

Annex D: Revisions to B3 numerical thresholds

1. This annex provides information on our periodic review of numerical thresholds used in assessing compliance with condition B3. It sets out the rationale for changing numerical thresholds for the following indicators:
 - Continuation, part-time, first degree
 - Continuation, apprenticeship, undergraduate
 - Completion, part-time, first degree
 - Completion, part-time, other postgraduate
 - Completion, part-time, postgraduate research
 - Completion, apprenticeship, undergraduate
 - Completion, apprenticeship, postgraduate

Background

2. Our revised approach to regulating student outcomes was implemented in October 2022. This approach included the introduction of numerical thresholds for specified indicators. We use numerical thresholds to identify providers whose student outcomes may give cause for concern. Outcomes above the numerical thresholds are considered to be meeting the requirements of condition B3.
3. As part of our implementation of the revised condition B3, we said that we would normally review numerical thresholds every four years in line with the TEF cycle. We also stated that we would consult on any proposed changes to numerical thresholds.¹ This is intended to ensure that numerical thresholds remain fit for purpose in allowing us to identify weaker performance while reflecting the overall high quality of the sector as a whole.
4. In line with the stated review periods, we have undertaken a review of numerical thresholds and are proposing changes to the thresholds for certain indicators as part of our stage two consultation into the future quality system. This annex sets out the approach we have taken in the review and the rationale for the proposed changes to numerical thresholds.

Methodology

5. In stage one of our consultation on our approach to regulating quality, we highlighted that we expected our review of numerical thresholds to be 'light touch', instead of an in-depth review of each threshold.² We have therefore carried out a targeted review that allows us to

¹ See 'Analysis of responses to consultation and decisions' (paragraphs 372-376) at [Student outcomes - Office for Students](#).

² See [Consultation on the future approach to quality regulation - Office for Students](#), paragraph 102.

respond to changes in sector performance, but remains consistent with the methodology we have previously set out for setting numerical thresholds.³

6. Our review has used the most recently available sector data, covering the following years of data:
 - Continuation indicators for full-time or apprenticeship students – 2020-21 to 2023-24 entrants
 - Continuation indicators for part-time students – 2019-20 to 2022-23 entrants
 - Completion indicators for full-time or apprenticeship students – 2017-18 to 2020-21 entrants
 - Completion indicators for part-time students – 2015-16 to 2018-19 entrants.
7. In line with our proposals to use benchmarked data to assess a basket of post-study measures rather than numerical thresholds, we have not reviewed numerical thresholds for the progression indicators.

Identifying thresholds for review

8. The first step in our methodology for setting numerical thresholds is the identification of a starting point, based on the sector overall rate, which drives the remaining analysis for each threshold. For this light-touch review, we focused on indicators where data shows a change to the sector overall rate compared with the value used when thresholds were last set. Our review therefore only includes indicators where the sector overall rate has increased by at least three percentage points since thresholds were last set. We have not included indicators where there has been a decrease in the sector overall rate in our review. We think this is an appropriate approach because:
 - If the overall sector rate has remained stable, the starting point for analysis will remain the same. The starting point value is the data point that is most determinative of the final threshold, and so if this is unchanged it is unlikely that further analysis would result in a different threshold being set.
 - An increase of three percentage points strikes an appropriate balance between identifying where there has been a sizeable change in sector outcomes, while maintaining consistency of threshold values where sector data has remained more stable.
9. Where there has been a decrease in the overall sector rate, we have considered our policy objective of driving improvement in student outcomes. We think that decreasing numerical thresholds would be inconsistent with that policy objective, especially where we have concerns that the decline in sector overall rates correlates to areas of the sector where we have other regulatory concerns, such as subcontracting.

³ See [Setting numerical thresholds for condition B3 - Office for Students](#).

10. Table D1 sets out: the current threshold value for each indicator; the sector overall rate at the time when the current thresholds were set in 2022; the current sector overall rate; and the change in overall sector rates between 2022 and 2026.

Table D1: Sector overall performance for all continuation and completion indicators

Indicator	Mode and level of study	Current threshold (%)	Sector overall rate 2022 (%)	Sector overall rate 2026 (%)	Change (% points)
Continuation	FT First degree	80	91.1	88.0	-3.1
Continuation	FT Other UG	75	82.4	79.9	-2.5
Continuation	FT UG with PG components	85	96.5	95.2	-1.3
Continuation	PT First degree	55	60.2	59.0	-1.2
Continuation	PT Other UG	55	67.3	68.5	1.2
Continuation	PT UG with PG components	60	67.1	66.9	-0.2
Continuation	FT PG taught masters	80	94.2	94.1	-0.1
Continuation	FT PGCE	85	90.5	90.1	-0.4
Continuation	FT Other PG	80	90.1	90.9	0.8
Continuation	FT PG research	90	96.6	96.7	0.1
Continuation	PT PG taught masters	65	74.8	75.1	0.3
Continuation	PT PGCE	75	85.3	83.3	-2.0
Continuation	PT Other PG	65	77.3	80.0	2.7
Continuation	PT PG research	70	83.8	83.9	0.1
Continuation	APPR UG	70	85.9	90.0	4.1
Continuation	APPR PG	80	88.2	87.6	-0.6
Completion	FT First degree	75	89.4	87.3	-2.1
Completion	FT Other UG	65	77.3	79.0	1.3
Completion	FT UG with PG components	85	95.0	94.6	-0.6
Completion	PT First degree	40	45.9	50.5	4.6
Completion	PT Other UG	55	68.3	68.3	0.0
Completion	PT UG with PG components	60	69.3	55.8	-13.5
Completion	FT PG taught masters	80	95.6	93.9	-1.7
Completion	FT PGCE	85	92.6	92.4	-0.2

