things; particularly supporting those qualifications which clearly signal a level of skills achievement to employers and facilitate clear employment and progression outcomes. The rules will act as a starting point to review further both what provision government funding should support, the mix and balance of that provision and the eligibility of individuals to access it. The Agency will monitor the impact of these new rules and report back to Ministers on the rules as part of the 2014 annual review. Section 3.2

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<sup>4</sup> <https://www.gov.uk/government/collections/qualifications-approved-for-public-funding>



discusses how the Government will determine the principles for funding, what provision should be in scope, and what should be prioritised for certain learners.

2.2.7 As the Agency implements these new rules, it will be important that we also ensure the right offer for those individuals who need to access provision that is focussed on breaking down barriers to engagement and re-engagement with employment and with learning. During 2014 the Agency will review the qualification offer at Entry and level 1 in order to ensure that where qualifications are approved and available their achievement can act as recognised and transferable currency for the individual. This work will look at where the learning might be better delivered outside a qualification, taking account of and following on from the Agency's recent review of non regulated provision. The Agency will report on this work through its Qualifications Advisory Group, which brings together Government, providers, awarding bodies and business to provide advice on proposed policy developments and implementation.

2.2.8 A review of non-regulated provision (that is provision with no external awarding organisation accreditation and lying outside Ofqual regulation) took place during November and December 2013, and the Agency consulted with providers around the categories of non-regulated provision which will continue to be funded in 2014/15 and the quality assurance arrangements that providers should have in place to support such provision. The review is now complete and as a result the Agency will:

- Remove vocational and English and maths non-regulated provision on the basis that there are sufficient regulated qualifications available;
- Confirm that it will continue to fund non-regulated provision for the following categories:
  - for Learners with Learning Difficulties and/or Disabilities as part of a personalised programme of learning
  - for ESOL learners until the new suite of ESOL Skills for Life qualifications are developed and embedded in delivery.

These will be subject to new quality assurance arrangements by the mandatory application of Recognising and Recording Progression and Achievement (RARPA) standards and criteria<sup>5</sup>.

2.2.9 As the other strands of the reform programme are taken forward, including Ofqual's work following up the review of the Qualifications and Credit Framework, the Agency will review the business rules for approval of qualifications to ensure they take account of the emerging outcomes of the reform programme and remain fit for purpose. It will also report on the outcome of the review of Entry and level 1 qualifications.

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<sup>5</sup> RARPA is a 5 staged approach to quality assuring provision that is focussed on the individual rather than external accreditation.

## 2.3 Apprenticeship reform

2.3.1 On 28 October 2013 the Government published *The Future of Apprenticeships in England: Implementation Plan* which set out plans to reform Apprenticeships to make them more rigorous and responsive to the needs of employers.

2.3.2 Existing Apprenticeship frameworks will be replaced by new employer-designed Apprenticeship standards. There will be higher expectations for English and maths within Apprenticeships, a 12 month minimum duration regardless of age or prior experience, more assessment at the end, and the introduction of grading. Eight Trailblazers have been formed, with leading employers coming together to design the first new Apprenticeship standards for their sectors. Further phases of Trailblazers will develop standards over the next few years and by 2017/18 all new Apprenticeship starts will be working towards standards, rather than frameworks.

2.3.3 The transition will require legislative change and will be staged to ensure we continue to build on the best aspects of the current approach and grow the number of employers and Apprentices benefitting from the programme. The current framework-based Apprenticeships will continue to be delivered during the transition.

## 2.4 English and maths

2.4.1 A firm foundation in English and maths is essential to enable people of all ages to enjoy good employment prospects and social engagement. Employers value these skills above many others so it is critical that the qualifications in this area provide a robust assessment of an individual's knowledge and capabilities and are clearly recognised as doing so.

2.4.2 English and maths GCSEs are being reformed, and the new specifications will be taught for the first time in September 2015. They will be rigorous qualifications, capable of being achieved by the vast majority of students when teaching is good quality and adapted to different learning styles and circumstances. They will provide a strong foundation for progression to further academic and vocational study and will include assessment of skills such as spelling, grammar and problem solving, so that employers can be confident that people with these GCSEs have demonstrated important skills that will be of value in the workplace

2.4.3 Our ambition is that once the new GCSEs are available they will replace other qualifications as the single gold-standard measuring achievement at level 2 for all ages and ability levels. We will review assessment requirements for level 2 and for progression towards that standard over the spring, summer and autumn of 2014.

