



## BRIEFING PAPER

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# Level 4 and 5 education

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1. Level 4 and 5 Qualifications
2. Uptake and demand for Level 4 and 5 qualifications
3. Reform of Level 4 and 5 qualifications



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## Summary

### Level 4 and 5 qualifications

**Level 4 and 5 qualifications sit in between A Levels and an undergraduate degree.** They are typically, although not exclusively, technical in nature. Examples include, but are not limited to, foundation degrees, Certificates of Higher Education (CertHE), Diplomas in Higher Education (DipHEs), Higher National Certificates (HNCs), Higher National Diplomas (HNDs), professional qualifications, and National Vocational Qualifications (NVQs). They are delivered in a range of education institutions, with around half of Level 4 and 5 students taught in further education colleges and around a third in universities.

**In 2016-17, there were around 190,000 learners studying at Levels 4 and 5** (excluding apprenticeships). Their average age was 30 and around half studied part-time.

### Take-up and skills gaps

**Evidence suggests that the take-up of Level 4 and 5 qualifications is low in England compared to other countries.** Around 10% of all adults aged 18-65 hold a level 4-5 qualification as their highest, compared to around 20% in Germany and 34% in Canada. **Take-up of Level 4 and 5 qualifications is also low compared to other levels of education.** Around 4% of 25 year olds in England hold a Level 4 or 5 qualification as their highest qualification, compared to nearly 30% for both Level 3 (e.g. A Levels) and Level 6 (e.g. undergraduate degree). **The numbers enrolling on Level 4 and 5 qualifications is also in decline** and fell by 63% between 2009-10 and 2016-17 (from around 510,000 to approximately 190,000).

There is evidence, however, of un-met demand for higher level technical skills and it is suggested that **skills gaps at the higher technical level may be contributing the UK's "productivity gap"**.

### Reform of Level 4 and 5 qualifications

As part of major reforms to technical education in England, in October 2017 the Government announced that it would review higher level technical education to see how it could better meet the needs of learners and employers. Interim findings from the review were published in August 2018.

Following this, **in July 2019 the Department for Education launched a consultation on proposed reforms to higher technical education in England.** Under the proposals, **Level 4 and 5 qualifications that align with employer-set occupational standards will be approved by The Institute for Apprenticeships and Technical Education and re-badged as higher technical qualifications (HTQs).** All approved HTQs will also be clearly **identified through a single name or kitemark.** The aim is for the first HTQs to be **available from 2022** when the first T Level students will complete their courses.

In order to deliver approved qualifications, providers will have to meet an additional set out ongoing registration conditions specifically for higher technical provision, developed by the Office for Students.

**The consultation closed on 29<sup>th</sup> September 2019.** The Government is yet to respond.

### Review of Post-18 Education and Funding

In February 2018, the then Prime Minister, Theresa May, announced a wide-ranging review of Post-18 Education and Funding. She added that the review would be informed by advice from an independent panel led by Philip Augar.

#### 4 Level 4 and 5 education

The **report of the independent panel was published on 30 May 2019**. It made a number of recommendations aimed at encouraging growth in Level 4 and 5 qualifications, including (but not limited to):

- From 2021-22 the fee cap for Level 4 and 5 qualifications prescribed by the OfS should be the same as for Level 6 qualifications (the Report recommended £7,500).
- The Government should introduce a **single lifelong learning loan allowance for tuition loans at Levels 4, 5 and 6**, which learners can draw down over a lifetime.
- **Maintenance support should be available for all students taking Level 4 to 6 qualifications.**
- The Office for Students should become the national regulator of all non-apprenticeship provision at Levels 4 and above.
- The Government should work with the OfS to allocate additional support and capital funding to specific FE colleges to ensure a national network of high quality technical provision is available.

In October 2019 the Government stated that it had not taken any decisions with regards to the recommendations and would “provide Parliament with an update later in the year.”

# 1. Level 4 and 5 Qualifications

## 1.1 Introduction: what is high level technical education?

Most qualifications have a difficulty level – the higher the level the more difficult the qualification is. In England, Wales and Northern Ireland there are nine qualification levels, ranging from entry level (which has three sub-levels) to level 8. A list of the qualifications at each level is available on Gov.uk at [What qualification levels mean](#). Some examples are:

- Entry level – Skills for Life.
- Level 1 – GCSE grades 3-1 or D-G.
- Level 2 – GCSE grades 9-4 or A\*-C.
- Level 3 – A Levels; Tech Levels; T Levels.
- Level 4 – Higher National Certificate (HNC); Certificate of Higher Education (CertHE).
- Level 5 – Higher National Diploma (HND); Level 5 Diploma; Foundation Degree.
- Level 6 – Undergraduate Degree
- Level 7 – Master's Degree; Postgraduate Diploma; Postgraduate Certificate in Education (PGCE).
- Level 8 – Doctorate.

