

Awarding Organisations Operating in the Tier 4 Market

A Thematic Review



January 2014

Ofqual/14/5367

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1. Executive summary

Background

The Home Office developed a points-based system in 2008 for controlling immigration from outside the EU. There are a number of tiers within the points-based system, one of which, Tier 4, relates to students coming into this country to study on an acceptable course.¹

The Tier 4 visa category applies to students from outside the European Union who are paying for tuition in the UK. In recent years, student visas have proved controversial amid allegations they have provided an entry route into the UK that is particularly open to abuse. For this reason, the Government has implemented a range of reforms to tackle abuse and raise quality in Tier 4 provision. Education providers are responsible for ensuring that overseas students obey the rules of their visas.

In 2012, just under 210,000 Tier 4 visas were issued (including dependants). Seventy-five per cent of sponsored student visa applications were for study at a university, and 15 per cent were for study in the further education sector², where the majority of awarding organisations that we regulate operate.

There are currently 29 awarding organisations that we recognise which cater to the Tier 4 market at level 6 or 7 (equivalent to degree and postgraduate degree level). For some of them this is only a very small part of their operation, while for others it makes up 100 per cent of their business. The qualifications offered by these awarding organisations are available to both domestic and international students.

What we did and why

As a result of investigations in late 2012 and early 2013, following complaints about the quality and validity of certain level 7 qualifications offered by the Accrediting and Assessment Bureau for Post-Secondary Schools (AABPS) and allegations of fraud and malpractice in the delivery of regulated qualifications to students on Tier 4 visas, we identified areas of non-compliance with one or more of the General Conditions of

¹ This is defined as a course accredited at or above level 3 on the National Qualifications Framework/Qualifications and Credit Framework (QCF) if studying with a Highly Trusted Sponsor, or accredited at or above level 4 if studying with an A -Rated Sponsor.

² The further education sector includes general further education colleges, tertiary colleges and private colleges.

Recognition³ by some awarding organisations in the Tier 4 market. Consequently, we launched a full thematic review.

This review was designed to examine the conduct of a sample of those awarding organisations and centres involved in delivering and awarding regulated qualifications to the Tier 4 market, and the standards of those qualifications. It was not about the legality or otherwise of Tier 4 students' entry into the UK, as this falls outside our remit.

During the review, we used the following methods to look at how awarding organisations address the risks posed by operating in the Tier 4 market:

- We asked a targeted sample⁴ of 13 awarding organisations that offer level 6 or 7 qualifications to centres in the Tier 4 market to complete an online survey regarding their handling of risks in the Tier 4 market and submit any supplementary documentation.
- We visited each of these 13 awarding organisations and interviewed senior staff to examine further their responses to the initial survey.
- We visited centres to compare awarding organisations' policies with what is happening on the ground.
- We commissioned a group of independent subject experts to carry out a qualification scrutiny. This involved a review of nine level 6 and 7 qualifications⁵ along with an analysis of assessment materials, assessing whether they are valid and of the correct level of demand for the qualification offered.

What we found

- Two thirds of all the awarding organisations included in the qualification scrutiny have qualifications with subject content and assessments that do not meet the required standards for qualifications at this level.
- All the awarding organisations included in the qualification scrutiny provided examples of student work that subject experts believed did not meet the level

³ The *General Conditions of Recognition* (www.ofqual.gov.uk/documents/general-conditions-of-recognition) are the requirements that all recognised awarding organisations have to meet on an ongoing basis.

⁴ For details of how this sample was identified, see appendix 1.

⁵ All these qualifications are available to both domestic students and those on Tier 4 visas.

required, despite having been signed off by the centre or the awarding organisation as sufficient to pass.

- Two thirds of the examples of student work scrutinised were found to show performance below the level required by the qualification.

The clearest issue emerging from the review is that standards of provision seen in this sample fall below what is required of regulated awarding organisations, in terms of their qualifications and of their control of centres delivering those qualifications.

Contributory factors

Several factors have been identified as potential contributors to this fall in standards:

- insufficient expertise within awarding organisations to deliver qualifications at levels 6 and 7;
- students lacking the relevant experience required for a vocational qualification at levels 6 and 7;
- a lack of sufficiently robust processes for risk management and quality assurance on the part of awarding organisations;
- a possible compromise of standards to gain commercial advantage.

Actions we've taken

The qualification scrutiny carried out as part of this thematic review identified serious issues related to both the standards of qualifications being offered and the performance of students and centres, and we met with the relevant awarding organisations following the review to discuss the findings.

Where serious issues had been identified, some awarding organisations have reacted to our concerns by taking rapid and robust action, with the support of action plans and undertakings, to drive significant improvement in the standards of qualifications and performance.

Where awarding organisations lacked the capability and capacity to drive rapid improvement themselves, we have taken decisive enforcement action, including

preventing certification and further exams taking place, and in the most serious case, withdrawing recognition from an awarding organisation.⁶

| Awarding organisation | Action resulting from the thematic review |
|--|--|
| Association of Business Executives (ABE) | Undertaking made in relation to completing certain actions ahead of awarding ⁷ |
| ATHE Ltd | Action plan for improvement agreed |
| Chartered Management Institute (CMI) | Action plan for improvement agreed |
| Institute of Commercial Management (ICM) | Undertaking made not to run the exams for units that have caused us concern, and not to award until all issues have been dealt with ⁸ |
| London Centre of Marketing (LCM) | Directions to prevent certification for the June 2013 exam series ⁹ and to prevent further series taking place in 2013 ¹⁰ We are now withdrawing recognition from LCM ¹¹ |
| NCC Education | Action plan for improvement agreed |
| NCFE | No further action taken following the awarding |

⁶ The withdrawal of recognition is the most severe regulatory action we can take against an awarding organisation, as detailed in *Taking Regulatory Action – Version 2* (www.ofqual.gov.uk/documents/taking-regulatory-action)

⁷ Undertaking from the Association of Business Executives, 23rd December 2013. Available at: www.ofqual.gov.uk/regulatory-actions/undertaking-from-the-association-of-business-executives-abe/.

⁸ Undertaking from Institute of Commercial Management, 19th December 2013. Available at: www.ofqual.gov.uk/regulatory-actions/undertaking-from-institute-of-commercial-management-iocm/

⁹ Direction issued to London Centre of Marketing, 18th July 2013. Available at: www.ofqual.gov.uk/regulatory-actions/direction-to-london-centre-of-marketing-lcm-july-2013.

¹⁰ Direction issued to London Centre of Marketing, 2nd September 2013. Available at: www.ofqual.gov.uk/regulatory-actions/direction-issued-to-london-centre-of-marketing,
Direction issued to London Centre of Marketing, 31st October 2013. Available at: www.ofqual.gov.uk/regulatory-actions/direction-given-to-london-centre-of-marketing-limited-lcm.

