



Skills Funding  
Agency

# Approval of Qualifications for Public Funding for Adult Learners - 2014 to 2015

## Technical Guidance for Awarding Organisations

### Version 2

July 2014

Of interest to awarding organisations

# Contents

<b>Foreword</b> .....	<b>3</b>
<b>Purpose and scope of this Guidance</b> .....	<b>4</b>
<b>Introduction and Overview</b> .....	<b>5</b>
Timescales – 2014 to 2015 .....	8
Timescales – 2015 to 2016 .....	8
<b>How we approve qualifications for funding</b> .....	<b>9</b>
Introduction and overview .....	9
The catalogue .....	11
Monthly approval process .....	11
Step one – is the qualification within our remit to fund? .....	12
Step two – can we approve the qualification automatically? .....	13
Step three – application of the business rules .....	14
Rule 1 – Size .....	16
Overview .....	16
Justification for this rule .....	16
Evidence sought .....	16
Rule 2 – Purpose .....	16
Overview .....	16
Requirement .....	17
Evidence sought .....	18
Rule 3 – Recognition .....	18
Overview .....	19
Requirement .....	19
Evidence sought .....	20
Quarterly Review Process .....	22
Re-entry .....	22
Exceptions .....	23
Amendments .....	24
Annual Review .....	25
Track record .....	26
Progression .....	26
Personal Learner Record .....	27

<b>Annexes</b> .....	<b>28</b>
Annex A – Purpose Statement Template .....	28
Annex B – Overview of the monthly funding approval process.....	30
Annex C – Statements from Skills Funding Agency .....	31
Annex D – Qualifications and Credit Framework English and maths qualifications.....	33

# Foreword

In this Technical Guidance we set out how we will support the delivery of better qualifications. We will do this through a more rigorous and robust approach to approving qualifications for funding. This Guidance aligns with and reflects the approach to vocational qualifications for 16 to 19-year-olds that the Department for Education has put in place. This Guidance also forms part of the government's broader reform programme for vocational education and training and builds on the principles for adult vocational qualifications outlined in the review led by [Nigel Whitehead](#), in his role with the UK Commission for Employment and Skills. We continue to work closely with the Office of Qualifications and Examinations Regulation (Ofqual) to make sure our work on qualification funding decisions and their work on the regulation of qualifications is complementary.

This document describes how we make sure that we fund qualifications that:

- are relevant to employers and to learners
- support skills needs now and in the future so that we can improve economic success
- close skills gaps
- help people to engage with and remain in work

What we fund must be meaningful to the learners who achieve qualifications and to the employers who look to these qualifications to signal what a learner has achieved and at what level. We set out in this Guidance our main objectives for the publicly funded qualifications offer and the rules that we will apply to achieve them.

We indicated in January 2014 that we would review our rules for approving qualifications for funding. This second edition of our Technical Guidance reflects where we have strengthened aspects of our business rules, and where you asked us for further clarification. We will continue to review these business rules and ensure they remain fit for purpose in the context of broader reform.

Keith Smith

Director of Funding and Programmes

Skills Funding Agency

July 2014

# Purpose and scope of this Guidance

1. This document sets out the process and rules we will apply from September 2014 to approve regulated qualifications for public funding for the funding year 2014 to 2015. We have produced this Technical Guidance so that awarding organisations (AOs) are clear about these arrangements. This version updates version 1.0, which we published in January 2014.
2. This Guidance covers the approval of regulated qualifications for funding through our Adult Skills Budget (ASB), 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:
  - i. **Financial allocations:** if you would like to understand how we distribute funding to colleges and training organisations, please refer to the Register of Training Organisations section of our [website](#).
  - ii. **Learner eligibility:** please refer to our [Funding Rules](#) to find out which adults are eligible for funding and what training and learning they are entitled to receive funding for. Please note that our business rules for the approval of qualifications for funding are separate from the [Funding Rules](#).
  - iii. **General information:** 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, and also where and how we make units available for funding, please refer to our [Qualifications Information Guide](#).
4. We will update this Guidance at the start of 2015 for the funding year 2015 to 2016. We will publish the updated Guidance alongside the first publication of the 2015 to 2016 publicly funded qualifications offer, the 2015 to 2016 Funding Rules and the 2015 to 2016 Qualifications Information Guide. This third update of the Guidance will reflect:
  - the outcomes of the 2014 annual review of the offer
  - any changes arising from Ofqual [consultations](#) on the regulation of AOs and the qualifications they provide
  - the outcomes of our review of Entry and Level 1 qualifications
5. 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](mailto:qualifications@sfa.bis.gov.uk).

# Introduction and Overview

6. Since 2010 we (the Skills Funding Agency) have been responsible for approving qualifications for public funding for adults. During 2013 we reviewed the rules and supporting processes through which we approve qualifications for funding. We did this to support broader reforms taking place across the skills system, as highlighted in [Rigour and Responsiveness in Skills](#) (April 2013), and in response to the design principles for adult vocational qualifications set out in the [Review of Adult Vocational Qualifications](#) led by Nigel Whitehead (November 2013).
7. As part of our review we consulted with colleges and training organisations, AOs and stakeholder representative bodies on our proposed changes.
8. We introduced these new rules and supporting processes in January 2014. We are now clarifying aspects of the rules to take into account the following:
  - i. Feedback received from AOs, colleges and training organisations and other key stakeholders.
  - ii. [Getting the job done](#) – the government’s reform plan for vocational qualifications.
  - iii. [Vocational Qualifications for 16- to 19-year-olds](#) – 2017 and 2018 Performance Tables: Technical Guidance for Awarding Organisations.
9. In this Guidance we use the term ‘offer’ to refer to all of the regulated qualifications we approve 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 enabling entry to an Apprenticeship or other work, progression through work and/or progression to the next level of learning. Our policy is that government contributory funding should support an offer that is vocationally focused and responsive to new and changing skills needs, as well as having the capability to encourage innovation through the use of new technology, both in delivery and assessment.
10. Our focus is on regulated qualifications. We 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 continue to streamline the number of qualifications we approve for funding. This is to make sure that we can direct funding to those qualifications which respond to demand and have employer recognition.

11. We review and approve qualifications on an individual basis according to their qualification accreditation number.
12. These arrangements, alongside other reforms, will ensure that the publicly funded offer is one which is **relevant, rigorous** and **recognised** and can support the following three objectives. A qualification we approve for funding:
  - i. Must act as a signal of meaningful skills achievement to employers and, where relevant, further or higher education institutions. The offer should enable individuals to:
    - demonstrate their achievement of the specialist knowledge and skills needed to carry out a specific job role
    - enter an Apprenticeship or work in a specific industry, occupation or occupational group
    - progress to the next level of learning (including higher education)
  - ii. Must support clear outcomes in the form of employment and/or progression to the next level. The offer should enable individuals to both engage with and progress through vocational education and training. This includes those learners who are making the transition from 16 to 19 to the offer for those aged 19 to 23.
  - iii. Entry Level in particular, and to a lesser extent at Level 1, the offer must also:
    - be broad enough to support the very real need for individuals to be able to access provision that focuses on breaking down barriers to engagement with learning or work
    - support them to gain 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
    - where an individual is re-engaging with learning, support the acquisition of independent living and more generic skills
    - support every adult learner to progress towards achieving an English or maths GCSE at A\* to C. Recognised stepping stone qualifications, including Functional Skills, must be available to support this
13. We will automatically approve certain types or groups of qualifications for funding in line with government policy, for example technical level qualifications (Tech Levels). For us to do this they must fit within the broad remit of what we are able to fund (see paragraphs 39 and 40 below). Where we do not automatically approve qualifications,

an AO will need to demonstrate that the qualification is relevant to the needs of employers and learners and aligns with the objectives set out in paragraph 12 above. 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.

