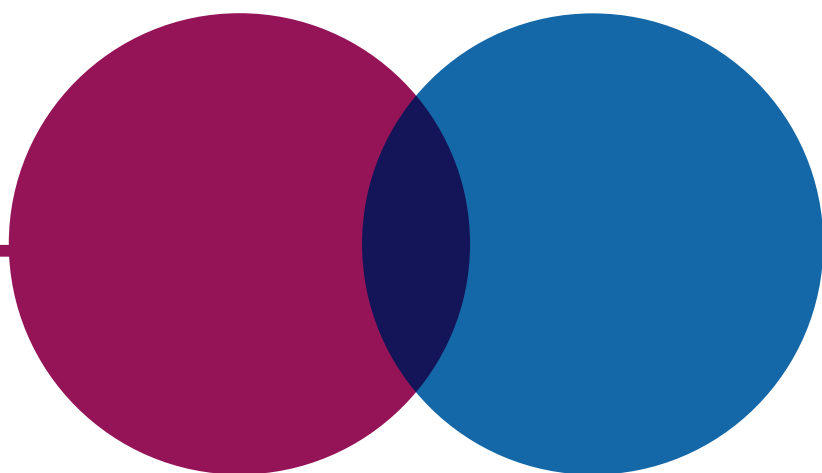




National Audit Office



REPORT

Investigation into introducing T Levels

Department for Education

SESSION 2024-25
28 MARCH 2025
HC 768

CORRECTION SLIP

Title: Investigation into introducing T Levels

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ISBN: 978-1-78604-604-8

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Correction one:

An error involves the upper percentage increase from 148% to 149% across multiple sections for accuracy.

Key facts

Text currently reads:

37% reduction to 148% increase

Text should read:

37% reduction to 149% increase

Paragraph 16

Text currently reads:

Providers will pay higher fees across six contracts, with increases ranging from 26% to 148%.

Text should read:

Providers will pay higher fees across six contracts, with increases ranging from 26% to 149%.

Paragraph 3.12

Text currently reads:

Successful bidders across six procurements set their entry fees per student - which comprise 76% of estimated maximum contract values at tender stage - at higher rates than those awarding organisations charged from September 2024 in the equivalent first phase contracts, with fees increasing by between 26% and 148% (**Figure 12**).

Text should read:

Successful bidders across six procurements set their entry fees per student - which comprise 76% of estimated maximum contract values at tender stage - at higher rates than those awarding organisations charged from September 2024 in the equivalent first phase contracts, with fees increasing by between 26% and 149% (**Figure 12**).

Figure 12

Text currently reads:

Across contracts which IfATE has retendered, the fees payable by providers for students starting T Levels will decrease by between 18% and 37% across two contracts, and increase by between 26% and 148% across seven

Text should read:

