

# **Withdrawing the Qualifications and Credit Framework and Introducing the Regulated Qualifications Framework**

Regulatory Impact Assessment: Summary of Analysis



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## **Introduction and background**

- 1.1 This document summarises our analysis of the regulatory impact, including the analysis of any potential increases and reductions in regulatory burden, which informed our decision to withdraw the Regulatory Arrangements for the Qualifications and Credit Framework (the QCF) rules. We have made a number of decisions in relation to the withdrawal of the QCF rules, and these decisions have all been informed by our analysis of the regulatory impact. The key decision points are set out in paragraphs 1.3 to 1.4 below.
- 1.2 In 2008, the QCF was launched on behalf of the UK Government in England, Northern Ireland and Wales.<sup>1</sup> The QCF rules included detailed design provisions that awarding organisations offering vocational qualifications were encouraged by public funding requirements to meet. In 2011, we issued our General Conditions of Recognition. They set out the requirements that we expect the awarding organisations and exam boards that we regulate to meet. They are outcomes-based, meaning that they largely focus on the outcomes that awarding organisations must achieve rather than setting detailed rules about how qualifications should be structured or designed. Our Conditions apply to all the qualifications that we regulate. In 2011, we used our powers under Conditions B7 and D5 to require awarding organisations offering particular descriptions of qualifications also to meet certain paragraphs of the QCF rules.
- 1.3 Last year, we reviewed how the QCF rules were working and found that they did not, in all cases, support the design of good qualifications. We published our findings<sup>2</sup> and, following a 12-week consultation over summer 2014, we decided we should withdraw the QCF rules and close the shared unit bank. We did so in the light of the responses to the consultation and an initial analysis of the regulatory impact. At the same time as we consulted on proposals to withdraw the QCF rules, we also consulted on proposals to require awarding organisations to assign values describing a qualification's size. Those proposals were intended to allow us to meet our obligations in relation to qualifications that could be taken to satisfy young people's duties to participate in education and training, and to help awarding organisations meet their duties with regard to the same policy. In December 2014, we announced that we would withdraw the

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<sup>1</sup> The QCF was launched by interim Ofqual in England, the Welsh Government in Wales and the Council for the Curriculum, Examinations and Assessment in Northern Ireland.

<sup>2</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/381547/2014-07-24-a-consultation-on-withdrawing-the-regulatory-arrangements-for-the-qualifications-and-credit-framework.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381547/2014-07-24-a-consultation-on-withdrawing-the-regulatory-arrangements-for-the-qualifications-and-credit-framework.pdf)

QCF rules<sup>3</sup> during 2015 after we had conducted a second, technical consultation on the regulatory requirements (Conditions) needed to make sure the level and size of qualifications would be appropriately described.

- 1.4 From March to June 2015, we carried out a further 12-week consultation on our regulatory requirements, *After the QCF: a New Qualifications Framework*. In that consultation, we set out detailed proposals for how the level and size of regulated qualifications should be described. The provisions would allow us to put in place a simple, descriptive framework for all the qualifications we regulate. The consultation included the draft Conditions and Guidance needed to support our proposals. In July 2015, we decided to introduce the new Conditions and Guidance and, in turn, create the new qualifications framework, largely as consulted on, but with some changes to simplify the way that qualification size is described. Again, this decision was informed by responses to our consultation and by our analysis of the potential regulatory impact.
- 1.5 The QCF rules were withdrawn on 30th September 2015 and the new Conditions that would create the Regulated Qualifications Framework (RQF) were introduced on 1st October 2015. Additional information about the changes, the consultations that we held and the decisions that we made can be found on our website.<sup>4</sup>