This briefing is concerned with qualifications at levels 4 and 5 on the qualifications framework – i.e. **those qualifications that sit in between A Levels and an undergraduate degree**. This includes:

- **Foundation degrees:** standalone Level 5 qualifications typically requiring two years of full-time equivalent study.
- **Certificates of HE (CertHE):** one-year Level 4 qualifications.
- **Diploma in HE (DipHE):** one-year Level 5 qualifications.
- **Credits of qualifications:** small units of the CertHE or the DipHE that are not delivered as a whole programme.
- **Various Diplomas, Certificates, and Awards,** ranging from short courses to two-year qualifications.
- **Higher National Certificates (HNCs):** Level 4 qualifications mostly around 980 guided learning hours.
- **Higher National Diplomas (HNDs):** Level 5 qualifications, mostly around 980 guided learning hours.
- **National Vocational Qualifications (NVQs):** work-based competency qualifications, ranging from 25 to 500 guided learning hours.
- **Professional and sector-specific qualifications:** commonly developed by industry but do not conform to the above categories (e.g. the Level 4 AAT Professional Diploma in Accounting).

The briefing is focused on taught (classroom-based) qualifications at this level, rather than apprenticeships.

## 1.2 Level 4 and 5 qualifications

The Level 4 and 5 qualifications market is diverse, with around 3,400 such qualifications available to students in 2016-17<sup>1</sup>, developed by around 150 awarding organisations and around 100 higher education institutions.<sup>2</sup>

**Level 4 and 5 qualifications are typically, although not exclusively, technical in nature** – i.e. they aim to provide occupational skills and signal work readiness to an employer. Around 9 in 10 students at this level are studying subjects aligned to technical routes (see section 3.1 below); the remainder are studying qualifications whose main purpose is academic progression – e.g. a Foundation Degree in History. Level 4 and 5 programmes not delivered through apprenticeships are most commonly taken in subjects in health, public services and care (23% of all learners in 2016-17); business, administration and law (around 17% of all learners); and engineering and manufacturing technologies (around 12% of all learners).<sup>3</sup> Only a small minority of Level 4 and 5 learners are studying STEM-related technical areas.<sup>4</sup>

Level 4 and 5 qualifications are delivered in a range of education institutions; **around half of level 4-5 students are taught in FE colleges; around a third in universities**; and the rest in alternative providers, private training providers, specialist colleges, sixth form colleges, and in adult community learning. In 2016-17, there were 541 providers in England that delivered Level 4 and 5 qualifications (210 FE Colleges, 157 private training providers, 96 higher education institutions, and 45 alternative providers).<sup>5</sup> Foundation Degrees represent the largest share of enrolments on Level 4 and 5 qualifications (35% of all Level 4-5 enrolments in 2016-17), followed by Diplomas (13%) and HNC's (12%).<sup>6</sup>

### Box 1: National Colleges

In the Spending Review and Autumn Statement 2015, the 2015 Government announced that five National Colleges would be created with the intention of training around 21,000 students by 2020 in “industries that are crucial to [its] productivity agenda.”<sup>7</sup> The Colleges would, it said, focus on delivering technical education at levels 4 to 6 in five sectors: digital skills, high-speed rail, onshore oil and gas, and the creative and cultural industries. In May 2016, around £80 million of funding was announced to support the creation of the colleges.<sup>8</sup>

<sup>1</sup> This excludes qualifications delivered as part of an apprenticeships and qualifications.

<sup>2</sup> Department for Education, [Review of the Level 4-5 qualification and provider market: Research Report](#), February 2019, p7-8.

<sup>3</sup> As above.

<sup>4</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, p34.

<sup>5</sup> Department for Education, [Review of the Level 4-5 qualification and provider market: Research Report](#), February 2019, p28.

<sup>6</sup> As above, p80.

<sup>7</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm9162, November 2015, p46.

<sup>8</sup> [Government confirms £80 million for National Colleges to deliver the workforce of tomorrow](#), Department for Business, Innovation and Skills, 9 May 2016.



The National College for Digital Skills, and the National College for the Creative and Cultural Industries opened in Autumn 2016. The National College for High Speed Rail was officially launched in October 2017 and the National College for Nuclear was launched in February 2018. However, plans for the National College for Onshore Oil and Gas have been delayed.<sup>9</sup> It has also been reported that some of the existing colleges are experiencing below-target student numbers.<sup>10</sup>

### Box 2: Institutes of Technology

The 2015 Spending Review announced that the Government would “support a new network of Institutes of Technology (IoTs) across the country.”<sup>11</sup> IoTs will be tailored to focus on the specific skills needs in their area and will specialise in high level technical training at Level 4 and 5 in STEM subjects.<sup>12</sup>

A call for proposals to establish IoTs was launched in December 2017, with applicants able to bid for part of £170 million of capital funding.<sup>13</sup> In April 2019, the Government announced that 12 IoTs would be set up following the competition, with the first to open in September 2019.<sup>14</sup> Further information is available on Gov.uk at: [Institutes of technology](#).