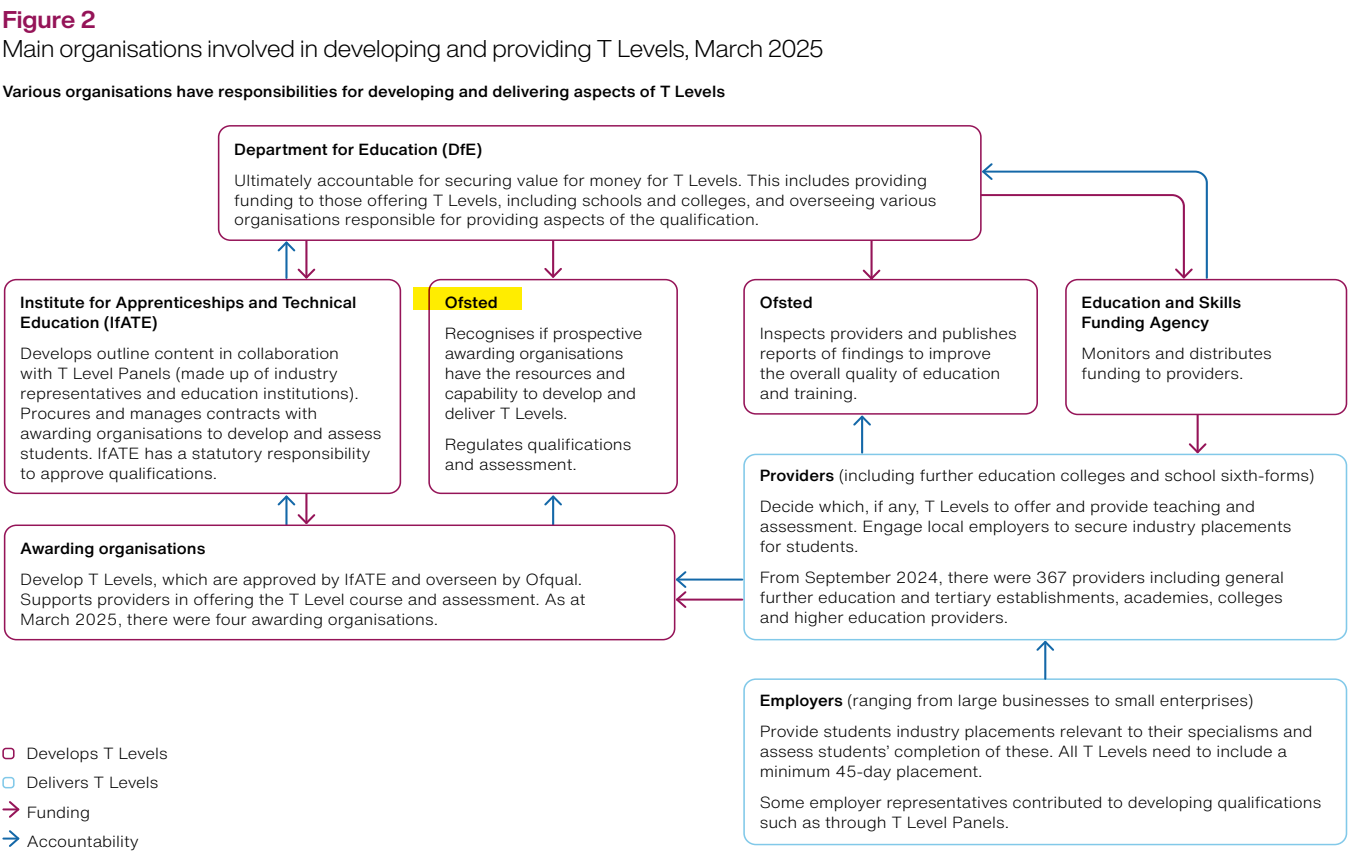
Across contracts which IfATE has retendered, the fees payable by providers for students starting T Levels will decrease by between 18% and 37% across two contracts, and increase by between 26% and 149% across six

Correction two:

The highlighted box in Figure 2 should be labelled ‘Ofqual’.

Text currently reads:

The box is labelled ‘Ofsted’.



Text should read:

The box should say ‘Ofqual’.

Correction three:

The subtitle to indicate that one T Level remains to be rolled out, rather than three.

Text currently reads:

The Department for Education (DfE) has delivered 21 T Levels, with three yet to be rolled out

Text should read:

The Department for Education (DfE) has delivered 21 T Levels, with one yet to be rolled out

Correction four:

Figure 7 title removes the word “programme” from the title for clarity.

Text currently reads:

Comparison of the Department for Education’s (DfE’s) forecast T Level programme costs from 2019-20 to 2024-25, as at June 2021 and December 2024

Text should read:

Comparison of the Department for Education’s (DfE’s) forecast T Level costs from 2019-20 to 2024-25, as at June 2021 and December 2024

Correction five:

Figure 8 the reference date changed from July 2024 to December 2024.

Text currently reads:

The Department for Education’s (DfE’s) T Level funding to providers from 2018-19 to 2024-25, as at July 2024

Note 1: Data for 2018-19 to 2023-24 reflects actual funding. Data for 2024-25 reflects forecast funding, as at July 2024.

Text should read:

The Department for Education’s (DfE’s) T Level funding to providers from 2018-19 to 2024-25, as at December 2024

Note 1: Data for 2018-19 to 2023-24 reflects actual funding. Data for 2024-25 reflects forecast funding.

Correction six:

Updated provider’s name in Appendix One, paragraph 6: ‘Hounslow’ changed to ‘Harrow.’