¹¹ Withdrawal of recognition from London Centre of Marketing Limited, 7th January 2014. Available at: www.ofqual.gov.uk/regulatory-actions/withdrawal-of-recognition-from-london-centre-of-marketing-limited-lcm/

| Awarding organisation | Action resulting from the thematic review |
|------------------------------|---|
| | organisation voluntarily withdrawing its only level 7 qualification |
| OCR | Action plan for improvement agreed |
| Pearson Education | Action plan for improvement agreed |

One of the main contributing factors to the start of this thematic review was a number of complaints about the quality and validity of certain level 7 qualifications offered by the Accrediting and Assessment Bureau for Post-Secondary Schools (AABPS). This led to a full investigation, and a range of regulatory action being taken. A notice of intention to withdraw recognition from AABPS has now been published.¹²

Recommendations and further actions

- We will require awarding organisations offering qualifications to the Tier 4 market to strengthen their qualification and assessment development, moderation, and centre approval and monitoring processes to ensure that qualifications are being consistently developed, delivered and awarded to the required standards.
- All awarding organisations offering qualifications from the Qualifications and Credit Framework (QCF) must ensure that methods of assessment are appropriate to each qualification and require all learning outcomes to be met for a pass to be awarded. We will make this a focus of our ongoing monitoring work, and any breaches may lead to regulatory action.
- The findings of this thematic review are sufficiently serious that we will review the remainder of the awarding organisations offering these qualifications to the Tier 4 market. If necessary, we will take enforcement action to ensure that qualifications are of the right standards.
- We will discuss with UK Visas and Immigration (UKVI)¹³ and the awarding organisations what arrangements could be put in place to share information about issues at any centres operating in the Tier 4 market.

¹² Notice of intention to withdraw recognition from AABPS, 20th January 2014. Available at: www.ofqual.gov.uk/regulatory-actions/notice-of-intention-to-withdraw-recognition-of-accrediting-assessment-bureau-for-post-secondary-schools-limited-aabps/

¹³ Formerly the UK Border Agency, which has been apprised of the progress of this review throughout.

- We have encouraged Government departments to consider the wider implications of our findings, and whether more could be done to coordinate the work of the various organisations involved in overseeing education provision.
- All stakeholders should work together to ensure that students are being entered for qualifications that are appropriate for them:
 - **Awarding organisations** have a responsibility to ensure that, when setting qualification entry requirements, they take into account the legal requirements placed on centres that operate under the Tier 4 immigration requirements, and these arrangements are fully managed and monitored in line with the General Conditions of Recognition.
 - **Centres** must ensure that these entry requirements are followed, and their initial assessments take all requirements into account.
 - **Inspectorates** may wish to give closer scrutiny to initial assessments carried out by centres to ensure that students are being enrolled on the right courses.

2. Introduction

2.1 Background to the Tier 4 market

The Home Office developed a points-based system in 2009 for controlling immigration from outside the EU. There are a number of tiers within the points-based system, one of which, Tier 4, relates to students coming into this country to study on an acceptable course.¹⁴

Tier 4 students must be sponsored by a licensed education provider. Each sponsoring institution is required to fulfil a range of sponsorship duties, including assessing and vouching for the ability of its students.

A Tier 4 sponsor must work to gain 'highly trusted sponsor' status by demonstrating its immigration compliance.

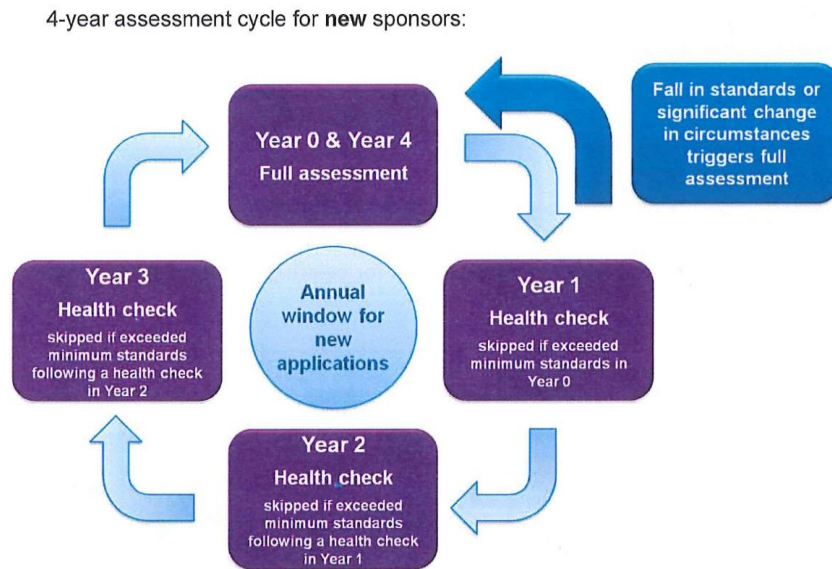
In recent years, student visas have proved controversial amid allegations they have provided an entry route into the UK that is particularly open to abuse. For this reason, the Government has introduced a range of reforms to tackle abuse and raise quality in Tier 4 provision, making education providers increasingly responsible for ensuring that overseas students obey the rules of their visas.

Before they apply for a Tier 4 licence, education providers must pass an inspection or assessment by one of a number of independent educational oversight bodies.

Sponsors are subject to a 4-year assessment cycle (as displayed in figure 1), where year 0 is the year of their first full assessment. The majority of sponsors are required to undergo a health check each year, but those who the relevant body confirms demonstrate the highest educational standards will only undergo health checks every two years.

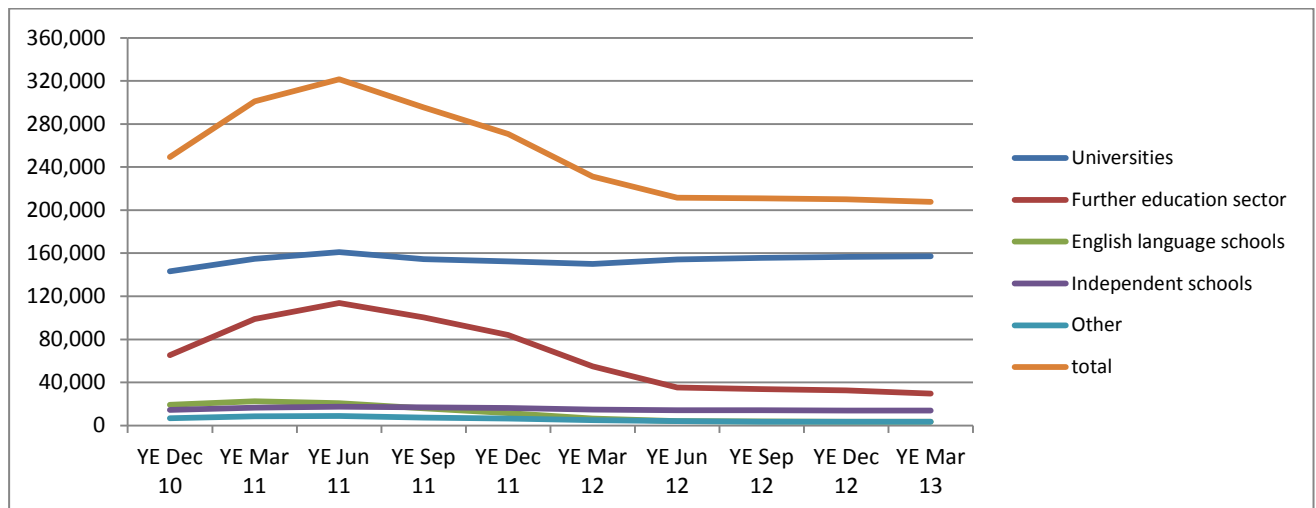
¹⁴ This is defined as a course accredited at or above level 3 on the National Qualifications Framework/QCF if studying with a Highly Trusted Sponsor, or accredited at or above level 4 if studying with an A- or B-rated sponsor.

