

ANALYSIS OF RESPONSES

Fee information, purchasing decisions and securing value for money

Call for evidence: qualification fees, purchasing and value for money

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Summary

In line with our statutory objective to secure that regulated qualifications are provided efficiently and represent value for money in the qualifications market, Ofqual commissioned several studies into the influence qualification fees and pricing information had upon market behaviour between 2006 and 2015. One conclusion that can be drawn from these studies is that the current wording of the General Conditions of Recognition has resulted in disparities in the availability of information on the costs of qualifications, potentially limiting the ability of centres to obtain value for money.

A call for evidence was issued to investigate the implications of that disparity and to inform any future actions. The call for evidence was live from 20 July to 30 September 2018, during which time Ofqual received 44 direct responses to the survey, of which 7 were only partially completed and not formally submitted, leaving 37 eligible for inclusion. These responses came from 9 qualification purchasers (6 schools and 3 colleges or training centres), 24 awarding organisations, and 4 industry bodies. Additional discussions were held with a focus group attended by representatives from 6 awarding organisations, in meetings with 3 industry bodies and via teleconferences with representatives of 2 large colleges.

The call for evidence did identify some consistent themes both within and across the responder groups, as well as revealing some instances of differing opinion. Due to the low response rate from qualification purchasers, we cannot assume that responses from our sample are reflective of the entire sector. However, the industry body views, representing many additional purchasers, complement the views of the nine direct responses.

Particularly consistent was the assertion that qualification costs and fees are not of primary importance to centres when selecting a qualification. Educational factors such as course content and the level of service and support offered by the awarding organisation are identified throughout the responses as being major determinants of centres' choices.

Industry body responses suggest that, with growing financial pressures on schools and colleges, the relative importance of cost is likely to increase.

On the availability of information, conversely, there was disparity between the views of the qualification providers and purchasers. Purchasers reported some difficulty accessing information and expressed very little confidence that they had secured value for money with their purchasing decisions. The awarding organisations believed that their fee structures were clear and transparent and that their prices represented good value for the services and products provided.

There was also some disagreement between responder groups regarding the necessity of regulation in this sector. Purchasers and their representative industry bodies were overtly welcoming of Ofqual's Call for Evidence and identified a very real need for standardisation of qualification fee structures and for greater price transparency. Some awarding organisations were also supportive of greater price transparency. Others were not in favour of further regulatory action and expressed concerns regarding Ofqual's intentions and the extent of its powers, for example in relation to the use of fee-capping.

Introduction

The Apprenticeships, Skills, Children and Learning Act 2009 sets out five statutory objectives for Ofqual, including the 'efficiency objective' (s.128(6)):

"The efficiency objective is to secure that regulated qualifications are provided efficiently and in particular that any relevant sums payable to a body awarding or authenticating a qualification in respect of which the body is recognised under section 132 represent value for money."

ASCL Act 2009

The study of price transparency and its effect upon market behaviour and market efficiency has a long history. Between 2006 and 2015, several studies were commissioned, by Ofqual and its predecessor bodies, to investigate the level of qualification fees and the availability of pricing information, and their influence on market behaviour and market efficiency^{1,2,3}. These studies confirmed that financial considerations are a secondary priority for centres when choosing qualifications and reveal clear, but unsurprising, tensions between the preferences of centres (e.g. advanced publication of fees and a common format for their presentation) and those of the awarding organisations (e.g. 'light-touch' regulation to allow flexibility in approach)⁴.

A 2007 US Report for Congress, 'Does Price Transparency Improve Market Efficiency?'⁵ drew together the empirical studies of recent decades from around the world. The report concluded that most studies show that price transparency leads to lower and more uniform prices. Even if the average price remains the same, the introduction of price transparency removes some of the unfairness that occurs in an opaque market.

A report published by the Office of Fair Trading⁶ suggested that for consumers to optimise their product choices from a market they must be able to access and assess the necessary information about offers available in the market in order to act in such a way as to meet their perception of value for money. Provision of this information for qualifications is covered by Sections E and F of the General Conditions of Recognition⁷.

- Section E requires awarding organisations to publish the specification of a qualification (Condition E3).
- Section F covers the obligations in respect of providing information about the fee for a qualification (Condition F1), packaging qualifications with other products or services (Condition F2), and invoicing (Condition F3).

These Section F obligations are summarised in the table below.

1. [PFK, \(2006\) "Review of awarding bodies' fees"](#)

2. [Grant Thornton, \(2015\) "The reasonableness of fees for other widely used qualifications"](#)

3. [Frontier Economics, \(2015\) "Understanding awarding organisations' commercial behaviour before and after the GCSE and A level reforms"](#)

4. [Reckon, \(2010\) "Increasing the transparency of qualification fees"](#)

5. [Congressional Research Service \(2007\) "Does Price Transparency Improve Market Efficiency? Implications of Empirical Evidence in Other Markets for the Health Sector"](#)

6. [Office of Fair Trading, \(2010\) "What does behavioural economics mean for competition policy?"](#)

7. [The Ofqual Handbook](#)