2.4.4 Successful delivery of the new GCSEs is highly dependent on the quality of our teachers. We recognised the importance of improving the quantity and quality of the FE teaching workforce and agreed ambitious targets in May 2013. These were backed by an investment of £15 million for bursary payments in 2013-14 and 2014-15, and a further £20m for provider grants and teacher incentives, to support the recruitment of the best graduates to train as FE maths and English teachers, and to support those with Special Educational Needs. Through the Education and Training Foundation, we are also developing and delivering new programmes to improve links between teachers and



employers; and to enhance the skills of existing maths and English teachers. These programmes will enable them to develop their skills to meet the demands of teaching maths and English up to level 3.

2.4.5 BIS intends to publish a strategy paper shortly which will set out what Government is doing to support colleges and training providers to develop their workforce. It is hoped that this will stimulate a debate across the sector on the best way for meeting the challenges and about how we should measure and demonstrate the impact of delivering on this strategy for learners and employers.

## 2.5 Higher level skills and progression

2.5.1 In the past large numbers of learners have been encouraged to take vocational qualifications which amount to dead ends, providing little basis for them to progress to higher levels of study, or to more senior roles. This is unacceptable; Government should only support qualifications which enable the individual to progress further.

2.5.2 We have already taken action at 16-18 to ensure that only qualifications which support progression are supported. As discussed in section 2.2 above, learners studying vocational subjects will either take Applied General qualifications, which will be endorsed by universities as a basis for further learning, or Tech Levels, which will be approved by employers as a demonstration of competence in an occupational role.

2.5.3 We will now go further to develop the concept of career pathways – in which each step provides a basis for proceeding to the next level. The approach will differ in different areas, but there are a number of principles that should be applied:

- Qualifications should be sufficiently robust and broad that they provide a strong basis for progression.
- Where appropriate, universities should be engaged in the design and approval of vocational qualifications (as is the case for Applied General qualifications).
- There should not be 'missing rungs' in progression ladders. Where currently a qualification does not provide a basis for progression to the next level, either it should be broadened or deepened, or we should support the development of an intermediate step which allows progression to occur.
- Funding should support progression, with support for qualifications that enable learners to get to the next level.
- We should work with employers to encourage the development of career pathways – in which employers actively encourage their staff to manage their development to maximise the use of their talents.

**Example: The Advanced Apprenticeship in Health**

Currently the Advanced Apprenticeship in Health is an entry point to becoming a Healthcare Assistant. The Apprenticeship has been designed to demonstrate the competencies which a healthcare assistant needs to effectively perform the role. However it does not support progression to the nursing profession. Nursing requires degree level study, and the advanced Apprenticeship is not accepted by universities as sufficient for entry. This is for two reasons; first the English and maths qualifications typically taken by Apprentices have been functional skills (or in the past key skills) which are not accepted by universities. Secondly the Apprenticeship does not test aptitude for underlying theoretical study, or extended pieces of writing, which are integral features of studying of nursing degree level. The result is that Healthcare assistants with the caring inclination and practical ability crucial to good nursing, and who have the potential to take their career further are not able to progress.

The solution adopted is two fold. First we are taking steps to strengthen English and maths requirements in Apprenticeships, and to promote the attainment of GCSEs rather than Functional Skills. This will strengthen the Apprenticeship's ability to support progression. However, it may not be appropriate to add sufficient theoretical study to the Apprenticeship to meet university requirements – to do so might exclude those who can perform highly as healthcare assistants but who do not have an aptitude for theoretical study.

Therefore we will introduce, using the Innovation Code, a bridging course, developed in consort with universities and NHS trusts, which will not be an integral part of the Apprenticeship, but will enable Apprentices and Healthcare assistants with the potential and drive to progress further to do so.