14. As Ofqual changes the way it regulates vocational qualifications, including changes to the Qualifications and Credit Framework (QCF), we will review and update our business rules. For example, we may remove our rule that currently only QCF qualifications can be approved for funding outside of our 'automatic approval' category, and move to a 'framework neutral' position once Ofqual's consultations on new regulatory arrangements are complete and the outcomes published.
15. We do not wish to make piecemeal changes. During the second half of 2014 and into 2015 we will work closely with Ofqual to ensure we have a managed transition to new regulatory arrangements in funding terms, in a way that will not destabilise learners, colleges or training organisations. We will provide more information about this in the next edition of the Technical Guidance due in January 2015.
16. Our business rules must ensure that we only fund qualifications that have **clear recognition** from employers and/or appropriate education and training organisations. 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.
17. 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 that support **progression** to work or to further/higher learning.
18. Over the longer term we will consider introducing a rule that only graded vocational qualifications at Level 2 and above 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 regulatory reform work.
19. During 2014 we will continue to monitor the application and impact of our rules. We will update 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 the QAG are available on the [Qualifications Advisory Group](#) section of our website. A summary of each meeting is published in [Update](#), our monthly newsletter to the further education (FE) sector.

### **Timescales – 2014 to 2015**

20. We will first apply this updated process to qualifications considered for funding in September 2014. For details of how the business rules were applied when we added qualifications to the 2013 to 2014 offer and to the 2014 to 2015 offer before September 2014, please refer to Version 1.0 of this [Technical Guidance](#).
21. We will apply these business rules to all qualifications to determine whether they are added to the offer. This includes qualifications that are developed through the [Innovation Code](#).

### **Timescales – 2015 to 2016**

22. For a qualification to be considered for inclusion within the initial 2015 to 2016 offer, which we plan to publish in January 2015, the qualification must meet these business rules in full by 1 November 2014. This includes qualifications in the 2014 to 2015 offer that were considered against the 'interim business rules' (referenced in paragraphs 60, 61, 66, 73 and 80 of version 1.0 of the Technical Guidance). These will generally be qualifications that appeared on Ofqual's Register of Regulated Qualifications on or before 31 January 2014 and which were already approved for funding in the funding year 2013 to 2014 on 1 February 2014.
23. Although we can confirm if a qualification meets the business rules set out in this document, we will not be able to confirm if it is in the 2015 to 2016 offer until the offer is published in January 2015.
24. AOs should also note that following Ofqual's review of the QCF and publication of new regulatory arrangements and our own review of Entry and Level 1 provision, there will be further changes to the qualifications we approve for funding for 2015 to 2016 and to some of the business rules we may apply. We will document any changes in the Technical Guidance we plan to publish in January 2015.

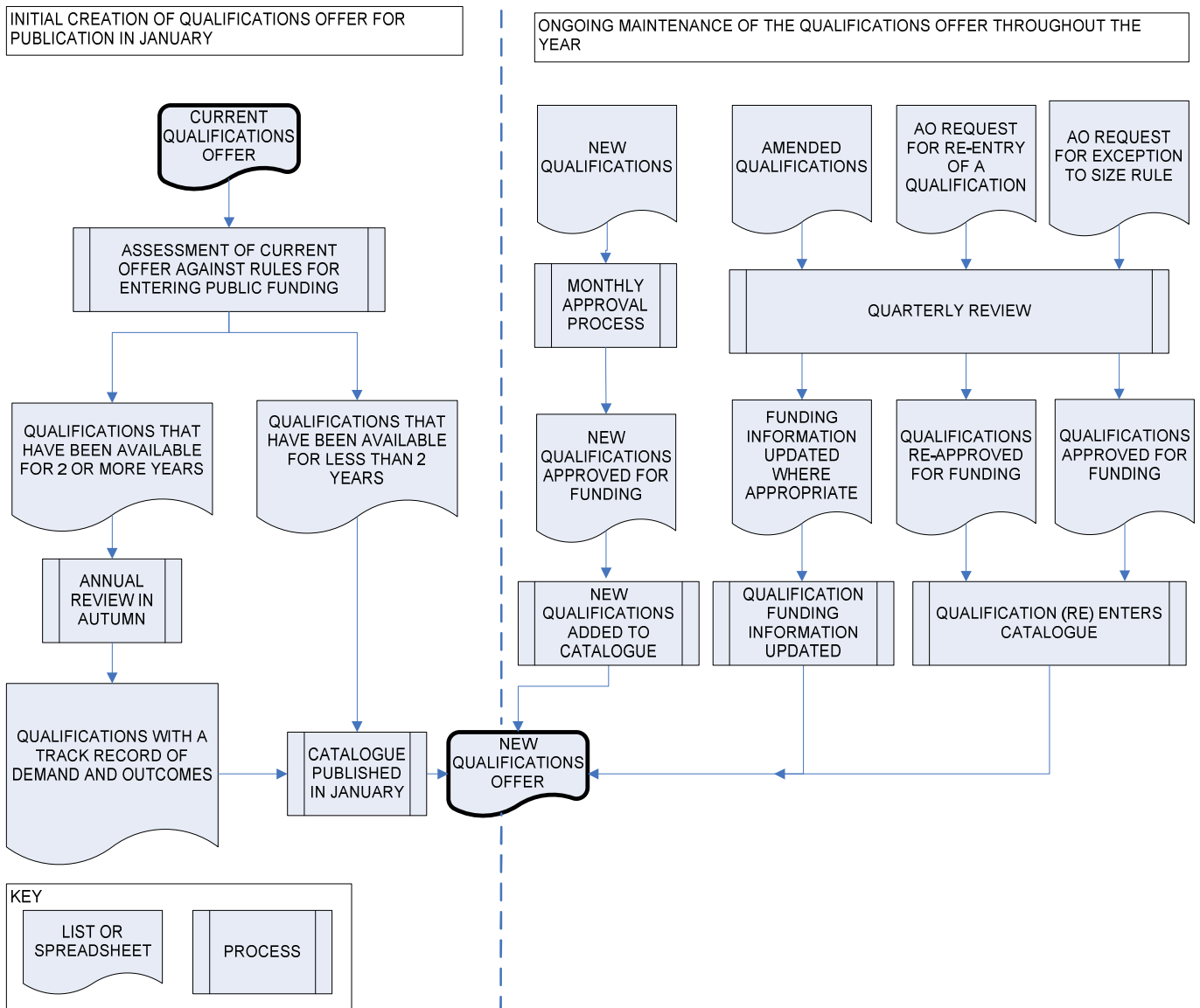
# How we approve qualifications for funding

## Introduction and overview

25. Each January, we publish a list of the regulated qualifications that we have approved for funding for the following funding year, which begins on 1 August, in the [Simplified Funding Rates Catalogue](#). These are the qualifications in scope to be delivered by colleges and training organisations that have contracts to deliver provision through the ASB, 24+ Advanced Learning Loans or OLASS.
26. Although we first publish the Simplified Funding Rates Catalogue in January, we update it regularly. **Each month** we add to the catalogue any newly regulated qualifications that meet our rules for receiving public funding. Every **three months** we will:
- consider submissions from AOs for a qualification to re-enter public funding if it has previously been taken out of funding due to low demand and there is now evidence of demand;
  - consider submissions from AOs for exceptions (an exception is a vocational qualification at Level 2 or above that does not meet the size business rule; paragraphs 84 to 93 explain the exceptions process in more detail); and
  - review any amendments that have been made to existing qualifications approved for funding to see whether we need to update the related funding information in the light of the business rules.
27. Before the January publication we carry out an **annual review** of qualifications that have been available for two or more years. In this review we apply three business rules:
- 1) Whether the qualification has a proven track record of demand.
  - 2) What progression outcomes the qualification has supported, such as entry into work or progression to the next level of learning.
  - 3) Whether the AO 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 these business rules it will be in scope for removal from the offer for the following funding year.
29. You can see a summary of the process for approving individual qualifications for funding at Annex B.