Text currently reads:

Hounslow, Richmond and Uxbridge College

Text should read:

Harrow, Richmond and Uxbridge College

Date of correction: 1 April 2025

Key facts

£1.25bn

the Department for Education's (DfE's) estimated spend on T Levels by the end of March 2025, £0.7 billion less than estimated in June 2021

21

number of T Levels available to students as at March 2025, with DfE delaying five by up to two years to improve course content and address commercial challenges

25,508

number of students starting a T Level in September 2024, 1% higher than DfE's October 2023 estimate, 85% of its August 2023 estimate, and 42% of its November 2022 estimate

74 number of occupational specialisms, across 21 T Levels, as at March 2025

Students' progression and experience

71% proportion of 10,253 students who completed their two-year T Level course in summer 2024 (provisional data)

89% proportion of students who achieved a pass or above in summer 2024 (provisional data), compared with 94% in summer 2023 and 97% in summer 2022

98% proportion of students completing a T Level in summer 2024 having undertaken an industry placement

Providing T Levels

37% reduction to 149% increase percentage change in fees providers will pay per T Level student between eight first- and second-phase awarding organisation contracts

£23,000 DfE's estimated economic benefit, in 2019-20 prices, for each T Level student over their lifetime, based on its "best judgement" that T Levels are 25% more valuable than other level 3 qualifications

Throughout this report, central government financial years are written as, for example, '2024-25' and run from 1 April to 31 March; school academic years are written '2024/25' and run from 1 September to 31 August

What this investigation is about

1 In 2017, the Department for Education (DfE) announced T Levels as a critical part of wider reforms to support people into skilled employment and meet the economy's needs. T Levels, a major change to technical qualifications, are two-year courses for 16- to 19-year-olds offered across a range of skills, equivalent in size to three A levels (introduced in 1951). They involve students choosing an occupational specialism, undertaking an industry placement and completing more learning hours than similar technical qualifications.

2 DfE is accountable for securing value for money from T Level qualifications, which it is delivering through a major programme. T Levels are complex to provide, with various bodies involved. On behalf of DfE, the Institute for Apprenticeships and Technical Education (IfATE) contracts with organisations to develop and award each T Level.¹ Employers contribute to developing the qualifications and provide industry placements. Education providers, including sixth forms and colleges, teach students and organise their placements. DfE told us T Levels will take time to develop, given the need to develop course content, prepare providers, and raise awareness among potential T Level students.

3 Since September 2020, DfE has introduced 21 T Levels in phases, with early roll out coinciding with the COVID-19 pandemic. As such, no students have yet completed the five T Levels DfE introduced in September 2023 or September 2024. It plans to introduce a further T Level from September 2025. Concerns have been raised with us about low student numbers, the value of awarding organisation contracts, challenges recruiting students, and the cost of T Levels to the government compared with other technical qualifications.

4 This investigation provides transparency over the government's progress introducing T Levels and sets out:

- the background to T Levels, DfE's overarching programme and the latest position introducing qualifications (Part One);
- estimated and actual student numbers, alongside associated costs and benefits (Part Two); and
- DfE's progress providing the various aspects needed for T Levels to be available, such as qualifications, providers with enough teachers and offering industry placements, and sufficient students (Part Three).

We do not examine whether T Levels are providing, or will provide, value for money. Appendix One details our approach, which describes the position as at March 2025.

¹ In July 2024, DfE announced plans for IfATE's functions to pass to a new public body, Skills England.

Summary

Key findings

Background to T Levels

5 DfE introduced T Levels to improve technical qualifications although the strategic context has evolved. DfE launched T Levels following recommendations from the 2016 Sainsbury Review, which outlined the need for new technical education routes, standards set by employers, and industry placements. As such, DfE aims for T Levels to improve technical education; better meet employers' needs; and improve students' labour market outcomes and educational progression. In 2019 DfE stated that T Levels would become the main technical option for 16- to 19-year-olds. However, the previous government had proposed a new qualification (no longer being introduced) to replace T Levels. And, after pausing previous plans to stop funding overlapping qualifications from August 2024, the current government announced in December 2024 that funding for some would continue until at least 2027 (paragraphs 1.2 to 1.6).

6 DfE introduced 16 of the 21 T Levels now available to the original timeframe but delayed the rest to, for example, improve the course content and address commercial issues. DfE initially aimed to introduce three T Levels in September 2020, and the remainder in September 2022. The Accounting Officer raised concerns about the feasibility of September 2020, recommending a year's delay. The Education Minister directed the Accounting Officer to work at speed, and DfE introduced the first three T Levels on time in September 2020. These were delivered by a small number of high performing providers, influencing DfE's learning from an early roll out. Of the remaining 18 T Levels available, 13 were delivered on time and five were delayed by up to two years. Delays resulted from DfE wanting to ensure qualifications met standards; challenges getting employers to approve qualifications; and procurement challenges across three contracts. In March 2023, DfE announced an additional T Level, Marketing, available from September 2025. In December 2024, it announced the Onsite Construction T Level would be discontinued due to low student numbers. In March 2025, it announced the Healthcare Science would be discontinued due to low student demand. In April 2024, the Accounting Officer assessed the programme as deliverable, with DfE seeking to manage the remaining feasibility risks through effectively managing stakeholder relationships and undertaking regular reviews (paragraphs 1.10 to 1.13 and Figure 3).

