NCFE Active IQ Level 3 Diploma in Principles of Management and Business
QN: 610/4267/5



Qualification Specification

Qualification summary

Qualification title	**NCFE Active IQ Level 3 Diploma in Principles of Management and Business**
Ofqual qualification number (QN)	610/4267/5
Guided learning hours (GLH)	260
Total qualification time (TQT)	400
Minimum age	16
Qualification purpose	This qualification is designed to provide learners with a knowledge and understanding of management.
Grading	Achieved/not yet achieved
Assessment method	Internally assessed and externally quality assured portfolio of evidence
Work/industry placement experience	Work/industry placement experience is not required.
UCAS	Please refer to the UCAS website for further details of points allocation and the most up-to-date information.
Performance points	Please check the performance points data produced by the Department for Education (DfE) and available online.
Regulation information	This is a regulated qualification. The regulated number for this qualification is 610/4267/5.
Funding	This qualification may be eligible for funding. For further guidance on funding, please contact your local funding provider.

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Section 1: introduction

Centres must ensure they are using the most recent version of the Qualification Specification on the website.

Aims and objectives

This qualification aims to:

- focus on the study of the principles of management and business
- offer breadth and depth of study, incorporating a key core of knowledge
- provide opportunities to acquire a number of practical and technical skills.

Support Handbook

This Qualification Specification must be used alongside the mandatory Support Handbook, which can be found on the NCFE website. This contains additional supporting information to help with planning, delivery and assessment.

This Qualification Specification contains all the qualification-specific information you will need that is not covered in the Support Handbook.

Guidance for entry

This qualification is designed for learners who are aspiring to become managers and those who hold some supervisory responsibilities who are looking to progress into more senior management roles.

Registration is at the discretion of the centre in accordance with equality legislation and should be made on the NCFE Portal.

There are no specific prior skills/knowledge a learner must have for this qualification. However, there is an element of communication (discussing, presenting, reading and writing) involved and learners should have basic skills in communication pitched at level 2.

Centres are responsible for ensuring that all learners are capable of achieving the learning outcomes (LOs) and complying with the relevant literacy, numeracy, and health and safety requirements.

Learners registered on this qualification should not undertake another qualification at the same level, or with the same/a similar title, as duplication of learning may affect funding eligibility.

Achieving this qualification

To be awarded this qualification, learners are required to successfully achieve **8 units** from the mandatory units.

Please refer to the list of units in appendix A for further information.

To achieve this qualification, learners must successfully demonstrate their achievement of all LOs of the units as detailed in this Qualification Specification.

Progression

Learners who achieve this qualification could progress to the following:

- further education:
  - business qualifications
  - management qualifications
  - apprenticeships in management.

Progression to higher-level studies

Level 3 qualifications can support progression to higher-level study, which requires knowledge and skills different from those gained at levels 1 and 2. Level 3 qualifications enable learners to:

- apply factual, procedural and theoretical subject knowledge
- use relevant knowledge and methods to address complex, non-routine problems
- interpret and evaluate relevant information and ideas
- understand the nature of the area of study or work
- demonstrate an awareness of different perspectives and approaches
- identify, select and use appropriate cognitive and practical skills
- use appropriate research to inform actions
- review and evaluate the effectiveness of their own methods.

Resource requirements

There are no mandatory resource requirements for this qualification, but centres must ensure learners have access to suitable resources to enable them to cover all the appropriate LOs.

Realistic work environment (RWE) requirement/recommendation

The assessment of competence-based criteria should ideally be conducted within the workplace. However, in instances where this is not feasible, learners can be assessed in a realistic work environment (RWE) designed to replicate real work settings.

It is essential for organisations utilising an RWE to ensure it accurately reflects current and authentic work environments. By doing so, employers can be confident that competence demonstrated by a learner in an RWE will be translated into successful performance in employment.

In establishing an RWE, the following factors should be considered.

The work situation being represented is relevant to the competence requirements being assessed:

- the work situation should closely resemble the relevant setting
- equipment and resources that replicate the work situation must be current and available for use to ensure that assessment requirements can be met
- time constraints, resource access and information availability should mirror real conditions.

