

Annual report and accounts 2022 to 2023

**Office of Qualifications and
Examinations Regulation (Ofqual)**

Annual report and accounts 2022 to 2023

For the period 1 April 2022 to 31 March 2023

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Any enquiries regarding this publication should be sent to us at

Office of Qualifications and Examinations Regulation
Earlston Park
53 to 55 Butts Road
Coventry
CV1 3BH

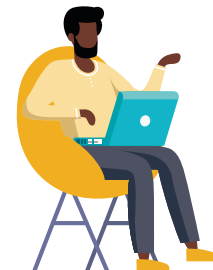
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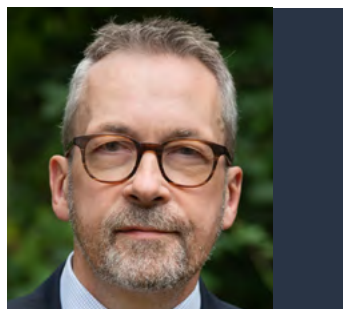
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Chair's foreword



Sir Ian Bauckham CBE
Chair

The year 2022 to 2023 saw the return to examinations and assessments after the disruption of the COVID-19 pandemic, with GCSE, AS and A level examinations taking place for the first time since 2019. For vocational and technical qualifications (VTQ), it was also a welcome return to formal assessments, using pre-pandemic approaches. This represents an important achievement and a milestone on our national recovery from COVID-19.

It is critical both to students and to our economy that young people have qualifications that are trusted and reliable indicators of their knowledge and skills. Such qualifications allow students to make informed choices about their next steps, further and higher education providers to ensure that they recruit fairly, and employers to know what new employees know and can do. The most reliable way for awarding qualifications that can be trusted for these and other purposes is through fair and valid examinations and other assessments. That is why it has been a priority for Ofqual to reinstate familiar and properly regulated examinations and assessments. I am proud of the progress towards achieving this goal that was made in 2022.

Examinations and assessments certainly require effective regulation to make sure they are of good quality and fair for students. Ofqual acts as a guardian of high standards. But many others play critical roles as well. Parents, teachers, examinations officers, invigilators and, of course, the awarding organisations that Ofqual directly regulates, all play an essential part, perhaps all the more so in the transition back to normality. I want to thank everyone across the system for playing their part in bringing back examinations and delivering the unique transition arrangements in place for 2022.

Over the past year it has become increasingly clear that both students and the vast majority of those who use qualifications overwhelmingly recognise that properly regulated examinations and assessments are the fairest approach. A core part of Ofqual's work in preparing to reinstate examinations has been to gauge and respond to student, teacher and public opinion. I am pleased that students themselves have consistently told us that they want to be able to demonstrate what they know and can do in fair examinations and assessments, and that we have been able to deliver this for them.

While focusing on the reintroduction of exams in 2022, Ofqual also continued to look to the future with our ongoing research into technology in assessment. The digital revolution is playing out all around us, with increasingly easy access to ever-more sophisticated artificial intelligence posing important questions for all those with a stake in examinations and assessment.

As a regulator, we need to recognise that we are dealing with a rapidly changing environment. This demands a cautious approach. There are benefits to be had from digitisation but we will not take undue risks with the validity of young people's qualifications. We continue, therefore, to consider and expand the evidence around areas such as digitisation, onscreen assessment and remote invigilation, keeping students' interests at the forefront of our decision making.

I would like to end by thanking Dr Jo Saxton, our Chief Regulator, and the whole Ofqual team. The achievements set out in this report speak to their professionalism and commitment to regulating in the interests of students and apprentices.



Sir Ian Bauckham CBE

Chair

7 July 2023

Performance report

Overview

This section outlines Ofqual's role and provides an analysis of our performance against goals and objectives over the reporting period. Ofqual's strategic priorities were set out in the corporate plan 2022 to 2025¹.

Ofqual's role

The Office of Qualifications and Examinations Regulation (Ofqual) is the expert, independent qualifications regulator for England. Ofqual is a non-ministerial department and as of May 2023 regulated 236 awarding organisations, who issued 11 million certificates across 11,400 active qualifications in the last full academic year. These include GCSEs, AS and A levels, and a broad range of vocational and technical qualifications (VTQs) catering to a diverse range of students, as well as apprenticeship end-point assessments (EPAs).

Ofqual was created under the Apprenticeships, Skills, Children and Learning Act 2009. Parliament requires Ofqual to:

- secure standards in qualifications and apprenticeship EPAs

1 [Ofqual corporate plan 2022 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Ofqual_corporate_plan_2022_to_2025.pdf)

- promote public confidence in qualifications, apprenticeship EPAs and National Assessments
- oversee National Assessments and assure their validity
- improve public awareness and understanding of the range of qualifications available, to support clarity of choice in the market
- secure that qualifications are provided efficiently and that their price represents value for money
- raise awareness of the benefits of regulated qualifications, and of being a regulated awarding organisation

The Ofqual corporate plan 2022 to 2025 places the interests of students and apprentices at the centre of our work, both as the examination and assessment sector returns to normal in light of the pandemic, and as we look to the future. Priority areas for these 3 years are:

1. quality and fairness for students and apprentices
2. clarity, effectiveness and efficiency in the qualifications market
3. shaping the future of assessment and qualifications
4. developing Ofqual as an effective, expert regulator and inclusive employer

As a non-ministerial department, Ofqual receives its core funding directly from His Majesty's Treasury (HM Treasury). Where we undertake specific activity to

support the government's wide-ranging skills reform programmes, we receive additional funding from the Department for Education (DfE). In 2022 to 2023, our funding was secured through the 2021 Spending Review (SR21), from which we received funding of £29.17 million.

Regulatory approach

Ofqual regulates awarding organisations (AOs) that design, deliver and award qualifications and apprenticeship EPAs. Ofqual controls entry to the regulated market and creates rules and provides guidance for AOs to help make sure regulated qualifications are fit for purpose, valid and delivered securely.

By taking a risk-based approach, Ofqual targets our evaluation and monitoring work to activities that pose the greatest risk in the light of our statutory objectives. AOs are required to complete annual returns to assure us about their compliance with our regulations and must report to us where incidents can or may occur that might have an impact on students and apprentices, standards or public confidence. Ofqual then monitors AO management of those incidents and can intervene where necessary to mitigate any adverse impact. Where appropriate, we draw on our enforcement tools to make sure a situation is put right and prevent a recurrence, as well as holding AOs to account. Where appropriate, Ofqual adopts a co-regulatory approach, working with AOs to both identify and manage risks, and to make sure regulation remains fit for purpose as the sector evolves.

Ofqual gathers data and publishes statistics to provide transparency on key features of qualifications and the qualifications market. Our regulations also require AOs to make information available about the regulated qualifications they offer.

Ofqual takes steps to avoid introducing or maintaining unnecessary burdens on AOs and works with qualifications regulators across the devolved administrations to align our approaches where possible to minimise the impact on those affected by our regulations.

Summary of key activities

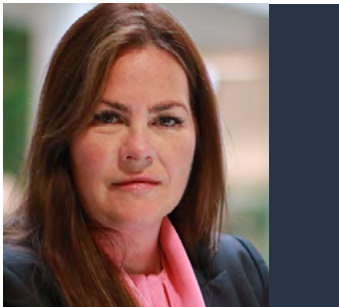
During the year a key priority for Ofqual was to oversee the return to delivery of exams and formal assessment as the principal means for the awarding of qualifications, after these were largely cancelled for 2 years due to the pandemic. Ofqual put in place arrangements for 2022, provided practical information to students to help them feel confident in preparing for assessments and developed and refined plans for contingencies, which could be put in place if exams were not able to go ahead. In September 2021 Ofqual announced a 2-year plan to return grading standards to pre-pandemic levels in summer 2023. Accordingly, in summer 2022 Ofqual delivered a transition year: we set requirements for exam boards such that overall grade outcomes reflected a midway point between the outcomes of 2021 and 2019 (the latter being the last year in which exams had taken place).

Ofqual also continued to prioritise work to deliver the broad programme of government reforms of vocational and technical qualifications. Ofqual worked closely with the Institute for Apprenticeships and Technical Education (IfATE) on technical qualifications, higher technical qualifications, the continued roll out of T Levels, and completing the transition of apprenticeship endpoint assessment in to Ofqual regulation.

Beyond this, Ofqual continued our priority programmes focussed on 2 areas: improving clarity, effectiveness and efficiency in the qualifications market and shaping the future of assessment and qualifications.

All of Ofqual's work is underpinned by its people, its data and technology. In 2022 Ofqual published and began to deliver a new people strategy 2022 to 2025. This sets out ambitions and investment plans to further develop expertise, culture and increase resilience and retention.

Chief Regulator's review of the year



Dr Jo Saxton

Chief Regulator and Accounting Officer

At the start of the year my clear commitment was to serve the interest of students – with them acting as my compass – and to be a listening regulator. Underpinning this was an iron-clad commitment to fairness and parity.

There's no question that COVID-19 cast a long shadow, and as I look back on the first full set of exams since before the pandemic, the steps we have taken back towards normality have been important for everyone in the system: for school and college leaders, for teachers and support staff, but most of all, for students. For this reason alone, summer 2022 was a critically important milestone.

Since taking up post as Chief Regulator in autumn 2021, I have met hundreds of young people across scores of schools and colleges. Whilst there were understandably nerves about returning to exams, they spoke with one voice when they said they wanted their qualifications to mean something and to have currency. They wanted to be tested impartially on what they know, understand and

can do. And they wanted to be graded on a level playing field with their peers right across the country.

I have been inspired by the many visits I paid to schools and colleges all over the country. Being able to hear first-hand from students and their teachers about the qualifications they are studying and teaching – including the challenges they face and how Ofqual might be able to help – keeps me connected to that core commitment to students' interests as my compass. Their views inform my thinking in a way that nothing else can. As a former school leader, it's without question the very best part of the job, wherever I am in the country.

One such challenge in 2022 was the delayed vocational and technical qualification (VTQ) results in August, when thousands of students were left in limbo as their qualification results were issued late or incomplete. Quite simply, this was unacceptable.


Ofqual took decisive action, with a keen interest in the immediate responses of the awarding organisations involved. We published an [Action Plan](#) setting out what we expected to be done differently, and better, for 2023. This includes the introduction of the first ever deadline for the issue of VTQ results to schools and colleges. We continue to exert our influence as regulator to set out what needs to be done so that VTQ students will get full and accurate results on time.

Addressing delays for VTQ students is, however, not just about meeting the needs and expectations of the Class of

2023. It strikes at the heart of a much broader point that is a personal mission of mine: ensuring that all students, their hard work and achievements, are treated – and seen to be treated – with equal value. Parity of treatment – whatever qualifications they may take and in whichever combination – is my goal, and we will use every power we have to deliver on that.

The year also saw the successful transition of apprenticeship EPAs into regulation. Many tens of thousands of apprentices now have the protection afforded by regulation when they take their EPA. That assessment must be of high quality, valid and delivered well by a capable and viable organisation.

I would like to end by expressing my gratitude to my expert and dedicated colleagues. I am delighted that in the most recent Civil Service People Survey Ofqual was in the top 10 departments across government for employee engagement. This is a testament to our positive working culture and shared commitment to doing the right thing on behalf of all students taking regulated qualifications.



Dr Jo Saxton

Chief Regulator and Accounting Officer

7 July 2023

Performance analysis

Details about how we delivered each of our 4 organisational priorities in 2022 to 2023 are provided below.

Regulating GCSE, AS and A levels

Context

Ofqual is responsible for regulating GCSEs, AS and A levels in England, known as general qualifications. In 2022, over 1.2 million students took general qualifications and more than 6 million certificates were awarded.

Summer 2022 was an important year for Ofqual's regulation of general qualifications, marking as it did the return to exams and other formal assessments following 2 years of exceptional arrangements due to COVID-19.

In 2022 grades were once again determined by the familiar process of external assessment, with exams and non-exam assessments (such as coursework) marked or moderated by experts and grades awarded by the exam boards. Formal exams are set, marked and graded by examiners. All students take the same assessments at the same time, under the same conditions and they are marked anonymously, giving students the fairest chance to show what they know, understand and can do.

