

Reforming Functional Skills Qualifications in mathematics and English

Regulatory impact assessment



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1. Introduction

- 1.1 The Department for Education has taken the decision to reform Functional Skills qualifications (FSQs) in English and mathematics. Reformed FSQs in English and mathematics will be introduced for first teaching from September 2019.
- 1.2 This assessment relates to the regulatory impacts of our proposals for FSQs in English and mathematics.
- 1.3 In September 2017, we published a policy consultation setting out our proposals for the regulation of reformed FSQs. We reviewed responses to that consultation and identified five of our proposals that have potential regulatory impacts upon awarding organisations. Those were:
- developing assessment strategy documents
 - assessing skills with and without a calculator for FSQs in mathematics
 - preventing access to external spelling and grammar aids in the Writing assessment
 - technical evaluation of reformed FSQs
 - transitional arrangements
- 1.4 This document sets out our considerations of the regulatory impacts of our proposals, based on information provided by awarding organisations who responded to our request for further information on the financial and other regulatory impacts of our proposals.

Scope of this impact assessment

- 1.5 We did not consider costs that relate directly to the Department for Education's decision to reform FSQs. This includes costs related to awarding organisations design, development and delivery of the new qualifications, and costs that relate to the Department for Education's approach to the subject content for reformed FSQs.
- 1.6 These costs are not as a direct result of Ofqual's proposals around our regulatory approach, so lie outside of our control.

Methodology

- 1.7 In December 2017, we wrote to the awarding organisations currently offering - and those who have expressed an interest in offering - FSQs, seeking detailed

assessments of the estimated financial impact of these the proposals. In January 2018 thirteen awarding organisations responded, all of whom currently offer FSQs.

- 1.9 We also asked awarding organisations to provide information on their current approach to centre monitoring; we did not consider this information here, as we will use it to inform the development of our detailed centre monitoring proposals.¹
- 1.10 The estimated impact of some of our proposals varied considerably between awarding organisations. To avoid presenting a single response which distorts the average financial impact, we have (unless expressly stated otherwise) used the truncated mean to establish an impact that gives a truer indication of expected costs. The truncated mean involves removing the highest and lowest estimates returned by awarding organisations and calculating the mean of the remainder.
- 1.11 We include in this document a final section on assessment delivery. We did not ask awarding organisations for estimated costs of our proposals here, since we are not requiring changes in approach, but are removing a current restriction on awarding organisations from marking assessments at the Entry levels.

¹ www.gov.uk/government/consultations/implementing-functional-skills-reform

2. Developing assessment strategy documents

2.1 For all reformed FSQs, we will require awarding organisations to produce an assessment strategy – a document that sets out and governs their approach to designing and assessing FSQs.

2.2 We are proposing that assessment strategy documents will cover:

- assessment design and approach
- assessment development and delivery
- centre monitoring and moderation
- standard setting and maintenance

2.3 It is our view that all AOs, as a matter of course, have to consider how to do this for all qualifications they develop, including reformed FSQs. We are simply requiring AOs to record these considerations in one place. We therefore limit the assessment of impact to considering the costs of producing the assessment strategy document itself.

Analysis of information from awarding organisations

2.4 Of the thirteen awarding organisations who responded to our request:

- two did not provide any cost information in relation to this proposal;
- two told us that any incremental cost of being required to produce an assessment strategy document would be below £1,000;
- two cited figures over £40,000 – in both cases, these appear to include the underlying costs of designing and developing the structure of qualification assessments, rather than simply the cost of producing the strategy document; and
- the remaining seven awarding organisations cited costs between £2,500 and £8,400.

2.5 Smaller awarding organisations included the cost of recruiting external consultants where specialist assessment skills were needed but were unavailable amongst existing staff.

2.6 The incremental costs highlighted in the individual assessments were:

- Staff time for development of document, including consultation with stakeholders (both internal and external)
- External consultants to assist in development

2.7 We think the best estimate of the cost impact on awarding organisations is given by excluding the two highest cost estimates (as both include costs not properly attributable to producing the assessment strategy document) as well as the two lowest cost estimates (both below £1,000), and taking a mean of the remaining cost estimates.

2.8 For reference purposes, we have also included a simple truncated mean (mean of all cost figures excluding the highest and lowest values).

Total one-off cost for developing an assessment strategy document (best estimate)	£5,435 for each awarding organisation
Total one-off cost for developing an assessment strategy document (truncated mean)	£9,653 for each awarding organisation

Conclusion

2.9 We think that despite the burden (both in terms of time and financial costs) that this decision will place on awarding organisations, it is necessary. As we set out in our consultation, we plan to review the new FSQs before they are made available to learners. As a part of this review, we will consider the information that is set out in the assessment strategy. The information set out in these documents will play a vital role in helping us to determine whether the approach an awarding organisation takes is likely to produce qualifications that are robust and fit for purpose, and meet our rules.

