

The Missing Middle:

Unlocking the growth potential
of higher technical qualifications

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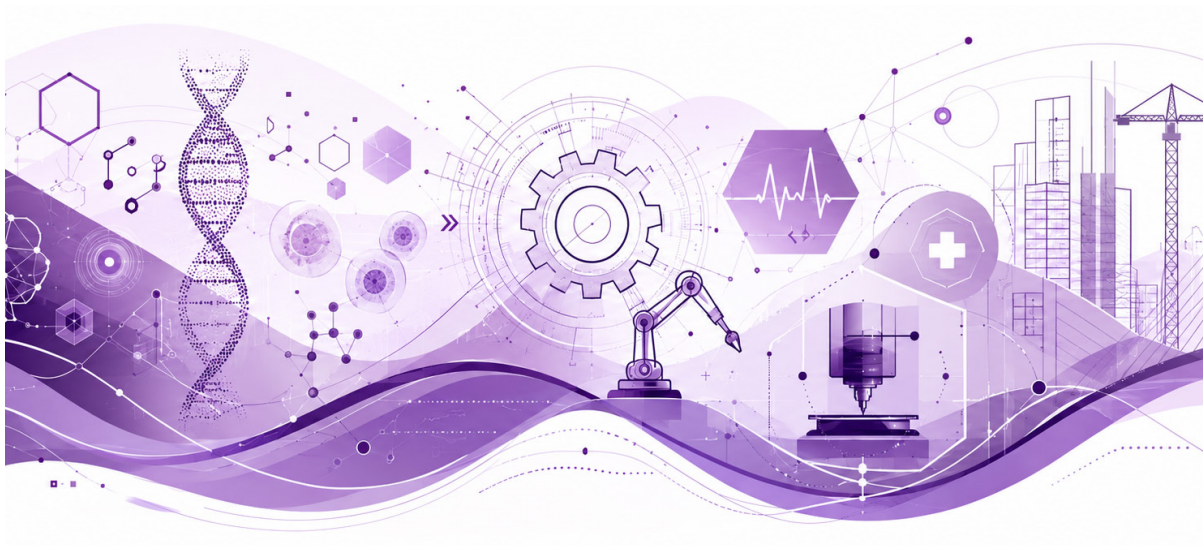
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EXECUTIVE SUMMARY

England needs stronger higher technical routes at Levels 4 and 5, but Higher Technical Qualifications (HTQs) will not achieve scale through qualification reform alone. A central challenge is weak and fragmented demand, driven by wider misalignment between learners, employers, funding, and system design.

Learners and employers value the outcomes associated with higher technical learning - labour market relevance, in-work progression, and improved earnings. They also value more flexible, modular delivery. But this does not yet translate into strong demand for HTQs themselves as a recognised route. Unless Government and the sector address that problem directly, HTQs risk remaining a well-intentioned reform with limited impact.

This matters because England's weakness at Levels 4 and 5 continues to constrain productivity, limit progression beyond Level 3, and reduce access to

higher-level technical learning for people who do not follow traditional degree pathways. Employers continue to report shortages in technical, digital, and applied skills. This challenge is likely to become more acute as AI and automation begin to reshape skill requirements and progression pathways across a wide range of occupations. Yet, Level 4 and 5 provision remains a small and uncertain part of the system. The issue is not whether there is a case for stronger higher technical education. It is whether the system is set up to create confidence and demand around it.

The report finds that demand is weakened in five ways. First, employers often talk about skill gaps and shortages but rarely specify Level 4 and 5 routes clearly in vacancies, role design, or workforce planning. Second, learners are not yet showing strong demand for HTQs as a qualification brand. Where interest in Level 4 and 5 learning does exist, it is often driven by desired outcomes

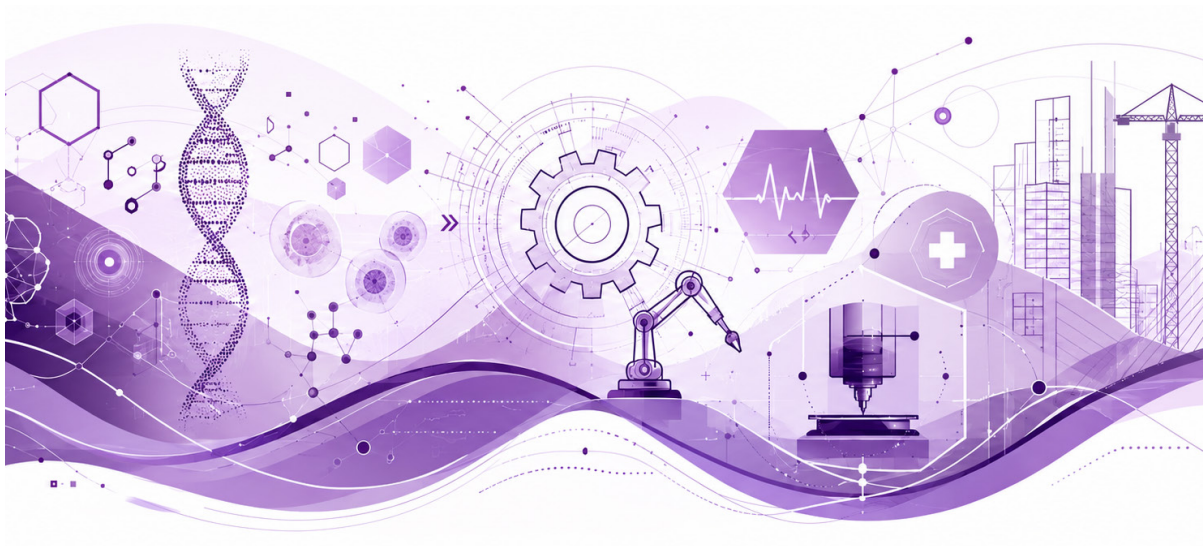
such as employment opportunities, progression, and flexibility, while many younger learners still default to degrees as the more familiar route. Third, funding and affordability remain unresolved, particularly for adults already in work and for SMEs. Fourth, the value of HTQs in terms of earnings and returns on investment are not fully understood. Fifth, progression routes are still not clear enough, especially where Level 4 and 5 study should lead on to Level 6 or support modular, work-based progression over time. HTQs are not yet communicated strongly enough as both standalone qualifications and credible stepping stones into degree-level study.

The policy challenge, therefore, is to create the conditions in which Level 4 and 5 routes are recognised, trusted and actively used by learners and employers. The solution is not simply more supply. HTQs need to be positioned within a more coherent demand-led system that makes them easier to understand, easier to fund and easier to use. That means stronger employer pull, better careers information and labour market signalling, clearer progression routes, smaller and more flexible forms of learning, and a funding model that works for individuals, employers and places rather than relying too heavily on loan finance alone.

If these conditions can be put in place, HTQs could become a core part of a more productive and flexible skills system: supporting progression beyond Level 3, helping employers meet workforce needs, and enabling people to upskill and retrain across their working lives. If not, they are likely to remain peripheral to the parts of the labour market where they are most needed.

PRIORITY ACTIONS

- Build stronger employer demand by linking HTQs more clearly to workforce planning, priority sectors, and local growth strategies.
- Improve signalling through clearer careers guidance, stronger employer-facing information and a more confident account of labour market value.
- Create a more coherent funding model by aligning the Lifelong Learning Entitlement, the Growth and Skills Levy, and devolved skills funding.
- Support clearer progression by strengthening articulation to Level 6, top-up routes, and recognised break points within degree pathways.
- Expand flexible and stackable provision so that adults already in work can build higher-level skills in smaller, more accessible units over time.



1. INTRODUCTION

This report examines the current position of Higher Technical Qualifications (HTQs) in England and how they operate within the wider ecosystem for established Higher National provision. It addresses a central question: what factors have shaped the take-up of HTQs, and how can they help to drive renewed growth in higher technical pathways at Levels 4 and 5?

This matters because Level 4 and 5 provision continues to occupy an uncertain place in England's post-16 system. Despite repeated policy interest in higher technical education, participation remains relatively low, awareness is uneven, and these routes still struggle to achieve the visibility and status of more established academic and vocational pathways. At the same time, employers continue to report shortages in intermediate and technical skills, raising wider questions about how effectively the system supports progression, productivity, and opportunity.

Against this backdrop, the report explores the factors shaping learner and employer demand for higher technical education, the relationship between Higher Nationals and HTQs, and the barriers that continue to limit take-up. It also considers what would be required to position Level 4 and 5 provision more clearly within a more coherent and responsive skills system.

The findings are drawn from interviews with providers, policymakers, employers, and strategic partners, alongside a review of wider research literature and policy evidence. Overall, the report aims to contribute to the debate on higher technical education by identifying why demand for Level 4 and 5 provision has plateaued and what would be needed to strengthen its role in England's education and skills landscape.



2. BACKGROUND AND CONTEXT

The story of Higher National Qualifications is, in many ways, the story of England's uneasy relationship with technical education. Long regarded as practical, employment-focused alternatives to the traditional degree, Higher Nationals once occupied a more confident place within the skills system, particularly in sectors where technical competence mattered more than academic prestige. Over time, however, their visibility has faded as higher education expanded and the three-year bachelor's degree became the dominant route into advanced learning.

The introduction of Higher Technical Qualifications represents an attempt to renew and strengthen this part of the system. HTQs are intended to raise the profile of higher technical education, improve its labour market relevance, and create clearer routes into skilled employment and further study. Whether they can achieve that ambition depends not only on qualification reform, but on how the wider post-16 system supports their use and value.

2.1 HIGHER NATIONALS

Higher National Qualifications (HNQs) are long-established vocational higher education awards in the UK. They sit between A-levels and full undergraduate degrees in the qualifications framework and primarily include:

- **Higher National Certificates (HNCs)**, typically at Level 4 and equivalent to the first year of a bachelor's degree; and
- **Higher National Diplomas (HNDs)**, typically at Level 5 and equivalent to the second year.