30. Diagram 1 below summarises our overall process for qualification approval. The left side of the diagram shows how we produce the initial Simplified Funding Rates Catalogue in January, including the role of the annual review. The right side of the diagram shows how we maintain the catalogue throughout the year.

**Diagram 1:** Summary of how we produce the qualifications offer and maintain it through the approvals process.



## The Simplified Funding Rates Catalogue

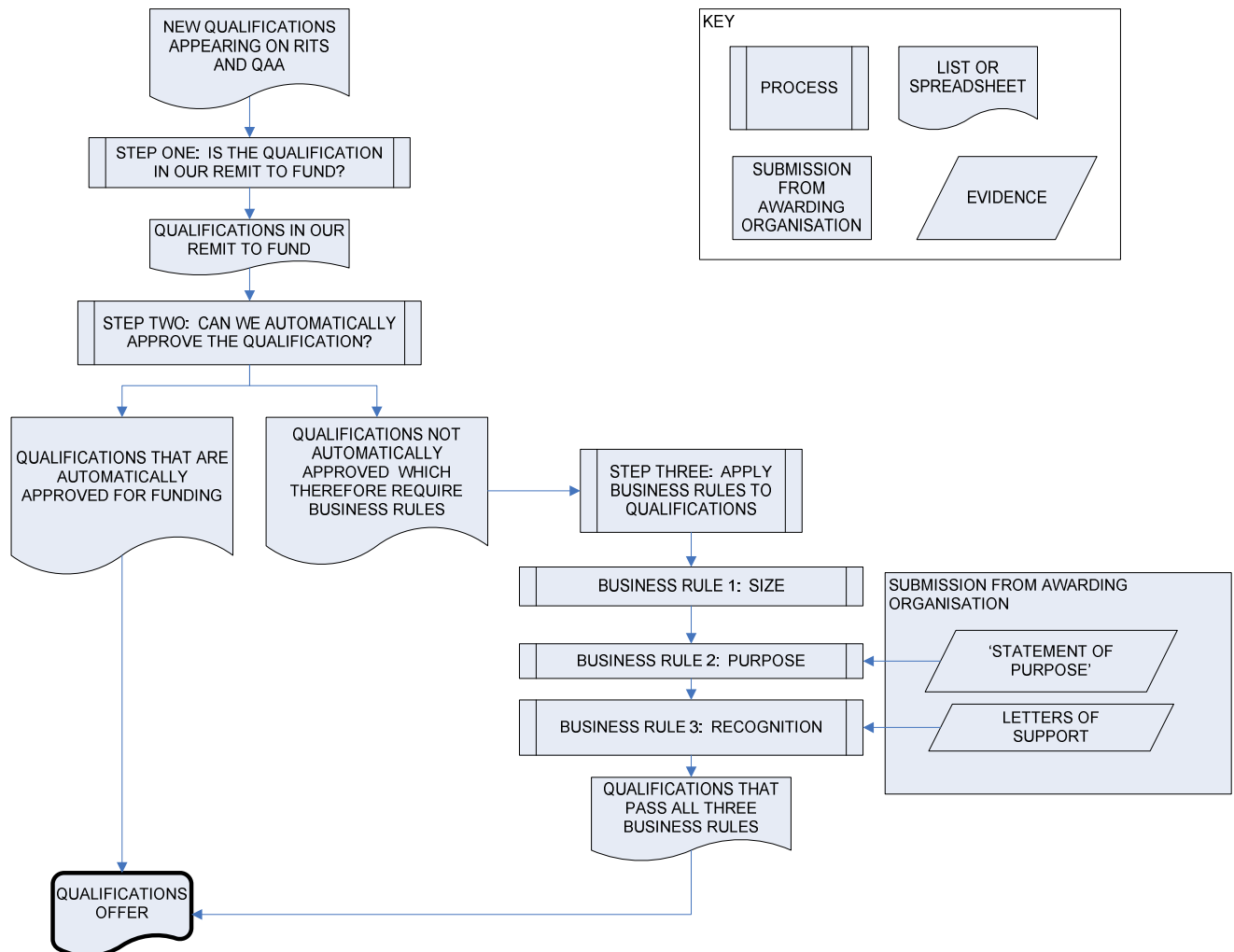
31. All qualifications in the Catalogue must have met our rules for **entering** public funding. In addition, qualifications that have been approved for funding for two years or more must have met our rules for **remaining** in public funding. The rules for entering public funding are explained fully in the section below marked 'Monthly Approvals Process' (paragraphs 36 to 78); the rules for remaining in public funding are explained fully in the 'Annual Review' section (paragraphs 97 to 108).
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 usually because:
  - i. The AO has set an operational end date for the qualification and this is earlier than the end of funding year.
  - ii. There has been a decision to stop funding 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 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. Not all qualifications appearing in the catalogue can be delivered to all learners. So for certain qualifications we include notes to explain learner eligibility.
35. During the funding year 2014 to 2015 we will decommission the [Simplified Funding Rates Catalogue](#) as we implement the Learning Aims search facility in the [Hub](#). However, we will retain a slimmed down version of the catalogue for regulated qualifications only.

### Monthly approval process

36. Each month we receive a download of new qualifications entering the Register of Training Organisations from Ofqual and new Access to Higher Education Diplomas that have appeared on the [QAA database of Access to Higher Education \(HE\) Diploma](#). We put 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.

37. There are three steps to our monthly process. The third step consists of three separate business rules. Diagram 2 summarises this overall monthly process, including where we use evidence from AOs 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 our remit to fund?**

38. Before we can consider a qualification for public funding we need to establish if the qualification is within our remit to fund. In the first step of our monthly approval process we apply a set of ‘core criteria’ to new qualifications to ensure that we are not approving qualifications outside of our remit.

39. We remove from the initial list of qualifications any that are:

- i. Not available in England.
- ii. Not available for adult learners (19 plus).
- iii. Level 5 or above.