The learner's work activities reflect those found in the work environment being represented, for example:

- interaction with colleagues and others should reflect expected communication approaches
- tasks performed must be completed to an acceptable timescale

- learners must be able to achieve a realistic volume of work as would be expected in the work situation being represented
- learners operate professionally with clear understanding of their work activities and responsibilities
- feedback from colleagues and others (for example customers, service users) is maintained and acted upon
- account must be taken of any legislation, regulations or standard procedures that would be followed in the workplace.

How the qualification is assessed

Assessment is the process of measuring a learner's skill, knowledge and understanding against the standards set in a qualification.

This qualification is internally assessed and externally quality assured.

The assessment consists of **one** component:

- an internally assessed portfolio of evidence, which is assessed by centre staff and externally quality assured by NCFE (internal quality assurance must still be completed by the centre as usual).

Learners must be successful in this component to gain the Level 3 Principles of Management and Business.

Learners who are not successful can resubmit work within the registration period; however, a charge may apply in cases where additional external quality assurance visits are required.

Unless otherwise stated in this specification, all learners taking this qualification must be assessed in English and all assessment evidence presented for external quality assurance must be in English.

Internal assessment

Each learner must create a portfolio of evidence generated from appropriate assessment tasks to demonstrate achievement of all the LOs associated with each unit. On completion of each unit, learners must declare that the work produced is their own and the assessor must countersign this.

If a centre needs to create their own internal assessment tasks, there are four essential elements in the production of successful centre-based assessment tasks; these are:

- ensuring the assessment tasks are meaningful with clear, assessable outcomes
- appropriate coverage of the content, LOs or assessment criteria (AC)
- having a valid and engaging context or scenario
- including sufficient opportunities for stretch and challenge for higher attainers.

Section 2: unit content and assessment guidance

This section provides details of the structure and content of this qualification including grading, level, credit and guided learning hours (GLH).

The types of evidence listed are for guidance purposes only. Within learners' portfolios, other types of evidence are acceptable if all learning outcomes (LOs) are covered, and if the evidence generated can be internally and externally quality assured. For approval of methods of internal assessment other than portfolio building, please contact your external quality assurer (EQA).

Unit 01 Principles of leadership and management (L/618/3464)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**50 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Understand the principles of effective decision making	1.1 Explain the importance of defining the objectives, scope and success criteria of the decisions to be taken
	1.2 Assess the importance of analysing the potential impact of decision making
	1.3 Explain the importance of obtaining sufficient valid information to enable effective decision making
	1.4 Explain the importance of aligning decisions with business objectives, values and policies
	1.5 Explain how to validate information used in the decision-making process
	1.6 Explain how to address issues that hamper the achievement of targets and quality standards
2. Understand leadership styles and models	2.1 Explain the difference in the influence of managers and leaders on their teams
	2.2 Evaluate the suitability and impact of different leadership styles in different contexts
	2.3 Analyse theories and models of motivation and their application in the workplace
3. Understand the role, functions and processes of management	3.1 Analyse a manager's responsibilities for planning, coordinating and controlling work
	3.2 Explain how managers ensure that team objectives are met
	3.3 Explain how a manager's role contributes to the achievement of an organisation's vision, mission and objectives
	3.4 Analyse theories and models of management
	3.5 Explain how the application of management theories guides a manager's actions
	3.6 Explain the operational constraints imposed by budgets
4. Understand performance measurement	4.1 Explain the relationship between business objectives and performance measures
	4.2 Explain the features of a performance measurement system
	4.3 Explain how to set key performance indicators (KPIs)
	4.4 Explain the tools, processes and timetable for monitoring and reporting on business performance
	4.5 Explain the use of management accounts and management information systems in performance management
	4.6 Explain the distinction between outcomes and outputs