Indicator	Mode and level of study	Current threshold (%)	Sector overall rate 2022 (%)	Sector overall rate 2026 (%)	Change (% points)
Completion	FT Other PG	80	90.4	91.0	0.6
Completion	FT PG research	75	91.2	91.3	0.1
Completion	PT PG taught masters	65	75.6	78	2.4
Completion	PT PGCE	75	86.5	87.0	0.5
Completion	PT Other PG	60	76.5	80.0	3.5
Completion	PT PG research	60	71.9	75.1	3.2
Completion	APPR UG	55	68.7	81.4	12.7
Completion	APPR PG	80	N/A	79.7	N/A

Note: 'FT' = 'full-time'; 'PT' = 'part-time'; 'UG' = 'undergraduate'; 'PG' = 'postgraduate'; 'APPR' = 'apprenticeship'

11. By considering this data, we identified the following indicators for further review because there has been an increase in the sector overall rate of at least three percentage points:

- Continuation, apprenticeship, undergraduate
- Completion, part-time, first degree
- Completion, part-time, other postgraduate
- Completion, part-time, postgraduate research
- Completion, apprenticeship, undergraduate.

12. We also identified the following additional indicators for review:

- Continuation, part-time, first degree – We included this indicator in our review to ensure that we have taken a consistent approach to setting numerical thresholds for part-time indicators where one large provider holds a disproportionately high percentage of the sector's students. Having identified the completion indicator for this mode and level of study as being in scope for review, we considered it appropriate to also include the equivalent continuation indicator.
- Completion, apprenticeship, postgraduate – We included this indicator in our review because we identified that the sector overall rate is below the numerical threshold. When we set this threshold in 2022, the availability of sector data was limited for this indicator. The emergence of further data provides a more accurate picture of the sector overall rate which suggests that a review is required.

13. We have included our detailed analysis for each of these indicators later in this annex.

The review process

14. The next step in our methodology for setting numerical thresholds was to establish the appropriate downward adjustment from the starting point to apply to each indicator. This step included our consideration of student characteristics, and whether there was any observable difference in the outcomes achieved by students with a particular characteristic.
15. We previously identified this through the use of regression analysis which showed where particular student, course or provider characteristics have historically been associated with outcomes that are worse than those of other students, once we have controlled for a range of their other characteristics. We have not reviewed and updated this analysis for use in the current review of thresholds. Instead, we have examined the sector overall data for students with particular characteristics to identify whether there are any observable differences that would indicate that the adjustment applied in 2022 would no longer be appropriate.
16. Our methodology for setting numerical thresholds includes the consideration of any wider policy or contextual factors that may influence the final value of a particular numerical threshold. We have continued to include this step in our analysis for those indicators we identified for review.
17. We also tested whether any further adjustment was needed to a numerical threshold by considering relevant factors such as the prevalence of providers with benchmarks below the proposed threshold value, and whether the proposed threshold proportionately identifies the weakest performance in the sector. As set out in our methodology, we employ an element of regulatory judgement in setting numerical thresholds rather than a fully formulaic approach. This ensures that numerical thresholds meet our regulatory objectives, and that they remain reasonable and proportionate.

Proposed new thresholds

18. Table D2 below shows: the current thresholds (as set in October 2022); the proposed new threshold that we are consulting on; and the change in threshold for those indicators where we are proposing a change.
19. Subject to consultation outcomes, we anticipate that the new set of numerical thresholds would take effect in time for provider selection for the first set of integrated TEF assessments. At the time of writing, we therefore expect that the new thresholds will apply as part of condition B3 from September 2027 but this will be confirmed as part of our decision making in response to the consultation.

