



Department
for Education

Review of Level 4 and 5 Education

Interim Evidence Overview

August 2018

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1. Introduction

The Department for Education is conducting a comprehensive review of Level 4-5 education (the “Level 4-5 Review” or the “Review”) with a focus on how technical qualifications at this level can best address the needs of learners and employers. The Review forms part of the Department’s wider work on skills and Higher and Further Education, including the implementation of the Post-16 Skills Plan, and this evidence will feed into the Review of Post 18 Education and Funding.

1.1 What is Level 4-5 education?

Taught (or “Classroom based”) Level 4-5 education is delivered in Universities, Further Education Colleges and Alternative Providers, and other Private Training Providers. It is the next level of education that can follow, for example, A levels (Level 3), and a level below a full undergraduate degree (Level 6). Qualifications at this level include Higher National Certificates and Diplomas, Foundation Degrees, Certificates and Diplomas of Higher Education and other technical qualifications and professional diplomas.¹ A broad range of occupations are accessible through Level 4-5 education including rail engineering technicians, nursing associates, and professional accounting technicians. The focus of the Review, and of this evidence overview is on taught provision at Level 4-5, rather than apprenticeships. Where our analysis refers to apprenticeships, we will make this clear.

Currently there are approximately 216,000 learners across Higher and Further Education providers at Level 4-5, including 174,000 learners studying classroom based Level 4-5 courses, and 42,000 on Level 4-5 higher apprenticeships.² These learners are likely to be over 25 (60% of learners), and many study part time and come from diverse educational backgrounds.³

¹ Much of the research on this report is focussed on ‘prescribed’ Higher Education qualifications (e.g. HNDs, Foundation Degrees, fundable through HE student loans), as this represents a larger share of Level 4-5 qualifications than ‘non-prescribed HE’ (including some professional diplomas which may be fundable with Advanced Learner Loans), although both are important parts of the landscape.

² Mapping the Higher Technical Landscape, RCU (2018)

This includes learners living in England recorded either by the Higher Education Statistics Agency (HESA), or the Individualised Learner Record (ILR), only where they have passed the funding qualifying period.

³ Mapping the Higher Technical Landscape, RCU (2018)

1.2 Context for this Review

The Government wants our workforce to have world-class skills, and is committed to extending technical education reforms to the highest levels. It forms part of the Government's commitment to support routes to higher-earning technical roles and address the skills needs of the economy, as outlined in the Post-16 Skills Plan.

Our ambition is to reform higher level technical education so that:

- It delivers the skills employers and the economy need, supporting the Industrial Strategy;
- It offers attractive routes to higher earning technical roles, supporting social mobility.

This work supports commitments in the Industrial Strategy to extend technical education reforms to higher levels, and develop our workforce. It is part of wider work on the reform of technical education, which builds on the reforms to apprenticeships and includes the introduction of T Levels and Institutes of Technology (IoT). In May 2018, we announced the first providers to deliver T Levels in 2020. In July, we published the Interim Guidance for providers who have progressed to Stage Two of the IoT competition.

The Review of Level 4-5 Education will help us to understand where we are now, and how we can make Level 4-5 education even better. This is in the context that student uptake at this level is very low. Around 7% of all students between ages 18 and 65 are undertaking training at Level 4-5, one of the lowest rates in the OECD.⁴ Student uptake is also low compared to learning at Level 3 and Level 6, with only 4% of 25 year olds holding a Level 4-5 qualification as their highest level compared to around 30% for Level 3 and 6 (Figure 5). Over time, Level 4-5 education as a share of all higher education and training has also steadily decreased.⁵

While evidence suggests that a range of policy changes may have had some impact on uptake of Level 4-5 qualifications, there is not a single, simple explanation of why uptake remains consistently low in England.⁶ Evidence suggests that students who complete Level 4-5 qualifications can progress to higher levels of learning, or benefit from higher wages and employability in the labour market. Level 4-5 education could also play an important role in the UK economy, as higher level technical skills are in a shortage yet could be crucial to boost productivity.⁷ Recognising the potential benefits of Level 4-5 education, current low levels of participation could indicate that the education system is not working as effectively as it could to facilitate learning that is beneficial for individuals, employers, and the economy.

