



# Ofqual Business Plan 2011/12



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## Contents

Introduction from the Deputy Chair and Chief Executive .....	2
Our approach to regulation .....	5
Future changes to qualifications, examinations and assessments .....	10
Key themes for 2011/12 .....	12
Spending review 2010 .....	20
Appendix 1 - Objectives .....	21
Statutory objectives in the Apprenticeships, Skills, Children and Learning Act 2009	21
Strategic objectives .....	22
Appendix 2 – Achievement measures .....	25

## Introduction from the Deputy Chair and Chief Executive

This is an exciting time for the Office of Qualifications and Examinations Regulation (Ofqual). We were established last year as a non-ministerial government department, responsible for the regulation of qualifications, examinations and assessments.

Our first year was eventful and we have developed our ways of working.

We accepted over 3400 new vocational qualifications onto the Qualifications and Credit Framework (QCF) during the academic year 2009-10. We accredited new GCSE Science qualifications of the right standard, and we oversaw the awarding of the new A\* grade at A level, as part of our work overseeing a successful 2010 examinations season.

We began our international work, with research to understand better comparisons across borders.

We developed and implemented (to time and under budget) our regulatory Information Technology (IT) systems.

We consulted extensively on our developing approach to regulation, and we are grateful for the input and responses we received. They have helped shape our regulatory philosophy and approach, and our priorities for the year ahead.

In November, the new Government set out its plans for education reform in the White Paper *The Importance of Teaching*. Ministers propose to strengthen Ofqual and to change our statutory objectives. Subject to Parliamentary approval, we will be able not only to maintain the measure of standards over time but to drive that measure up where it is in the public interest to do so, so that standards of qualifications here compare well with those internationally.

Other initiatives signalled in the White Paper, in the Government's strategy for skills and growth, the Wolf Report, and elsewhere will lead to significant changes to qualifications, examinations and assessments. Ofqual has a substantial role to play in enabling delivery of Government policy and in maintaining standards and public confidence in academic qualifications. This is important not only in academic but also in vocational qualifications, which affect the life chances of so many people today.

This year we will build on the foundations laid in year one. We will refine and develop our management systems, and continue our investment in IT to support our regulatory activities. We will also continue to grow our research capacity and our expertise in qualification standards and in regulation. We aim to increase and deepen our capabilities.

We will implement a step change in our regulatory arrangements. We will focus our regulatory efforts on awarding organisations rather than

individual qualifications and we will look to each recognised awarding organisation to take responsibility for the quality and standards of its qualifications, and value for money.

We will retain a close interest in high-volume, high-stakes qualifications, but we cannot scrutinise each and every regulated qualification – there are more than 15,000. Our approach is risk-based. We will maintain our interest in GCSEs and A levels, and strike a new balance between the review of other individual qualifications, our work in regulating awarding organisations, and in maintaining and driving qualifications standards.

We regulate in order to secure qualification standards. So, for example, we set benchmarks for standards in specific qualifications and reject those qualifications not up to the mark. We undertake and publish thematic studies and specific evaluations to help inform public understanding of qualifications standards.

But there is much public debate, and a prevailing view, that qualification standards aren't what they used to be. When we begin to look at this perception more closely, we find that a number of different, interlinked issues lie behind it. These issues include concerns about the range and worth of qualifications, the nature of examinations, the commercial behaviour of some awarding organisations and the pass rate or level of learner achievement. So, when

talking of 'standards', people mean different things.

In response to public concerns over standards, and with changes to our statutory objectives in prospect, we will initiate a structured and informed debate on standards this year. Our aim will be to share understanding of the key drivers in qualification standards and to confirm those matters deserving of regulatory attention and action. This debate will inform our plans and priorities for future years.

Qualifications are generally provided through a market, a common model for the provision of large-scale public services, albeit an unusual model for this sector internationally. We are interested in those features that suggest a healthy market.

Healthy markets include incentives to drive the right behaviours, and to discourage moves in the other direction. We will undertake further market-analysis work this year to continue to identify the most productive ways in which to regulate the economics of the market and the behaviour of awarding organisations, as we continue our international comparison work and consider in detail how standards may need to change.

We have much to achieve during the year, and we need to manage our resources wisely. Our administrative funding will reduce by one-third over the period 2011–15. This year we will develop our support functions so that they are as cost effective as possible, as part of our work to shape the

organisation around its core function of regulation.

By the year end we aim to have made real progress. We expect to be ready for planned changes to our statutory objectives, informed by the outcomes of our debate on standards and the consultation we will then undertake on our strategic plans for the future.

A handwritten signature in black ink, appearing to read 'Sandra Burslem'.

Dame Sandra Burslem, Deputy Chair

A handwritten signature in black ink, appearing to read 'Glenys Stacey'.

Glenys Stacey, Chief Executive

## Our approach to regulation

Ofqual is the regulator of qualifications, examinations and assessments in England and of vocational qualifications in Northern Ireland. We came into being in 2010. We are responsible for qualification standards, for ensuring that the qualifications industry is as efficient as possible and for maintaining public confidence in qualifications and assessments.