They have traditionally served two main purposes: as a route directly into skilled employment, and as a progression pathway either from Level 3 or into the later stages of a degree through “top-up” routes. Many learners take them while already in work. In England, Higher Nationals are awarded primarily by Pearson and are widely used in sectors such as engineering, construction, computing, business, health, and the creative industries.

Higher National qualifications date back to the early twentieth century in various technical forms, but their modern structure was formalised in the 1960s and 1970s as the UK sought to expand technical education to support industrial growth. They grew alongside polytechnics and technical colleges, but their prominence has gradually declined over the past two decades as higher education participation expanded. The more recent designation of some Higher Nationals as HTQs reflects an effort to strengthen and update this part of the Level 4 and 5 offer.

2.2 THE EMERGENCE OF HIGHER TECHNICAL QUALIFICATIONS

The Skills White Paper published in January 2021 placed HTQs at the centre of post-16 technical education reform.¹ This reflected growing concern about skills shortages, weak productivity growth and the long-term underdevelopment of higher technical education in England. The policy intention was to create a more coherent system of higher technical learning that was clearly aligned with occupational standards and employer needs. It also focussed on the future needs of the economy which will be increasingly affected by automation, AI, and related digital technologies. This strengthened the case for flexible higher technical routes that can support adaptation and upskilling over time, rather than relying solely on front-loaded education at the start of working life.

DEFINITION OF HTQS

Higher Technical Qualifications (HTQs) are understood as both a qualification and a “kitemark”. However, the HTQ is not a new type of certificate itself; it is an approval stamp indicating that a specific qualification meets occupational standards. HTQs are approved by Skills England and carry a “quality mark” logo, indicating they have been developed in collaboration with employers to meet industry needs.

‘HTQ-badged qualifications’ were introduced to strengthen confidence in technical routes, improve their visibility, and support clearer progression into employment and further study. They were also introduced as part of a broader reform agenda that sought to give technical education a stronger and more recognised role within the post-16 system.

While HTQs are aligned to occupations rather than to sectors, the language of “higher technical” may itself shape how they are understood. In practice, many of the occupations covered by HTQs - including roles linked to digital systems, applied analytics, business operations, project management, and healthcare - sit not only in traditionally technical sectors, but across the wider service and professional economy. The branding of HTQs may therefore understate their relevance beyond sectors such as engineering and manufacturing, particularly in a labour market increasingly shaped by AI, cyber, data, and hybrid technical-commercial roles.

2.3 CONTINUITY AND CHANGE

The Post-16 Education and Skills White Paper published in October 2025 carried forward this direction of travel.² HTQs remained a policy priority, with continued emphasis on increasing participation in Level 4 and 5 study and strengthening the role of technical qualifications within a more flexible post-16 system. The White Paper also reaffirmed the role of the Lifelong Learning Entitlement, to be implemented in January 2027, in supporting modular learning, including HTQs as well as degree modules.

Around 250 approved HTQs, aligned to Skills England’s occupational standards, are currently delivered by over 140 providers across higher education, further education, and independent training provision.³ While current capacity underlines that the future of higher technical education depends on multiple providers, the expectation is that this would need to scale up to meet any growth ambitions.

Several broad policy objectives have remained consistent across recent reforms:

- Elevating the status of technical education;
- Aligning qualifications more closely with employer demand;
- Supporting more flexible and lifelong learning; and
- Strengthening progression between technical and academic routes.

These objectives show a continuing policy commitment to repositioning technical qualifications as part of a more productive and responsive post-16 system, even if the detailed means of delivery continue to evolve.

2.4 SKILLS AND EMPLOYMENT

Alongside these qualification reforms, Government has moved parts of the post-16 skills agenda closer to employment policy. Adult skills, apprenticeships, and employment support are increasingly shaped by a labour market logic, while higher education policy remains more firmly anchored elsewhere in the system. This creates an important structural tension. One part of Government is focused on labour market participation and youth transitions into work; another continues to oversee a higher education system still largely oriented around full-time study and younger learners.

This matters because it affects how higher technical education is positioned. The current policy emphasis is strongest around supporting younger people into employment. That is understandable, but it also creates a risk: lifelong higher-level upskilling for adults can become a weaker part of the system, even as economic change increases the need for people already in work to retrain, upskill, and adapt to the challenges of AI, automation, and digital transformation.

In this context, HTQs are strategically significant. They sit at the intersection of these two agendas: early progression into work and later progression within work. That gives them potential importance across the life course, but it also means they are exposed to wider tensions in system design, funding, and policy priorities. The challenge is therefore not simply to reform qualifications, but to ensure that higher technical education is embedded within a post-16 system that values both youth transition and adult progression.



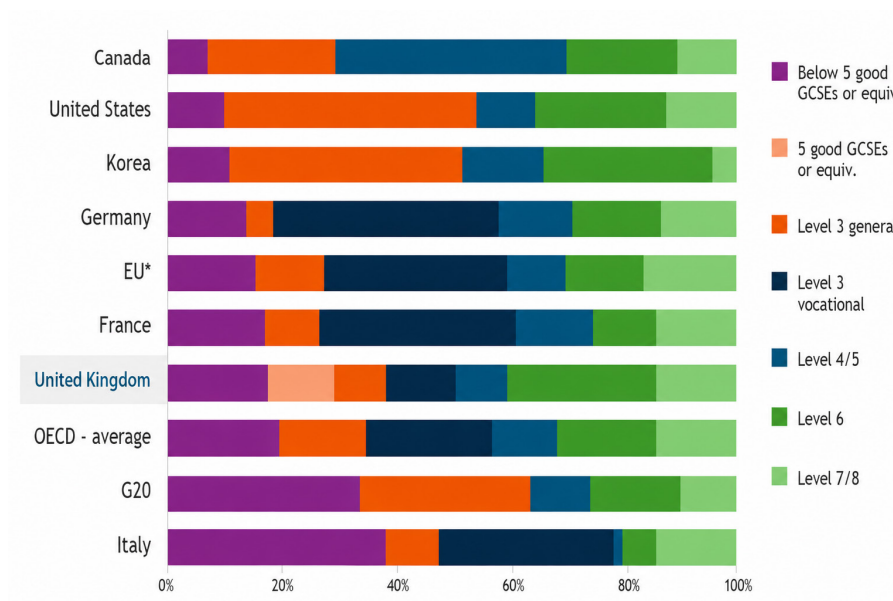
3. THE MARKET FOR HIGHER TECHNICAL QUALIFICATIONS

Understanding how supply and demand interact across the skills system, and whether it is configured in a way that reflects how skills are developed and used in the economy is crucial to the successful uptake of Higher Technical Qualifications.

3.1 THE MISSING MIDDLE

The concept of the ‘missing middle’ in the UK’s skills profile has gained increasing policy attention in recent years.⁴ Compared to countries such as Germany, Canada, and the United States, the UK has a more polarised skills profile: relatively high levels of degree attainment alongside a significant proportion of the population with low or intermediate qualifications.

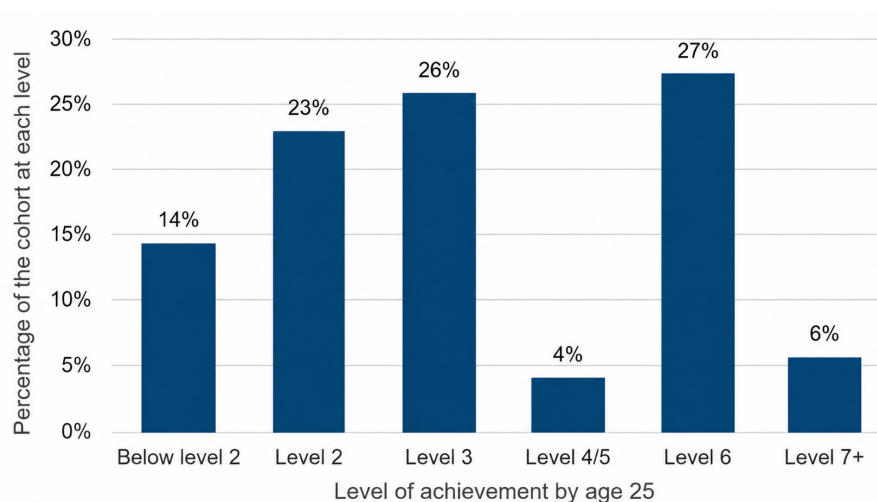
FIGURE 1: PROPORTION OF POPULATION (25–64-YEAR-OLDS) BY HIGHEST LEVEL OF QUALIFICATION ATTAINED



Source: Educational attainment and labour-force status data, OECD, 2021

While the nation performs strongly at Level 6, a very small proportion of the GCSE cohort (around 4%) go on to achieve Level 4/5 by age 25. Many do not attain Level 3 (or Level 2), limiting later progression opportunities.

FIGURE 2: HIGHEST LEVEL ACHIEVED BY AGE 25 IN ENGLAND (GCSE COHORT 2004/5)



Source: Longitudinal Education Outcomes Study, DfE (2018), Post-16 education: highest level of achievement by age 25, figure 1, p. 9

This pattern, which has long been recognised,⁵ reflects both economic structure and policy choices.

The UK's economy has a very large service sector, particularly in financial services; professional and business services; retail and hospitality, and the creative industries. These sectors often demand either high-level graduate skills (e.g., finance, law, and consulting), or lower-qualification service roles (retail, hospitality, and care). They tend to require fewer mid-level technical occupations than more manufacturing-heavy economies. By contrast Germany retains a large, advanced manufacturing sector, Canada has strong resource, engineering, and technical industries, and the US has a much broader industrial base with a larger technical middle layer. These sectors require technicians, skilled trades, and applied engineering roles, which typically sit at intermediate qualification levels.

However, this should not be read as meaning that intermediate higher-level skills matter less in a service economy. Rather, they often appear in different occupational forms - for example in digital operations, cyber security, applied data, business support, technical management, and client-facing professional roles - where the language of "technical" may not always capture their full labour market relevance.