Unit 02 Understanding equality, diversity and inclusion in the workplace (F/618/3459)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**15 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Understand equality, diversity and inclusion in the workplace	1.1 Explain equality, diversity and inclusion
	1.2 Explain the importance of equality, diversity and inclusion across aspects of organisational policy
	1.3 Explain the potential consequences of breaches of equality legislation
2. Understand the personal aspects of equality, diversity and inclusion in the workplace	2.1 Describe own responsibilities for equality, diversity and inclusion in the workplace
	2.2 Explain the different forms of discrimination and harassment
	2.3 Describe the characteristics of behaviour that supports equality, diversity and inclusion in the workplace
	2.4 Explain the importance of displaying behaviour that supports equality, diversity and inclusion in the workplace
3. Understand how to support equality, diversity and inclusion in the workplace	3.1 Explain how to ensure colleagues are aware of their responsibilities for maintaining equality, diversity and inclusion in the workplace
	3.2 Explain how potential issues relating to equality, diversity and inclusion in the workplace can be identified

Unit 03 Principles of business (T/650/8881)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**40 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Understand business markets	1.1 Explain the characteristics of different business markets
	1.2 Explain the nature of interactions between businesses within a market
	1.3 Explain how an organisation's goals may be shaped by the market in which it operates
	1.4 Describe the legal obligations of a business
2. Understand business innovation and growth	2.1 Define business innovation
	2.2 Explain the uses of models of business innovation
	2.3 Identify sources of support and guidance for business innovation
	2.4 Explain the process of product or service development
	2.5 Explain the benefits, risks and implications associated with innovation
3. Understand financial management	3.1 Explain the importance of financial viability for an organisation
	3.2 Explain the consequences of poor financial management
	3.3 Explain different financial terminology
4. Understand business budgeting	4.1 Explain the uses of a budget
	4.2 Explain how to manage a budget
5. Understand sales and marketing	5.1 Explain the principles of marketing
	5.2 Explain a sales process
	5.3 Explain the features and uses of market research
	5.4 Explain the value of a brand to an organisation
	5.5 Explain the relationship between sales and marketing

Unit 04 Principles of people management (Y/650/8882)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**40 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Understand the principles of workforce management	1.1 Explain the relationship between Human Resources (HR) functions and other business functions
	1.2 Explain the purpose and process of workforce planning
	1.3 Explain how employment law affects an organisation's HR and business policies and practices
	1.4 Evaluate the implications for an organisation of utilising different types of employment contracts
	1.5 Evaluate the implications for an individual of different types of employment contracts
2. Understand equality of opportunity, diversity and inclusion	2.1 Explain an organisation's responsibilities and liabilities under equality legislation
	2.2 Explain the benefits that effective equality of opportunity, diversity and inclusion policies bring to individuals and organisations
	2.3 Explain the language and behaviour that support commitments to equality of opportunity, diversity and inclusion
	2.4 Explain how to measure diversity within an organisation
3. Understand team building and dynamics	3.1 Explain the difference between a group and a team
	3.2 Outline the characteristics of an effective team
	3.3 Explain the techniques of building a team
	3.4 Explain techniques to motivate team members
	3.5 Explain the importance of communicating targets and objectives to a team
	3.6 Examine theories of team development
	3.7 Explain common causes of conflict within a team
	3.8 Explain techniques to manage conflict within a team
4. Understand how to collaborate with other departments	4.1 Explain the need for collaborating with other departments
	4.2 Explain the nature of the interaction between their own team and other departments
	4.3 Explain the features of effective collaboration
	4.4 Explain the potential implications of ineffective collaboration with other departments
	4.5 Explain the factors relating to knowledge management that should be considered when collaborating with other departments
5. Understand performance management	5.1 Identify the characteristics of an effective performance management system
	5.2 Explain the uses of specific, measurable, achievable, realistic and time-bound (SMART) objectives and priorities
	5.3 Describe best practice in conducting appraisals
	5.4 Explain the factors to be taken into account when managing people's wellbeing and performance
	5.5 Explain the importance of following disciplinary and grievance processes

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
6. Understand training and development	6.1 Explain the benefits of employee development
	6.2 Explain the advantages and limitations of different types of training and development methods
	6.3 Explain the role of targets, objectives and feedback in employee development
	6.4 Explain how personal development plans support the training and development of individuals
	6.5 Explain how to make use of planned and unplanned learning opportunities to meet individuals' preferred learning styles
	6.6 Explain how to support individuals' learning and development
7. Understand reward and recognition	7.1 Describe the components of 'total reward'
	7.2 Analyse the relationship between motivation and reward
	7.3 Explain different types of pay structures
	7.4 Explain the risks involved in the management of reward schemes