Our mission is to ensure that qualifications, examinations and assessments can be trusted by learners, users and the wider public. Trusted qualifications, examinations and assessments provide the basis for future progression for all learners whatever their age. They are an important and enduring measure of an individual's achievement.

### What we will do

To be trusted, qualifications, examinations and assessments need to be valid – to measure what they are supposed to measure. They also need to be reliable and comparable, manageable and, so far as possible, to be free from bias. Those qualifications and assessments that meet these criteria are likely to be fit for their purpose and to have lasting value. We evaluate qualifications, examinations and assessments to ensure they are fit for purpose.

Together, more than 170 awarding organisations produce regulated qualifications. A small number of these

organisations are responsible for the bulk of our academic qualifications. Some provide both academic and vocational qualifications. The majority of awarding organisations produce specific vocational qualifications or units, often very specialised.

Qualifications are big business, with some 15.5 million achievements<sup>1</sup> being awarded in the last academic year<sup>2</sup> in England, Wales and Northern Ireland. Having consulted extensively last year, we are establishing new arrangements and changing the way qualifications, examinations and assessments are regulated.

We are hard-wiring the responsibilities of awarding organisations to ensure that they are accountable for the quality and standards of the qualifications they award and for the efficiency of their operations.

Over the course of the year the balance of our work will change. We will focus less on individual qualifications and more on awarding organisations, as well as those qualifications we judge as high- or medium-risk.

We have a range of powers and tools at our disposal:

- *Recognition Criteria*, against which applications from new

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<sup>1</sup> *Ofqual Annual Qualifications Market Report* (May 2011)

<sup>2</sup> *October 2009 – September 2010*

organisations seeking to be recognised are assessed

- *General Conditions of Recognition* that recognised awarding organisations must meet
- specific conditions of recognition applied to particular awarding organisations or groups of awarding organisations
- the ability to require that particular qualifications, or qualifications from particular organisations, are individually accredited before they can be awarded, and to set criteria
- powers to direct an awarding organisation
- removal of recognition
- fee capping
- audit visits and investigations.

### **How we work**

Our work is aimed at achieving our statutory objectives and meeting our duties. Our statutory objectives are at appendix 1 of this document. Our duties include having regard to the reasonable requirements of learners, of employers and of higher education institutions, and not imposing unnecessary regulatory burdens.

We aim to be a strategic, risk-based and evidence-based regulator. The focus of our regulatory activity is on the recognised awarding

organisations, and we check individual qualifications only where there is a good case for it (for example with GCSEs, A levels and licence to practice qualifications). But we retain the right to intervene in any regulated qualification where there is evidence of a problem.

We aim to be transparent in our work: we believe that this is important in securing confidence in us as a regulator, and therefore in the judgements that we make. We publish our Board papers and minutes and the results of our regulatory investigations, even where the findings may be uncomfortable.

We expect awarding organisations to be accountable for the quality and standards of their qualifications and the efficiency with which they operate, and we expect them to be open with us and to co-operate with us. In turn, we will aim to work with awarding organisations in a fair and open manner, and to provide a stable and consistent framework for them to work within. We are committed to the Government's better regulation principles (transparent, targeted, consistent, accountable and proportionate) in how we develop and operationalise our regulatory arrangements.

We have responsibility for regulating qualifications and assessments in England, and vocational qualifications in Northern Ireland. It is in the interests of learners, employers and universities that qualifications are comparable across different countries. So we work

with qualifications regulators in other parts of the United Kingdom and, where appropriate, put in place regulatory arrangements that are consistent.

At the centre of our qualifications regulatory arrangements are our general conditions. Once an awarding organisation is recognised against our published criteria, it is required to meet our general conditions, and we can only take regulatory action where they have not done so. We are consulting on and will shortly be finalising our policy on taking regulatory action. We will publish our fee-capping policy separately.

In order to meet our qualifications standards objective, we specify the requirements which qualifications must meet. For some qualifications we set very detailed requirements, and check that proposed qualifications meet those requirements before they can be added to the register. For other qualifications we expect them to meet general requirements, and during the course of this year we will stop checking every qualification before it is added to the register. We also undertake monitoring activities to look at awarding organisations and qualifications in practice. For example, standards reviews determine any action needed to safeguard examination standards: we analyse the nature of the requirements which different examinations make on candidates, compare the levels of performance required for a particular

grade and consider how these two elements relate to each other.

We also have a scrutiny programme: scrutinies are in-depth studies of the examination process and products across a range of GCSEs and A levels offered by different awarding organisations. Scrutinies also aim to identify any aspects that appear to have limited fair and effective examinations, and any good practice worthy of encouragement and dissemination.

Our regulation of statutory assessments is less complex than for qualifications – there are only a small number of national assessments and only one provider. In February 2011 we published our first regulatory framework for national assessments. This sets out our role and responsibilities and how we will meet them, and provides guidance to others about their work on statutory assessment arrangements.

In order to meet our confidence and awareness objectives, we seek to lead and be an active participant in public debate particularly about qualifications standards issues. We also make available a wide range of information about qualifications including on our website.

To meet our efficiency objective, we are undertaking analyses of the qualifications market, and seeking to develop our understanding of the factors that impact on costs and efficiency. This will inform the development of our regulatory



arrangements, including (but not only) our fee-capping powers.

