



Skills Funding
Agency

Approval of Qualifications for Public Funding for Adult Learners

Technical Guidance for Awarding Organisations

January 2014

Of interest to awarding organisations

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Foreword

The Minister for Skills and Enterprise has clearly set out the key priorities for the skills system going forward. These are Traineeships, Apprenticeships, higher standards and better qualifications.

This Technical Guidance sets out how we intend to support the delivery of better qualifications through a more rigorous and robust approach to how we approve qualifications for funding. This Guidance has been designed to align with, and reflect, the approach to vocational qualifications which the Department for Education has put in place. The Guidance also builds on the principles for adult vocational qualifications outlined in the review led by Nigel Whitehead. In addition, we are continuing to work closely with the Office of the Qualifications and Examinations Regulator so that our work on funding decisions around qualifications and their work on the regulation of qualifications is complementary.

This document is about how we ensure that we fund qualifications that are relevant to employers and to learners, which support skills needs now and in the future so that we can drive up economic success, close skills gaps and help people to engage with and remain in work. We want what we fund to be meaningful - to the learners who achieve qualifications and to the employers who look to those qualifications to signal what a learner has achieved and at what level. We set out in this Guidance what our main objectives are for the publicly funded qualifications offer and the rules we will apply to achieve those objectives.

The business rules we set out here prepare the ground for, and are a part of, broader work on adult vocational reform. We will continue to review these rules and ensure they remain fit for purpose in the context of this broader reform.

Keith Smith
Executive Director Funding and Programmes
Skills Funding Agency

January 2014.

Purpose and Scope of this Guidance

1. This document sets out the process and rules we will apply from January 2014 to approve regulated qualifications for public funding. We have produced this Technical Guidance so that awarding organisations are clear about these arrangements.
2. This Guidance covers the approval of regulated qualifications for funding through the Skills Funding Agency's Adult Skills Budget (ASB), the Offender Learning and Skills Service (OLASS) and 24+ Advanced Learning Loans. **Apprenticeships are outside the scope of this Guidance.**
3. The following areas relating to funding are not covered in this document;
 - 1) If you would like to understand how the Agency distributes funding to providers, please refer to the New Providers section of our [website](#).
 - 2) To find out which adults are eligible for funding and what training and learning they are entitled to receive funding for, please refer to the [Funding Rules](#) section of our website. Please note that the business rules for the approval of qualifications for funding are separate from the [Funding Rules](#).
 - 3) For more general information on the qualifications we fund, including how we define 'full' qualifications in the context of the adult entitlements at Levels 2 and 3, please refer to the [Qualifications Information Guide](#) on the Qualifications section of our website.
4. Unit delivery is also not covered in this document. We will publish separate information on how we make units available for delivery later on in the year.
5. The processes and rules we have set out here for the funding approval of qualifications will operate with immediate effect. We expect to update this Guidance once the Technical Guidance for Level 2 substantial vocational qualifications to be recognised in 16 to 19 Performance Tables is published by the Department for Education (DfE) during spring 2014. This is in order to ensure appropriate alignment between publicly funded offer 16 to 19 and the publicly funded offer 19 to 23.
6. In addition, we may update the Guidance as the outcomes of the review of the Qualifications and Credit Framework (QCF), which is being undertaken by the Office of Qualifications and Examinations Regulation (Ofqual), become clear.

7. The process and rules we set out here are also intended to prepare the ground for the broader programme of adult vocational reform which the Department for Business, Innovation and Skills (BIS) is taking forward.
8. If you have any queries relating to this document or the process through which we approve qualifications for funding please email: qualifications@sfa.bis.gov.uk.

Introduction and Overview

9. Since 2010 the Skills Funding Agency has been responsible for approving qualifications for public funding for adults. During 2013 we have reviewed the rules and supporting processes through which we approve qualifications for funding, in order to support broader reforms taking place across the skills system, as highlighted in [Rigour and Responsiveness in Skills](#) (April 2013). As part of this review, we consulted with colleges and training organisations (providers), awarding organisations and stakeholder representative bodies on our proposed changes to how we approve qualifications for funding and how we will streamline the publicly funded qualifications offer for adults.
10. We are now introducing new rules and supporting processes, which will take immediate effect. We believe that these arrangements will allow for a greater level of transparency and predictability for awarding organisations and for providers, so that everybody is clear on what qualifications may attract a level of government contributory funding or be funded through 24+ Advanced Learning Loans.
11. In implementing these changes, we have taken into account the following:
 - 1) Feedback received from awarding organisations, providers and other key stakeholders.
 - 2) The design principles for adult vocational qualifications set out in the [Review of Adult Vocational Qualifications](#) led by Nigel Whitehead (November 2013).
 - 3) The DfE's requirements for vocational qualifications to be included in 16 to 19 Performance Tables (2016) and the associated [Technical Guidance](#) for awarding organisations.
12. In this Guidance we use the phrase 'qualifications offer' to refer to all of the regulated qualifications approved for funding for adult learners. We wish to fund only those qualifications which have high demand from employers and individuals, and support meaningful outcomes in terms of progression to and through work or progression to the next level of learning. Our policy is that government contributory funding should support a qualifications offer that is predominantly vocationally focussed and responsive to new and changing skills needs as well as having the capacity and capability to support innovation and technology both in delivery and assessment.

13. Our focus will be on regulated qualifications and we will look to regulation by Ofqual and the Quality Assurance Agency (QAA) to ensure that qualifications in scope for public funding are of sufficiently high quality. However, we will also streamline the number of qualifications we approve for funding, ensuring that we can direct funding to those qualifications which respond to demand and have employer recognition. These new arrangements, alongside other reforms taking place will ensure that the publicly funded offer is one which is **relevant, rigorous and recognised**.
14. Critically the publicly funded 'qualifications offer' must support the following four objectives:
 - 1) The offer should enable individuals to demonstrate their achievement of the knowledge, skills and understanding needed to carry out a particular role or work in a specific field at a particular level as well as develop their skills further. We therefore need to ensure that a qualification we approve for funding can clearly act as a signal of skills achievement to both individuals and employers.
 - 2) The offer should enable individuals to both engage with and progress through vocational education and training (including those learners who are making the transition from 16 to 19 to the offer for those aged 19 to 23). The offer must lead to clear employment and/or progression outcomes (including to higher education).
 - 3) The offer has to be broad enough to support the very real need for some individuals to access provision that focuses on breaking down barriers to engagement with learning or work, and on gaining some of the more generic and transferable skills we all need to perform with confidence as individuals or as part of a team in the workplace.
 - 4) The offer must support every adult learner to progress towards achieving an English or maths GCSE at A* to C, or a Functional Skills English or maths qualification at Level 2 if they have not already achieved this.
15. We will automatically approve certain types or groups of qualifications for funding in line with government policy, for example Tech Levels. This is provided they fit within the broad remit of what we are able to fund (see paragraphs 37 and 38 below). Where we do not automatically approve qualifications they will need to demonstrate that they are relevant to the needs of employers and learners and the objectives we set out above. Therefore we will apply a series of 'business rules' to scrutinise these qualifications to ensure that the offer only includes those qualifications that the Government wishes to invest in.