Unit 05 Understanding how to lead a team (A/650/8883)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**30 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Understand the team leadership role	1.1 Explain the importance of team leadership
	1.2 Summarise the responsibilities of a team leader in an organisation
	1.3 Describe different styles of leadership and how they can be applied in different situations
2. Understand the role of emotions and behaviours when leading a team	2.1 Explain why it is important for a team leader to be aware of own emotions and the effect that own emotions can have on team members
	2.2 Explain why it is important for a team leader to be aware of the emotions of team members and how to respond to these
	2.3 Describe how to manage own emotions to achieve a positive outcome when leading a team
	2.4 Explain how to manage conflict within a team to achieve best results
3. Understand the value of diversity within a team	3.1 Explain the importance of taking account of different skill sets and characteristics in a team
	3.2 Describe the different types of skills and characteristics that members of a team may have
	3.3 Describe how to make best use of different skill sets and characteristics in a team
4. Understand the role of communication when leading a team	4.1 Explain the importance of effective two-way communication when leading a team
	4.2 Describe situations in which effective two-way communication is particularly important
	4.3 Explain how to use a range of communication techniques when leading a team
5. Understand the role of motivating others when leading a team	5.1 Explain the importance of motivating others when leading a team
	5.2 Describe a range of factors that motivate team members
	5.3 Explain how to select different ways of motivating others according to the situation and the individuals involved
	5.4 Explain what is meant by ‘empowerment’ and how empowering team members can contribute to team performance
	5.5 Describe how to maintain the motivation of team members when the team has experienced setbacks
6. Understand how to provide team members with a sense of direction and common purpose	6.1 Explain the importance of team members having a sense of direction and common purpose
	6.2 Explain how to give team members a sense of direction and common purpose
	6.3 Describe situations in which a team leader should take direction from a team member

Unit 06 Recruitment, and development of colleagues (A/618/3458)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**30 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Understand the recruitment process	1.1 Explain the different stages in the recruitment and selection process
	1.2 Describe the purpose and structure of a job description and person specification
	1.3 Describe different recruitment and selection methods
	1.4 Evaluate the advantages and disadvantages of a range of recruitment and selection methods
	1.5 Describe how to judge whether applicants meet the stated requirements of the vacancy
	1.6 Identify appropriate legislation and relevant codes of practice when recruiting and selecting people
2. Understand how to facilitate professional development of colleagues	2.1 Explain the induction process and its importance to the new team member
	2.2 Describe how to identify learning needs and skills gaps within your team
	2.3 Describe how to prepare a written learning and development plan
	2.4 Explain the importance of regularly reviewing and updating written learning and development plans
3. Understand how to implement a performance appraisal as part of employee career development	3.1 Explain the importance of performance appraisals
	3.2 Describe the main aims of a performance appraisal
	3.3 Describe a range of methods used to assess performance
	3.4 Describe how to take account of equality legislation and relevant codes of practice when implementing a performance appraisal

Unit 07 Understand how to manage a project (A/618/3461)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**25 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Understand how to manage a project	1.1 Explain the features of a project business case
	1.2 Explain the stages of a project lifecycle
	1.3 Explain the roles of people involved in a project
	1.4 Explain the uses of project-related information
	1.5 Explain the advantages and limitations of different project monitoring techniques
	1.6 Describe the interrelationship of project scope, schedule, finance, risk, quality and resources
2. Understand how to support the delivery of a project	2.1 Describe methods of collecting project-related information in accordance with project plans
	2.2 Describe appropriate tools to analyse project information
	2.3 Explain how to report on information analysis
	2.4 Explain how to report issues, anomalies and potential problems

Unit 08 Understanding budgeting and finance (J/618/3463)

Assessment			
Internally assessed and externally quality assured portfolio of evidence			
Mandatory	**Achieved/not yet achieved**	**Level 3**	**30 GLH**