We have a duty to provide on request information about our work to the Secretary of State, and to have regard to Government policy. Government policy often has an impact on, or relies upon, qualifications, and we want to be a trusted, independent and evidence-based source of advice to Ministers on qualifications policy issues. Where appropriate, we will seek to make sure that our regulatory arrangements complement and enable Government policy objectives.

It is important that our staff have the necessary skills and knowledge to undertake their roles efficiently and effectively. We will continue to invest in the development and training of our staff.

## **Evaluation**

To measure achievement of key activities planned for this year, we will track and report on their delivery, and how they relate to our statutory objectives as set out at appendix 1. And this year we intend to produce long-term, outcome-based measures by which to evaluate Ofqual over time.

At the end of each year we have to report to Parliament, and to the Northern Ireland Assembly, on the extent to which we have met our statutory objectives and business plan. We will report on the qualifications and assessments standards, on public confidence and awareness, and on efficiency and value for money in the

regulated qualifications market. Our first reports will be submitted to Parliament and to the Northern Ireland Assembly in the summer of 2011.

Alongside this parliamentary report each year, we will produce statutory accounts to set out how we have spent our resources during the year.

We have established service levels for our routine business and will report annually on the extent to which we achieve those service levels throughout the year. We will also report other key information, for example the number of awarding organisations recognised during the year and the number of newly registered qualifications.

These established measures aside, we will continue to produce thematic reports and evaluations of standards across the range of qualifications, examinations and assessments, and an annual market report. And we will continue to commission and publish the outcomes of independent stakeholder research to evaluate perceptions of Ofqual's effectiveness and public confidence in key qualifications and grades.

Research<sup>3</sup> we published in spring 2011, showed teachers increasing confidence in Ofqual's effectiveness at regulating the examinations system. It also showed continuing strong levels

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<sup>3</sup> *Annual survey of public attitudes to GCSEs and A levels* [www.ofqual.gov.uk/news-and-announcements/83/582](http://www.ofqual.gov.uk/news-and-announcements/83/582)

of support for, and confidence in, GCSEs and A levels among teachers, students and parents. However, there was some evidence that teachers remain concerned about A level marking and grading. When we repeat the research this year we will be interested to see whether the introduction of the new A\* grade in A levels has improved confidence.

## Future changes to qualifications, examinations and assessments

In last year's strategies, *Skills for Sustainable Growth*<sup>4</sup> and *The Importance of Teaching: The Schools White Paper 2010*<sup>5</sup>, Ministers set out their plans for whole-system reform of education in England, and outlined a direction of travel on the curriculum and qualifications to allow us to learn from, and outpace, the world's best.

Government also expressed concern, that many of the qualifications which have grown in popularity recently are not those best recognised by employers and universities, but those which carry the highest value in school performance tables.

Several of the proposed reforms will affect our work during this year and beyond.

First, a review of the National Curriculum is underway, with the aim of reducing prescription and allowing schools to decide how to teach, while refocusing on core subject knowledge. This shift in policy will drive changes to GCSEs, since a key part of their role is

to assess the National Curriculum at Key Stage 4 (14 to 16 year olds).

We share Government's concern that many employers think that young people do not have the skills in written English that they need when entering the workplace. Qualifications have a part to play in improving these skills, and we will be advising Government on how GCSEs can take greater account of the importance of spelling, punctuation and grammar.

Turning to A level qualifications, we are working with others to develop ways in which higher education and learned societies can be more involved in their development.

Government also intends to raise, to 17 by 2013 and then to 18 by 2015, the age to which all young people will be required to participate in education or training. This change will have an impact on the volume and nature of qualifications that learners will undertake, and we will plan to enable us to identify likely patterns in future.

More immediately, Government has introduced the English Baccalaureate to encourage schools to offer a broad set of academic subjects to students up to the age of 16, whether or not students then go down an academic or a vocational route. The English Baccalaureate is not a qualification in itself, but it uses regulated qualifications, and may well impact on which qualifications are chosen, impacting on the market.

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<sup>4</sup> *Skills for Sustainable Growth, 2010*  
[www.bis.gov.uk/skillsforgrowth](http://www.bis.gov.uk/skillsforgrowth)

<sup>5</sup> *The Importance of Teaching: The Schools White Paper 2010*  
[www.education.gov.uk/b0068570/the-importance-of-teaching/](http://www.education.gov.uk/b0068570/the-importance-of-teaching/)

Following the introduction of the English Baccalaureate, Government intends to reform vocational education for 14- to 19-year-olds so that it better supports progression to further and higher education and employment, following Professor Alison Wolf's<sup>6</sup> review published in March 2011. This development will be significant for us, and we will be working with others to clarify the future role of QCF-type qualifications and manage the range of regulated vocational qualifications. We are working with the Business, Innovation and Skills Department to consider the impact of Ministers' ambitions for adult skills on vocational qualifications.

As the Diploma programme is scaled down, we will continue to work with others to help ensure that students expecting to complete their Diplomas this summer get the results they deserve.