## 2.6 Outcome focused success measures at qualification level

2.6.1 In the past much emphasis has been placed on achievement of qualifications as the key measure of success for individuals, providers and the wider vocational education sector. Whilst this is clearly important, too little emphasis has been placed on the outcomes of learning – whether individuals enter or progress in the labour market, and whether they make progress within learning against their starting point. We want to reform this by making information freely available to allow learners, employers and providers to see the true impact of different qualifications and enable them to make a more informed choice.

2.6.2 At provider level some outcome information already exists to inform learner and employer choice. The FE Choices website sets out information at provider level. It provides comparable information to learners and employers, so that they can review and compare further education colleges or training providers offering post 16 learning and

training and make informed choices about which best meets their learning and training needs<sup>6</sup>.

2.6.3 However, we want to go further and matching government administrative datasets will provide the opportunity to improve the coverage and timeliness of data: matching BIS and DWP/HMRC data to give a clearer picture of learner outcomes. The aim is to create a set of outcome measures which show destinations into employment and further learning; progression within learning; and earnings change. In the first instance we intend to publish experimental data at provider level in July 2014, showing the destinations and progression of the 2010/11 cohort of learners. Once this data is published, we will consult on how the measures could be used in future to measure performance. Experimental data for 2011/12 learners will be published in November 2014.

2.6.4 It is also important that we extend this approach - framing success in terms of outcomes - to qualifications as well, so that learners, employers and the wider public understand the true impact of different qualifications. BIS are exploring how matched data can be presented at qualification level. These developments are in line with the recommendations made by the review of Adult Vocational Qualifications, which also proposed that awarding bodies should improve collecting data on outcomes in order to demonstrate the value of their products and enable learners and employers to make more informed choices. This work will also underpin the Skills Funding Agency's proposals that the track record of qualifications should form a part of the assessment of whether a qualification should remain eligible for Government funding (described at paragraph 2.2.5 above and section 3.2 below).

## 2.7 Open and accessible information

2.7.1 The review of Adult Vocational Qualifications highlighted the need for **simple, accessible information** about the vocational qualifications on offer. The Review drew attention to the fact that different qualification databases are used by different organisations for different purposes and that, although they may all hold similar information around qualifications, it is not clear how they relate to each other and neither it is clear or easy for employers and learners to navigate them. For instance, Ofqual's Register of Regulated Qualifications holds information about which qualifications are accredited and subject regulation by Ofqual. The Skills Funding Agency has both a Simplified Funding Rates Catalogue and the Learning Aims Reference Service, which hold information on what is often the same qualifications, where they are approved for public funding as well as the funding rates they attract.

2.7.2 Whilst we recognise that different databases do have different functions, we wish to encourage the development of a single point of entry and the facility for an employer or an individual to undertake a simple search to see what is available and where. This would make it easier both to understand and to access the regulated vocational qualifications which are available.

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<sup>6</sup> <http://fechoices.skillsfundingagency.bis.gov.uk/Pages/home.aspx>

2.7.3 Ofqual and the Skills Funding Agency, working with the UK Commission for Employment and Skills, have been asked to jointly lead a feasibility study into providing a single point of access to qualification databases. The organisations will undertake an urgent and thorough feasibility assessment of current qualification databases and how and whether they might be brought together. The feasibility study will specifically focus on the Agency's Learning Aims Reference Application and Ofqual's Register of Regulated Qualifications, but will also need to take account of other websites and databases containing information on qualifications.

2.7.4 The feasibility study will look at users' precise needs, and whether a single, front-facing access to the databases can be delivered, what the resource implications would be, proposals for addressing issues, the services that can be offered to which user groups and a timescale for when any new model could be introduced. It will also be important to ensure that in seeking to ensure databases work better together we can have a line of sight to the work of the National Careers service.

2.7.5 Interim findings will be presented in the summer with final recommendations by the end of the year. In the interim, the Skills Funding Agency will continue with its immediate work to develop a simple search facility for its current Qualifications Catalogue as part of the new business rules for approving qualifications for funding.