⁴ Skills Beyond School synthesis report, OECD (2014)

⁵ Sub-Bachelor Higher Education in the United Kingdom, QAA (2017)

⁶ Sub-Bachelor Higher Education in the United Kingdom, QAA (2017)

⁷ Employer Skills Survey, CBI (2016)

1.3 Research and analysis within the Review

The Level 4-5 Review is evidence led. This means drawing in expertise, evidence, and user insights as far as possible to support policy-making. Undertaking research and analysis has therefore been a key element of the Review. The Department is working closely with academics, other experts and organisations, including the Gatsby Foundation, to gain a better understanding of current provision at Level 4-5.

1.4 Purpose of this document

This interim evidence overview:

- Provides an opportunity to share research and analysis undertaken by, or in consultation with, the Department, following the announcement of the Review in October 2017;
- Invites any further contributions from those with experience and expertise in this area;
- Outlines areas which will be given particular consideration as the Review progresses;
- Adds to the existing evidence base and informs policy development in the Review.

The following sections in this document provide a summary of headline findings by three themes: learner demand and social mobility; fit for employers and the economy; and quality, prestige, funding and regulation.

Interested readers are encouraged to read the full research reports for greater understanding. The headline findings presented here are subject to the data and methodology limitations of the specific projects from which they are drawn; these are explained in more detail within the respective reports.

We summarise the following reports here:⁸

- i. [Mapping the Higher Technical Landscape](#), RCU 2018 (commissioned by the Gatsby Foundation)
- ii. [Level 4 and 5 Provision in England: Provider perspectives](#), York Consulting (2018) (commissioned by the Gatsby Foundation in partnership with the DfE)

⁸ These reports are referenced throughout the document by the Roman numerals shown above.

- iii. [Post 16 Education Pathways – cohort study of individuals who undertook GCSEs in 2004/05](#), DfE (2018)
- iv. [Good Practice in Level 4 and 5 Qualifications](#), DfE (2018)

2. Learner Demand and Social Mobility

2.1 Level 4-5 is delivered across HE and FE through a range of qualifications.

Just over half of Level 4-5 learners are taught in a Further Education College⁹, around a third are in universities, with the rest taught in private training providers, including Alternative Providers (Table 1).ⁱ Roughly one fifth of people studying at Level 4-5 are on a higher apprenticeship (Figure 2), and providers and employers both expect this to be an area of growing demand over the coming years.ⁱⁱ While apprenticeships are not within the scope of this Review, the predicted growing demand for higher apprenticeships at this level may have an impact on Level 4-5 education more widely. Amongst taught provision, Foundation Degrees represent the largest share of enrolments (28%), followed by Diplomas¹⁰ (12%) and HNC's (9%). Higher Nationals are more likely than Foundation Degrees and Diplomas to be in STEM subjects.¹¹

| Provider Type | Learner numbers | (%) |
|---|-----------------|------------|
| Further Education College | 111,640 | 52 |
| Higher Education Institution | 69,820 | 32 |
| Private Training Provider/Local Authority/Other | 34,170 | 16 |
| Total | 216,170 | 100 |

Table 1: Total volume of Level 4-5 learners by provider type, including apprentices

Source: ILR 2015/16 & HESA 2015/16 - Mapping the Higher Technical Landscape, RCU (2018)

⁹ Including those on a franchise agreement from a partner university.

¹⁰ Covering both DipHE's and non-prescribed L4-5 Diplomas

¹¹ Excluding those who undertake a qualification within an apprenticeship.