As well as our responsibility for regulating qualifications, we have a duty to keep under review statutory assessments, such as the Key Stage 2 tests. Over the coming year there will be some significant changes: a new agency is being established by Government to deliver the statutory assessments, and they will consider proposals from two significant reviews on the National Curriculum and the early years assessments.

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<sup>6</sup> *Review of Vocational Education – The Wolf Report* (March 2011)  
[www.education.gov.uk/publications/eOrderingDownload/The%20Wolf%20Report.pdf](http://www.education.gov.uk/publications/eOrderingDownload/The%20Wolf%20Report.pdf)

To ensure the proper assessment of pupils at each vital transitional stage of their education, the Government initiated two reviews. The Tickell Review<sup>7</sup> of the Early Years Foundation Stage reported in March 2011. It recommended that statutory assessment at age 5 should continue but in relation to a much-reduced number of learning goals, and that children's progress in key development areas should be reported to parents.

An independent review of Key Stage 2 assessment and accountability arrangements is underway (the Bew Review) and is expected to make recommendations in early summer 2011. National Curriculum assessments will also be affected by the National Curriculum Review mentioned above. We will clarify in the coming months how our assessment work will develop, as Government determines policy.

All these initiatives impact on the organisation and our priorities for the year ahead. But perhaps the most significant prospect is the Government's intention to broaden our remit by giving us the task of making sure that examination standards in this country match the highest standards internationally. The relevant legislative provisions are set out in the Education Bill, currently before Parliament.

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<sup>7</sup> The Tickell Review of the Early Years Foundation Stage (March 2011)  
[www.education.gov.uk/tickellreview](http://www.education.gov.uk/tickellreview)

## Key themes for 2011/12

Our plans for the year are in two interlinked and related areas: standards and regulation. We detail below our priorities in each of these areas.

As we deliver these priorities we will continue to consolidate and build on the foundations laid in our first year. We will continue to develop the organisation's capabilities, and our plans to do so are detailed in the third section below.

### 1. Standards

Our work on qualifications and assessment standards is the highest profile area of our work, and for many it is the most important. We have to try and secure standards across all types of qualifications. But there are different views about what that means, and many people are concerned that qualification and assessment standards have not been maintained.

There are technical elements that affect the standard of a qualification, examination or assessment. The elements are: validity, reliability, comparability, manageability and the minimisation of bias. We will continue to deepen and share our understanding of these elements.

So, for example, we will complete our Reliability Programme, a two-year study gathering evidence to enable us to develop regulatory policy on the reliability of results from national qualifications, assessments and

examinations. In the evidence gathered during the programme, rather unexpectedly, we found reliability<sup>8</sup> to be better than first thought. We also explored public understanding of, and attitudes towards, assessment and reliability.

Our interest in the technical elements of standards is not simply academic – far from it. We will share our findings with interested parties and with awarding organisations to assist them in improving the design of the various aspects of qualifications, examinations and assessments. We will encourage awarding organisations to publish data and information on reliability, and will track the extent to which they do so.

We will continue to work on reliability to improve further the quality of qualifications, examinations and assessments and ensure that they are sufficiently reliable.

Reliability and validity<sup>9</sup> are related concepts; two ends of a spectrum. There is a risk that increasing the reliability of an assessment will reduce its validity: for example, a multiple choice test may be very reliable, but is

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<sup>8</sup> Reliability relates to the propensity of an assessment procedure to generate consistent outcomes. If an assessment procedure tends to give the same result when repeated, then it will tend to be reliable. Reliability is a property of the assessment outcomes (such as scores, grades and levels), not of the test itself.

<sup>9</sup> The extent to which evidence and theory support the interpretation that the assessment outcomes meet their intended uses.

it always a valid means of assessing particular knowledge, skills or understanding? So we need to make sure that reliability does not come at an unacceptable cost to validity, which is the primary expectation we all have of qualifications, examinations and assessments.

This year we will extend our research into reliability and begin a programme of work on the validity of qualifications, examinations and assessments, starting with National Curriculum assessments and GCSEs. Our aims will be: to enable awarding organisations to design better qualifications, examinations and assessments and to ensure that they are sufficiently valid, that is to say that the right balance is struck.

Technical elements aside, we undertake and publish investigations into the standards of qualifications between awarding organisations, over time and between qualification types, identifying both good practice and shortcomings. This year we will focus more on vocational qualifications, and the findings of our investigations into the maintenance of standards for subject-level awards in new A levels (including A\* outcomes) and new GCSEs.

We will also be undertaking a range of activities both to support and evaluate the efficacy of arrangements in place for the assessment of younger children, focusing on the Early Years Foundation Stage profile and Key Stages 1 and 3.

We will evaluate the impact of the Early Years Foundation Stage Moderator Registration programme, and we will undertake research and publish our findings on current practice and recent trends in Key Stage 1 and Key Stage 3 national assessments. By the year end, we will report on the 2011 national assessment arrangements as a whole, following the implementation of the Regulatory Framework for National Assessments. Our research and evaluation will be available over the course of the year and will be able to inform Government policy decisions in the light of the recommendations from the Bew and Tickell reviews mentioned above.

