



Department
for Education

Review of post-16 qualifications at level 2 and below in England

**Government consultation: impact
assessment**

2 March 2022

Contents

Introduction	3
Scope	3
Level 2	5
Students	7
Employers	9
Awarding organisations	9
Providers	10
Level 1 and entry level (including sub-levels 1, 2 and 3)	12
Students	14
Employers	15
Awarding organisations	15
Providers	16
Combined overview	18
Level 2 and below	18
Level 3 and below	18
Annex A: Equalities Impact Assessment	20
Age	22
Disability	22
Race	23
Sex	24
Other Characteristics	24
Government response to consultation on Level 2 digital skills	26
Assessment	26
Annex B: Data and Methodology	30

Introduction

Alongside our reforms to level 3 qualifications, as detailed in our consultation and response in 2021¹, we want to improve provision at level 2, level 1 and entry level 1, 2 and 3. We want to make sure that everyone studying at level 2 and below can benefit from high quality provision that helps them realise their talents and achieve their career ambitions.

This document presents an assessment of the likely impacts of the policy proposals outlined in the Review of post-16 qualifications at level 2 and below in England. A brief summary of the proposals is provided (more detail can be found in the accompanying documentation), before setting out our approach to estimating the impacts of the policies. We then consider the impact on specific groups, including students, education providers, awarding organisations (AOs) and employers.

In addition, we present an assessment of the potential equalities impacts associated with the policy proposals in Annex A of this document. This annex also includes an assessment of the potential equalities impact relating to the government response to the consultation on level 2 digital skills which, while separate to the scope of this review, is summarised in the consultation document.

We also present the supporting data and underlying methodology in Annex B of this document.

Due to ongoing development of the final package of proposals (e.g. the approach to Personal, Social and Employability (PSE) qualifications) and the interaction with other policy changes (e.g. reforms to the level 3 landscape, the introduction of quality criteria) it is not possible to provide a fully quantified assessment. However, indicative estimates of the scale of impacts are presented, based on the currently available data. We will continue to review these impacts in light of further policy development, responses to the consultation and as new data becomes available.

Scope

The assessment of the future landscape and mapping exercise that underpins it, at level 2, level 1 and entry levels 1, 2 and 3, is based on qualifications that were approved for

¹ DfE, (2021); [‘Review of post-16 qualifications at level 3 in England: consultation response’](#)

ESFA funding as of May 2020. However, a number of qualifications were excluded from the mapping exercise, and therefore from this assessment. Excluded, or 'out of scope', qualifications include:

- Those identified for removal as part of the low and no enrolment process²
- GCSEs
 - o These account for 2% of ESFA funded qualifications at level 2 and below, 31% of 16-19 year old enrolments and 5% of adult enrolments at these levels
- Functional Skills Qualifications (FSQs)
 - o These account for 1% of ESFA funded qualifications at level 2 and below, 22% of 16-19 year old enrolments and 27% of adult enrolments at these levels
- Essential Digital Skills Qualifications (EDSQs)
- Personal, Social and Employability Qualifications (PSEQs)
 - o Proposals for the future of PSE qualifications will be consulted on in two stages; an impact assessment will be published alongside the second consultation in Spring 2022

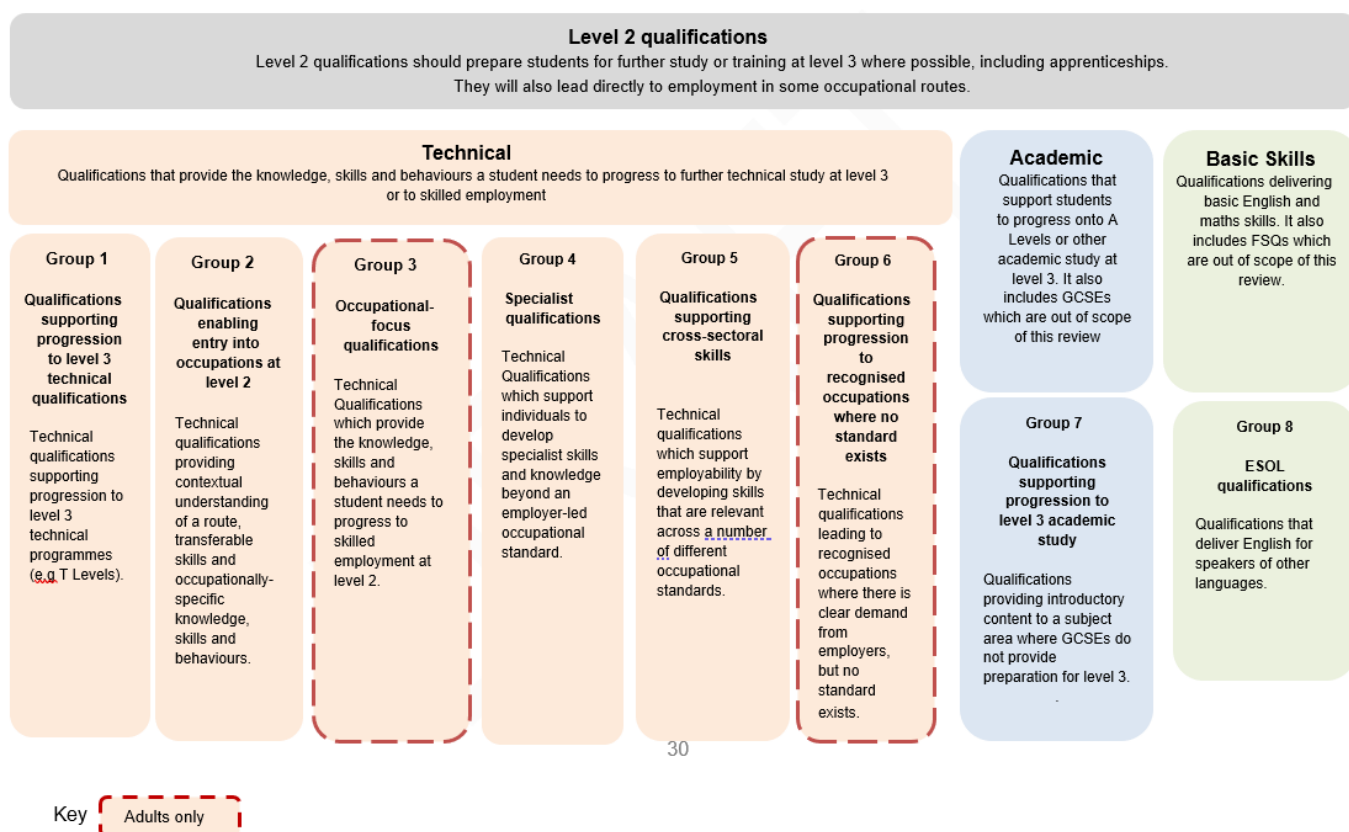
The assessment below is based on 'in-scope' qualifications (i.e. those at level 2 and below that don't fall into the above categories) unless otherwise stated.