In summer 2022 Ofqual worked with DfE and AOs to put in place adaptations to regulated qualifications reflecting the disruption caused by the pandemic.

Some of the adaptations, such as the provision of advanced information, were novel. Ofqual also set the requirements for the awarding of grades and worked with AOs to implement these requirements, with a focus on monitoring assessment delivery, the quality of marking and moderation, and awarding. A summary of the summer 2022 exam delivery and a full description and analysis of the delivery of the summer 2022 series can be found in Ofqual's [GCSE, AS and A level summer report 2022](#).

National Reference Test

In August 2022 Ofqual published the [results of the 2022 National Reference Test \(NRT\)](#). In February and March 2022 over 13,000 year 11 students from over 330 schools in England took the National Reference Test in English and maths, which is administered by the National Foundation for Educational Research (NFER). The tests are designed to provide evidence on the performance of 16-year-old students in English and maths.

The results are compared to 2020 because this is the last year of the NRT that was unaffected by the pandemic (the NRT took place prior to the school closures in March 2020).

In English, results showed no statistically significant difference when compared to 2020 at any of the key grades. In maths, results showed a statistically significant downward change when compared to 2020 at each of the key grades.

The 2023 test took place between 20 February and 3 March 2023. Statistics and results relating to this test will be published later this year.

Preparations for summer 2023 – exam arrangements and grading

In September 2022, DfE and Ofqual confirmed the arrangements that will be in place for GCSE, AS and A level qualifications awarded in 2023.

It was confirmed that there would be additional support in a small number of GCSE subjects, with students being provided with formulae and revised equation sheets in GCSE maths, physics, and combined science exams. DfE and Ofqual also confirmed a change to the requirements for GCSEs in modern foreign languages, meaning the exams will no longer have to test unfamiliar vocabulary. Exams may still contain unfamiliar vocabulary, but exam boards can provide meanings for words that are not on their vocabulary lists.

Ofqual confirmed its intention to return to pre-pandemic grading in 2023 as the next step in getting back to normal following the disruption of the pandemic. Whilst students in the 2023 cohort have not experienced national school and college closures during their 2-year courses of study, we know they have still experienced some disruption, and therefore we are putting in place grading protection. This means that we expect overall results will be similar to those of pre-pandemic years, even where the quality

of student work is slightly weaker than it might have been before the pandemic.

As a result, national results in 2023 are expected to be lower than in 2022 and similar to those of pre-pandemic years. It is very likely that the results in individual centres will be lower than in 2022.

During the year, officers across Ofqual met with a wide range of people, both sector representatives and stakeholders – and of course students and apprentices – as we delivered arrangements for 2022 and prepared for delivery in 2023, including resilience arrangements. Specifically, those we met included school and college leaders, teachers, home educators, exams officers and administrators, higher and further education staff, students and parents, representatives of subject associations and equalities organisations. Ofqual staff engage with sector representatives and stakeholders to understand their views and to listen to the experiences of those taking, delivering and using qualifications. We also use engagement to increase understanding of and confidence in the arrangements for awarding qualifications.

Ofqual has also continued to provide information for schools and colleges, students and their parents and carers, about the arrangements for the qualifications we regulate. This included a guide for schools and colleges, a guide for students, letters to schools and colleges and

students, blogs and updates on the website². We have specifically engaged with higher education institutions, including the admissions service UCAS, to support them in making the fairest possible offers by ensuring that the arrangements for qualification assessment and grading are well understood. It is important that all those who use qualifications, particularly the students who take them, understand the arrangements in place and have access to clear information about them.

Preparations for summer 2023 – resilience arrangements

One of the lessons of the pandemic was the importance of having clear and robust contingency arrangements in place. To that end, in September 2022 Ofqual worked with DfE on proposals for guidance to schools and colleges about gathering assessment evidence to support resilience in the exams system.

These proposals took into account feedback received on the arrangements in place in 2022. They sought to align evidence gathering with the existing robust and effective assessment activities in place in most schools and colleges to monitor students' progress and prepare them for exams. We published our guidance with minimal changes following public consultation.

2 [Guide for schools and colleges: 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guide-for-schools-and-colleges-2023)

The guidance deliberately allows some flexibility in approach as to how students are assessed. This aimed to alleviate concerns that some students, for example, private candidates, might not have the same access to assessment opportunities as others.

It was acknowledged at the time and continues to be the case, that the national closure of schools and colleges or cancellation of exams – necessitating the use of alternative assessment arrangements – is extremely unlikely. However, while the government does not expect to be in the situation again where exams do not go ahead, good public policy means having contingency plans in place, even for extremely unlikely scenarios.

Conversations with stakeholders, including school and college leaders, indicate that the approach we have taken is generally well understood and that it is viewed as a proportionate response to the experience of having to award grades in the absence of exams during the pandemic.

Other work

As well as the safe delivery of exams in 2022, and the planning for the delivery of exams in 2023, Ofqual carried out a range of technical and policy work designed to strengthen the delivery of existing qualifications and enable the delivery of new or reformed qualifications in the future.

Ofqual has continued to work closely with DfE to develop proposals for a new GCSE in British Sign Language (BSL). In June 2023 we launched a [consultation on our proposed assessment arrangements](#), while DfE consults simultaneously on its proposed subject content. Work is also ongoing with DfE and exam boards on proposals for a new GCSE in natural history.

Ofqual has also been working with DfE and the exam boards on the development and accreditation of revised GCSEs in French, German and Spanish.

Ofqual published new statutory guidance for AOs on designing and developing accessible assessments for students. This followed a 12-week public consultation, in which there was strong support from respondents, students and their representatives, including those with special educational needs and disabilities (SEND) for the guidance.

Ofqual also completed action during the year in response to 2 incidents involving Pearson. This was activity Ofqual started in 2019 and paused during the COVID-19 pandemic. The first incident concerned Pearson's arrangements for reviews of marking, which risked compromising the quality of these reviews in respect of the GCE and GCSE qualifications it awarded in 2016, 2017, 2018 and 2019. This resulted in Ofqual imposing a monetary penalty of £1.2 million, in addition to compensation paid to affected schools and colleges and an action plan by Pearson to ensure compliance. The second incident concerned Pearson not issuing accurate

certificates for some 'Short Course' GCSE qualifications in 2017 and 2018, as a consequence of which Ofqual imposed a monetary penalty of £150,000 in June 2022.

There was no evidence that any student received the wrong result because of these incidences of non-compliance.

Regulating national assessments

Ofqual regulates all aspects of the development and delivery of national assessments.

Statutory primary assessments took place once again in 2022, following a 2-year hiatus in 2020 and 2021 due to COVID-19.

The test development process carried out by the Standards and Testing Agency (STA), which is responsible for developing and delivering national assessments, consistently demonstrated a strong focus on validity. Marker training was delivered successfully and the quality of marking of the key stage 2 (KS2) assessments was high across subjects and in line with previous years.

A number of issues arose during operational delivery and, while most pupils received their results on time, just over 1% of year 6 pupils were affected by delays in the release of results. Approximately 2,000 scripts were eventually declared lost, meaning that STA was unable to provide a result in one or more national assessments for approximately 1,700 pupils. Ofqual has emphasised

to STA the need to identify the underlying causes of the script losses, to ensure that appropriate lessons are learned and these issues do not arise in subsequent delivery cycles.

Ofqual also monitored the full introduction of the multiplication tables check, which became statutory in 2022 and was delivered successfully.

A full description and analysis of the delivery of the summer 2022 series can be found in Ofqual's [National assessment regulation annual report 2022](#).

Regulating Vocational and Technical Qualifications

Summer 2022 marked a return to large-scale exams and formal assessments in VTQs, as well as the first awards for T Levels. This was also a period where Ofqual's responsibility for apprenticeship EPAs grew significantly as the majority of EPAs transitioned into regulation.

Transition from contingency arrangements

In the academic year 2021 to 2022, to help mitigate the ongoing impact of the pandemic on students and their learning, Ofqual continued to allow AOs to adapt their exams and other formal assessments for VTQs. DfE permitted specified adaptations for VTQs approved for inclusion in performance tables, Technical Qualifications (TQs) in T Levels and Functional Skills qualifications.

With the agreement of IfATE, AOs were able to put in place flexible approaches to apprenticeship EPAs during the pandemic. From 1 April 2022 those flexibilities were governed by IfATE's flexibility framework. Ofqual released guidance to all AOs delivering EPAs to clarify how the flexibility framework aligned with the regulation of EPAs.

Ofqual required AOs to continue to carefully balance mitigating the effects of the pandemic on teaching and learning with the need to ensure that results were fair, consistent and allowed students to progress. For example, some assessments were adapted to free-up time to focus on catch-up and teaching the remaining qualification content. Results would not be awarded on the basis of alternative evidence such as teacher assessed grades (TAGs) or centre assessment grades (CAGs), however, other than where they were carried over from either the 2020 to 2021 or 2019 to 2020 academic years respectively.

For TQs within T Levels, Ofqual required AOs to be generous in the first years of awards, to reflect that these are new qualifications.

The Vocational and Technical Qualifications Contingency Regulatory Framework (VCRF), introduced in 2021 remains in force as a resilience measure.

AOs are permitted to keep some changes to how they delivered assessments during the pandemic; for example, remote assessment and remote invigilation, as normal

arrangements, provided they are sufficiently valid and secure.

Delivery of results

More than 4 million certificates for VTQs were awarded in the reporting period April to December 2022 (this excludes Technical Qualifications within T Levels and EPAs). Of these, 795,000 certificates were awarded in [October to December 2022](#) (the last period for which statistics are available). The quarterly data can be explored in [Ofqual's interactive app](#). Later this year Ofqual will publish a stand-alone report into EPA outcomes data for the first time.

In [spring and summer 2022](#) alone, AOs issued over 974,000 qualification results to students taking Functional Skills qualifications (FSQs), Core Mathematics qualifications, and VTQs approved for inclusion in DfE's performance tables, such as Applied Generals and T Levels. In addition, AOs issued just over 5,100 component results for the Core and Occupational Specialism elements of the Technical Qualifications within T Levels³.

In August 2022 Ofqual published [results analysis for grade distributions of vocational and technical performance table qualifications \(PTQs\)](#). In 2022 for qualifications with the grading structure PM/D/D*, 133,425 grades were awarded in more than 200 qualifications available. Ofqual also published interactive graphs

3 DfE issue the overall T Level result

showing the [results for the Core and Occupational Specialism components of the Technical Qualifications within T Levels](#).

Although the delivery of VTQs in 2021 to 2022 was largely successful, and the vast majority of VTQ students achieved their qualifications on time in August 2022 and were able to progress, some significant issues occurred. Ofqual's report published in December 2022 on the [delivery and award of VTQs in 2022](#) provides further context for these issues. Ofqual put in a place an action plan and chairs a taskforce to ensure AOs are able to deliver their results on time in 2023.

Monitoring of AOs

Results monitoring

In addition to our readiness reviews in advance of awarding, Ofqual carried out post-results evaluation meetings with AOs to review how they delivered their assessments and results in 2022, responded to issues, and whether there were any lessons learned to carry into 2023.

Just under 21,000 results were missing or incorrect by the respective results days for level 3 (18 August 2022) and level 2 (25 August) VTQs. Ofqual's priority in August was making sure those results were corrected and issued quickly so that students could progress to further or higher education. In September Ofqual launched a review and an investigation into the systems and processes

used by 2 of the AOs with the biggest number of issues. The work underway to improve delivery of results for 2023 is detailed in the next section.

In the week following level 3 results day in August 2022, some schools and colleges raised significant concerns about low levels of attainment in the core examinations of the Health T Level, which had the highest entry size in the route and is offered by Northern Council for Further Education (NCFE) as the single provider. Ofqual worked swiftly with centre representative organisations and spoke directly with schools and colleges to better understand their concerns.