Much of our work on standards relates to the 14 to 19 age group. Here we will continue to consider submissions from awarding organisations for the accreditation of qualifications, but we will also develop and change our approach as we move to a risk-based model for regulation. We will develop and implement a revised accreditation process for those qualifications most relevant to this age group.

We will continue with our international work this year, so as to advise Government on what we can learn together from the way things are done in other countries. This work will stand us in good stead for the anticipated changes to our statutory objective mentioned earlier. Subject to the passage of the Education Bill, we will consider and consult on how we implement the new objective.

We recently published the methodology for our international work<sup>10</sup> and confirmed those countries participating with us in the first stage of our comparisons work, which centres on senior secondary assessment. It is too early to say what the comparisons will tell us, but we will know more by the autumn, when we will publish our findings and also our proposed methodology for the second stage, which will focus on comparisons in upper primary assessment.

Looking above and beyond our detailed plans in relation to individual aspects of qualifications, examinations and assessments, we will structure and lead a debate on qualification standards over the course of the year. Here we wish to identify and share understanding of the key drivers in standards and consider our priorities for regulatory action.

Finally here, all debates on standards tend to raise the question, "What is the purpose of a qualification, examination or assessment?", without necessarily agreeing an answer. It is commonly accepted that school qualifications are significant for entry into further or higher education, and this year we will work with others to enhance arrangements for involving higher

education and learned societies in A level development.

## 2. Regulation

If securing standards is at the centre of *what* we do, regulation is about *how* we achieve our objectives.

This year we will be changing the way we regulate. Building on our experience to date, we will be hard-wiring our regulation of awarding organisations.

We will start by introducing a new set of criteria for the recognition of awarding organisations and new conditions of recognition. In future, all new awarding organisations that wish to be recognised by the regulator, and so offer regulated qualifications, will need to show us that they meet published criteria on governance, integrity, resources and competence, and that they will meet the conditions for recognition. Those awarding organisations already recognised by us will be required to show us, by May 2012, that they meet, or are well on the way to meeting, these new general conditions of recognition.

The recognition criteria and the general conditions of recognition have been developed following consultation, but we appreciate that they are significantly more robust than the current (transitional) set of conditions that awarding organisations are familiar with. To ensure that existing awarding organisations understand the new requirements, we will publish the general conditions of recognition and

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<sup>10</sup> International Comparability of Senior Secondary Education (ICoSSE)  
[www.ofqual.gov.uk/files/icosse/ICoSSE-Methodology-formatted.doc](http://www.ofqual.gov.uk/files/icosse/ICoSSE-Methodology-formatted.doc)

support awarding organisations as they confirm their compliance in the coming year.

We will review compliance for each awarding organisation, using a combination of self-evaluation and compliance-statement requirements. We will revise and enhance our recognition and monitoring processes to guarantee the benchmarks set by the new general conditions of recognition.

It is likely that some existing awarding organisations will decide not to continue to be recognised, perhaps because of the low volume of qualifications work they undertake. We will want to assure them of the benefits of regulation and that we will apply a proportionate approach, but nevertheless we can expect to see some rationalisation of the market as we set new requirements.

As we publish the new general conditions of recognition, we will undertake the final steps needed to firm up our new approach. We will finalise the current consultation underway on a single equality scheme. We are consulting on our *Policy for Taking Regulatory Action* setting out the approach we intend to follow in exercising our statutory powers to take regulatory action. We will follow this consultation with a statement as to our intended process for the use of our fee-capping powers and conclusions on our overall consultation on economic regulation.

We will also consult on the specifications we should make under the Equality Act 2010 to limit the use of reasonable adjustments available to disabled learners who are taking general qualifications. Here we will be building on the work already done by awarding organisations. We will firm up our information requirements of awarding organisations.

We will continue to work with awarding organisations over the course of the year to ensure that our new general conditions of recognition are well understood. We will develop guidance where it is needed so as to make sure that it is easy to understand what compliance 'looks like'.

As we implement a new regulatory philosophy and approach, we will develop, and share with stakeholders, our risk model – that is, the model that will support decisions here on how we best apply our limited resources, based on risk. We think it important that individual awarding organisations, and others, should understand how we will make decisions about the level and nature of interaction between Ofqual and each awarding organisation.

It is our intention that the regulatory burden placed on any awarding organisation is proportionate to the risk, and we will aim to facilitate innovation (done of our core objectives) and secure standards by the ways in which we regulate individual awarding organisations.



Our risk model will also assist us in determining the extent to which we should continue to scrutinise individual qualifications, examinations and assessments. We intend to strike a different balance here, with a greater proportion of our available resources applied in future to the regulation of awarding organisations and our priorities for regulatory intervention. Getting the balance right is a key challenge for us now and for the future.

Applying this risk-based approach we will be giving priority this year to those qualifications that are central to access to higher education or employment; those (such as English for speakers of other languages (ESOL)) that are required for residence in the UK (and where we are investigating allegations of fraud) and those that represent a licence to practice (for example, in childcare, food safety and financial planning).

The qualifications that we regulate are referenced to qualifications frameworks. Qualifications frameworks provide reference points for aspects of qualifications such as their demand. They are therefore useful when designing, describing, comparing and regulating qualifications. Currently, regulated qualifications can be referenced to either the National Qualification Framework (NQF) or the QCF and we do not believe this duplication is helpful to users.