Table D2: Proposed changes to numerical threshold used in condition B3

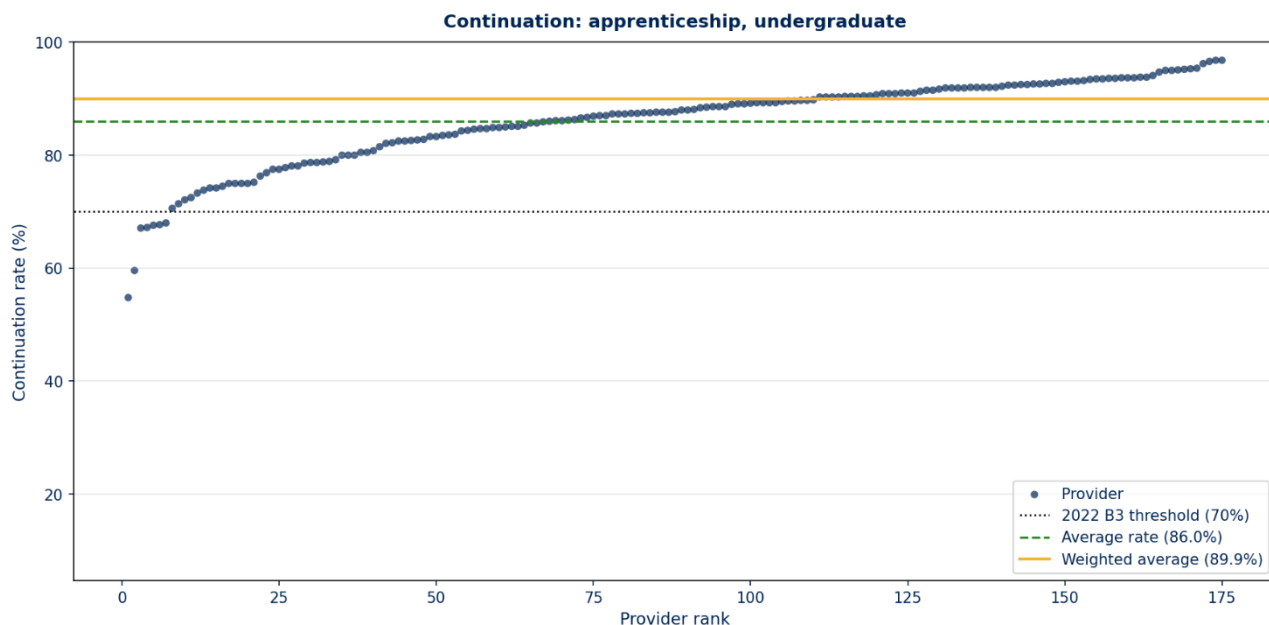
Indicator	Mode and level of study	Current threshold (%)	Proposed threshold (%)	Change (% points)
Continuation	PT First Degree	55	60	+5
Continuation	APPR UG	70	75	+ 5
Completion	PT First Degree	40	60	+20
Completion	PT Other PG	60	65	+5

Indicator	Mode and level of study	Current threshold (%)	Proposed threshold (%)	Change (% points)
Completion	PT PG Research	60	65	+5
Completion	APPR UG	55	70	+15
Completion	APPR PG	80	75	-5

Numerical threshold levels: detailed analysis

1. Continuation, apprenticeship, undergraduate

Sector overall rate: 89.9%



Review of starting point

Starting point at previous review: 80%

Recommended starting point: 85%

Recommended change: +5 percentage points

Analysis

20. We previously applied an adjustment of ten percentage points for this indicator.
21. Our review of outcomes for students with different characteristics found no evidence to suggest a different adjustment should be used. Where there have been changes in continuation outcomes for student with different characteristics, these are either in line with the change in performance that we have observed across the sector as a whole, or are within student groups with very small populations that would be unlikely to have a substantial impact on an individual provider's overall outcomes. The data does not, therefore, suggest that we should implement a different adjustment.
22. We have not identified any relevant policy factors that we propose taking into account when reviewing the numerical threshold for this indicator.
23. Our analysis shows that we should apply a ten percentage points adjustment to reach the proposed numerical threshold for this indicator. We have then tested whether any further adjustment is needed for this indicator by considering the following relevant information.

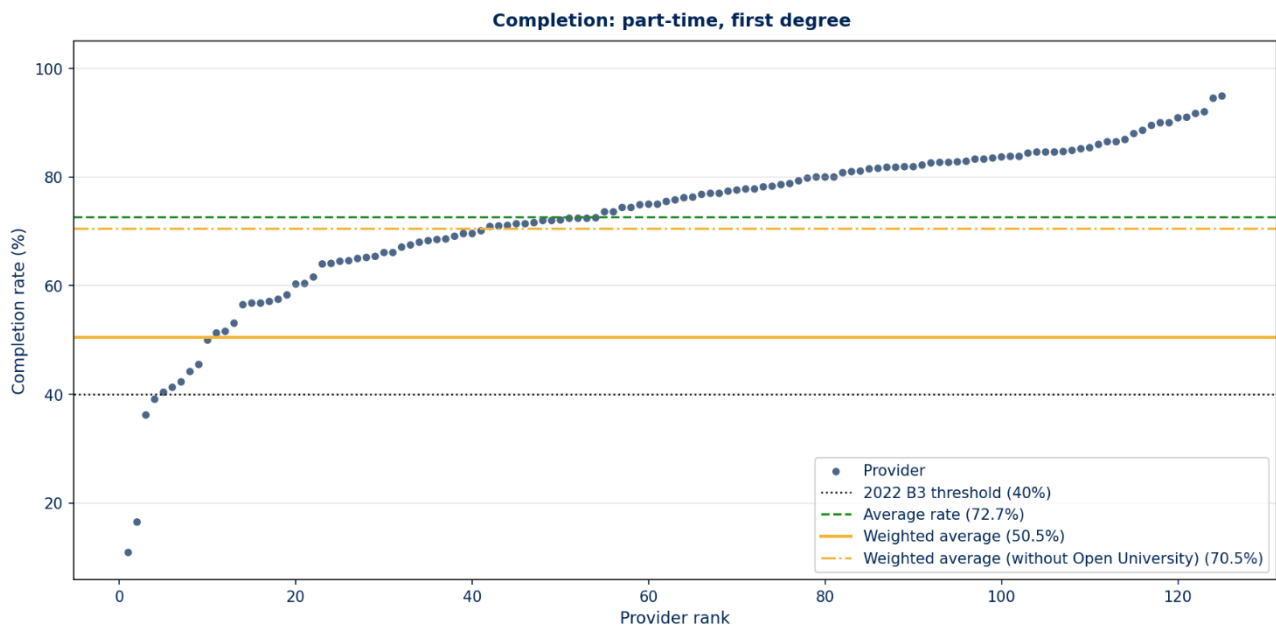
- There would be 16 providers (9.1 per cent) with indicator values below a threshold of 75 per cent. This is consistent with the proportion of providers that would be below threshold in other indicators and suggests a threshold of 75 per cent effectively focuses on weaker performance in the sector.