16. Most qualifications we approve for funding will continue to be drawn from the QCF. This is because of the more flexible approach that unit based and credit bearing qualifications can offer to adult learners; including the facility to accumulate and transfer credit. However, QCF qualifications are not the only qualifications publicly funded for adult learners. Where we approve qualifications automatically (see paragraph 39) this is irrespective of whether they are QCF or not. However, where qualifications are subject to scrutiny by us, currently they must be drawn from the QCF. As indicated in this Guidance, Ofqual have commenced a review of the QCF and, alongside this, there is the broader adult vocational reform. Whilst we await the outcomes of these reviews and reforms, it will remain the case that, outside of automatic approval, a qualification must be drawn from the QCF in order to be in scope for funding approval.
17. Our new business rules will ensure that we only fund qualifications that have **clear recognition** from employers and/or education institutions. Qualifications in the offer will need to be of **sufficient size** to deliver meaningful learning and demonstrate the attainment of skills, knowledge and understanding. Furthermore, we will only approve qualifications that are in line with funding priorities as expressed in the annual Skills Funding Statement, and that have clear, public facing statements of **purpose** that demonstrate this.
18. Each year, we will look at the performance of the qualifications we have approved for funding for a period of two years. We will only retain in the offer those qualifications that demonstrate a **proven track record** of demand from employers and learners and which support **progression** to work or to further/higher learning.
19. Over the longer term we will consider whether to introduce a rule that only **graded** vocational qualifications at Levels 2, 3 and 4 will be approved for funding. However, before we consider such a rule, we will take into account Ofqual's work on grading of vocational qualifications and their broader review of the QCF as well the adult vocational reform being taken forward by the BIS and key partners including the DfE, Ofqual, UK Commission for Employment and Skills and ourselves.

20. These business rules will shape the 2014/15 publicly funded offer for adults. We will also use them to determine which additional qualifications we add to the existing 2013/14 offer. During 2014 we will monitor the application and impact of our new rules, including updating our independently chaired Qualifications Advisory Group (QAG) on any issues arising from the implementation of the rules. This group oversees our process for approving qualifications for funding and advises us on qualification related issues. Both the Federation of Awarding Bodies (FAB) and the Joint Council for Qualifications (JCQ) are represented on the QAG. The Terms of Reference and membership of QAG are available on [Our Governance](#) page of our website. A summary of each meeting is published in our [Update](#).

Overview of timescales

21. We will apply all our business rules to all **new qualifications** (that is, those that first appear on [Ofqual's Register of Regulated Qualifications](#) - the Register) on or after **1 February 2014** to determine whether they are added to the 2013/14 qualifications offer and the 2014/15 offer. This includes qualifications that are developed through the [Innovation Code](#).
22. For qualifications that appeared on the register before 1 February 2014 there will be a period of transition to meet all the new rules and to submit the necessary evidence requirements, although we will apply the size rule and interim purpose rules immediately. This transition period applies for qualifications that are already approved and included within the 2013/14 offer, and those that appeared on the Register between 7 August 2013 and 31 January 2014 but were not approved.
23. This transition period runs until **1 November 2014**, by when awarding organisations **must have met all of the new business rules and submitted all of the necessary evidence requirements in order for their qualifications to be included in the 2015/16 offer.**

How We Approve Qualifications for Funding

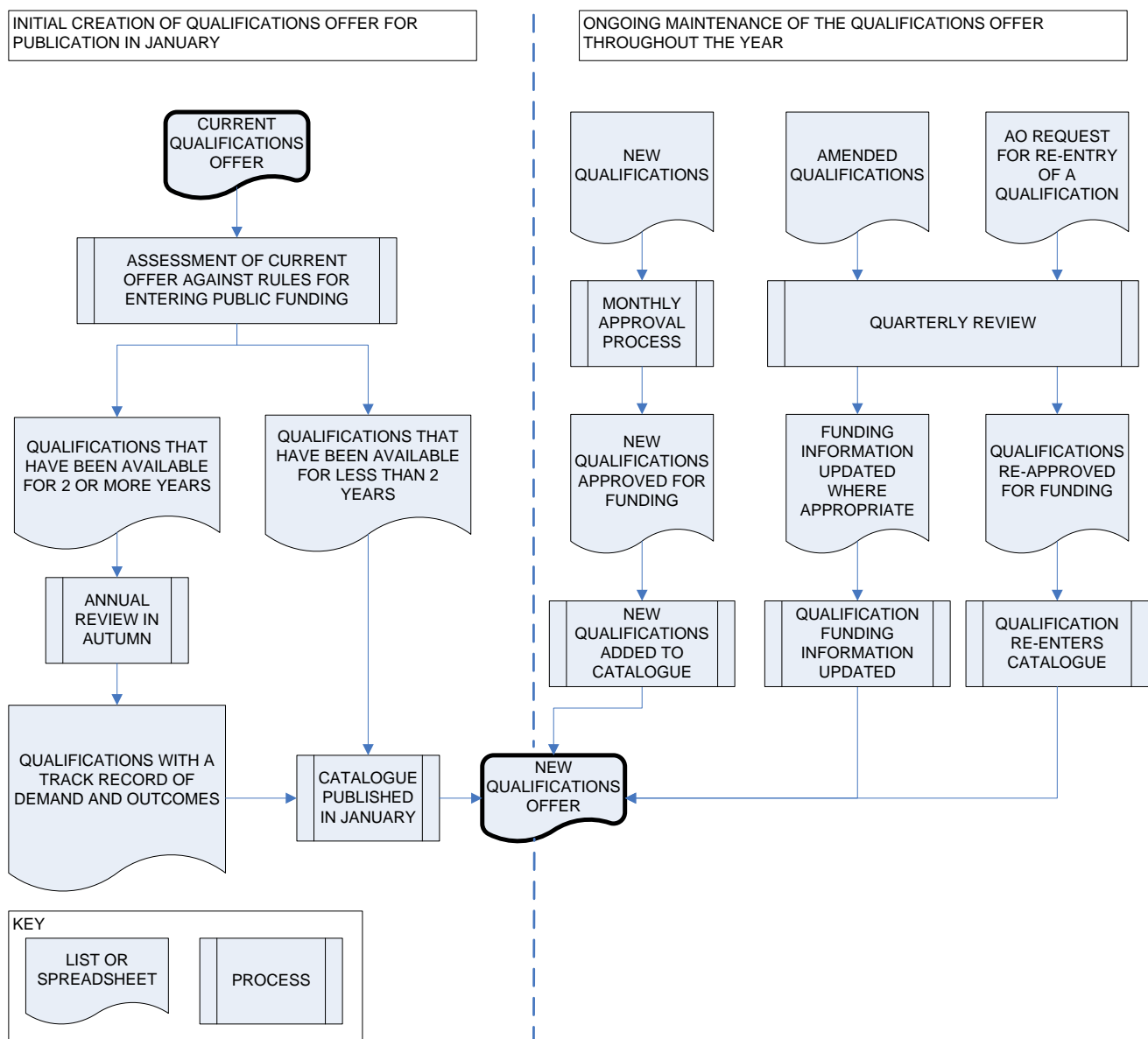
Introduction and overview

24. Each January, we publish a [catalogue](#) of regulated qualifications which are approved for funding for the following funding year beginning 1 August. These are the qualifications in scope to be delivered by providers on our [Register of Training Organisations](#) who have contracts to deliver provision through the Adult Skills Budget or OLASS.
25. Although we first publish the catalogue in January, **each month** we add to the catalogue newly regulated qualifications that meet our rules for entering public funding.
26. Each **quarter** we consider submissions from awarding organisations for a qualification to re-enter public funding if it has previously been taken out funding due to low demand and there is now evidence of demand. In addition, each quarter we will review any amendments that have been made to existing qualifications approved for funding to see whether we need to update the funding information for such qualifications in the light of the new business rules.
27. Each **autumn** we carry out an **annual review** of qualifications that have been available for two or more years. There are three business rules we apply through this annual review:
 - Whether the qualification has a proven track record of demand.
 - What progression outcomes the qualification has supported such as entry into work or progression to the next level of learning.
 - Whether the awarding organisation offering the qualification has regularly uploaded qualification and unit achievement data to the Personal Learning Record (PLR).
28. Where a qualification does not meet one of the business rules above, it will be in scope to be removed from the publicly funded qualifications offer for the following funding year.
29. We have included a summary of the overall process for approving qualifications for funding at Annex B.