Ofqual completed a thorough review of the health and science core assessment papers. In the core exams we identified question errors, weak mark schemes, and questions covering areas not explicitly in the specification. We determined, therefore, that the core examinations were not a sufficiently valid or reliable measure of student performance. Our review of the employer-set project did not identify any issues that undermined the validity or reliability of that assessment.

Ofqual worked with NCFE, DfE and IfATE to determine the best possible resolution for the 1,115 students who were affected by the issues. It was agreed that the students' health and science core grade (which is carried into their final T Level certificate) would be the higher of the employer-set project grade or the overall core grade already issued. Any students who wished to improve their grade were able to re-sit the core or employer-set project

in autumn 2022, and a higher overall or employer set project grade through the re-sit would count as their new overall core grade. NCFE confirmed that there would be no charge for re-sits.

As an immediate step, [Ofqual took formal action to require a detailed undertaking from NCFE](#) to ensure that assessments for the autumn 2022 series for all of its T Levels were fit for purpose. NCFE provided the undertaking and Ofqual is closely monitoring NCFE's compliance with it. We are continuing to scrutinise NCFE's development and delivery of assessments for summer 2023 and beyond. Ofqual is investigating NCFE to establish what led to the issues in summer 2022. Once the investigation concludes, Ofqual will determine the best course of action. Further data and details can be found in the [delivery and award of VTQs in 2022 report](#), published in December 2022.

EPA delivery monitoring

Ofqual has undertaken a range of monitoring activities for apprenticeship EPAs. This is to make sure that there is a consistent quality approach to assessment across an apprenticeship standard, regardless of which EPA organisation is delivering the assessment and where and when this is carried out. Activities in this period include:

- reviews of assessment materials for 48 EPAs, across 30 different standards
- observation of the activity of over 70 organisations, delivering EPAs on 68 standards

- appraisals of 53 draft assessment plans and resolution of 213 queries on live assessment plans
- consideration and monitoring of 46 notifications from 26 different organisations that made Ofqual aware of incidents they felt had, or could have had, an ‘adverse effect’ on apprentices.

General delivery monitoring

Ofqual will continue to monitor all awarding organisations’ preparation for, and management of risks related to assessment delivery. The focus will be on the implementation of recommendations from our review of results and awarding organisations’ production of assessment materials. Ofqual also considers centre support, contingency arrangements (from changes in public health guidance to the impact of industrial actions) and the issuing of accurate and timely results as some of the key risks that AOs should mitigate and manage. Ofqual’s regulatory activities will reflect these risks.

Measures to support timely delivery of results in 2023

In October 2022 Ofqual appeared before the Education Select Committee to give evidence on 2022 exam results, including to respond to the Committee’s questions about delays to results and to set out Ofqual’s plans to carry out a review of results delivery.

To prevent a reoccurrence of the issues with delayed results for some VTQs, in December 2022 Ofqual

published an Action Plan to support the delivery of level 3 results in 2023 for VTQs used alongside or instead of A levels for progression to higher education.

Ofqual established a new VTQ Delivery Group with AOs that are in scope of the Action Plan. Ofqual is bringing together AOs so that they improve the quality, content, timing and targeting of their communications with schools and colleges and ensure safe delivery of results.

Learning lessons from arrangements that worked well in the pandemic, Ofqual has introduced a new [2023 VTQ results taskforce](#) of senior leaders from key organisations, chaired by the Chief Regulator, to share and act on intelligence and information to support the delivery of results in 2023.

In March 2023 Ofqual announced the introduction of [3 new deadlines](#) for AOs to ensure they issue complete and correct level 3 VTQ results to students in summer 2023. These bring forward the eligibility checks and quality assurance AOs, schools and colleges will need to conduct, so that these are completed during term time. The arrangements for 2023 are a significant change to how many VTQs have operated historically to support parity of treatment for students, irrespective of the qualification they are taking. This includes a deadline of Monday 14 August 2023 for AOs to issue relevant results in scope of the Action Plan to schools and colleges. The vast majority of level 3 results used for progression to further or higher education will be released to students by Thursday 17 August 2023, which is A level results day.

To support schools and colleges, Ofqual has introduced a new VTQ Information Hub for exams officers and subject teachers. This brings together the key dates for 2023 that AOs set to ensure timely delivery of Level 3 VTQ results used for progression to further study.

Interventions

The interventions and enforcement actions taken by Ofqual are published on our website. Table 1 summarises the interventions we have made over the reporting period for all awarding organisations, including those offering general, vocational, technical and other qualifications.

Table 1: Interventions

Date	Awarding organisation	Action	Published
27 June 2022	Pearson	Notice of Intention to impose Monetary Penalty	31 August 2022
27 June 2022	Pearson	Notice of Intention to impose Monetary Penalty	31 August 2022
11 October 2022	NCFE	Undertaking	12 October 2022
24 November 2022	IBSL	Special Conditions	28 February 2022
29 November 2022	Pearson	Monetary Penalty	13 December 2022
29 November 2022	Pearson	Costs	13 December 2022

Date	Awarding organisation	Action	Published
29 November 2022	Pearson	Monetary Penalty	13 December 2022
29 November 2022	Pearson	Costs	13 December 2022

As well as the published interventions, Ofqual imposed additional conditions of recognition, known as Special Conditions, on 17 occasions throughout the year. Special Conditions are used in a variety of ways, including to support investigations and to manage identified risks, and were imposed both on existing AOs and on 11 organisations newly or recently recognised. Many of the Special Conditions are not published, often because to do so could increase the risks which those conditions are intended to manage. We keep under review the possibility of publishing such interventions at a later date.

Digital Functional Skills qualifications

To support the introduction of Digital Functional Skills qualifications (FSQs) and ensure they meet their intended purposes, as set out by the government, Ofqual consulted on the introduction of new regulatory requirements.

Focused on [improving adult basic digital skills](#), new Digital FSQs are being introduced for first teaching in August 2023. These new qualifications replace the existing Functional Skills qualifications in information and communication technology. They will be available at entry level and level 1, and the subject content has been set by DfE.

In November 2021 Ofqual published its [decisions on the regulatory requirements for Digital FSQs](#), together with its [technical consultation](#). Following analysis of the responses, the [regulatory requirements for Digital FSQs](#) were published in March 2022. The requirements support the government's expectation that employers and students should have confidence that the level of demand of the Digital FSQ achieved is comparable, irrespective of the awarding organisation they choose or the year in which the assessments are taken.

AOs need to apply and gain approval for Ofqual recognition to deliver the reformed Digital FSQs. Ofqual began the [technical evaluation](#) of the proposed qualifications ahead of delivery in autumn 2022 for those AOs that gained Ofqual recognition.

Functional Skills

A reformed suite of English and maths Functional Skills qualifications were first available from 1 September 2019, following a government decision in 2015 to reform these qualifications.

As is the case after major reform programmes, Ofqual is evaluating its [approach to the regulation of reformed Functional Skills Qualifications in English and maths](#).

The evaluation comprises 3 strands: stakeholder engagement, a review of relevant documentation from the development and delivery of the reformed qualifications, and data gathering and analysis. The first phase of the

stakeholder engagement strand started in March 2023, with the launch of 2 surveys – 1 for FSQ English and maths students, and 1 for providers of FSQ English and maths qualifications.

Ofqual is working closely with DfE to review how the reformed subject content meets the needs of employers.

T Levels

Ofqual regulates the Technical Qualifications (TQs) within T Levels, which comprise the core assessments (core examinations and employer-set project) and the occupational specialism. Students typically take the core assessments at the end of the first year of their T Level programme, with 2 further assessment opportunities within the 2-year programme. The academic year 2021 to 2022 saw both the assessments of the second wave of T Levels come on stream in new routes such as health and science, as well as the assessments of T Levels launched in the first wave in the academic year 2020 to 2021.

Joint working continues with IfATE on T Levels that are in the process of being rolled out. This year, Ofqual has carried out reviews of materials with subject matter specialists for T Levels ready for first teaching in 2023. The new TQs in legal services and agriculture, land management and production have been accredited, ready for first teaching in September 2023.

[Four T Levels have been deferred](#) by DfE for first teaching until September 2024, with another T Level deferred beyond 2024. Ofqual will continue to work together with IfATE to ensure that these T Levels are of the high-quality that students and employers should expect of these flagship programmes.

In March 2023 Ofqual launched a [consultation to change how students can be entered](#) initially for the Core exam and Core project that form the Core component of the Technical Qualification within a T Level. This consultation relates to a policy change by DfE which wants to decouple entries for the Core exam and Core project to provide greater flexibility for providers in how they deliver Technical Qualifications. The changes will not prevent students from being entered initially for these Core assessments in the same way as they are now. By allowing this added flexibility, however, students may also be entered initially for these assessments in separate series. The changes Ofqual is proposing to make to its rules are minor but are necessary to allow DfE's policy to be implemented.

Updating EPA guidance

Ofqual consulted between 19 July and 11 October 2022 on proposed updates to the [End-Point Assessment Qualification Level Conditions and Guidance](#), which have been in place since 2018. Over that time Ofqual has gained more insight into awarding organisations' understanding of our regulatory framework, identifying

areas where further support would be beneficial. The proposed guidance aims to:

- help AOs to understand the Conditions and how to comply with them
- provide some practical examples to demonstrate how the Conditions apply in the context of EPAs
- help AOs understand those areas where they have the flexibility to make design decisions within the requirements of the Assessment Plan and the factors to consider when making such decisions

This has been done either by introducing new sections in the guidance or by making changes to the existing wording in the guidance to provide further clarification. [Ofqual published updates to the EPA qualification level guidance in April 2023.](#)

Equalities analyses

Ofqual published [student-level equalities analyses for GCSE, A Level and VTQs awarded in 2022](#), in November 2022. The report presents an analysis of how differences in results between groups of students with different protected characteristics and socioeconomic status changed in 2022 compared to previous years, for GCSEs, A levels and VTQs. Results for 2022 are presented alongside those for the period 2018 to 2021.

The majority of analyses comparing groups of students showed no notable change in attainment gaps in 2022, compared with both pandemic and pre-pandemic years.

‘Notable changes’ refer to changes in attainment gaps that are considered to go beyond normal year-on-year variation, as some degree of minor fluctuation is always expected. Attainment gaps and notable changes over time varied across qualifications. Full details are available in the report.

In summary, for GCSE the analyses showed only a small number of notable changes in attainment gaps. In relation to ethnicity, there was a narrower gap than previous years in the attainment of Gypsy and Roma students compared to White British students. Notable changes in attainment gaps concerning school and/or college type and socio-economic background were varied, with some attainment gaps narrowing and others widening. For A level the analysis highlighted some notable changes from the prior year in results relative to gender: male students had higher outcomes than female students, similar to pre-pandemic years. The analyses also identified notable changes from the prior year in attainment gaps in relation to ethnicity and school and/or college type, with some attainment gaps narrowing and others widening.

For VTQs, findings varied across the different groups of qualifications considered. Overall, the analyses identified fewer notable changes (against 2021) in attainment gaps compared to those observed for GCSEs and A levels and these were in regard to ethnicity and students’ prior attainment levels only⁴.

4 [GQ 2020, VTQ 2020; GQ 2021; VTQ 2021](#)

Reform of post-16 qualifications at level 3 and below

Skills and Post-16 Education Act

In April 2022 the Skills and Post-16 Education Act received Royal Assent, which led to changes to Ofqual's underpinning legislation, the Apprenticeships, Skills, Children and Learning Act 2009. This included new clauses to underpin Ofqual's existing relationship with IfATE, changes to the scope of Ofqual's use of accreditation for T Levels, and new information-sharing powers for Ofqual.

Regulations

Ofqual is consulting on new regulatory requirements to support the government's reform of post-16 qualifications to support the effective regulation of these qualifications. Ofqual's proposed approach to regulating these qualifications has been designed to work in conjunction with the new funding approval processes. This means that DfE will make decisions about the approval of qualifications for public funding in the new landscape. Ofqual will provide feedback to DfE for academic qualifications and feedback to IfATE on technical qualifications. DfE will make final funding decisions.