² DfE, (2021); ['Withdrawal of funding approval from qualifications with low and no publicly funded enrolments for the funding year 2022 to 2023'](#)

Level 2

The consultation document outlines the proposals for the future landscape of qualifications for both 16-19 year olds and adults at level 2. A brief summary of the outlined future qualification groupings can be found in the diagram below, while more detail can be found in the accompanying consultation document.

Figure 1: Proposed level 2 qualification landscape



Through this review we aim to streamline and improve the quality of the qualifications landscape at level 2 and below. We want to ensure that all qualifications within the new landscape are high-quality and will lead to strong outcomes for every student in terms of further study and employment. All qualifications will need to meet a high quality bar in future.

The current landscape at level 2 and below is extremely complex, with a high volume of qualifications on offer. Whilst we recognise the value of choice, this review aims to simplify the system so that it is easier for employers, students, providers and awarding organisations to navigate. Our proposals divide qualifications into groups according to their primary purpose. This is in line with the approach taken at level 3 and makes it clear

what each qualification will lead to - whether it is progression to higher level study or to employment.

Qualifications at level 2 will be grouped according to whether they support progression to level 3 study, progression to employment or deliver English skills for speakers of other languages (ESOL)³. Students of all ages will have access to academic qualifications supporting progression to further study at level 3, where GCSEs do not provide preparation, and ESOL qualifications. On the technical side, students of all ages will have access to qualifications enabling entry into occupations at level 2, progression onto further technical study at level 3, specialist technical qualifications or qualifications supporting cross-sectoral skills. In addition, adults will have access to qualifications supporting progression in occupations where there is clear employer demand, but no standard exists.

At present, there are in excess of 8,000 qualifications approved for funding at level 2, level 1 and entry level (including sub-levels 1, 2 and 3). As highlighted previously, some qualifications currently available have been taken 'out of scope', either because they fall outside of the scope of this exercise (e.g. FSQs, GCSEs, EDSQs, PSEQs) or because they are being defunded through other policy decisions (e.g. low and no enrolment process). Once we remove these 'out of scope' qualifications, we are left with around 3,200 'in-scope' qualifications. Of the 1.2 million enrolments on level 2 qualifications currently available, just less than half (c.595,000) are on 'in-scope' qualifications.

Based on our initial assessment of qualifications currently available at level 2, we estimate a 34% reduction of the qualifications currently available for 16-19 year olds at level 2⁴. If we only look at 'in-scope' qualifications, this means that 72% of 'in-scope' qualifications currently available may not fit into the future landscape.

For adults, we estimate a 29% reduction of the qualifications currently available at level 2 due to our landscape proposals. Looking at only 'in-scope' qualifications, this means that 61% of 'in-scope' qualifications currently available may not fit into the future landscape. The smaller reduction in available qualifications for adults is reflective of the additional

³ There are 200 ESOL qualifications, excluding International and English as an Additional Language (EAL) qualifications. In 2019/20 there were around 16,000 ESFA funded 16-19 year old enrolments on these qualifications, and around 135,000 adult enrolments.

⁴ Note, the proposals in this consultation would result in a 34% reduction in the number of qualifications available as of May 2020. Some of the qualifications assumed to remain through this calculation, will be removed through the no and low enrolment process.

flexibility needed to accommodate their broader range of circumstances, commitments and experiences.

Qualifications that may not fit into our proposed landscape include the smallest qualifications, where they are unlikely to be able to provide a student with the knowledge, skills and behaviours contained in a relevant employer-led standard, or to provide them with broad content relevant to an occupational route. Qualifications that aim to provide entry into an occupation but where there is no relevant employer-led standard at level 2 will also be affected.

We estimate that around 600 'in-scope' level 2 qualifications could remain for 16-19 year olds, if they meet future quality criteria for funding. This will ensure a choice of high-quality qualifications that will either prepare students well for further study or for skilled employment. For adults, we estimate that over 800 could remain.

However, it is important to note that this initial, broad estimate is only intended to give a sense of scale. It will also depend on further changes to the policy (e.g. following consultation responses), AOs decisions around reforming qualifications to meet future quality criteria, and further refinement of the mapping of existing qualifications to the future landscape.

We now consider the potential impacts of these proposals on students, AOs, providers and employers.

Students

This section considers the impact of the proposed future landscape at level 2 on students.

Based on the mapping referenced above, 62% (around 115,000) of 16 to 19 year old enrolments on 'in scope' qualifications, would be on qualifications that would no longer be available in the future. In addition, 68% (around 285,000) of adult enrolments would be on 'in scope' qualifications that would be no longer be available in the future. Students who would normally enrol on these qualifications would, in the future, need to choose

from a different range of reformed, higher-quality alternative qualifications at level 2⁵.

We expect these reforms to benefit students. Through this review we aim to ensure that all qualifications within the new landscape are high-quality and will lead to strong outcomes for every student in terms of further study and employment. The application of the new approval criteria, and aligning technical qualifications to occupational standards and employer needs, should lead to improved employment and earnings outcomes as every student will be able to benefit from a high-quality qualification that supports their progression. The significant consolidation of the qualifications market is likely to make it easier for learners, providers and employers to navigate, and to identify a relevant route.

These benefits will also affect learners on the qualifications expected to remain, as these qualifications will also be subject to the new approval criteria. However, we would expect the benefit to be marginally less for these students, as the qualifications they are currently studying align more closely to the future system.

Level 2 will play an important role, both by supporting progression to further study at level 3 and providing a high-quality alternative route into skilled employment. The latter will be important for those students for whom level 2 is an ambitious aim, or is the most appropriate route into a sustainable and fulfilling career, including those with protected characteristics. The focus of the proposals at level 2 on providing students with the skills and knowledge to progress will help to ensure positive outcomes for all students.

In general, we expect the proposed changes to the level 2 qualification landscape will not make it harder to achieve level 2. The proportion of 16-19 enrolments with level 2 (including English and maths) prior attainment is 34% on qualifications no longer expected to remain, compared to 31% on qualifications expected to be available in the future. Given the relative similarity in prior attainment, and using this as a rough proxy for ability, this indicates that the changes in the landscape of qualifications at level 2 should not make it harder to achieve level 2 in future.