30. The relationship between these four components is summarised in the following diagram. The left side of the diagram shows how the initial **catalogue** is produced in January, including the role of the **annual review**. The right side of the diagram shows how the catalogue is then maintained throughout the year by:

- 1) Adding new qualifications to the offer through the **monthly approvals process**.
- 2) Using a **quarterly review process** to consider qualification amendments, where appropriate amending funding information for those qualifications. Also, where requested, to consider adding a qualification back into the offer through a re-entry process.

Diagram 1: Summary of how the qualifications offer is produced and maintained through the approvals process.



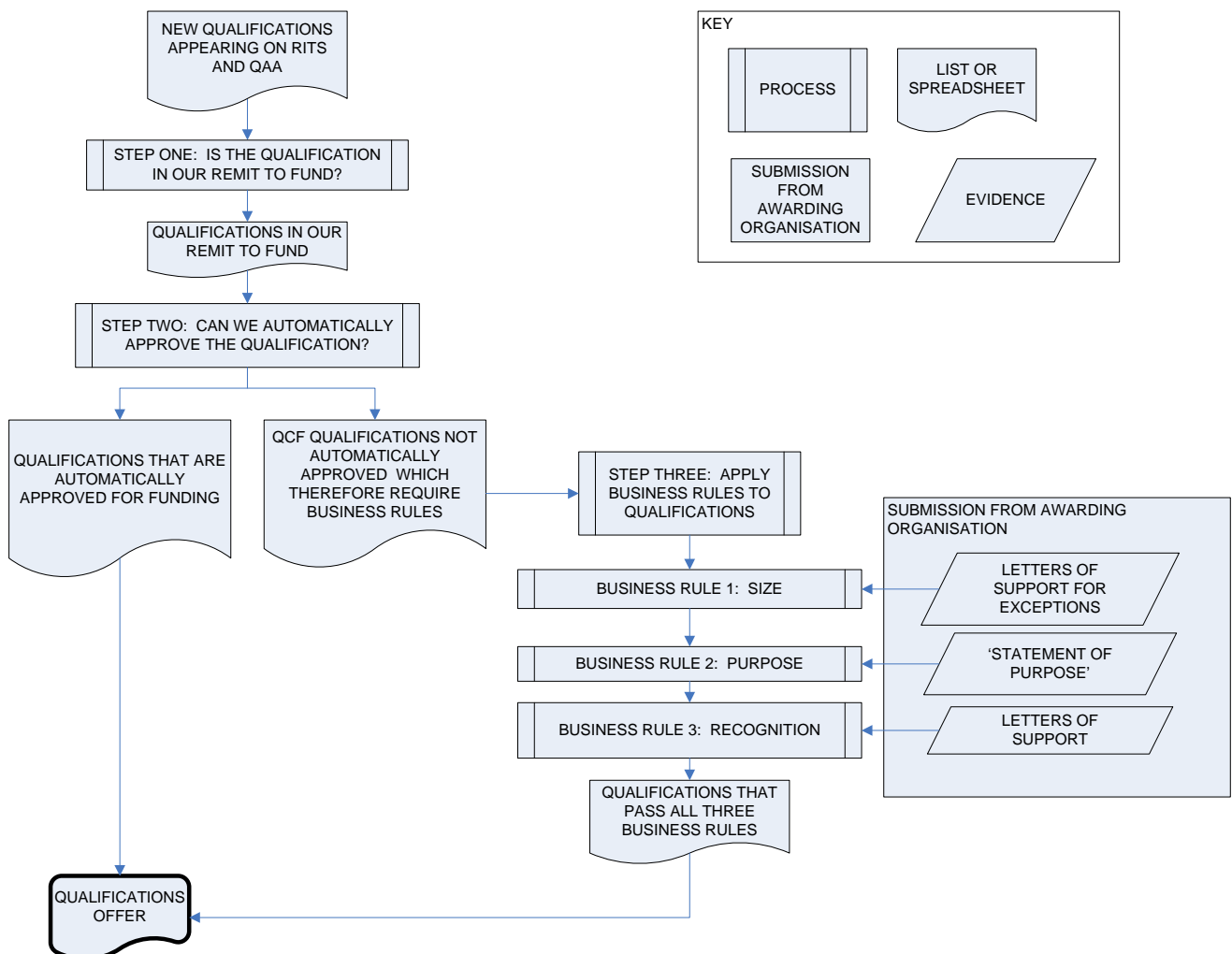
The catalogue

31. All qualifications in the catalogue must have met our rules for entering public funding. In addition, qualifications which have been approved for funding for two years or more must have met our rules for remaining in public funding. The rules for entering public funding are explained fully in the section below marked 'Monthly Approvals Process' (paragraphs 35 to 80). The rules for remaining in public funding are explained fully in the 'Annual Review' section (paragraphs 84 to 95).
32. Qualifications in the catalogue are usually approved for the duration of the funding year (from 1 August to 31 July). Where a qualification is not approved for the whole of the funding year this is generally because of the following:
 - 1) The operational end-date of the qualification is earlier than the end of funding year.
 - 2) The qualification has been available for two or more years and has not yet demonstrated a track record of demand, but the awarding organisation has provided evidence that demand will shortly increase. In these cases, we approve the qualification for part of the year to see whether in fact there has been an increase in demand.
 - 3) There has been a decision to cease funding for the qualification, for example because a new suite of qualifications have been developed (for instance the new Education and Training qualifications replacing existing suites).
33. If we approve a qualification and add it to the catalogue a significant time after it has been regulated we will always backdate its funding availability to the start of the funding year, or its operational start date if that is later.
34. When we add qualifications to the catalogue, we allocate them a funding rate. For certain qualifications we also include notes to explain learner eligibility, as it is not the case that all qualifications appearing on the catalogue can be delivered to all learners.

Monthly approval process

35. Each month we receive a download of newly accredited qualifications from Ofqual, and new Access to Higher Education Diplomas that have appeared on the [QAA database of Access to Higher Education \(HE\) Diploma](#) provision. We run these qualifications through our monthly approval process to determine whether or not we will add them to the catalogue and therefore make them available for public funding.
36. There are three steps to this process, with the third step consisting of three separate 'business rules'. The following diagram summarises this, including where evidence from awarding organisations is used to support the decision as to whether to approve a qualification for funding.

Diagram 2: Summary of qualifications added through the monthly approval process:



Step one – is the qualification within the remit of the Agency to fund?

