

Kathleen Tattersall
Chair

9 July 2008

David Lammy MP
Parliamentary Under Secretary of State for Skills
Department for Innovation, Universities and Skills
Kingsgate House,
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Dear Mr Lammy,

QUALIFICATIONS AND CREDIT FRAMEWORK

Ken Boston wrote to you on 30 June with advice on the Qualifications and Credit Framework (QCF). I am now writing to set out Ofqual's view on the regulatory implications of that advice. I also attach a copy of the regulations that we will use to recognise awarding organisations and accredit qualifications admitted into the QCF. The publication of this document will be subject to the decisions that you and your counterparts in the devolved administrations will make about implementing the QCF.

We have discussed and agreed the positions set out in this letter with our regulatory partners in Wales and Northern Ireland, DCELLS and CCEA. We are committed to implementing our approach to regulation for the QCF in partnership across England, Wales and Northern Ireland.

Our views on the key documents QCA has provided are set out below.

Evaluation of the QCF Test and Trials

The evaluation of the outcomes of the tests and trials by QCA, DCELLS and CCEA, is detailed and comprehensive. It has provided the basis on which QCA has proposed to you that the QCF should be implemented. In particular, the independent evaluation, conducted by PriceWaterhouseCoopers, presents an encouraging picture of the QCF development so far. It notes that the evidence from the tests and trials indicates that a majority of all the groups that have participated in them are positive about the concept of the QCF and the potential it has to realise the benefits of increased flexibility, inclusiveness and responsiveness to end users. Ofqual supports these aspirations and securing these benefits will be a priority for us if the QCF is implemented.

However, this evaluation and *Qualifications and Credit Framework: Final Report* produced by QCA, DCELLS and CCEA that accompanies it, emphasise that the tests and trials have been in operation for under two years, that some of the key processes of the QCF are yet to be fully tested and that most of the benefits are anticipated rather than realised. It will be essential therefore to ensure that the development of the QCF proceeds in a phased manner to take account of the issues raised in the tests and trials, minimise the risks and further explore unresolved issues. For that reason Ofqual fully supports the recommendation made in the *QCF Final Report* that 2008-9 must be a year of 'controlled implementation'.

The *QCF Final Report* contains priorities for QCA and the qualifications regulators. Ofqual supports them, as they accord with those we have identified and will help us



ensure that the system is effectively implemented and evaluated. In particular, we note that the evaluation reports stress the importance of establishing a regulatory framework to ensure that the QCF can operate as intended. We agree with this. Unless there is confidence in the standards of assessments and awards made in the QCF, the opportunities for learners to transfer credits between different qualifications and awarding organisations will be greatly diminished. This highlights the importance of the QCF regulatory arrangements.

Implementation Plan

QCA's *QCF Implementation plan* includes an outline of our plans to support and evaluate the implementation the QCF. This will require us to devote significant resource to the regulation of the QCF, develop new approaches where the requirements of the *QCF Regulatory Arrangements* are new and to work with others, particularly the qualifications regulators in Wales and Northern Ireland and QCA. We will report publicly on our findings in the summer of 2009.

QCF Outline Business Case

We have considered the implications of the *QCF Outline Business Case* from a regulatory perspective. In our view the regulatory arguments associated with the various options are finely balanced. They all require additional regulatory intervention in order to ensure that a system of credit accumulation and transfer functions effectively. We have considered all the models from the point of view of whether they can support our key regulatory aims. These are the delivery of a robust qualifications system that maintains standards, remains competitive and will operate in the interests of learners. Given the information available to us, it appears that all the models can deliver acceptable outcomes when assessed against these criteria.

Nonetheless, Ofqual has a preference for a 'distributed' model which requires awarding organisations to take responsibility for the delivery of credit accumulation and transfer. This is because, in principle, we seek to ensure that we make the minimum level of regulatory requirements consistent with achieving our aims. Distributed models in general involve less prescriptive regulation, instead allowing the regulators to specify standards that all awarding organisations must meet but not the process by which they are achieved. In this way, they provide for opportunities for industry-led solutions to be developed. This additional freedom is also likely to mean that these models are supported by awarding organisations on whom the success of the models and the QCF as a whole depends in practice.

We note that QCA has proposed a strategic approach which they recommend should be pursued as the preferred approach for QCF implementation. It allows awarding organisations to determine how they provide for credit accumulation and transfer to learners and gives them the option of a central service to support their awarding activity. As this is a distributed model that also benefits from offering awarding organisations the opportunity of support to deliver credit accumulation and transfer, Ofqual would support a decision to implement this option. However, there are still important issues to resolve about how awarding organisations will be able to use any information provided to them from the central service in making their awarding decisions. In particular, how they secure the further validation that is required for them to make awards to learners is not fully explored within the outline business case. Further work should be undertaken to fully understand the implications of this.

We believe that the implementation of any of the options would need to be undertaken carefully and with the full involvement of all associated parties including awarding organisations. Whichever model is chosen, Ofqual must be assured that it, and any technical solution developed to support it, works as intended and required.

We believe there will be additional costs to Ofqual in implementing the QCF and these are estimated in the *QCF Outline Business Case*. However, these will need to be reviewed in the light of the further development of the chosen option and a full analysis of the detail of the regulatory measures required.

Regulatory Arrangements

A copy of the regulatory arrangements that will operate for the QCF is attached. These arrangements have been subject to formal consultation and developed jointly with our regulatory partners in Wales and Northern Ireland. They detail our broad approach to regulation, which consists of establishing rigorous and appropriate standards for recognising organisations and accrediting qualifications in the QCF and establishing recognition, accreditation and monitoring procedures to ensure these are met and maintained. We will also ensure users are kept informed about units and qualifications in the QCF and report publicly on the QCF and the organisations that operate within it.

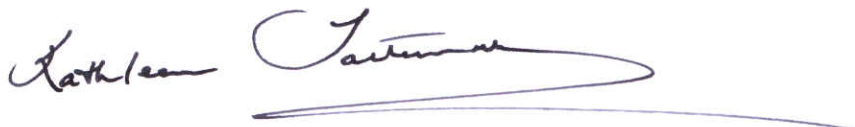
In developing the approach that will be taken to regulation in the QCF, we have ensured that it builds on established requirements and processes for regulating awarding organisations and their qualifications. However, the detail of the mechanisms that Ofqual and our partner regulators will put in place has been developed to reflect the particular characteristics and requirements of the QCF. Our regulatory activity will be targeted according to risk. We will focus on the ability of the organisations to develop, assess and award to the appropriate standards. This means we will not generally scrutinise in detail individual units and qualifications, except where we identify specific risks or concerns.

We have produced a set of regulatory arrangements that we have confidence in. Nevertheless, it will still be vital to review their operation in practice through our planned evaluation. In particular, given that the QCF is the first credit and qualifications system to be subject to national regulation, there are some considerable challenges in ensuring its effective operation. For example, given that regulation of credit is a new role for Ofqual, there is a need for us to undertake particular, focused work in this area and to develop approaches that complement our existing regulatory tools.

I am meeting John Denham on 22 July and I would be happy to discuss any issues arising with him then.

I am copying this letter to Ken Boston, Chief Executive of QCA, Mike Clancy, Group Director Qualifications, Curriculum and Learning Improvement (Chief Regulator for Wales), DCELLS and Neil Anderson, Acting Chief Executive, CCEA.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Kathleen Tattersall', with a long horizontal flourish underneath.

Kathleen Tattersall
Chair of Ofqual

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