It should be noted that this assessment is simple, and only intended to give an initial indication. Other impacts, such as the application of new approval criteria, will also affect how many students are able to access and achieve level 2 in future. We will continue to refine this assessment alongside further policy development.

⁵ Note, around 350,000 16-19 enrolments, and 290,000 adult enrolments, are on qualifications 'out of scope' of the above assessment.

An overview of potential equalities impacts is contained in the EIA towards the back of this document.

Employers

This section provides a brief overview of the likely impacts on employers of the proposals at level 2.

Overall, the proposals are expected to benefit employers, by improving both the supply of skilled labour in the labour market and by making relevant skills more easily identifiable. By having qualifications that are either aligned with skills demanded by employers, as articulated in employer-led standards, or aimed at supporting progression to study at level 3 and beyond, this should aid in improving the availability of key skills within the labour market – and ultimately the productivity of the workforce.

In addition, the reformed qualifications landscape is likely to provide a more efficient signalling mechanism of a student's skills. Having a qualifications market that is easier to understand and makes it easier to identify relevant skills in the workforce allows employers to more easily identify suitable applicants, and reduces time and cost spent on recruitment.

In the short term, there are likely to be some costs. Employers will need to spend time familiarising themselves with the new qualifications landscape. This will allow them to understand which qualifications signal the skills that are most relevant to them. However, we would expect this cost to only be present in the short term, and to be outweighed by the benefits.

Awarding organisations

This section presents an initial assessment of the likely impact on awarding organisations (AOs).

Given the significant rationalisation proposed in the qualifications market at level 2, it is likely that some AOs will lose publicly funded enrolments as a result. This could mean some AOs struggle to operate due to financial pressures, which may cause AOs to leave the market in extreme situations.

However, there are also opportunities for AOs in these reforms – to focus on their high-quality qualifications, and to reform existing qualifications to meet the criteria for our proposed groups including greater alignment with the needs of employers, potentially leading to more enrolments.

Based on the landscape proposals presented in the consultation and the indicative mapping exercise that underpins this impact assessment, we estimate that 2 AOs have more than 50% of their total ESFA funded enrolments at level 3 and below, on level 2 qualifications no longer expected to remain in the future. Both of these AOs have particularly low numbers of ESFA funded enrolments.

However, 15 AOs have 80% or more of their total ESFA funded enrolments at level 2 on qualifications no longer expected to remain in the future. 6 of these had over 1,000 publicly funded enrolments at level 3 and below. This indicates that the proposals at level 2 could have a significant impact on some AOs' business at level 2, although a much smaller impact on their overall business.

This estimate is likely to be an over-estimate of the scale of impact of the proposals at level 2 on AOs. This is because it doesn't capture an AO's full business (e.g. private enrolments, enrolments on qualifications above level 3, non-qualification income, international marketing of qualifications) and doesn't account for the general redistribution of these enrolments across qualifications that will be available in the future landscape⁶.

Another likely cost to AOs is through adjusting existing, and developing new, qualifications to meet the criteria for the future landscape. This is likely to affect all AOs that operate in the level 2 qualifications market, but particularly those whose current qualifications are not expected to fit into the future market.

While these estimates consider the impact of the level 2 reforms, they do not consider the combined impact of our level 2 and level 3 reforms. An initial consideration of this is presented in a later section of this document. We will continue to consider this, as well as any further impacts, ahead of the consultation response.

Providers

This section provides a brief initial overview of the likely impacts on providers of the proposals at level 2.

Given the significant reduction in the number of qualifications offered at level 2, there are likely to be significant, and potentially costly in the short-term, impacts on providers as

⁶ Note, this redistribution may be less significant for adult students, who are more able to leave the FE system.

they consider which new high-quality options to offer learners. They will need to spend staff time understanding the changes to the landscape, selecting new qualifications and learning the new curriculum content. Given the scale of the reduction in available qualifications, this could lead to significant changes for many providers. This is made more likely by the similar impact of the proposed reforms at level 3.

One potential mitigation against this would be to adopt a phased approach to reform, as is being done at level 3, which would allow providers to spread the cost over time. It is also important to note that in the long run a smaller, easier to navigate qualifications market should save providers time when it comes to re-evaluating which qualifications they wish to offer.

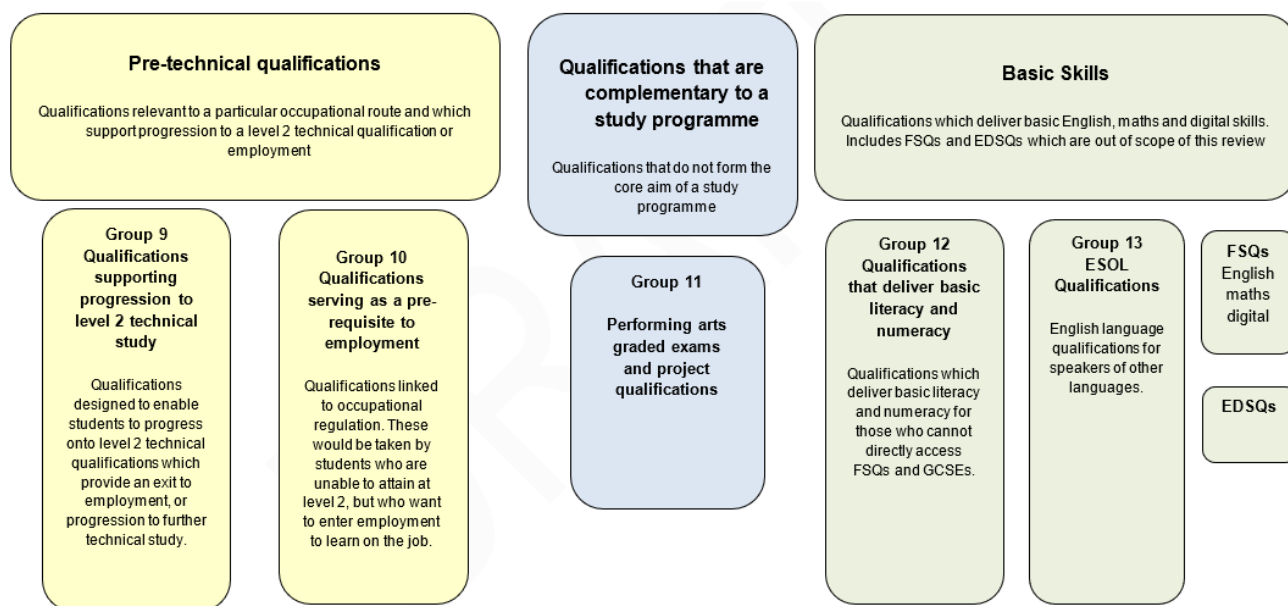
For some providers, they could see a reduction in enrolment numbers if the defunding means they are no longer able to offer the qualifications that some students wish to study. This could in turn lead to a reduction in income for the provider. In practice we would not expect this risk to be significant, as we would expect providers to successfully adapt their offer to meet student demand.