# Chapter Three: What next for vocational qualifications

## 3.1 Design principles for vocational qualifications and improving the regulatory system

3.1.1 Effective regulation of qualifications, whether or not they are funded by Government, helps to give confidence to users that standards are maintained and qualifications are valuable and to resist other pressures for them to be of low quality. Ultimately, effective regulation gives greater confidence that qualifications truly signal the skills and competencies they say they do. The market alone will not necessarily secure qualifications meeting these criteria and there is a public interest in trusted, valued qualifications to support and signal the development of high quality skills.

3.1.2 Regulation is voluntary – many awarding organisations choose to operate without regulation, but significant numbers choose regulation because it gives users, including Government, confidence in the qualifications they develop. It is important that any future regulatory arrangements continue to provide this assurance. However, qualifications are also used by Government as a proxy quality measure for the training that leads to them. As a matter of policy, Government only uses regulated qualifications for this purpose, and the availability of government funding is therefore a big influence on any decision by an awarding body to submit a qualification for regulation.

3.1.3 As Ofqual strengthens its regulation to improve the quality of vocational qualifications on offer, Government will increasingly rely on the assurance provided by the regulator on the standards, responsiveness and integrity of the qualifications. The decisions about what type of training to fund – whether or not based on qualifications - will then be able to focus on the sectors, levels and types of training and the types of students where it is appropriate to invest public money.

3.1.4 Ofqual is:

- Developing its regulatory approach to focus on standards and responsiveness (drawing on evidence from its review of the Qualifications and Credit Framework) building on the recommendations of the review of Adult Vocational Qualifications and creating stronger links between truly vocational qualifications and employers' needs.
- Holding awarding organisations clearly to account for the quality and integrity of their awards and the value of their qualifications.
- Taking strong regulatory action where awarding organisations do not meet regulatory requirements, for example by producing qualifications that are not at the right standard.

- Working with others to improve public information and understanding (both about qualifications and what they represent and the controls that are in place to protect users from poor quality).

3.1.5 Ofqual is saying more about the role of regulation in driving up the quality of vocational qualifications its approach and plans for reform of the current system in parallel with this document.

## 3.2 Principles for Government Funding of Adult Vocational Qualifications

3.2.1 Government funding of adult vocational qualifications is based on the principles of the funding eligibility of the individual and informed by a set of key priorities:

- Supporting adults to achieve GCSE standard in English and maths
- Supporting adults to gain the skills they need to enter and progress in work
- Supporting adults to gain the skills which signal they can undertake a specific work and adapt to and progress through changing work roles now and in the future
- Ensuring that what is funded can meet the priorities of employers.

3.2.2 The principle of government funding for adults is that full funding will be available where it is needed most. Currently this means that full government funding is predominantly targeted on supporting those who are unemployed to gain the necessary skills to enter and progress in work; supporting adults to progress towards achievement of English and maths; and supporting young adults in particular to achieve their first full level 2 or 3 vocational qualification.

3.2.3 Where the chief beneficiary of the qualification is likely to be the individual (in terms of increased wage gain) or the employer (in terms of a higher skilled or more productive workforce) then contributory government funding will apply. This applies to an older adult seeking to achieve a level 3 or level 4 qualification through a Loan or an individual who has already achieved a qualification at level 2 or 3 seeking to undertake a second qualification at the same level. Full detail of what is in scope for full government funding and what is in scope for contributory government is in the Skills Funding Statement 2013-2016 and the Skills Funding Agency Funding Rules.

3.2.4 In Chapter Two we highlighted the qualification reforms already under way, which are beginning to introduce rigour into our publicly funded offer. Alongside this, we need to ensure that these qualification reforms are matched by a set of principles which are clear about not only what is funded, but by whom, under what circumstances, how and why. Both young people and adults will require vocational qualifications which can support progression, provide access to particular occupational sectors or signal that the individual can undertake a particular work role. But how this offer is implemented may well differ and, for older adults, there may be a greater emphasis on customising aspects of that offer, without compromising quality or standards.