- iv. Certain higher education provision where we do not have a remit to fund.
- v. Offered by an AO which has either not signed our 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?**

40. We automatically approve the following groups of qualifications providing they have met the criteria in step one:

- i. General Certificate of Secondary Education (GCSE).
- ii. Advanced Level and Advanced Subsidiary Level (GCE).
- iii. iGCSE in English and maths (that count towards the English Baccalaureate measure in Key Stage 4 Performance Tables).
- iv. Functional Skills in English, maths and Information and Communication Technology from Entry to Level 2.
- v. Free-standing maths qualifications up to and including Level 2.
- vi. English for Speakers of Other Languages (ESOL) qualifications.
- vii. QAA Access to Higher Education Diplomas.
- viii. [Tech Level qualifications](#) approved for inclusion in 16 to 19 Performance Tables.
- ix. Substantial Level 2 vocational qualifications (SL2VQs) which meet Department for Education requirements for inclusion in the 2017 and 2018 16 to 19 Performance Tables.
- x. Level 3 Early Years Educator qualifications which are confirmed as meeting the 'full and relevant' criteria by the National College for Teaching and Leadership.
- xi. All Ofqual-regulated Level 2 Early Education and Childcare qualifications (this includes all Ofqual-regulated Children's Care Learning and Development qualifications providing a progression route to Level 3).
- xii. QCF Level 3 Awards in Education and Training and QCF Level 4 Certificates in Education and Training.
- xiii. Specific qualifications in fork-lift truck, food hygiene, health and safety, and first aid at work approved for certain groups of learners.
- xiv. Specific qualifications in security approved for certain groups of learners.
- xv. Princes Trust Employment, Teamwork and Community Skills qualifications.

- xvi. Qualifications for Trade Union Representatives. You should note that for the funding year 2015 to 2016 these qualifications will no longer be automatically approved but will be subject to our business rules.

Please refer to our [Qualifications Information Guide](#) for information on the eligibility of learners.

### Step three – application of the business rules

41. If a qualification is not approved automatically, because it does not appear in the list of categories above, it is subject to scrutiny to determine whether we should approve it for public funding. Currently we have an overarching rule that we will only consider QCF qualifications for funding approval outside of the automatic approval category. As indicated in paragraphs 14 and 15 above, we will review this ‘QCF only’ rule towards the end of 2014 in the context of the outcomes of Ofqual’s consultation on new regulatory arrangements.
42. So that we can accurately collate and review applications, AOs need to submit them directly to us in the following format:
- i. The submission must comprise a separate email for each qualification.
  - ii. All documents for the qualification must be in one email.
  - iii. The email title must include the qualification accreditation number.
  - iv. The email must be sent to [qualifications@sfa.bis.gov.uk](mailto:qualifications@sfa.bis.gov.uk).
43. To make this process as straightforward as possible, we have designed a form that allows the AO to provide all of the information we need to decide whether a qualification will be available for public funding. The submission form and all associated documents are available on the [Qualifications](#) page of our website.
44. **We cannot consider qualifications for public funding unless we receive a submission from the AO along with the required evidence.** AOs should note that they must send one submission form for each qualification. We will not accept a submission form with multiple qualification entries.
45. We will then apply three business rules to see whether we should add the qualification to the catalogue. The qualification must meet all of these rules to receive approval for funding. Paragraphs 50 to 79 describe each of the business rules in detail and explain how we apply them.
46. We will write to the named AO contact at the end of the review process (paragraph 48 below) to notify them of the outcome of their application. We will do this shortly before

we publish the catalogue each month. If the qualification has failed one or more of the business rules we will notify the AO which rule(s) it did not meet, and where appropriate we will give feedback.

47. Whilst an AO may resubmit a qualification that has previously failed one or more business rules, we cannot allow multiple resubmissions. We expect the AO to consider our feedback carefully and ensure they address this in any resubmission in order to fully meet all of our business rules. Where an AO has resubmitted a qualification and the business rules have again not been met we will consider advising the AO that we will not accept a further submission for the qualification in that funding year.
48. **To facilitate our contact with AOs we require each AO to nominate a key individual to manage all communications on their submission, and that they are copied in to all email correspondence. We will notify this individual of the outcome(s) of submission(s) for qualification funding approval.**
49. The timescales for submissions for inclusion in the 2014 to 2015 offer are as follows:

<b>Awarding Organisation submission date</b>	<b>Catalogue published</b>
7 August 2014 (Quarterly review process window)	29 August 2014
4 September 2014	1 October 2014
2 October 2014	3 November 2014
6 November 2014  (Quarterly review process and exceptions window. All evidence requirements to be met if qualification is included in the initial 2015 to 2016 offer)	1 December 2014
4 December 2014	5 January 2015
6 January 2015	2 February 2015
6 February 2015 (Quarterly review process and exceptions window)	2 March 2015
6 March 2015	1 April 2014
6 April 2015	1 May 2015
6 May 2015 (Quarterly review process and exceptions window)	1 June 2015 (last update for 2014 to 2015)



## Rule 1 – Size

### Overview

50. Qualifications at Entry to Level 1 must be worth at least six credits, unless they are QCF English or maths qualifications.
51. Qualifications at Level 2 or above must be worth at least 15 credits, unless they are QCF English or maths qualifications.
52. For information on the arrangements for the approval of QCF English or maths qualifications, please refer to Annex D.

### Justification for this rule

53. A key finding from Professor Alison Wolf's [review of vocational education](#) was that small qualifications tend not to help learners achieve progression or employment. Although Professor Wolf's review focused on learners aged 14 to 19, the concern over what labour market value small qualifications have is applicable to all learners, irrespective of age.
54. Whilst we know that access to qualifications and to accreditation can be a strong motivating factor for adults, those qualifications 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. These thresholds are expressed in credit value for QCF qualifications.

### Evidence sought

55. We will use the size information in Ofqual's [Register](#) of Regulated Qualifications to apply this rule automatically.

## Rule 2 – Purpose

### Overview

56. A qualification must have a clear statement of purpose to help learners make an informed decision about which qualification to take. Although this statement must be published on the AO's website, we will allow **until 1 November 2014** for the statement to be published – on the condition that it is forwarded to us as part of the main qualification submission.

57. AOs should be aware that we will not approve for funding a qualification at any level where the content or purpose relates to one or more of the following:
- i. Qualifications that are required by a licensing authority in order for an individual to operate in a regulated job role.
  - ii. Qualifications where the content appears to recognise activity that would already be taking place as part of a learner's experience within FE. For example study skills, college induction, preparing to go on work experience, or preparing to enter a skills competition.
  - iii. Qualifications that are specific to one employer (unless due to statutory requirements they are the sole employer in a particular sector) or to a named product (for example that are 'vendor specific').
  - iv. Other non-vocational qualifications where the content is not appropriate for public funding. If an AO is concerned that the content of a particular qualification may not be considered appropriate for public funding, they can contact us for an informal discussion of the learning outcomes of the qualification. Where possible we will give an indication as to whether it is likely to be rejected on the grounds of inappropriate content.

### **Requirement**

58. The purpose statement must accurately reflect and clearly explain a qualification's content, and signal to the learner what they will learn by undertaking the qualification, what skills and competencies they will develop and what they may progress to.
59. Where the qualification is one of a 'suite' of the same qualification title offered at different levels and at different credit values, the purpose statement must explain what this particular size and level leads to. It must explain why a learner might choose a specific qualification and how the qualification is different (or similar) to the other sizes and levels. If different sizes and/or levels of the same qualification title lead to the same outcome(s), we may not approve all of them.
60. Although we may refer to purpose information held on Ofqual's Register of Regulated Qualifications we will not rely primarily or exclusively on this categorisation. However, we may query where the purpose recorded by Ofqual and in the purpose statement in the submission to us are different. This means that an AO will not need to amend the purpose of a qualification if they are seeking to resubmit a qualification for funding approval which previously failed on the basis of the Ofqual recorded purpose only (please refer to paragraphs 65 to 66 of version 1.0 of this Technical Guide).