In September 2019, the Government announced that it would make available up to £120 million to “enable every region in England to establish a high-quality institute of technology.” It added that a second competition will be launched with the aim of establishing eight more IoTs in areas of the country that do not currently have one.<sup>15</sup>

**In 2016-17 there were around 190,000 learners studying at Level 4 and 5 (excluding apprenticeships)**<sup>16</sup> They can be divided into two groups:

- **Students aged under 21:** this will include, for example, students who have recently completed a Level 3 qualification (e.g. A Levels). Only a minority of Level 4 and 5 learners are aged under 21 (23% in 2015-16).<sup>17</sup>
- **Students aged 21 and over:** older students make up the majority of Level 4-5 students; the mean age of all Level 4-5 learners is around 30.<sup>18</sup> Such students are more likely to have already entered the workplace and are using higher technical study to upskill or retrain.

Level 4 and 5 students come from a range of diverse background, and **around half study on a part-time basis.**<sup>19</sup>

Further information on Level 4 and 5 qualifications landscape is available in the following reports:

<sup>9</sup> [Greening opens National College for High Speed Rail](#), FE Week, 10 October 2017.

<sup>10</sup> [Have hopes for the new national colleges been derailed?](#), FE Week, 12 October 2018.

<sup>11</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm9162, November 2015, p46.

<sup>12</sup> [The First Twelve Institutes of Technology Announced](#), Department for Education, 10 April 2019.

<sup>13</sup> [£170m competition launched for new Institutes of Technology](#), Department for Education, 15 December 2017.

<sup>14</sup> [The First Twelve Institutes of Technology Announced](#), Department for Education, 10 April 2019.

<sup>15</sup> [HC Deb 30 September 2019, cc44-5WS](#).

<sup>16</sup> Department for Education, [Review of the Level 4-5 qualification and provider market: Research Report](#), February 2019, p79.

<sup>17</sup> Department for Education, [Review of Level 4 and 5 Education Interim Evidence Overview](#), August 2018, pp9-10.

<sup>18</sup> Department for Education, [Review of the Level 4-5 qualification and provider market: Research Report](#), February 2019, pp86-7.

<sup>19</sup> RCU, [Mapping the Higher Technical Landscape](#), January 2018, p6.

- Department for Education (DfE), [Review of the Level 4-5 qualification and provider market](#), February 2019.
- RCU, [Mapping the Higher Technical Landscape](#), January 2018 (commissioned by the Gatsby Foundation).
- DfE, [Review of Level 4 and 5 Education: Interim Evidence Overview](#), August 2018.
- [Independent panel report to the Review of Post-16 Education and Funding](#) (the Augar Report), May 2019, chapter 2.
- Gatsby Foundation, [The Missing Middle: Higher Technical Education in England](#), December 2018.
- QAA, [Sub-bachelor higher education in the United Kingdom](#), October 2017.

### 1.3 Funding

#### Level 4-5 HE courses

**Learners wishing to take a Level 4 or 5 qualification that is designated as a higher education (HE) course can be eligible for funding under the standard student support system.** The following qualifications are automatically designated as for student support if they are provided by, or on behalf of, a provider registered with the Office for Students (OfS):

- Diplomas of Higher Education (DipHE)
- Higher National Diplomas (HNDs) and Higher National Certificates (HNCs)
- Certificates of Higher Education
- Foundation Degrees.<sup>20</sup>

Part-time students' eligibility for student support depends on the intensity of their course delivery, with learners studying at an intensity of 25% or more eligible.<sup>21</sup>

As a general rule, students can have tuition fee support for the standard length of their HE course plus an additional year if needed. This standard entitlement will generally be reduced for any years the student spent on previous courses. There are special rules, however, and additional support for students who want to "top up" a Level 4 or 5 HE qualification to a degree.<sup>22</sup>

Students studying for a qualification deemed to be equivalent to or lower than a qualification they already hold (ELQ) are not usually entitled to

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<sup>20</sup> Foundation Degrees, Certificates of Higher Education and DipHEs are awarded by providers with degree awarding powers. In England, HNDs and HNCs may either be awarded by degree-awarding bodies under a licence from Pearson (which allows them to devise, deliver and award Higher National qualifications themselves), or they may be awarded directly by Pearson. The majority of these qualifications are awarded by Pearson. For further information see [QAA guidance on the Framework for Higher Education Qualifications](#), p18.

<sup>21</sup> Student Finance England, [Support for Part-Time Students](#), August 2019, p5.

<sup>22</sup> Student Finance England, [Assessing Eligibility](#), December 2018, pp53-60.



support under the standard student support package. (There are exceptions to this rule for students taking second degrees in certain subjects.)<sup>23</sup>

The detailed provisions are set out in schedule 2 of the *Education (Student Support) Regulations 2011*, as amended, with further information provided in [guidance](#) published by Student Finance England.