Figure 1: Educational oversight 4-year assessment cycle



Immigration statistics¹⁵ show that there were 234,609 applications submitted for Tier 4 visas in 2012 (including dependants), and 209,749 visas issued. This number includes visas for students to study at all categories of Tier 4 sponsor, and is 52,121 fewer than the number of Tier 4 visas issued (261,870) in 2011. Figure 2 shows the number of Tier 4 visas issued for study in a range of education sector in a series of rolling 12-month periods from 2010 to 2013. The biggest drop is in visas to study in the further education sector, which includes private colleges.

Figure 2: Tier 4 visas issued in rolling 12-month periods, 2010 to 2013



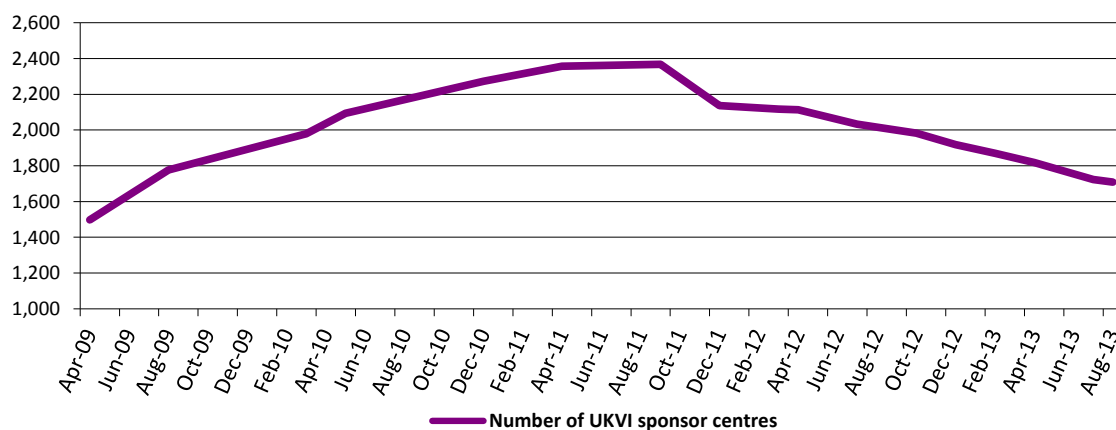
¹⁵ National statistics: *Immigration statistics, April to June 2013*. Available at: www.gov.uk/government/publications/tables-for-immigration-statistics-april-to-june-2013

The number of Tier 4 students looking to study at private colleges has declined significantly since the Government implemented a range of reforms (from April 2011) intended to tackle high levels of abuse in the system while allowing genuine students to continue to come to the UK to study. These reforms included restrictions on working rights for students on Tier 4 visas. The introduction of these restrictions was a result of the discovery of large-scale fraud, and the widespread use of ‘bogus colleges’. The National Audit Office reported that up to 50,000 students came to the UK to work rather than study in 2009/10 alone.¹⁶ Those studying at a private college now have no right to work in the UK (whether paid or unpaid), compared with an allowance of 10 hours per week for students at publicly funded further education colleges, and 20 hours per week for those at higher education institutions.

The interviews we carried out with awarding organisations and centres point to the introduction of these enhanced work restrictions as being a key factor in the sharp decline in Tier 4 student numbers, which has in turn made the market more competitive than ever, with awarding organisations and centres vying for the business of a diminishing pool of prospective students.

The fall in student numbers has also led to a decline in the number of Tier 4 centres. When the Tier 4 student visa came into force in 2009, there were 1,498 centres with the UK Border Agency (now UKVI) sponsor status. Similar to the number of visas issued (as demonstrated in figure 1), this number grew to a peak of nearly 2,500 in 2011, before falling consistently (since the reforms to Tier 4 were introduced) to 1,708 by 27th August 2013 (see figure 3).

Figure 3: Changing number of UKVI sponsor centres between 2009 and 2013



¹⁶ *Immigration: The Points Based System – Student Route*, National Audit Office, 27th March 2012. Available at: www.nao.org.uk/report/immigration-the-points-based-system-student-route/

2.2 Risks in the Tier 4 market

We are aware of a range of risks and issues associated with the delivery of qualifications to the Tier 4 market:

- The failure of the awarding organisations to identify sufficiently the specific immigration-related risks of operating in this market place.
- Weaknesses in the centre approval process, which could lead to continued delivery and assessment failures at centre level.
- Awarding organisations not taking reasonable steps to prevent the occurrence of malpractice and/or maladministration in the delivery and award of their qualifications.
- A lack of controls with regard to qualification entry requirements and appropriate assessment, with ineffective quality assurance and moderation processes in place meaning standards are not being met and assessments and subsequent awards are not secure.

We became aware of these risks through the following channels:

- media coverage of system abuse;
- information from whistleblowers and our related casework;
- educational oversight review reports related to individual colleges;
- monitoring and investigation work carried out by our compliance teams in late 2012 and early 2013.

Awarding organisations involved in this sector must each ensure that these specific risks are managed. Awarding organisations must also have effective governance, business controls and risk management arrangements in place in line with Section A of the General Conditions of Recognition.¹⁷

2.3 The purpose of the review

We use a thematic review to examine a theme by gathering and analysing evidence related to it and then forming judgements or opinions based on it. These evidence-

¹⁷ The *General Conditions of Recognition* (www.ofqual.gov.uk/documents/general-conditions-of-recognition) are the requirements that all recognised awarding organisations have to meet on an ongoing basis. Section A deals with the governance arrangements in awarding organisations.

based judgements will inform what, if any, further action is necessary. This can include enforcement action where serious breaches of the General Conditions of Recognition are discovered.