61. For QCF English or maths qualifications, please refer to Annex D.

### **Evidence sought**

62. The purpose statement must be published in a publicly accessible part of the AO's website. It can be published either alongside or as part of the qualification specification, unless the specification is held in an area of the website that has restricted access. If the specification is held in a restricted area, the purpose statement must be accessible alongside whatever other information is publicly available for that qualification. If the purpose statement is part of the qualification specification, it must still meet the same requirements as other purpose statements.
63. At Level 2 and above we will only approve qualifications where the purpose of the qualification enables the individual to fulfil one of the following:
- i. demonstrate the specialist knowledge and skills needed to carry out a specific job role;
  - ii. enter an Apprenticeship;
  - iii. work in a specific industry, occupation or occupational group; or
  - iv. progress to the next level of vocational learning (including higher education).
64. At Entry and Level 1 we will also support some broader qualifications that can demonstrate the purposes above and that employers recognise. These may be vocational qualifications which focus on awareness of and/or preparing for an industry sector or occupational area. They may support acquisition of some of the practical and technical skills associated with that sector or occupational area. Alongside these vocational qualifications we will also approve some broader 'non-vocational' qualifications that focus 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.
65. In the purpose statement the AO must clarify the primary purpose of the qualification. We expect the accompanying recognition evidence to reflect this primary purpose.
66. We have included a draft template at Annex A that AOs may use when preparing purpose statements. Whilst it is not mandatory to use this template, we recommend AOs do so, as it will help learners, employers, colleges and training organisations compare qualifications and make informed choices.

### **Rule 3 – Recognition**

## Overview

67. AOs must give us letters of support from appropriate organisations that provide evidence they recognise the qualification as meeting the needs of their learners and/or employees.
68. At this point in time we do not require these to be available on the AO's website. However, the letters of support must be written and presented in such a way (for example, using headed paper) that they would be suitable to be made available on an AO's website in the future.

## Requirement

69. Qualifications allow learners to demonstrate to others that they have achieved certain skills, knowledge and understanding at a given level. We will only approve qualifications for funding where appropriate organisations have indicated that the qualification demonstrates relevant skills, knowledge and understanding at a given level through a letter of support.
70. To demonstrate support for a qualification, letters of support must:
  - give the full name of the AO and full title and qualification accreditation number for each qualification, as opposed to a generic qualification type or suite of qualifications
  - be on headed paper and confirm the name, job title and organisation of the person providing the support along with a signature (we will accept scanned copies of such letters) – we will not accept emails
  - Where the letter of support is from a college or training organisation on our Register of Training Organisations or on our declared list of subcontractors, the letter must contain their UK Provider Reference Number (UKPRN)
71. To support AOs in meeting this rule, we have included at Annex C statements from us which AOs can use 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 AOs in their discussions with employers, higher education institutions (HEIs) and colleges and training organisations.
72. In providing letters of support, AOs should be aware that we will not accept letters which identify progression solely within the same suite of qualifications at the same level, in the same sector, or offered by the same AO. Where the purpose of the qualification is to support progression to the next level of learning, letters of support must clearly endorse the qualification in terms of supporting the learner to progress to

the next level of learning and must also identify the qualifications at the next level the learner can move to.

### **Evidence sought**

73. For vocational qualifications at Level 1 or above, where the primary purpose is to enable the individual to demonstrate the specialist knowledge and skills needed to carry out a specific job role, to enter an Apprenticeship or work in a specific industry, occupation or occupational group, AOs are required to provide one of the following:
- 1) Letters of support from at least five employers that are representative of the sector, occupation or occupational group to which the qualification relates. We will not accept more than two letters from sole traders and micro-businesses (employing fewer than 10 members of staff). If the qualification covers more than one occupation, AOs must ensure that each occupation is covered by at least one letter of support.
  - 2) A minimum of one letter of support from a recognised and relevant UK professional or trade body representing the industry, occupation(s) or occupational group covered by the content of the qualification.
74. For qualifications at Level 2 where the primary purpose of the qualification is to prepare the learner to progress towards higher education through a QAA Access to HE Diploma we require letters of support from at least three colleges. These letters must confirm that they consider the qualification as meeting an entry requirement or supporting progression towards a named Access to HE Diploma.
75. For qualifications at Levels 3 and 4 where the primary purpose is to support the learner to progress to higher education, AOs are required to provide a minimum of three letters of support from HEIs. These letters must confirm that the HEI recognises the qualification as fulfilling entry requirements to higher-level courses in a range of subjects, either by meeting entry requirements in their own right or being accepted alongside other qualifications at the same level.
76. For all other qualifications, including qualifications at Level 2 which are intended to support progression to the next level, and broader vocational and non-vocational qualifications at Entry and Level 1, we require letters of support from at least three colleges and/or training organisations who are on our Register of Training Organisations or our list of declared subcontractors.

77. These letters must clearly indicate the particular qualifications at a higher level that the qualification will lead to, and must be from a college or training organisation that delivers provision at that higher level in the industry, occupation or occupational group the qualification is in. Where the qualification is at Entry and/or Level 1 and is 'non-vocational' we will require the letters from colleges and training organisations to confirm the progression outcome the qualification will lead to, and that they recognise the qualification as a 'receiving institution' for those learners. This means that the college or training organisation supporting the qualification should be offering the qualification that the learner may progress to.
78. For QCF English or maths qualifications, please refer to Annex D.
79. Please note the following clarifications of terms for what we will accept as appropriate evidence:
- i. Letters submitted as part of the Department for Education process for vocational qualifications to be recognised in Performance Tables for 16 to 19 year-olds can be used, provided they meet the requirements set out in this Guidance.
  - ii. Letters from colleges or training organisations that are prime or subcontractors must clearly provide evidence of, and support for, the progression outcomes of the qualification, rather than be a letter of support for the development of the qualification or support for public funding.
  - iii. Letters must be from organisations that are based in the United Kingdom.
  - iv. We will accept letters from Group Training Associations (GTA) where at least three of the organisations in the GTA are on our Register of Training Organisations, and the GTA is in the same industry or occupational sector as the qualification. Where this is the case, one letter from a GTA will be accepted as sufficient evidence.
  - v. Employers may be private, public or non-profit organisations. These letters must clearly provide evidence of, and support for, the employment outcomes of the qualification rather than be a letter of support for public funding or a letter of support for the development of the qualification. These letters must clearly demonstrate that the employer values the qualification and how it will support the development of skills for specific roles within their organisation as well as how it will benefit their staff. For example, for new entrants starting a role, for progression of individuals within the organisation and/or making an individual more proficient/efficient within their existing role.