37. Before we can consider a qualification for public funding and decide whether it can be approved automatically or be subject to scrutiny we need to establish if the qualification is eligible for public funding and within our remit to fund. Therefore the first step of our monthly approval process is to apply a set of 'core criteria' to new qualifications to ensure that we are not approving qualifications outside of our remit.
38. We therefore remove from the initial list of qualifications any that are:
- 1) Not available in England.
 - 2) Not available for adult learners (19 plus).
 - 3) Level 5 or above.
 - 4) Higher Education and as such we do not have a remit to fund (for instance Higher National Certificates and/or Diplomas).
 - 5) Offered by an awarding organisation which has either not signed the Agency's PLR Agreement or, has signed the Agreement but is not regularly uploading achievement data to the PLR in line with the terms and conditions of the Agreement (this applies to Ofqual regulated qualifications only).

Step two – can we approve the qualification automatically?

39. The following group of qualifications are approved automatically providing they have met the criteria in step one above:
- 1) General Certificate of Secondary Education (GCSE).
 - 2) Advanced Level and Advanced Subsidiary Level (GCE).
 - 3) iGCSE in English and maths (that count towards the English Baccalaureate measure in Key Stage 4 Performance Tables).
 - 4) Functional Skills in English, maths and Information and Communication Technology from Entry to Level 2.
 - 5) Free-standing maths qualifications up to and including Level 2.
 - 6) QCF English and maths qualifications up to and including Level 2 (however awarding organisations should be aware that during the course of the current review of QCF English and maths qualifications, which started in January 2014 and will report in April 2014, we will not approve any new QCF English and maths qualifications and units for funding).

- 7) QCF English for Speakers of Other Languages (ESOL) as they become available.
- 8) QAA Access to Higher Education Diplomas.
- 9) [Tech Level qualifications](#) approved for inclusion in 16-19 Performance Tables.
- 10) Substantial Level 2 vocational qualifications which will meet DfE requirements for inclusion in 16 to 19 Performance Tables.
- 11) Level 3 Early Years Educator qualifications which are confirmed as meeting the 'full and relevant' criteria by the National College for Teaching and Leadership.
- 12) QCF Level 3 Award in Education and Training and the QCF Level 4 Certificate in Education and Training.
- 13) Specific qualifications in fork- lift truck, food hygiene, health and safety, and first aid at work approved for certain groups of learners.
- 14) Specific qualifications linked to Licence to Practice in particular occupations approved for certain groups of learners.
- 15) Princes Trust Employment, Teamwork and Community Skills qualifications.
- 16) Qualifications for Trade Union Representatives.

Step three – application of business rules

40. If a qualification does not appear on the list of categories above and is therefore not approved automatically, it is subject to scrutiny to determine whether it should be approved for public funding. We apply three '**business rules**' to see whether we should add it to the catalogue. The qualification must meet all three of these rules in order to be approved for funding.
41. As noted above, currently a qualification must be drawn from the QCF if it is to be considered for funding against these three business rules.
42. Where a qualification is not approved automatically and where the awarding organisation wishes us to consider the qualification for public funding we will require the awarding organisation to make a submission directly to us. This is because we will need to review evidence provided by awarding organisations. To make the process as straightforward as possible, we have designed a form that allows awarding organisations to provide all of the relevant information to help us in deciding whether a qualification is available for public funding. The submission form and all associated

documentation is available on the available on the [Qualifications](#) page of our website.

We cannot consider these qualifications for public funding unless we receive a submission from the awarding organisation.

43. The Timescales for submissions are as follows:

Awarding Organisation Submission Date	Catalogue Published
6 February 2014 (quarterly review process window)	28 February 2014 (for 13/14 and 14/15)
6 March 2014	28 March 2014 (for 13/14 and 14/15)
3 April 2014	25 April 2014 (for 13/14 and 14/15)
8 May 2014 (quarterly review process window)	30 May 2014 (for 14/15 and last update for 13/14)
5 June 2014	27 June 2014 (14/15 only)
3 July 2014	25 July 2014 (14/15 only)
7 August 2014 (quarterly review process window)	29 August 2014 (14/15 only)
4 September 2014	26 September 2014 (14/15 only)
2 October 2014	31 October 2014 (14/15 only)
6 November 2014 (quarterly review process window)	28 November 2014 (14/15 only)
4 December 2014	19 December 2014 (14/15 only)

44. We will apply business rules around **size, purpose** and **recognition** where a new qualification is subject to scrutiny and the awarding organisation wishes us to consider it for public funding.

45. We will introduce these business rules for all qualifications during 2014 **with the size rule (see paragraphs 47 to 55) and interim purpose rule (see paragraph 66) taking immediate effect when adding qualifications to the 2013/14 offer and/or including within the 2014/15 offer.**

46. Paragraphs 47 to 78 go through each of the three business rules in detail, explaining how we will apply them to the following three groups of qualifications:

- 1) **New qualifications** – those that first appear on the Register on or after 1 February 2014. Where an amendment to a qualification brings it within scope for funding, we will treat it as a new qualification.

- 2) **Approved qualifications** – those that have been approved for funding and are already included in the 2013/14 qualifications offer (if they are to be confirmed as part of the 2014/15 offer).
- 3) **Existing unapproved qualifications** – those that appeared on the Register between 7 August 2013 and 31 January 2014, and have not yet been approved.

Rule 1 – Size

Overview and timing

47. Qualifications at Entry to Level 1 must be at least six credits.
48. Qualifications at Level 2 or above must be at least 15 credits.
49. This applies to **all qualifications** if they are to be approved for the 2014/15 offer. It applies to **new qualifications** if they are to be added to the 2013/14 offer and to **existing unapproved qualifications** if they to be added to the 2013/14 offer.

Justification for this rule

50. A key finding from Alison Wolf's [review of vocational education](#) was that small qualifications tend not to help learners achieve progression or employment. Whilst Professor Wolf's review focussed on learners aged 14 to 19, the concern over what labour market value small qualifications have is applicable to all learners, irrespective of age. Whilst we know that access to qualifications and to accreditation can be a strong motivating factor for adults, those qualifications do need to be of sufficient size to deliver learning and outcomes which have currency and transferability. Therefore, we have set size thresholds to avoid funding qualifications that are unlikely to support progression or entry into work and to ensure that the learning undertaken and the outcomes supported are of sufficient size to be meaningful. As we are currently focussing on QCF qualifications we have expressed these thresholds in terms of credit value only.

How we will reach judgement

51. We will use the size information in the Register to apply this rule automatically.

Exceptions

52. We recognise that there may be some vocational qualifications at Levels 2 to 4 which are below 15 credits and are specialist and/or are valued by employers. Therefore, using the monthly approval process awarding organisations can notify us that they wish us to apply an exception to this rule. We will require the same level of evidence of recognition for these qualifications as for vocational qualifications at Levels 2 to 4 which meet the size threshold.
53. We will only consider requests for exceptions for vocational qualifications below 15 credits where the qualification is intended to either confirm competence in an occupational role to the standards required or where the qualification is intended to prepare the learner for further learning or training. We will not consider exceptions on the basis of a qualification forming the smallest offer in a suite of qualifications in the

sector at the same Level offered by the same awarding organisation. Nor will we consider exceptions where the qualification falls within the Sector Subject Area of Preparation for Life and Work.