Summary

Recommended adjustment	10 percentage points
Providers (% and number) with indicator values below recommended threshold	9.1% of providers (16)
Students (%) studying at providers with indicator values below recommended threshold	1.0% of students
Recommended numerical threshold	75%

2. Completion, part-time, first degree

Sector overall rate: 50.5%



Review of starting point

Starting point at previous review: 45%

Recommended starting point: 70%

Recommended change: +25 percentage points

Analysis

24. We previously applied an adjustment of five percentage points for this indicator.
25. Our review of outcomes for students with different characteristics found no evidence to suggest a different adjustment should be used.
26. However, we are proposing to give weight to two relevant policy factors in our review of this indicator:
 - Firstly, we have taken account of the high proportion of students who study at a single provider (71 per cent of the sector's part-time first degree students), where that provider operates with a fully flexible delivery model. Including that provider's outcomes has a significant effect on the sector average. We therefore considered performance both with and without that data when reviewing the threshold. If we were to use data that includes this provider's outcomes to gauge sector performance, this would result in an artificially low numerical threshold that, in our view, does not offer an appropriate marker of weaker performance for other providers offering part-time first degree study. Although we accepted this approach when we initially implemented condition B3 in October 2022, we no longer think that it is appropriate now that we are assessing, and rating, student outcomes for all providers through the cyclical approach to assessment.

- Secondly, we have given significant weight to our overarching policy objective to encourage improvement in outcomes in the sector. Through our integrated approach to quality assessment, we seek to deliver an ambitious system that drives continuous improvement, and we do not think that the current numerical threshold for this indicator is consistent with that aim.

27. We therefore propose to set a starting point for analysis of 70 per cent, based on the weighted sector average without the data for the single provider described in paragraph 26.

28. Our analysis shows that we should apply a 5 per cent adjustment to reach the proposed numerical threshold for this indicator. We have then tested whether any further adjustment is needed for this indicator by considering the following relevant information.

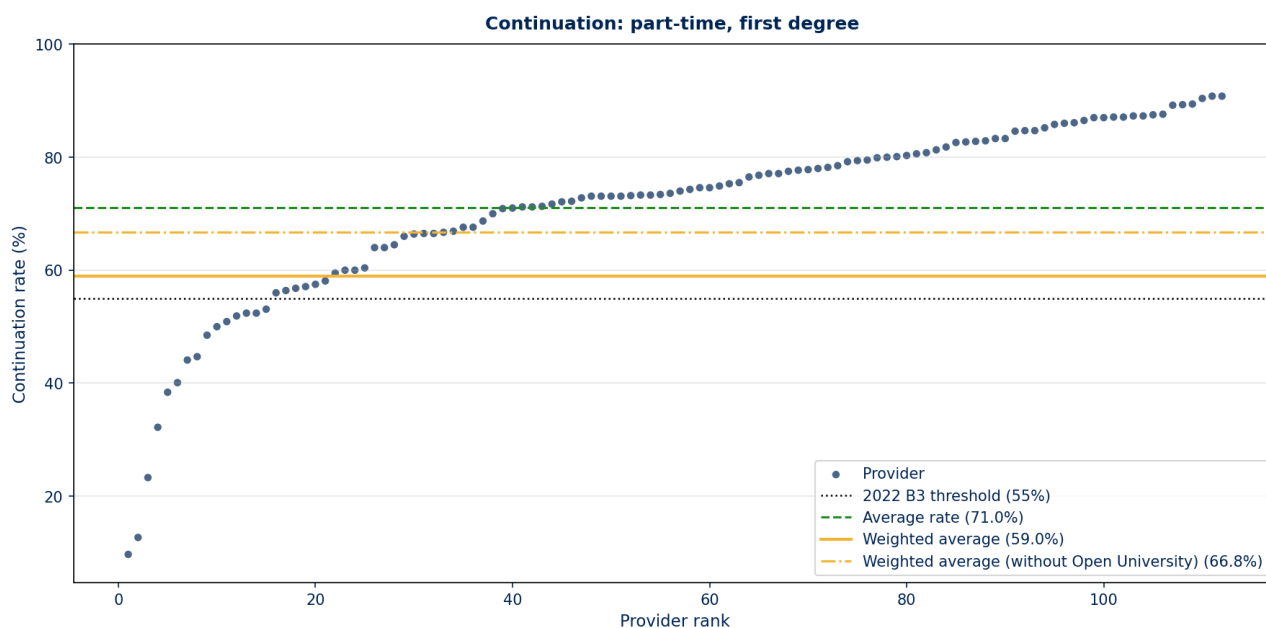
- The alignment with the numerical threshold we are proposing for the continuation indicator for part-time first degree students, set out below. We are proposing a numerical threshold for continuation of 60 per cent. We think this suggests a numerical threshold for completion of 65 per cent would be too high, because it would not be reasonable for a completion indicator to have a higher threshold than the equivalent continuation indicator.
- There would be 20 providers (15.9 per cent) with indicator values below a threshold of 60 per cent. This is consistent with the proportion of providers that would be below threshold in other indicators and suggests a threshold of 60 per cent effectively focuses on weaker performance in the sector. We are therefore proposing to apply an adjustment of ten percentage points to this indicator, resulting in a proposed numerical threshold of 60 per cent.