## **2. Summary**

- 2.1 The impacts of withdrawing the QCF rules amount to changes in our regulatory requirements, directly affecting awarding organisations, but not necessarily or immediately changing the existing qualifications available to students. Some awarding organisations may choose to make changes to their existing qualifications, while others may decide that their qualifications in their current form are fit for purpose.
- 2.2 Awarding organisations can now design qualifications that support good training and educational outcomes and meet users' needs without being constrained by the qualification design requirements that formed part of the QCF rules. It has not been simple or straightforward to predict the regulatory impact of removing the QCF rules and introducing the RQF. Although there will be some aspects where burden may potentially increase for some awarding organisations, there will also be areas where burden may potentially be reduced for some or all

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<sup>3</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/384321/withdrawing-the-regulatory-arrangements-for-the-qcf.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/384321/withdrawing-the-regulatory-arrangements-for-the-qcf.pdf)

<sup>4</sup> [www.gov.uk/government/consultations/after-the-qcf-a-new-qualifications-framework](http://www.gov.uk/government/consultations/after-the-qcf-a-new-qualifications-framework)

awarding organisations. Taken in the round, we believe that the potential costs of the changes to awarding organisations are outweighed by the potential benefits to the quality and responsiveness of qualifications.

- 2.3 An awarding organisation that has full ownership and, therefore, control of each element of its qualifications, rather than using units developed by others, will be better able to amend qualifications in response to user feedback. Depending on their approach to the removal of the QCF rules, some awarding organisations may incur costs as a result of the closure of the unit bank. Third party unit submitters and rule-of-combination submitters will find their role changed. However, in many cases they will be able to achieve similar outcomes through collaboration with awarding organisations.
- 2.4 The original cost-benefit analysis carried out for the introduction of the QCF<sup>5</sup> suggested that its creation would bring about a reduction in the number of qualifications. In fact, there has been a significant increase. There is no evidence to suggest that the withdrawal of the QCF rules will result in any significant change in the number of qualifications available. There are currently 157 awarding organisations recognised to offer QCF qualifications. At the beginning of July 2015 there were 16,491 QCF qualifications available. In 2012/13, 8,989 QCF qualifications were awarded, just over half of the available number. In total, 6,236,000 certificates were awarded for qualifications designed to meet the QCF rules over the same period, making up 68 per cent of certificates awarded for regulated qualifications, excluding GCSEs and A levels. None of the changes we are proposing will necessarily affect the continued existence of these qualifications: rather it means that the awarding organisations offering these qualifications will now only have to comply with our existing General Conditions of Recognition, rather than complying with both our General Conditions and the QCF rules.
- 2.5 In the sections below we analyse the potential regulatory impact of each of the key changes that will follow from the withdrawal of the QCF rules and the introduction of the RQF. The sections set out how we have considered and sought to minimise regulatory burden as a result of the changes we are making. We have primarily considered the impact on awarding organisations and, where relevant, and in accordance with our duties, we have considered the impact on other stakeholders, such as learning providers.

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<sup>5</sup> Qualifications and credit framework, cost-benefit analysis, PWC and others, March 2008

## **Recognition arrangements**

- 2.6 The legislation upon which we are based requires us to recognise as an awarding organisation a body that applies for recognition and that meets the relevant recognition criteria. We must recognise an awarding organisation in respect of a specified qualification or a description of qualifications. We can withdraw recognition in certain circumstances. An awarding organisation cannot award a regulated qualification unless it is recognised to award that qualification.
- 2.7 In February 2015, after we had announced that we would withdraw the QCF, we wrote to awarding organisations. In our letters we set out the scope of their current recognition and the information we had on the qualifications they were offering. We invited them to consider whether they wanted to make changes to the way in which that recognition was described.
- 2.8 There were 157 awarding organisations recognised to award qualifications of the QCF 'type', 38 of which only awarded qualifications of that type. The QCF description of an awarding organisation's recognition became meaningless when the QCF rules were withdrawn. We have, therefore, amended the scope of those awarding organisations' recognition to address this and to enable the awarding organisations to offer qualifications that meet the General Conditions of Recognition. We have worked with awarding organisations to ensure that the scope of their recognition is clearly described, without reference to the QCF.
- 2.9 The exercise was purely administrative and did not require awarding organisations to change any of their current business activities. We expected them to read, understand and respond to our communications and to update any materials in which they describe their recognition within an appropriate time frame.
- 2.10 As a result of this, 59 awarding organisations requested a change either in the description or scope of their recognition, and we have made those changes. We sought to simplify this process by making sure we clearly set out the scope of each awarding organisation's recognition when we wrote to it. We do not believe that this exercise created significant regulatory burden.