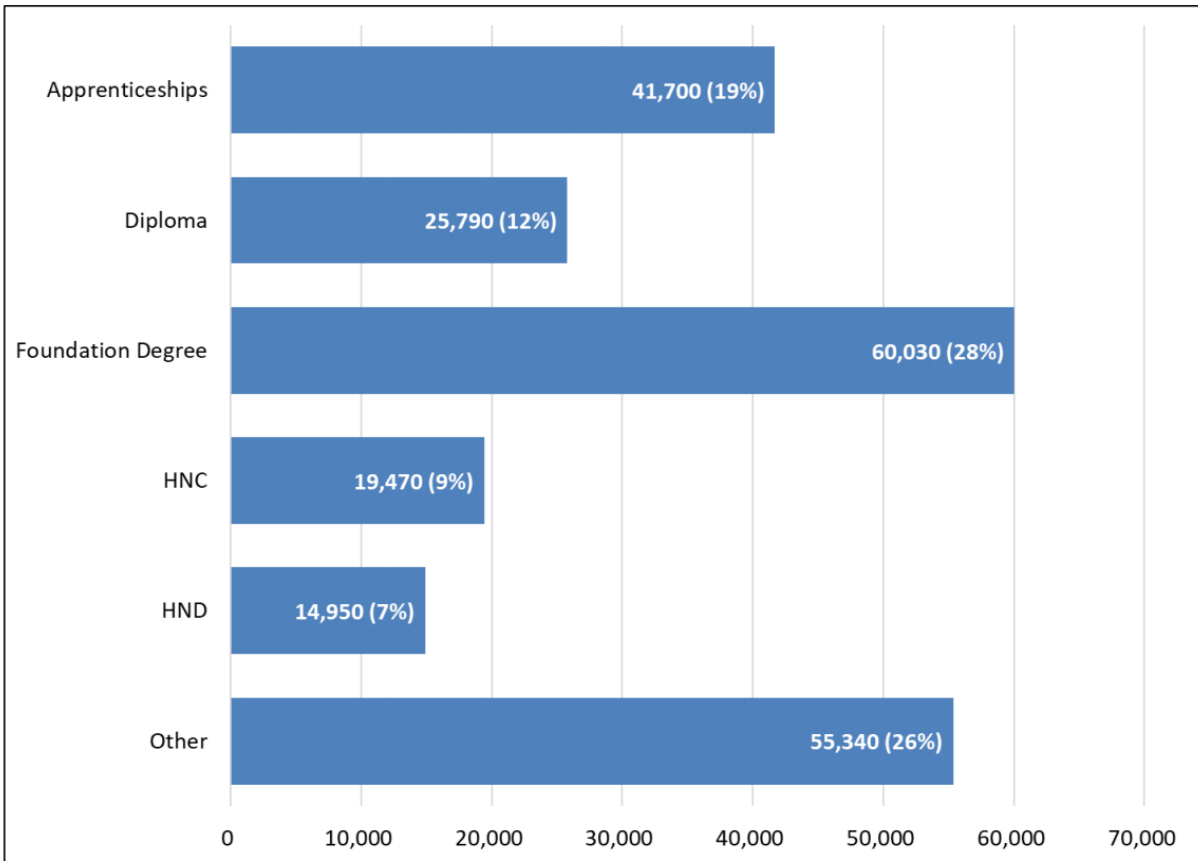


Figure 2: Volume of Level 4 and 5 learners by qualification type

Source: ILR 2015/16 & HESA 2015/16 - Mapping the Higher Technical Landscape, RCU (2018)

2.2 Learner demand differs by subject and qualification, and often reflects industry demographics.

The majority of Level 4-5 learners are aged over 25 (Figure 3), and almost half study part time (Figure 4). The profile of learners varies by subject. For example, in Engineering and Manufacturing, 35% of students are under 21 and 15% come from the most deprived areas. In contrast, only 6% of Social Care learners are under 21 (with 85% over 25) and over 1 in 4 (26%) come from the most deprived backgrounds. The most popular qualification in Engineering and Manufacturing is the HNC, whereas a high proportion of students in Social Care take higher apprenticeships.ⁱ