54. We will evaluate requests for exceptions against the following criteria:

- Where the qualification relates to occupational competence we will require evidence of limited or no availability of learning at that Level for that occupation and evidence of the job role the qualification supports.
- Where the qualification relates to preparation for further learning or training in that sector we will require evidence of limited or no availability of learning leading to the next Level and evidence of the progression route the qualification supports.

55. For qualifications which are below 15 credits at level 2 to 4 and are **currently approved in the 2013/14 offer** awarding organisations should use the monthly approval process if they wish us to consider these qualifications for the 2014/15 offer. This applies only to qualifications which are intended to confirm competence in an occupational role to the standards required (Ofqual purpose D1) or where the qualification is intended to prepare the learner for further learning or training (Ofqual purpose B). To support awarding organisations who may wish us to consider such exceptions, we have [produced a list](#) of the relevant Level 2 to 4 qualifications (excluding those within the Sector Subject Area of Preparation for Life and Work) which are currently approved in the 2013/14 offer but which will not be included in the 2014/15 offer. Please bear in mind that these qualifications will be required to meet the same purpose and recognition requirements as **new** qualifications should the awarding organisation wish to apply for an exception.

Rule 2 – Purpose

Overview and timing

56. This rule has two aspects to it. The first is that a qualification must have a clear statement of purpose to help learners make an informed decision about which qualification to take. This requirement applies to **new qualifications** in order for them to be considered for inclusion in the current 2013/14 offer and the 2014/15 qualifications offer. Although this statement must be published on the awarding organisation's website we will allow awarding organisations a period of time, **until 1 November 2014**, for the statement to be published providing it is forwarded to us as part of the main qualification submission.

57. Where the qualification focuses on employability skills or supporting individuals to work independently and effectively in life and work, the purpose statement must explain how the qualification may help individuals progress and which learners the qualification is targeted at.
58. We have included a draft template at Annex A that awarding organisations may use when preparing purpose statements. Whilst it is not mandatory for awarding organisations to use this template, we recommend awarding organisations do so, as it will help learners, employers and providers compare qualifications and make informed choices.
59. Moving forward we will work with DfE and Ofqual to ensure that we can have an efficient use of templates and keep to a minimum any burden on awarding organisations. As we do this we will need to address any technical challenges whilst retaining the benefits to learners of clear purposes of the qualifications they will take.
60. **Approved qualifications** do not need to have such a statement of purpose to be included in the 2014/15 qualifications offer as we will use the publicly facing purpose field on the Register as an interim arrangement. **However, they will need to have such a statement of purpose and it will need to have been published by 1 November 2014 in order for the qualification to be considered for inclusion in the 2015/16 offer.**
61. **Existing unapproved qualifications** do not need to have such a statement of purpose to be included in the 2014/15 qualifications offer, or to be added to the 2013/14 offer as we will use the publicly facing purpose field on the Register as an interim arrangement. **However, if the qualification is approved the awarding organisation will need to have such a statement of purpose by 1 November 2014 and for it to be published in order to be considered for inclusion in the 2015/16 offer.**
62. The second aspect of this rule is that we will expect the purpose to reflect the priorities identified in paragraphs 65 to 68 below. This applies to all qualifications if they are to be approved for public funding.

Justification

63. A clear statement of purpose will help learners make informed decisions about which qualification(s) to take, ensuring that they are fully aware of where a qualification could lead, for example entry to work in a particular occupation or occupational group, an Apprenticeship or progression to further or higher education. We will also need to

ensure that the purpose and use of the qualifications reflects the priorities we set out below.

How we will reach judgement

64. We will review the purpose statement in order to confirm that the statement is sufficiently clear, and in the case of qualifications with a focus on employability skills or supporting individuals to work independently and effectively in life and work whether the statement covers the content outlined in paragraph 57 above.
65. In addition, we will also review the statement to determine whether it aligns with priorities for public funding as follows:
 - 1) We will only fund at Entry and Level 1 qualifications with a primary purpose of supporting individuals into work and supporting individuals to operate independently and effectively in life, learning and work.
 - 2) We will fund at Entry to Level 4 qualifications with a primary purpose of progressing in further learning.
 - 3) We will fund at Entry to Level 4 qualifications with a primary purpose of preparing individuals for employment in a broad occupation area.
 - 4) We will only fund at Level 2 to 4 qualifications with a primary purpose about confirming occupational competence.
66. As indicated above, for **approved** and **existing unapproved** qualifications, we will, as an interim measure, use the 'Purpose' categories which are available in the Register to confirm whether the qualification has an appropriate purpose for public funding;
 - 1) We will only fund at Entry and Level 1 qualifications with an Ofqual purpose of A2 (Recognise development of knowledge and/or skills to operate independently and effectively in life, learning and work), and A4 (Recognise development of employability skills and/or knowledge).
 - 2) We will fund at Entry to Level 4 qualifications with a purpose of B (Prepare for further learning or training and/or develop knowledge and/or skills in a subject area) or C (Prepare for employment in a broad or specific sector).
 - 3) We will fund at Level 2 to 4 qualifications with a purpose of D1 (Confirm competence in an occupational role to the standards required). However, as indicated below, we will consider qualifications at Level 1 with a purpose of D1 where there is clear evidence that there are job roles at that Level in the

occupational sector the qualification is in and where the awarding organisation submits a notification to us.

67. Unless there is Ministerial agreement, we will not fund qualifications that have a D2 purpose (Confirm the ability to meet a 'licence to practice' or other legal requirements made by the relevant sector, professional or industry body); nor will we fund qualifications with an E purpose (Updating and continuing professional development). We also do not fund vendor specific qualifications.
68. At Entry and Level 1 where the qualification is non-vocational we will only fund it where it focuses on supporting the individual to move into work or to support meaningful skills gain to progress to further learning and/or training. This means we will not fund qualifications that have a purpose of A1 (recognise development of skills for life) or A3 (recognise development of personal skills and/or knowledge). Where we believe the content of a non-vocational qualification is inappropriate for public funding we will not approve the qualification for funding.
69. Alongside the review of non regulated provision we undertook in 2013, we are looking at how best to package and deliver provision at Entry and Level 1 for certain learners. This is also part of the work around adult vocational reform and there will be further updates on this work during the course of 2014.

Exceptions

70. We recognise that in some specific sectors employers may require a competence based qualification at Level 1 as an entry requirement or that, in some specific sectors, there are established work roles at Level 1. Therefore we will consider approving occupational competence based qualifications at Level 1 where the awarding organisation requests an exception using the monthly approval process. Where the awarding organisation makes this request we will expect the same evidence requirements as for other occupational competence qualifications at Level 2 to 4 and, if the qualification is below 6 credits we will also require a rationale for this.
71. For qualifications which have a purpose of occupational competence at Level 1 and are **currently approved in the 2013/14 offer** awarding organisations should use the monthly approval process if they wish us to consider these qualifications for the 2014/15 offer. To support awarding organisations who may wish to do this, we have [produced a list](#) of Level 1 qualifications with an Ofqual purpose D1 which are currently approved in the 2013/14 offer but which will not be included in the 2014/15 offer. Please bear in mind that these qualifications will be required to meet the same

requirements as **new** qualifications should the awarding organisation wish to apply for an exception.