T Level student numbers, costs and benefits

7 Although DfE's modelling has improved over time, its earlier estimates and ambition for student numbers were significantly overstated. There are inherent uncertainties associated with estimating future student numbers for a new qualification. In September 2024, 25,508 students started a T Level; 42% of DfE's November 2022 estimate, 85% of its August 2023 estimate and 1% higher than its October 2023 estimate. Earlier, in February 2023, the Infrastructure and Projects Authority (IPA) reported DfE's wider ambition for up to 100,000 students starting T Levels by September 2025 as unachievable, contributing to the programme being undeliverable. In 2022, DfE had revised down this ambition to 70,000 by September 2027, which it plans to revisit with ministers later in 2025. Based on its latest model, DfE's central estimate is for 49,700 students in September 2027, and 66,100 in September 2029, with upper estimates of 60,000 and 80,000 respectively. As data on students undertaking T Levels have increased over time, DfE has improved its model (paragraphs 2.2 to 2.4).

8 DfE met its most recent expectation of student numbers in September 2024, while enrolments across T Levels and occupational specialisms vary. The number of students starting a T Level has increased each year. In September 2024, this had reached 25,508 (a 59% increase from students starting in September 2023) with a total of around 58,300 students starting a T Level by this point. Student numbers varied across occupational specialisms, with 1,172 completing the early years educator specialism and only three completing the painting and decorating specialism. Mainly because of lower than estimated student numbers, DfE expects to spend £1.25 billion introducing T Levels, £0.7 billion less than its June 2021 estimate. It has not yet confirmed future budgets beyond March 2025 as it awaits the outcome of the 2025 Spending Review (paragraphs 2.9 to 2.11 and Figures 4 and 7).

9 As new subjects are introduced, the proportion of students passing their T Level has fallen each year, with the proportion completing their course just below that of other level 3 qualifications. As T Levels take two years, the third group of students taking a T Level came to the end of their course in summer 2024, with 71% completing their course (based on provisional data). This has increased from 66% completing their course in summer 2023, when 75% of students enrolled on other large vocational qualifications completed their course. The proportion of students achieving a pass or above fell from 97% in summer 2022, to 94% in summer 2023 and, based on provisional data, 89% in summer 2024 with the overall pass rate across the 10 T Levels also assessed in summer 2023 remaining similar. However, in summer 2022, only three T Levels had been available at a small number of providers selected by DfE for their quality and capability, with this the first group of students to take T Levels. In summer 2023, 10 T Levels had been available with 16 in summer 2024 across a broader range of providers. DfE told us the phased introduction of T Levels had impacted pass rates in line with its expectations (paragraphs 2.7 to 2.8 and Figure 5).

10 Students' satisfaction with their T Levels has varied. Students who started in 2021, when T Levels were newer, reported, for example, higher satisfaction with their industry placements (78%) than the management of T Levels (37%). When first available, surveyed students on the Education and Early Years T Level were more satisfied at the end of their course (79%) than with those taking health and science-related T Levels (39%), which DfE felt may have reflected issues with course assessments. In July 2024, Ofqual issued a fine to the organisation awarding these T Levels following concerns, identified by students and the awarding organisation, which the organisation committed to address (paragraphs 3.16 and 3.25 and Figures 13 and 14).

11 T Levels are necessarily more expensive than other qualifications available for 16- to 19-year-olds because of additional teaching hours, extra funding to support providers, and industry placements. Given the design of T Levels, DfE allocates providers more funding per T Level student (between around £5,500 to £7,000 for a single academic year in 2024/25 depending on the size of the course). For other 16- to 19-year-old qualifications, DfE's highest funding rate is around £4,800. Students must complete between 1,330 and 1,680 learning hours over two years, compared with an average of around 640 hours per year (or 1,280 hours over two years) across broader study programmes available for 16- to 19-year-olds. DfE also increased providers' funding ranges by 10% in 2023/24 and 2024/25 to help them transition to T Levels. DfE's funding rates include funding to support disadvantaged students and those with higher-needs, and to improve attainment in English and maths. DfE also allocates providers £550 per student to help providers plan and monitor industry placements (paragraphs 2.13 and 2.14, and Figures 6, 7 and 8).