In addition to these structural considerations, UK skills policy over the past three decades has been shaped by a sustained expansion of higher education. Policy has largely focused on creating university pathways for young people leaving school, resulting in a significant increase in participation. Today, almost half of young people in England enter higher education. While this expansion has increased the supply of graduate skills, it has also contributed to a substantial share of workers with relatively low formal qualifications (around a quarter of working-age adults do not hold qualifications above Level 3 - A level or equivalent) and a relatively weak system of intermediate technical education compared with many other advanced economies.

In countries such as Germany, the skills system is more closely aligned with industrial production and engineering. It is built around a strong dual vocational training model, combining apprenticeships with employer-led training pathways. These systems are closely linked to the needs of the *Mittelstand*—the network of medium-sized manufacturing and engineering firms that rely heavily on technicians, applied engineers, and skilled trades. As a result, Germany produces significantly higher numbers of intermediate-skilled workers.

By contrast, the UK has moved towards a more "liberal" skills model in which university education is the dominant route to advanced skills. The United States shares some features of this model, but it also maintains a stronger intermediate technical pathway through community colleges and associate degrees. Participation in higher qualifications Levels 4 and 5, such as Higher National Certificates and Diplomas, Foundation Degrees, and some Advanced Apprenticeships, is comparatively low in the UK. Around 1.5 adults per thousand complete a Level 4 or 5 qualification each year in the UK, far fewer than in countries where intermediate technical pathways are more established. New Zealand has 8 adults per thousand completing at Level 4 or 5.⁶

This matters both for equity and for economic performance. The distribution of skills in an economy is a key determinant of income distribution. By the age of 40, workers qualified only to GCSE level or below earn, on average, around half as much as those with degrees. However, evidence also shows that some Level 4 and 5 qualifications generate earnings comparable to—or in some cases higher than—those associated with degrees by age 30. Expanding high-quality intermediate technical routes could therefore help narrow earnings disparities while providing alternative pathways into well-paid employment.⁷

The absence of a strong intermediate skills tier also has wider economic implications. A number of studies suggest the UK operates in a “low-skill equilibrium”, in which firms rely on relatively low-skilled, lower-paid labour rather than investing in productivity-enhancing skills and technologies. This can suppress demand for intermediate training and reinforce weak skills development across sectors.

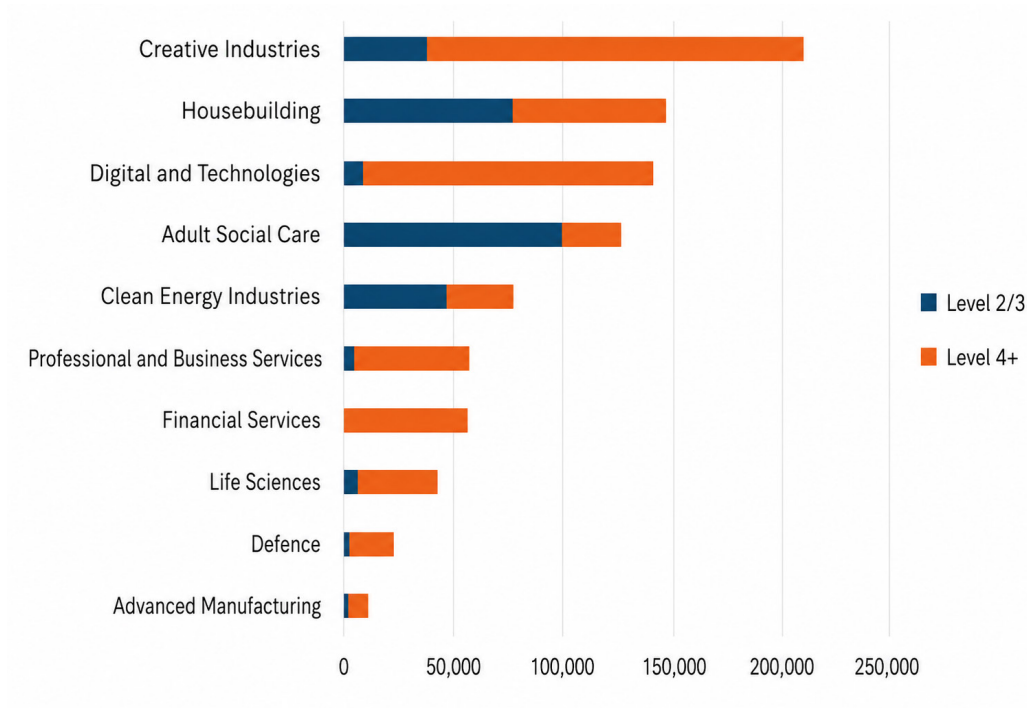
Evidence from employers indicates persistent skills shortages in key areas including AI and digital capabilities, engineering, and transferable skills such as problem-solving and communication. Surveys consistently report that a significant share of employers struggle to recruit candidates with the required technical and practical competencies, despite high vacancy rates across parts of the economy.

Strengthening the Level 4 and 5 skills system could therefore play an important role in supporting productivity growth and improving labour market opportunities. Without a stronger higher technical offer, individuals who do not pursue academic degree routes may face limited opportunities to access high-skilled and higher-wage employment. At the same time, modular and lifelong learning pathways at these levels could provide stepping stones into further study, including Level 6 degrees, which continue to deliver strong returns for individuals and the wider economy.

Recent policy initiatives seek to address this challenge. Government reforms include the development of employer-aligned Higher Technical Qualifications, the establishment of Institutes of Technology, and the introduction of the Lifelong Learning Entitlement to support flexible and modular learning. These measures aim to increase participation in higher-level technical education and create clearer pathways through the skills system.

Looking ahead, analysis by Skills England suggests that the UK could require around 900,000 additional skilled workers by 2030, with roughly 600,000 of new jobs expected to require Level 4 or higher qualifications. Meeting these future labour market needs will require sustained investment in skills across the distribution—particularly at the intermediate levels where the UK currently remains comparatively weak.

FIGURE 3: ADDITIONAL EMPLOYMENT DEMAND TO 2030 BY PRIORITY SECTOR AND QUALIFICATION LEVEL



Source: Skills England (2025), Assessment of priority skills to 2030, figure 2

With approximately 37 million people in the UK workforce, the forecast demand for an additional 600,000 at Level 4+ represents a growth of just 1.8%. Nevertheless, the relatively low levels of attainment at Level 4 and 5 continue to support the working hypothesis that the UK's "missing middle" is constraining both productivity growth and inclusive economic development.

3.2 THE SUPPLY OF HIGHER VOCATIONAL AND TECHNICAL EDUCATION

The supply of higher education in the UK is in part a response to learner demand and to a lesser degree employer demand. Application and enrolment data provide an insight into the take-up of higher education, although current data collection systems present challenges in understanding take up of Higher Nationals and particularly HTQs. Unlike degrees, Level 4 and 5 programmes do not have a single admissions process, indeed UCAS captures just 48% of this learner cohort. Additionally, the total number of annual enrolments in Level 4 and 5 may differ from the number who go on to attain a qualification due to some learners not completing and others progressing to Level 6 and attaining a degree as their highest level of qualification.

3.2.1 LEVEL 4 AND 5 APPLICATIONS

Applications to Level 4 and 5 qualifications through UCAS remain relatively low and have declined in recent years, highlighting the limited scale of demand within the higher education system. In 2023, just 5.7% of applicants selected a Level 4 or 5 course, with fewer than half ultimately enrolling, and a significant proportion instead progressing to degree-level study.⁸

Overall applications have fallen since 2019, with an even sharper decline in placements, reflecting both reduced demand and a contraction in course availability. However, this headline trend masks a divergence within the market: Level 4 provision is growing modestly, while Level 5 provision has declined significantly, despite continuing to account for the majority of applications.

By qualification type, Foundation Degrees remain dominant but are in decline, while smaller or more flexible qualifications such as CertHEs and HNCs are gaining relative importance.

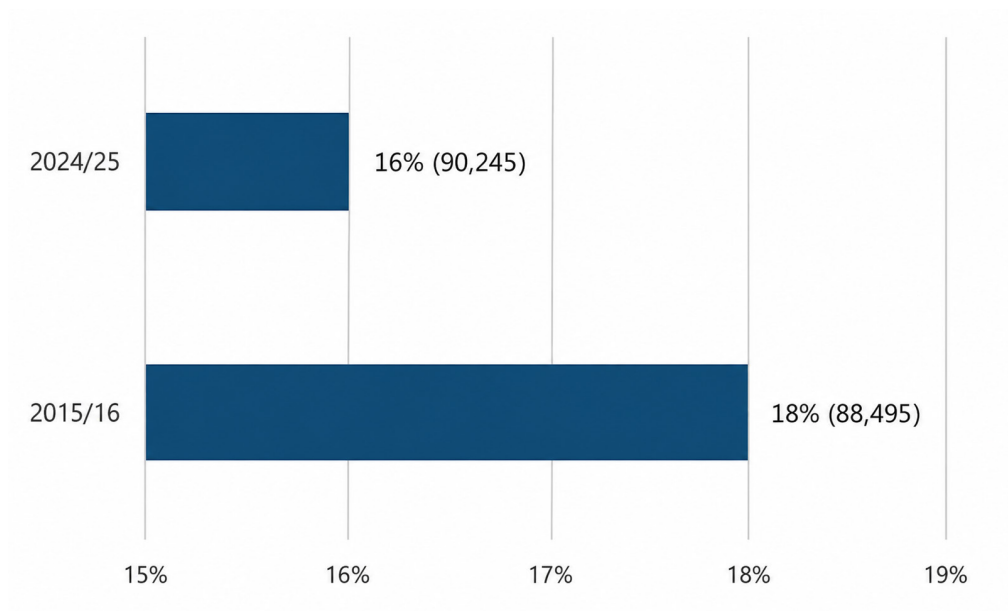
Taken together, the data suggests that Level 4 and 5 pathways continue to occupy a small and contracting share of higher education demand, while there is a growing demand from employers for shorter, more applied forms of provision.