Rule 3 – Recognition

Overview and timing

72. Awarding organisations must submit letters from appropriate organisations that demonstrate support for the qualification as meeting the needs of their learners and/or employees. At this point in time we do not require these to be available on the awarding organisation's website.
73. This rule must be met by **new qualifications** in order for them to be added to the 2013/14 or 2014/15 offer. **Existing approved qualifications** do not need to meet this rule to be added to the 2014/15 offer published in January 2014, but they will need to meet this rule by **1 November 2014** in order to be included in the 2015/16 offer published in January 2015. **Existing unapproved qualifications** also do not need to meet this rule to be added to the 2014/15 offer, or to be added to the 2013/14 offer. However, they will need to meet this rule by **1 November 2014** in order to be included in the 2015/16 offer.
74. To support awarding organisations in meeting this rule, we have included, at Annex C statements from the Agency which may be used to explain the rationale and justification for this evidence. These are separately available on available on the [Qualifications](#) page of our website. This may help awarding organisations in their discussions with employers, higher education institutions and providers.

Justification for this rule

75. Qualifications allow learners to demonstrate to others that they have achieved certain skills, knowledge and understanding at a certain level. Therefore, we will only approve new qualifications for funding where an appropriate organisation has indicated that the qualification does attest to relevant skills, knowledge and understanding at a particular level.

How we will reach a judgement

76. Where the purpose of the qualification is focussed on confirming occupational competence we will expect a minimum of one letter of support from a relevant professional or trade body, and/or letters of support from at least five employers registered with Companies House which are part of the industry sector or occupation/occupational group to which the qualification relates. Letters should refer to the specific qualification, as opposed to a generic qualification type or a suite of

qualifications, and they should refer to the specific job role that the qualification confirms competence in.

77. Where the purpose of the qualification is focussed on progression to higher education we will expect a minimum of three letters of support from Higher Education Institutions (HEIs) that recognise the qualification for entry requirements. Where the qualification focuses on progression within the further education (FE) sector we will expect letters of support from at least three providers which are on our Register of Training Organisations and have current contracts for delivery of provision indicating that the qualification will support individuals into a qualification at a higher level.
78. Where the qualification focuses on employability skills or supporting individuals to work independently and effectively in life and work we will require a clear statement from the awarding organisation on how the qualification may help individuals progress and which learners the qualification is targeted at. We expect this to be covered in the purpose statement. We will also require letters of support from at least three providers who are on our Register of Training Organisations and have current contracts for delivery. In addition, given the range of qualifications already available for this purpose, the awarding organisation must include, as part of their submission, a statement setting out a clear rationale as to why additional qualifications are needed. We may not approve the qualification if the awarding organisation cannot explain how their qualification adds any additional value to the existing offer.

Timescales

79. For all newly regulated qualifications all three business rules will be applied from 1 February 2014. Therefore, awarding organisations will need to submit to us directly the evidence required if they wish us to approve new qualifications and where appropriate, this must be published by **1 November 2014**.
80. The following tables set out when each of the business rules will be applied to qualifications for the 2013/14 offer, the 2014/15 offer and the 2015/16 offer. The tables show when the rules will come into force for the following three groups of qualifications:
- 1) **Approved qualifications** (those already included in the 2013/14 offer).
 - 2) **Existing unapproved qualifications** (those appearing on the Ofqual register between 7 August 2013 and 31 January 2014, and which are not included in the 2013/14 offer).
 - 3) **New qualifications** (those appearing on the Ofqual register on or after 1 February 2014, and any amended qualifications that are now in scope for funding).

Table 1: Adding qualifications to the current 2013/14 offer

Business Rule	Does this apply to approved qualifications?	Does this apply to existing unapproved qualifications?	Does this apply to new qualifications?
Purpose (public facing statement)	Not applicable (these qualifications are already included within the offer)	No	Yes
Purpose (meets priority*)		Yes	
Recognition		No	
Size		Yes	

*See paragraphs 65 and 66 above.

Table 2: Adding qualifications to the 2014/15 offer (first published January 2014)

Business Rule	Does this apply to approved qualifications?	Does this apply to existing unapproved qualifications?	Does this apply to new qualifications?
Purpose (public facing statement)	No	No	Yes
Purpose (meets priority)	Yes	Yes	
Recognition	No	No	
Size	Yes	Yes	

Table 3: Adding qualifications to the 2015/16 offer

Business Rule	Does this apply to approved qualifications?	Does this apply to existing unapproved qualifications?	Does this apply to new qualifications?
Purpose (public facing statement)	Yes		
Purpose (meets priority)			
Recognition			
Size			

Quarterly Review Process - Amendments

81. After a qualification first appears on Ofqual's Register of Regulated Qualifications, the awarding organisation may amend some of the information relating to the qualification.
82. We will collect information on amendments (to size, to purpose, to Sector Subject Area Classification) and review these each quarter. We no longer update funding information automatically and may in some instances request further evidence from awarding organisations explaining the rationale for the change.
83. Where an awarding organisation amends an existing qualification and the amendment now brings the qualification into scope for funding approval we will treat that as a new qualification and the qualification will be subject to the monthly approvals process. This will include the requirement for an awarding organisation to submit to us with appropriate evidence.

Annual Review

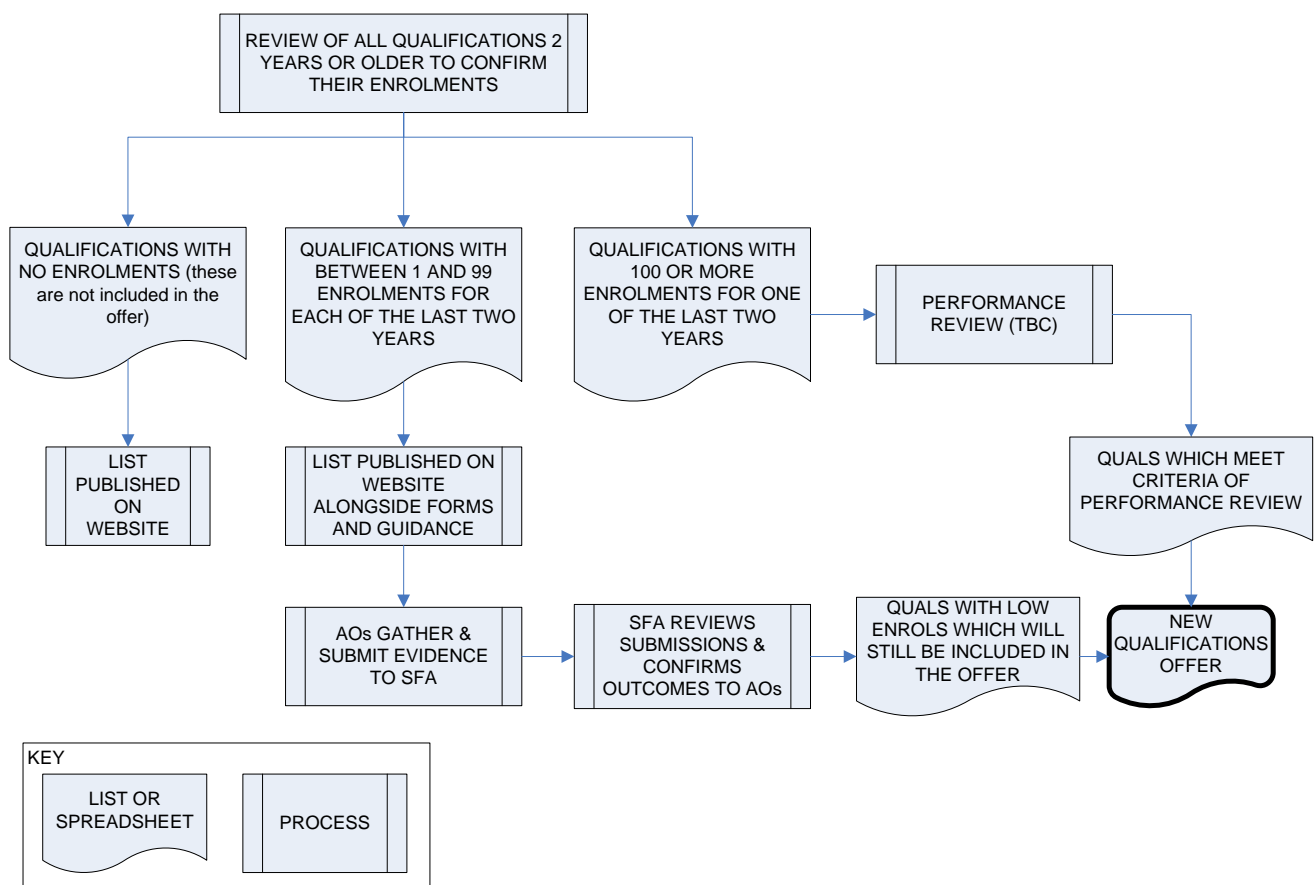
84. Each autumn, we review qualifications that have been available for two or more years. We review three elements:

- 1) The **track record** of the qualifications in terms of publicly funded demand.
- 2) The **progression outcomes** the qualification supports, measured against a set of key performance indicators.
- 3) Whether achievement data for the qualification is regularly being uploaded to the **PLR**.

85. Where qualifications have low or no demand, where the qualification does not support key progression outcomes or where the awarding organisation is not making use of the PLR the qualification will be removed from public funding for the following funding year.

86. The following diagram sets out the process for the **track record** and **performance** elements of the annual review:

Diagram 3: Overview of Annual Review process



Track record

87. In terms of **proven track record**, expressed as publicly funded demand, our first step in the review is to publish, in early autumn, two lists:

- 1) A list of qualifications that have been available for two or more years but have had no publicly funded enrolments outside of Apprenticeships. Qualifications appearing in this first list will not be available for public funding in the following funding year.
- 2) A list of qualifications that have been available for two or more years but have had fewer than 100 publicly funded enrolments in either of the preceding two years across fewer than three providers on the Register of Training Organisations. We remove from this list any qualifications that appear to relate to occupations that are unlikely to attract high enrolments – for example specialist qualifications. When this list is published we advise the awarding organisations and providers that we do not intend to include these qualifications in the offer for the following funding year *unless* the awarding organisation can provide us with evidence that by not making the qualification available for public funding it will have a negative impact on learners, providers or employers.

88. For qualifications with less than 100 publicly funded enrolments across fewer than three providers we will also publish guidance and associated forms for awarding organisations to use to notify us if they wish a qualification to be retained. This is to ensure that the awarding organisation can provide us with as much evidence as possible to support us in deciding whether to include these qualifications with low demand in the qualifications offer.

Progression

89. In addition to only retaining qualifications in the offer that have a clear track record of demand from learners, from November 2014 onwards we will measure the progression outcomes of a qualification and the mix and balance of the publicly funded offer through a set of Key Performance Indicators (KPIs).

90. From 2014 we will evaluate the offer using the following KPIs:

- How effective the qualification has been in supporting individuals into work.
- How effective the qualification has been in supporting individuals to progress to a higher level of learning.

- What the economic return of the qualification might be measured through any change in an individual's earnings.
- How far the offer is responding to key priorities and/or skills gaps, such new initiatives like the Green Deal or growth sectors.
- Reviewing the learner success rate but at qualification level rather than provider level.

91. Applying KPIs will help us to measure the progression outcomes of the qualifications we have approved and to determine the overall value for money of the publicly funded offer.
92. Work on putting in place new measures of success for the skills system goes broader than our business rules and we are adopting a key principle that we will collect data once and, where we can, pull through data at qualification level to minimise the burden on awarding organisations. We will update this Technical Guidance as appropriate with more information on the KPIs and the methodology we intend to use in due course. The specific details for how this will be done will be confirmed later in the year.

Personal Learner Record (PLR)

93. For a qualification to be considered for public funding the awarding organisation must have signed the Awarding Organisation Agreement. Details of the Awarding Organisation Agreement can be found [here](#). This applies to Ofqual regulated awarding organisations only. As well as signing the Agreement the awarding organisation must also upload achievement data to the learner's PLR; this must happen within ten days of award (either at qualification or unit level).
94. As part of the annual review we will check to confirm whether the awarding organisation has uploaded achievement data in a timely manner in line with the Awarding Organisation Agreement.
95. Where the awarding organisation has either not uploaded any achievement data during the course of the funding year, or where the level of uploading is low, we will write to the awarding organisation indicating that qualifications from that awarding organisation are in scope for removal from funding for the following funding year unless there is a clear reason and appropriate evidence as to why data has not been uploaded.

Quarterly Review Process – Re-entry

96. We recognise that in some cases a qualification that had a track record of low or no demand at the time of the annual review may build up demand in subsequent years.

97. Therefore, if a qualification has been excluded from the qualifications offer on the basis of low or no demand, each quarter awarding organisations may request that the qualification 're-enters' the offer and is added back into the catalogue.
98. The request from the awarding organisation must include evidence from providers of estimated publicly funded demand from adult learners. When reviewing this evidence we will be looking for estimated publicly funded demand (outside of an Apprenticeship) 100 or more learners across one funding year. This must be from providers on the Register of Training Organisations who have a current contract for delivery.
99. The timescale for submission for the quarterly process are included at paragraph 43 above. The form to support this process is available on the [Qualifications](#) page of our website.
100. Awarding organisations should note that the process for requesting a qualification re-enter funding approval is separate from the monthly approval process. However, qualifications which re-enter funding approval are subject to the same business rules and evidence requirements as all other qualifications.

Annexes

Annex A – Purpose Template

We are suggesting the following template might be followed for the statement of declared purpose:

Awarding Organisation Name and Logo

Name of Regulated Qualification (including Level and qualification number).

OVERVIEW

- What does this qualification cover?

Please describe in summary terms the key topics/skills/knowledge the learner will cover, which are core and which are optional. Please state what 'type' of qualifications it is; for example, QCF qualification.

- Who could take this qualification? OR who is this qualification designed for?

Please summarise what prior qualifications/levels of attainment a learners needs in order to take this qualification, please identify any age restrictions, what the typical learner profile might be (for instance is this a qualification designed to be taken by someone already in work; is it for someone seeking to enter work, or someone seeking to progress to further or higher education and training).

WHAT COULD THIS QUALIFICATION LEAD TO?

- Will the qualification lead to employment, and if so, in which job role at which level?

Please give examples of a specific occupation or occupations that the qualification prepares the learner for or supports the learner in.

- Will the qualification support progression to further learning, if so, what to?

Please confirm what subjects/particular qualifications/apprenticeships learners can go onto study at a higher level.