### Level 4-5 FE Courses

**Learners wishing to take a Level 4 or 5 qualification that is not classed as a higher education course will fall under the further education (FE) funding system.**

Since 2013-14, there has been no grant funding for FE students taking level 4 and 5 courses.<sup>24</sup> Learners, can, however, access **Advanced Learner Loans**. Loans are available for learners aged 19 and over studying a level 3, 4, 5, or 6 FE qualification at an approved college or training provider. Loans are paid directly to the provider with the amount available dependent on the course; the minimum loan is £300. Any outstanding loan balances that a learner owes for an Access to HE course is written off once they complete a higher education course.<sup>25</sup>

**There are currently no maintenance loans for learners studying FE courses at levels 4 and 5.** However, learners facing financial hardship may be able to access Learner Support funding.

A research report into Level 4 and 5 qualifications published by the DfE in February 2019 stated that most level 4 and 5 FE qualifications are funded by employers and learners, either directly or through loans.<sup>26</sup>

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<sup>23</sup> Student Finance England, [Assessing Eligibility](#), December 2018, pp60-63.

<sup>24</sup> Department for Education, [Review of the Level 4-5 qualification and provider market: Research Report](#), February 2019, pp46-7.

<sup>25</sup> [Advanced Learner Loan](#), Gov.uk.

<sup>26</sup> Department for Education, [Review of the Level 4-5 qualification and provider market: Research Report](#), February 2019, p8.

## 2. Uptake and demand for Level 4 and 5 qualifications

### 2.1 Demand for higher level technical skills

Evidence suggests that **there may be an un-met demand for higher technical skills**. For example, the Employer Skills Survey 2017 found that skilled trades roles “continue to have the highest density of skill-shortage vacancies”, with around two in every five vacancies proving hard to fill for skills related reasons.<sup>27</sup> A 2018 National Audit Office report also suggested that there is a shortage of technician-level STEM skills, which can be attributed to an undersupply of people with level 3-5 vocational qualifications over the last 20 years.<sup>28</sup>

**The demand for higher level technical skills is also expected to increase**, with sectors employing highly skilled workers expected to grow most rapidly.<sup>29</sup> At the same time, automation is forecast to affect up to a third of jobs in the UK, concentrated amongst lower level roles. Workers may then need to upskill and move into higher technical occupations. The UK’s departure from the EU may, it is suggested, also “accelerate the demand for technical skills.”<sup>30</sup>

It has been argued that the **skills gaps at the higher technical level may be “holding back the productivity of the workforce” and contributing to the UK’s productivity ‘gap’ with its leading competitors.**<sup>31</sup>

### 2.2 Take-up of Level 4 and 5 qualifications

Research by the OECD suggests that **take-up of Level 4 and 5 qualifications is low in England compared to other countries**. Around 10% of all adults aged 18-65 hold a level 4-5 qualification as their highest, compared to around 20% in Germany and 34% in Canada, although such comparisons can be problematic.<sup>32</sup> It is also suggested that this proportion may decline in the future as it includes older workers who were more likely to complete a level 4-5 qualification when more students studied at this level.<sup>33</sup>

<sup>27</sup> Department for Education, [Employer skills survey 2017: Research report](#), August 2018, p13.

<sup>28</sup> National Audit Office, [Delivering STEM \(science, technology, engineering and mathematics\) skills for the economy](#), January 2018, p21.

<sup>29</sup> Higher Education Policy Institute, [Filling in the biggest skills gap: Increasing learning at Levels 4 and 5](#), August 2018, pp21-2.

<sup>30</sup> Department for Education, [Higher technical education: the current system and the case for change](#), July 2019, pp8-9; Industrial Strategy Council, [UK Skills Mismatch in 2030](#), October 2019, pp3-4.

<sup>31</sup> As above, p10; [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, p25.

<sup>32</sup> OECD, [Skills beyond School: synthesis report](#), November 2014, as cited in Department for Education, [Higher technical education: the current system and the case for change](#), July 2019, pp7-9. For the issues in comparing across countries see Higher Education Policy Institute, [Filling in the biggest skills gap: Increasing learning at Levels 4 and 5](#), August 2018, pp23-26.

<sup>33</sup> Department for Education, [Higher technical education: the current system and the case for change](#), July 2019, p7.

**Take-up of Level 4 and 5 qualifications in England is also low compared to other levels of education;** 4% of 25 year olds in England hold a Level 4 or 5 qualification as their highest qualification, compared to nearly 30% for both Level 3 and Level 6.<sup>34</sup>

**The numbers enrolling on Level 4 and 5 qualifications is also in decline and fell by 63% between 2009-10 and 2016-17** (from around 510,000 to approximately 190,000).<sup>35</sup> A report published by the Higher Education Policy Institute in August 2018 noted that **part-time study on Level 4 and 5 courses had seen even greater proportional declines**, and stand-alone Level 4 and 5 qualifications “have been one of the areas most affected by the decline in mature learners”.<sup>36</sup>

It should be noted that some of the decline in Level 4 and 5 qualifications is attributable to a policy change in 2013 requiring trainee nurses to take degrees, where many had previously been on a two-year, Level 5 diploma.<sup>37</sup>

Regarding Level 4 and 5 qualifications in particular, data published by the Higher Education Statistics Authority shows that between 2013-14 and 2017-18:

- Foundation degree enrolments at English higher education institutions (HEIs) declined from 47,635 to 30,090 (a 37% fall).
- HNCs and HNDs enrolments declined from 9,155 to 7,305 (a 20% fall).
- Enrolments on other sub-degree courses declined from 108,670 to 68,785 (a 37% fall).<sup>38</sup>

Analysis conducted by the Department for Education found that **4% of the cohort of students that undertook GCSEs in 2004-05 had a Level 4-5 qualification as their highest qualification by the age of 25**. This is much smaller than for Levels 3 and 6 which each had over 25% of learners holding it as their highest qualification.<sup>39</sup>

Adults who do not achieve at Level 3 by the time they are 18 tend not to progress beyond Levels 1 or 2. Among those that do achieve a Level 3 by the time they are 18, very few progress to Level 4 and 5; the next step is usually an undergraduate degree (Level 6).<sup>40</sup>

From a provider perspective, a research report published by the DfE in February 2019 noted that **the Level 4 and 5 market is relatively small compared to higher education institutions’ and FE providers’ offer overall**. Level 4 and 5 qualifications made up only 2% of the vocational qualifications

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<sup>34</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, p26.

<sup>35</sup> As above, pp33-4.

<sup>36</sup> Higher Education Policy Institute, [Filling in the biggest skills gap: Increasing learning at Levels 4 and 5](#), August 2018, pp37-8.

<sup>37</sup> As above.

<sup>38</sup> [Who's studying in HE?](#), Higher Education Statistics Authority, accessed on 16 October 2019.

<sup>39</sup> Department for Education, [Post-16 education: highest level of achievement by age 25](#), May 2015, p8.

<sup>40</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, pp20-24.

accredited by awarding bodies that were studied by students in 2016-17. Similarly, learners at Level 4 and 5 made up only 3% of all higher education learners in 2016-17.<sup>41</sup>

### Returns to Level 4-5 qualifications

**There is some evidence to suggest, however, that students who do complete Level 4-5 qualifications can benefit from higher wages in the labour market.** For example, DfE analysis of the 2004-05 GCSE cohort suggested that those who had achieved a level 4-5 qualification by the age of 23 had a median income around £2,000 higher aged 26 than those whose highest qualification is at level 3. It additionally found that those with a level 4-5 qualification were consistently more likely than those with Level 2 or Level 3 qualifications to be in sustained employment.<sup>42</sup>

A 2017 analysis published by the Gatsby Foundation estimated the net graduate premium (the net additional lifetime benefits to the individual) of various Level 4 and 5 qualifications. While it found that there are net graduate premiums associated with Level 4/5 qualification, they are “considerably lower than the comparable net benefits for undergraduate degrees.” It also found that the net graduate premiums associated with Level 4 and 5 qualifications in STEM subjects were “significantly higher” than the premiums for non-STEM subjects.<sup>43</sup>

Research published by the National Institute of Economic and Social Research in April 2019 found that by the age of 30 “the earnings of degree holders in many subject areas are consistently higher than those of people with higher vocational qualifications.” It additionally found, however, that people achieving Level 4-5 qualifications in STEM subjects had higher average earnings than degree holders in the same broad subject area from Non-Russell Group universities.<sup>44</sup>

## 2.3 Reasons for decline in Level 4 and 5

**There is no single explanation for the “consistently” low uptake of Level 4 and 5 qualifications in England,** and it is not the result of deliberate government policy.<sup>45</sup> However, a number of possible explanations have been suggested, some of which are briefly outlined below.

- **Student awareness:** there is a poor understanding of higher technical education amongst students and guidance tends to be targeted more towards undergraduate degrees. Students may also perceive degrees

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<sup>41</sup> Department for Education, [Review of the Level 4-5 qualification and provider market: Research Report](#), February 2019, p8.

<sup>42</sup> Department for Education, [Review of Level 4 and 5 Education Interim Evidence Overview](#), August 2018, p13.

<sup>43</sup> Gatsby Foundation, [Assessing the economic returns to Level 4 and 5 STEM-based qualifications](#), June 2017, pp.ii-iii.

<sup>44</sup> [NIESR Press Release: 'Higher vocational education can lead to better earnings than degrees, NIESR/CVER research reveals'](#), National Institute of Economic and Social Research, 2 April 2019.