Following consultation last year, we will move to one framework to which all regulated qualifications currently in the QCF and NQF can be referenced

without imposing one set of detailed design rules on all qualifications. In this way we will create an overarching framework, with all regulated qualifications needing to meet published requirements.

As well as our work in England, we have responsibility for regulating vocational qualifications in Northern Ireland, and we are accountable to the Northern Ireland Assembly for this work. Many vocational qualifications taken in Northern Ireland are also taken in England, and we will continue to work with our Regulation of Vocational Qualifications in Northern Ireland Committee to check that we are regulating in a way that meets the particular needs of Northern Ireland.

We can expect the vocational qualification policy landscape to change and develop in England and we will keep in close contact with Northern Ireland policymakers to identify any divergence of policy between the different jurisdictions. Our regulatory approaches in Northern Ireland and in England are aligned, and we will continue to maintain our office and staff in Belfast to provide local presence.

We regulate alongside regulators in Wales, Northern Ireland and Scotland, and we will continue to work closely, sharing the detail of our approaches to regulation and respecting our differences. Each of us needs to take our own decisions, but the expectation is that the outcomes will be consistent wherever possible. This expectation is important for a number of reasons, not

least because of the cross-border currency of qualifications: many qualifications are used in different parts of the UK, and users of qualifications – notably employers and higher education – need to be confident that those qualifications mean the same whatever part of the UK they come from.

There is often a need to compare qualifications across international borders. We will continue to engage appropriately with European education initiatives so that our approach to regulation both shapes and reflects them, as required. This year we will be paying particular attention to the European Credit System for Vocational Education and Training, and the European Quality Assurance in Vocational Qualifications and Training.

In recent years awarding organisations have been innovative in developing the ways in which examination scripts are marked. We investigated problems in the marking of some scripts by one awarding organisation<sup>11</sup>, but our investigation subsequently identified that the problems were those of management rather than inherent problems with electronic marking itself.

Electronic marking has many benefits for example, answers to individual questions can be marked by those best placed to mark any particular question. We will take steps to

encourage awarding organisations to innovate in other ways, starting with a stock-take of innovation and consideration of how we might best facilitate innovation across the sector in future.

Innovation generally has initiation costs associated with it. This year we will continue the work we started last year to build our understanding of the economics of the qualifications market. We also intend to consider whether it is appropriate to develop pricing principles including on cost reflectivity to set parameters for the market.

We will be addressing efficiency and value for money in the market. Most immediately we will be working with the Skills Funding Agency to encourage better procurement arrangements for qualifications to promote choice, value for money and a healthy market.

We will continue to work closely with the Office of Fair Trading and with the Department for Business, Innovation and Skills to develop market analyses and to identify those dimensions that are indicative of a healthy market. We will be considering, with selected stakeholders, the incentives that could be made available to awarding organisations to encourage innovation and to ensure the best standards in qualifications, examinations and assessments in future.

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<sup>11</sup> [www.ofqual.gov.uk/files/2011-02-21-aqa-inquiry-report.pdf](http://www.ofqual.gov.uk/files/2011-02-21-aqa-inquiry-report.pdf)

### **3. Developing capacity and capability**

During the year ahead we will be developing our capabilities as a regulator. As a relatively new organisation we appreciate that regulators take time to develop. We are no different, but given the demands and expectations of us, we need to develop at the fastest possible pace.

A key priority for us this year is to implement the new approach to regulation set out earlier in this plan. This approach will require a mix of structural, cultural and individual role changes as we design the organisation to enable it to deliver the new approach to best effect.

The first phase of our programme, Transforming Regulation Together, comes to an end in May 2011 when we publish our new Qualifications Regulatory Framework. As it does so we will further refine the scope of phase two and any subsequent phases of the programme, so as to focus on organisational design alongside the roll out of the new approach.

We work closely with awarding organisations to manage the risks associated with examination delivery. A large number of examinations are necessarily sat at the same time in a large number of examination centres, and scripts need to be marked and grades calculated in short order. Given the size and scale of the exercise, it is delivered remarkably well, with very few failings. It is our view that the

public needs to have confidence in the system for delivery of examinations and in the redress mechanisms, should things go wrong. This year we will consider the lessons learned from our experience to date in responding to delivery incidents as they occur. We will be refining our approach.

During our first year we invested significantly in establishing and building our regulatory skills and competence. All those engaged in regulation received intensive training and support, and all staff have the opportunity and are encouraged to learn more about regulation and all its facets. We will continue to invest in regulation training and development, and increasingly we are able to learn from each other and from the real experience of regulation in practice. We are also building contacts and networks with regulators in other sectors.

We will prioritise investment in two areas this year. Firstly, we will continue to develop and enhance our regulatory systems, building on our successful Regulatory IT System (RITS) development last year –we have funding in our budget this year for this. Our aim will be to ensure that we are able to collect, collate and, in a timely manner, give meaning to the range of regulatory information and data needed for us to make the right judgements at the right time. In short, we will provide systems support to our emerging approach to monitoring and evaluation.