3.2.2 LEVEL 4 AND 5 QUALIFICATIONS

Level 4 and 5 qualifications (such as HNCs, HNDs, and Foundation Degrees) represent a small, declining proportion of overall higher education enrolments in the UK, particularly when compared to Level 6 (Bachelor's degrees).

The number of higher qualifications obtained at Level 4 and 5 has risen over the past decade from 88,495 to 90,245. However, as a proportion of all undergraduate qualifications these intermediate levels have fallen by 2 percentage points over the same period.

FIGURE 4: LEVELS 4 AND 5 QUALIFICATIONS AS A PROPORTION OF ALL UNDERGRADUATE QUALIFICATIONS (ALL AGES)



Source: Higher Education Student Statistics: UK, 2024/25

3.2.3 ASSESSING TAKE-UP OF HTQs

It is currently difficult to assess the take-up and performance of Higher Technical Qualifications (HTQs) in England due to problems of definition and system complexity relating to data collection issues across the UK.

HTQs are new, and exclusive to England. They can include a wide range of qualifications (HNCs, HNDs, foundation degrees) delivered across a range of providers (FE colleges, universities, and independent providers), awarding bodies and quality frameworks.

Data related to Level 4 and 5 qualifications is fragmented across the system and has historically been grouped as 'other undergraduate'. In addition, multiple study modes complicate measurement. Many Higher Nationals and HTQs are taken part-time, by mature learners, or alongside work, and some are embedded within apprenticeships. Further, learner pathways are not linear. Many students apply to Level 4/5 and 6 courses simultaneously - around 79% of applicants include both in their choices - and a significant proportion ultimately progress to degrees instead.

All this means that it is difficult to compare qualifications and track trends consistently across different datasets over time. Single data sets provide only a partial view. However, data provided by Pearson is nevertheless informative. Pearson are a dominant provider of Higher National (HN) qualifications at Level 4 and 5 in the UK, with a large market share of vocational and other qualifications for the 2022 to 2023 academic year.

The overall volume of Pearson's Level 4 and 5 qualifications declined from 27,379 in 2014 to 20,509 in 2021. However, performance has improved since then, rising to 26,283 in 2025. Since their introduction HTQs have increased significantly to almost 20% of Pearson's output. However, the extent to which this take-up is representative of increased demand is debatable since many consumers of these forms of qualification are unaware of its status as a HTQ, discussed below.

FIGURE 5: PROPORTION OF HTQs DELIVERED BY PEARSON TO OTHER 'PRODUCTS'

QUALIFICATION FRAMEWORK	2021/22	2022/23	2023/24	2024/25
Regulated Qualifications Framework	83.2%	81.0%	72.6%	57.3%
HN Licence	16.5%	18.0%	20.2%	22.8%
HTQ	0.0%	0.9%	6.8%	19.0%
Self-Regulated Framework	0.0%	0.0%	0.2%	0.2%
Grand Total	100.0%	100.0%	100.0%	100.0%

Source: Pearson, 2026

3.3 THE DEMAND FOR HIGHER VOCATIONAL AND TECHNICAL EDUCATION

Higher technical and vocational qualifications in England serve a distinct and more diverse learner population than traditional higher education, but one that remains unevenly distributed across age, gender, and course type.

Participation is heavily skewed towards adult learners, particularly those aged 25 and over, who are already in employment and seeking to upskill or progress within their careers, often through part-time or flexible study. This positions Level 4/5 provision as a key component of the lifelong learning system, rather than a direct continuation from school. However, participation among younger learners remains relatively low compared

to degree pathways, reinforcing the perception of these qualifications as a secondary or second-chance route, rather than a mainstream first choice at age 18.

The gender profile of learners reflects strong occupational segmentation, with participation patterns closely aligned to sectoral labour market trends. Technical fields such as engineering, construction, and digital are predominantly male, while health, education, and care-related subjects are more likely to attract female learners. This uneven distribution mirrors wider structural inequalities in the labour market and limits the extent to which Level 4/5 provision contributes to improving diversity in high-demand technical sectors.

3.3.1 LEARNER DEMAND FOR LEVEL 4 AND 5 QUALIFICATIONS

The evidence suggests that learner demand for Level 4 and 5 qualifications is present but latent, fragmented, and often indirect. *“Employees are less interested in the qualifications – they just want the skills training.”* Rather than expressing demand for specific qualifications such as Higher Technical Qualifications (HTQs), learners tend to prioritise outcomes - employment, progression, and flexibility - over the qualification itself.

A key feature of the current system is ‘low awareness and weak signalling’. HTQs are not widely recognised or understood by learners and are often perceived as indistinct from existing qualifications such as Higher Nationals or Foundation Degrees. This lack of clarity reduces their attractiveness as a distinct pathway. Where demand is observed, it is typically associated with established and recognised qualifications, particularly Higher National Certificates and Diplomas, rather than the newer HTQ “kite mark”.

Learner demand is also shaped by life stage and mode of study. There is notable participation among older learners and those already in work, who are seeking to upskill, retrain, or progress within their current roles. For these learners, *“flexibility is critical and the ability to roll on and off programmes, study part-time, or access modular provision”* is seen as highly attractive. However, current qualification structures - particularly the size of modules under the Lifelong Learning Entitlement (LLE) which will require a minimum of 30 credits to draw down student finance - are often viewed as insufficiently flexible to meet this demand.

In some sectors (like Engineering, Construction, and Healthcare) the attainment of Level 4 and 5 qualifications is seen as a final destination. But this is not always the case. In many instances they form part of a broader progression pathway, either as a stepping stone to a full degree or as a means of incremental career advancement. Many learners who engage with Level 4/5 provision ultimately intend to progress to Level 6, although, *“some students tend to take a break before completing a full degree”*. Presenting HTQs more explicitly as both a standalone outcome and a credible step towards a degree may therefore be important to strengthening demand.

Financial considerations also play a significant role in shaping demand. There is limited appetite for loan-funded learning among adult learners, particularly in the context of wider cost-of-living pressures. The perceived return on investment—especially in terms of take-home pay and career progression—is a key factor influencing decisions. Without clearer financial incentives or support, participation is likely to remain constrained.

Overall, learner demand for Level 4 and 5 provision is best understood not as a lack of interest, but as a misalignment between what learners value—flexible, career-relevant skills—and how the current system is structured and presented.

3.3.2 EMPLOYER DEMAND FOR LEVEL 4 AND 5 SKILLS

Employer demand for Level 4 and 5 skills is strong in principle but inconsistent in practice, with significant variation across sectors and firm types. Many employers recognise the importance of intermediate technical skills within their workforce, particularly in areas such as engineering, digital, and operational roles. In these sectors, Level 4 and 5 provision is often embedded within established workforce pipelines, supporting progression from entry-level roles through to higher-skilled positions. *“There is a technical requirement. But it’s more part of a pathway.”*

However, this demand is often expressed in terms of skills rather than qualifications. Employers frequently prioritise specific competencies and practical capabilities over formal credentials, and in some cases show limited awareness or understanding of qualifications such as Higher Nationals or HTQs. This may be particularly true in parts of the wider professional and service economy, where employers value applied higher-level skills but do not necessarily conceptualise roles as “technical” in the way implied by the HTQ label. In these settings, the branding of HTQs may itself limit recognition, even where the underlying occupational content is relevant.

This is particularly evident among small and medium-sized enterprises (SMEs), where resource constraints limit engagement with complex qualification frameworks. As a result, employers may default to recruiting graduates, even where Level 4/5 skills would be appropriate. Employers may report technical skill shortages but rarely specify Level 4 and 5 routes clearly in vacancies, role design or workforce planning. This helps explain why demand for skills does not automatically translate into demand for HTQs.

There is also evidence that *“Level 4 and 5 provision is increasingly used for upskilling existing employees rather than recruiting new entrants.”* Technological change, including the rapid advancement of AI, retention challenges, and evolving job roles are driving demand for mid-career training. However, this form of demand is sensitive to funding arrangements and incentives. Loan-based funding models are often unattractive to both employers and employees, and there is limited evidence that the current system provides sufficient incentives to stimulate large-scale investment in Level 4/5 training.

Structural factors within the labour market also shape employer demand. In some sectors, particularly those with established professional hierarchies, there is a strong cultural preference for degree-level qualifications, which can crowd out demand for intermediate routes. In others, Level 4 and 5 qualifications can be seen primarily as *“transitional stages within longer pathways, rather than as standalone qualifications”* with inherent labour market value.

Employers consistently highlight the need for greater flexibility and modularity in provision. There is growing demand for shorter, more targeted training - *“just-in-time learning”* - that can respond quickly to changing business needs. There is also a strong appetite for clearer articulation between Levels 3, 4, and 5, as well as improved brokerage and communication mechanisms to connect employers with relevant training provision.

Taken together, this points to a structural market mismatch. Learners tend to value progression, flexibility and employment outcomes, while employers tend to value skills and capability rather than qualification labels. The challenge is whether the system can convert these different forms of demand into a compelling higher technical offer. At present, underlying demand for technical skills across the economy is not consistently translating into uptake of specific qualifications at Levels 4 and 5. Addressing this gap will require not only increasing awareness but also reshaping the system to better align with employer needs for flexible, targeted and work-relevant skills development.

3.3.3 ALIGNING LEARNER AND EMPLOYER DEMAND

Taken together, the evidence suggests that both learners and employers value many of the outcomes associated with Level 4 and 5 learning — flexibility, progression, work relevance, and higher-level capability. But the qualification system does not yet convert that interest into strong, sustained demand, with many employers preferring *“a basket of things at L3-L5 that are relevant to roles.”* The following case studies illustrate how this misalignment plays out in practice in different parts of the economy.