- vi. No more than two letters of support can be from employers that are also approved centres for the AO and/or are delivering publicly funded regulated qualifications for us.
  - vii. For qualifications at Levels 3 and 4 we will accept letters from HEIs and from FE colleges that offer appropriate higher-level provision.
  - viii. Letters from trade unions or recruitment agencies are not appropriate.
  - ix. We do not consider Chambers of Commerce to be professional/trade bodies. We will accept letters from Chambers of Commerce where they are either an employer or training organisation, and where they meet the criteria for these set out in this Guidance.
  - x. We will not accept endorsement from Sector Skills Councils (SSCs) as evidence of employer support. SSCs have had significant involvement in the development of most existing vocational qualifications and in many cases supported their original accreditation by Ofqual. For this reason their further endorsement is not required.
  - xi. Where the AO is an arm of a professional or trade body, we will accept recognition of the qualification alongside letters of support from employers.
80. Where the AO is able to demonstrate that the sector of employment to which their qualification relates has a very small number of employers, we will consider accepting less than five employers. For example, if there is a statutory restriction on the number of employers in a sector, such as the armed forces. We will also consider such an exception if the qualification has been developed using the Innovation Code. If the AO wishes us to consider such an exception, they must request this in writing and provide a rationale for this as part of their submission.

## **Quarterly Review Process**

### **Re-entry**

81. 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.
82. If we have excluded a qualification from the offer on the basis of low or no demand, AOs may request a qualification 're-enters' the offer and is added back into the catalogue. We will consider these requests as part of our quarterly process.
83. The request from the AO must include evidence, from three or more colleges or training organisations on our Register of Training Organisations or declared list of

subcontractors, of the estimated publicly funded demand (outside of Apprenticeships) of 100 or more learners for one funding year.

84. Paragraph 49 sets out the timescales for submission. The form to support this process is available [here](#), and AOs must email the submission to [qualifications@sfa.bis.gov.uk](mailto:qualifications@sfa.bis.gov.uk).
85. AOs should note that the process to request a qualification re-enter funding approval is separate from the monthly approval process and from the exceptions process. But qualifications which re-enter funding approval must meet the same business rules and evidence requirements as all other qualifications. This means that they will need to have a submission form, purpose statement, and evidence of recognition alongside evidence of demand. This should be provided with the submission form.

## Exceptions

86. An AO may ask us to consider exceptions to the size rule for vocational qualifications at Levels 2 to 4 only. From September 2014 we will consider submissions for exceptions every three months.
87. We will not consider exceptions for qualifications:
- i. That are within the Preparation for Life and Work Sector Subject Area.
  - ii. Are QCF English or maths qualifications.
88. Where an AO requests an exception to the size rule they must provide a separate statement that addresses the following:
- Rationale for why this size of qualification is needed. We require this for all qualifications submitted through the exception process. The statement needs to clearly explain why an exception should be made and should not simply replicate the qualification's statement of purpose. For qualifications at Level 2 that focus primarily on progression to the next level, the statement must also provide a clear and robust rationale on why the qualification is below 15 credits.
  - Evidence that not approving the qualification for funding would result in limited or no availability of provision at that level in that specific industry, occupation or occupational group.
  - If the qualification is part of an Apprenticeship, the rationale for offering it outside the Apprenticeship.
89. We will not approve a qualification for funding if the content is also included in a qualification that has met our size threshold and which is available for public funding. This is because we are keen to ensure we do not invest public funding in qualifications



that are too small to allow the learner to achieve the skills that employers, colleges and training organisations recognise.

90. Where the AO requests an exception if there is no funded qualification at or above the size threshold, we may agree to approve the qualification for funding providing all other business rules and evidence requirements have been met.
91. Where the qualification has previously been publicly funded we will take into account learner demand for the qualification. We will not agree to an exception where there is evidence of low or no demand.
92. We will keep a record of the exceptions we approve. The AO will not need to re-apply for exceptions to this rule in subsequent funding years. This does not mean that we will always approve the qualification for funding. There may be other changes to the business rules in the future that may bring the qualification out of scope for public funding. The qualification will also be subject to our annual review. Qualifications approved on an exceptions basis are not designated 'full'.
93. If the same AO requests approval for funding for a larger qualification that covers the same content as an exception that has been approved for funding, and this larger qualification is approved, we will set a 'last date for new starts' for the exception, on the basis that there is now provision that is available within a larger qualification.
94. If a different AO requests approval for funding for a larger qualification that covers the same content as the exception and this larger qualification is approved, we will review this as part of our annual review. We may write to the AO offering the exception qualification to advise that this exception will not be made available in the following funding year, as there is now a larger funded qualification that covers this content. Such a change would be made as part of the annual review. We will not remove funding for an exception partway through the year on the basis of another AO now offering the same content in a larger qualification.

## **Amendments**

95. After a qualification first appears on Ofqual's Register of Regulated Qualifications, the AO may amend some of the information relating to the qualification.
96. We will collect information on amendments (to size, purpose and Sector Subject Area Classification) and review these every three months. We no longer update funding information automatically and may in some instances request further evidence from AOs explaining the rationale for the change.

97. Where an AO amends an existing qualification with the result that the qualification can no longer be approved for funding, we will notify the AO that we are setting a 'last date for new starts' to stop funding for that qualification with immediate effect.

## Annual Review

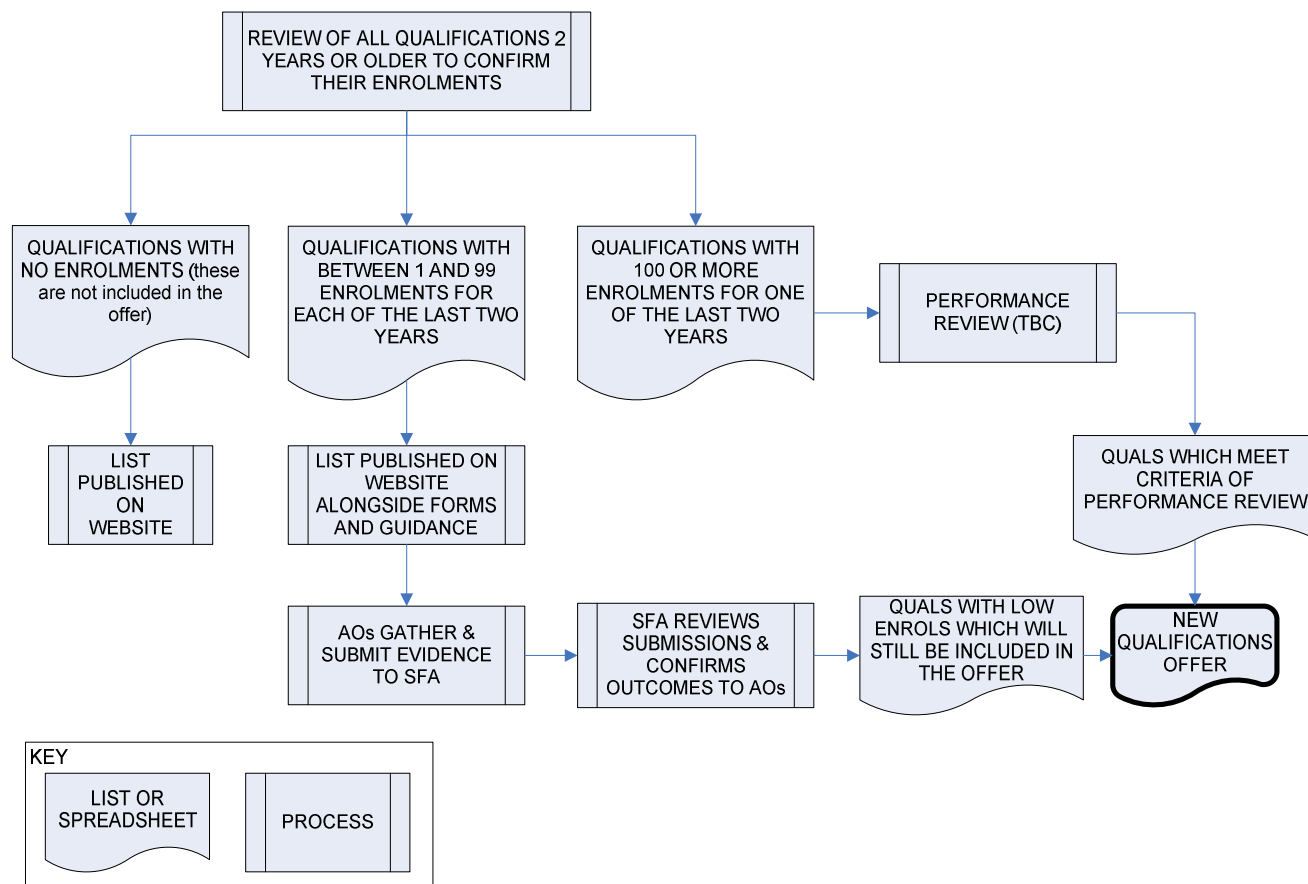
98. Each autumn, we review qualifications that have been approved for funding for two or more years. We review the following three elements:

- i. The qualification's **track record** in terms of publicly funded demand.
- ii. The **progression outcomes** the qualification supports, measured against a set of key performance indicators (KPIs).
- iii. Whether achievement data for the qualification is uploaded regularly to the **PLR** in line with the [Awarding Organisation Agreement](#).

99. Where qualifications have low or no demand, where the qualification does not support key progression outcomes, or where the AO is not making use of the PLR we will remove the qualification from public funding for the following funding year.

100. Diagram 3 sets out the process for the **track record** and **performance** elements of our annual review.

**Diagram 3: Overview of annual review process for 'track record' and 'progression'**



## **Track record**

101. Our first step is to publish, in early autumn, two lists:

- i. 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.
- ii. A list of qualifications that have been available for two or more years but for both of the previous two years has failed to gain 100 publicly funded enrolments each year. We will remove from the list any qualifications that relate to occupations that are unlikely to attract high enrolments, for example qualifications relating to a niche industry sector. When we publish this list we will advise the AOs, colleges and training organisations that we will not include these qualifications in the offer for the following funding year unless the AO can provide us with evidence that by not making the qualification available for public funding it will have a negative impact on learners, colleges and training organisations or employers.

102. We will publish guidance and supporting forms for AOs to use to request that a qualification is retained. We do this to make sure that the AO can provide us with as much evidence as possible to support our decision whether to include these qualifications with low demand in the offer.

## **Progression**

103. For the 2014 annual review we will begin to measure the progression outcomes of a qualification and the mix and balance of the publicly funded offer through a set of KPIs.

104. We are currently developing the following five KPIs:

- 1) How effective the qualification has been in supporting individuals into work.
- 2) How effective the qualification has been in supporting individuals to progress to a higher level of learning.
- 3) What the economic return of the qualification might be measured through any change in an individual's earnings.
- 4) How far the offer is responding to key priorities and/or skills gaps, such as new initiatives like the Green Deal or growth sectors.

5) Reviewing the learner success rate, but at qualification level rather than at the level of the college or training organisation.

105. Not all of these KPIS will be applied as part of the 2014 annual review. We will only apply those KPIs where the approach and modelling is robust. However, 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.
106. Work on putting in place new measures of success for the skills system is 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 AOs. We will update this Guidance as appropriate with more information on the application of all KPIs and the methodology we intend to use for the 2015 annual review early in 2015.

### **Personal Learner Record**

107. For a qualification to be considered for public funding, the AO must have signed the Awarding Organisation Agreement. Details of this are available on the [Awarding Organisation](#) section of our website. This applies only to Ofqual-regulated qualifications. As well as signing the agreement the AO must regularly upload achievement data to the learner's Personal Learner Record (PLR).
108. As part of our annual review we will check to confirm whether the AO has uploaded achievement data in a timely manner in line with the Awarding Organisation Agreement.
109. Where the AO has either not uploaded any achievement data during the course of the funding year, or the level of uploading is low, we will write to them indicating that qualifications from that organisation are in scope for removal from funding for the following funding year, We will do this unless there is a clear reason and appropriate evidence as to why data has not been uploaded.

# Annexes

## Annex A – Purpose Statement Template

We advise AOs to follow this template for the statement of declared purpose. It is not mandatory to use this template and AOs can devise their own templates if they wish to provide information in a different format. However, AOs must provide **all** purpose statements in plain English to ensure that learners and employers will understand the information.

### Awarding Organisation Name and Logo

**Name of Regulated Qualification:** including Level and qualification accreditation number.

### OVERVIEW

- Who is this qualification for?  
For example, is this a qualification designed to be taken by someone already in work; is it for someone seeking to enter work (if so in what industry), or someone seeking to progress to higher education and training?
- What prior qualifications/levels of attainment does a learner need to take this qualification? Are there any age restrictions?
- What does this qualification cover?  
Please give a summary of the key topics/skills/knowledge the learner will cover, which are core and which are optional. Please state what 'type' of qualification it is. For example a QCF qualification (and what this might mean).

### WHAT COULD THIS QUALIFICATION LEAD TO?

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

Please explain if the qualification is part of a larger suite and what the rationale is for the different size and levels of the qualification to help the learner (and employer) make an informed decision on which qualification in the suite is right for them.

## **WHO SUPPORTS THIS QUALIFICATION?**

### **(i) Industry**

Please indicate which professional or trade bodies and/or individual employers support this qualification, and, where appropriate provide hyperlinks to letters of support.

If the qualification provides professional registration, please explain and provide, where appropriate, a hyperlink to further information.

