



New Minimum Spend Threshold for the 2019/20 Year

Information and Guidance for Centres

Introduction

FDQ will be introducing a £750 minimum spend threshold that will run from the 1st September 2019 to 31st August 2020. The new charge is calculated on the amount of fees paid to FDQ in our financial year and takes into account any purchases such as qualification registrations, transfers, reprints and end-point assessments.

The minimum spend threshold has been introduced reluctantly to ensure FDQ can continue to provide dedicated quality assurance services to all our centres. We are of course aware that our smaller centres are more likely to be in scope for the charges next year and we wanted to ensure early notification was provided so viability decisions can be considered for the longer term.

FDQ will issue a quarterly statement of account to centres who may be in the minimum threshold zone through the year. Centres under the £750 threshold on the 31st July 2020 will be subject to the charge and an invoice for the difference will be raised with a 30 day expectation of payment.

Please find below a Question and Answer brief on the policy implementation of the charge.

When is the minimum spend applicable and how is it calculated?

The Minimum Spend is calculated on the centres 'spend' with FDQ for the year running from 1 September 2019 to 31 August 2020. If centres do not meet the £750 threshold in the year, an invoice will be raised for the difference between their actual spend and the minimum threshold.

For example- centre spends £400 on qualification registrations and has also had 4 x transfer payments (£15 each) therefore total spend at 31st July 2020 is £460. FDQ issue an invoice with 30 days T&Cs for the difference of £290

What if I am an employer centre with several satellites around the UK?

If you are an employer/provider-led centre with several 'satellites' around the UK, FDQ would aggregate the £750 by each of the sites to reach an overall minimum threshold. Therefore if the employer had five satellites the sum would be 5 x £750 = £3750 for the



whole company in the given year. Taking a 'whole company' approach gives you more flexibility as it enables some satellite centres within the group to fall below the threshold whilst others may be over the minimum requirement.

What steps do I take if I feel we may not have enough fee generation to be able to meet the minimum spend going forward?

FDQ understands it is sometimes difficult to predict future enrolments and/or number of learners requiring your services, especially if the value of the qualifications (ie the registration fee) is low. Unfortunately regulators treat all qualifications, whatever level, size or length, in the same way; and place conditions on the Awarding Organisation to provide external quality assurance. That compliance is an unavoidable business cost to FDQ.

By alerting you in August we want to give you time to consider your position in the 2019/20 year, beginning 1st September. If your spend is likely to fall significantly below the £750 then you may need to consider the centre withdrawal process as a matter of urgency, as the minimum spend terms and conditions are mandatory. Please do not hesitate to call FDQ to discuss in further detail.

When would the invoice for the new minimum spend be issued?

31 July 2020 would be the day for the 'differential' invoice to be issued to centres.

Would the minimum spend include EPA and resources?

Yes, for 2019/20 FDQ will include end-point assessment fees for centres also delivering qualifications. Those centres who are classified as an EPA facility (not delivering FDQ qualifications also) are not included in the minimum spend threshold policy for 2019/20.

I recently registered a number of candidates on FDQ qualifications. Had I waited until September 1st 2019 would I not now be in scope?

FDQ does not want to adversely penalise or disadvantage any centres on the basis of timing of registration fees, therefore if any centre feels the new policy from 1st September will impact them unfairly then please get in touch. Our CEO, Terry Fennell terry.fennell@fdq.org.uk will be pleased to consider any exceptional circumstances.

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