During 2012, several issues arose, related to awarding organisations operating in the Tier 4 market:

1. A number of substantiated allegations that international students have gained certificates by fraudulent means. This is a particular issue where certificates are then used as the entry requirements for level 6 or 7 qualifications.
2. Allegations from whistleblowers of malpractice and fraud in the delivery of regulated qualifications in the Tier 4 market.
3. Complaints in 2012 about the quality and validity of certain level 7 qualifications offered by the Accrediting and Assessment Bureau for Post-Secondary Schools (AABPS).¹⁸ There was evidence from our visits to centres offering the AABPS Level 7 Diploma in Management (QCF) that students had achieved the qualification in less than six months. A programme of study at level 6 or above may typically last between 6 and 12 months for students coming into the UK on a Tier 4 visa.

Delivering this qualification in less than six months could mean that:

- an awarding organisation has limited centre controls with regard to entry requirements and ineffective quality assurance and moderation processes in

¹⁸ The investigation into multiple breaches of the General Conditions of Recognition by AABPS meant it was not included in the sample for this thematic review. We have since taken various regulatory actions against AABPS:

Direction to AABPS (April 2012) available at: www.ofqual.gov.uk/regulatory-actions/direction-to-aabps-april-2012

Direction to AABPS (June 2012) available at: www.ofqual.gov.uk/regulatory-actions/direction-to-aabps-june-2012

Direction to AABPS (July 2012) available at: www.ofqual.gov.uk/regulatory-actions/direction-to-aabps-july-2012

Direction to AABPS (September 2012) available at: www.ofqual.gov.uk/regulatory-actions/direction-to-aabps-september-2012

Direction to AABPS (November 2012) available at: www.ofqual.gov.uk/regulatory-actions/direction-to-aabps-november-2012

Special Conditions imposed on AABPS (February 2013) available at: www.ofqual.gov.uk/regulatory-actions/special-conditions-on-aabps-february-2013

Direction issued to AABPS (August 2013) available at: www.ofqual.gov.uk/regulatory-actions/direction-issued-to-aabps

place, meaning standards are not being met and assessments and subsequent awards are not secure, or;

- an awarding organisation may not be taking reasonable steps to prevent the occurrence of malpractice and/or maladministration in the delivery and award of its qualifications by centres to enable students to come in under Tier 4 and remain in the UK.

As a result of these issues, we launched a thematic review to test whether awarding organisations:

- identify the risks of operating in this market;
- have robust centre approval and monitoring arrangements in place, to deal with delivery and assessment issues;
- take all reasonable steps to prevent malpractice and maladministration;
- have robust moderation and awarding arrangements in place to ensure that qualifications are awarded at the right standards.

This review was designed to examine the conduct of a sample of those awarding organisations and centres involved in delivering and awarding regulated qualifications to the Tier 4 market, and the standards of those qualifications. It was not about the legality or otherwise of students' entry into the UK,¹⁹ as this falls outside our remit.

¹⁹ This is the remit of UKVI, which has been apprised of the progress of this review throughout.

3. Methodology

3.1 Sample of awarding organisations

For this review, we selected a representative sample of awarding organisations that operate in the Tier 4 market. The full sampling strategy is detailed in appendix 1.

| Awarding organisation | Awarding organisation visit carried out? | Qualification submitted for scrutiny? ²⁰ |
|--|--|---|
| Association of Business Executives (ABE) | Yes | Yes |
| Association of International Accountants (AIA) | Yes | No |
| ATHE Ltd | No | Yes |
| British Computer Society (BCS) | Yes | No |
| British Institute of Facilities Management (BIFM) | Yes | No |
| Chartered Institute of Marketing (CIM) | Yes | No |
| Chartered Management Institute (CMI) | No | Yes |
| Institute of Administrative Management (IAM) ²¹ | No | Yes |
| Institute of Commercial Management (IoCM) | Yes | Yes |
| Institute of Leadership and Management (ILM) | Yes | No |
| London Centre of Marketing (LCM) | Yes | No |
| NCC Education | Yes | Yes |
| NCFE | Yes | Yes |
| OCR | Yes | Yes |
| Organisation for Tourism and Hospitality Management (OTHM) | Yes | No |
| Pearson Education | Yes | Yes |

²⁰ Only those awarding organisations offering qualifications in the business management sector were involved in the qualification scrutiny, as this is the predominant sector for Tier 4 students.

²¹ Since the review was carried out, the Institute of Administrative Management (IAM) has announced it is currently undergoing essential reorganisation, which has led to the suspension of operations.

3.2 Review methodology

During the review, we used the following methods to look at evidence of how awarding organisations address the risks posed by the Tier 4 market.

- We reviewed 13 awarding organisations' written responses to the following questions, along with any supplementary materials provided:
 - How are you assured that the systems you have in place to identify and manage risks in the Tier 4 market are effective?
 - How are you assured that the systems you have in place to identify and manage malpractice in the Tier 4 market are effective?
 - How are you assured that your Tier 4 centre arrangements are effective?
 - How are you assured that the systems you have in place to manage assessment in the Tier 4 market are effective?
 - How are you assured that the systems you have in place to quality assure the assessment process in the Tier 4 market are effective?
- We visited these 13 awarding organisations and interviewed senior staff to examine further their responses to the initial survey.
- We visited centres to compare selected awarding organisations' policies with what is happening on the ground.
- We commissioned a group of independent subject experts to review a sample of nine level 6 and 7 qualifications along with an analysis of assessment materials, assessing whether they are valid and of the correct level of demand. This qualification scrutiny looked at each of the qualifications listed in table 3 of appendix 1, carefully examining:
 - **assessment standards** based on the assessment specifications and other materials and guidance provided by awarding organisations;
 - **performance standards** based on examples of student submissions provided, judging how well these meet the standards expected of the level, grade descriptors, marking criteria and learning outcomes.

Although an international student may enter the UK through the Tier 4 route to study at level 3, 4 or 5, the maximum time they may remain in the UK is minimal in comparison to the length of time they can remain in the UK studying at level 6 or 7.

As this presents a higher risk of abuse at levels 6 and 7, we chose to concentrate on awarding organisations offering qualifications at these two higher levels.

All of the qualifications submitted for scrutiny are available to domestic students as well as those on Tier 4 visas.

4. Findings

4.1 Key findings

The clearest issue emerging from the thematic review, and in particular from the qualification scrutiny, is that the standards of provision seen in this sample currently fall below what is required of regulated awarding organisations.

- Two thirds of the awarding organisations included in the qualification scrutiny have qualifications with subject content and assessments that do not meet the required standards for qualifications at this level.
- All the awarding organisations included in the qualification scrutiny provided examples of student work that subject experts believed did not meet the level required, despite having been signed off by the centre or the awarding organisation as sufficient to pass.
- Two thirds of the examples of student work scrutinised were found to demonstrate performance below the level required by the qualification.