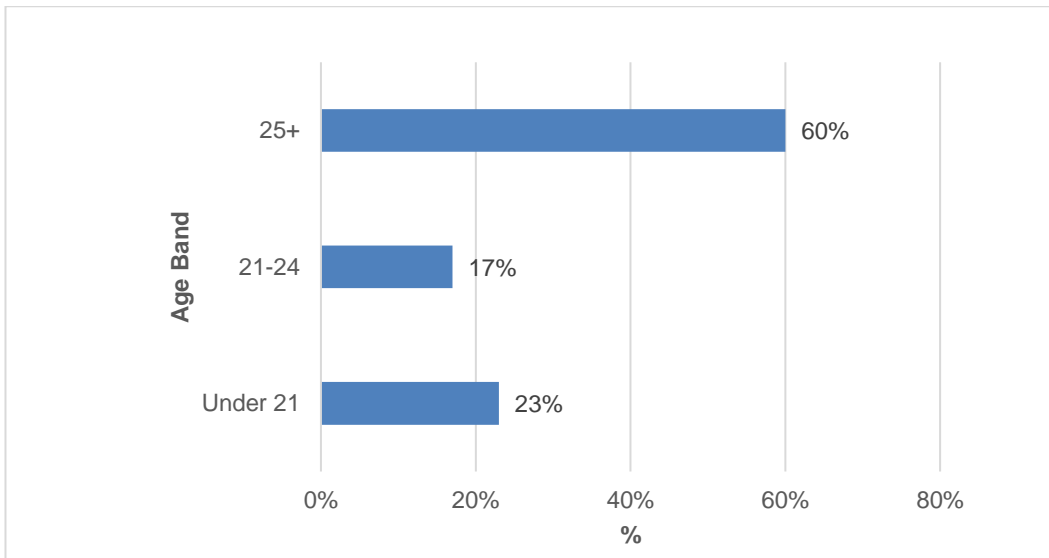


Figure 3: Level 4-5 Learners by Age

Source: ILR 2015/16 & HESA 2015/16 - Mapping the Higher Technical Landscape, RCU (2018)

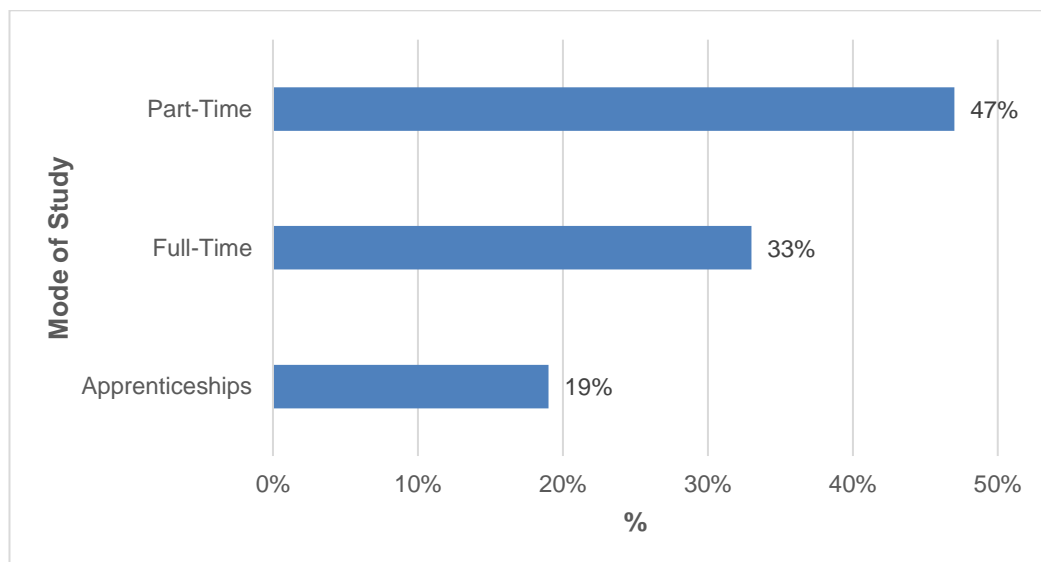


Figure 4: Level 4-5 Learners by mode of study

Source: ILR 2015/16 & HESA 2015/16 - Mapping the Higher Technical Landscape, RCU (2018)

Some providers and employers suggest that diversity challenges at this level are largely similar to those of the wider workforce: there are challenges around attracting women into STEM, and attracting men into areas including childcare.^{ii, iv}