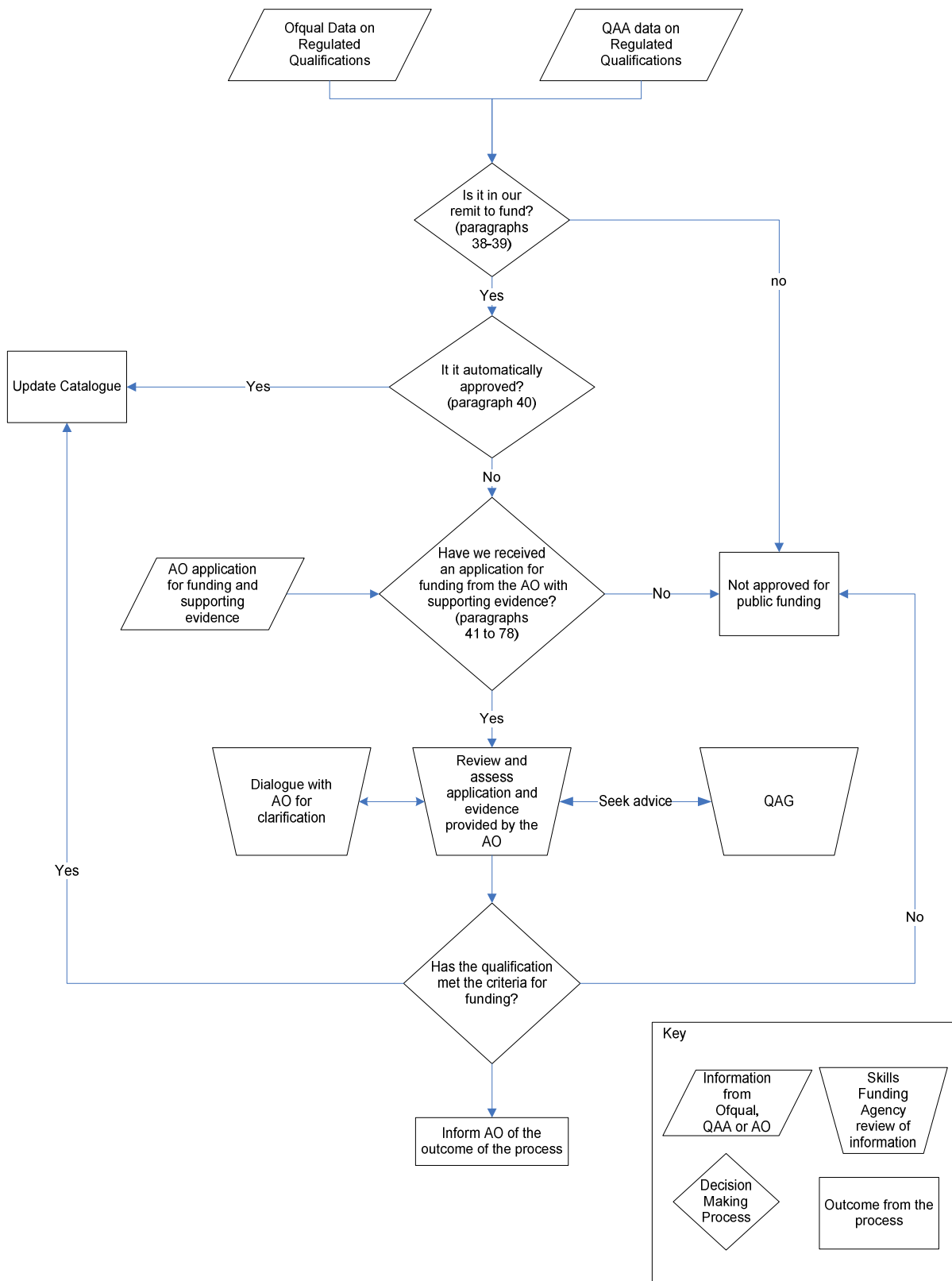
### **(ii) HEIs and colleges**

Please indicate which HEIs or colleges recognise this qualification for entry to a higher-level course or qualification. Where appropriate please provide hyperlinks to letters of support.

## **FURTHER INFORMATION**

If and where appropriate please provide a hyperlink to any further information on the qualification.

# Annex B – Overview of the monthly funding approval process





### **Recognition of qualifications for public funding – information for employers**

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

To help us achieve this, we ask Awarding Organisations (AOs) to give us evidence that their qualifications are recognised and supported by employers and professional and trade bodies as a condition of us approving them for public funding. We are asking that this evidence should be in the form of a letter from the employer or professional and trade body that operate in the sector that the qualification covers 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 can lead to.

We believe that asking for this evidence 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, AO's could publish this on their website 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. 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/colleges and training organisations**

The Skills Funding Agency is responsible for determining which qualifications are publicly funded for learners aged 19 plus. We want to make sure that qualifications which are funded by Government are valued by HEIs and colleges and training organisations.

To help us achieve this, we ask Awarding Organisations (AOs) to give us evidence that their qualifications are recognised and supported by HEIs, colleges or training organisations as a condition of us approving them for public funding. We are asking that this evidence should be in the form of a letter from the HEIs, colleges or training organisations that operates in the sector that the qualification covers 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 this evidence 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, AOs could publish this on their websites so that learners can see for themselves which qualifications are recognised by particular HEIs, colleges and 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.

## **Annex D – QCF English and maths qualifications**

This Annex confirms the new arrangements for approval of QCF English and maths qualifications for 2014 to 2015.

In confirming these new arrangements AOs should note that:

**We will not approve for funding any additional/new QCF Level 2 qualifications other than those which were approved by January 2014 as part of the 2013 to 2014 offer and meet the size and assessments rules detailed below. In addition no Level 2 QCF qualifications will be approved for funding as part of the 2015 to 2016 offer.**

Our approach is in line with the [Ministerial statement](#) made on 2 July 2014 to ensure a clear focus by colleges and training organisations on GCSEs and Functional Skills in English and maths at Level 2.

### **Business rules for QCF English and maths qualifications at Entry and Level 1**

We have introduced a set of business rules for the approval of QCF English and maths qualifications at Entry and Level 1 for funding. These qualifications are no longer automatically approved for funding but are subject to the following business rules.

We will only approve QCF English and maths qualifications where:

**Size:** The qualification is three credits or more (Awards and Certificates).

**Purpose:** The AO has given us a public-facing statement that sets out the purpose of the qualification. This must include how the qualification will support progression to Level 2, where the qualification may be cross referenced to Functional Skills and/or GCSE.

**Recognition/Demand:** The AO has given us evidence of support from five colleges and/or training organisations on our Register of Training Organisations that have a current contract to deliver or are on the current list of Declared Subcontractors.

**Demand:** The AO has given us evidence of publicly funded demand which must be a minimum of 250 publicly funded learners.

### **Approval arrangements**

We have already approved for funding for 2014/15 QCF English and maths qualifications at Entry and Level 1 **which were approved by January 2014 as part of the 2013 to 2014 offer and meet the size rule** as part of the June 2014 process.

For these qualifications to be considered for the 2015 to 2016 publicly funded offer we require the purpose and recognition/demand rules to be met by **1 November 2014**.

We will consider all other QCF English and maths qualifications at Entry and Level 1 through the monthly approval process from August 2014 onwards. Please note that we will require full evidence for these qualifications.

### **QCF English and maths qualifications at Level 2**

We will approve a small number of QCF English and maths qualifications at Level 2 for the academic year 2014 to 2015 only. These will be qualifications which are already approved for 2013 to 2014, which meet a size rule of a minimum of 13 credits and which meet the following assessment requirement:

- The AO sets the assessment instruments used.
- The assessment is taken under controlled conditions.
- The AO must quality assure all assessments. The AO may do this by marking all of the learner scripts themselves or by sampling marking of scripts undertaken by centre staff, but we expect robust standards of verification of the assessment.
- Portfolios of evidence will not be acceptable within this approach.

We have identified a small number of QCF English and maths qualifications at Level 2 which are already approved for the academic year 2013 to 2014 where we believe the assessment approach matches our requirements. These qualifications only are in scope to be approved for 2014 to 2015.

We will directly contact the AOs offering these qualifications and request they send an assessment statement to us confirming the assessment for the qualification meets our

requirements. This statement must also indicate how the AO will quality assure all assessments at Level 2.

If an AO has a QCF English or maths qualification currently approved for funding which meets the size rule of 13 credits and also believes the qualification meets the assessment requirements identified above then they should contact us, using the email address below. If the AO believes that their qualification meets the requirements above they must provide us with an assessment statement.

Once we have received and reviewed the assessment statement we will add the Level 2 qualification to the Simplified Funding Rates Catalogue. The timing of this will depend upon when we receive the statement.

Where we approve the QCF English and maths qualification at Level 2 **we will not require purpose statements or recognition letters.**

If you have any queries relating to this statement, please email [qualifications@sfa.bis.gov.uk](mailto:qualifications@sfa.bis.gov.uk).



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