Some of the key issues uncovered during the course of the qualification scrutiny include:

| | |
|---|--|
| <p>Qualification content and assessment standards (based on materials developed and designed by awarding organisations)</p> | <ul style="list-style-type: none"> ■ a lack of precision in specifications, leading to misleading and inaccurate assessments; ■ inappropriate or flawed mark schemes; ■ assessment not covering learning outcomes for QCF qualifications; ■ command verbs²² in assessment criteria not sufficient for qualifications at level 6 or 7; ■ poorly constructed scenarios.²³ |
| <p>Student and centre performance standards</p> | <ul style="list-style-type: none"> ■ student responses below the necessary level, not meeting assessment criteria or learning outcomes, but students still being awarded a pass; ■ inconsistent application of mark schemes; ■ inappropriate assessment strategy, not enabling students |

²² Command verbs in assessment criteria define what a student must do to address those criteria, for example: describe, define, analyse, and so on.

²³ Scenarios are often used in exam-based assessments for students to apply their learning to a fictional situation.

| | |
|--|--|
| | <p>to demonstrate higher level skills;</p> <ul style="list-style-type: none">■ indications of plagiarism and other potential malpractice not picked up by markers;■ apparent lack of understanding by both students and teachers at some centres;■ over marking;■ poor-quality centre-designed assessments. |
|--|--|

These findings demonstrate an unacceptable shortfall in standards for some qualifications at this level, on the part of both the awarding organisations developing them and the centres delivering them.

4.2 Contributory factors

We have identified a number of factors through the thematic review that may have contributed to this apparent shortfall in standards:

■ **Insufficient expertise within awarding organisations at levels 6 and 7**

As less than 2 per cent of all regulated qualifications are above level 5, the provision of level 6 and 7 qualifications is a niche area, which may be outside the expertise of many awarding organisations. For example, at one awarding organisation included in the review we discovered that a lack of examiners trained to develop assessments at this level had resulted in previously published exam questions being re-used. We have taken enforcement action against the awarding organisation.

■ **A lack of student experience relevant to the qualification**

Using current entry requirements set by awarding organisations and centres, many students on Tier 4 visas have entered onto a postgraduate-level course via an academic route, and may not have industry experience applicable to the qualifications we scrutinised. Tier 4 students at private colleges cannot undertake paid or unpaid work outside their course, but work placements are permitted providing they are an integral and assessed part of the qualification and represent no more than a third of the total course time²⁴. However, none of the qualifications we examined required an assessed work placement to be completed.

²⁴ Unless there is a UK statutory requirement for the course to contain a specific period of work placement which exceeds this limit

The failure to include work experience as part of the qualification can make it very difficult for many students on Tier 4 visas to apply any real-world context to their studies, and where case studies were provided as an alternative, they tended to lead to sterile theoretical assignments that did little more than repeat textbook knowledge. This approach does not meet the standards expected of qualifications at this level, and, at worst, the lack of workplace experience could encourage plagiarism.

- **A lack of sufficiently robust processes for risk management and quality assurance on the part of awarding organisations**

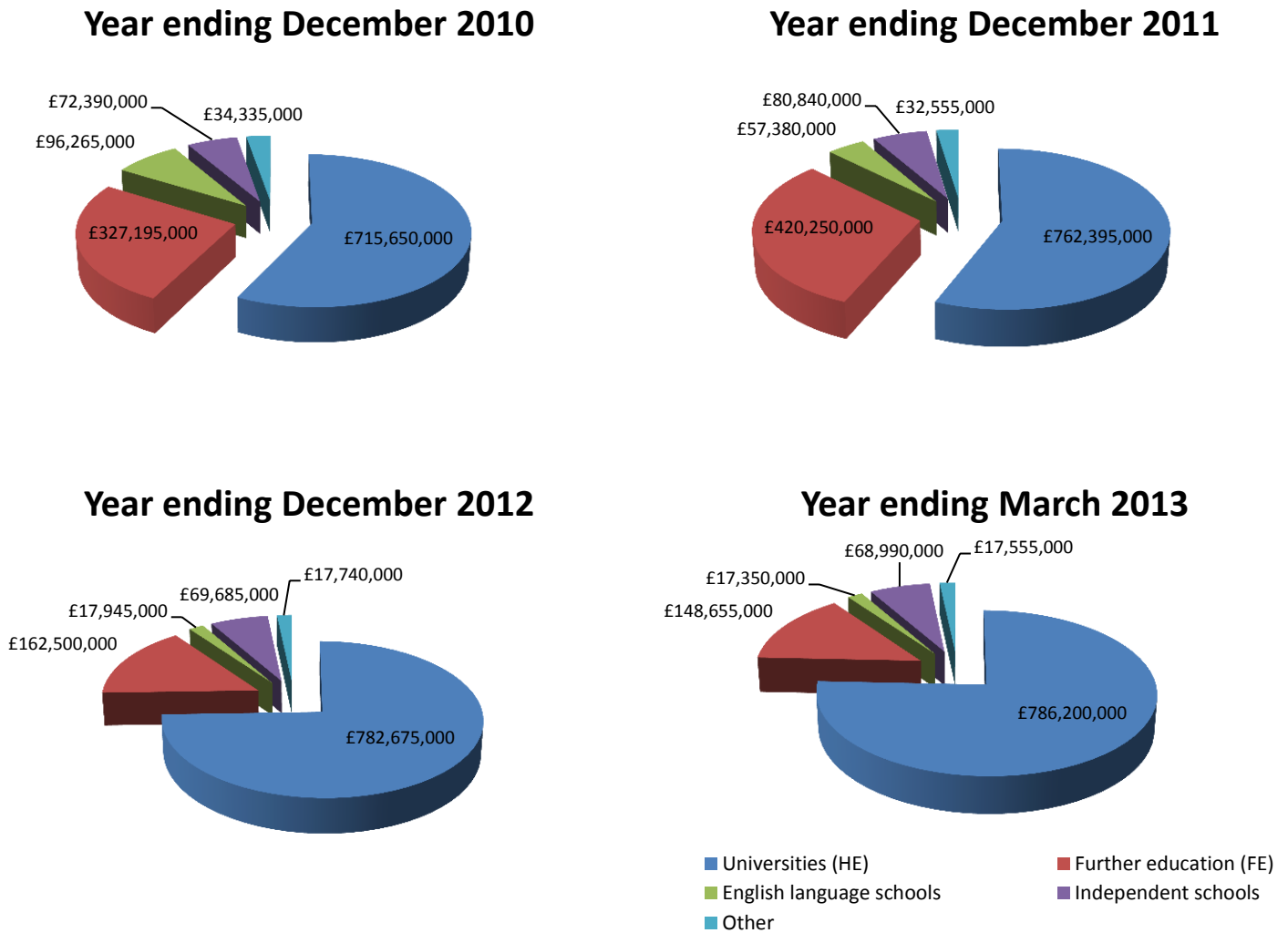
When we visited awarding organisations and centres during the review, we found that: more than half of our sample of awarding organisations had not identified any specific risks around operating in the Tier 4 market (particularly with regards to centre controls and the prevention and management of malpractice), while over a third were carrying out centre visits in a very limited manner.