## **A new, descriptive qualifications framework**

- 2.11 The QCF rules provided a structure within which the relative level and size of qualifications could be expressed using a consistent terminology. This enabled stakeholders (such as employers) to compare aspects of qualifications as they

made their choices and to understand broadly what qualifications mean. Withdrawing the QCF rules removed this current structure.

- 2.12 We have introduced a new, descriptive framework for all the qualifications we regulate, based on requirements for all qualifications to have a level and, in part to meet our Raising the Participation Age (RPA) policy obligations, to have their size described in a consistent way. The new framework is based on the same number of levels as the QCF (Entry 1 to 3 plus Levels 1 to 8), and those levels have not been recalibrated. The levels are supported by new level descriptors, which are based largely on the QCF level descriptors. These low-impact changes mean that the new framework can accommodate existing qualifications as they are already designed. We anticipate that, in most cases, the level and size of qualifications will remain the same, albeit that size in the future will be described in accordance with our Total Qualification Time (TQT) requirements (see paragraphs 2.15 to 2.18).
- 2.13 In 2014, we consulted on proposals for how we would meet our RPA and Guided Learning Hours (GLH) obligations, as set out in the Apprenticeships, Skills, Children and Learning Act 2009, and enable awarding organisations to meet theirs. We proposed initially that only qualifications relevant for RPA purposes should be required to have a measure of size, although awarding organisations could decide to describe the size of other qualifications too. However, some respondents to the 2014 GLH consultation, including awarding organisations, were of the view that the size of all regulated qualifications should be described. We considered the responses we had received, evaluated how the proposed requirements might operate in practice, and carefully considered our statutory duty and our interpretation of the duty on awarding organisations in connection with the RPA policy. That analysis led us to conclude that requiring all qualifications to have an allocated measure of size would, overall, reduce the regulatory burden on awarding organisations, and so that is the approach we have taken.
- 2.14 In our 2015 consultation, we set out proposals about how the size of qualifications should be described. We proposed that all qualifications should have a measure of size, described in terms of TQT, which should be made up of:
- GLH.
  - Directed Learning Hours (DLH).
  - Invigilated Assessment Hours (IAH).

- 2.15 Respondents to the consultation queried the need for TQT to have three components. They suggested that qualifications should have a TQT, part of which should, where appropriate, be identified as GLH. In addition, our proposed amendment to the definition of credit (namely, that it should include all forms of assessment) did not need TQT to be expressed in terms of all three components (GLH, DLH and IAH). In the absence of other good regulatory reasons, and as it would reduce the regulatory burden on awarding organisations, we decided that the size of qualifications should be expressed in terms of TQT and GLH only. The removal of DLH and IAH from the TQT equation also reduced the need for additional Conditions and Guidance.
- 2.16 Awarding organisations will have to review their existing qualifications to ensure that they have a correct TQT. With some limited exceptions, we propose to allow awarding organisations until 31st December 2017 to review their existing qualifications to ensure that they have an appropriate TQT. More than 75 per cent of the qualifications on the Register have a review date between the beginning of 2015 and 31st December 2017, and so for many qualifications, this process could be part of the existing review cycle. We are seeking views from awarding organisations on the potential impact on them of our proposed approach to phasing implementation of the TQT requirements, and we will consider their responses before making a decision.