3. Assessment of skills with and without a calculator for FSQs in mathematics

- 3.1 The subject content for reformed FSQs requires the assessment of underpinning knowledge and skills both with and without a calculator. We are therefore introducing into the new FSQs requirements relating to assessing knowledge and skills without a calculator.
- 3.2 We asked awarding organisations to provide an estimate of the costs and other impacts of each of the following approaches:
- setting a requirement for a separate non-calculator assessment (the separate papers option)
 - setting a requirement for a single assessment which has a calculator section, and a non-calculator section for which access to a calculator is prohibited (the combined paper option)

Analysis of information from awarding organisations

- 3.3 Of the thirteen awarding organisations who responded to our request:
- two did not provide any cost information about assessing calculator and non-calculator based skills
 - two told us that any incremental cost of this proposal would be minimal
 - two cited figures well in excess of £100,000 – in both cases, these appear to be estimates of the overall costs of designing and developing the assessments themselves, rather than the incremental cost of producing separate calculator and non-calculator assessments
 - the remaining seven awarding organisations cited additional annual costs between £2,500 and £48,000 (for the separate papers option), and between £nil and £35,000 (for the combined paper option)
- 3.4 Only two awarding organisations said that costs would be different between the separate papers option, and the combined paper option. One awarding organisation gave no costs for the combined paper option, stating this was “not feasible”.
- 3.5 In summary, the types of incremental costs highlighted in the individual assessments were:
- staff time for developing two papers, rather than one

- costs around marking two papers, rather than one
- more complex logistics for centres, requiring further training
- increased invigilation costs for centres

3.6 We think the best estimate of the cost impact on awarding organisations is given by excluding the two highest cost estimates (as both include costs not properly attributable to producing separate calculator and non-calculator assessments) as well as the two lowest cost estimates (both nil), and taking a mean of the remaining cost estimates.

3.7 For reference purposes, we have also included a simple truncated mean (mean of all cost figures excluding the highest and lowest values).

Separate Papers Option

Annual cost of the separate papers option (best estimate)	£21,294 for each awarding organisation
Annual cost of the separate papers option (truncated mean)	£33,340 for each awarding organisation

Combined Paper Option

Annual cost of the combined paper option (best estimate)	£18,288 for each awarding organisation
Annual cost of the combined paper option (truncated mean)	£33,466 for each awarding organisation

Impact on centres

3.8 We acknowledge that this requirement will have an impact on centres. Responses from several awarding organisations referenced the additional logistical and invigilation burden the separate paper option would place upon centres.

Conclusion

3.9 The introduction of non-calculator based assessment arises as a result of the Department for Education's subject content requirements, and we therefore cannot avoid imposing a burden on awarding organisations and centres in respect of there being non-calculator assessment in the new FSQs.

3.10 However, there is some flexibility in terms of how we may implement our rules around the non-calculator assessment. For example, we are consulting in our technical consultation on a proposal which would allow awarding organisations to decide whether they offer a single assessment with calculator- and non-calculator sections, or whether they offer two separate assessments.

3.11 This would provide scope for awarding organisations to take decisions that minimise burden both on themselves and on their particular centres.

4. Preventing access to external spelling and grammar checks in the Writing assessment

- 4.1 The subject content for new FSQs in English require learners to be tested on their underpinning skills, and at the Entry levels there is an additional requirement that Learners should be assessed on the spelling of specific words and types of words. We have therefore decided to introduce a requirement that prohibits access to spelling and grammar checks in the Writing assessment.
- 4.2 We asked awarding organisations to provide an estimate of the costs and other impacts that would arise from this requirement.

Analysis of information from awarding organisations

- 4.3 Ten awarding organisations told us that this proposal would have no incremental cost. Two indicated minimal costs of £1,000 and £3,120 which, for the latter, included training for centres. Our view is that the cost of training could be incorporated into the wider training for the reformed qualifications with no incremental training time needed.
- 4.4 Only one respondent indicated a potential system cost to ensure their platform did not allow unprompted spelling or grammar checks; they estimated this cost to be £10,000.

In view of all responses received, we consider that our proposed approach will have minimal incremental cost on awarding organisations. However, we recognise that some awarding organisations may face additional costs related to system changes.

Conclusion

- 4.5 We are of the view that allowing learners to have access to spelling and grammar checks during their Writing assessments would undermine the assessment of their underpinning skills, which is a requirement of the subject content. We therefore consider that the costs associated with our decision to prohibit spelling and grammar checks within the Writing assessment are justified.

5. Technical evaluation of reformed FSQs

5.1 We will evaluate each reformed FSQ before they are available to learners – a process that we call technical evaluation. As part of this process, awarding organisations will need to submit information to us about their reformed FSQs, principally:

- their assessment strategies; and
- sample assessment materials (SAMs).

5.2 We have already considered the costs that relate to the production of assessment strategy document (see above). We set out below the costs that relate to the production of SAMs.

Analysis of information from awarding organisations

Developing SAMs

5.3 Awarding organisations' estimated costs of developing SAMs for each subject and level ranged between £600 and £12,500. The majority lay between £2,000 and £6,000.