- **A possible compromise of standards to gain commercial advantage**

In 2012, just under 210,000 Tier 4 visas were issued. 32,500 sponsored student visa applications (15 per cent) were for study in the further education sector, which includes private colleges. The average cost to students in further education is £5,000 per year, with fees in most higher education institutions being considerably higher. This means the total Tier 4 market in 2012 was worth in excess of £1.03 billion, with the Tier 4 market in further education worth over £160 million.

The significant value of this market, combined with the further education sector's decreasing share in it (see figure 4), could lead to some centres and awarding organisations compromising standards to present higher pass rates that might attract a higher number of overseas students in what is becoming an increasingly competitive market.

Figure 4: Approximate value of the Tier 4 market by education sector, 2010-13²⁵



Despite the specialist subject knowledge required to develop and deliver them, these higher level qualifications remain very attractive, particularly as they may

²⁵ National statistics: *Immigration statistics, April to June 2013*. Available at:

www.gov.uk/government/publications/tables-for-immigration-statistics-april-to-june-2013

Department for Business, Innovation & Skills (April 2013) *Evaluation of the Value of Tier 4 International Students to FE Colleges and the UK Economy*. Available at:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/182049/13-767-evaluation-of-value-of-tier-4-international-students-to-fe-colleges-and-uk-economy.pdf (accessed 12th December 2013).

result in partnership arrangements with higher education institutions, which can prove commercially lucrative for awarding organisations and centres.

4.3 Additional findings

- **The entry requirements set by some awarding organisations are not robust enough to ensure the suitability of students for a qualification.**

It is imperative that the entry requirements set by an awarding organisation for students to be registered on its qualifications ensure the suitability of those qualifications in relation to the students' needs and abilities. The entry requirements set by some awarding organisations are not currently robust enough for this purpose. For instance, one awarding organisation has the following entry requirements for students registering for its Level 7 Diploma in Business Management:

An honours degree from a UK university (minimum 2:2) in any subject, or equivalent award from a non-UK university, or 3 years' work experience at a managerial level with significant responsibility for resources (staff, financial, physical etc. or a combination of these). Prospective students must be able to demonstrate that these responsibilities were significant and that they had a high level of autonomy.

This would enable a student with no previous business experience to start the qualification, but could preclude an individual with 3 years' industry experience not at a significant managerial level who is looking to gain a strategic qualification in order to move up the career ladder. We would expect awarding organisations to set specific entry requirements for all qualifications, taking into account the additional risks and restrictions that exist for students on a Tier 4 visa, and ensure that these arrangements are fully managed and monitored.

- **Some of the awarding organisations we sampled currently use a compensatory system of assessment for QCF qualifications, in breach of QCF arrangements.**

This issue seems to stem from awarding organisations moving long-running qualifications onto the QCF, but continuing to use compensatory models of assessment (for example, a written exam with a 40 per cent pass mark). These models allow a student to do less well in some areas but to make up for this with high marks in other areas, and achieve a pass grade without demonstrating a good understanding of all learning outcomes. In some cases, awarding organisations have reasoned that these lower pass marks are used to align better with the compensatory approach to assessment commonly used in higher

education, so that any progression routes for students will appear more seamless.

- **More than half of the awarding organisations we sampled delegate to centres some responsibility for the setting or marking of assessments.**

Where exams are used as a form of assessment, the use of external invigilators and markers both helps to reduce the potential for centre malpractice and can help to reduce the requirement for additional moderation, making the assessment and awarding process more efficient. We found that less than a quarter of the sample of awarding organisations employed their own invigilators. While it is encouraging to see a number of awarding organisations using these methods, it is a practice that should be more widespread.

- **Centres are individually risk-rated by less than a quarter of the awarding organisations we sampled.**

Although it is not a requirement, rating the level of risk that an individual centre poses allows for more targeted monitoring activities to be carried out, and should be considered best practice for all awarding organisations. Generally, those awarding organisations that risk-rate centres automatically rate centres with Tier 4 students as high-risk, resulting in closer, more frequent monitoring.

- **More than half of the awarding organisations we sampled have not identified specific risks related to the Tier 4 market.**

Although the majority of awarding organisations have a good risk-management strategy in place, more than half have failed to identify any risks specifically associated with operating in the Tier 4 market (these can include: difficulties at centre-level due to cultural differences; 'bogus colleges' trying to gain approval from an awarding organisation; an increased risk of assessment malpractice and impersonation). Usually, this is because risk management is approached at a whole-organisation level, but it is still important for awarding organisations to identify such a high-risk area so it is given sufficient consideration.

- **Centre visits (including monitoring and spot checks) were insufficient by over a third of the awarding organisations we sampled.**

Although centre visits are carried out at some point by the vast majority of awarding organisations, some only use them during approval, or even only when an issue arises. Good practice would be for centre visits to be carried out for approval, re-approval, monitoring and exam spot checking (where applicable), in addition to when issues arise.

5. Conclusions, actions and recommendations

5.1 Actions we've taken

The qualification scrutiny we carried out as part of this thematic review identified serious issues related to both the standards of qualifications being offered and the performance of students and centres, and we met with the relevant awarding organisations following the review to discuss the findings.

Where serious issues had been identified, some awarding organisations have reacted to our concerns by taking rapid and robust action, with the support of action plans and undertakings, to drive significant improvement in the standards of qualifications and performance.

Where awarding organisations lacked the capability and capacity to drive rapid improvement themselves, we have taken decisive enforcement action, including preventing certification and further exams taking place, and in the most serious case, issuing a notice of intent to withdraw recognition.²⁶

| Awarding organisation | Action resulting from the thematic review |
|--|---|
| Association of Business Executives (ABE) | Undertaking made in relation to completing certain actions ahead of awarding ²⁷ |
| ATHE Ltd | Action plan for improvement agreed |
| Chartered Management Institute (CMI) | Action plan for improvement agreed |
| Institute of Commercial Management (ICM) | Undertaking made not to run the exams for units that have caused us concern, and not to award until all issues have been dealt with ²⁸ |
| London Centre of Marketing (LCM) | Directions to prevent certification for the June 2013 exam series ²⁹ and to prevent further series taking place in 2013 ³⁰ |

²⁶ The withdrawal of recognition is the most severe regulatory action we can take against an awarding organisation, as detailed in *Taking Regulatory Action - Version 2*. Available at:

www.ofqual.gov.uk/documents/taking-regulatory-action

²⁷ Undertaking from the Association of Business Executives, 23rd December 2013. Available at: www.ofqual.gov.uk/regulatory-actions/undertaking-from-the-association-of-business-executives-abe/.