Condition	Key obligations
F1	<ul style="list-style-type: none"> • AOs that have a list of standard fees must make that list accessible to potential purchasers, at a minimum by making it available on the internet, or by providing potential purchasers with a copy. • AOs that do not have a standard list must provide – on request – purchasers with either information about its fees, or (where fees are variable) a statement of how fees are calculated and an estimate of likely fees; • all AOs must have pricing structures that would be clear to the reasonable purchaser; • whenever an AO provides or makes available information about fees, it must also provide or make available information about the main features of the qualification and associated services to which the fees relate, unless this is already clear from the context; and • AOs must take all reasonable steps to provide fee information sufficiently in advance of qualification availability to satisfy the reasonable planning requirements of potential purchasers. Where this is not possible, AOs must in any event provide information that gives a reasonable indication of likely fees with a clear statement that the information is only indicative.
F2	<ul style="list-style-type: none"> • Where qualifications are available both separately and as part of a package, AOs must inform purchasers this is the case prior to the time of purchase; and • Qualifications cannot be offered solely as part of a package, except where the AO seeks comments from purchasers about the appropriateness of the package from time to time, and reasonably concludes it is appropriate to continue offering the package.
F3	<ul style="list-style-type: none"> • AOs must issue invoices in a timely manner; • AOs must provide – on request – a breakdown of fees to a reasonable level of detail; • AOs must establish, maintain, publish and comply with a written policy on invoicing. That policy must specify the processes the AO will follow for issuing, payment and retention of invoices, and the content of invoices.

The degree of flexibility that exists in the current wording of Condition F1 has led to the availability of qualification fee information being applied in a number of different ways. Different interpretations of how fee structures and levels are provided to potential purchasers and what constitutes their timely provision upon request, while all being compliant with the Condition, can create a potential impediment to centres changing their qualification provider. These factors, combined with the possibility of discounting of published prices by awarding organisations, could result in significant disparities in the prices paid by similar centres for the same qualifications, with the consequence that centres cannot be certain of obtaining value for money.

In the light of this conclusion, a call for evidence was issued in order to inform both our assessment of the case for change and any proposed policy interventions. In this document we report on the findings of the call for evidence.

Responses to the call for evidence

The call for evidence was live from 20 July to 17 October 2018. During this time a front-page article was presented on Ofqual's website to raise awareness, supported by a news article on the 20 July and a reminder on the 24 September. Some stakeholders were also contacted directly, and the survey was publicised in 4 industry bodies' regular newsletters.

Ofqual received 44 direct responses to the online call for evidence survey. Where the surveys were incomplete or unsubmitted, clarification was sought with those respondents to determine whether or not this was deliberate, and 3 of these informed us that they had intended to submit and would like their responses to be considered. Those responders who could not be contacted for clarification were omitted, leaving 37 responses considered eligible for inclusion. Of these, 9 were from qualification purchasers, 6 from schools, 3 from further education colleges or training centres, 24 from awarding organisations, and 4 from industry bodies.

The industry bodies or organisations who provided responses to the online call for evidence survey were:

- Association of Employment and Learning Providers (AELP)
- Association of School and College Leaders (ASCL)
- NASUWT
- National Association of Head Teachers (NAHT)

In addition, an awarding organisation focus group was attended by representatives of 6 awarding organisations and the Federation of Awarding Bodies.

The awarding organisations in attendance at the focus group meeting were:

- City & Guilds
- CABWI
- London Academy of Music and Dramatic Art (LAMDA)
- Excellence, Achievement & Learning (EAL)
- Open Awards
- Trinity College London

Discussions were held with representatives of 2 industry bodies, ASCL and the Association of Colleges (AOC), at their own internal meetings and with the Board of the Federation of Awarding Bodies at one of the quarterly meetings with Ofqual.

Additionally, telephone interviews were conducted with key staff at two large colleges.

Reporting

The direct responses to the call for evidence received from centres and awarding organisations have been assessed question by question and the individual responses to each question have been categorised by the major themes identified. The 2 main responder groups (purchasers and awarding organisations) were asked to respond to a different set of questions. Where appropriate, the answers received are reported as percentages of the total number of responses to each question or item. In certain cases, the respondents were able to indicate multiple criteria within a single answer and therefore the sum of the categorised responses may exceed 100%.

Quotes have been included throughout the report as representative examples of the responses received, and to provide context and clarity to the data presented. Quotes have been attributed to the type of organisation the respondent represents and identifying details have been removed from quotations as necessary.

Industry bodies were asked to provide comments relevant to the issues addressed in the call for evidence, and these free-form responses have been summarised, supported by representative quotations. The Awarding Body Focus Group discussion, the visits to ASCL and AOC and the college representative telephone interviews were all recorded as written comments and the major points and themes have been presented as summaries.

Purchaser responses to the call for evidence

Decision factors

In our call for evidence we asked centres to identify the major factors that determine their choice of qualification purchases. All 9 centres responded to this question. The quality and content of the course syllabuses was the most commonly cited factor, identified by 7 of the 9 respondents as a major determinant of qualification choice. The level of service and support offered by the awarding organisation was the next most frequently mentioned factor (identified by 4 respondents). Cost and assessment methods were jointly the third most commonly cited factor (each identified by 3 respondents). Other factors included the consistency and fairness of marking, and the relevance of the qualification to the next stage of their student's education.

The majority of respondents explicitly described the educational and logistical aspects of a qualification as being of a higher priority than financial considerations.

"The content, assessment methods and complexity are the primary factors is [sic.] choosing qualifications. Cost is rarely an influence which means value for money is barely measured."

Further Education College

"The main factor - by far - is the quality of the qualification being offered. The content, approach to assessment etc. Lower down the pecking order - as a tiebreaker almost - we look at other services on offer..."