## **Credit value**

- 2.17 The QCF rules required all units and all qualifications to have a level and a credit value. One credit equated to those learning outcomes achievable in ten hours of learning time.
- 2.18 Now that the QCF rules have been withdrawn, awarding organisations can still attribute a credit value to their qualifications if they wish to, but they are not required to do so. We proposed in our 2015 consultation that where awarding organisations choose to attribute credit, they should be required to calculate it in a consistent way. This would provide users of qualifications with assurance that credit values can be relied upon. We aligned the calculation of credit to the requirement that all qualifications are allocated a measure of size, described in terms of TQT. We proposed that credit should be calculated by dividing TQT by ten, a similar but simplified approach to that required by the QCF rules. For awarding organisations that prefer not to assign credit to qualifications previously provided within the QCF, there will be a small reduction in burden, as they will no longer be required to assign credit.



## **Recognition of prior learning**

- 2.19 The QCF rules required awarding organisations to support credit transfer and recognition of prior learning. This meant allowing students to carry over credit from units achieved with one awarding organisation to another awarding organisation.
- 2.20 The available data shows that only a small amount of credit was transferred between different awarding organisations each year. In the two most recent academic years for which data is available (2011/12 and 2012/13) figures from a major awarding organisation show that there were 6,600 and 3,500 credit transfers processed respectively. This represented 1.9 per cent and 0.7 per cent of all units achieved in QCF qualifications offered by that awarding organisation.
- 2.21 Based on the data above and qualitative information from consultations with awarding organisations, it appears that training providers (and to some extent students) are more likely to favour a complete qualification rather than the build up achievements through a variety of units. It is also possible that students are not aware that they can transfer credit and have their prior learning recognised in this way.
- 2.22 We proposed that after the QCF rules were withdrawn, awarding organisations would be free to decide their own approach to the recognition of prior learning, which could include credit transfer, subject to their approach being compliant with the General Conditions of Recognition. Awarding organisations could also choose not to make provision to recognise prior learning at all. In order to ensure transparency and clarity for students and other stakeholders, we proposed that those awarding organisations which did make provision for the recognition of prior learning should publish and follow their policy. We also consulted on guidance on what such policies should include.
- 2.23 From discussions with their representatives at consultation events and their responses to our consultations, it indicates that many awarding organisations already have in place clear policies and procedures for the recognition of prior learning, and that they would continue to allow it where there was demand. Responses suggested that this requirement would not be burdensome for awarding organisations, and we decided to implement the recognition of prior learning proposals that we had consulted on.

## **Assessment requirements**

- 2.24 The QCF rules required that each unit should be capable of being assessed discretely. In some cases this approach led to over-assessment, for example where the same skills were being assessed in two different units. This increased the cost of delivering qualifications.
- 2.25 Removing the QCF rules gives greater freedom for awarding organisations to develop their approach to assessment so that it is appropriate to the particular learning outcomes being assessed. Some types of qualifications could particularly benefit from the removal of the QCF rules, as using a mastery approach to assessment (required under the QCF) is not always the most appropriate strategy. We know from consultation responses that some awarding organisations would prefer not to use a mastery approach, but we have not assessed how many qualifications this would apply to.
- 2.26 It is not clear how large the savings could be for each qualification where assessment is reduced. Although we may expect this to contribute to possible reductions in costs over time, there will be other factors that will have an impact on the cost of qualifications. We also do not know how quickly awarding organisations will make any changes that may reduce over-assessment.