12 DfE has developed plans to monitor wider benefits. DfE has identified four potential benefits from T Levels, such as student earnings and their readiness for work and skills. The IPA commented positively on DfE's work to identify and track benefits, and the "line of sight" from strategic objectives through to outcomes, outputs and performance metrics. Ahead of robust data becoming available, DfE is using alternative sources for some measures but has yet to decide how it will assess employers' feedback (paragraphs 2.17 and 2.18, and Figure 9).

13 The future economic benefits associated with T Levels, critical to assessing their success, are uncertain. DfE sees its greatest value for money risk as T Levels not offering more benefits than other level 3 qualifications. Its current "best judgement" is that T Levels will be 25% more valuable (around £23,000 per student over their lifetime, in 2019-20 prices). In August 2023, DfE assumed 30,100 students would start a T Level in September 2024, leading to a return of £1.20 for every £1 spent. It assumes that benefits will increase significantly over later years, with more student numbers and set-up costs spread over a longer period. It estimated that, with 66,100 students by 2027-28, there would be £8.10 of benefits for every £1 spent. With students' earnings data not yet available, and student numbers hard to estimate, the anticipated benefits are uncertain (paragraphs 2.19 and 2.20).

Providing T Levels

14 DfE has identified student awareness and prior attainment as barriers to increasing the numbers wanting to enrol on T Levels. To increase student numbers, DfE has introduced various measures, including running a national marketing campaign in 2019. It subsequently covered T Levels within a broader skills campaign following research findings on what works to raise awareness and to meet Cabinet Office requirements. Awareness of T Levels among students in years 9 to 11 has increased from 8% in 2019 to 50% in 2023. To increase numbers, DfE has revisited what is required to pass a T Level and is working with higher education institutions to recognise T Levels. In November 2024, 166 higher education providers accepted T Levels for at least one course. DfE also introduced a foundation year to help those students needing more support before starting a T Level. However, in 2021/22, 85% of the 3,194 starting the course completed the foundation year, from which 8% progressed onto a T Level. DfE also introduced a celebration week and continues to promote T Levels (paragraphs 3.22 to 3.24).

15 DfE considers the availability of industry placements as a potential constraint on student numbers, although assesses its recent work as reducing this risk for placements this year with almost all the most recent students completing a placement. DfE has identified barriers, which include encouraging employers to consistently offer placements particularly across the health sector. However, of those completing a T Level in summer 2024, 98% had undertaken an industry placement. DfE has assessed not having enough industry placements as one of the highest risks ('amber/red' rating) to scaling up the programme. However, in March 2025 it reduced its assessment of there not being enough placements in year to 'amber/green'. It did so after introducing more flexibilities for students to do some of their placement remotely and finding a lower proportion of students without a placement in January 2025 compared to the year before. DfE's activities include establishing a network of ambassadors to promote T Levels to employers and young people. However, it no longer provides employers financial incentives to offer placements and has yet to set out how it will capitalise on Local Skills Improvement Plans. These were introduced in 2023, and referenced in the government's December 2024 devolution white paper, to improve local working between providers, employers and stakeholders (paragraphs 3.20 to 3.22).

16 Reflecting on lessons learned, IfATE designed its latest contracts to reduce awarding organisations' financial risks associated with low student numbers.

Awarding organisations largely rely on income from providers based on student enrolments. Their contracts are based on expected student numbers provided by DfE – two awarding organisations told us they could not challenge these assumptions which they used to assess the contracts' profitability. By 2022/23, actual student numbers were lower across 15 out of 16 available T Levels, which IfATE recognises has led to some contracts making a loss. IfATE has since reprocured eight contracts. Providers will pay higher fees across six contracts, with increases ranging from 26% to 149%. Providers will pay awarding organisations lower fees per student across two contracts, with decreases of 18% and 37%. Also, reflecting on lessons learned, awarding organisations are working to more modest student number assumptions and a new pricing approach. If student volumes are 15% lower than expected, awarding organisations can decide to adjust the fees they ask from providers to maintain percentage profit margins set out in their bids. If student volumes are 15% higher than expected, IfATE would calculate lower provider entry fees. Providers will need to decide if they can pay higher fees. IfATE did not identify risks to providers' financial sustainability in its procurement business cases, and assumed higher fees could be met by existing funding. It considers that awarding organisations would not increase provider fees if this would likely reduce demand (paragraphs 3.6, 3.7, 3.10, 3.11, 3.13 and Figures 11 and 12).