School

When directly asked about the importance of cost in determining their choice of qualifications, 4 respondents indicated that cost was not very important, and a further 3 suggested that it was of only moderate importance. Only 2 respondents considered price to be a very important consideration when choosing qualifications.

"Value for money is important in that if an entry fee is more expensive (and with that goes the costs of re-marks and appeals looking at the whole potential cost of qualification) then we have to be sure it is a syllabus and an exam board that we feel can be relied upon to deliver the goods as expected before we would say yes to staff using the most expensive exam board."

School

"If the qualifications with different boards are very close in price then price is barely considered. If there was a sizable [sic.] difference it would become a factor but this is not the case."

School

In addition to the direct feedback to the online call for evidence survey, representatives of 2 large colleges were invited to respond via teleconference. Consistent with other purchasers, they suggested that whilst price is considered and discussed when choosing qualification

providers, it is of secondary importance to learner outcomes. Course content, the level of credibility of both the awarding organisation and the qualification and the recognition and value placed upon the qualification by employers were also cited as factors, particularly where a particular specification is considered to be an 'industry standard'.

Gathering information

On the subject of gathering information the college representatives indicated that costing qualifications can be difficult due to limited access to price lists, and because different awarding organisations have different ways of charging and a wide variety of differing fees, which makes it hard to initially determine how much a purchase will ultimately cost.

The requirement to register in order to access fee information for some awarding organisations was commented upon, along with an observed reluctance from some awarding organisations to provide information upon request. This lack of transparency was described as 'a source of frustration'. They also stated that they would like more information about what they are getting for their money, as some awarding organisations are not always clear or upfront about service levels.

"One concern is the post-results market where the services on offer differ sharply between boards and where the boards seem to have schools over a barrel in terms of fees charged."

School

Centres stated that they received their pricing information from a variety of sources, often either online or directly from the awarding organisations.

Switching and negotiating

All 9 centres informed us that they had considered switching their qualifications provider over the last 5 years. When asked to describe the process of gathering the required information regarding price and specification to make an informed decision 4 respondents indicated that they had experienced difficulty in doing so. Two stated that the process had been fairly easy, with the remaining centres describing a neutral experience. The most commonly cited reason for experiencing difficulty was a lack of sufficient or sufficiently clear information being available.

"Costs aren't always clear upfront and different awarding organisations price differently so direct comparison can be complicated. In truth the decision is almost always made for academic reasons and not cost reasons. Working in MIS, there is a feeling that we are 'at the mercy' of awarding bodies and simply pay whatever they ask as we don't have any other option."

Further Education College

The college representatives indicated that where a previous relationship with an awarding organisation existed, they may default to approaching that provider, but were also willing to look elsewhere. They also stated that switching providers had been considered in the past, either in response to changes in ownership of awarding organisations, mergers between centres, or were driven by learner outcomes.

Similar to the responses concerning the choice of qualifications, 4 of the 9 respondents indicated that price was not a major consideration when choosing between the qualification providers themselves.

6 out of 9 centres stated that they had attempted to negotiate or renegotiate prices with awarding organisations. Of the 3 centres who chose to elaborate on this, all confirmed that they had been offered the published price at the outset rather than an initially discounted offer. Additionally, the 3 centres indicated a markedly negative experience of the negotiation process, suggesting that awarding organisations were disinterested and that they were unable to readily access price information in order to negotiate.

“No AB [Awarding Body] wants to know - No discounts for large cohorts, no free CPD, also tried to have one AB for whole school of 1650 students. None of the AB are interested as most are charities and do not have to make a profit. - Monopoly of the big 3, no competition between them, couldn't care less if we give them our business or not.”

School

“We felt we were purely a source of income for AO. Pricing is difficult to get to make comparisons.”

Private training provider

One of the colleges we interviewed informed us that, when they sought to negotiate with awarding organisations, they were more likely to secure a waiver of certain additional fees, rather than a reduction in overall prices. Smaller awarding organisations were found to be more flexible and open to negotiation than large ones but ultimately the college tended to pay published prices. The second college we interviewed described acting in consort with other centres in order to leverage discounts from awarding organisations, but described the resulting negotiated fees as being very similar to the published prices.

When asked to define their degree of confidence that they had secured value for money in their choice of qualifications provider, none of the 9 responding centres described being either quite confident or very confident. 6 respondents indicated that they were not very confident and a further 2 were not at all confident. Centres' responses indicated dissatisfaction in terms of both price and service provision.

“Some qualifications seem grossly overpriced compared to others. In particular, the... [Two specific qualifications cited] ...where all of the teaching material is produced by the school and all of the assessment is done by school staff (except for external moderation, which is the same workload for them whether we have 20 candidates or 200), so we are simply paying... [the AO] ...a large sum of money for us to do most of the work. In this case, a sliding scale of fee would seem more appropriate, with a reduced fee per entry for larger numbers of candidates. Similarly, GCSE and GCE Art & Design courses, where all of the assessment is carried out by school staff, it seems unreasonable for the school to be paying the awarding bodies for its own staff's efforts.”

School

“The various AOs we work with do not offer us discounts thus making us less competitive, for instance we can be paying more than 25% more than our competitors purely by volume.”

Private training provider

Additionally, one college's representatives interviewed by telephone indicated that they did not believe that they were consistently securing value for money, as marked differences in

levels of service between awarding organisations did not seem to be reflected in their respective prices.

