

CONSULTATION DECISIONS

Statutory guidance for Condition F1

Consultation on proposed guidance to support the revised Condition F1 coming into effect in January 2021

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Summary of decisions

We have decided to introduce new guidance on Condition F1, making a number of changes to the version we consulted on to provide additional clarity.

We have published the guidance within the appropriate section of the [Ofqual Handbook](#). It will come into effect on 18 January 2021, alongside the new version of Condition F1.

Introduction

In February 2020, CCEA Regulation, Ofqual and Qualifications Wales published the [decisions report](#) for our [consultation on changes to the Conditions of Recognition](#). Amongst the changes we are implementing are new requirements around transparency of fee information by awarding organisations. We received feedback during the consultation process that further guidance for awarding organisations on publishing fee information would be welcome, and we explained that:

Clarity on the preferred treatment of certain types of fees will be provided through the publication of guidance on the new Condition F1.1, to support awarding organisations in achieving compliance.¹

In February 2020 we began [a consultation on this new statutory guidance](#). While we originally planned to conclude the consultation in April 2020, in light of the impact of coronavirus (COVID-19) we extended the consultation period to 30 September 2020.

This decisions report sets out the conclusions we reached based on the draft guidance on which we consulted for Condition F1. The guidance is intended to offer awarding organisations additional clarity ahead of the implementation of Condition F1 on January 18th, 2021, and the associated portal data collection outlined in the 'next steps' section.

The draft guidance for Condition F on which we consulted provided further details to inform awarding organisations' publication of the standard qualification fee, package fee, associated learner fees and mandatory centre fees. We asked for views on:

- the extent that the proposed guidance helped awarding organisations to understand the requirements of the new Condition F1
- where applicable, examples of where the draft guidance did not provide sufficient clarity on learner or qualification-related fees

¹ [Consultation on the changes to the Conditions of Recognition: Decisions Report](#). February 2020. Para 3.18.

- any regulatory impact arising from the proposed guidance
- any equality impact arising from the proposed guidance

Respondents' views

We have published a more [detailed analysis of consultation responses](#) alongside this document.

The majority of respondents agreed that the proposed guidance would help awarding organisations understand the requirements of Condition F. A small number of respondents disagreed with this statement.

Respondents (both those who agreed and those who disagreed) identified a number of areas which they thought would benefit from further clarification, with a particular emphasis on:

- aligning language with the revised Condition F
- ensuring clarity related to application of the condition in international markets
- ensuring clarity related to who the purchasers are in this context, and the role of learners
- clarity related to some of the terminology used in the guidance, including where a combination of options are available, and the relationship between fee categories
- the impact of the guidance, and the new condition, on awarding organisations
- an understanding of competition market analysis

Our view

Transparency of fees for regulated qualifications will enable purchasers and potential purchasers to make informed decisions about the qualifications they use. In considering this information, it is important that meaningful comparisons can be drawn between fee information from different awarding organisations, and this guidance supports the revised Condition F in achieving this consistency. Fee information is one factor that potential purchasers weigh-up in their purchasing decisions, and while this has been regarded as secondary to other considerations,² the availability of consistent information will enable considered decisions related to purchaser value for money.

Following the consultation, as well as some relatively minor wording adjustments, we changed the guidance to clarify:

1. The expectation to publish fee information in England. The guidance reiterates that we expect awarding organisations to publish fee information as set out in Condition F1.1(a) to (d) in all but the most exceptional circumstances. In such circumstances, awarding organisations must instead publish a statement of the method by which fees are calculated. This method must be set out in such a way that it can be understood by potential purchasers.
2. What is meant by the term 'purchaser'. This should be interpreted as anyone who makes payments to the awarding organisation. While this will most often be a centre, different models could mean other entities, including learners, may also be considered a 'purchaser'.
3. That where a qualification has multiple routes with differing costs, the standard qualification fee should reflect the most likely combination of options that learners may take.
4. That Condition F1 requires publication of the standard qualification fee but not a further breakdown (unless Condition F1.1(e) applies). Awarding organisations are not precluded from publishing additional cost information if they wish.