Summary

Recommended adjustment	10 percentage points
Providers (% and number) with indicator values below recommended threshold	15.9% of providers (20)
Students (%) studying at providers with indicator values below recommended threshold	87.6% of students
Recommended numerical threshold	60%

3. Continuation, part-time, first degree

Sector overall rate: 59.0%



Review of starting point

Starting point at previous review: 60%

Recommended starting point: 65%

Recommended change: +5 percentage points

Analysis

29. We previously applied an adjustment of five percentage points for this indicator.
30. As with the completion indicator for part-time first degree students, we are proposing to prioritise our consideration of relevant policy factors to take account of the high proportion of students who study at a single provider (71 per cent of the sector's part-time first degree students), where that provider operates with a fully flexible delivery model. We therefore propose to set a starting point for analysis of 65 per cent, based on the weighted sector average without the data for the large provider.
31. Our review of outcomes for students with different characteristics found no evidence to suggest a different adjustment should be used. Where there have been changes in continuation outcomes for student with different characteristics, these are in line with the limited change in performance that we have observed across the sector as a whole.
32. Our analysis shows that we should apply a five percentage points adjustment to reach the proposed numerical threshold for this indicator. We have then tested whether any further adjustment is needed for this indicator by considering the following relevant information:

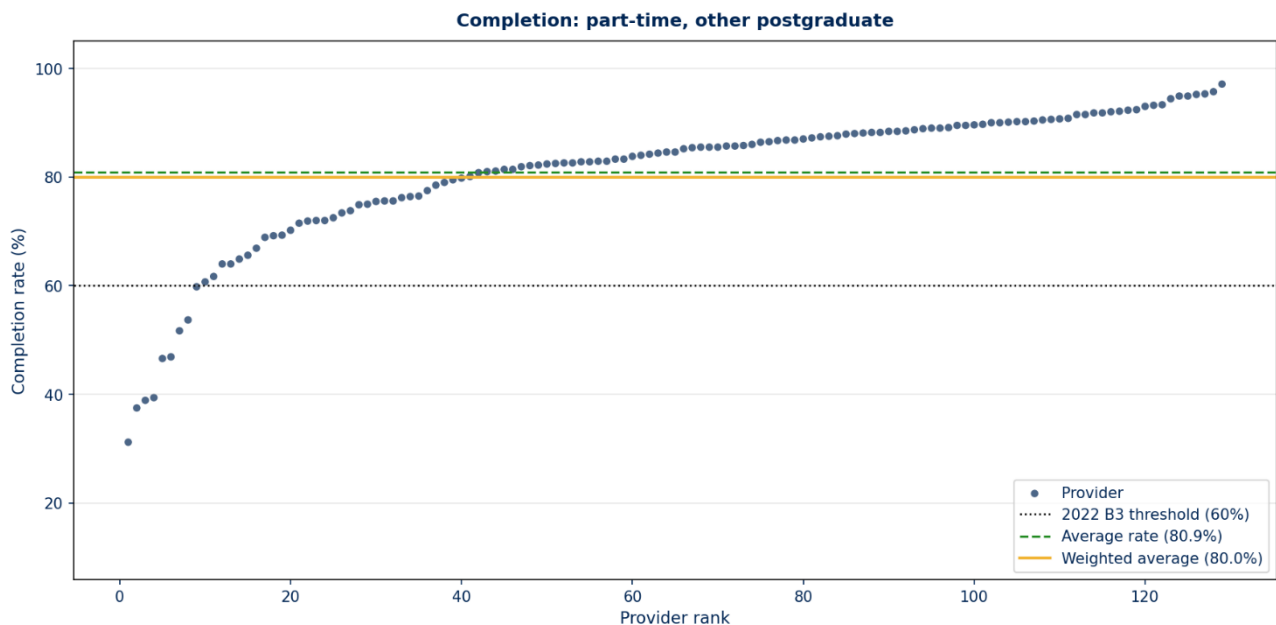
- There would be 23 providers (20.4 per cent) with indicator values below a threshold of 60 per cent. This is consistent with the proportion of providers that would be below threshold in other indicators and suggests a threshold of 60 per cent effectively focuses on weaker performance in the sector.