The sole responder indicating a neutral degree of confidence that they had secured value for money in their choice of qualifications provider also indicated some concerns about both costs and services provided.

“The market at present is so limited that it is not an issue. As a relatively small centre (100 or so pupils per year group) we have little bargaining power. We are very aware that we do more and more of the administration for the exam boards as a Centre e.g. access arrangements, NEA appeals, etc. This aspect of the cost of exams has increased enormously in the past ten years - with the addition of the cost of invigilators and the need to supervise the growing number of students with access arrangements.”

School

Centre collaboration

Centres were asked whether they were aware of the prices paid by other centres for the same qualifications. All 9 centres responded to this question and 8 indicated that they were not aware. Both of the 2 respondents who chose to elaborate expressed surprise at the possibility that prices varied between centres.

“I assume all centres pay the same prices. I am aware that there is a different price for private candidates as opposed to schools but this has been the case for a long time. I need to ask more questions about costs if this question is suggesting that is the case. It would be very wrong to have one price for one centre and one price for another or suggest that prices can be negotiated. It would shake the confidence even further of exam board reputations.”

School

“I thought each centre pays the same. I am shocked to find out this is not true.”

School

None of the centres had considered joint procurement. Stated reasons for this included a lack of opportunity/feasibility or of interest/awareness, although some centres indicated that they may be open to the idea.

“No, we have no one to look at joint procurement with. As a small stand-alone school we would be penalised greatly if bigger organisations could get reduced prices just because they had more people behind them. This is a very slippery road to go down.”

School

“No but It is certainly something I would be willing to explore.”

Further Education College

“No - have been a single entity (maintained) school until now. Now part of a small chain so possibly an area to look at.”

School

“We did not know that this was an option.”

School

Invoicing

We asked centres whether the quantity and format of information provided on invoices from awarding organisations was sufficient to reconcile their expenditures with activities and budgets. 7 out of the 9 centres responded to this question, 4 of whom indicated that they had no issues with the invoicing information available whilst 3 indicated that they found the invoices to be difficult or problematic.

“Yes, as far as I am aware. My Finance Department has never suggested it can't reconcile the expenditure.”

School

“Yes, all invoices comply with UK legalisation for business transactions.”

Private training provider

“Invoices are very vague. I am not able to analyse our spend with awarding bodies which is a point of some concern. The examinations budget is often referred to as the ‘black hole’.”

Further Education College

Additionally, the college representatives stated that reconciling invoices was a ‘laborious process’, indicating that whilst some boards provide a clear, single monthly breakdown, others send multiple invoices populated with ‘meaningless reference numbers’. Representatives described performing ‘rough sense-checking’ of expenditure only, since investigating invoices on a line-by-line basis was considered to be unfeasibly time-consuming. They expressed a desire for a uniform invoicing format that was compatible with their automated systems.

Additional comments

Respondents were invited to provide additional comments relevant to the issues addressed in the call for evidence. Three centres took the opportunity to do so, further highlighting issues with value for money as well as with costs and services, and expressing an appetite for standardisation.

“The AO/OFQUAL route has been pushed by successive governments. However it represents poor value for training organisations and customers. The "standardised qualifications" become stale quickly and no one takes responsibility for updating them ...
...As a result every student is being taught out of date standards. This really is disgraceful considering how much they charge for qualifications!”

Private training provider

“With Standardisations in qualifications such as First Aid at Work or Education & Training where the course of instruction is the same, it would be good if the regulators set a maximum & minimum price that could be charged for a standardised qualification or unit.”

Private training provider

Awarding organisation responses

Pricing

Awarding organisations were asked how important they considered price to be in determining a centre's choice of qualifications. All 24 awarding organisations responded to this question, with 18 indicating that price was an important factor for centres (13 selected quite important, five selected very important) whereas only 2 suggested that price was unimportant. 12 of the 22 awarding organisations who gave reasons for this identified financial considerations, such as centres' margins and budgets. 13 suggested that centres prioritise other aspects of qualifications such as support, course content and administrative burden, over costs.

"Centres work on margin for funded and non-funded qualifications. Price is a factor."

Awarding organisation

"In most cases, it is academic staff within a department of a school or college that decides which qualifications to use. Research suggests that they make decisions based on factors other than price and, in many cases, are unaware of the differences in fees charged between exam boards."

Awarding organisation

"...For a single qualification (subject), in addition to price (entry fees), a centre's choice of AO when more than one AO offers the qualification may be determined by:

- Reputation of the AO
- Specification content/structure
- Availability and quality of teaching resources and wider support from the exam board
- Previous links with an exam board, for example, employment as a marker
- Switching costs of moving to a new AO, including the additional staff time required to become familiar with a new specification from a different AO.

It should also be noted that the role of price in influencing a centre's choice of qualifications will be determined by the identities of individuals making purchasing decisions – who may be a teacher, a Head of Department or Business Manager – and their characteristics or preferences..."

Awarding organisation

"Increased financial pressures on industry as a whole - Focus on value for money - Centres consolidating the number of AOs they use to reduce overall cost. Main driver for centre's choice of qualifications appears to remain to be on quality of the qualification and the outcomes for learners and the service offered by the AO but price would be the next biggest influencer."

Awarding organisation

15 out of 24 awarding organisations stated that they made their pricing information freely available online. The most commonly cited reason for not doing so (indicated by 3 of the 9 other awarding organisations) was the potential use of that information by other awarding organisations in order to gain a competitive advantage. The next most frequent explanation was the complex or confusing nature of the information.