2.3 The number of learners studying a Level 4-5 qualification is low compared with other levels of education.

There are around 216,000 students studying Level 4 and 5 across England.ⁱ Analysis of the Longitudinal Education Outcomes (LEO) dataset, considering the cohort of students that undertook GCSEs in 2004/05, shows that 4% of this group have Level 4-5 as their

highest qualification by age 25 (Figure 5). This is much smaller in comparison to Levels 3 and 6, which each have over a quarter of learners holding it as their highest qualification.ⁱⁱⁱ

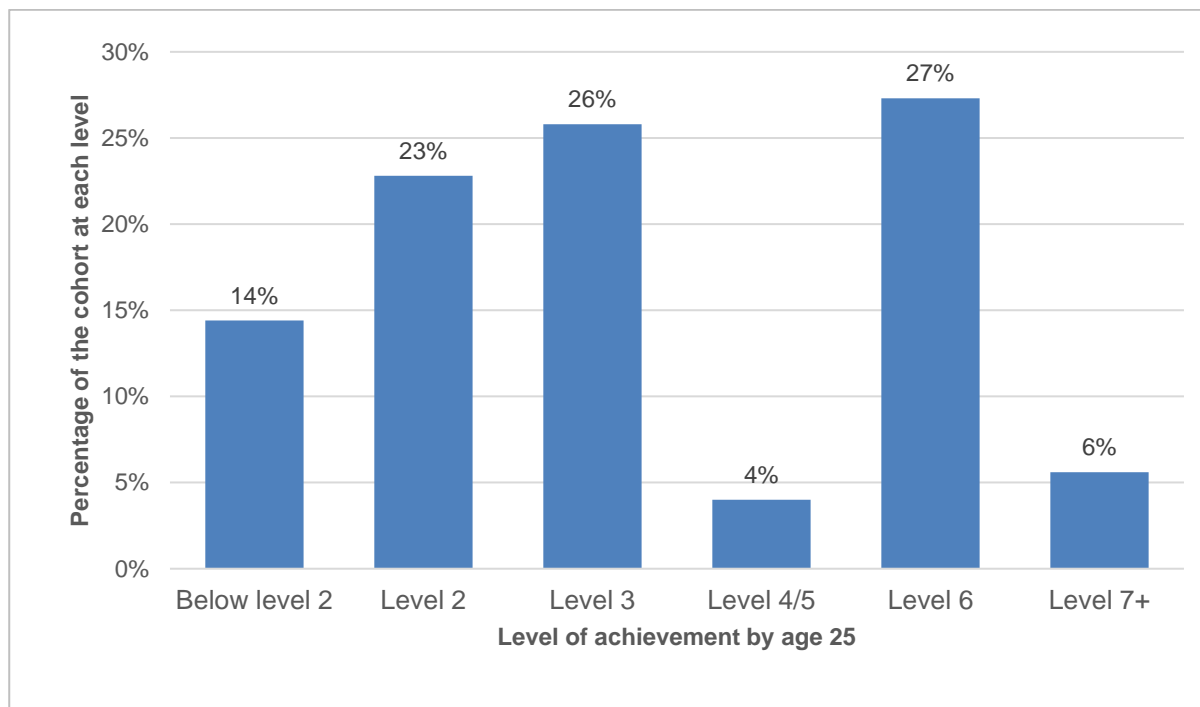


Figure 5: Highest Level achieved by age 25 – England, cohort that undertook GCSEs 2004/05

Source: Post 16 Education Pathways - cohort study of individuals who undertook GCSEs in 2004/05, DfE (2018)

Some providers suggest that young people can more easily progress onto degree courses from Level 3 now that student number controls have been lifted, so they may no longer choose to progress onto a Level 4-5 course.ⁱⁱ They also suggest that it can be difficult to attract young school leavers into studying at Level 4-5 because information and guidance is more targeted towards undergraduate degrees, and they may be more attracted to the perceived lifestyle and prestige that comes with degree study.ⁱⁱ