<sup>45</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, p35.

to provide better value in the labour market and to be more widely recognised by employers.<sup>46</sup>

- **Employer awareness:** while higher technical education is well-recognised by employers in some areas, where there is no longstanding qualification in a sector, employers tend to focus on more established routes, including school leavers and graduates. The Level 4/5 landscape is also complex and there is no national assurance that every higher technical qualification is meeting employer needs.<sup>47</sup>
- **Lack of provision:** as set out above, Level 4-5 programmes are a small part of providers' overall offer. Providers have identified a number of challenges to delivering qualifications at this level, including a lack of funding to support investment in Level 4-5 infrastructure and capacity; attracting and retaining teachers with relevant skills; and the level of interest among students in taking qualifications at this level.<sup>48</sup>
- **Funding:** it is suggested that the current funding structure does not adequately support students who are not 18 and taking a traditional undergraduate degree.<sup>49</sup> Changes to the eligibility for student loans has, it is argued, changed the type of higher education course taken and reduced enrolments on sub-degree courses.<sup>50</sup> Interviews with providers have suggested that the availability and awareness of financial support particularly affects the decisions of part-time and mature learners to study at Level 4 and 5.<sup>51</sup>
- **Incentives for students and providers:** it has been argued that current student support arrangements (including income-contingent loans and the rules around equivalent level qualifications) produce incentives that result in both students and providers favouring full-time degrees over Level 4/5 courses.<sup>52</sup>

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<sup>46</sup> Department for Education, [Higher technical education: the current system and the case for change](#), July 2019, pp13-14.

<sup>47</sup> Department for Education, [Review of Level 4 and 5 Education Interim Evidence Overview](#), August 2018, p14.

<sup>48</sup> As above, p15.

<sup>49</sup> Higher Education Policy Institute, [Filling in the biggest skills gap: Increasing learning at Levels 4 and 5](#), August 2018, pp34-5.

<sup>50</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, p34.

<sup>51</sup> Department for Education, [Review of Level 4 and 5 Education Interim Evidence Overview](#), August 2018, p11.

<sup>52</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, pp36-7.

## 3. Reform of Level 4 and 5 qualifications

### 3.1 Background to technical education reforms

**The Government is undertaking major reforms to the technical education system in England.** The proposed reforms were first set out in the [Post-16 Skills Plan](#). They were based on recommendations made in the [report of an independent panel on technical education](#), led by Lord Sainsbury, which had been established by the Government to “advise on measures which could improve technical education in England.”<sup>53</sup>

#### Rationale

In setting out the need for reform, the independent panel’s report stated that the UK’s economy was being held back by a “long-term productivity problem” and that years of undertraining had led to “a chronic shortage of people with technician-level skills.” Investment in the development of technical skills was, the report argued, essential to enhancing productivity.

In addition to this economic rationale, the report outlined a social need for change: that individuals should have access to a national system of technical qualifications that is easy to understand, has credibility with employers and remains stable over time. The current system, it argued, failed on all three counts, comprising “a confusing and ever-changing multitude of qualifications”, many of which “hold little value in the eyes of individuals and are not understood or sought by employers.” The report added that learners, teachers and the public have “long regarded technical education qualifications as inferior to academic qualifications”, and higher level technical qualifications “have too often become divorced from the actual occupations they should be preparing individuals for.”<sup>54</sup>

The report’s recommendations were, it said, aimed at “systematically reform[ing] technical education for the long term” and “ensuring individuals can develop the technical knowledge and skills that industry needs through education and training.”<sup>55</sup>

#### A new technical option

Under the proposals outlined in the Post-16 Skills Plan every young person will be presented with two choices of education route at age 16: an academic route and a technical route. The proposed technical option will consist of 15 routes based around occupations with shared training requirements. New two-year level 3 college-based programmes - T Levels – will be created at the start 11 technical routes (four routes will be delivered by apprenticeships only). Further information on T Levels is available in Library Briefing 7951, [T Levels: Reforms to Technical Education](#).

<sup>53</sup> [Report of the Independent Panel on Technical Education](#), July 2016, p11; Department for Business, Innovation and Skills and Department for Education, [Post-16 Skills Plan](#), July 2016.

<sup>54</sup> As above, pp22-3.

<sup>55</sup> As above, p8.



The Skills Plan stated that the **technical routes would extend up to higher skill levels, with a wider range of qualifications available at levels 4 and 5 as a reflection of the greater specialisation at tertiary level.** The 2015 Government did say, however, that it expected “to see a reduction in the number of regulated qualifications that exist at levels 4 and 5”.<sup>56</sup>

## 3.2 Review of Higher Level Technical Education

**On 31 October 2017, the Government announced that it intended to conduct a review into higher level technical education.** The review, it said, would cover the whole of level four and five education, with a particular focus on technical qualifications, and was intended to look at “how technical qualifications at this level can better address the needs of learners and employers”, including that learners can progress from T levels into the workplace.<sup>57</sup>

**In August 2018 the DfE published the [interim research findings of the review](#).** This stated that the research to date indicated that employers recognise the need for Level 4-5 skills, and that the premium on wages suggests that qualifications at this level have value. It added, however, that the research suggested “**a number of problems with the Level 4-5 system as it stands.**” These included:

- **There are a wide range of qualifications available at Levels 4 and 5, which seem to vary in how well they are understood by learners and employers,** and have greater labour market currency in certain sectors.
- There is **no “single badge of quality across different Level 4-5 qualifications and provision.”**
- There is **“an absence of clear information, advice and guidance to help steer learners of all ages through this complex system.”**
- **Providers of Level 4-5 qualifications face several challenges,** including engagement from employers; the costs of equipment and of attracting suitably qualified staff; and navigating the higher education and further education funding regimes.