5.4 Almost all awarding organisations told us that they would produce SAMs for these new qualifications as a matter of course, as they are an invaluable resource for centres to prepare learners. As a result, we do not consider that there will be an incremental cost of requiring SAMs to be produced.

We do not consider that there will be an incremental cost of *requiring* SAMs to be produced

Other impacts

5.5 The introduction of an upfront technical evaluation process will place additional burden on awarding organisations aside from that which relates to the production of assessment strategies and SAMs. For example, we may require awarding organisations to provide us with additional documentation, and if we identify issues with the qualifications that are submitted to us we may place requirements on awarding organisations to take particular action to address issues with the qualification.

5.6 One outcome of the process is that we may prevent an awarding organisation from making their new FSQ available to learners until such a time as they have addressed issues that we have identified. In addition to the impact that this would have on awarding organisations, this may also impact on centres as the

qualification may not be made available to them as soon as it would be if we were not undertaking a technical evaluation.

Conclusion

- 5.7 We consider that any burden imposed through the introduction of the technical evaluation process is necessary. FSQs are the highest volume qualifications that we regulate after GCSEs. In certain contexts they form a part of accountability measures, and they are used as part of apprenticeships. It is therefore important that before the new FSQs are made available to learners, we review them and determine whether the approach an awarding organisation takes is likely to produce qualifications that are robust and fit for purpose, and meet our rules.
- 5.8 Despite the impacts raised in the section above, the upfront technical evaluation approach we are adopting in respect of new FSQs has been designed to be more flexible and targeted than our accreditation process for GCSEs and A levels and this should help to mitigate some of the impacts that could arise through a less flexible approach.

6. Transitional arrangements

- 6.1 In our consultation we proposed that we would require awarding organisations to continue to offer current FSQs alongside new FSQs ones for a minimum of nine months, and up to a maximum period of twelve months following the first teach date in September 2019.
- 6.2 Following our consultation we have decided not to set a requirement for awarding organisations to deliver the current FSQs for a specified minimum period. We are instead allowing each awarding organisation to plan the withdrawal of its existing qualifications in the way that best works for its approach to assessment within a maximum 12 month transition period, taking into account the need to protect the interests of learners taking its qualifications.
- 6.3 We expect that this will act to reduce the regulatory impact of our approach.

Analysis of information from awarding organisations

- 6.4 We asked awarding organisations to provide an estimate of costs related to running current and new FSQs in parallel for nine months. We set out our analysis of those responses below.
- 6.5 Awarding organisations' estimate costs of running a nine month transition period (across each subject and level they offered) varied between £25,500 to £100,000. The majority of responses lay between £30,000 and £60,000.
- 6.6 One respondent quoted costs of between £544,053 and £919,598, however this relates to all costs of operating two qualifications in parallel, rather than the incremental cost. We have excluded this response from our review, and give our estimated impact using the truncated mean.
- 6.7 Setting a twelve month transition period would add a further quarter of parallel running. We therefore proportionately increased the costs indicated by the awarding organisations to arrive at the estimated cost of requiring a transition period of 12 months.

One off cost of requiring a nine-month transition period

£50,260 for each awarding organisation

One off cost of requiring a 12-month transition period

£67,013 for each awarding organisation

Impact on centres

6.8 Responses from several awarding organisations referenced the additional logistical burden that a period of dual-running would place upon centres. The flexibility we are allowing on the period of transition enables awarding organisations to tailor the transition period to minimise the impact on centres whilst also protect learners.

Conclusion

6.9 We consider that it will be necessary for there to be a dual running period of the current and new FSQs in order to protect the interests of learners.

6.10 We are however looking to minimise the impact on awarding organisations who will during any dual running period have to offer and award both the current and new FSQs which will have costs implications as set out above. We have decided not to require a minimum period during which awarding organisations would be required to run both versions of the qualification.

6.11 Each awarding organisation will instead need to plan the withdrawal of its existing qualifications in the way that best works for its approach to assessment within a maximum 12 month transition period, taking into account the need to protect the interests of learners taking its qualifications. We consider that this should minimise the regulatory impact of the transitional arrangements on awarding organisations.

6.12 Awarding organisations are required under our [General Conditions of Recognition](#) (Condition D7) to take all reasonable steps to protect the interests of Learners in relation to that qualification whenever they are planning the withdrawal of a qualification. We therefore consider that this approach is appropriate to protect the interests of learners.

7. Assessment delivery

- 7.1 In most cases, we are retaining existing approaches to setting, contextualising and marking assessments for FSQs.
- 7.2 However, we propose to lift current restrictions that prevent awarding organisations from marking assessments at the Entry levels and the Speaking, listening and communicating assessments at Levels 1 and 2.
- 7.3 This change simply gives awarding organisations an additional option; it does not require any changes to existing approaches.
- 7.4 As such, we do not consider it causes an unavoidable cost impact on awarding organisations.

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