Summary

Recommended adjustment	5 percentage points
Providers (% and number) with indicator values below recommended threshold	20.4% of providers (23)
Students (%) studying at providers with indicator values below recommended threshold	90.8% of students
Recommended numerical threshold	60%

4. Completion, part-time, other postgraduate

Sector overall rate: 80.0%



Review of starting point

Starting point at previous review: 75%

Recommended starting point: 80%

Recommended change: +5 percentage points

Analysis

33. We previously applied an adjustment of ten percentage points for this indicator.
34. Our review of outcomes for students with different characteristics found no evidence to suggest a different adjustment should be used. Where there have been changes in completion outcomes for student with different characteristics, these are either in line with or greater than the change in performance that we have observed across the sector as a whole, and would be unlikely to have a negative impact on an individual provider's overall outcomes. The data does not, therefore, suggest that we should implement a different adjustment.
35. We have not identified any relevant policy factors that we propose taking into account when reviewing the numerical threshold for this indicator. There is not the same concentration of part-time students at a single provider for this level of study that there is for other levels of study.
36. Our analysis shows that we should apply a ten percentage points adjustment to reach the proposed numerical threshold for this indicator. We have then tested whether any further adjustment is needed for this indicator by considering the following relevant information:

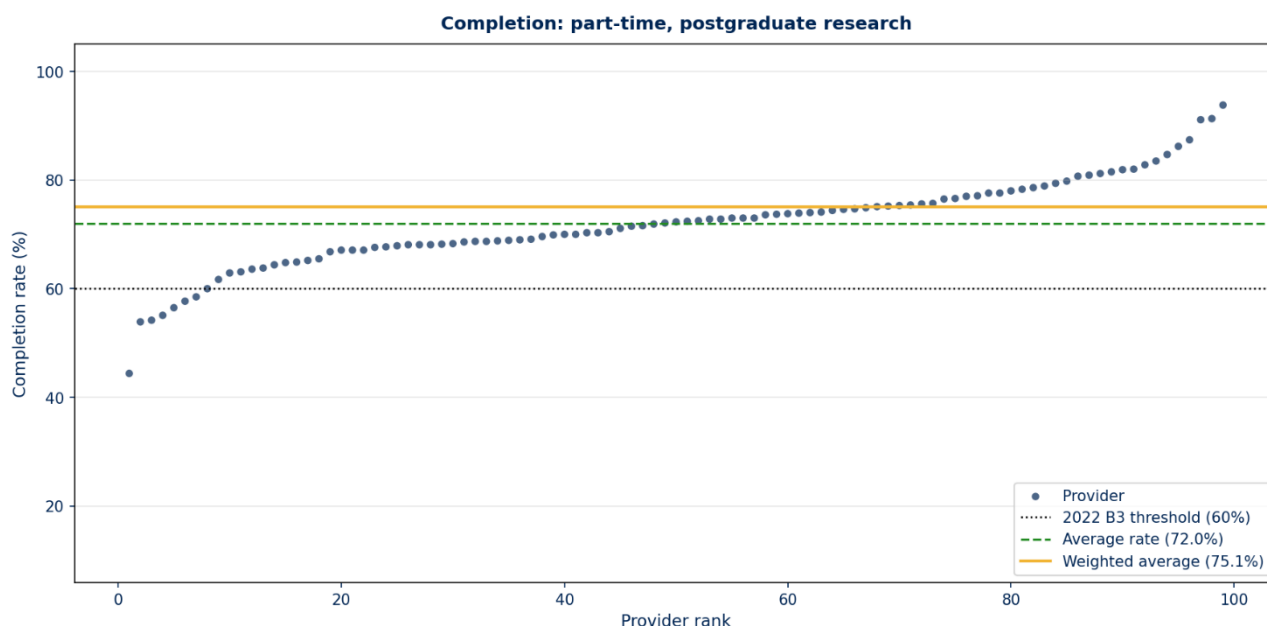
- There would be 19 providers (14.6 per cent) with indicator values below a threshold of 70 per cent. This is consistent with the proportion of providers that would be below threshold in other indicators and suggests a threshold of 70 per cent effectively focuses on weaker performance in the sector.
- However, we have noted that the continuation indicator for this mode and level of study is currently 65 per cent, and we are not proposing to review this indicator. We do not think it is appropriate for a completion indicator to be higher than the equivalent continuation indicator, and therefore recommend a further adjustment, with a proposed threshold of 65 per cent. There would be 14 providers (10.8 per cent) with indicator values below a threshold of 65 per cent.