Learning outcomes (LOs) The learner will:	**Assessment criteria (AC)** The learner can:
1. Know the principles of financial management	1.1 Describe the financial regulations relating to the following: • financial reporting • payment of salaries and wages • dealing with income • record keeping • audits.
2. Understand how to set budget	2.1 Describe the purpose of an annual budget
	2.2 Explain the purpose of income and expenditure budgeting
	2.3 Define gross profit
	2.4 Define net profit
	2.5 Give examples of typical business costs included in a budget
	2.6 Explain the difference between direct and indirect costs
	2.7 Interpret income and expenditure statements against budgeted forecast
	2.8 Describe the purpose of a balance sheet and profit and loss account
	2.9 Explain the difference between a budget and a profit and loss account
	2.10 Describe the purpose of Key Performance Indicators (KPIs)
	2.11 Give examples of Key Performance Indicators that can be linked to a budget
	2.12 Give examples of how to forecast income and expenditure in order to set budgets
3. Be able to create an income and expenditure budget with Key Performance Indicators	3.1 Provide a breakdown of forecasted income for a business activity or department
	3.2 Provide a breakdown of forecasted expenditure for business activity or department
	3.3 Create an income and expenditure budget with Key Performance Indicators for a business activity or department

NCFE assessment strategy

The key requirements of the assessment strategies or principles that relate to units in this qualification are summarised below.

The centre must ensure that individuals undertaking assessor or quality assurer roles within the centre conform to the assessment requirements for the unit they are assessing or quality assuring.

Knowledge LOs

- assessors will need to be both occupationally knowledgeable and qualified to make assessment decisions
- internal quality assurers (IQAs) will need to be both occupationally knowledgeable and qualified to make quality assurance decisions.

Competence/skills LOs

- assessors will need to be both occupationally competent and qualified to make assessment decisions
- IQAs will need to be both occupationally knowledgeable and qualified to make quality assurance decisions.

The centre with whom the learners are registered will be responsible for making all assessment decisions. Assessors must be **contracted** to work directly with the centre, contributing to all aspects of standardisation. The centre must ensure a process of training is followed, including during induction and quality assurance activities. Occupationally competent and qualified assessors from the centre must use direct observation to assess practical skills-based outcomes.

Section 3: support

Support materials

The following support materials are available to assist with the delivery of this qualification and are available on the NCFE website:

- learning resources
- Qualification Factsheet.

Other support materials

The resources and materials used in the delivery of this qualification must be age-appropriate and due consideration should be given to the wellbeing and safeguarding of learners in line with your institute's safeguarding policy when developing or selecting delivery materials.

Products to support the delivery of this qualification may be available. For more information about these resources and how to access them, please visit the NCFE website.

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Contact us

NCFE
Q6
Quorum Park
Benton Lane
Newcastle upon Tyne
NE12 8BT

Tel: 0191 239 8000*
Fax: 0191 239 8001
Email: customersupport@ncfe.org.uk
Website: www.ncfe.org.uk

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Appendix A: units

To simplify cross-referencing assessments and quality assurance, we have used a sequential numbering system in this document for each unit.

Mandatory units

Unit number	Regulated unit number	Unit title	Level	GLH
Unit 01	L/618/3464	Principles of leadership and management	3	50
Unit 02	F/618/3459	Understanding equality, diversity and inclusion in the workplace	3	15
Unit 03	T/650/8881	Principles of business	3	40
Unit 04	Y/650/8882	Principles of people management	3	40
Unit 05	A/650/8883	Understanding how to lead a team	3	30
Unit 06	A/618/3458	Recruitment, and development of colleagues	3	30
Unit 07	A/618/3461	Understand how to manage a project	3	25
Unit 08	J/618/3463	Understanding budgeting and finance	3	30

Change history record

Version	Publication date	Description of change
AIQ006674	June 2018	Document published
AIQ007221	May 2026	Updates made to assessment method; the units are assessed by an internally assessed and externally quality assured portfolio of evidence. Guided learning hours (GLH) have been updated from 261 to 260. Total qualification time (TQT) has been updated from 405 to 400.
v2.0	November 2026	Qualification title changed and template updated to new version.