## **Shared units: design, development, and ownership**

### **Closing the shared unit bank**

- 2.27 The QCF enabled awarding organisations and unit submitters to share units with other awarding organisations through a shared unit bank facilitated by our Regulatory IT system. At one time, we issued guidance stating that all units on the QCF should be shared in this way unless there was a reason not to. We later withdrew this guidance, but there was a strong perception amongst some awarding organisations that they should continue to share new units. Additionally, Government funding rules, until recently, encouraged awarding organisations to share their units.
- 2.28 Last year, we announced that we would close the shared unit bank at the same time as we withdrew the QCF rules, and we did so on 30th September 2015.
- 2.29 The closure of the shared unit bank will not stop awarding organisations working together to develop qualification content where they consider this appropriate. However, closing the shared unit bank may make it more difficult for an awarding organisation to deliver qualifications comprising content developed entirely by others. This would be likely to increase development

costs for awarding organisations that relied on content developed by others. One of the drivers behind the introduction of the QCF, and in particular the shared unit bank, was to reduce the number of similar qualifications and units. The unit bank was intended to support awarding organisations in using shared units, rather than developing new, similar units. It was expected this would result in an efficiency saving for the awarding organisations as they would not need to duplicate units. There were expected benefits to the system as a whole, as students would be more likely to have studied the same unit(s) and would have the same knowledge and skills when they were applying for jobs. Additionally, those choosing qualifications would know that many providers' qualifications included key units.

- 2.30 However, during the course of our initial review and subsequent consultations, stakeholders suggested that the QCF rules drove an increase in qualifications, partly because it was difficult to withdraw a unit or amend units once submitted. The QCF rules stopped such changes to units because any shared unit, once placed in the shared unit bank, could be picked up by numerous awarding organisations. The number of QCF qualifications on our Register increased from 2,660 in January 2010 to 16,346 in July 2015. It is difficult to say whether the closure of the shared unit bank and the removal of the QCF rules will lead to a fall in the number of qualifications, or units, available to students, or to a decrease in the rate at which new qualifications are developed. Given the increased costs of developing qualifications once units are no longer readily available for use, combined with data that shows nearly half of QCF qualifications were not taken by any students in the last academic year, this seems possible. However, the removal of the QCF rules might encourage awarding organisations to develop new qualifications that could, in the short term, increase the overall number of available qualifications.
- 2.31 Closure of the shared unit bank will affect many awarding organisations and their qualifications. To achieve an orderly wind down of unit sharing, we wrote to awarding organisations and unit submitters and said that unless we heard from them by 31st July 2015 we would assume they intended to allow any awarding organisation using one of their units to treat it as its own when the QCF rules were withdrawn. We also identified the adjustments we needed to make to our IT system to give effect to this change.
- 2.32 Awarding organisations and unit submitters that do not intend to allow other users of their units to treat them as their own have been asked to give two years' notice to awarding organisations of the withdrawal of a unit from shared use. In this way, any awarding organisation using a shared unit that is to be

withdrawn from shared use would have two years in which to replace the unit with one of its own or to withdraw the qualification that incorporates the unit.

2.33 We have been notified by ten awarding organisations that they intend to withdraw a total of around 3,000 of their units from shared use after 31st December 2017. This represents just 5 per cent of all available QCF units, and, of those 3,000, around 1,500 were in shared use as at 30th September 2015.

2.34 There are likely to be transition costs for awarding organisations that redevelop units. However, these costs are subject to a high level of uncertainty and would depend on several factors, including:

- the cost of redevelopment (and the skills of the awarding organisations that redevelop units);
- the proportion of units that would no longer be shared which are currently in use, and which awarding organisations seek to redevelop.

2.35 We recognise that closing the shared unit bank is a significant change, and there will be an associated administrative burden for some awarding organisations. We have tried through the measures outlined above to encourage a pragmatic and orderly approach to the wind down of unit sharing. Responses to the recent consultation indicated that a number of awarding organisations had technical, detailed questions about how the wind down would work. To support an orderly transition, we gave formal notice to awarding organisations on 6th August 2015 that the shared unit bank would close on 30th September 2015. Although there will be some associated burden for awarding organisations, the removal of the shared unit bank and managed unit sharing is a key part of the removal of the QCF rules, and it is vital to making sure that awarding organisations take full responsibility for the quality of their qualifications and develop qualifications that focus on meeting users' needs, rather than on meeting structural rules.