3.2.5 Section 2.2 began to lay out the design principles that adult vocational qualifications could be based upon, building on and extending the design principles identified in the review of Adult Vocational Qualifications and taking into account Ofqual's review of the Qualifications and Credit Framework. Ideally these principles should apply to all qualifications, irrespective of who pays for them. Similarly we expect that Ofqual's work will result in changes to the way qualifications are developed, regulated and reviewed in future, so that regulation can provide meaningful assurance to those who buy and study for regulated qualifications. But, as indicated above, at the same time as work on the design principles for adult vocational qualifications is taken forward we must also be clear about the set of principles we will use to decide what qualifications are publicly funded, who they are funded for and how they are funded. Whilst we may wish to use some of the design principles for adult vocational qualifications as part of any future funding principles, and whilst we will continue to expect all qualifications we fund to be subject to robust regulation, it will continue to be the case that funding decisions will remain separate from regulatory ones.

3.2.6 We have already taken forward reforms which will introduce a new, streamlined funding system for adults from August 2013. We will continue this programme of funding reform, looking at Apprenticeships and Traineeships in particular. But we will also need to look again at qualifications and how we fund them, where they continue to be the main offer.

3.2.7 There are two aspects to moving forward with establishing principles for government funding of vocational qualifications for adults. The first aspect is about the qualifications themselves, and which of the more general design principles for vocational qualifications are particularly important in terms of government funding.

3.2.8 Through the Skills Funding Agency's business rules and monitoring of the publicly funded offer we are already beginning to test out whether the following high level principles (drawn from both the review of Adult Vocational Qualifications and the reforms of vocational qualifications for 16 to 19 year olds) are appropriate in identifying what vocational qualifications (alongside Tech Levels and substantial level 2 vocational qualifications) should be funded and what impact these principles may have to our approach to funding qualifications:

- The **size** of the qualification and the extent to which the qualification can deliver meaningful outcomes which can facilitate work and/or progression to the next level of learning
- The **structure** of the qualification and how far the facility for a core and tailored approach (as referenced in the report of the Commission on Adult Vocational Teaching and Learning) will support greater responsiveness to local and specific employer need
- The **assessment** of the qualification and in what circumstances grading should be a prerequisite for funding
- The **purpose** of the qualification and its use in order to understand clearly what the qualification does and what it signals and the currency of the qualification for the individual and employer



- The **relevance** of the qualification in the context of government policy, including priorities relating to sectors and to learners
- The **recognition** of the qualification by employers

3.2.9 These principles encompass several strands of this work, and, in time, we would expect that strengthened regulation will be able to ensure that qualifications which are regulated reflect these broad principles, irrespective of the source of funding or the circumstances of the learner who undertakes them. As part of this programme of reform we expect the Skills Funding Agency to work closely with Ofqual around these principles, including clarifying roles and responsibilities, considering incentives and risks, and aligning systems.

3.2.10 However, the **second aspect** moves beyond looking at the characteristics of individual qualifications to the totality of the offer and how it is used and who is using it. These principles will apply irrespective of whether the funding is delivered entirely by government, through loans or through co-funding. In this respect, we want to look at a broader set of principles through which we can frame the publicly funded qualifications offer:

- How far the offer supports **employer responsiveness**, how we can encourage employers to identify and set the standards for publicly funded vocational qualifications, and how this process might work
- Whether the current approach of linking **learner eligibility** solely with level of achievement expressed through a single qualification remains appropriate and whether current eligibility rules and current qualifications are ensuring that we are supporting learners most in need of government support and that the qualifications they undertake are of high value
- Linked to the above, whether we continue to identify **certain qualifications and/or types of qualifications as available for certain types of learners only**
- Whether, as we review the mix and balance of qualifications which are publicly funded we need to **prioritise certain sectors** and certain levels and how we might do this
- How, as we review the mix and balance of qualifications which are publicly funded, we can incentivise those qualifications which can be delivered **innovatively and using technology** (we say more about this in section 3.5)
- How far the publicly funded offer actually delivers our priorities and the **key performance indicators** we will use to evaluate this, including establishing the outcomes delivered and value for money of the offer.
- How far the publicly funded offer shapes the wider skills market in which individuals and employers invest directly in their skills in order to ensure that individuals and employers have access to rigorous qualifications and information about their relative value and the impact they make



3.2.11 Taken together our work on establishing principles for funding adult vocational qualifications and for framing the offer, including being clear where we will not fund a particular qualification and why we will not fund it, will allow us to ensure that we have the correct mix and balance of qualifications which are high quality, responsive both to employer and sector needs, and deliver meaningful and transferable currency for learners. We will announce the outcome of this work and future direction of travel for the principle of government funding of Adult Vocational Qualifications in the next Skills Funding Statement, which we expect to be published towards the end of 2014.