If there are larger and/or smaller versions of this qualification at the same Level, why should a learner take this particular one?

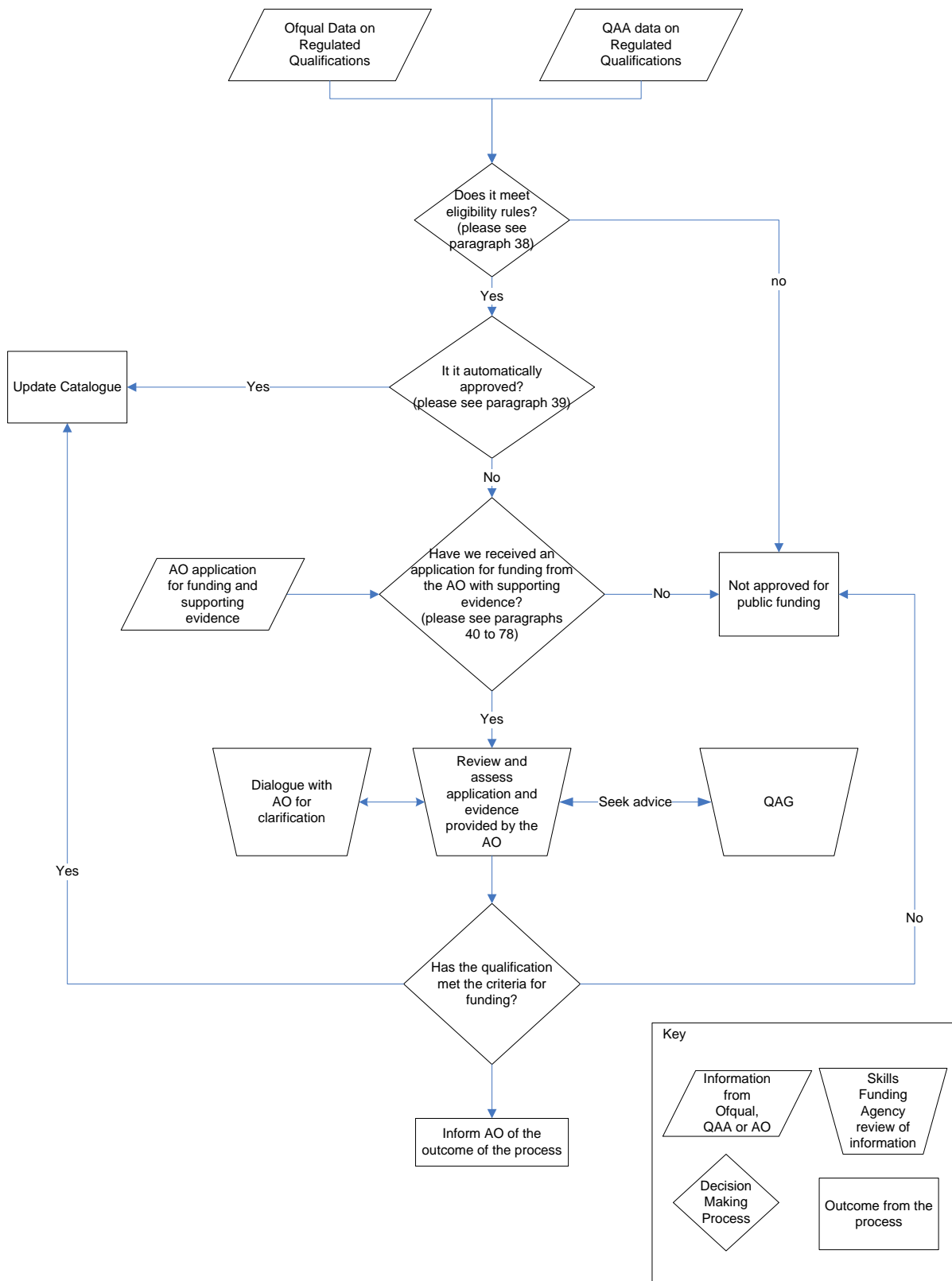
WHO SUPPORTS THIS QUALIFICATION?

(i) Employers – please indicate which professional bodies/chartered institutions recognise this qualification and for what (for example chartered status, technician registers, professional registers; or just as an appropriate entry qualification). If the qualification is not recognised by any appropriate bodies please indicate this,

Please confirm that employers recognise this qualification and, if applicable, provide a hyperlink to employer letters of support.

(ii) Higher Education Institutions and providers – please indicate which providers recognise this qualification for entry to a qualification at the next level. If applicable, please provide hyperlinks where appropriate.

Annex B – Overview of the process



Annex C – Statements from Skills Funding Agency



Recognition of Qualifications for Public Funding – Information for Employers

The Skills Funding Agency are responsible for determining which qualifications are publicly funded for learners aged 19 plus. We want to make sure that qualifications which are publicly funded are valued by employers and by professional and trade bodies.

To help us achieve this, we are asking awarding organisations to supply us with evidence that their qualifications are recognised and supported by employers and by professional and trade bodies as a condition of us approving them for government funding. We are asking that this evidence should be in the form of a letter from the employer or professional and trade body explaining why the qualification is valuable, and what outcomes it is likely to lead to for the learner (for example, entry to a particular job). If the qualification demonstrates occupational competence the letter should state which job role(s) it could lead to.

We believe that asking for evidence that a particular qualification is valued by employers and professional and trade bodies that operate in the sector that the qualification covers will help make sure public funding is focused on qualifications that will help adults prepare for, enter and progress through work.

Where the organisation providing such evidence is willing, this could be published on awarding organisations' websites so that learners can see for themselves which qualifications are recognised by particular employers or professional and trade bodies as being valuable.

However, we realise that for some organisations this could be taken out of context to mean that someone would be guaranteed an offer of work should they achieve this qualification. Therefore at this stage we only require this evidence to be provided to us as part of our regular process of considering qualifications for public funding, and it is not a requirement that it be published on a website.



Skills Funding
Agency

Recognition of Qualifications for Public Funding – Information for Higher Education Institutions/Providers

The Skills Funding Agency are responsible for determining which qualifications are publicly funded for learners aged 19 plus. We want to make sure that qualifications which are publicly funded are valued by higher education institutions and providers.

To help us achieve this, we are asking awarding organisations to supply us with evidence that their qualifications are recognised and supported by higher education institutions and by colleges and training organisations as a condition of us approving them for government funding. We are asking that this evidence should be in the form of a letter from the higher education institution or colleges or training organisation explaining why the qualification is valuable, and what outcomes it is likely to lead to for the learner (for example, progression to the next level of learning in that sector or subject).

We believe that asking for evidence that a particular qualification is valued by a higher education institution or a college or training organisation that operates in the sector that the qualification covers will help make sure public funding is focused on qualifications that will help adults prepare for and progress in learning.

Where the organisation providing such evidence is willing, this could be published on awarding organisations' websites so that learners can see for themselves which qualifications are recognised by particular higher education institutions or colleges or training organisations as being valuable.

However, we realise that for some organisations this could be taken out of context to mean that someone would be guaranteed an offer of a place in a particular course or at a particular institution or provider should they achieve this qualification. Therefore at this stage we only require this evidence to be provided to us as part of our regular process of considering qualifications for public funding, and it is not a requirement that it be published on a website.



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