## **The role of third parties involved in the QCF**

2.36 Following the closure of the shared unit bank, it is no longer possible for any organisations, including awarding organisations, to submit their own units to a central repository of units. Under the QCF arrangements, third parties, such as sector skills councils, could submit units to the shared unit bank.

2.37 Those third party organisations that have previously submitted units could still work with awarding organisations when developing units and qualifications. Our General Conditions E1.3, E1.4 and E1.5 require awarding organisations to

consult users when developing their qualifications. Many of those third parties that submitted units (such as the sector skills councils) had a relationship with the users of qualifications. Our regulatory approach encourages a continuation of this relationship where these third parties are well placed to represent employers and other end users of qualifications.

- 2.38 It is possible that new or different arrangements between awarding organisations and users' representatives could change the nature of competition in the qualifications market. We have a statutory objective to ensure that qualifications are provided efficiently, and we want to make sure that qualifications are good value for money. If we saw evidence that the market was not working effectively, we would want to consider whether the market could be improved.

## **Qualification titles**

- 2.39 When we consulted on removing the QCF rules, we said we would ask awarding organisations to remove the initials 'QCF' from each of their qualification titles at its next review date. Responses to our consultation revealed two equally strong positions, with some respondents keen to drop the use of the term from their qualifications and others keen to retain it where it had traction with employers and other users. In the first consultation, we also proposed that it should be possible to continue to use the terms 'award', 'certificate' and 'diploma' where these had an association with the size of the qualification and reflected the size association established by the QCF rules.
- 2.40 We recognised that requiring awarding organisations to remove the term 'QCF' from the titles of their qualifications would impose a regulatory burden. On the other hand, allowing qualifications to continue to be called 'QCF' after the QCF rules had been withdrawn was likely to be confusing and possibly misleading. We already require awarding organisations to ensure that qualification titles are not misleading, and, in order to provide clarity to students and other qualification users, we believe it is proportionate to alert awarding organisations to the possibility that using the term 'QCF' in qualification titles could be regarded as misleading and, therefore, not compliant with our Conditions.
- 2.41 We have, therefore, introduced Guidance to support our Condition on titling. This Guidance will mean the use of the term 'QCF' in the title of a qualification after 31st December 2017 will be indicative of non-compliance with the titling Condition. In this way, awarding organisations have a lengthy notice period in which to make the necessary changes to the titles of their qualifications, and 31st December 2017 is after the date when most qualifications are due to be

reviewed. This approach to implementation should minimise the burden on awarding organisations in relation to this requirement.

2.42 We have already informed awarding organisations that once the QCF rules are withdrawn, new qualifications should not come onto the system with 'QCF' in the title. Awarding organisations can continue to use the term 'QCF' in the title of existing qualifications until 31st December 2017, which means students may enrol on qualifications with that term in the title until that date. Certification of qualifications with titles that include 'QCF' may, therefore, continue beyond 31st December 2017.

2.43 We have said that it will be possible to continue to use the terms 'award', 'certificate' and 'diploma' where they have the current association with the size of a qualification. In this way, awarding organisations will not have to make changes to the use of these terms in the titles of their qualifications unless they want to.

### **Impact on schools and colleges**

2.44 We know that awarding organisations are keen to ensure that schools and colleges, and stakeholders including employers and other learning providers, are aware of the proposed changes and the dates when they are likely to come into effect.

2.45 We have developed a communications plan to accompany those changes, which includes arrangements for schools and colleges. We have made available a range of materials including digital downloads with short, targeted messages to convey the changes that will be happening. We have provided materials to representative bodies of learning providers, and materials can also be accessed directly by schools and colleges and other users, or by awarding organisations to use with their own schools and colleges. We believe these materials strike the right balance between not wanting to over-explain a piece of regulatory fine-tuning (which may lead to mistaken assumptions of major changes) and ensuring that schools and colleges, and other users understand what is changing and why they might see very little change in the qualifications that they know and trust.

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