### **3.3 The development of future occupational standards**

3.3.1 As discussed in section 1.3, the review of Adult Vocational Qualifications found that, in the future, occupational standards should be pitched at the right level of detail, and be written by the employers in each sector. We believe that there are advantages in such standards being UK-wide, so that they meet the needs of each administration and of those employers who operate in more than one nation.

3.3.2 Employers are already working together to develop high-level, outcome-based standards for Apprenticeships in eight Trailblazer sectors, with more to follow soon. The Government has given each Trailblazer the freedom to write standards which make sense for their industry and accurately describe the knowledge and competences required of successful employees in their sector. In order to get maximum value from the effort that employers have put into this work, Government believes that the new Apprenticeship standards should form the basis of any new National Occupational Standards that are developed.

3.3.3 We are therefore asking the UK Commission for Employment and Skills to make sure that any new NOS which are produced draw on the content of the relevant new Apprenticeship standard.

3.3.4 We will also look to the Commission to bring the devolved administrations fully into this process, to ensure that any new NOS which are produced meet the needs of all parts of the UK.

### **3.4 Different approaches for different types of learners**

3.4.1 The reliance of the skills funding system on qualifications as its currency gives us particular cause for concern in relation to the skills offer for unemployed, low-skilled and disadvantaged people. For those who are seeking work, it is acutely important that any qualifications obtained are high quality, and recognised by employers as providing a positive signal of “employability”. The current system delivers some qualifications which have value in terms of enabling learners to demonstrate clear competencies or abilities, but this has also enabled some less desirable consequences. While the best providers work within the current system to deliver high-quality provision appropriate to the needs of these learners, the offer as a whole does not always achieve that.

3.4.2 In order to draw down funding, providers need things to be accredited which should not need such accreditation, such as participation in work experience or development of certain “soft skills”. This can often be sensible activity for a learner, but the qualifications are unlikely to hold value or provide a positive signal in themselves. Whilst we recognise

that for many learners who are in this group there is a need to break down barriers to engagement and learning and build up confidence and transferable skills, it is not the case that this must always be through an accredited qualification or unit.

3.4.3 There are two issues here. First, because of the way we have incentivised providers to generate their flow of funding, learning in personal and social development and basic preparation for getting a job (such as CV writing and interview skills) may have been cast as units and qualifications despite these qualifications having little currency in themselves with employers. Secondly, there could be an incentive for providers to focus on personal and social development more than they would otherwise have done, at the expense of combining this with initial vocational education and training.

3.4.4 Funding qualification achievement rather than progression or job outcomes does not necessarily provide a strong driver for quality or relevance of provision. It could open the door for less scrupulous providers to secure funding without necessarily materially improving life for learners. A very large number of qualifications exist under the current offer, which is a logical consequence of a public funding system that uses them as a main proxy for all achievement and learning.

3.4.5 We need therefore to review thoroughly how the offer to unemployed people addresses its core objectives of moving people towards employment and giving them the skills to gain and sustain work. For those furthest from the labour market and those with complex needs or multiple disadvantage, the first steps towards employment may include supporting re-engagement with learning as a precursor to developing employability skills. For those nearer the labour market, the offer may deliver an appropriate combination of employability and (sometimes lower-level) vocational or occupational training, according to the individual's circumstances and the needs of the local labour market.

3.4.6 As a first step, Ofqual, through its reform of regulation, and the Skills Funding Agency, through its business rules and review of the funded offer at Entry and level 1, are seeking to inject greater rigour into the set of qualifications and units in the current offer, and to take out of the qualifications offer provision for which formal regulation and assessment is inappropriate. The Agency has also completed a review of non-regulated provision, and confirmed those areas of non-regulated provision which will continue to be funded (discussed at paragraph 2.2.8 above).