The regulatory requirements for [Level 3 Technical Occupation Qualifications and Alternative academic qualifications](#) were published on 10 January 2023. Ofqual

consulted on the regulatory requirements for level 1 and level 2 qualifications leading to employment in January 2022 and for entry level, level 1 and level 2 qualifications supporting progression to higher levels of technical or academic study in January and March. The final regulatory requirements will be published later in 2023.

Approval processes

Ofqual has supported DfE's development of a single access point webpage which went live in January 2023. This includes information and links to key documents for the level 3 and level 2 and below qualifications reform, such as Ofqual's qualification level conditions. The webpage sets out how AOs will submit qualifications for approval as technical qualifications or as alternative academic qualifications to either DfE (for alternative academic qualifications) or to IfATE (for technical occupation qualifications). Those submissions will be shared with Ofqual to review the submissions and provide feedback to DfE or IfATE to support their approval decisions. Level 3 alternative academic qualifications and technical occupation qualifications that are in cycle 1 of the approvals process will need to be submitted by 31 July 2023, and Ofqual will start its review in August 2023.

Higher Technical qualifications

Ofqual provided feedback to IfATE on qualifications submitted by AOs for the third cycle of Higher Technical Qualification (HTQ) approvals in November 2022.

IfATE published the [approval of these Higher Technical](#)

[Qualifications](#) in June 2023, which will be available for first teaching as HTQs from September 2024. If approved, qualifications will be available for first teaching as HTQs from September 2024. This cycle covered qualifications in the health and science, construction and the build environment, business and administration, education early years, engineering and manufacturing and legal, finance and accounting occupational routes.

Recognition

Recognition of AOs is an integral part of Ofqual's regulatory approach. The recognition process ensures that only organisations with the capacity and capability to design, develop, deliver and award qualifications and assessments can offer regulated qualifications.

Recognition requires AOs to meet a high-quality bar and means that students, apprentices and employers can be confident that, when taking a regulated qualification or EPA, the organisation has demonstrated it has the assessment and sector expertise needed to deliver quality assessments, and that they can benefit from the protection of Ofqual regulation.

In August 2020 IfATE announced its intention to ensure all apprenticeship EPAs were subject to regulation from either Ofqual, or the Office for Students for integrated degree apprenticeships, as the statutory regulators. A small number of EPAs are regulated by third parties. The decision brings the benefits of regulation to apprentices. The academic year 2022 to 2023 has seen the transition

to these arrangements conclude; with the growth in the awarding organisation market this year being driven primarily by EPA organisations applying for Ofqual recognition.

By the end of March 2023 428 apprenticeship standards had transitioned to Ofqual. There remained 6 that would transition later to ensure apprentices had continued access to EPAs. This means, in total, Ofqual regulated 588 apprenticeship EPAs in 2023. Seventy-one AOs achieved Ofqual recognition and 53 existing AOs expanded their scope of recognition. One hundred and thirty-nine AOs were recognised to offer EPAs by March 2023.

DfE and Ofqual are committed to aligning the processes for DfE apprenticeship providers and assessment register (APAR) and Ofqual recognition, to be more efficient and reduce the burden on awarding organisations. DfE launched its new process in July 2022 for EPAs where Ofqual is the regulator. This removed some of the duplication of information requirements and means organisations must gain Ofqual recognition and have added their EPAs to Ofqual's [Register of Regulated Qualifications](#) before DfE will approve their application to the APAR.

Support, relationship management and guidance, as organisations prepare their applications, has continued to be a substantial programme of work this year. Ofqual introduced a new form for resubmissions to help applicant organisations direct Ofqual to the most substantive

changes. Written and direct feedback has been offered to those whose applications have not met the standard required. This process has enabled applicants' representatives to meet those that reviewed their application to discuss the reasons and seek further clarification, ahead of subsequent applications. Ofqual has provided opportunities to attend forums, roundtables, and webinars on our recognition requirements. This is being done without prejudice to the independence or objectivity of recognition process, including at any resubmission points. This support has enabled applicants, from across the breadth of economic sectors, to understand the recognition process and appreciate that Ofqual's expectations of quality are the same for every organisation, and for the benefit of every student and apprentice.

Research

Ofqual has continued its programme of research to further theoretical and technical understanding of the qualifications we regulate and to gather evidence to inform future regulation.

As part of its on-going programme of research, in July 2022, Ofqual published the [2021 inter-subject comparability \(ISC\) report for GCSEs and A levels](#) and is committed to publishing similar analyses for 2022 and 2023 summer series. This is alongside subject-specific work to support the ongoing delivery of our standards objective. Other examples of related work include the

exploration [ESOL Skills for Life qualifications](#) which was published in November 2022. In addition, Ofqual published in December 2022 a report based on commissioned research into [the impact of coronavirus \(COVID-19\) on learning](#) and is planning to publish another report on the implementation of the adaptations to examination arrangements during the 2022 summer series.

Research continues to support Ofqual's commitment to fulfilling its equalities objectives. In late 2022 Ofqual published a new report encompassing the [2022 student-level equalities analyses for GCSEs, A level and VTQs](#). In addition, Ofqual has been undertaking research to help build a better understanding of the allocation, management and use of reasonable adjustments in general and vocational and technical qualifications.

In February 2022, Ofqual published a research report on [qualifications that confirm the acquisition of specified learning outcomes \(CASLO\)](#). Building on insights from this initial project, as well as from associated stakeholder engagement activities, we developed a new programme of research for 2022 and 2023, to explore the CASLO approach to qualification design from a variety of perspectives. Work underway includes historical analysis, a literature review, empirical work with awarding organisations, and further engagement with stakeholders.

Strategic research has also continued to support Ofqual's consideration of the future of assessment. This includes considering the opportunities, challenges

and risks of greater use of technology in assessment such as onscreen assessments and remote invigilation. Research considering the assessment of skills and broader competencies that are valued by employers has also continued covering a range of different qualification contexts, including apprenticeship EPAs.

Ofqual's commitment to transparency and to wider engagement of the public with the data it holds continues to be supported by regular publication of [Official Statistics](#) such as the [Annual Qualifications Market Report](#) published in March 2023. This is in addition to the delivery of [interactive and visual applications](#) to provide access key data.

In May 2022, Ofqual published [new guidance for AOs on designing and developing accessible assessments](#), following consultation. The guidance applies to all Ofqual-regulated qualifications and AOs.

Forward look for 2023

Ofqual's activity for 2023 and 2024 will continue to be shaped by its [Corporate Plan for 2022 to 2025](#).

In addition to the programmes and projects detailed previously which will continue in 2023, Ofqual will focus on the capacity, capability and governance of AOs through engagement that encourages compliance and provides rich insights to inform policy making.

The return to examinations and assessments for the academic year 2023 to 2024 will continue to be a strong

theme for Ofqual and AOs this year; and a consultation on long-term resilience arrangements is underway.

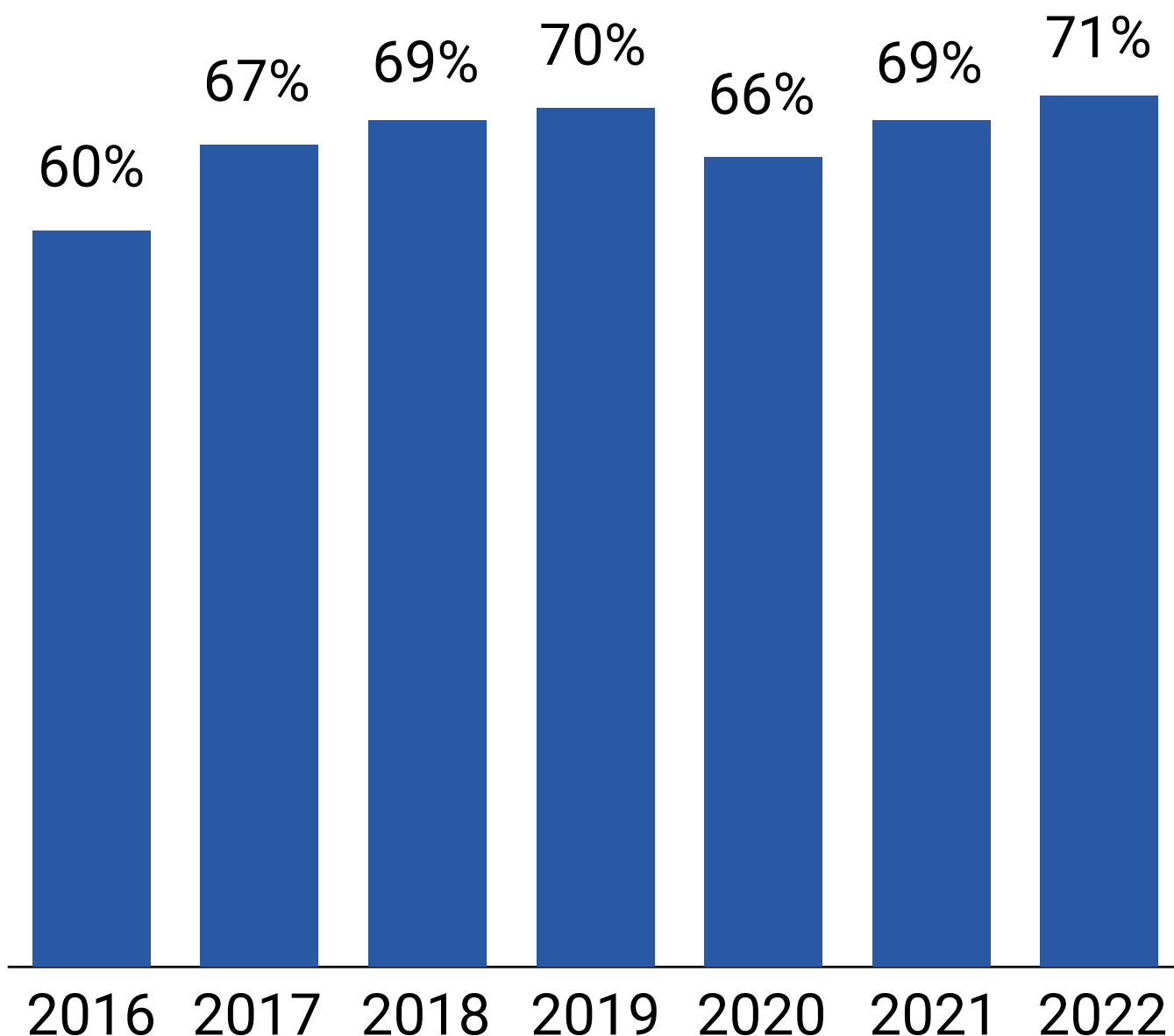
Managing our people, resources, and systems

Ofqual achieves its goals through our people working effectively together and with others across the education and training system. Along with other public sector employers, we face an ongoing challenge to balance value for money with the need to recruit and retain skilled staff. We continue to make sure that our people have the right skills, expertise, tools and information to achieve our corporate plan objectives, enabling us to make the best use of our resources.

Civil Service People Survey

Ofqual takes part in the annual [Civil Service People Survey](#). The survey looks at civil servants' attitudes to and experience of working in government departments. In 2022 our people engagement index increased by 2 percentage points from 69% to 71%, as shown in Figure 1. This was 6% higher than for the Civil Service as a whole. Our response rate was 88%, compared to the overall Civil Service response rate of 65%. The results showed positive improvements across a range of themes and highlighted that Ofqual had the 9th highest engagement score across the 104 participating UK departments, with the 4th highest score for inclusion and fair treatment.

Figure 1 Civil Service People Survey Engagement Index



Our technology

In line with our digital, data and technology strategy, Ofqual continues to grow, iterate and improve the technology solutions that enable our regulatory processes and that support our staff to work effectively. We have further extended our digital presence making it easier for the public to engage with us as well as to access and use our services. Further developments to our technology delivery capabilities put users at the centre of

everything that we do. Within the Portal, improved ability to communicate with AOs has led to greater efficiencies, and more collaboration and transparency. More services have continued to move to the cloud. A strong technology offer means the organisation can operate without hindrance and focus on the things that matter, namely regulating on behalf of students and apprentices. Ofqual continues to develop its digital services to align with Website Content Accessibility Guidelines. There have been considerable improvements in Ofqual's capabilities ensuring that no new barriers are introduced and that legacy obstructions are reduced, as outlined in our updated [accessibility statement](#).