Summary

Recommended adjustment	15 percentage points
Providers (% and number) with indicator values below recommended threshold	10.8% of providers (14)
Students (%) studying at providers with indicator values below recommended threshold	4.3% of students
Recommended numerical threshold	65%

5. Completion, part-time, postgraduate research

Sector overall rate: 75.1%



Review of starting point

Starting point at previous review: 70%

Recommended starting point: 75%

Recommended change: + 5 percentage points

Analysis

37. We previously applied an adjustment of ten percentage points for this indicator.
38. Our review of outcomes for students with different characteristics found no evidence to suggest a different adjustment should be used. Where there have been changes in completion outcomes for student with different characteristics, these are either in line with or greater than the change in performance that we have observed across the sector as a whole, and would be unlikely to have a negative impact on an individual provider's overall outcomes. These changes do not, therefore, suggest that we should implement a different adjustment.
39. We have not identified any relevant policy factors that we propose taking into account when reviewing the numerical threshold for this indicator.
40. Our analysis shows that we should apply a ten percentage points adjustment to reach the proposed numerical threshold for this indicator. We have then tested whether any further adjustment is needed for this indicator by considering the following relevant information:
 - There would be 16 providers (16 per cent) with indicator values below a threshold of 65 per cent. This is consistent with the proportion of providers who would be below threshold

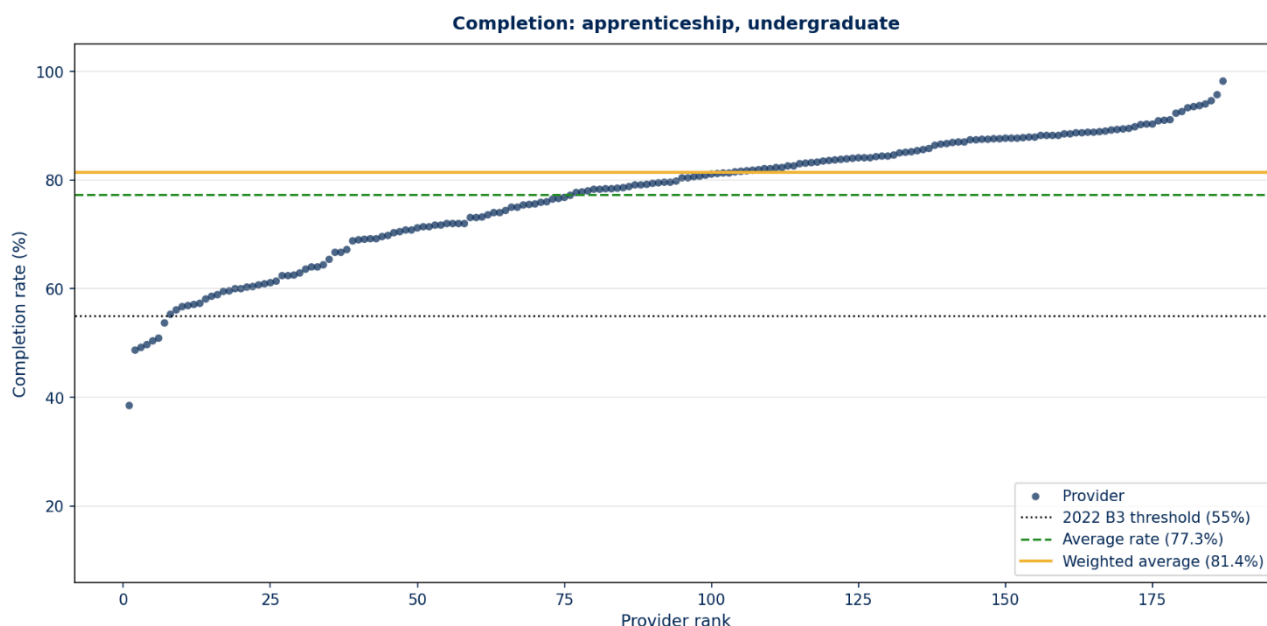
in other indicators and suggests a threshold of 65 per cent effectively focuses on weaker performance in the sector.

Summary

Recommended adjustment	10 percentage points
Providers (% and number) with indicator values below recommended threshold	16.0% of providers (16)
Students (%) studying at providers with indicator values below recommended threshold	4.4% of students
Recommended numerical threshold	65%

6. Completion, apprenticeship, undergraduate

Sector overall rate: 81.4%



Review of starting point

Starting point at previous review: 65%

Recommended starting point: 80%

Recommended change: +15 percentage points

Analysis

41. We previously applied an adjustment of ten percentage points for this indicator.
42. Our review of outcomes for students with different characteristics has identified observable differences that would suggest an adjustment of five percentage points would be more appropriate for this indicator, because:
 - The majority of split indicators for students with different characteristics are within five percentage points of the sector overall performance.
 - Where there are observable differences greater than five percentage points, these mostly apply to student groups with stronger outcomes than the sector overall performance.
 - While we have noted an observable difference in outcomes for students aged 51 or over on entry, where outcomes are 13.6 percentage points below the sector overall rate, the split indicator covers two per cent of the sector's students and is therefore, in our view, unlikely to have a material impact on an individual provider's overall performance.
43. We have not identified any relevant policy factors that we propose taking into account when reviewing the numerical threshold for this indicator.