CASE STUDY: LIFE SCIENCES – UNLOCKING DEMAND FOR LEVEL 4 AND 5 SKILLS IN SMEs

The life sciences sector illustrates both the potential and limitations of Level 4 and 5 provision within high-growth, innovation-led industries. As a priority within the UK's Industrial Strategy, the sector is characterised by rapid technological change and a high concentration of small and medium sized enterprises (SMEs). That creates demand for intermediate technical skills, but also exposes weaknesses in how the current system translates those skills needs into recognised training and qualification routes.

Learner demand is present, but this is driven by access to careers in high-value sectors rather than specific L4/5 qualifications. Life sciences remain heavily degree-oriented, with Level 6+ qualifications (PhD) seen as the default entry route. As a result, L4/5 provision is often perceived as a stepping stone or lower-status alternative, with limited awareness of HTQs as a distinct pathway into life science industries.

Employer demand is strong in principle. Firms, particularly SMEs, report demand for technicians, junior scientists, and applied skills in areas such as laboratory work and product development. However, this demand is typically framed in terms of competencies rather than qualifications, and many employers default to recruiting graduates due to low awareness of L4/5 routes. Capacity constraints, high labour mobility, and fragmented industry networks further limit employer engagement in training.

In life sciences, the issue is therefore not simply whether skills are needed, but whether the system makes these routes legible and usable for smaller firms in a fast-moving sector.

This reflects a broader challenge across Industrial Strategy sectors: while intermediate technical skills are critical to productivity and innovation, L4/5 provision is not yet embedded as a core component of workforce development. Instead, it remains marginal, fragmented, and poorly aligned with employer needs.

The case study highlights some of the sector specific challenges that providers must overcome when engaging with the skill needs of SMEs. By comparison, large employers, particularly those with dedicated Training and Development departments, tend to engage more systematically with skills development.

CASE STUDY: A LARGE FIRM IN THE DEFENCE SECTOR – STRUCTURED SKILLS PATHWAYS

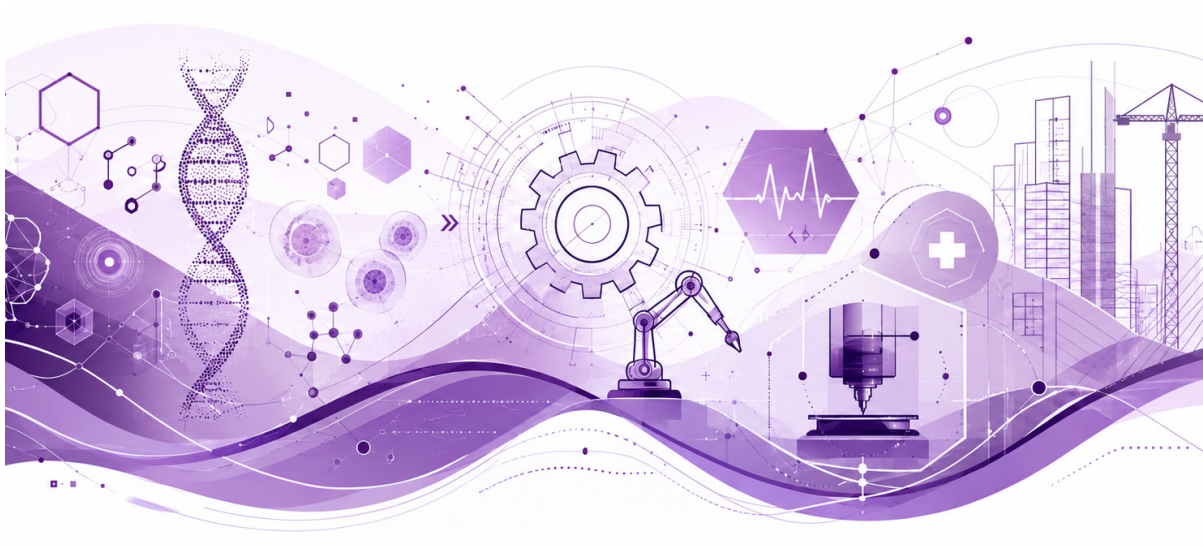
Larger firms provide an example of how major employers integrate Level 4 and 5 skills within structured workforce development pathways, rather than treating them as standalone qualifications. With a significant proportion of its workforce engaged in early careers programmes, larger organisations operate a multi-level skills pipeline, combining apprenticeships, higher education, and in-work training.

Level 4 and 5 provision - particularly Higher National Certificates (HNCs) - are embedded within linear progression routes from Level 3 through to degree-level qualifications (e.g. HNC–HND–BEng). In this model, intermediate qualifications play an important technical role, but are primarily viewed as staging points within longer career pathways, rather than end qualifications in their own right.

Large firms in high value sectors like defence are increasingly investing in flexible and modular learning to support upskilling and internal mobility. Alongside formal qualifications, employees can access shorter, targeted training - often delivered digitally - to support career transitions across roles such as manufacturing, project management, and quality assurance. Firms are interested in expanding this approach through more flexible funding mechanisms, although current constraints in the system limit responsiveness.

Demand for Level 4/5 qualifications is often subordinated to degree pathways, with progression typically moving from Level 3 directly to Level 6. Training investment is also shaped by commercial considerations, with firms balancing internal provision, external providers, and available funding streams.

Overall, the case studies illustrate how large employers can embed Level 4 and 5 skills within coherent workforce strategies and progression pathways, while SMEs exhibit latent but underdeveloped demand, constrained by awareness, capacity, and system complexity.



4. MAKING HIGHER TECHNICAL QUALIFICATIONS LAND

The following discussion considers whether Higher Technical Qualifications are beginning to function as a meaningful part of England's skills system and whether the wider system is enabling them to gain traction among learners, employers, and providers.

4.1 AWARENESS AND UNDERSTANDING OF HTQs

A consistent finding across stakeholder evidence and wider research is that awareness and understanding of HTQs remains low, fragmented, and uneven. This weakens their ability to function as a clear and trusted route within the Level 4 and 5 system. Low awareness appears to be one symptom of a wider problem: weak labour market signalling, unclear progression routes, and a post-16 system that remains difficult to navigate, rather than simply a communications challenge.

Among employers, particularly SMEs, awareness is often limited not only of HTQs but of Level 4 and 5 qualifications more broadly. Interviews suggest this has practical consequences for recruitment, with some employers defaulting to graduates or apprenticeships because they are more familiar and easier to understand, *"we don't know what Higher Nationals are so tend not to recruit people with them"*.

The language of "higher technical" may add to this problem. While the occupations covered by HTQs often include business-critical, digital and applied roles found across the wider economy, the label can imply a

narrower association with engineering, construction or manufacturing. This may underplay the relevance of HTQs in service-based and professional contexts, where employers may not recognise the route as intended for roles they do not instinctively describe as technical.

Employers tend to conceptualise skills in terms of competencies rather than qualifications, meaning the HTQ label has limited traction. Research from the Learning and Work Institute reinforces this picture, showing that many employers take a “skills-first” approach and would welcome simpler ways of understanding how qualifications map onto occupational roles.⁹ This contributes to persistent calls for clearer signalling, with employers suggesting a “*cheat sheet*” to map qualifications to job roles. In this context, apprenticeships retain a stronger and more trusted identity, with stakeholders questioning “*why would you choose an HTQ above an apprenticeship?*”.

Learner awareness is similarly weak. HTQs are typically encountered through existing qualification types rather than understood as a distinct pathway, with providers reporting that there is “*not much awareness of HTQ*” and that they are “*not really understood*”. Critically, evidence from Universities UK,¹⁰ the Learning and Work Institute, and the Centre for Education and Youth, highlight that careers information, advice, and guidance (IAG) is weak and underutilised. The Government’s decision to situate the Adult Careers Service in Jobcentre Plus, while helpful for those who are currently unemployed, will not improve access to those in-work and beyond the reach of employment services.

The issue is not only the availability of careers information, but the incentives within the system. If advisers, schools, colleges, and providers continue to be rewarded mainly for more established progression routes, higher technical pathways are unlikely to be presented with equal confidence or consistency.

Learners tend to rely on employers, peers, and personal networks rather than formal services, with low awareness of national careers support and limited exposure to Level 4/5 pathways. This contributes to a system where individuals, particularly younger people, default to more familiar and better-signalled routes, such as degrees and apprenticeships.

Among providers, awareness of HTQs is high but confidence in the brand is limited. Providers continue to market courses under familiar qualification titles describing the brand as “*muddy... it is not clear what the brand means*”. This further weakens the visibility of HTQs within careers advice and learner decision-making.

At system level, low awareness reflects more than a communications challenge. It is bound up with the wider complexity of the post-16 landscape, where multiple qualification types and routes compete for attention. Research points to a system that remains difficult to navigate, where “*qualification overload*”, and the proliferation of routes - including T Levels, BTECs, apprenticeships, and HTQs - reduces clarity rather than enhancing it.¹¹

HTQs do not yet have the visibility, distinctiveness, or labour market recognition needed to operate as a strong market signal. Without clearer branding, better guidance, and stronger integration into the wider skills system, they are likely to remain under-recognised and underused.

One factor largely outside the current discussion is the role of professional, statutory and regulatory bodies (PSRBs), which continue to shape curriculum design, progression, and labour market recognition in many parts of higher education. Where PSRB frameworks are heavily oriented towards full degree completion, this can reinforce the perception that Level 4 and 5 routes are incomplete or lower status. By contrast, wider recognition of Level 4 and 5 milestones within professional accreditation frameworks could strengthen the credibility and visibility of HTQs, particularly in applied and regulated fields.

4.2 HTQS, INDUSTRIAL STRATEGY AND REGIONAL LABOUR MARKETS

Higher Technical Qualifications are increasingly positioned as part of the infrastructure needed to deliver the UK's Industrial Strategy, particularly in sectors where growth depends on stronger technical capability, applied knowledge, and workforce adaptability. Their strategic relevance lies not only in qualification reform itself, but in their potential to connect post-16 learning more closely to sectoral demand and regional growth. The case for HTQs rests on whether the system can respond more effectively to real workforce needs in sectors and regions where technical capability is a direct constraint on growth and productivity.