“We believe that to freely display the fees list could be detrimental to our business. In allowing competitors free view of our fees, we risk being undercut by larger organisations who have the ability to offer qualifications at a loss.”

Awarding organisation

“Our fees were removed from freely available access due to the advent of the QCF as this in effect gave predatory AOs the advantage of 'stealing' volume qualifications and setting their fee structure at a lower cost base than we could as the developing AO”

Awarding organisation

“Our website is learner facing, however, our business model is that we sell our qualifications via training providers who then set their own fees who pass the qualification cost on as part of the overall package which a learner undertakes, e.g.: training and preparatory assessment, therefore any reporting of our prices may be confusing in terms of the overall costs involved in undertaking a qualification.”

Awarding organisation

We asked awarding organisations to indicate whether or not they offered discounts to their published prices, and if so under what circumstances. 9 of the 23 awarding organisations who replied stated that they routinely discounted below the published prices, 3 suggested that they did so rarely and 11 said that they did not offer discounts at all. High volume purchases were by far the most common reason for offering discounts (indicated by 11 of 12 respondents to this question). Other reasons cited included long standing relationships with purchasers and offers for membership groups or approved centres (3 and 2 respondents respectively), as well as incentives to attract new customers (1 respondent) and out of consideration for local economies or financial circumstances (2 respondents).

“We offer substantial discounts to... Members - as much as 50% in some cases, and waive registration fees for Members. ...Membership costs £50, so joining ...provides a substantial saving on Assessment fees...”

Awarding organisation

“We have a sliding scale for the purchasing of course manuals which is offered to all centres. The larger number of manuals purchased, the greater the discount for the centre.”

Awarding organisation

“Not routinely. Our charges are competitive and we already provide excellent value for money. Where centres are providing significant numbers of registrations we may offer a discount. Small centres occasionally ask for discounts on charges for centre approval in the light of their financial circumstances.”

Awarding organisation

“We do not routinely offer discounts to our customers but we are always open to discussing discounts with customers and do so on a regular basis. Typically we will consider discounts for larger customers where we expect to maintain a longer term relationship with that customer.”

Awarding organisation

We asked awarding organisations how they ensured that their published prices provide a useful guide to the actual prices charged to purchasers. Of the 15 who responded, 11 stated that they considered their published prices to be sufficiently clear and transparent to do so. Other methods cited by those who routinely offered discounts included their willingness to respond to enquiries (5 respondents) and the advance publication of exams and qualifications pricing (1 respondent). Most of the respondents (9 of 15) reiterated that, since they do not regularly offer discounts, their published prices could simply be taken at face value.

Centre relationship

Awarding organisations were asked to identify their main point of contact with centres on pricing and procurement. Responses ranged from the Chief Operating Officer in the case of a smaller awarding organisation, to Business Managers, Relationship Officers, Sales teams and Marketing departments.

“EQA and Sales team, we have a hunters (Sales Team) and farmers (EQA) approach, where EQA will be on the forefront of dealing with existing customer and ensuring that business is maintained and the Sales will actively seek new business through leads, enquiries are logged and then followed up through the internal sales procedures”

Awarding organisation

“We are a small organisation so pricing and procurement is usually managed by the Head of Curriculum and Partnership Development in discussion with the Chief Executive.”

Awarding organisation

“Finance manager for fees however the Business development officer will then make contact to support potential customers from the initial enquiry through the accreditation process if customers wish to proceed.”

Awarding organisation

Other factors

When asked to state the factors, other than price, that were considered important by customers in their perception of value for money, awarding organisations most frequently identified the level of service and support available (17 of 22 respondents). The quality and content of the course, the reputation or recognition of the qualification, and the available resources were the next most common responses (cited by 12, 10 and 10 awarding organisations respectively). Respondents also suggested that their assessment methods and the administrative burden involved were important factors.

“Our customers require high standards and quality from the qualifications and resources offered. Customer service and support plays a vital part in whether a centre / customer deems they have received value for money.”

Awarding organisation

“We believe that customers take into account a number of factors when choosing a qualification. These include, inter alia, the design and content of the qualification; the learner outcomes and how the qualification enables progression for learners; the administrative burden created by the qualification; the cost of delivering that qualification; the capabilities and reputation of the awarding body; the range of services and support given by the awarding body; and the price of the qualification. Typically a customer will consider most or all of these factors to inform the purchase decision.”

Awarding organisation

“Qualification reputation and relevant content for the proposed audience. High level of customer service.”

Awarding organisation

Additional comments

Awarding organisations were invited to provide additional comments relevant to the issues addressed in the call for evidence. 4 respondents took the opportunity to do so, highlighting the fairness of their fee structures as well as the need for transparency, and opining both for and against the role of Ofqual in this area.

“As a not-for-profit organisation, we make very little surplus on our fees. Any surplus is put into qualification development and maintenance and other necessary functions of the Awards Board. Our average surplus on a qualification, after we have covered administration and assessment fees is 27%.”

Awarding organisation

“We support Ofqual's review of fees as we feel that heavy discounting by our competitors has undermined the spirit the rules around publishing prices. We feel so strongly that qualifications fees should be fair and transparent, that we have spent several months building a new pricing strategy, which we launched to customers at the start of this month.”