2.4 Funding, and information, advice and guidance influence learner choice.

Providers interviewed have highlighted that availability and awareness of financial support affects students' decisions to study at Level 4-5.ⁱⁱ Part time and mature students make up a large proportion of current Level 4-5 learners, and providers report that perceptions of funding available has a particular influence on their study decisions.ⁱⁱ Some providers have also suggested that students can be attracted to Level 4-5 provision because the course and living costs can be lower than three-year undergraduate degrees.ⁱⁱ

The findings showed that some potential students may be encouraged to study at Level 4-5 if the benefits are more clearly communicated. Consistent messaging and support to navigate the sometimes complex and little known qualification landscape, and the

challenges reported around considering a return to study, could be needed to achieve this.^{iv}

3. Fit for Employers and the Economy

3.1 Employers recognise a need for Level 4-5 skills.

Employers in a range of sectors, including ICT and Engineering, suggest there is a growing demand for qualifications at this level in order to meet skills needs.^{iv} Providers say they work with employers, professional bodies, and trade bodies to understand the skills needs of their industry.^{iv} They may also engage with employers in the validation or accreditation of qualifications where this is required by quality assurance processes.ⁱⁱ Where providers intend to expand their Level 4-5 offer, this was often reported to be in response to an increasing local employer demand for skills at this level.ⁱⁱ

3.2 Evidence suggests that there is an earnings premium associated with achieving a Level 4-5 qualification.

Analysis of median earnings of the 2004/5 GCSE cohort suggests that those who have achieved Level 4-5 qualifications by the age of 23 have a median income around £2k higher aged 26 than those whose highest qualification is at L3 (Table 1).ⁱⁱⁱ Those with a Level 4-5 qualification are also consistently more likely than those with Level 2 or Level 3 qualifications to be in sustained employment.ⁱⁱⁱ Note however that because the average Level 4-5 learner is aged over 30, these results only provide a partial picture of outcomes at this level.