Estate

Ofqual operates across England from a central base in Coventry, occupying one dedicated floor in Earlsdon Park with facilities shared with other government departments on one other floor. Office arrangements for 2024 onwards are currently under consideration taking into account lease arrangements and exit opportunities along with ongoing requirements.

Public enquiries

The return to pre-pandemic arrangements for examinations and assessments in 2022 resulted in fewer overall enquiries from the public. During 2022 to 2023 we received 1,850 phone calls and 2,106 written enquiries.

We aim to respond to written enquiries within 3 working days. In 2022 to 2023 we responded to 98% of written enquiries within that timeframe.

Whistleblowing disclosures

Ofqual is designated as a prescribed person for whistleblowing and workers can contact Ofqual about matters in relation to which we exercise functions under the Apprenticeships, Skills, Children and Learning Act 2009 (the Act). The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 (the Regulations) require prescribed persons to produce an annual report on whistleblowing disclosures made to them by workers. This reporting period is for the period 1 April 2022 to 31 March 2023.

Ofqual received 69 whistleblowing disclosures during the reporting period that we considered were 'qualifying disclosures' and that concerned matters in relation to which we exercise functions under the Act. Of the 69 allegations: 28 were referred to AOs for further action, for 25 no evidence was found to substantiate the claims, 3 had no further action taken and 13 are still being investigated.

The disclosures received have provided us with information and intelligence to ensure that standards in regulated qualifications are maintained and allowed us to discharge our statutory obligations.

Ofqual did not receive notice of any whistleblowing disclosures during the past year that related to Ofqual.

Complaints

Complaints about Ofqual

The types of complaints received under our ‘Complaints about Ofqual’ policy are generally about aspects of the service we have provided or about the work we do. Ofqual received 42 complaints in the reporting period. Eight complaints were upheld and one was partially upheld.

Where a complainant is unhappy with the outcome of their complaint, they can request an internal review. One internal review investigation was undertaken during this period, which was not upheld.

Where complaints were upheld or partly upheld, we acknowledged and apologised for the issues identified and took steps to avoid any repeat of those issues.

Complaints to the Parliamentary Ombudsman

We received no enquiries about complaints relating to Ofqual from the Parliamentary Ombudsman during 2022 to 2023.

Complaints about awarding organisations

Ofqual also considers complaints about an exam board, awarding organisation or qualification regulated by Ofqual. We aim to acknowledge complaints within

3 working days and provide a final response within 40 working days in 80% of cases.

During the reporting period, we provided a final response within 40 days in 93% of cases. The average number of days to close a complaint was 6 days.

Overall, we handled 696 new complaints. Where there are indications of non-compliance, outcomes are classified as either 'Upheld' or 'Partly Upheld'. Twelve complaints about AOs were upheld or partly upheld during the year.

Where a complainant is unhappy with the outcome of their complaint, they can request an internal review. Four internal review investigations were undertaken during this period. Of these, two were partly upheld.

Where complaints were upheld or partly upheld, the AOs were referred to Ofqual's relevant Standards team for further consideration of potential non-compliance.

Equalities

As a public body, Ofqual is required under the Equality Act 2010 (the Equality Act) to meet the Public Sector Equality Duty both as an employer and a regulator. This requires us to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Ofqual publishes an annual equalities report in the summer of each year that summarises progress against Ofqual's equality objectives. The report can be found on the Ofqual website.

Financial Review

Funding for 2022 to 2023 was agreed through the 2021 government Spending Review (SR21). Ofqual's budget for the financial year 2022 to 2023 was £29.17 million (£25.53 million in 2021 to 2022), including capital funding of £742,000 for the development of our digital infrastructure and to accommodate the capitalisation of the building lease in accordance with IFRS16.

Net operating expenditure, including capital investment, for the year was £29.02 million (£25.17 million in 2021 to 2022), giving an outturn that was £158,000, 0.5%, under budget.

Income from 2 fines was received in 2022 to 2023 totalling £1.35 million (£50,000 in 2021 to 2022). Fines are not retained by Ofqual, and so the income was returned to HM Treasury.

Staff costs for the year were higher than in 2021 to 2022 due to building capacity for VTQ reforms and apprenticeship EPAs, and as a percentage remain at 73% of total expenditure (73% in 2021 to 2022). Contract and agency staff accounted for 3% of staffing costs during the year (5% in 2020 to 2021) to manage capacity while permanent staff were recruited.

Ofqual has remained within the spending limits, referred to as control totals, authorised through the Parliamentary vote. The control totals relate to specific elements of the resource budget including income, and to capital and annually managed expenditure, as detailed in the Statement of Outturn against Parliamentary Supply.

Departmental data reporting tables

Operationally, Ofqual is required to deliver its objectives within 3 financial targets as agreed with HM Treasury. These are set out in Table 1, which illustrates financial performance for the period 2018 to 2019 through to 2023 to 2024 compared to Resource Departmental Expenditure Limit (RDEL), Capital DEL (CDEL) and Annually Managed Expenditure (AME).

The table shows that 97.8% of Ofqual's expenditure is incurred through its RDEL (98.4% in 2021 to 2022).

Table 1 Annual Expenditure Trend

	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Outturn £000	2022 to 2023 Outturn £000	2023 to 2024 Planned £000
Consumption of resources:						
Regulation of qualifications	18,367	19,241	21,939	24,772	28,376	29,822
Total RDEL	18,367	19,241	21,939	24,772	28,376	29,822
Resource AME:						
Regulation of qualifications	(167)	19	—	—	—	—
Total resource	18,200	19,260	21,939	24,772	28,376	29,822
Total CDEL	100	169	772	397	640	637
Total public spending	18,300	19,429	22,711	25,169	29,016	30,459

Parliament provides the legal authority to incur expenditure through the Estimates and Supply procedure. Parliament grants statutory authority both to consume resources and to draw cash from the Consolidated Fund to pay for resources consumed by an annual Appropriation Act and the Consolidated Fund Act.

Ofqual's annual expenditure is classified as either programme or administration for the purposes of Central Government Accounting, as defined in accounting note 1.2.5. Table 2 demonstrates that 55% of resource expenditure was incurred through the Administration classification in 2022 to 2023 (62% in 2021 to 2022).

Table 2 Programme and administration resource expenditure

Programme:	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Outturn £000	2022 to 2023 Outturn £000	2023 to 2024 Planned £000
Expenditure	–	–	–	–	–	–
Pay	1,318	1,993	4,076	5,855	8,636	11,215
Other expenditure	1,792	2,356	3,072	3,712	3,992	3,200
Total expenditure	3,110	4,349	7,148	9,567	12,628	14,415
Income	–	–	–	–	–	–
Total net programme expenditure	3,110	4,349	7,148	9,567	12,628	14,415

	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Outturn £000	2022 to 2023 Outturn £000	2023 to 2024 Planned £000
Administration:						
Expenditure	–	–	–	–	–	–
Pay	10,800	11,925	12,057	12,221	12,135	11,986
Other expenditure	5,077	3,049	2,809	3,157	3,696	3,476
Total expenditure	15,877	14,974	14,866	15,378	15,831	15,462
Income	(787)	(63)	(75)	(173)	(83)	(55)
Total net administration expenditure	15,090	14,911	14,791	15,205	15,748	15,407
Total resource expenditure	18,200	19,260	21,939	24,772	28,376	29,822

Programme pay and other expenditure increased in 2022 to 2023 due to work to deliver reform of VTQs as the scope of Ofqual's reform work expands. Administration pay has increased in 2022 to 2023 due to recruitment to vacant posts.

Long-term expenditure trends

Table 3 shows expenditure on major qualifications reforms delivered by Ofqual. The VTQ reform budget for 2022 to 2023 included delivery of reforms to apprenticeships, T Levels, higher technical qualifications, Digital Functional Skills, review of qualifications at level 3 and below, strengthening performance table qualifications and the review of digital functional skills qualifications. The reform programmes continue to expand in the medium-term, with Ofqual continuing to receive funding through the 2021 Spending Review (SR21) to undertake regulation of apprenticeship EPAs, and support the reforms of T Levels, qualifications at level 3 and below and higher technical qualifications. The long-term financial impact of our apprenticeship regulation work has been incorporated into our base budget. Further information on each programme can be found earlier in the performance analysis section of the performance report.

Table 3 Expenditure on qualifications reform

	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Outturn £000	2022 to 2023 Outturn £000	2023 to 2024 Planned £000
General qualifications	—	—	—	—	—	—
Vocational and technical qualifications	1,266	1,889	4,149	5,535	5,084	4,288
Total qualifications reform	1,266	1,889	4,149	5,535	5,084	4,288

Payment of suppliers

The government is committed to paying 90% of undisputed and valid invoices from small and medium-sized enterprises within 5 days, and 100% of all undisputed and valid invoices to be paid within 30 days. During the year Ofqual paid 100% of all invoices within five days (100% in 2021 to 2022). In 2022 to 2023, no interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (nil in 2021 to 2022).

Sustainability

In the Corporate Plan 2022 to 2025 Ofqual committed to achieve value for public money by ensuring our priorities are delivered efficiently and by making the best use of our resources.

Mitigating climate change and working towards Net Zero by 2050

The Corporate Plan 2022 to 2025 also committed to investigating the impact of the current examinations system on the environment. To this end Ofqual has commissioned research exploring the carbon footprint of a GCSE.

Procuring sustainable products and services

Ofqual uses procurement frameworks from public sector buying organisations and utilises the Crown Commercial Service where appropriate. Since 2021, Ofqual has taken

account of organisations' social values in the award of contracts and has included this as an explicit evaluation criteria, where relevant and proportionate, per the 2012 Public Services (Social Value) Act.

Adapting to climate change and promoting resource efficiency

Since the relaxation of COVID-19 restrictions in early 2022 utilisation of office space and business travel have increased and Ofqual has opened hubs to support colleagues being office based around the country. As a tenant of the Government Property Agency (GPA), we rely on their expertise and timely information to reduce the environmental impact of our main place of work. In 2022 Ofqual's headcount brought it into scope of the [Greening Government Commitments in 2022](#) and we report this through the DfE which aggregates data for their agencies and arms-length bodies.

Data on Ofqual's waste and use of consumer Single-Use Plastics (CSUPs) is recorded and provided to us by the GPA, so that usage can be tracked with the aim of reducing consumption of these non-recyclable materials. Complete data for 2022 to 2023 is not yet available and will be included in the 2023 to 2024 Annual Report and Accounts.

To minimise physical waste, Ofqual recycles and, where possible, donates its obsolete IT hardware. To improve energy efficiency Ofqual has transitioned from on-site IT networks to cloud-based services. To further reduce its

environmental impact, Ofqual only uses recycled paper from sustainable sources and encourages a think-before-you-print culture.

I Table 4 Energy costs and consumption

Ofqual occupies 40% of a multi-tenanted office building managed by the GPA and does not own any sources of Green House Gas (GHG) Scope 1 emissions.

These include boilers, air conditioning units and any vehicle fleets.

The property is gas free and predominantly relies on recycled rainwater for water usage. The GPA manage the nature recovery and biodiversity action planning as part of their wider estate management initiatives.

	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023
Total carbon	*	*	3.4 Metric tonnes	1.9 Metric tonnes
Electricity (kWh)	414,270	301,681	273,402	*
Electricity (tCO₂)	115	106	*	*
Gas (kWh)	Not applicable	Not applicable	Not applicable	Not applicable
Gas (tCO₂)	Not applicable	Not applicable	Not applicable	Not applicable
Water (m³)	885	645	720.08	*
Waste (tonnes)	29	12	13	19

* Complete data for 2022 to 2023 not available at this time and will be added in the next Annual Report and Accounts.

I Table 5 Business travel

Ofqual does not own a vehicle fleet and encourages staff to use public transport whenever possible.