More detailed analysis will be carried out ahead of the consultation response, to better understand the scale of potential impact of the reforms at level 2. This will include considering their impact alongside the reforms at level 3.

Level 1 and entry level (including sub-levels 1, 2 and 3)

The consultation document also outlines our proposals for 16-19 year olds and adults at level 1 and below. A brief summary of the outlined future qualification groupings can be found in the diagram below, while more detail can be found in the accompanying consultation document.

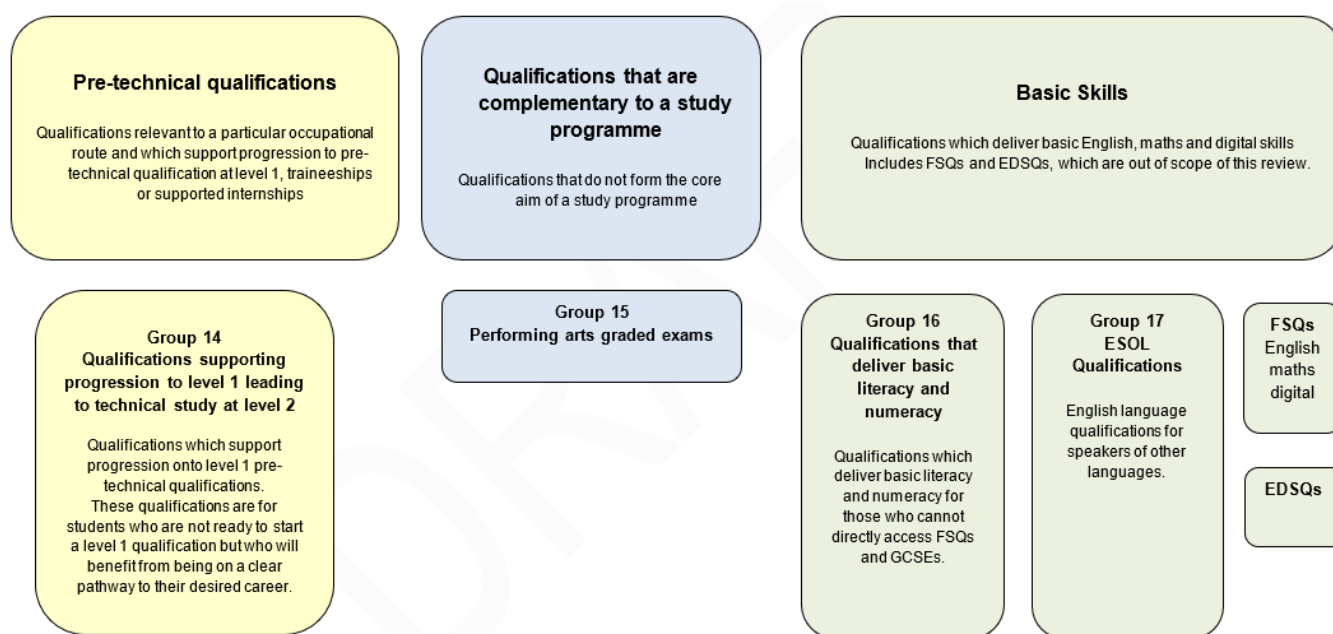
Figure 2: Proposed level 1 qualification landscape



53

At level 1, students of all ages will have access to qualifications supporting progression onto technical study at level 2. Students of all ages will also have access to qualifications aimed at developing skills that are complementary to a study programme and basic skills qualifications. In addition, adults will have access to qualifications that serve as a pre-requisite to employment.

Figure 3: Proposed entry level qualification landscape



54

At entry level, students will have access to qualifications designed to provide progression to further pre-technical study at level 1, leading to technical study at level 2. Also, they will have access to qualifications aimed at developing complementary skills for students not yet ready to study at level 1, as well as basic skills qualifications.

Based on our initial assessment of qualifications currently available at level 1 and below, out of all the qualifications currently available we estimate a 18% reduction of qualifications currently available at level 1 and below⁷ due to our landscape proposals. If we only look at ‘in-scope’ qualifications, we estimate that around 57% of ‘in-scope’ qualifications currently available may not fit into the future landscape. This is a smaller

⁷ Note, the proposals in this consultation would result in a 18% reduction in the number of qualifications available as of May 2020. Some of the qualifications assumed to remain through this calculation, will be removed through the no and low enrolment process.

reduction in the qualifications currently available at these levels than anticipated at level 2.

However, it is important to note that this estimate is only intended to give a sense of scale, and will depend on further changes to the policy and AOs' decisions around reforming qualifications to meet future quality criteria etc.

We now consider the potential impacts of these proposals on students, AOs, providers and employers.

Students

This section considers the impact of the proposed future landscape at level 1 and entry level on students.

Based on the mapping referenced above, 52% (around 35,000) of 16 to 19 year old enrolments on 'in scope' qualifications, would be on qualifications that would no longer be available in the future. In addition, 32% (around 75,000) of adult enrolments would be on qualifications that would be no longer be available in the future. Students on these qualifications would, in the future, need to choose from a different range of higher quality alternatives at level 1 and entry level⁸.

Overall, we would expect these students to benefit from the reforms. By having qualifications that are aligned to clear purposes, support progression to high quality qualifications at level 2 and beyond and develop vital basic skills, students are expected to benefit from better outcomes. In particular, students could benefit from greater progression to level 2 and above where there are clearer skilled employment opportunities and better wage outcomes.

Based on the current future landscape proposals, as with the proposals at level 2, it is not expected that the reforms should have a significant impact on student's ability to achieve qualifications at level 1 and below in future. We will however continue to review this, considering further evidence and policy development, in particular around pre-vocational entry level qualifications.

⁸ Note, around 165,000 16-19 enrolments, and 300,000 adult enrolments, are on qualifications 'out of scope' of the above assessment.

Employers

This section provides a brief overview of the likely impacts on employers of the proposals at level 1 and entry level.

Employers are expected to benefit from the proposals, through improvements in the basic and lower end skills within the economy. Although qualifications at level 1 and below will not be aligned with occupational standards, as is largely the case at level 2, some will focus on providing basic employability skills to individuals, while some other qualifications will focus on progression to study at higher levels. Both are likely to improve the skills held by the labour market, and in turn improve productivity amongst employers.