The Interim Evidence Overview stated that proposals for reform to Level 4-5 qualifications would be published alongside the conclusion of the Post-18 Review in early 2019.<sup>58</sup>

## 3.3 Consultation

**In July 2019 the DfE launched a consultation on proposed reforms to higher technical education in England.** The consultation argued that higher technical education is “poorly understood and lacks currency both with employers and students, despite increasing demand for skills at this level.”

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<sup>56</sup> Department for Business, Innovation and Skills and Department for Education, [Post-16 Skills Plan](#), July 2016, pp25-7.

<sup>57</sup> [Level 4 & 5 technical education to be reviewed](#), Department for Education, 31 October 2017.

<sup>58</sup> Department for Education, [Review of Level 4 and 5 Education: Interim Evidence Overview](#), August 2018, p17.

As a result, it said, “we have fallen behind...our international competitors” and “change is needed to address skills shortages, boost productivity and support social mobility.”<sup>59</sup> The rationale behind the reforms was set out in more detail in a DfE policy paper published alongside the consultation:

[Higher technical education: current system and case for change.](#)

A press release published to accompany the publication of the consultation stated that it would complement the Post-18 review of education and funding (see section 3.4 below) to ensure a joined-up system.<sup>60</sup>

## Proposals

Under the consultation proposals, **Level 4 and 5 qualifications that align with employer-set occupational standards will be approved by The Institute for Apprenticeships and Technical Education and re-badged as higher technical qualifications (HTQs)**. All approved HTQs will also be clearly identified through a **single name or kitemark**. The aim is for the first HTQs **to be available from 2022** when the first T Level students will complete their courses.

The consultation additionally proposed that:

- Institutes of Technology will specialise in HTQs; they will also be offered at universities, alternative providers, private training providers, FE colleges and National Colleges.
- In an attempt to ensure that HTQs are delivered by high quality providers, the DfE and the Office for Students will develop an **additional set of ongoing registration conditions for providers specifically for higher technical provision**. Providers will be **required to meet these conditions in order to deliver approved HTQs with access to relevant student finance**. Institutes of Technology and National Colleges will be deemed to have automatically met these conditions.
- The Government wants to ensure that there are clear incentives to deliver reformed qualifications and will **consider the recommendation of the Post-18 Review panel (see below) that only Level 4 and 5 qualifications that are approved HTQs should attract the same tuition fee support and teaching grant and maintenance support as Level 6 qualifications**.
- The Government will launch a **campaign to increase awareness of higher technical education**.
- The Government will work to **improve the information, advice and guidance about higher technical education** available to potential learners and employers.
- The Government will aim to improve the accessibility of higher technical education by promoting examples of best practice in the flexible delivery of qualifications and by improved signposting of financial support.

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<sup>59</sup> Department for Education, [Higher Technical Education: Government consultation](#), July 2019, p8.

<sup>60</sup> [Proposals launched to boost the quality and uptake of Higher Technical Qualifications](#), Department for Education, 8 July 2019.

The consultation document stated that the reforms were aimed at making higher technical education “a prestigious choice that delivers high levels of occupational competence, encourages more students to continue to study after completing A Levels or T Levels and attracts workers of all ages looking to upskill and retrain.” It added that the proposals were “just one part of [the Government’s] wider plans to reform, strengthen and grow technical education as a whole”, alongside, for example, the introduction of T levels.<sup>61</sup>

**HTQs will be designated HE courses and will not cover all current Level 4 to 5 qualifications.** The consultation stated that the Government will consider the impact of the proposals on Level 4 and 5 courses funded through Advanced Learner Loans following the close of the consultation. It did not explicitly refer to those Level 4 and 5 qualifications that are currently designated HE courses but are not technical in nature (e.g. a DipHE in Social Sciences).<sup>62</sup>

**The consultation closed on 29<sup>th</sup> September. The Government is yet to respond.**

### 3.4 Post-18 Education and Funding Review

**In February 2018, the then Prime Minister, Theresa May, announced a wide-ranging review of Post-18 Education and Funding.** She additionally stated that the review would be informed by advice from an independent panel led by Philip Augar.<sup>63</sup>

#### Terms of reference

The terms of reference for the Review stated that it aimed to ensure joined up system that delivers the technical skills needed by the economy:

This review will look further at how we can ensure our post-18 education system is joined up and supported by a funding system that works for students and taxpayers. For example, in recent years the system has encouraged growth in three-year degrees for 18 year-olds, but does not offer a comprehensive range of high quality alternative routes for the many young people who pursue a technical or vocational path at this age. The majority of universities charge the maximum possible fees for at least some of their courses and three-year courses remain the norm. Average levels of graduate debt have increased, but this has not always led to higher wage returns for all graduates. And the system does not comprehensively deliver the advanced technical skills that our economy needs.<sup>64</sup>

The areas that the Review would focus on, as set out in the terms of reference, included (but were not limited to):

- How to help young people make effective choices between academic, technical and vocational routes after 18.