²⁸ Undertaking from Institute of Commercial Management, 19th December 2013. Available at: www.ofqual.gov.uk/regulatory-actions/undertaking-from-institute-of-commercial-management-icm/

²⁹ Direction given to London Centre of Marketing, 18th July 2013. Available at:

www.ofqual.gov.uk/regulatory-actions/direction-to-london-centre-of-marketing-lcm-july-2013

| Awarding organisation | Action resulting from the thematic review |
|-----------------------|--|
| | We are now withdrawing recognition from LCM ³¹ |
| NCC Education | Action plan for improvement agreed |
| NCFE | No further action taken following the awarding organisation voluntarily withdrawing its only level 7 qualification |
| OCR | Action plan for improvement agreed |
| Pearson Education | Action plan for improvement agreed |

One of the main contributing factors to the start of this thematic review was a number of complaints about the quality and validity of certain level 7 qualifications offered by the Accrediting and Assessment Bureau for Post-Secondary Schools (AABPS). This led to a full investigation, and a range of regulatory action being taken. A notice of intention to withdraw recognition from AABPS has now been published.³²

5.2 Impact

The low standards of performance and assessment uncovered in the course of this review will have an impact on several groups of stakeholders:

- Awarding organisations** will be subject to far closer scrutiny around their assessment and moderation practices as a whole, and particularly around their activities in the Tier 4 market. They will also be expected to strengthen their centre approval and monitoring processes or else face the prospect of regulatory action being taken against them. We have met with all the awarding organisations that took part in the qualification scrutiny to make our expectations of them clear.

³⁰ Direction given to London Centre of Marketing, 2nd September 2013. Available at:

www.ofqual.gov.uk/regulatory-actions/direction-issued-to-london-centre-of-marketing

Direction given to London Centre of Marketing, 31st October 2013. Available at:

www.ofqual.gov.uk/regulatory-actions/direction-given-to-london-centre-of-marketing-limited-lcm

³¹ Withdrawal of recognition from London Centre of Marketing Limited, 7th January 2014. Available at:

www.ofqual.gov.uk/regulatory-actions/withdrawal-of-recognition-from-london-centre-of-marketing-limited-lcm/

³² Notice of intention to withdraw recognition from AABPS, 20th January 2014. Available at:

www.ofqual.gov.uk/regulatory-actions/notice-of-intention-to-withdraw-recognition-of-accrediting-assessment-bureau-for-post-secondary-schools-limited-aabps/

There will be an added expectation on all awarding organisations to work with their centres to ensure that the right students are being entered onto the right qualifications. Entry requirements for every qualification should be made clear, and awarding organisations are expected to ensure that their centres are applying them correctly. If a student in a private college will not be able to contextualise his or her learning appropriately due to work restrictions, or the lack of an assessed work-placement as part of the qualification, that student should not be entered for that qualification.

- **Students and other users of qualifications** are potentially being placed at a disadvantage because of the low standards of some qualifications.

5.3 Actions awarding organisations are already taking

During the visit stage of this review, some awarding organisations made it clear that they had already identified issues in their involvement with the Tier 4 market that needed addressing, and they provided us with information on actions they were taking to improve the situation. These actions include:

- the introduction of centre risk-rating in a greater number of awarding organisations to allow more targeted monitoring activity;
- a review of risk-identification processes, ensuring that risks directly associated with the Tier 4 market are specifically identified;
- an increase in monitoring visits and spot checks on centres to ensure that all relevant procedures are being followed for maximum compliance and to prevent malpractice;
- a general strengthening of centre agreements;
- a move towards more external assessment, where all assessments are designed and marked by the awarding organisation, reducing the risk of centre malpractice and the need for additional layers of moderation;
- a review of published entry requirements to assure further the suitability of students for a particular qualification and level.

We will monitor these actions through the annual monitoring programme of awarding organisations. This programme sets out how every awarding organisation we regulate will be subject to some form of monitoring activity through the year, based on risk and on an awarding organisation's known level of compliance with the General Conditions of Recognition.

5.4 Further actions and recommendations

To address the shortfall in standards discovered in the course of this review, and to regain public confidence in the activities of awarding organisations and centres in the Tier 4 market, we recommend the following actions:

- We will require awarding organisations offering qualifications to the Tier 4 market to strengthen their qualification and assessment development, moderation, and centre approval and monitoring processes to ensure that qualifications are consistently developed, delivered and awarded to the required standards.
- All awarding organisations offering qualifications from the QCF must ensure that methods of assessment are appropriate to the qualification and require all learning outcomes to be met for a pass to be awarded. We will make this a focus of our ongoing monitoring work, and any breaches may lead to regulatory action.
- The findings of this thematic review are sufficiently serious that we will review the remainder of the awarding organisations offering these qualifications to the Tier 4 market. If necessary, we will take enforcement action to ensure that qualifications are of the right standards.
- We will discuss with UKVI and the awarding organisations what arrangements could be put in place to share information about issues at any centres operating in the Tier 4 market.
- We have encouraged Government departments to consider the wider implications of our findings, and whether more could be done to coordinate the work of the various organisations involved in overseeing education provision.
- All stakeholders should work together to ensure that students are being entered for qualifications that are appropriate for them:
 - **Awarding organisations** have a responsibility to ensure that, when setting qualification entry requirements, they take into account the legal requirements placed on centres that operate under the Tier 4 immigration requirements, and these arrangements are fully managed and monitored in line with the General Conditions of Recognition.
 - **Centres** must ensure that these entry requirements are followed, and their initial assessments take all requirements into account.
 - **Inspectorates** may wish to give closer scrutiny to initial assessments carried out by centres to ensure that students are being enrolled on the right courses.

Appendix 1 – Full sampling strategy

Although an international student may enter the UK through the Tier 4 route to study at level 3, 4 or 5, the maximum time they may remain in the UK is minimal in comparison to the length of time they can remain in the UK studying at level 6 or 7. It was for this reason we chose to concentrate on awarding organisations offering qualifications at these two higher levels.

Forty-one awarding organisations actively offer level 6 and 7 qualifications. To establish which of these awarding organisations operate in the Tier 4 market, we cross referenced the UKVI list of trusted sponsors with centre data provided by awarding organisations. We were able to discount the 307 centres solely recognised as Tier 4 (child) sponsors because these are schools and nurseries that don't deliver qualifications at levels 6 and 7.

Through this analysis we established the number of awarding organisations that operate in the Tier 4 market. We established their relative market share according to the number of sponsored centres they have approved, and the certification data for the qualifications each of these centres delivers. We did not have access to individual centre data.