This is especially important in the Government's priority sectors, where growth often depends on a stronger pipeline of technical and intermediate skills. In areas such as engineering, digital, advanced manufacturing, and life sciences, Level 4 and 5 capability is important both for occupational entry and for progression within work. Yet the role of HTQs within these sectors remains uneven. In some established technical fields, Higher Nationals and related qualifications are already recognised and embedded. In others, particularly newer or innovation-led sectors, HTQs are less visible and not yet fully integrated into workforce strategies.

The regional dimension is equally important. Combined authorities and local partners increasingly view Level 4 and 5 provision as part of a broader place-based growth agenda, particularly where local labour markets depend on technical upgrading, sector specialisation, and better progression routes for adults already in work. In this context, HTQs have value not simply as national qualifications, but as tools that can support local economic strategy when they are aligned with sector priorities, regional institutions and employer networks.

This creates a strong case for devolved and place-sensitive approaches to higher technical education. National reform can establish frameworks and standards, but the effective use of HTQs depends heavily on local coordination: between providers, employers, Local Skills Improvement Plans, combined authorities, and sector bodies. Where these relationships are weak, qualifications are less likely to reflect the specific needs of local labour markets or to gain traction with employers. Where they are stronger, HTQs can become part of a more coherent regional skills offer.

The wider implication is that HTQs should be understood not only as part of education policy, but as part of regional economic policy. Their success will depend in part on whether the national system can support more devolved, responsive, and place-based forms of planning, rather than assuming that qualification reform alone will generate demand.

CASE STUDY: WMCA – ALIGNING LEVEL 4/5 SKILLS TO LOCAL GROWTH

The West Midlands Combined Authority (WMCA) illustrates how devolved governance can support a more place-based and demand-led approach to Level 4 and 5 skills. With a clear ambition to raise the regional skills profile to Level 4, WMCA is aligning skills provision with its wider growth strategy, targeting both priority sectors and the “foundation economy”.

A distinctive feature of the model is WMCA's role as a system convenor rather than a central commissioner, working across providers, employers, Local Skills Improvement Plans, and sector bodies to shape provision around identified skills gaps. This collaborative approach is designed to strengthen the connection between qualifications, local labour markets, and regional growth priorities.

Initiated through Skills England's Future Skills for Growth pilot, WMCA partnered with Pearson to develop a Higher National qualification suite for the medical technology (MedTech) sector. The project was designed to respond to the needs of an emerging high-growth sector in the West Midlands. Pearson's HNC and HND programmes were identified as a good fit because of their higher-level status, modular credit-based structure, and ability to offer shorter-than-degree routes into employment, while also being capable of HTQ approval. The resulting qualifications were approved by Skills England as HTQs and designed to support roles in software development, healthcare data analysis, quality assurance, regulatory compliance, and medical device engineering.

The MedTech project also illustrates the wider strengths of the WMCA approach. It was grounded in close collaboration with employers and sector partners, including the West Midlands Health Technologies Cluster, NHS organisations, businesses and education providers. This ensured that the qualification design reflected both occupational standards and the specific skills needs of a rapidly evolving regional industry. The case demonstrates how a devolved authority can help make the national skills system more responsive to local demand, while also generating models that may have wider national relevance.

More broadly, WMCA is prioritising flexible and modular provision, including the exploration of HTQ modules and cross-cutting skills such as digital and project management that can apply across multiple sectors. There is also growing interest in smaller, stackable qualifications and micro-credentials, reflecting demand for more accessible, work-based learning.

This approach responds to clear labour market signals. Around 55% of jobs in the region require Level 4/5 skills, yet persistent gaps remain. However, current provision is not fully meeting this demand - particularly for adult learners - with stakeholders noting that HTQs are not yet well suited to those already in work. WMCA is therefore also exploring new funding and co-investment models, including shared-cost approaches and potential alignment with national mechanisms such as the Growth and Skills Levy. Yet progress remains constrained by the limited integration between devolved and national systems, as well as low awareness of HTQs and continuing misalignment with existing adult skills provision.

WMCA demonstrates the potential of devolved, demand-led approaches to Level 4 and 5 skills. The Pearson MedTech partnership in particular shows how regional leadership, employer collaboration, and flexible qualification design can be combined to meet the needs of growth sectors. At the same time, the case underlines a broader lesson: to unlock the full potential of HTQs, local innovation must be matched by greater coherence in national policy, funding, and system design.

Overall, stakeholders view HTQs as strategically important but not yet fully realised as a tool for delivering industrial strategy objectives. To fulfil their potential, HTQs will need to be better integrated into sectoral workforce strategies, more flexible in design, and more closely aligned with regional economic priorities, alongside stronger employer engagement and clearer incentives to drive demand. Delivery models should be strongly rooted in local co-design with employers and providers, particularly where regional labour markets require tailored higher-level technical provision.

4.3 FUNDING, COST SHARING AND INCENTIVES

Funding remains one of the main barriers to expanding HTQ provision. Currently the costs are met by either the learner (via loan finance) or by employer contributions, including the Levy. Presently the state makes no contribution in the form of grant or subsidy. As a result, even where there is interest in higher technical learning, the routes for paying for it are limited and often unattractive.

The Lifelong Learning Entitlement (LLE) is widely seen as a potentially transformative reform, enabling a route to more flexible learning across Levels 4–6. However, its loan-based design creates a clear constraint. Employer representative bodies, like the CBI and British Chamber of Commerce have broadly welcomed the policy while acknowledging that “loan-based funding often deters adults and disadvantaged learners”. HEPI notes that demand for modular and short-course learning is uncertain, with learners often unclear about their value.¹²

For many adults, particularly those already in work or weighing up shorter courses, the prospect of taking on debt remains a significant deterrent. This is especially true where the value of modular study is not yet widely understood or where the return on investment is uncertain. In principle, the LLE supports flexibility; in practice, its success will depend on whether learners see enough value and security in using it.

The proposed Growth and Skills Levy (GSL) is therefore important because it offers a potential route to stronger employer co-investment, particularly for modular and in-work learning. There is evidence that employers would welcome more flexible funding for shorter forms of provision, and modelling suggests that extending levy support to HTQs could generate substantial economic returns. Public First suggest that enabling 30% of the available flexible levy spend (£800m) to be invested in HTQs would deliver an additional 27,000 qualifications at Level 4 and 5 by the end of this parliament. Assuming wage returns hold constant, this would lead to a cumulative lifetime economic gain of £7.8 billion.¹³

However, there is currently a lack of clarity and alignment between LLE and the levy, with a risk that the two systems operate in parallel rather than as a coherent funding model. As one stakeholder observed, there is currently “*nothing built into the funding mechanisms to allow employers to co-fund*” modular learning. HEPI similarly warns that without integration, reforms could create a “two-track system”, confusing learners and employers and limiting uptake.

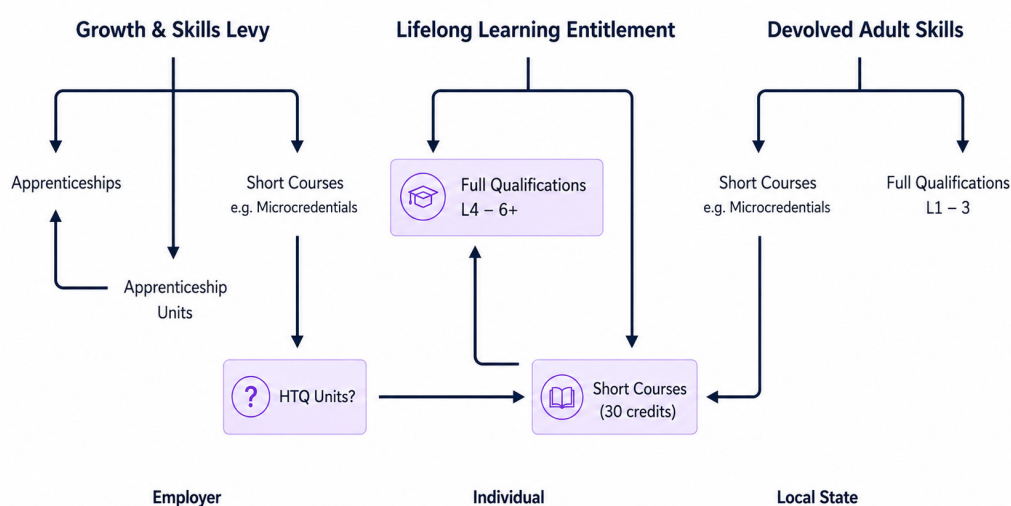
A key issue is the absence of a clear cost-sharing framework between the state, employers and individuals. Interview evidence points to inconsistencies in how learning is funded, with the possibility that “*two employees in the same firm... [are] funded in different ways to achieve the same qualifications – one self-funded, another through the levy*”. Employers also emphasise the importance of clear returns, with one suggesting that “*take home pay should be [the] baseline for return on investment*”.

A further challenge is the weak integration between national and devolved funding. Combined authorities are beginning to explore how they can support more flexible and locally relevant provision, including shared investment models and modular funding. However, this remains at an early stage and there is still limited capacity to align devolved budgets with national mechanisms. The result is a system in which local actors may identify clear priorities but have only partial influence over the funding structures needed to respond to them.

There is also interest in shared investment models, with stakeholders suggesting that the “*model in Wales (50/50) [is] worth looking at in England*”. However, capacity to integrate devolved funding with national systems remains limited, with one interviewee noting that “*there is a long way to go before we have a devolved offer that can integrate skills*”.