Secondly, we will invest in and increase our research capacity and capability, and our expertise in qualification standards, to support development of the necessary evidence base in standards. Wherever possible we will work collaboratively with others, and we will commission required research whenever it is economic or effective to do so, but we need to continue to develop our own inherent research capacity and capability.

To consolidate and build on the foundations laid last year, we will enhance our systems of governance and financial control. And now that we have an established cadre of staff, both new recruits and those who have transferred to us from other public sector organisations, we will develop our people strategies. Here our priorities will be the review of pay and reward, the development of our performance-management systems, and strategies to engage all of our people in the development of Ofqual.

Finally, as a national regulator, we appreciate the importance of providing information and guidance to those we regulate and to the public. We provide a helpline service that is well regarded, and this year we intend to improve the provision of information on our website. Our website will be an important communication tool, and we plan to ensure that we provide information there that is easy to access and to understand.

## Spending review 2010

### The spending review settlement

As a result of last year's Spending Review (SR10), we have received a like-for-like reduction of 33 per cent in our administrative budget over the period to 2015, in line with most other public sector organisations. This means that the budget for each of the four years of the spending review period is as follows:

	Baseline: 2010-11	2011-12	2012-2013	2013-2014	2014-15
Resource	19,080	17,089	17,092	16,387	15,717
<i>Of which admin</i>	<i>16,474</i>	<i>14,212</i>	<i>13,980</i>	<i>13,068</i>	<i>12,224</i>
Capital	5,500	700	100	100	100
Total	24,580*	17,789	17,192	16,487	15,817

\* total does not include depreciation costs or income from other sources, such as Northern Ireland funding.

The outcome of the consultation, Strategic Regulation of Awarding Organisations and Qualifications, will have an impact on how this reduction will be implemented over SR10. We will be developing a strategic plan this year setting out how we will live within reduced resources over the coming years, given the changes to our regulatory approach.

## Appendix 1 - Objectives

### Statutory objectives in the Apprenticeships, Skills, Children and Learning Act 2009

1. **The qualifications standards objective** is to secure that regulated qualifications:
  - a. give a reliable indication of knowledge, skills and understanding, and
  - b. indicate a consistent level of attainment (including over time) between comparable regulated qualifications.

(The current Education Bill proposes an amendment to the qualifications standards objective, but it is unlikely that this amendment will be enacted during 2011/12.)
2. **The assessments standards objective** is to promote the development and implementation of regulated assessment arrangements, which:
  - a. give a reliable indication of achievement, and
  - b. indicate a consistent level of attainment (including over time) between comparable assessments.
3. **The public confidence objective** is to promote public confidence in regulated qualifications and regulated assessment arrangements.
4. **The awareness objective** is to promote awareness and understanding of:
  - a. the range of regulated qualifications available,
  - b. the benefits of regulated qualifications to learners, employers and institutions within the higher education sector, and
  - c. the benefits to awarding organisations of being recognised.
5. **The efficiency objective** is to secure that regulated qualifications are provided efficiently and, in particular, that any relevant sums payable to a body in respect of a regulated qualification represent value for money.

## Strategic objectives

1. Develop as the independent regulator of qualifications and assessments in England and of vocational qualifications in Northern Ireland, to meet our statutory objectives and duties. This will include, in particular:
  - implementing end-to-end, strategic risk-based regulatory arrangements
  - requiring each awarding organisation to be accountable for its own qualifications
  - working with and seeking to influence other organisations with an interest in qualifications, to promote our objectives and the needs of people taking qualifications and assessments.
2. Use our accreditation, monitoring, reporting, and where necessary, intervention powers so that qualifications are fit for purpose and value for money, and standards are maintained.
  - Undertake risk-based accreditation of qualifications for inclusion on the Register of Regulated Qualifications.
  - Monitor standards in specific qualifications, including modular GCSEs and other qualifications chosen on the basis of risk assessments.
3. Where Ministers have set new policy objectives that affect qualifications (in particular, in the autumn 2010 Department for Business, Innovation and Skills (BIS) and Department for Education (DfE) documents, and forthcoming policy reviews), have due regard to those objectives that affect our regulatory work.
  - Work with DfE on new arrangements for specifying changes required in qualifications for young people.
  - Undertake and publish studies comparing qualification and assessment standards internationally (or 'in other countries') with those in England, Wales and Northern Ireland.
  - In the light of that work, and subject to the passage of the Education Bill, consider and consult on how we will approach our new international standards objective.
4. Monitor and report on the development and delivery of National Curriculum and Early Years assessments in relation to the published regulatory framework and prepare for changes in future years.