3.4.7 Notwithstanding this, we need to go further and consider whether there is a case for retaining a link between funding and qualifications, in relation to different types of learning; the ultimate purpose of that learning; and the needs of different types of learner. Where we find a continuing role for funding qualifications, we will look to achieve the best possible coherence with the broader principles underpinning vocational qualifications established in the wider reform process. But that is not to say that in future, the achievement of such qualifications themselves needs to be a trigger for the flow of public funding.

3.4.8 We have been exploring already with skills and employment providers the scope for defining outcomes from learning which could replace qualification achievement at the heart of how the offer for unemployed people works. If we can define a robust set of such outcomes, we would be able to leave it to providers to decide what qualifications and training they thought fit to achieve the outcomes, subject to appropriate audit and inspection arrangements. There is a substantial body of work to do here: establishing the right set of measures and milestones around moving learners towards and into work (given

the complex and sometimes lengthy routes and combinations required by some of them), and ensuring we focus on the ability to do a job rather than simply getting a job. We then need to identify whether we can link these measures to a reward mechanism; looking at different models of putting any new element of payment-by-results into operation in the provider market; and finding the right place for such a mechanism within the wider arrangements for outcome focused success measures and accountability which we are instituting.

3.4.9 In all of this work, we will keep in view the need to ensure equal access for disadvantaged learners. There are many among those for whom this offer is intended and they face varied and multiple barriers to learning and employment; the barriers faced by an unemployed homeless person will be different to those faced by a lone parent. This will seek both to remedy problems generated by the current qualifications-led arrangements (where the system can lead providers not to enrol or retain a learner who has a lower chance of completing a course of study and/or achieving a qualification or conversely to enrol a learner across several similar qualifications) and avoid creating any similar perverse incentives in a new system.

3.4.10 As we develop options for qualification reform and payment by results in the offer for unemployed people over the coming year, we will work with a range of stakeholders. We will continue the dialogue we have begun with skills and employment service providers. We will also need to work with other interested parties, including Local Enterprise Partnerships; organisations that represent disadvantaged groups within the unemployed cohort (defining 'unemployed' broadly to include prisoners, to ensure our developing thinking absolutely includes their needs) and bodies responsible for inspection and regulation.

## 3.5 Technology

3.5.1 Alongside and underpinning the reforms to qualifications and training outlined in this document is the need to ensure that the regulatory, funding and accountability arrangements we put in place encourage rather than inhibit innovation and technology.

3.5.2 It is important that the qualifications and training we support encourage new ways of applying technology to the learning process, so that both employers and individuals are able to respond to changing needs, changing demands and changing situations and that learning can be delivered anywhere and at any time. We also believe that innovation and technology are important drivers of business efficiencies as well as delivering greater accessibility and flexibility across all learning provision.

3.5.3 We have already stated in the Skills Funding Statement that we will look at applying an 'online only' funding rate where providers are innovating with online delivery. During 2014/15 the Skills Funding Agency will work with the awarding organisations and providers to identify a specific range of qualifications where we can test out funding approaches to online delivery. We will take into account where aspects of online delivery, including distance learning are already established, ensuring we build on work already undertaken and work with providers for whom the use of new technology in delivery is now well established. We will monitor a range of approaches to online delivery and - taking into account the work of the Further Education Learning and Technology Action Group (FELTAG) and advice from the Agency's Funding External Advisory group - establish and

evaluate an approach for attaching funding rates to online delivery with a view to evaluating this in advance of the 2015/16 funding year.

3.5.4 We will also look at some of the broader challenges and opportunities around learner access, infrastructure, and the potential use of the Personal Learner Record as we move to greater promotion of new technology in the delivery as well as assessment.

3.5.5 As indicated above, we will consider our response to the recommendations of FELTAG as they come forward. We will also look at how what we learn from the Skills Funding Agency's work in 2014/15 can feed into a more mainstreamed approach to online delivery in 2015/16. This will need to take account of both the outcomes of Ofqual's review of the Qualifications and Credit Framework and the work on regulation which is referenced in section 3.1.

3.5.6 In addition, we will also need to look at how information and advice about qualifications is made available for employers and individuals. Not all qualifications may be appropriate for online delivery and not all individuals will want to or be able to undertake learning outside of a more formal and structured environment but we must do everything to ensure that where employers and learners want to make use of new technology there are no unnecessary barriers.