Additionally, as with the impact of the reforms at level 2, a qualifications market that is easier to understand and navigate is likely to reduce search costs for employers associated with finding suitable applicants. However, this impact is likely to be less significant than at level 2, given the greater focus of qualifications on basic skills at level 1 and below.

Again, as with the reforms at level 2, it is likely that in the short term the policy may result in some familiarisation costs for employers as they review the content of qualifications to understand the relevance to them. However, we expect these costs to be limited to the short term and outweighed by the benefits to employers.

Awarding organisations

This section presents an initial assessment of the likely impact on awarding organisations (AOs), as a result of the future landscape at level 1 and entry level.

Given the scale of the potential reduction in available qualifications, some AOs are likely to lose some enrolments and, as a result, some income. There is a risk that, for some, this loss could be significant and, in extreme circumstances, could lead to financial issues for some AOs, or lead to some exiting the market.

Based on the mapping exercise, 3 AOs have more than 50% of their total ESFA funded enrolments at level 3 and below on qualifications at level 1 and entry level that are no longer expected to remain in the future. Only 1 of these has over 1,000 ESFA funded enrolments at level 3 and below.

Additionally, 10 AOs have 80% or more of their total funded enrolments at level 1 and entry level on qualifications no longer expected to remain in the future. 3 of these have over 1,000 ESFA funded enrolments at level 1 and below.

As with the assessment at level 2, this estimate is likely to be an over-estimate on the scale of impact. This is because it does not capture an AO's full business (e.g. private enrolments, enrolments on qualifications above level 3, non-qualification income, international marketing of qualifications), and doesn't account for the general redistribution of these enrolments across qualifications that are available in the future landscape⁹.

Another likely cost to AOs, as highlighted in the assessment at level 2, is through adjusting existing, and developing new, qualifications to meet the criteria for the future landscape. This is likely to affect all AOs that operate in the level 1 and entry level qualification market, but particularly those whose current qualifications are not expected to fit into the future market.

Providers

This section provides a brief initial overview of the likely impacts on providers, of the proposals at level 1 and entry level.

Although slightly less than at level 2, there is still a significant reduction in the number of qualifications available at level 1 and below. As with level 2, this is likely to result in significant impacts on providers. They will need to spend time understanding the changes to the landscape, selecting new qualifications and learning the new curriculum content.

One potential mitigation against this impact would be to follow a phased implementation of defunding, allowing providers to spread the costs over time. Also, in the long run a smaller, easier to navigate qualifications landscape should save providers time when it comes to re-evaluating which qualifications they wish to offer.

Some providers could see a reduction in enrolment numbers, if the defunding means they are no longer able to offer qualifications that their students wish to study. This in turn could lead to a reduction in income for the provider.

The extent to which this risk occurs will largely depend on the availability of alternative providers in the area, and whether they are able to offer desirable alternative options to prospective students. In practice we would not expect this risk to be significant, as we would expect providers to successfully adapt their offer instead. Note that this cost would

⁹ Note, this redistribution may be less significant for adult students, who are more able to leave the FE system.

likely represent a redistribution amongst providers, rather than losses for providers overall.

More detailed analysis will be carried out ahead of the consultation response, to better understand the scale of potential impact of the reforms at level 1 and entry level. This will include considering their impact alongside the reforms at level 3 and level 2.

Combined overview

This section provides a brief overview of the reduction in available qualifications and the potential scale of impact for students and AOs, for the combined proposals at level 3 and below. We do not repeat the nature of the impacts for different groups, as these are outlined above for level 2 and below, and in the second stage consultation for those at level 3¹⁰.

Level 2 and below

Based on the assessment of the future landscape at level 2 and below presented in this document, we estimate that 27% of qualifications currently available at level 2 and below for 16-19 year olds at level 2 and below may no longer be available due to our landscape proposals. For adults, we estimate this could be 24%.

If we just consider the impact on 'in-scope' qualifications at level 2 and below, this would suggest 67% and 60% of qualifications may no longer be available for 16-19 year olds and adults respectively. These qualifications account for 60% (around 150,000) of ESFA funded 16-19 year old enrolments, and 55% (around 360,000) of adult enrolments, on 'in-scope' qualifications.

Regarding the scale of impact on AOs, we estimate that for 7 AOs 80% or more of their public funded enrolments at level 2 and below are likely to be affected by the withdrawal of funding approval. Of these, 5 had more than 1,000 enrolments at these levels. This is out of more than 120 AOs that are offering ESFA funded qualifications at level 2 and below.¹¹

Level 3 and below

Combining the above with the assessment of the future landscape at level 3 presented in the consultation and response¹², we estimate that 63% of 'in-scope' qualifications at level

¹⁰ https://consult.education.gov.uk/post-16-qualifications-review-team/review-of-post-16-qualifications-at-level-3/supporting_documents/Impact%20Assessment%20%20Review%20of%20post16%20qualifications%20at%20level%203_.pdf

¹¹ DfE, (2020), 'ESFA list of qualifications approved for funding', as of May 2020

¹² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002076/Impact_assessment.pdf

3 and below for 16-19 year olds may no longer be available. For adults, we estimate this could be 48% of 'in-scope' qualifications. This represents 54% (around 435,000) of ESFA funded 16-19 enrolments, and 46% (around 400,000) of ESFA funded adult enrolments, on 'in-scope' qualifications.

Regarding the scale of impact on AOs, we estimate that for 5 AOs 80% or more of their public funded enrolments at level 3 and below are likely to be affected by the withdrawal of funding approval. Of these, 3 had more than 1,000 enrolments at these levels.

More analysis of the likely combined impacts of the proposals will take place as more evidence becomes available.

Annex A: Equalities Impact Assessment

This section provides an overview of the potential equalities issues associated with the proposals for both 16-19 year olds and adults. The assessment presented below reflects the combined impact of the proposals at level 2, level 1 and entry level (including sub-levels 1, 2 and 3), except where explicitly stated otherwise.

A summary of the equalities impacts of the government response to the consultation on level 2 digital skills, is provided at the end of this section. This is independent of the assessment of the landscape proposals at level 2, level 1 and entry level.

Under Section 149 of the Equality Act 2010, the Secretary of State has a duty to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant 'protected characteristics' for the purpose of the Public Sector Equality Duty are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race (including ethnicity)
- Religion or belief
- Sex
- Sexual orientation

Where students are identified as being disproportionately likely to be affected, this relates specifically to those who are more likely to be studying qualifications not expected to be available in the future.