44. Our analysis shows that we should apply a five percentage points adjustment to reach the proposed numerical threshold for this indicator. We have then tested whether any further adjustment is needed for this indicator by considering the following relevant information:

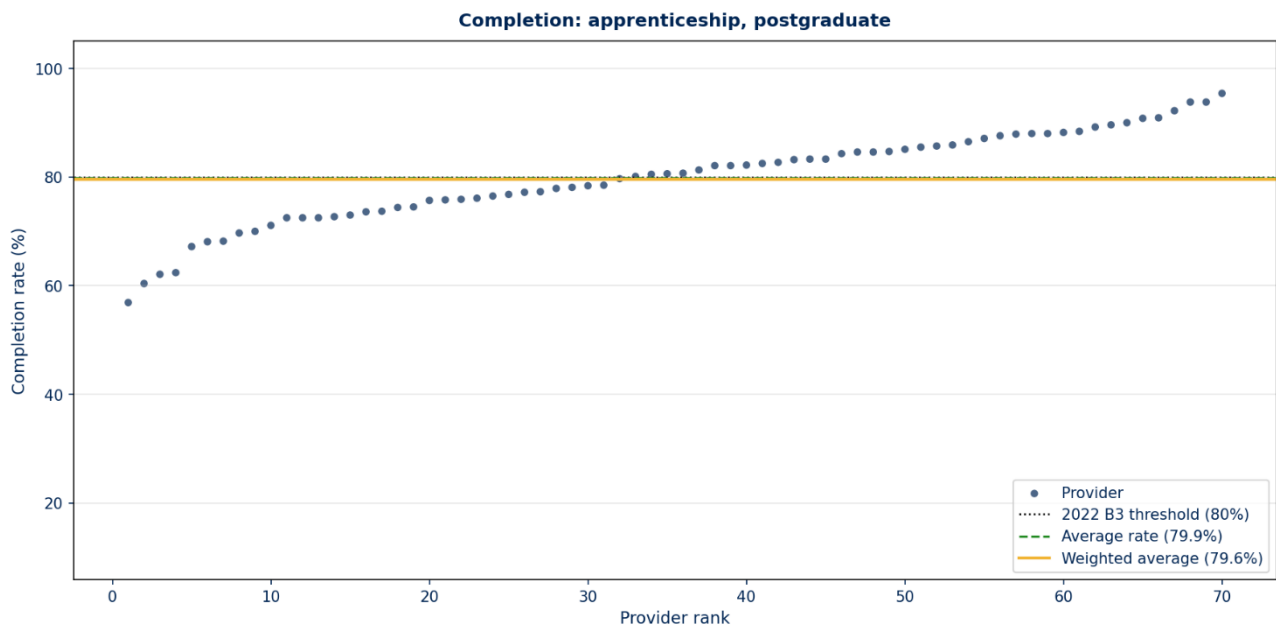
- There would be 65 providers (34.6 per cent) with indicator values below a threshold of 75 per cent. This is higher than the proportion of providers that would be below threshold in other indicators and suggests a threshold of 75 per cent would be too high.
- There would be 45 providers (23.9 per cent) with indicator values below a threshold of 70 per cent. This remains one of the higher proportions of providers that would be below threshold in other indicators, but we have also considered that this represents a much smaller proportion of the sector's student population for this indicator, with 5.8 per cent of students studying at a provider with indicator values below a threshold of 70 per cent. This suggests a threshold of 70 per cent effectively focuses on weaker performance in the sector.

Summary

Recommended adjustment	10 percentage points
Providers (% and number) with indicator values below recommended threshold	23.9% of providers (45)
Students (%) studying at providers with indicator values below recommended threshold	5.8% of students
Recommended numerical threshold	70%

7. Completion, apprenticeship, postgraduate

Sector overall rate: 79.6%



Review of starting point

Starting point at previous review: N/A

Recommended starting point: 80%

Recommended change: N/A

Analysis

45. We previously used our regulatory judgement to identify the numerical threshold for this indicator because of insufficient sector data. With the increased availability of data, we have recognised that the numerical threshold is higher than the sector average performance and that it would therefore be appropriate to review this threshold.
46. Our review of outcomes for students with different characteristics found no evidence to suggest an adjustment greater than the expected five percentage points would be more appropriate. Where greater differences in outcomes between students with different characteristics have been observed, the student population has been small and therefore unlikely to materially affect a provider's ability to deliver completion outcomes above the numerical threshold.
47. We have not identified any relevant policy factors that we propose taking into account when reviewing the numerical threshold for this indicator.
48. Our analysis shows that we should apply a five percentage points adjustment to reach the proposed numerical threshold for this indicator. We have then tested whether any further adjustment is needed for this indicator by considering the following relevant information:

- There would be 19 providers (26.8 per cent) with completion outcomes below a numerical threshold of 75 per cent. If the numerical threshold were left unchanged at 80 per cent, there would be 33 providers (46.5 per cent) below threshold. We consider this suggests that a threshold of 80 per cent would be too high and supports our recommendation for a reduction.

Summary

Recommended adjustment	5 percentage points
Providers (% and number) with indicator values below recommended threshold	26.8% of providers (19)
Students (%) studying at providers with indicator values below recommended threshold	14.4 % of students
Recommended numerical threshold	75%