Awarding organisation

“Overall, we believe that we offer fair prices with regards to the services we offer, however, we do believe that the whole industry is slightly muddled with regards to comparability of prices for similar products. For example, where AOs offer health and safety, or food safety certificates as loss leaders to generate high volumes, this creates the impression that other AOs are more expensive for an almost identical product when in actual fact the price quoted elsewhere is artificially low because the costs are being absorbed elsewhere, or in some cases quality assurance is being compromised with providers marking their own assessments without additional quality measures in place from the AO. Evidently this is not for Ofqual to arbitrate, as each AO can decide its own marketing strategy in terms of prices, however, it does have the potential to confuse customers who may not be aware of the crucial element of quality assurance being compromised.”

Awarding organisation

“The provision of a service that maintains contact from enrolment to certification, engagement with centre staff involved in the quality assurance process, provision of learning resources, and the efficiency and accuracy with which enquiries are handled, allows a centre to focus on the delivery of high quality programmes of learning. The use of a transparent fees and pricing service supports this service as described.”

Awarding organisation

Awarding organisation focus group

We invited all regulated awarding organisations to attend a dedicated focus group to discuss the issues raised in the call for evidence. Representatives of 6 awarding organisations and the Federation of Awarding Bodies (FAB) attended the meeting.

On the transparency of fees, awarding organisation comments reflected the direct responses to the online call for evidence survey, with some stating that the relevant information was made freely available whilst others reiterated their reasons for not doing so, including the capacity to adjust fee levels in response to differences between international economies. Some awarding organisation representatives highlighted that they were always willing to discuss fees in response to purchaser enquiries. It was also suggested that, where there was sufficient information made available, purchasers might be failing to utilise it.

The focus group expressed a range of concerns about the call for evidence and the role of Ofqual in regulating in the area of qualification fees. There was concern about Ofqual's longer term intentions, with the group questioning how far Ofqual might take regulation and how much transparency and standardisation might be demanded. Concerns were raised about the possibility of fee capping, and whilst there was some agreement that fees should be transparent, the focus group described the idea of using regulation to achieve this as 'a sledgehammer'. It was also proposed that centres were businesses in their own right and should have sufficient 'business acumen' to negotiate their fees and secure value for money. There was a direct objection to any additional burden of regulation being imposed unnecessarily or prescriptively. It was also pointed out that the call for evidence had not generated significant interest from purchasers.

Awarding organisation representatives stated that qualification fees were quite reasonable and highlighted that there were costs to them associated with services that were included in fees, such as centre visits, that purchasers may not be taking into consideration.

On the subject of negotiation and discounting the focus group was divided, in a similar fashion to the direct responses to the survey, between representatives of awarding organisations who indicated that they rarely or never offered discounts to their published prices, and those who stated that it was usual for them to do so, sometimes unsolicited, in the case of large volumes or in pursuit of new business. It was also suggested that if centres initiated negotiations it was often in response to the awarding organisation's regular price reviews.

When discussing the issue of invoice clarity, some of the awarding organisation representatives stated that they requested a single payment at the point of registration which kept invoicing simple and indicated that this was preferable to both themselves and the centres. It was also suggested that any confusion may be a result of the centre's purchase order systems rather than their own invoicing methods. The focus group queried whether Ofqual's General Conditions of Recognition contained any reference to invoicing.

Regarding end-point assessment costs, the focus group suggested that this was dependent upon the relationship between end-point assessment organisations and training providers. It was observed that these, along with the awarding organisation's fees, are regularly reviewed and that any changes in price are communicated to centres well in advance.

Industry body responses

Industry Bodies were invited to provide comments relevant to the issues addressed in the call for evidence. 4 organisations responded and a meeting was held with a 5. Of these, 2 specifically indicated support for the call for evidence, and all 4 highlighted the importance of transparency around qualification fees.

“ASCL welcomes Ofqual’s call for evidence into how qualification purchasers decide which qualifications to buy, in particular how easy they find it to compare their cost.”

“Schools and colleges need to ensure value for money including cost-effective purchasing of their qualifications to deliver efficiencies; they also need readily available information to be able to make informed choices and improve value for money.”

Association of School and College Leaders

“The current system has in-built complexities that make the pricing discussion hard to grasp quickly.”

Association of Employment and Learning Providers

“The NASUWT welcomes the opportunity to respond to Ofqual’s Call for Evidence on the availability of fee information, purchasing decisions and securing value for money in the regulated qualifications market.”

“The Call for Evidence addresses significant issues in light of the considerable amounts of public money spent by schools and colleges on securing learners’ access to accredited qualifications.”

NASUWT

“If schools are looking to make efficiencies in exams, we need to facilitate easy access to information on the pricing of qualifications which can be clearly compared across different awarding organisations.”

National Association of Head Teachers

Association of School and College Leaders

The Association of School and College Leaders (ASCL) is a professional body representing about 19,000 school and college leaders in all phases across the UK, responsible for the education of more than four million young people.

The comments provided by ASCL reflected the responses received from purchasers regarding the relative importance of syllabus content when choosing qualifications, and echoed the position that cost was a secondary consideration. ASCL identified a similar range of important factors to those provided by purchasers including assessment, support and advice, and the recognition of qualifications.

“When choosing qualifications our members prioritise the curriculum content as set out in the specification and the nature of the assessment and its appropriateness. A primary concern is the extent to which the qualification meets the needs of students and is accessible to them along with teachers’ understanding, familiarisation and capability in delivering the qualification”.