For the level 6 and 7 qualifications delivered through centres sponsored by UKVI to recruit Tier 4 students, we found:

- twenty-nine awarding organisations deliver to this market;
- some 8,000 certificates were issued during 2012,³³
- over 75 per cent of these certificates were for business management qualifications;
- sixty per cent of available qualifications are in the business management sector (sector subject area 15.3);
- twelve awarding organisations offer business management qualifications;
- these 12 awarding organisations offer 72 per cent of the total number of qualifications available to this market, and 80 per cent of the achievements;
- half of the available qualifications are at level 6 and half at level 7;

³³ This figure represents the total number of certificates for qualifications *available* to sponsor centres. Therefore, some of these certificates may have been issued to students in centres not operating in the Tier 4 market.

- seventy per cent of achievements are at level 7;
- some 432 centres offer at least one level 7 qualification, and 308 offer at least one level 6 qualification.

Based on these facts, we decided to carry out visits to approximately 50 per cent of the awarding organisations operating in the Tier 4 market, based on the following rationale:

- All awarding organisations with a business management offer were potentially in scope (predominant sector subject area in this market).
- Exclude those awarding organisations already investigated recently to reduce regulatory burden and duplication.
- Include those awarding organisations with an offer in other sector subject areas delivered through private providers.

This gave us the following group of awarding organisations as a sample for the visit section of the review:

Table 1: Full sample of awarding organisations

| Awarding organisation | Total centres | Number of quals | Total number of certificates 2011/12 | Sector subject area(s) |
|------------------------------|----------------------|------------------------|---|---|
| ABE | 66 | 14 | 123 | 15.3 Business management 15.1 Accounting and finance 15.4 Marketing and sales |
| AIA | 2 | 2 | 0 | 15.1 Accounting and finance |
| BCS | 41 | 1 | 128 | 6.1 ICT practitioners |
| BIFM | 3 | 4 | 9 | 15.3 Business management |
| CIM | 54 | 2 | 1016 | 15.4 Marketing and sales |
| EDI ³⁴ | 8 | 1 | 17 | 15.3 Business management |
| ILM | 40 | 7 | 273 | 15.3 Business management |
| IoCM | 15 | 7 | 139 | 15.3 Business management |
| LCM | 19 | 2 | 188 | 15.4 Marketing and sales |
| Pearson Education | 115 | 18 | 4507 | 15.3 Business management 5.2 Building and construction |
| NCC Education | 2 | 2 | 48 | 15.3 Business management 6.1 ICT practitioners |

³⁴ Following the takeover of EDI by Pearson Education, it was omitted from the sample.

| Awarding organisation | Total centres | Number of quals | Total number of certificates 2011/12 | Sector subject area(s) |
|-----------------------|---------------|-----------------|--------------------------------------|---|
| NCFE | 5 | 1 | 3 | 15.3 Business management |
| OCR ³⁵ | 28 | 8 | 421 | 15.3 Business management 13.1 Teaching and lecturing 13.2 Direct learning support |
| OTHM | 6 | 2 | 0 | 8.2 Travel and tourism |

For the qualification scrutiny section of the review, we decided, where possible and relevant, to sample one business management qualification offered by each awarding organisation visited and by those recently investigated.

Table 2: Potential full sample of awarding organisations for qualification scrutiny

| Awarding organisation | Total centres | Number of quals | Total number of certificates 2011/12 by QAN | Sector subject area(s) |
|-----------------------|---------------|-----------------|---|---|
| ABE | 66 | 14 | 123 | 15.3 Business management 15.1 Accounting and finance 15.4 Marketing and sales |
| ATHE | 44 | 23 | 181 | 15.3 Business management |
| BIFM ³⁶ | 3 | 4 | 9 | 15.3 Business management |
| CMI | 109 | 15 | 7809 | 15.3 Business management |
| EDI ³⁷ | 8 | 1 | 17 | 15.3 Business management |
| IAM ³⁸ | 22 | 2 | 5 | 15.3 Business management |
| ILM ³⁹ | 40 | 7 | 273 | 15.3 Business management |

³⁵ There appear to be just three sponsored centres in Northern Ireland. Two of these are approved by OCR. This means the study has relevance to how we regulate qualifications in Northern Ireland.

³⁶ The BIFM qualification was omitted from the sample as it was judged to be unsuitable for students on Tier 4 visas, and, therefore, outside the scope of this review.

³⁷ Following the takeover of EDI by Pearson Education, it was omitted from the sample.

³⁸ Since the review was carried out, the Institute of Administrative Management (IAM) has announced it is currently undergoing essential reorganisation, which has led to the suspension of operations.

³⁹ The ILM qualification was omitted from the sample as it was judged to be unsuitable for students on Tier 4 visas, and, therefore, outside the scope of this review.

| Awarding organisation | Total centres | Number of quals | Total number of certificates 2011/12 by QAN | Sector subject area(s) |
|-----------------------|---------------|-----------------|---|---|
| IoCM | 15 | 7 | 139 | 15.3 Business management |
| NCC Education | 2 | 2 | 48 | 15.3 Business management 6.1 ICT practitioners |
| NCFE | 5 | 1 | 3 | 15.3 Business management |
| OCR | 28 | 8 | 421 | 15.3 Business management 13.1 Teaching and lecturing 13.2 Direct learning support |
| Pearson Education | 115 | 18 | 4507 | 15.3 Business management 5.2 Building and Construction |

Ultimately, nine qualifications were chosen for scrutiny:

Table 3: Qualification scrutiny final sample

| Awarding organisation | QAN | Title |
|-----------------------|------------|--|
| ABE | 501/1211/9 | ABE Level 6 Diploma in Travel, Tourism and Hospitality Management (QCF) |
| ATHE | 600/3407/5 | ATHE Level 7 Diploma in Strategic Management (QCF) |
| CMI | 500/4117/4 | CMI Level 7 Diploma in Strategic Management and Leadership (QCF) |
| IAM ⁴⁰ | 600/1528/7 | IAM Level 6 Diploma in Business and Administrative Management (Graduate) (QCF) |
| IoCM | 500/5872/1 | IoCM Level 6 Graduate Diploma in Management Studies |
| NCC Education | 600/0365/0 | NCC Education Level 7 Diploma in Business Management (QCF) |
| NCFE | 501/0941/8 | NCFE Level 7 Diploma in Management (QCF) |
| OCR | 501/0500/0 | OCR Level 7 NVQ Diploma in Management |
| Pearson Education | 501/0998/4 | Pearson BTEC Level 7 Extended Diploma in Strategic Management and Leadership (QCF) |

⁴⁰ Since the review was carried out, the Institute of Administrative Management (IAM) has announced it is currently undergoing essential reorganisation, which has led to the suspension of operations.

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First published by the Office of Qualifications and Examinations Regulation in 2014

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