	2019 to 2020 £	2020 to 2021 £	2021 to 2022 £	2022 to 2023 £
Rail	119,679	1,294	18,882	54,147
Hotel	55,062	2,102	8,084	46,345
Air and Ferry	2,953	200	–	2,502
Total business travel costs	177,694	3,596	26,965	102,995

	2022 to 2023 KG
Rail	904
Hotel	2,543
Air and Ferry	1,053
CO₂ KG	4,500

* In 2023 we changed provider for travel and accommodation services. Data was not available for all categories from our former provider.

Where appropriate Ofqual uses procurement frameworks from public sector buying organisations such as the Crown Commercial Service. This means that we use suppliers that have considered sustainability and other important social matters as part of their evaluation and contract award.

Ofqual committed to investigate the impact of the exams system on the environment in the Corporate plan 2022

to 2025. In 2022 to 2023 we commissioned research to explore the carbon footprint of a GCSE.

Basis of accounts

The accounts for the year ended 31 March 2023 have been prepared under a direction issued by HM Treasury in accordance with the Government Resources and Accounts Act 2000. Ofqual was the sole entity within the departmental accounting boundary from 2022 to 2023 and is not responsible for any bodies outside the departmental accounting boundary.

In common with other government departments, funding for Ofqual will be met by future Grants of Supply to be approved annually by Parliament. The 2021 Spending Review (SR21) delivered a settlement for 2022 to 2025 that recognised the important role that Ofqual plays in delivering government objectives, with an additional baseline budget being provided to support increased capacity for our core business and reformed qualifications. A budget has been set that achieves this objective and continued regulatory intent, and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Ofqual's going concern policy is explained further in note 1, section 1.2.1.

Pension liabilities

Ofqual's employees are covered by the provisions of the Civil Service Pension Scheme. Information on pension

entitlements is provided in the remuneration report section. Information on pension liabilities is provided in the financial statements section of this report.

Events after the reporting period

There have been no events after the reporting period that require an adjustment to the financial statements, nor any non-adjusting events to be reported. While the pandemic has had a significant impact on Ofqual's regulatory work, it has not required any adjustment to Ofqual's financial statements.

Auditor

The Government Resources and Accounts Act 2000 appointed the Comptroller and Auditor General (C&AG) as Ofqual's auditor. He has retained the £85,000 charge for the audit in 2022 to 2023. There were no non-audit services provided by the C&AG.

Future priorities

The funding agreed for Ofqual at the SR21 for 2022 to 2023 is intended to deliver 4 key priorities in response to the pandemic as set out earlier in this report. Our corporate plan for 2022 to 2025 sets out our priorities for the medium-term, as supported by the SR21 funding settlement.

A handwritten signature in black ink, appearing to read 'Jo Saxton', with a long horizontal flourish underneath.

Dr Jo Saxton

Chief Regulator and Accounting Officer

7 July 2023

Accountability report

The accountability report contains the following 3 sections:

- corporate governance report
- remuneration and staff report
- parliamentary accountability and audit report

The corporate governance report is divided into 3 parts: the directors' report, the statement of Accounting Officer's responsibilities, and the governance statement. The report explains the composition and organisation of Ofqual's governance structures and how they support the achievement of our objectives. It includes information regarding Ofqual's directors and their significant interests, confirms the Accounting Officer's responsibilities and how they have been assured, and outlines Ofqual's governance framework, including the Board's committee structure, its attendance, and coverage of its work. The report also assesses the risks to Ofqual.

The remuneration and staff report sets out Ofqual's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors and the link between performance and remuneration. It includes information on the cost and composition of staff and related activities.

The parliamentary accountability and audit report brings together the key parliamentary accountability documents within the Annual Report and Accounts. It comprises

the Statement of Parliamentary Supply and supporting notes regarding the financial outturn and information on costs, regularity of expenditure, parliamentary accountability disclosures, and the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

Corporate governance report

Directors' report

Ofqual's executive leadership team, the Senior Management Group (SMG), included the following executive directors in 2022 to 2023:

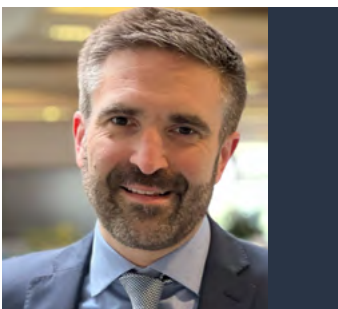
- Dr Jo Saxton, Chief Regulator and Accounting Officer
- Julie Swan, Deputy Chief Regulator to 18 July 2022
- Michael Hanton, Executive Director Strategy until appointed Deputy Chief Regulator from 24 October 2022
- Sean Pearce, Chief Operating Officer (named Finance Director) to 19 April 2022
- Kate Evans, Interim Executive Director Regulatory and Corporate Services from 4 April 2022 until 30 September 2022
- Charles Scott, Interim Executive Director Finance and Operations (named Finance Director) from 7 September 2022 until 31 January 2023

- David Bowden, Executive Director Finance and Operations (named Finance Director) from 5 December 2022
- Cath Jadhav, Executive Director Standards, Research and Analysis to 31 March 2023
- Catherine Large OBE, Executive Director Vocational and Technical Qualifications
- Daniel Gutteridge, General Counsel

The executive team at 31 March 2023 was:



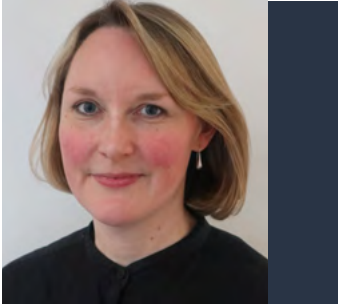
Dr Jo Saxton
Chief Regulator and Accounting Officer



Michael Hanton
Deputy Chief Regulator



David Bowden
Executive Director Finance and Operations



Catherine Large OBE
Executive Director Vocational and
Technical Qualifications



Cath Jadhav
Executive Director Standards, Research and Analysis



Daniel Gutteridge
General Counsel

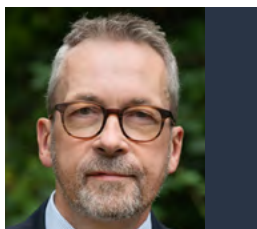
The directorships and other significant interests of all who were members of the executive team in 2022 to 2023 are shown in Table 6.

Table 6 Executive team directorships and other significant interest

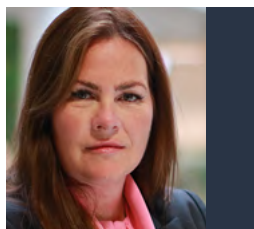
Name	Directorships and other significant interests in 2022 to 2023
Dr Jo Saxton	Nothing to declare
Michael Hanton	Director of Institute of Regulation (unpaid)
Cath Jadhav	Nothing to declare
David Bowden	Nothing to declare
Catherine Large	Governor, Manland Primary School
Daniel Gutteridge	Director, Better Futures Multi-Academy Trust Ltd Sits on the Finance and Audit Committee of BFMAT
Sean Pearce	Nothing to declare
Julie Swan	Governor, Christopher Whitehead Language College, Worcester
Charles Scott	Nothing to declare
Kate Evans	Nothing to declare

Board members

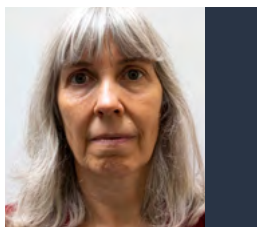
The Ofqual Board at 31 March 2023 was:



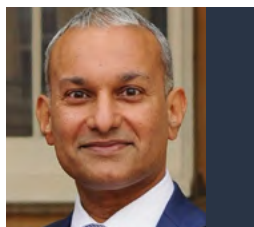
Sir Ian Bauckham CBE
Chair



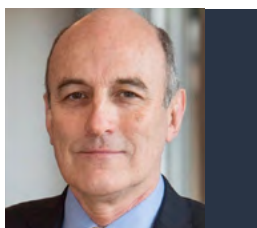
Dr Jo Saxton
Chief Regulator and
Accounting Officer



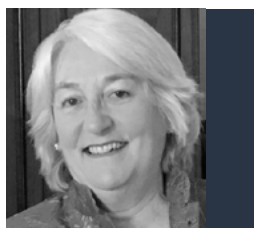
Susan Barratt



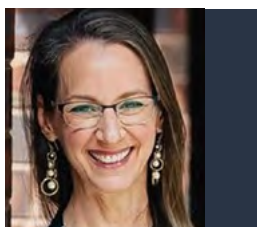
Hardip Begol CBE



Mark Farrar



Cindy Leslie



Dr Catherine McClellan



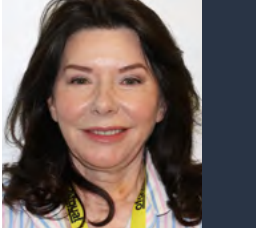
Eileen Milner



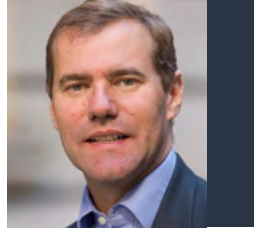
Chris Paterson



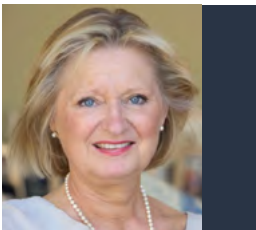
Clare Pelham



**Dame Christine Ryan
DBE**



Matt Tee



Frances Wadsworth CBE

The appointment dates, directorships and other significant interests of all who were members of the Board in 2022 to 2023 are shown in Table 7 below.

Table 7 Board member appointments, directorships and other significant interests

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, memberships of directing bodies and other significant interests in 2022 to 2023
Sir Ian Bauckham CBE Chair	01 March 2018	Three years until 28 February 2021 as ordinary Board member. Interim Chair from 01 January 2021 to 31 December 2021 Appointed Chair for 3 years from 01 January 2022 to 31 December 2024	CEO and Director, Tenax Schools Trust Trustee, Sabre Education Chair, Project Board Oak National Academy

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, membership of directing bodies and other significant interests in 2022 to 2023
Susan Barratt	01 September 2019	<p>Three years until 31 August 2022 as Ordinary Member</p> <p>Three-year re-appointment as Ordinary Member from 01 September 2022 to 31 August 2025</p>	<p>Trustee, Nuffield Oxford Hospitals Fund</p> <p>Trustee, Eastleigh Youth & Community Trust (and director of wholly owned subsidiary)</p> <p>Trustee, Lime Walk Methodist Church</p> <p>Member of Management Committee, Great Milton Community Pub Ltd</p> <p>Independent Member, Audit & Risk Assurance Committee, Ministry of Housing, Communities and Local Government (renamed as Department for Levelling Up, Housing and Communities in November 2021)</p> <p>Independent Chair of the Group Audit & Risk Committee for the Lampton Group (trading company for London Borough of Hounslow)</p>

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, membership of directing bodies and other significant interests in 2022 to 2023
Hardip Begol CBE	01 July 2022	Three years until 30 June 2025 as Ordinary Member	CEO Woodward Academies Trust (until September 2022) Director, Woodward Academies Trust (until September 2022) Non-Executive Director, The Centre for Education and Youth CIC Member, The Eden Academy Trust CEO for The Centre for Education and Youth CIC Director at Pepys Road Management Limited
Mark Farrar	01 July 2022	Three years until 30 June 2025 as Ordinary Member	Trustee and Board Member of WorldSkills UK Director at Nipper Skipper Limited
Hywel Jones	01 April 2017	Three years until 31 March 2020 as Ordinary Member Two-year re-appointment from 01 April 2020 to 31 March 2022 as Ordinary Member Three-month extension until 30 June 2022 Three-month extension until 31 August 2022 Departed 31 August 2022	Director, Secondary Schools, Astrea Academy Trust Founding Member of Parents and Teachers for Excellence Chief Executive Officer, Bedford College Academies Trust