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<sup>61</sup> Department for Education, [Higher Technical Education: Government consultation](#), July 2019, p9.

<sup>62</sup> As above, p26.

<sup>63</sup> [Prime Minister launches major review of post-18 education](#), Department for Education, 19 February 2018.

<sup>64</sup> [Review of post-18 education and funding: terms of reference](#), Department for Education, 19 February 2019.

- How to encourage learning that is more flexible and supports people to study at different times in their lives.
- How to ensure “world-class provision of technical education across the country including through the new Institutes of Technology.”
- How to support education outcomes that deliver the skills the country needs.
- Ensuring that funding arrangements “across post-18 education and training are transparent and do not act as barriers to choice or provision.”<sup>65</sup>

### Report of the independent panel

**The report of the independent panel was published on 30 May 2019.** The report outlined the low uptake of Level 4 and 5 qualifications and stated that this is the result of current incentives (including income-contingent loans and the rules around equivalent level qualifications), which mean that both students and providers favour full-time degrees over Level 4/5 courses.<sup>66</sup>

The report set out a case for increased flexibility of learning at Level 4 and above and made a number of recommendations aimed at achieving this:

- The Government should introduce a **single lifelong learning loan allowance for tuition loans at Levels 4, 5 and 6**, which learners can draw down over a lifetime. This would be available for adults aged 18 or over without a publicly funded degree. It should be set as a financial amount equivalent to four years’ full-time undergraduate degree funding.
- Learners should be able to access student finance for tuition fee and maintenance support for modules of credit-based Level 4, 5 and 6 qualifications.
- **ELQ rules and rules around intensity of study should be dropped for those taking out loans of Levels 4, 5 and 6.**

The report added that it supported the Government’s consultation proposals for the kitemarking of approved HTQs and stated that **only those qualifications that had been approved as meeting the employer-led standards would be in scope for these recommendations.** In order to motivate students who may be struggling and to increase the visibility of Level 4 and 5 qualifications, the report additionally recommended that institutions should award at least one interim qualification to all students who are following a Level 6 course successfully.<sup>67</sup>

Other recommendations focused on Levels 4 and 5 specifically included:

- The number of Level 4 and 5 qualifications should be streamlined and their status should be improved.

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<sup>65</sup> [Review of post-18 education and funding: terms of reference](#), Department for Education, 19 February 2019.

<sup>66</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, pp36-7.

<sup>67</sup> As above, pp45-8.

- The Office for Students should become the national regulator of all non-apprenticeship provision at Levels 4 and above.
- The Government should work with the OfS to allocate additional support and capital funding to specific FE colleges to ensure a national network of high quality technical provision is available.
- From 2021-22 the fee cap for Level 4 and 5 qualifications prescribed by the OfS should be the same as for Level 6 qualifications (the Report recommended £7,500). **Longer term, only kitemarked Level 4 and 5 qualifications that meet employer-set standards should be allowed to charge fees up to this level. Any other Level 4 and 5 course should have a lower fee cap.**<sup>68</sup>

The report also made a number of recommendations concerning the student support system, including changes to maintenance support. Noting that maintenance support for learners taking level 4 and 5 qualifications varies depending on whether it is a prescribed HE qualification or not, the report recommended that its proposed **post-18 maintenance support package, which included maintenance grants of £3,000 for disadvantaged students, should be available for all students taking Level 4 to 6 qualifications.** It added that once the new kitemarked Level 4 and 5 qualifications are fully rolled out, the Government “should consider the status and support for non-kitemarked qualifications.”<sup>69</sup>

The report also made a number of recommendations concerning the further education sector more broadly. As well as stating that investment in the **FE workforce should be a priority**, it argued that the FE capital budget is too small and recommended that **the Government should provide FE colleges with a “dedicated capital investment of at least £1 billion over the next Spending Review period.”** It added that the Government should use this to “augment existing FE colleges to create a strong network of high quality provision of technical and professional education, including growing capacity for higher technical provision in specific FE colleges.”<sup>70</sup>

Further information on the report of the independent panel, including its recommendations relating to the higher education sector and the student support system, is available in Library Briefing 8577, [The Post-18 Education Review \(the Augar Review\) recommendations](#).

## Government response

The Government initially stated that it would consider the recommendations of the independent panel and conclude its review of post-18 education and funding at the Spending Review.<sup>71</sup> However, the Spending Review expected in 2019 was postponed and instead the Government set out its spending plans for 2020-21 only in September 2019. In response to a parliamentary question in October 2019, the Minister, Chris Skidmore, stated that the Government had “not taken any decisions

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<sup>68</sup> [Independent panel report to the Review of Post-18 Education and Funding](#), May 2019, pp

<sup>69</sup> As above, pp191-5.

<sup>70</sup> As above, pp133-4.

<sup>71</sup> [PQ 257746](#), 4 June 2019.

with regards to the recommendations” and would “provide Parliament with an update later in the year.”<sup>72</sup>

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<sup>72</sup> [PQ 293661](#), 7 October 2019.



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