3.5.7 Alongside funding and regulatory work to support new technology, it will also be important that we make better use of technology in how we present information on qualifications and training to employers and individuals (also discussed at section 2.7 above).

## Annex 1 Timetable

<b>December 2013</b>	Publication of the lists of 14-16 and 16-19 level 3 vocational qualifications meeting DfE requirements for reporting in performance tables
<b>January 2014</b>	Publication of Skills Funding Agency Technical Guidance for Awarding Organisations  Outcomes of Agency 2013 Annual Review of the Qualifications Offer
<b>February 2014</b>	Initial 2014/15 Qualifications Offer Post 19 published
<b>Spring 2014</b>	Publication of technical guidance on requirements of 16-19 vocational qualifications at level 2 and level 3 (Tech Levels and Applied General qualifications) to be approved for reporting in performance tables.  Ofqual publishes plans for strengthened approach to regulating vocational qualifications  Recommendations arising from Agency work on the offer at Entry and level 1 and non regulated provision  Initial proposals for online only delivery and funding
<b>July 2014</b>	Experimental Outcome success measures published at provider level, alongside a consultation on how the measures could be used
<b>Summer 2014</b>	Progress in implementing the recommendations made by the Commission on Adult Vocational Teaching and Learning published.  Interim Report from Agency and Ofqual on Databases.
<b>September 2014</b>	First teaching of Tech Levels and Applied General qualifications that meet interim requirements for reporting in performance tables.
<b>November 2014</b>	Full implementation of Agency new business rules to all qualifications.  Up dated set of Outcome success measures published at provider level.  Initial proposals on new principles for government funding of adult vocational qualifications.

<b>Autumn 2014</b>	<p>Publication of list of 16-19 level 2 qualifications that meet interim requirements for reporting in performance tables, and the first Tech Levels and Applied General qualifications that meet the full requirement (a year earlier than required).</p> <p>Ofqual's new approach to regulating vocational qualifications begins to be implemented</p> <p>Final report from Agency/Ofqual on merging databases</p> <p>Agency 2014 annual review commences (including application of new Key Performance Indicators to evaluate the offer).</p> <p>Publication of Skills Funding Statement containing outcomes of work on principles for government funding of Adult Vocation Qualifications.</p>
<b>January 2015</b>	<p>Publication of school performance tables data on students taking approved 14-16 vocational qualifications first taught from September 2012 (the 2014 performance tables).</p> <p>Agency 2014 Annual Review reports.</p> <p>Evaluation of online delivery and funding rates.</p>
<b>September 2015</b>	<p>First teaching of 16-19 level 2 vocational qualifications that meet interim requirements for reporting in performance tables.</p> <p>First teaching of new English and maths GCSEs.</p>
<b>Autumn 2015</b>	<p>Publication of list of Tech Levels and Applied General qualifications that meet the full requirement for reporting in performance tables, and the first 16-19 level 2 qualifications that meet the full requirement (a year earlier than required).</p> <p>Agency 2015 Review commences</p>
<b>September 2016</b>	<p>All Tech Levels and Applied General qualifications taught from this date must meet the full requirement to be reported in future performance tables.</p>
<b>January 2017</b>	<p>First reporting of Tech Level and Applied General qualifications which meet the interim requirement (the 2016 performance tables).</p>

Outcomes of Agency 2016 review

Initial 2016/17 qualifications offer for post 19 learners published

**September 2017**

All 16-19 level 2 vocational qualifications taught from this date must meet the full requirement to be reported in future performance tables.

**January 2018**

First reporting of 16-19 level 2 vocational qualifications that meet the interim requirement (the 2017 performance tables).

Outcomes of Agency 2017 review

Initial 2017/18 qualifications offer for post 19 learners published;

**January 2019**

First performance tables where all Tech Levels and Applied General qualifications meet the full requirement (the 2018 performance tables).

Outcomes of Agency 2018 review

Initial 2018/19 qualifications offer for post 19 learners.

**January 2020**

First performance tables where all 16-19 vocational qualifications at levels 2 and 3 meet the full requirement (the 2019 performance tables).

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