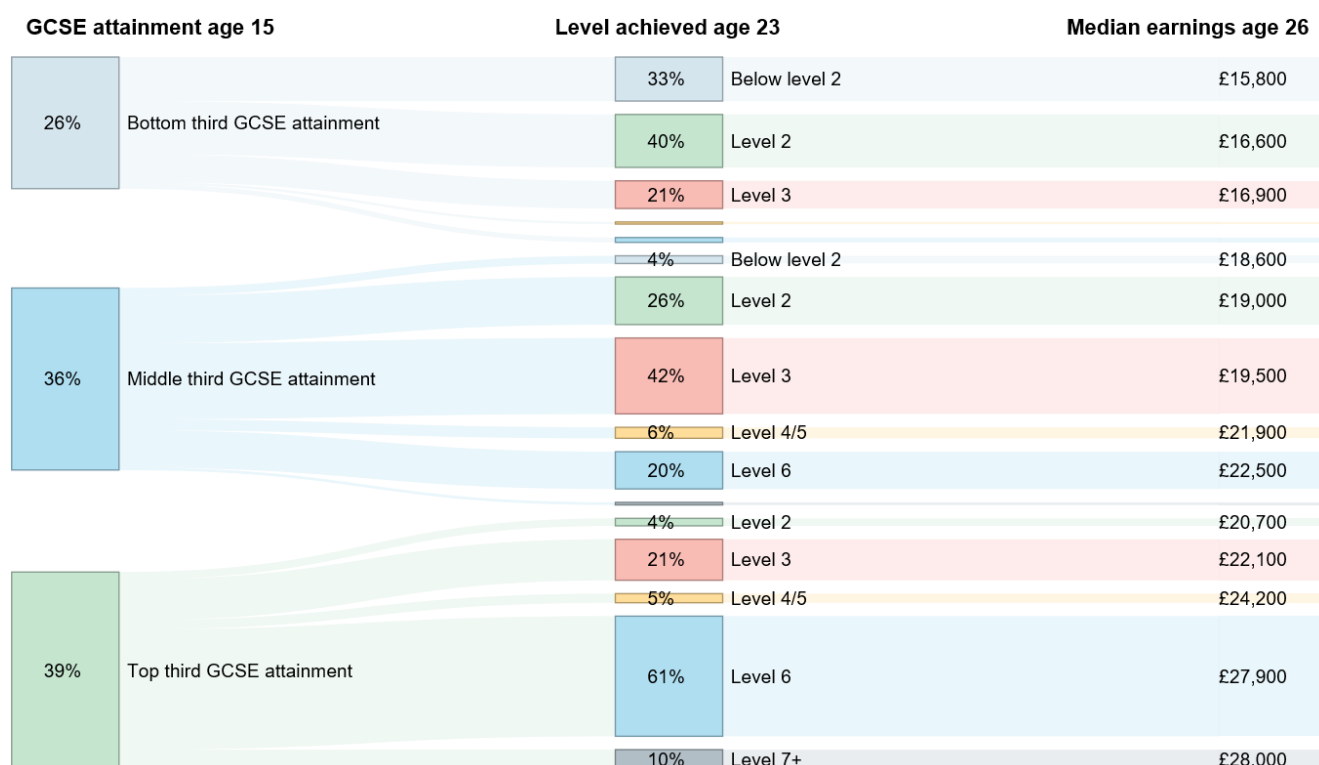


Figure 6: Median earnings by level achieved at age 23 and GCSE attainment score - England, cohort that undertook GCSEs in 2004/05

Source: Post 16 Education Pathways – cohort study of individuals who undertook GCSEs in 2004/05, DfE (2018)

3.3 Employers appear to value some Level 4-5 qualifications, but this varies by sector and by the level of understanding they have of the provision.

The level of qualification required to reach industry standard varies across occupational areas, and employers' understanding of the provision available varies in a similar way. These factors can influence how much employers value qualifications at Level 4-5.^{iv} Qualifications valued by employers at this level include those which support the development of management and leadership skills, and those which support the development of the technical skills required to reach industry standard.^{iv} These qualifications are not always publically funded, and the type of qualification most valued varies by sector.^{iv} Where there isn't a traditional or longstanding Level 4-5 qualification in a sector, and there isn't clear information available to inform employers of the potential value of Level 4-5 qualifications, employers tend to focus their recruitment towards more established routes, including school leavers and graduates.^{iv}

4. Efficacy: Quality, Prestige, Regulation and Funding

4.1 Employer engagement in the development of Level 4-5 qualifications is a key element of good practice.

Analysis of good practice at Level 4-5 and interviews with providers suggest that qualifications are strongest when developed with the involvement of employers.^{ii, iv} This helps to make the qualification content relevant to industry, and builds its quality and reputation. All of this can contribute to meeting local skills needs, and improving the employment prospects of learners.^{iv}

4.2 However, there may be limitations on the extent to which employers can engage with providers and awarding bodies.

Research suggests that employers need a greater understanding of the benefits that Level 4-5 qualifications could provide to respond to their skills needs before they can engage more effectively.^{iv} Employers' capacity to engage with providers is also limited particularly in industries that have a heavy concentration of SMEs, or where there are multiple demands for them to engage with the education system.^{ii, iv}

4.3 Costs associated with staffing, equipment, and the adaptability of courses can present challenges.

Where courses have enough student demand to be viable, funding is not reported to have a significant impact on the subject mix and type of qualification offered.ⁱⁱ

At the same time, the level of specialism required by employers and the delivery method and geographical spread of students influences viability.^{iv} The majority of both Higher Education Institutions (HEIs) and Further Education Colleges (FECs) interviewed reported that their Level 4-5 students tended to be recruited regionally or locally, with only specialist providers reporting that they recruited nationally, or internationally.ⁱⁱ Therefore, provision is often most viable where it aligns with local student demand. With just under half of Level 4-5 students studying part time, some providers also expressed concerns about the decline of the part time market.ⁱⁱ

It can be challenging for providers to afford the latest technology, which may lead to a reduction in the actual and perceived quality of coursesⁱⁱ. Some providers suggest that FECs and HEIs face slightly different challenges.ⁱⁱ In FECs that deliver provision across Levels 2-5, staff and facilities must meet the needs of a very broad range of learners and interact with a number of different funding and regulatory regimes. In HEIs, the delivery of provision at Levels 4+ can allow for interaction with fewer different funding and regulatory regimes. Some FECs interviewed suggested that as a result of the wide variety of learners they teach, funding and staffing can be more challenging for them at Levels 4-5 than it is for universities.ⁱⁱ