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, membership of directing bodies and other significant interests in 2022 to 2023
Cindy Leslie	01 July 2022	Three years until 30 June 2025 as Ordinary Member	<p>Chair of Governors of Channing School, London</p> <p>Trustee, Non-Executive Director, Chair of The Audit Committee (until November 2022), Birbeck College</p> <p>Non-executive Director, Chair of the Audit & Risk Committee, Architects Registration Board</p> <p>Trustee, Architects Benevolent Society</p> <p>Trustee and Non-Executive Director of the Royal College of Psychiatrists</p> <p>Trustee, Non-Executive Director and Vice Chair, Gardeners' Royal Benevolent Society</p> <p>Renter Warden, Worshipful Company of Gardeners</p> <p>Member of Fitness to Practice Panels, Health & Care Professions Council</p> <p>Trustee, Surrey Hills International Music Festival</p>

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, membership of directing bodies and other significant interests in 2022 to 2023
Dr Catherine McClellan	01 June 2020	Three years until 31 May 2023	<p>Deputy CEO (Assessment), Australian Council for Educational Research</p> <p>Member, Board of Directors, ACER Indonesia</p> <p>Member, Measurement Advisory Group, Australian Curriculum, Assessment and Reporting Authority</p> <p>Member, American Educational Research Association</p> <p>Member, National Council on Measurement in Education</p> <p>Society for Research on Educational Effectiveness</p> <p>Psychometric Society</p> <p>ACER UK appointed to a contract with the STA for work associated with KS1 and KS2 English Writing</p> <p>ACER UK appointed to the Framework contract for the provision of assessment expertise and review of qualification materials</p> <p>Member of Expert Advisory Group for Oxford University on an Ofqual funded project to research the resilience of England's qualification system</p>

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, membership of directing bodies and other significant interests in 2022 to 2023
Eileen Milner	01 July 2022	Three years until 30 June 2025 as Ordinary Member	Chair (Designate), Bradford Children & Families Trust Chair of Council University of Bradford Director EIRMA Ltd
Clare Pelham	01 July 2022	Three years until 30 June 2025 as Ordinary Member	Chief Executive of the Epilepsy Society Governor, Birmingham City University Director, Buckinghamshire Local Enterprise Partnership Member of MHRA Expert Working Group on Sodium Valproate
Chris Paterson	01 July 2022	Three years until 30 June 2025 as Ordinary Member	Director of Impact, Education Endowment Foundation
Dame Christine Ryan DBE	01 April 2017	Three years until 31 March 2020 as Ordinary Member Nine-month extension until 31 December 2020 Three year appointment 01 April 2020 to 31 March 2023	Founding Partner, Ryan and Grunsell Ltd Chair, Ofsted
Dr Jo Saxton (Chief Regulator)	20 September 2021		Nothing to declare

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, membership of directing bodies and other significant interests in 2022 to 2023
Matt Tee	1 September 2019	<p>Three-years until 31 August 2022 as Ordinary Member</p> <p>Three year re-appointment as Ordinary Member from 01 September 2022 to 31 August 2025</p>	Executive Director of Communications and Engagement, NHS Kent and Medway (from January 2023)
Mike Thompson	1 September 2019	<p>Three years until 31 August 2022</p> <p>Departed 31 August 2022</p>	<p>Director & Owner, Sustain HR Ltd</p> <p>Director & Owner, Generation Healthy Minds Ltd</p>

Name	Date of appointment	Term of appointment, including extensions and departures	Employment, directorships, membership of directing bodies and other significant interests in 2022 to 2023
Frances Wadsworth CBE Deputy Chair	1 April 2017	<p>Three years until 31 March 2020 as Ordinary Member</p> <p>Nine-month extension until 31 December 2020.</p> <p>Two-year re-appointment as Ordinary Member 01 April 2020 to 31 March 2022</p> <p>Six-month extension from 01 April 2022 to 30 September 2022</p> <p>Three-year re-appointment as Ordinary Member from 01 October 2022 to 30 September 2025</p>	Lay Advisor, Thames Valley Area Magistracy Deputy FE Commissioner

Personal data-related incidents reported to the Information Commissioner's Office

There have been no incidents to report to the Information Commissioner's Office during the year.

Summary of other personal data-related incidents

There have been 31 non-reportable incidents during this period. The Audit and Risk Assurance Committee (ARAC) received 4 reports in the year to provide assurance on the process and actions taken against themes identified. All incidents were resolved and appropriate controls were put in place where necessary.

Recruitment

The Civil Service Order in Council 1995 provides the legal basis for Ofqual's recruitment policies, and the Civil Service Commission sets mandatory principles for recruitment.

In 2022 to 2023 an average of 323 whole-time equivalent staff were employed (276 in 2021 to 2022). In addition, there have been an average of 9 agency members of staff to cover vacancies, maternity leave and long-term sick leave (11 in 2021 to 2022), with 8 employed at 31 March 2023.

Ofqual continues to be recognised as a Disability Confident employer, having achieved accreditation at level 2 in February 2020.

A handwritten signature in black ink, appearing to read 'Jo Saxton', with a long horizontal flourish underneath.

Dr Jo Saxton

Chief Regulator and Accounting Officer

7 July 2023

Statement of Accounting Officer's responsibilities

Under the Resources and Accounts Act 2000, HM Treasury has directed Ofqual to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Ofqual and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the [accounts direction issued by HM Treasury](#), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a

whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the Chief Regulator as Accounting Officer of Ofqual. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Ofqual's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Ofqual's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



Dr Jo Saxton

Chief Regulator and Accounting Officer

7 July 2023

Governance statement

Scope of responsibility

As Accounting Officer, the Chief Regulator is responsible for maintaining a sound system of internal control that supports the achievement of Ofqual's policies, aims and objectives, while safeguarding the public funds and our assets for which they are personally responsible, in accordance with the responsibilities assigned in Managing Public Money. This governance statement describes how these duties have been carried out by the Accounting Officer and the supporting structure in the 2022 to 2023 financial year.

Overview

The Ofqual Board is the legal authority responsible for the regulation of qualifications, exams and assessments. The Board provides leadership and direction, setting our strategic aims, values and standards. Its work is governed by the Ofqual Governance Framework. The Chief Regulator has delegated authority from the Board to undertake certain statutory functions. The Chief Regulator calls upon Ofqual's executive team (SMG), to advise as required in the discharge of those functions. Further details about the members and activities of the Board, its sub-committees and SMG are provided in the detailed paragraphs below.

Ofqual Board

Ofqual adheres to the Corporate Governance Code for central government bodies, and central standards of good governance practice for government boards where appropriate.

During 2022 to 2023 the Board consisted of a Chair, between 7 and 12 ordinary members (one as Vice Chair) and the Chief Regulator. Ordinary members are appointed by the Secretary of State for Education and will hold and vacate office in accordance with the terms of their appointment. Board members may be reappointed as their terms expire, but there is no automatic right to this. Ofqual runs a thorough induction programme for new Board members.

Board membership and terms of appointment are detailed in Board member appointments, directorships and other significant interests in the directors' report. Information about the committees on which Board members served is provided in Table 8.

Table 8 Board members and the committees on which they served in 2022 to 2023 including percentage attendance

Name	Board		Audit and Risk Assurance Committee		People, Resources and Finance Committee**		Technical Committee		Standards Advisory Group	
	5 meetings	4 meetings	4 meetings	4 meetings	4 meetings	8 meetings	1 meeting	8 meetings	1 meeting	
Susan Barratt	100%	–	–	100%*	–	–	–	–	–	
Sir Ian Bauckham CBE Chair	100%*	–	–	–	–	100%*	100%*	–	100%*	
Hardip Begol CBE (from 01.07.22)	100% (4 out of 4)	–	–	–	–	–	100% (4 out of 4)	–	–	
Mark Farrar (from 01.07.22)	100% (4 out of 4)	–	–	100% (3 out of 3)	–	–	–	–	–	
Hywel Jones (until 31.08.22)	100% (1 out of 1)	–	–	100% (2 out of 2)	–	–	–	–	–	
Cindy Leslie (from 01.07.22)	75% (3 out of 4)	100%* (3 out of 3)	–	–	–	–	–	–	–	
Dr Catherine McClellan	100%	–	–	–	–	–	87.5% (7 out of 8)	–	0%	
Eileen Milner (from 01.07.22)	100% (4 out of 4)	100% (3 out of 3)	–	–	–	–	–	–	–	
Chris Paterson (from 01.07.22)	75% (3 out of 4)	–	–	–	–	–	–	–	–	

Name	Audit and Risk Assurance Committee			People, Resources and Finance Committee**		Technical Committee	Standards Advisory Group
	Board 5 meetings	4 meetings	4 meetings	4 meetings	8 meetings		
Clare Peilham (from 01.07.22)	75% (3 out of 4)	–	100% (3 out of 3)	–	–	–	–
Dame Christine Ryan	80% (4 out of 5)	–	–	–	–	–	–
Dr Jo Saxton (Chief Regulator)	100%	–	–	–	100%	–	0%
Matt Tee	100%	66% (2 out of 3)	–	–	100% (4 out of 4) Until 01.07.21	–	–
Mike Thompson (until 31.08.22)	100% (1 out of 1)	100% (1 out of 1)	–	–	–	–	–
Frances Wadsworth CBE Deputy Chair	80% (4 out of 5)	100%* (2 out of 2) Until 21.09.22)	–	–	75% (3 out of 4) Until 01.07.21	–	–

* Denotes Chair of committee

** People Resources and Finance Committee was previously known as the Finance and HR Committee

The Chief Regulator, Dr Jo Saxton, attended 75% of the ARAC meetings held during 2022 to 2023. The Chair of the Board is not a member of ARAC or the People, Resources and Finance Committee, but can be specifically invited to join the meetings. During the year, the Chair attended 2 ARAC meetings and 2 People, Resources and Finance Committee meetings.

Executive directors are invited to attend all Board meetings and relevant committee meetings. Each committee reports on its work at the Board meeting following the committee meeting.

Board and committee members are required to declare potential conflicts of interest on appointment and at the beginning of each meeting they attend. They must confirm annually that the register of their interests is up to date. Where actual or potential conflicts of interests are identified, Board members take no part in any discussion and are not involved in any decisions that relate to those interests. The register of interests is open to the public, and requests for information may be made in writing addressed to the Board secretary. The appointments, directorships and other significant interests of Board members are in Table 8.

Committees of the Board

From 2022 to 2023, there were 4 committees of the Board.

The Audit and Risk Assurance Committee provides advice and assurance to the Board, including the Chief Regulator as Accounting Officer, on the adequacy and effectiveness of internal controls, risk management processes, security and governance arrangements, and ensuring value for money. It also oversees internal and external audit arrangements covering both financial and non-financial systems, and recommends the sign-off for the Annual Report and Accounts. From 2022 to 2023 the committee reviewed the findings of internal audit reports on a range of operational areas, which are shown in Table 9. Maintaining assurance about the effective operation of Ofqual's risk framework at a time of dynamic risk management has remained a key focus for the committee in 2022 to 2023.

The Finance and Human Resources (HR) Committee was renamed the People, Resources and Finance Committee in December 2022 to reflect the wider remit of its role in considering and advising the Board in relation to HR, finance, information technology and security and asset management. In 2022 to 2023, it received key metrics on financial and people resources, reviewed the management accounts and SR21 submission, considered the Annual Value for Money report, met with representatives of the EDI Steering Committee and received the review of the Civil Service People Survey 2022. Moving forward, in addition to these areas, the committee will also review plans and performance relating to IT and asset management.

The Technical Committee provides technical and strategic advice in relation to the development of policy and technical proposals for regulated qualifications and the regulated qualifications market. With DfE conducting a large-scale review of post-16 qualifications, much of the detail of the regulatory approach, including guidance and consultation documents, has been delegated by the Board to the Technical Committee. During 2022 to 2023, there were 8 committee meetings to discuss the various clusters and stages of the qualifications review, along with a constructive steer on Ofqual's response to a DfE consultation on HE Reform and Lifelong Learning Entitlement and looking at the next steps for the Vocational and Technical Qualifications Contingency Regulatory Framework.