Table 1: 16-19 Enrolment Characteristics at Level 2 and Below, 2019/20

	Level 2 and Below	Level 2 and Below 'In Scope'	Reform	Defund
16-19 Enrolments	764,000	250,000	101,000	149,000
% Female	42%	37%	40%	35%
% Asian (inc. Chinese)	8%	7%	6%	8%
% Black	6%	5%	4%	5%
% Mixed	4%	4%	3%	4%
% Other	2%	1%	1%	1%
% White	66%	68%	62%	72%
% Unknown	15%	15%	23%	10%
% SEN Support at age 15	18%	17%	15%	18%
% EHCP at age 15	8%	6%	6%	6%
% FSM at age 15	18%	17%	15%	18%
% IDAC1 1 (Most disadvantaged)	33%	31%	32%	31%
% IDAC1 2	24%	24%	24%	24%
% IDAC1 3	18%	18%	19%	18%
% IDAC1 4	14%	15%	15%	15%
% IDAC1 5 (Least disadvantaged)	11%	11%	11%	12%

Table 2: Adult Enrolment Characteristics at Level 2 and Below, 2019/20

	Level 2 and Below	Level 2 and Below 'In Scope'	Reform	Defund
19+ Enrolments	1,246,000	651,000	294,000	358,000
% Female	60%	62%	63%	62%
% Asian (inc. Chinese)	12%	12%	17%	7%
% Black	10%	9%	12%	6%

% Mixed	4%	3%	4%	3%
% Other	5%	6%	12%	2%
% White	67%	68%	53%	81%
% Unknown	2%	1%	2%	1%
% LLDD	19%	16%	13%	18%

Age

The proposals outlined in this impact assessment will impact students aged 16 and above, as they cover the future landscape at level 2 and below for both 16-19 year olds and adults.

Adults are proportionally less likely to be affected by the proposals, with 55% of 'in-scope' enrolments on qualifications not expected to be available in the future, compared to 60% for 16-19 year olds. However, they are more likely in absolute terms to be affected, with nearly 360,000 enrolments on qualifications not expected to be available in the future, compared to around 150,000 16-19 year old enrolments.

As outlined in the Impact Assessment, we would expect the impact of the proposals to be generally positive for all students, through an improved qualification landscape that is high-quality and better equips students for progression into employment or further study at higher levels. While students on qualifications not expected to be available in the future are likely to benefit the most, the introduction of new quality criteria should lead to students on qualifications expected to still be available also benefiting from improved outcomes.

The proposals outline a greater range of flexibility for adults, than 16-19 year olds. This is justified by responses to our call for evidence, where respondents highlighted the need for a broader suite of qualifications and more flexible delivery options, to accommodate the different circumstances, commitments and experiences of adults.

Disability

The future landscape proposals are expected to have a slightly disproportionate impact on students with disabilities. The proportion of 16-19 year olds who previously received SEN support or had an EHCP is higher on qualifications expected to no longer be available than it is on those expected to remain (25% and 21% respectively).

Similarly, the proportion of adults who reported a learning difficulty or disability is higher on qualifications expected to no longer be available at level 2 and below, than on those expected to remain (18% and 13% respectively).

However, as outlined in the Impact Assessment, we would expect the impact of the proposals to be generally positive for all students, through an improved qualification landscape that is high-quality and better equips students for progression into employment or further study at higher levels. While students on qualifications not expected to be available in the future are likely to benefit the most, the introduction of new quality criteria should lead to students on qualifications expected to still be available also benefiting from improved outcomes.

The consultation document highlights that students studying 'alternative'¹³ English and maths qualifications at level 2 and below are relatively likely to have learning difficulties or disabilities¹⁴. While the proposals recognise the need for these qualifications at level 1 and below, we have proposed to remove these at level 2. We believe this decision is justified due to the highlighted lack of sustained demand (88 are being defunded due to having sustained low or now enrolments, leaving just 6), and feedback from stakeholders who confirmed that learners at level 2, including those with SEND needs and other barriers, will see greater benefits from GCSE and FSQ courses.

Race

Amongst 16-19 year olds, students from white backgrounds are expected to be disproportionately affected. Those on qualifications not expected to be available in the future, are more likely to be from a white background (72%) than those on qualifications expected to remain (62%). However, the majority of this difference is accounted for by a significantly higher proportion of enrolments with unknown ethnicity data on qualifications expected to be available in the future (23%) than those expected to no longer be available (10%). As such, it is not possible to confidently identify which groups are more likely to be affected by the proposals.

Amongst adults, students from white backgrounds are also more likely to be affected (81% of enrolments on qualifications not expected to be available in the future vs 53% on

¹³ Those that are not Functional Skills, ESOL, IB or GCSE qualifications

¹⁴ There are 583 qualifications at level 2 and below, with 6,400 16-19 ESFA funded enrolments, and 16,100 adult enrolments in 2019/20. Of these, 65% (4,200) and 34% (5,400) respectively reported some special education needs, learning difficulty or disability.

those expected to remain). Those from Asian (17% vs 7%), black (12% vs 6%) and other ethnic backgrounds (12% vs 2%) are less likely to be affected, with greater representation on qualifications expected to remain, than those no longer expected to be available.

As outlined in the Impact Assessment, we would expect the impact of the proposals to be generally positive for all students, through an improved qualification landscape that is high-quality and better equips students for progression into employment or further study at higher levels. While students on qualifications not expected to be available in the future are likely to benefit the most, the introduction of new quality criteria should lead to students on qualifications expected to still be available also benefiting from improved outcomes.

Sex

Overall, men are more likely to be impacted than women.

Amongst 16-19 year olds, males are disproportionately highly represented on qualifications no longer expected to be available (65% vs 60%), indicating they are more likely to be impacted. However, amongst adults there is little difference, with males closely represented on qualifications no longer expected to be available (38%), and those expected to remain (37%).

As outlined in the Impact Assessment, we would expect the impact of the proposals to be generally positive for all students, through an improved qualification landscape that is high-quality and better equips students for progression into employment or further study at higher levels. While students on qualifications not expected to be available in the future are likely to benefit the most, the introduction of new quality criteria should lead to students on qualifications expected to still be available also benefiting from improved outcomes.

Other Characteristics

We do not currently have data on gender reassignment, pregnancy and maternity, religion or belief or sexual orientation of students. We do not have reason to believe that the reforms should have a disproportionate impact on students with characteristics.

While not a protected characteristic, we also recognise the importance of ensuring the proposals have a positive impact on students from disadvantaged backgrounds.

Students on qualifications no longer expected to be available at level 2 and below, are more likely to have received Free School Meals (FSM), although marginally less likely to be in the most disadvantaged Income Deprivation Against Children Index (IDACI) category.