Overall, the findings suggest that unlocking demand for Level 4 and 5 skills will depend on creating incentives through three interrelated shifts: reducing financial barriers for learners (particularly through maintenance support or grants), enabling meaningful employer co-investment through the levy, and aligning national and devolved funding streams into a clear, navigable system of shared responsibility for skills investment.

FIGURE 6: ALIGNING SKILLS FUNDING FOR HTQs



4.4 DESIGN AND DEVELOPMENT OF HTQs

The design and development of Higher Technical Qualifications (HTQs) is central to whether they can become a more meaningful part of the skills system. Evidence from stakeholder interviews and wider research suggests that while the policy architecture is now in place, the system remains constrained by tensions between flexibility and standardisation, responsiveness and stability, and national consistency and local relevance.

4.4.1 OCCUPATIONAL STANDARDS

A central issue is the role of occupational standards, which provide the basis for HTQ design. Standards are important because they help ensure that qualifications are linked to recognised occupations and employer needs. However, they are also widely seen as too slow, rigid, and over-complex. In fast-moving sectors,

qualifications aligned to standards can risk becoming outdated by the time they are approved and delivered. Several stakeholders described the system as too backward-looking, particularly in areas such as digital, engineering, and life sciences where skill needs evolve quickly.

There are also concerns about how standards are developed. In some sectors, the process appears to reflect the needs of a relatively small number of larger employers more strongly than those of SMEs or the wider labour market. The result can be standards that are too narrow, too specific, or insufficiently adaptable across a sector. Wider research similarly points to over-complexity, uneven quality, and limited SME engagement as weaknesses in the current model.

The Learning and Work Institute¹⁴ highlighted fundamental issues in the design of occupational standards, including over-complexity (with over 670 standards), inconsistent quality, and insufficient SME engagement, all of which limit their effectiveness as a foundation for HTQs. At the same time, stakeholders stress the need for more flexible, modular and employer-responsive provision that can operate at pace.

Taken together, the evidence suggests that HTQs will only fulfil their potential if their design evolves towards a more agile, integrated and demand-led model. This implies reform across multiple dimensions: more flexible and modular qualification structures; occupational standards that are broader, faster to update, and more reflective of diverse employer needs; clearer progression pathways, including effective use of degree break points; and a more coherent market framework that balances local innovation with national clarity. Without this shift, HTQs risk remaining a well-intentioned but underutilised component of the skills system.

4.4.2 MODULAR AND FLEXIBLE LEARNING

The strongest design pressure in the current system is towards smaller, more flexible forms of learning. That pressure is likely to intensify as AI changes workplace practices and creates demand for faster cycles of updating and reskilling. In this context, modularity is not simply a learner preference but a system response to more frequent shifts in job design and skill demand.

There is solid consensus that HTQs must evolve towards “bite-sized” provision that supports learners already in work, with micro-credentials that can “build up to larger qualifications” over time. In design terms, the issue is not simply whether qualifications can be modular, but whether those modules are small enough, stackable enough, and accessible enough to work in practice.

A particular concern is the minimum module size linked to current LLE design. The requirement for 30-credit modules is often seen as too large and too inflexible for many learners and employers, especially where demand is for shorter bursts of learning or more targeted upskilling. This limits the extent to which modular learning can respond quickly to real patterns of demand – (*“30 credits... too big for a 12-week turnaround”*). More fundamentally, employers often prioritise skills acquisition over formal certification, suggesting that HTQs must function not only as qualifications, but as labour market-relevant units of learning.

Pearson's HN Flex provides one of the clearest examples of a design response to this challenge. It allows providers to offer individual Higher National units rather than just full HNC or HND programmes, making it possible to assemble shorter modules than 30 credits. Under current arrangements, these can be combined into LLE-funded modules while also allowing learners to build towards larger qualifications over time. The significance of HN Flex is not only that it enables smaller units of study, but that it shows how Higher Nationals can be adapted into more stackable and work-oriented forms of learning.¹⁵

The wider lesson is that modularity needs to be treated as a design principle rather than an add-on. If HTQs are to support a more flexible and adult-oriented skills system, they need to be designed in ways that allow people to enter, pause and build progression over time through smaller units of recognised learning.

4.4.3 BREAK POINTS IN DEGREE PATHWAYS

A related reform - the proposed introduction of break points within degree pathways - offers potential to strengthen the position of Level 4 and 5 qualifications within the system. Stakeholders see clear value in enabling learners to “step on and step off” higher education, with recognised exit points at Level 4 or 5 that could normalise these as meaningful outcomes in their own right.

However, in practice these break points remain underdeveloped and under-promoted, reflecting a system still culturally and structurally oriented towards full degree completion. Without stronger articulation pathways, clearer labour market signalling, and improved learner information, there is a risk that Level 4/5 continues to be viewed as a fallback rather than a first-choice route.

To have real impact, break points would need to be embedded more clearly in progression pathways and better understood by learners and employers alike. There may be lessons here from more articulated tertiary systems, including Scotland, where credit transfer and progression from sub-degree higher education into honours-level study are more explicitly embedded in parts of the system. Clearer top-up routes and more consistent recognition of Level 4 and 5 study as a credible route into Level 6, would strengthen progression routes rather than leaving this to an incomplete patchwork of localised partnership arrangements between higher education institutions. More explicit communication of HTQs as both a standalone qualification and a progression step to a degree could help reduce perceived risk for learners and strengthen confidence in the route.

Professional, statutory and regulatory bodies may also have an important role to play here. If more PSRBs were to recognise Level 4 and 5 attainment within accreditation and progression frameworks, this could help normalise these stages as meaningful milestones in their own right, rather than simply as partial completion of a degree.

4.4.4 AWARDING POWERS

Government is currently exploring how HTQ awarding powers might operate through a wider review of Office for Students policy and process. For stakeholders awarding powers are a potentially important, but contested, part of the future skills landscape.

Some stakeholders argue that extending awarding powers—particularly to high-performing colleges - could improve responsiveness by allowing providers to design provision that better reflects local labour market needs, rather than relying solely on “off-the-shelf” solutions validated elsewhere. One college reported that awarding powers had enabled them to design and deliver HTQ-aligned foundation degrees more quickly and in ways that were more relevant to local demand.

However, others questioned whether new HTQ-specific awarding powers are the main priority, noting the significant costs, time, and regulatory burden involved, and suggesting that the bigger challenge lies in demand, awareness and system design rather than in who formally awards the qualification. Some stakeholders are keen to stress that any change in awarding arrangements should remain within clear regulatory structures and preserve clarity, accountability, and quality assurance across the market.

The question of awarding powers and market structure further illustrates the system’s transitional nature. While expanding awarding powers could support more locally responsive provision, stakeholders emphasise that the core issue is not simply who awards qualifications, but how the system is designed and coordinated.

The current landscape of established awarding bodies is already complex and risks further fragmentation without clearer national standards and branding. At the same time, both the research literature and interview evidence highlight the need for greater collaboration across providers, employers, and strategic authorities to ensure provision aligns with sectoral and regional skills needs.

Across these themes, a consistent message emerges: the current system struggles to balance consistency with adaptability. Reforms will need to balance greater provider autonomy with clarity, quality assurance, and market coherence, so that expanded flexibility does not further fragment an already confusing Level 4/5 landscape.

4.5 BRIDGING THE GAP: DISPARITIES OF ESTEEM

Taken together, these design questions point to a wider challenge: HTQs will not gain stronger traction simply by existing within the qualifications framework. They need to be designed in ways that are recognisable, adaptable, and connected to clear progression routes. In that sense, the issue is not only one of technical reform, but of whether the system can create higher technical routes that feel practical, valuable, and worth pursuing.

This reflects not only structural issues in provision, but also a deeper problem of disparities of esteem between academic and technical routes. Degrees continue to exert a strong emotional pull for young learners, parents, and schools. They are widely seen as the default route to success - offering status, identity, and a perceived guarantee of higher earnings and career security. Cultural narratives around university as a “rite of passage” remain powerful, reinforced by institutional incentives, careers advice, and the visibility of graduate pathways.

However, a more productive way to frame the challenge is not as a competition between degrees and Level 4 and 5 qualifications, but as a question of whether the education and skills system is offering clear, credible routes into higher-level learning that align with both individual aspiration, not just young people, and economic need.

England needs more people of all ages to progress beyond Level 3, but this progression is currently weakened by confusion in the market, inconsistent terminology, and low awareness of Level 4 and 5 pathways. For learners who do not see university as a preferred route, the system often lacks a visible alternative that is understandable, trusted, and clearly connected to employment and progression.

One way to address this is to make clearer that HTQs do not need to be positioned as an alternative to degree-level study in a binary sense. For some learners, their value may lie precisely in allowing progression in stages — offering a recognised higher-level milestone now, while preserving a route to Level 6 later. Framed in this way, HTQs can widen participation in higher education as well as diversify it.