17 The market of awarding organisations for T Levels qualifications is limited.

DfE and IfATE procured 19 of their 22 first phase contracts through open competition albeit with a limited market, with the three remaining contracts being agreed through a closed bidding process. IfATE considers that low student numbers, announcement of the Advanced British Standard (now reversed), and delays defunding larger overlapping qualifications have affected market interest in T Levels. Across its eight second phase procurements, IfATE received proportionally fewer bids, while an awarding organisation which holds eight first phase contracts chose not to rebid for two contracts it already held (paragraphs 3.4, 3.5, 3.9 and 3.10).

18 Awarding organisations told us that the government's contract management and regulatory approaches contributed to creating additional burdens.

In line with good practice and government guidance, awarding organisations must provide IfATE with various reports and performance data to help it monitor contractual performance. IfATE considers it needs to take a robust contract management approach given the contracts' complexity and risks. Awarding organisations told us these requirements were extensive compared with other qualifications, with the detail and frequency of reporting burdensome. Some also described challenges getting employers to validate the technical qualifications, as in some instances they disagreed with those employers working with IfATE making the process unnecessarily complex. This risked making qualifications unnecessarily expensive. DfE recognised that awarding organisations experienced a lack of co-ordination between IfATE and Ofqual which created repetition and additional burden (paragraphs 1.6, 1.7, 3.14, 3.15 and Figure 10).

19 DfE has continued to evolve the programme and respond to feedback, including from a critical IPA report. In February 2023, the IPA assessed that in continuing to deliver to summer 2023, the T Level programme was unachievable in terms of time, cost, and quality, particularly given ambitious student number assumptions. IPA subsequently reported in June 2023 that DfE had made good progress against its recommendations, including by strengthening its programme oversight, finding the programme in a “substantially better” position in March 2024. DfE has also responded to feedback and continually evolved the programme by, for example, recognising moving into higher education as an aim and by responding positively to an Ofsted thematic review (paragraphs 1.7 to 1.9 and 2.4).

Conclusion

20 DfE designed T Levels as new technical qualifications to better meet employers’ needs and expects them to help address critical skills gaps across the economy. T Levels cost more than other qualifications given, for example, the additional teaching hours and industry placement involved. DfE allocated providers between around £5,500 to £7,000 in 2024-25 for a single study year for each student (compared with up to around £4,800 for other qualifications), in addition to core funding. However, DfE’s current best judgement is that T Levels will be 25% more valuable than other level 3 qualifications. Nevertheless, the future economic benefits are uncertain and it will take time for benefits to be realised.

21 Despite an ambitious timetable, DfE introduced 16 T Levels as planned by September 2022, with a further five now available after delays of up to two years. However, critical to realising the benefits of T Levels, will be increasing the numbers of students on courses. Despite progress, this will remain challenging given the need to raise awareness and secure industry placements for more students. With 25,508 students starting in September 2024, the fifth year of T Levels being available, DfE has a central estimate for 66,100 students a year starting by September 2029. In thinking about student numbers, DfE will need to monitor the impact of wider strategic changes and ensure its revised commercial arrangements with awarding organisations are sustainable.

Recommendations

22 In working towards fully introducing T Levels and increasing student numbers, as DfE evolves the programme it should:

- a** establish ways to ensure there is understanding, across DfE, of the potential impact on T Level demand, benefits, costs and approach before making wider strategic changes and decisions around the development of the technical qualifications landscape;
- b** continue efforts to expand industry placements, critical to offering T Levels to more students, by:
 - reviewing how existing mechanisms to coordinate local engagement between employers, providers and local stakeholders, such as Local Skills Improvement Plans, could be strengthened in line with the government's wider devolution agenda; and
 - targeting activity, both geographically and across certain T Levels, where industry placements are most needed – this includes through identifying and capitalising on opportunities to increase placements within the public sector, in particular health.
- c** set out how it will monitor and manage the impact of revised commercial arrangements on awarding organisations and providers – this includes testing possible scenarios and contingency plans and evaluating the impact of pricing arrangements on awarding organisations and providers' ability to offer T Levels; and
- d** use the expected transfer of IfATE's responsibilities to revisit roles and responsibilities, ensure a singular vision, and develop commercial oversight and regulatory arrangements that are efficient and proportionate, including exploring opportunities to rationalise contract assurance activities.