As outlined in the Impact Assessment, we would expect the impact of the proposals to be generally positive for all students, through an improved qualification landscape that is high-quality and better equips students for progression into employment or further study at higher levels. While students on qualifications not expected to be available in the future are likely to benefit the most, the introduction of new quality criteria should lead to students on qualifications expected to still be available also benefiting from improved outcomes.

We will continue to assess any potential equalities considerations in line with further policy development and any further evidence that becomes available through the consultation or otherwise. In addition, we will consider the impact of the proposals presented here, alongside those previously outlined for the qualification reforms at level 3.

Government response to consultation on Level 2 digital skills

This section assesses the impact from the removal of public funding approval from level 2 ICT User qualifications and level 2 ICT Functional Skills qualifications (FSQs) on people with protected characteristics.

We have introduced a legal entitlement for adults with low or no digital skills to free study on new entry level and level 1 digital skills qualifications. Essential Digital Skills qualifications (EDSQs), introduced in August 2020, and digital Functional Skills qualifications (FSQs), to be introduced from August 2023, are based on new national standards¹⁵ and provide students with high quality qualifications that equip them with the full range of essential digital skills for life, work, and further study.

To support the government's ambition to simplify the qualifications landscape and ensure only high-quality qualifications are available to learners, ICT User qualifications up to level 1 have already had public funding approval removed and ICT FSQs will have funding approval removed from August 2023, therefore these qualifications were not in scope of this consultation. We have taken the decision following this consultation to remove funding approval from ICT User qualifications and ICT FSQs at level 2.

Assessment

Our assessment of the impact from the removal of public funding approval from ICT User qualifications and ICT FSQs at level 2 has been informed by:

- responses to our consultation;
- analysis of 2019/20 data on the characteristics of students on existing basic digital qualifications;
- a review of relevant literature; and
- meetings with Ofqual, subject experts and awarding organisations throughout our reform programme.

¹⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/796596/National_standards_for_essential_digital_skills.pdf

Our assessment focuses solely on issues directly related to the removal of public funding from ICT User qualifications and ICT FSQs at level 2.

Where students are identified as being disproportionately likely to be affected, this relates specifically to those who are more likely to be studying qualifications that will not be publicly funded in the future. This is because the removal of funding approval applies to new starts only, and existing students will be funded to complete their learning.

Table 3: Characteristics of adult (19+) learners funded via the Adult Education Budget (AEB) on specific ICT qualifications and other AEB learners at Level 2: England, 2019/20

	AEB funded Level 2 ICT User and ICT FSQs	Other level 2 AEB funded qualifications	Difference (PPT)
19+ Enrolments	13,128	402,800	
% Female	65%	70%	5
% White	73%	77%	4
% EMB	23%	22%	1
% 50+	27%	17%	9
% LLDD	23%	17%	6

Table 4: Characteristics of 16-19 students on specific ICT qualifications and other AEB learners at Level 2: England, 2019/20

	16-19 funded Level 2 ICT User and ICT FSQs	Other level 2 16-19 funded qualifications	Difference (PPT)
16-19 Enrolments	3,018	307,900	
% Female	42%	45%	3
% White	75%	76%	1
% EMB	20%	23%	3
% 50+	0%	0%	0
% LLDD	22%	32%	10

Age: Learners on level 2 AEB funded ICT courses are more likely to be from older age groups in comparison to other AEB funded qualifications: 26% are older than 50 years, compared to 17% for other AEB funded provision. The decision to remove 16-19 funding approval will by definition affect students of this age group as they will no longer be funded to study these qualifications.

Sex: Learners on level 2 AEB funded ICT courses are less likely to be women compared to other AEB funded qualifications; 65% of learners are women, compared to 70% for other AEB funded provision. Students on level 2 16-19 funded ICT courses are also less likely to be women compared to other 16-19 funded qualifications; 42% of students are women compared to 45% for other level 2 funded provision.

Disability: Learners on level 2 AEB funded ICT courses are more likely to be learners with learning difficulties and disabilities (LLDD) compared to other AEB funded qualifications; 23% of learners are LLDD, compared to 17% for other AEB funded provision. Students on level 2 16-19 funded ICT courses are however less likely to be LLDD compared to other 16-19 funded qualifications; 22% of students are LLDD, compared to 32% for other 16-19 funded provision.

Race: Learners on level 2 AEB funded ICT courses are more likely to be from Ethnic Minority Backgrounds (EMB), compared to other AEB funded provision; 23% of learners are from these backgrounds, compared to 22% for other AEB funded provision. Students on level 2 16-19 funded ICT courses are however less likely to be from Ethnic Minority Backgrounds compared to other 16-19 funded qualifications; 22% of students are from these backgrounds, compared to 23% for other 16-19 funded provision.

Therefore, we can expect that the decision to remove funding approval from AEB funded ICT qualifications is more likely to disproportionately affect older learners, men, learners that have learning difficulties and disabilities, and learners from Ethnic Minority Backgrounds than those on other AEB funded provision. Our decision will by definition disproportionately affect 16-19 funded students based on age, and will otherwise disproportionately affect students that are LLDD, men and EMB compared to learners on other 16-19 funded provision. We do not currently have data on gender reassignment, pregnancy and maternity, religion or belief, or sexual orientation of students, but we do not have reason to believe that removal of funding approval from these qualifications should disproportionately impact students with these characteristics. The decision will not impact existing students on these qualifications, and the impacts identified will be on those prospective students who might otherwise have studied the qualifications if they had continued to be funded in future.

We would expect the impact of this decision to be generally positive for learners with the identified protected characteristics, through an improved qualification landscape that better equips students to gain the essential digital skills they need for the workplace and everyday life. Our reforms mean that these essential digital skills are now gained up to level 1, while ICT User qualifications and ICT FSQs at level 2 are based on outdated standards at least 10 years old. Due to advances in digital devices and applications in this time, many skills classified at level 2 in these standards should be re-classified at level 1 or entry level. Removing funding approval from these qualifications supports the government's ambition to simplify the qualifications landscape and ensure only high-quality qualifications are available to students.

Some consultation responses noted that funding should be retained to ensure a variety of learning is accessible, with one respondent noting ICT FSQs help students within the refugee and asylum communities that have low digital literacy. Negative impacts on such prospective students will be mitigated by the availability of our reformed qualifications up to level 1, which are of high quality and developed against employer supported national standards. Essential Digital Skills qualifications are designed to meet the diverse needs of adults with no or low digital skills, and can have different objectives, reflecting different learning needs, motivations and starting points of learners. This offer will ensure that learning remains accessible for these prospective students.

We will continue to assess any potential equalities considerations in line with further policy development, and any further evidence that becomes available through the consultation or otherwise.