“Our members do not prioritise the cost as a key factor in determining choice of qualification. The real cost is in teacher time, so the price of the assessment is secondary, although there would come a point when this would become a factor.”

Association of School and College Leaders

Similarly, ASCL feedback was in line with the majority of purchasers on the subject of switching and negotiation, stating that although there was significant interest in changing qualifications, this was hampered in practice by the lack of available clear information. Despite indicating a reasonable degree of confidence amongst its members that they had secured value for money, ASCL also suggested that there was not extensive experience of negotiating fees amongst its membership, identifying purchasers as a ‘captive market’ for whom value for money was rarely questioned. Larger multi-academy trusts were identified as the centres most likely to attempt to negotiate qualification fees, and the possibility of joint procurement was proposed as an option, dependent upon availability and awareness.

“Our members have frequently considered changing qualifications and have had a mixed response when collecting information to make this choice. Many members have found it frustrating and overly complex to navigate and are increasingly finding requirements for non-examined assessment more difficult. Whilst we accept that it is not in the providers’ interest to make this straightforward, we do think the process could be improved.”

Association of School and College Leaders

ASCL informed us that in the opinion of its members the amount and format of information provided on invoices from awarding organisations is sufficient to allow them to reconcile expenditure with activity and budgets.

ASCL did add the caveat that its response to the call for evidence was representative of the opinions of a small portion of its overall membership.

Additional discussion was conducted at ASCL’s Teaching and Learning committee meeting, where committee members further highlighted the lack of clarity surrounding qualification fees. They specifically referenced the significant complexity created by having entry fees, top-up fees, flexible unit combinations within a qualification and other administrative fees, making it difficult to anticipate costs or to reconcile them upon receipt of invoices. They highlighted the administrative costs to centres of evidencing student work and indicating that

they were unclear as to the awarding organisation's cost drivers that might justify their overall prices. Finally, ASCL members identified a perceived 'lack of clout' in negotiations whilst highlighting significant inter-centre variability in discounts offered and prices paid.

Association of Employment and Learning Providers

The Association of Employment and Learning Providers (AELP) is a national membership organisation that represents the interests of over 900 organisations delivering apprenticeships, traineeships and programmes for the unemployed.

AELP focused upon confusion surrounding end point assessment costs throughout its response to the call for evidence, suggesting that the official guidance available to end-point assessment organisations, providers, and employers was insufficiently clear.

"EPAO members remain concerned at the lack of clarity on ineligible costs"

"Feedback from some AELP provider members indicated that "there appears to be confusion over these costings, and different approaches are being taken as the current guidance is not clear as to who should be paying for what."

Association of Employment and Learning Providers

AELP's feedback went on to highlight the variability within the end-point assessment system and expressed concerns regarding the inherent complexity of the current state of affairs, whilst indicating that the end-point assessment organisations tended to be very transparent with their actual pricing structures, there was ambiguity around the nature of additional costs.

"Many apprenticeship standards and assessment plans also include 'affordability criteria' which seek to set upper limits on the prices quoted by EPAOs and these can range from 10%. EPAOs have genuine concerns when funding bands are changed down the line as the EPA costs are to a certain extent hard to reduce in proportion. Assessors, venues, and equipment still need to be found for the assessment day, and the cost of assessment is a real one."

"Many EPAOs are totally transparent in their pricing structure and assumptions, and this is to be encouraged... ..The costs of assessment have been clearly defined, generally published and negotiated. However, what is not currently clear to many, is what is included and what is considered an additional cost."

Association of Employment and Learning Providers

NASUWT

NASUWT represents 300,000 teachers across the whole of the UK.

In response to the call for evidence, NASUWT stated its support for the investigation of the issue and indicated its importance. NASUWT highlighted its belief that qualifications should be considered public goods and that the provision of qualifications should be the responsibility of a dedicated public sector entity, thereby dispensing with the requirement for fees or fee regulation.

“The NASUWT, therefore, maintains that the public good nature of qualifications means that their delivery is most appropriately undertaken by a single, dedicated and accountable organisation located within the public sector.”

“One of the most profound of these difficulties is that centres must pay fees to secure learners' access to qualifications. In the case of state schools, these fees are paid from public money allocated to them to meet the cost of educating learners. It should be noted in this context that in other education systems that do not depend on markets for the delivery of qualifications, such as Scotland, centres are not required to pay fees.”

NASUWT

NASUWT expressed doubts over the capacity of market forces to effectively regulate qualification fees, suggesting that in the absence of a truly competitive arena fees should be cost reflective. In line with purchaser responses to the call for evidence, as well as other industry bodies, NASUWT indicated that educational factors were prioritised over financial concerns when choosing qualifications and providers.

“The reality of the Key Stage 4 and 5 qualifications market in England is that it is essentially oligopolistic in nature, with inelastic demand set in the context of relatively few suppliers, significant barriers to market entry and a relative absence of product diversity. In the context of official UK competition policy, it is evident that the market for the clear majority of qualifications used by schools and colleges exceeds the 40% industry concentration ratio for the largest suppliers used to define an oligopoly in practice.”

“Cost-reflective fees should be sufficient to allow awarding bodies to generate revenues that permit the costs of developing and administering qualifications within Ofqual's quality framework to be met, but that excludes scope for public money to be used to support the generation of commercial profits or surpluses.”