² Responses to the [call for evidence](#) in 2018 indicated that factors such as the quality and content of a syllabus, and levels of service and support were relatively more important in determining qualification purchasing decisions than fees. Alongside this, our '[drivers of choice](#)' research published in early 2020 recognised that centres 'take a broad view and consider a range of factors when deciding which qualifications to offer', and within this, fee and funding related information played a relatively minor role.

5. That it is Condition J1.7(c) which requires awarding organisations to publish fee information on their websites.

We have removed reference to ‘associated services’ because it introduced an alternative interpretation beyond the specified fee categorisations in Condition F.

We have also restructured some parts of the guidance to ensure it is straightforward to follow, and included a number of examples to aid interpretation and consistency. We have reworded some of the illustrative examples of fees that should be included in, or excluded from, the standard qualification fee.

Equalities impact assessment

No concerns were raised in relation to the equality impact of our proposals.

There was a recognition that materials published on a website may not necessarily be available to all audiences, but that is for awarding organisations to address, where appropriate.

Regulatory impact assessment

We stated in our consultation regulatory impact assessment that taking account of this new guidance would incur minimal additional cost for awarding organisations. Awarding organisations will need to be familiar with the guidance, and we expect that this familiarity will make it more straightforward to decide how fees should be published.

This familiarisation cost supplements the cost of implementing the revised condition which some respondents reflected on. In our earlier dialogue with awarding organisations – summarised under the regulatory impact assessment of the initial [consultation on the changes to the Conditions of Recognition](#) – we found that those we spoke with reported that they held a base set of fee information for all qualifications. This meant that fees did not need to be developed or calculated, but predominantly, though not necessarily in all cases, this information needed to be available in a public format where it was not already.

This was part of the feedback we used to inform the explanation in our February 2020 [decisions report](#) that the publication of fees was expected to require one day of work to create the necessary website materials, and half a day a year to maintain. We estimated that this would be likely to lead to a new cost of – broadly – £1,000 per year to awarding organisations who did not currently have fees available on their websites. We were not advised in the original consultation responses of specific costs that differed from that amount, though a small number of awarding organisations indicated that costs were likely to be greater – in particular where IT system changes may be necessary. This may also be attributed to the number of qualifications an awarding organisation offers because this policy is predominantly implemented at qualification level (i.e. a cost per qualification).

We recognise that in some cases, awarding organisations will incur greater costs than those set out in the original Condition F consultation, though we remain of the view that our original estimate offers an appropriate cost indication for the majority of awarding organisations. Further, the longer lead in to the implementation of Condition F – originally scheduled for October 2020, and since delayed to January 2021 – has allowed a longer time for awarding organisations to prepare, helping to mitigate the impact of any additional costs. Overall, we are confident that these are modest and manageable new costs for a sizable improvement to potential purchasers.

We worked alongside Qualifications Wales and CCEA Regulation during the [‘changes to the Conditions of Recognition’](#) consultation to ensure alignment of requirements where possible, and minimise any divergence. While this statutory guidance is specific to Ofqual, we have worked with Qualifications Wales and CCEA

Regulation when developing it. Both Qualifications Wales and CCEA Regulation intend to introduce guidance separately.

In finalising our decisions on these changes, we have taken account of [guidance from the Competitions and Markets Authority](#) (CMA) to confirm our view that there are no significant distorting impacts that restrict competition in the sector. This guidance from the CMA poses four main questions, and having considered the impacts, alongside pertinent points raised in our 2010 '[Increasing the transparency of qualification fees](#)' report, we are confident that there will not be a resulting competition restriction.

Next steps

We have published our [revised guidance](#) alongside this document. It will come into effect on 18 January 2021, alongside the new version of Condition F1. Awarding organisations will need to have regard to the guidance when publishing fee information.

We will also require awarding organisations to complete a portal data collection between January and February 2021 related to the standard qualification fee. This will be based on a simple template requiring awarding organisations to submit the standard qualification fee for each of their qualifications. It will also allow awarding organisations to indicate where they believe the exceptional arrangements in Condition F1.1(e) should apply. This data collection will continue in subsequent years.

We will use this data to inform decisions on monitoring compliance with the new conditions.

The table below summarises the key next steps for updated Condition F.

Date	Item
November 2020	Condition F guidance published
18 Jan 2021	Updated Condition F comes into force
January to February 2021	Data portal collection related to the Standard Qualification Fee



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