Annex B: Data and Methodology

This section outlines the methodology behind the level 2 and below equalities impact assessment and also provides the data underlying the figures shown in the document.

The ESFA approves qualifications for government funding for students aged 14 to 19. The equalities impact assessment is based on a snapshot of qualifications approved for funding at level 3 or below for the 2019/20 academic year, as of May 2020.

Each qualification is linked to enrolment information for the full 2019/20 academic year. Enrolment information is taken from the Individualised Learner Record (ILR)¹⁶ and the school census.

The qualifications data is also linked with student characteristic information from ILR and the Young Persons Matched Administrative Dataset (YPMAD)¹⁷ also for 2019/20, to analyse enrolments by age 16 to 19 student characteristics.

For students aged between 16 and 19, enrolments are linked to FSM eligibility, SEN and ethnic background, as recorded in the school census at age 15.

Information on adult (age 19+) enrolment and student characteristics is based solely on the ILR dataset.

Data on level of deprivation is included for all ages. This is based on the Income Deprivation Affecting Children Index (IDACI), part of the Indices of Multiple Deprivation (IMD). The index gives a score to each postcode area representing the proportion of children under 16 in each area who are income-deprived. Scores for students' home postcode areas are grouped into bands 1 (most deprived) to 5 (least deprived).

Based on a policy proposal outside the scope of this analysis, qualifications have been grouped on whether or not they would fit into a future level 2 and below landscape. This analysis then looks at the 'protected' and other characteristics for young and adult students in each qualification group.

Total enrolment numbers for each group are shown in tables in the following section.

¹⁶ This is the information about students and the learning they undertake, in the further education (FE) and skills sector, that publicly funded colleges, training organisations, local authorities and employers (FE providers) must collect and return to the DfE. The ILR data source for this analysis is the final collection of 2019/20 and includes information on provision for the full academic year.

¹⁷ This records information on the highest level of attainment and qualification studied each academic year matched to individual personal characteristics, as recorded in the school census at age 15.

Table 3: Qualification Types at Level 2 and Below, 2019/20

	Level 2 and Below	16-19 Enrolments	19+ Enrolments
Level 2 and below	8,120	764,000	1,245,700
...of which GCSE	140	234,400	56,600
...of which Functional Skills	120	170,700	334,200
...of which ESOL ¹⁸	200	16,200	135,200

¹⁸ Note, this excludes 'International' and 'English as an additional language' ESOL qualifications.

Table 4: 16-19 Enrolment Characteristics on Qualifications at Level 3 and Below, 2019/20

	Level 3	Level 2	Level 1	Entry Level
Number of Qualifications	4,530	4,470	2,010	1,650
16-19 Enrolments	1,946,000	535,000	158,000	71,000
...of which Female	1,031,000	231,000	65,000	25,000
...of which Asian (inc. Chinese)	258,000	48,000	12,000	4,000
...of which Black	117,000	32,000	9,000	3,000
...of which Mixed	91,000	22,000	6,000	2,000
...of which Other	37,000	9,000	2,000	1,000
...of which White	1,332,000	373,000	102,000	27,000
...of which Unknown	111,000	52,000	26,000	35,000
...of which SEN Support at age 15	106,000	98,000	34,000	8,000
...of which EHCP at age 15	16,000	27,000	20,000	18,000
...of which FSM at age 15	152,000	92,000	35,000	13,000
...of which IDACI 1 (Most disadvantaged)	343,000	164,000	57,000	27,000
...of which IDACI 2	373,000	127,000	40,000	20,000
...of which IDACI 3	381,000	99,000	27,000	12,000
...of which IDACI 4	399,000	80,000	20,000	7,000
...of which IDACI 5 (Least disadvantaged)	445,000	63,000	14,000	5,000

Table 5: Adult Enrolment Characteristics on Qualifications at Level 3 and Below, 2019/20

	Level 3	Level 2	Level 1	Entry Level
Number of Qualifications	4,530	4,470	2,010	1,650
19+ Enrolments	258,000	707,000	292,000	247,000
...of which Female	134,000	444,000	152,000	157,000
...of which Asian	18,000	58,000	36,000	57,000
...of which Black	15,000	52,000	35,000	40,000
...of which Mixed	8,000	21,000	12,000	11,000
...of which Other	4,000	17,000	15,000	36,000
...of which White	201,000	549,000	190,000	99,000
...of which Unknown	12,000	10,000	4,000	5,000
...of which LLDD	38,000	119,000	72,000	46,000

Table 6: 16-19 Enrolment Characteristics on 'In-Scope' Qualifications at Level 2 and Below, 2019/20

	Level 2 and Below	Level 2 and Below 'In Scope'	Reform	Defund
Number of Qualifications	8,120	3,230	1,060	2,170
16-19 Enrolments	764,000	250,000	101,000	149,000
...of which Female	321,000	92,000	41,000	52,000
...of which Asian (inc. Chinese)	64,000	17,000	6,000	11,000
...of which Black	44,000	12,000	4,000	8,000
...of which Mixed	30,000	9,000	3,000	6,000
...of which Other	12,000	3,000	1,000	2,000
...of which White	501,000	171,000	63,000	108,000
...of which Unknown	113,000	38,000	24,000	15,000
...of which SEN Support at age 15	140,000	42,000	15,000	27,000
...of which EHCP at age 15	65,000	16,000	6,000	10,000
...of which FSM at age 15	139,000	42,000	16,000	26,000
...of which IDACI 1 (Most disadvantaged)	248,000	79,000	32,000	47,000
...of which IDACI 2	187,000	59,000	24,000	35,000
...of which IDACI 3	139,000	46,000	19,000	27,000
...of which IDACI 4	107,000	37,000	15,000	22,000
...of which IDACI 5 (Least disadvantaged)	81,000	28,000	11,000	18,000

Table 7: Adult Enrolment Characteristics on 'In-Scope' Qualifications at Level 2 and Below, 2019/20

	Level 2 and Below	Level 2 and Below 'In Scope'	Reform	Defund
Number of Qualifications	8,120	3,230	1,300	1,930
19+ Enrolments	1,246,000	651,000	294,000	358,000
...of which Female	753,000	407,000	184,000	222,000
...of which Asian	151,000	77,000	51,000	25,000
...of which Black	126,000	58,000	35,000	23,000
...of which Mixed	44,000	22,000	12,000	10,000
...of which Other	68,000	41,000	34,000	7,000
...of which White	838,000	444,000	156,000	289,000
...of which Unknown	19,000	9,000	5,000	4,000
...of which LLDD	237,000	103,000	39,000	63,000



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