“Decisions on qualification choice at setting level are guided most appropriately by factors that include facilitation of the full extent of learners' statutory educational entitlements and professional judgements about the needs and interests of these learners. Given the critical importance of qualifications in this context, schools and colleges, therefore, act in a way that prioritises educational considerations over those related to the cost implications of choosing a qualification from one awarding body rather than another.”

NASUWT

NASUWT also suggested that placing the onus upon centres to secure efficiency in purchasing fees may be detrimental to their primary educational purpose. As well as highlighting the importance of support for qualifications by awarding organisations (as

previously indicated by purchasers) and the requirement that awarding bodies must ensure that their procedures do not impose unnecessary requirements on centres, NASUWT implied that there may be a lack of universal adoption or compliance amongst awarding organisations in both of these aspects.

“There is a clear risk that this approach to securing efficiency could lead to the creation of expectations on schools and colleges that may result in staff being distracted from their core responsibilities for teaching and leading teaching and learning by requirements to undertake market research and other similar activities.”

“Notwithstanding the existing requirements on awarding bodies in this respect [imposition of unnecessary requirements on centres], the NASUWT is not confident that they are adhered to fully in all circumstances.”

NASUWT

In closing, NASUWT requested greater detail from and engagement with Ofqual with regards to its work on economic regulation.

“It would be helpful, in the context of its interest in issues related to awarding body fees, for Ofqual to set out further information about its plans for future activity on economic regulation and to engage further with stakeholders on these plans.”

NASUWT

National Association of Head Teachers

The National Association of Head Teachers (NAHT) represents more than 29,000 school leaders in every phase and sector of education in England, Wales and Northern Ireland.

In line with the purchaser responses, NAHT indicated that price was not a major consideration when choosing qualifications and providers, again citing factors such as course content, resources and the level of support available. NAHT also suggested that familiarity of centres with providers and of teachers with specifications and their associated resources may be of relevance. The magnitude of the decision to change qualification providers was highlighted, with the suggestion that this was most likely to occur in concurrence with reform of qualification specifications, as an exercise in standardisation across multi-academy trusts, or in response to a negative experience with a current provider.

“Changing awarding organisations is a significant decision which tends not to happen frequently. Such a change will most likely occur in a period of qualification reform as has just been experienced, as schools review what options are available. In addition, a switch of provider may occur if a school feels they have had a poor service from, or experience with, their current one. Multi-academy trusts (MAT) may wish to have greater alignment of awarding organisations across the trust, so schools which are part of a MAT may switch awarding organisations to standardise across the Trust.”

“Usually a change of qualification provider will be instigated by the Head of Department, who has considered student needs and staffing resources, and this process will usually take a significant period of time. The costs involved with a change to the qualification offered will be part of that process. This is not only the cost of the qualification itself, but the financial cost of teaching resources and textbooks as well as the time cost to staff of curriculum planning and training.”

National Association of Head Teachers

NAHT stated that budgetary issues are currently a significant concern for schools and college leaders and highlighted the fact that examinations expenditure is a major non-staffing cost, indicating that the cost of qualifications may grow in importance in response to these financial strains. NAHT expressed its support for greater transparency around qualification fees.

“The financial crisis in schools means that all costs are subject to review. This could make qualification pricing more relevant in the decision-making process about the qualifications that schools and colleges offer to their students.”

“There may be some justifiable difference in cost between awarding organisations for the same, or similar, qualification. All pricing and additional costs must be made explicit for schools to be able to fairly evaluate the relative cost vs. benefit of the awarding organisation and its offer. Any move to have improved pricing transparency will be beneficial to schools.”

National Association of Head Teachers

NAHT expressed reservations regarding both the process of negotiating over qualifications fees, and the possibility of joint procurement, suggesting that these may be unfair to smaller schools or single centres. They also highlighted issues with obtaining the necessary information to compare the prices of vocational qualifications as well as the difficulty of

making direct comparisons between them, and called for a simple, uniform format provided in a timely fashion, in order to improve confidence amongst centres that they had secured value for money in their choice of qualifications.

“NAHT is concerned that prices could be open to negotiation and change, depending on whether a school is able to collaborate on procurement. For some schools, this may not be possible. All schools must have an equal opportunity of utilising any options to reduce qualification costs; currently it seems that such practices are discriminating against some schools, particularly those that operate as single entities rather than as a multi-academy trust.”

“Ofqual regulations offer significant flexibility to awarding organisations about how they make their fee information available. This could cause inconsistency between awarding organisations, which in turn impacts on the accessibility and comparability of that pricing information for schools.”

“If schools are to be able to make informed decisions about qualifications effectively, then there must be a clear and simple way for them to compare ‘like with like’. A more uniform approach would be beneficial, particularly for vocational qualifications.”

National Association of Head Teachers

Association of Colleges

The Association of Colleges (AOC) promotes and supports further education, sixth form, tertiary and specialist colleges. Its membership constitutes nearly 95% of the sector.

In discussions with AOC’s Curriculum Reform National Policy Group, representatives indicated that greater transparency around prices would be beneficial. It was also suggested that an online price comparison platform and even an online review platform, potentially incorporated with the Qualification Aims Database run by ESFA, could be developed to present prices and specifications alongside user reviews.



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Published by:



Earlsdon Park
53-55 Butts Road
Coventry
CV1 3BH

0300 303 3344
public.enquiries@ofqual.gov.uk
www.gov.uk/ofqual