4.4 Complexities in the regulatory system and relationships across HE and FE can present challenges.

Research into good practice in Level 4-5 qualifications suggests that it is important for qualifications to be comparable to others, which can be achieved by using a common regulatory framework.^{iv} The same report also recognises the importance of providers having the independence to adapt qualifications as needed to meet employers' needs.^{iv} However, much of the evidence to date suggests the number and range of regulatory bodies operating in the Level 4-5 space can affect the provision offered by those operating under multiple regulatory regimes.ⁱⁱ

Provider interviews suggest that some FECs and universities are increasingly competing for students.ⁱⁱ Some FECs suggest that students who might have been better suited to taking a Level 4-5 qualification are instead attracted to Foundation Year, or 'Year 0' of university degree programmes, targeted at students who are not yet ready for a full undergraduate programme. The same report found that some universities suggest that FECs are also working to increase their share of the higher education market.ⁱⁱ Competition between providers has been suggested to affect accreditation arrangements between providers with Taught Degree Awarding Powers (Degree Awarding Bodies), and those without.ⁱⁱ For example, some FECs who deliver HE funded provision are comparing the potential costs associated with applying for their own Taught Degree Awarding Powers, and self-accreditation, with the costs associated with external validation, which could affect the future of their relationships with their current HE validation partner.ⁱⁱ

5. Conclusion and Next Steps

Our research and engagement to date suggests that employers recognise the need for Level 4-5 skills. The premium on wages and employment at age 25 associated with Level 4-5 qualifications compared to lower levels suggests that, overall, qualifications at this level have value. Level 4-5 qualifications could provide learners with a pathway to skilled employment at this level, or a step to further study. However, the research indicates a number of problems with the Level 4-5 system as it stands. For employers this includes challenges in identifying the provision that consistently best aligns with their skills needs.

There are a wide range of qualifications available at Levels 4 and 5. These qualifications seem to vary in how well they are understood by employers and learners, and have greater labour market currency in certain sectors. There is no single badge of quality across different Level 4-5 qualifications and provision. There is also an absence of clear information, advice, and guidance to help steer learners of all ages through this complex system. Ultimately, the vast majority of young people either go on to study a Bachelor's degree or exit education altogether.

Meanwhile providers of Level 4-5 qualifications face several challenges. The best quality provision is reported to be developed and delivered by working with employers to ensure labour market relevance of their provision. However, levels of engagement vary from sector to sector, and involving Small and Medium Enterprises – who make up who make up a large proportion of the country's employers – can be a particular challenge. Staff need to have expertise in both teaching and the relevant industry practices, but the costs of attracting such candidates are high. Another challenge is the costs of procuring up-to-date, industry standard equipment are also a factor. Providers must also navigate both the Higher Education and Further Education regulatory and funding regimes, which intersect at this level.

Through the next phase of the Review we will continue to develop our evidence base. We have more research projects that will be reporting over the coming months. This includes a market study examining supply-side issues within the Level 4-5 provision, and how the market varies depending on whether L4-5 study is focussed on progression to further study, or progression within employment. Research into learner decision making, and the impact of cultural perceptions on returning to study is ongoing. We are also looking to gain a more detailed understanding of the differences across individual subjects, regions and by learner type. As we take forward this research, and continue to engage with learners, employers and providers, we will continue to work closely with the Review of Post-18 Education and Funding, in line with its Terms of Reference. We expect to publish Level 4-5 proposals for formal consultation alongside the conclusion of the Post-18 Review in early 2019. Subject to the outcomes from that consultation we expect to have final proposals agreed later in 2019 to ensure that there is a clear line of sight on reforms for the first group of T Level students.

If you would like to submit further evidence, or be kept up to date with opportunities for further engagement with the Review please contact Level4-5.Team@education.gov.uk



Department
for Education

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