- Contribute to the development of assessment arrangements in the light of the Lord Bew and Dame Clare Tickell reviews, and the management of risks to assessments in future years.
  - Consider with DfE the regulatory implications of the establishment of the Standards and Testing Agency.
5. Improve public confidence in regulated qualifications and assessments.
- Firmly establish our authority and role as an independent and expert regulator.
  - Raise awareness and understanding of the qualifications we regulate and the benefits of regulated qualifications.
  - Continue to develop a high-quality evidence base to inform our regulatory activity.
6. Working with other key players, implement the strategy to secure the efficiency of the qualifications sector.
- Understand the drivers and potential barriers to innovation in the qualifications sector.
  - Promote initiatives aimed at securing efficient purchasing decisions.
  - Encourage the use of regulatory impact assessments in developing policy.
7. Put in place arrangements to secure the effective delivery of examinations, so that all learners have the best possible opportunities to demonstrate their achievements.
- Continue to work with other key players on the awarding of Diplomas in 2011, and the development of more appropriate arrangements for future years.
  - Manage the regulatory impact of the closure of the Qualifications and Curriculum Development Agency (QCDA).
  - Carry out our operational functions effectively (for example, investigations and appeals).
8. Follow good practice on diversity and inclusion as both an employer and in regulating qualifications and assessments, and keep under review how we are doing.



- Publish equality data and equality impact assessments to support our equality duties.
  - Regulate qualifications in a way that supports the needs of learners from across all potential characteristics, including meeting duties in the Equality Act relating to general qualifications.
  - Develop and consult on a new Equality Scheme for Northern Ireland to reflect our role as the regulator of vocational qualifications there.
  - Embed and sustain equalities into our regulatory and employer duties under the Act.
9. Publish a Strategic Plan to enable us to be a more efficient, flexible and effective organisation over the period to 2014/15.
- Ensure we have in place good financial, planning, management and governance systems.
  - Provide strong leadership and management to help staff through a period of change and uncertainty.
  - Demonstrate that we value all staff and make best use of their skills.

## Appendix 2 – Achievement measures

Statutory objective	Impact indicators
<p>The qualifications standards objective: to secure that regulated qualifications give a reliable indication of knowledge, skills and understanding, and indicate a consistent level of attainment (including over time) between comparable regulated qualifications.</p>	<ul style="list-style-type: none"> <li>■ Launch and lead a debate on qualification standards, including the factors that may damage standards, and reflect the debate in how we regulate.</li> <li>■ Agree with DfE the arrangements for specifying changes to qualifications for young people, including a greater role for higher education.</li> <li>■ Monitor standards in specific qualifications, including modular GCSEs.</li> <li>■ Undertake and publish research into standards issues, including validity and international comparisons, and reflect this in our regulatory requirements.</li> <li>■ Prepare for the proposed amendments to our standards objective.</li> <li>■ Minimise the disadvantage experienced by disabled people taking qualifications as a result of their disabilities.</li> </ul>
<p>The assessments standards objective: to promote the development and implementation of regulated assessment arrangements which give a reliable indication of achievement, and indicate a consistent level of attainment (including over time) between comparable assessments.</p>	<ul style="list-style-type: none"> <li>■ Evaluate the impact of the Early Years Foundation Stage Moderator Registration Programme and publish our findings.</li> <li>■ Publish current practice and trends in Key Stage 1 and Key Stage 3.</li> <li>■ Report on 2011 arrangements following the implementation of the Regulatory Framework for National Assessments.</li> </ul>

	<ul style="list-style-type: none"> <li>■ Advise DfE on the regulatory implications of the proposals from the Bew and Tickell reviews.</li> <li>■ Monitor the impact of the establishment of the Standards and Testing Agency.</li> </ul>
<p>The public confidence objective: to promote public confidence in regulated qualifications and regulated assessment arrangements.</p>	<ul style="list-style-type: none"> <li>■ Be visible, authoritative and consistent in debates on qualification standards, including during results season.</li> <li>■ Undertake the annual perceptions survey of GCSEs and A levels</li> <li>■ Launch and lead standards debates (see above).</li> <li>■ Effectively carry out and report on our operational functions (for example, investigations and appeals).</li> </ul>
<p>The awareness objective: to promote awareness and understanding of the range of regulated qualifications available, the benefits of regulated qualifications to learners, employers and institutions within the higher education sector, and the benefits of recognition to bodies awarding or authenticating qualifications.</p>	<ul style="list-style-type: none"> <li>■ Ensure that information about qualifications is readily available for those who have an interest.</li> <li>■ Take opportunities to raise awareness of regulated qualifications amongst employers and higher education institutions</li> <li>■ Work with other organisations with an interest in qualifications, to promote our objectives and the needs of learners.</li> <li>■ Use Ofqual events, notably the chief regulator's report, to raise awareness and build confidence.</li> <li>■ Actively invite feedback on the effectiveness of our work.</li> <li>■ Annual attitudes survey (awareness and confidence measures)</li> <li>■ Helpdesk and complaint volume</li> </ul>

	<ul style="list-style-type: none"> <li>■ Media monitoring (including web usage data)</li> </ul>
<p>The efficiency objective: to secure that regulated qualifications are provided efficiently and, in particular, that any relevant sums payable to a body in respect of a regulated qualification represent value for money.</p>	<ul style="list-style-type: none"> <li>■ Continue to develop our understanding of the qualifications market.</li> <li>■ Work with others to implement a qualifications efficiency strategy, including promoting innovation and encouraging intelligent customers.</li> <li>■ Reduce the burden of regulation by completing the implementation of risk-based regulation, including new conditions, criteria and the regulatory framework.</li> <li>■ Consider our response to the Wolf report, and the impact on the market of the Government's approach to accountability.</li> </ul>

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