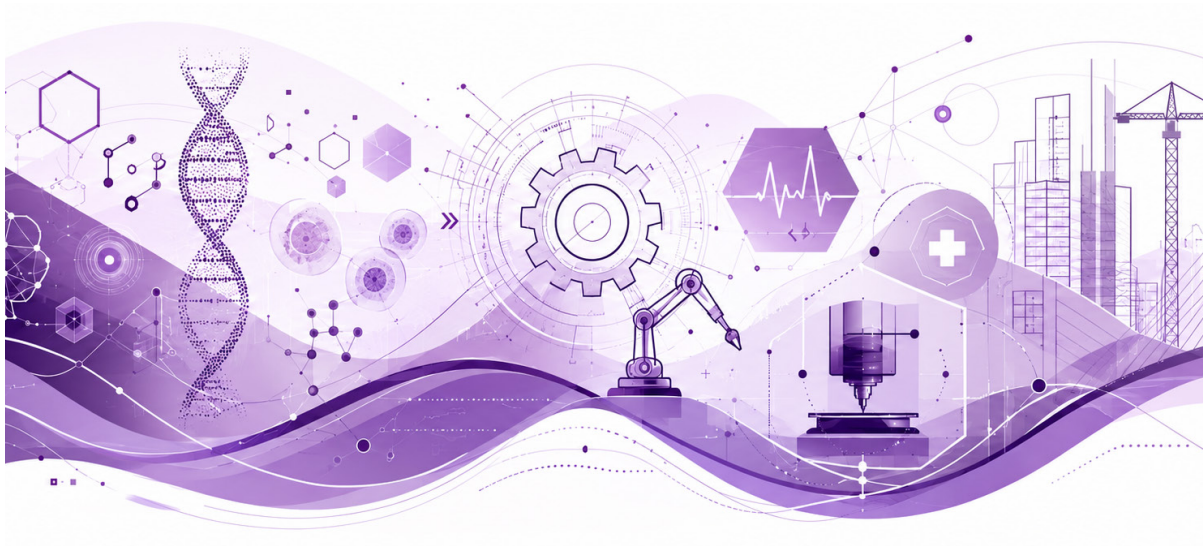
This matters because the economy increasingly requires higher-level skills across a wide range of technical, professional, and applied roles, not only graduate occupations in the traditional sense. The issue, therefore, is less whether one route is inherently better than another, and more whether learners can identify pathways that are meaningful to them, offer real labour market value, and support progression over time. Again, part of this challenge may also be linguistic. The term “higher technical” may not fully capture the extent to which Level 4 and 5 routes can support progression into a broader range of applied professional roles across a service-led economy. Where the label feels too narrow, it may reinforce the perception that HTQs are for someone else, in another part of the labour market.

Yet, where Level 4 and 5 routes are well designed, clearly signposted, and linked to occupational demand, they can play a vital role in widening participation in higher-level learning and ensuring that the skills system better matches the needs of a changing economy.

While degrees, on average, still deliver strong wage returns, they also involve significant costs and risks, including rising student debt, uncertain labour market outcomes, and underemployment in some sectors. By contrast, evidence suggests that certain Level 4 and 5 qualifications can deliver comparable - and in some cases higher - earnings returns at earlier career stages, particularly in technical and vocational fields.

Despite this, HTQs face a risk-reward perception gap. Learners are often less willing to take on financial risk for qualifications that are less well understood, less visible, and perceived as lower status. As a result, even where the economic case is strong, the perceived value of HTQs lags behind their actual labour market returns.

Bridging this gap requires more than expanding provision. It demands a shift in how technical pathways are positioned - ensuring HTQs are seen not as second-best alternatives, but as credible, high-value routes into skilled employment and progression. This includes improving the visibility of earnings outcomes, strengthening progression pathways to higher levels, and embedding Level 4 and 5 as recognised milestones within the broader education and skills system. Ultimately, it is as much about changing perceptions as it is about changing policy.



5. CONCLUSIONS AND RECOMMENDATIONS

Higher Technical Qualifications are an important but still under-realised part of England's skills system. The report's central conclusion is that the future of Level 4 and 5 provision will depend less on the existence of qualifications themselves than on whether the wider system makes them visible, credible, and worth pursuing. The need for stronger higher technical routes is clear, but HTQs do not yet have the recognition, market position or system support needed to achieve scale.

The opportunity is nevertheless significant. If better embedded within the skills system, HTQs could strengthen progression beyond Level 3, support a more adaptable labour market, and help meet demand for higher-level technical capability across priority sectors and regional economies. They also offer the potential to widen participation in higher-level learning through routes that are more flexible and more closely connected to work.

The main risk is that policy becomes too narrowly focused on youth transitions into employment, leaving adult upskilling and retraining as a weaker part of the system. In a context of technological change, sectoral restructuring and longer working lives, that would limit the contribution Level 4 and 5 learning can make to productivity and economic resilience. If HTQs are treated mainly as an early-career route, rather than part of a broader life-course model of learning, their wider value will remain underused.

What is required, therefore, is stronger system alignment. HTQs need to sit within a more coherent framework in which signalling, funding, flexibility, and progression work together more effectively. That

means a system where Level 4 and 5 routes are better understood, more accessible, and more clearly connected to labour market outcomes over time. With that kind of alignment, HTQs could become a stronger and more established part of England's skills landscape; without it, they are likely to remain a promising reform with limited impact.

RECOMMENDATIONS

1. BUILD STRONGER SIGNALLING, PROGRESSION, AND MARKET CONFIDENCE

HTQs will not scale unless they are better understood, more clearly valued and more visibly connected to progression and employment. At present, weak signalling and low awareness reduce confidence among learners, employers, and providers alike. Part of the signalling challenge may lie in the HTQ brand itself: the language of "higher technical" may understate their relevance beyond more traditionally technical sectors.

The priority should be to make Level 4 and 5 routes easier to recognise, easier to compare, and easier to trust. Government, providers, employers, careers services, and PSRBs should work together to:

- Promote HTQs as part of an all-age progression system, not mainly as a youth transition route, or as a niche alternative or fallback route;
- Position HTQs more explicitly as both standalone qualifications and credible progression to Level 6, supported by clearer articulation agreements, top-up routes, and recognised credit transfer arrangements;
- Improve careers information, advice and guidance so that Level 4 and 5 pathways are presented more consistently and confidently, aligned to occupations across the wider economy;
- Make earnings, progression outcomes, and labour market value more visible;
- Recognise Level 4 and 5 learning within professional accreditation and progression frameworks;
- Strengthen articulation to Level 6, including clearer top-up routes and more visible break points at Levels 4 and 5;
- Publish clearer and more disaggregated data on participation, progression, and outcomes.

2. CREATE COHERENT FUNDING AND INVESTMENT INCENTIVES

A stronger higher technical system requires a clearer and fairer answer to how the costs of learning are shared. At present, the funding model is fragmented and too reliant on individual loan finance. The priority for Government should be to create a clearer cost-sharing model between the individual, the employer and the state to provide a more coherent framework for Level 4 and 5 that supports participation and demand.

This should include:

- Aligning the Lifelong Learning Entitlement, the Growth and Skills Levy, and devolved skills funding more effectively;
- Allowing selected HTQs and HTQ modules, particularly in priority sectors, to access employer-backed funding as well as learner finance;
- Reducing the financial risk for learners through maintenance support, targeted grants, and more flexible subsidy arrangements;
- Encouraging stronger employer and third-party co-investment where workforce benefits are clear;

3. ENABLE GENUINELY FLEXIBLE AND RESPONSIVE HIGHER TECHNICAL LEARNING

Higher technical learning will struggle to attract broader participation if it remains too rigid in structure or too slow to adapt. The priority should be to make Level 4 and 5 learning more flexible, more modular, and more responsive to labour market change, particularly for adults already in work.

Government, awarding organisations and providers should:

- Support smaller, stackable, and credit-bearing units of learning that can build towards full qualifications over time;
- Ensure funding and regulation work for modular learners rather than treating them as exceptions;
- Develop clearer modular progression routes across providers and qualification types;
- Reform occupational standards so they are faster, broader and more adaptable;
- Enable more flexible delivery partnerships between awarding bodies, colleges, universities, and independent providers.

4. STRENGTHEN EMPLOYER DEMAND AND WORKFORCE DEVELOPMENT

A stronger Level 4 and 5 system will depend on more active employer demand, not simply greater provider supply. Employers often value skills and capability, but do not consistently signal demand for higher technical routes in recruitment or workforce planning. The priority should be to build stronger employer pull and more strategic workforce development.

Employers, sector bodies, and providers should work together to:

- Encourage employers to specify Level 4 and 5 routes more clearly in vacancies, role design, and workforce planning;
- Focus workforce development not only on new entrants, but also on incumbent workers and mid-career progression;
- Develop clearer Level 3–6 sector pathways linked to business need;

- Produce employer-facing tools that show how HTQs relate to occupational roles and progression;
- Strengthen the links between HTQs, industry-recognised certifications, licences to practise and professional recognition to improve labour market pull.

5. BUILD STRONGER LOCAL COORDINATION AND DELIVERY PARTNERSHIPS

The value of HTQs will ultimately depend on how well they connect to local labour markets. Stronger coordination between place-based institutions is needed to bridge the gap between employer demand, provider capacity and regional growth priorities.

Local and combined authorities, colleges, universities, and sector bodies should:

- Play a more active role in brokering demand, shaping provision and improving local responsiveness, especially for SMEs that struggle to navigate the system alone.
- Encourage partnership models that widen access to Level 4 and 5 learning and HTQ delivery;
- Support more responsive local delivery where higher technical skills are critical to growth sectors and regional development.

Taken together, these recommendations point to a single strategic challenge: not simply how to expand Level 4 and 5 provision, but how to create the conditions in which higher technical routes are recognised, valued and used. The success of HTQs will depend on whether these different parts of the system begin to work together more coherently.

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ABOUT THE LIFELONG EDUCATION INSTITUTE

The Lifelong Education Institute is a membership organisation dedicated to advancing post-16 education and skills policy in the UK.

Our distinctive role is to convene the institutions and partners that shape lifelong learning including further education colleges, universities, independent training providers, employers and local authorities. By bringing these perspectives together, the LEI works to support a more joined-up tertiary system and a clearer understanding of how learning, skills and progression can be sustained through life and across careers.

We believe education should be accessible, affordable, and relevant at every stage of life and work. Through research, policy development, advocacy and consultancy, the LEI helps make lifelong learning work for people, employers and places.



The Missing Middle:

Unlocking the growth potential of higher technical qualifications

England's long-standing weakness at Levels 4 and 5 continues to limit productivity, progression and access to higher-level skills. Yet stronger higher technical routes will not be built through qualification reform alone. This report explores why demand for Higher Technical Qualifications remains weak and fragmented, despite clear employer need and growing interest in flexible, career-relevant learning. Drawing on interviews, policy analysis and sector evidence, it argues that HTQs will only achieve scale if they are better understood, better funded, more clearly linked to progression, and more closely aligned with how learners and employers actually make decisions.

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