The Standards Advisory Group (SAG) was set up to scrutinise detailed technical issues and provide advice to the Board. Since its inception 10 years ago, Ofqual has changed as an organisation with more in-house expertise, a broader remit and the demands of current and future work requiring a more agile approach. Ofqual recognised the need for a mechanism to harness a wider group of experts in a more agile way and proposed to convene a panel of experts that could be called upon as required for specific issues, which would allow a broadening of the areas of expertise available. In light of this, there was only one SAG meeting held in 2022 to 2023. In its September meeting, the Board resolved to remove SAG as a committee of the Board and replace it with the proposed panel of experts.

The Chief Regulator has the power to establish an Enforcement Committee to consider regulatory action in respect of an awarding organisation. Two Enforcement Committees met in 2022 to 2023 to consider regulatory action in respect of Pearson, leading to the imposition of 2 monetary penalties alongside orders to pay Ofqual's costs and to consider regulatory action in respect of Lifeskills Solutions Ltd (in administration), leading to withdrawal of recognition.

Management control activities

The Chief Regulator has delegated responsibility from the Board for leading the organisation on a day-to-day basis. The Chief Regulator determines which duties are discharged through members of the executive team individually through line management arrangements, and which are discharged collectively through the executive governance groups. Management control is governed by SMG. Financial approval is delegated through the Scheme of Financial Delegation, which is published in the Standing Financial Instructions.

Senior management group

The senior management group (SMG) is attended by the Chief Regulator, Deputy Chief Regulator, the executive directors and General Counsel. Details of the executive directors that served on SMG in 2022 to 2023 are detailed in the directors' report. SMG is also attended by the interim Directors of Communications, the

Director People and Culture, Director Policy and Strategic Relationships GQ and Director Strategic Projects.

SMG provides advice to the Chief Regulator in the executive decision making delegated to her in the Ofqual governance framework.

The agenda includes the regular review of strategic risks, setting and monitoring delivery against organisational priorities, and other topics for strategic discussion, direction setting or decision making.

SMG reviews key organisational performance indicators, including finance, legal, information technology, regulatory compliance and strategic HR matters on a monthly basis.

Risk management

A broad range of risks are managed across teams, projects and programmes related to Ofqual's regulatory and corporate objectives and delivery. Risks that may have a direct impact on statutory objectives or put at risk delivery of the corporate plan are escalated to the strategic risk register.

These risks are actively monitored and have comprehensive programmes of activity in place to mitigate their impact or reduce their likelihood. SMG and the Board regularly review the strategic risk register. ARAC scrutinises the register including through regular deep dives of the risk management approach for each risk and escalates matters to the Board as necessary.

While the risks recorded changed throughout 2022 to 2023, the strategic risk register included risks related to the following areas.

Standards of GCSE, AS and A levels

Maintaining standards is important to public confidence in qualifications and the comparability of attainment by students and learners between exam boards and in different years. Following 2 years without exams, the reintroduction of exams in 2022 enabled Ofqual to oversee standards, in GCSEs, AS and A levels, using the full range of tools available pre-pandemic. In this period, Ofqual also began the transition back to results in line with pre-pandemic levels with grading standards for 2022 reflecting a midway point between those of 2021 and 2019. In 2023 we will return to pre-pandemic grading, but with support for students so that results are similar to those of pre-pandemic years despite the disruption that has occurred.

Public confidence in GCSEs, AS, A levels and qualifications in school and college performance tables

Ofqual works with stakeholders to support public confidence through an improved understanding of key issues. An extensive communications programme is in place including blogs, publications and other materials, and use of social media channels. In 2022 to 2023 the focus of these has included explaining the arrangements for grading and the protection in place for students

to recognise the impact of the disruption they have experienced as a result of the pandemic. A longitudinal survey of public perceptions is used to measure public confidence in these qualifications. Alongside this, targeted research and engagement, including in depth conversations with qualifications users, is used to gauge public confidence and inform our approach.

The safe delivery of GCSE, AS and A levels and national vocational and technical qualifications

In 2022 exams were reintroduced following 2 years of cancellation. Contingency measures and some additional protection were also introduced to recognise the disruption students had experienced during the pandemic. Ofqual maintained oversight of and closely monitored delivery through an extensive system of controls including preventative and reactive activity.

Following the issues with VTQ results delivery in 2022, Ofqual has carried out a thorough review and has implemented additional measures to support the safe and timely delivery of AOs' results. Ofqual has [published an action plan](#) which sets out clear expectations for AOs to help make sure all students receive their results when they expect to in 2023.

Validity and quality of technical qualifications in T-levels

Ofqual works closely with IfATE and DfE to monitor and mitigate risks to the validity and quality of technical

qualifications delivered in the T level programme. In 2022 to 2023 key activity included evaluation of the capacity and capability of awarding bodies seeking to offer the qualification through reviews of their applications for recognition. Ofqual also used its accreditation powers to evaluate the next wave of qualifications due to be introduced.

Regulation of apprenticeship EPAs

Ofqual has an established regulatory approach to apprenticeship EPAs working closely with IfATE. The full range of Ofqual's regulatory powers and tools are available to mitigate risks to validity and standards and to protect apprentices. In particular we evaluate the capacity and capability of applicants to deliver EPAs, including detailed technical evaluation of both assessment plans and EPAs.

Vocational and technical education reform

Ofqual is playing an active part in the government's reforms to VTQs. We use expertise and regulatory capabilities to mitigate risks to qualification standards and public confidence and ensure that qualifications meet the needs of employers and other qualification users. Ofqual is mindful that risks may manifest in individual qualifications, or as a result of simultaneous delivery of multiple reforms. Mitigating activity ranges from providing technical advice to government and evaluating reformed qualifications before they are made available, to engaging

closely with AOs and users of qualifications about potential risks.

Assuring the validity of National Assessments

Ofqual's focus is on risks to validity, rather than delivery, in National Assessments, through oversight of the Standards and Testing Agency (STA, an agency of DfE). STA manages the contract with the delivery partner. Monitoring takes place through observation and evaluation, raising risks where necessary so these can be addressed by responsible bodies. Areas of focus include the risks to validity introduced through the reintroduction of assessments following 2 years of cancellation and the first year of delivery for a new test provider.

Ofqual's capacity and capability

Ofqual has an ongoing responsibility to ensure that it has access to the appropriate level of expertise in sufficient measure to carry out its obligations as a regulator. As with all public sector employers, this must be balanced with the need to ensure Value for Money on behalf of the taxpayer. Allocation of resources is actively prioritised to ensure public money is used well and that priorities are delivered within budget. Ofqual monitors indicators of financial, people and capacity risks, including taking part in the annual Civil Service People Survey. We launched a new People Strategy in 2022 that sets out activities in place that mitigate risks to recruitment, retention, and development of our expertise.

Cyber and information security

Ofqual actively develops and improves its approach to mitigating cyber and information security risks in a continually evolving threat environment. Mitigations include an extensive schedule of planned improvements to technical controls, continually improving the resilience of incident responses and ensuring a good understanding of risks among our staff. Ofqual assesses the maturity of controls against established industry health checks, including the National Cyber Security Centre's Cyber Essentials Plus and ISO 27001 accreditation.

Internal audit and the Effectiveness of the Internal Controls Framework

The Audit and Risk Assurance Committee agreed the 2022 to 2023 internal audit plan on 14 June 2022. This was slightly later than usual due to the appointment of the new internal auditors, RSM UK Risk Assurance Services LLP (RSM). The plan encompassed securing assurance on a range of regulatory and corporate areas of work.

The individual audits for 2022-23 and their ratings are provided in Table 9 below.

I Table 9 Internal Audit report ratings

Audit title	Report rating	No of actions raised (priority)	No of actions closed (priority)	No of actions still in progress (priority)
Enforcement Processes and Investigations – Regulatory Action	Substantial	2 (Low)	2 (Low)	—
Key Financial Controls	Substantial	1 (Medium) 1 (Low)	1 (Medium) 1 (Low)	—
Risk Appetite Processes	Substantial	—	—	—
VTQ Reform Arrangements	Substantial	—	—	—
Data and Technology Strategy Development and Implementation Framework	Reasonable	3 (Medium) 2 (Low)	—	3 (Medium) 2 (Low)
Follow Up Audit	Reasonable	3 (Medium) 2 (Low)	—	3 (Medium) 2 (Low)

Accounting Officer system statement

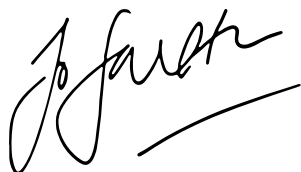
As Accounting Officer of Ofqual, the Chief Regulator, substantive or interim, is personally responsible for safeguarding the public funds for which they have been given charge in the Ofqual Estimate. To support the Accounting Officer in discharging their responsibilities, the Ofqual Governance Framework sets out the scheme of delegation under which we operate.

For the 12 months ended 31 March 2023, the head of internal audit's opinion for Ofqual was that the organisation has an adequate and effective framework for risk management, governance and internal control. Management are taking action following the internal audit findings to continually improve the risk management, governance and internal controls framework to ensure it remains adequate and effective.

As well as the opinion provided to the Accounting Officer by our internal auditor, each executive director and appropriate directors and associate directors have been required to review the controls that they have in place to manage governance, risk and control arrangements and to report by way of written assurance at the end of the financial year that these controls were effective. This supplements the regular reporting to the SMG on the stewardship of finances and risks. These letters of assurance support the preparation of this governance statement. No control failures or additional risks have been identified from these letters of assurance.

As Accounting Officer, I am accountable for ensuring compliance with Government Functional Standards in Ofqual. I am assured that Ofqual has a high level of compliance with the required and recommended elements of each relevant standard. A plan is in place to comply with the remaining elements of each relevant standard in a way that meets business needs and priorities so that the standards are embedded into directorate business plans going forward.

All the evidence that supports this governance statement has been considered and I am assured, as Accounting Officer, that Ofqual has strong governance, risk and internal control arrangements that support the delivery of our aims and objectives.

A handwritten signature in black ink, appearing to read 'Jo Saxton', with a long horizontal flourish extending to the right.

Dr Jo Saxton

Chief Regulator and Accounting Officer

7 July 2023

Remuneration and staff report

Remuneration report

Ofqual is a non-ministerial government department with no ministerial remuneration to report.

The Chair and other non-executive Board members are appointed by the Secretary of State for Education for renewable terms of not more than 5 years. The King-in-Council, on the advice of the Secretary of State for Education, appoints the Chief Regulator, including any Interim Chief Regulator, for a fixed term.

All other permanent staff are civil servants, appointed in accordance with the Civil Service Recruitment Code, which requires appointments to be made on merit on the basis of fair and open competition, except in specified circumstances. Unless otherwise stated, the staff covered by this report hold Civil Service appointments.

Further [information about the work of the Civil Service Commission is available on its website.](#)

The Chief Regulator, Board members and directors are covered by the Civil Service Management Code, and potential and actual conflicts of interest are managed in accordance with this code. The directors' report includes a list of the directorships and other significant interests held by these individuals. Ofqual maintains a register of interests that is open to the public and accessible by written request for information addressed to the Board Secretary.

Directors are paid in accordance with the Civil Service pay structure. Any change to directors' remuneration for the current and future years will reflect the work and recommendations of the Senior Salaries Review Body.

Remuneration (including salary and benefits in kind)

This section is subject to audit.

Tables 10 and 11 show the gross salary and other taxable allowances for Ofqual's Board members and senior executives. Full-year salary equivalents for those who served part of the year are shown in brackets.

Table 10 Salary of Board members for year ending 31 March 2023

Board Members (all figures in £'000)	Salary 2022 to 2023	Salary 2021 to 2022	Total 2022 to 2023	Total 2021 to 2022
Susan Barratt	5-10	5-10	5-10	5-10
Sir Ian Bauckham CBE	55-60	45-50 (55-60)	55-60	45-50 (55-60)
Dame Christine Ryan	5-10	5-10	5-10	5-10
Hywel Jones	0-5 (5-10)	5-10	0-5 (5-10)	5-10
Frances Wadsworth CBE	5-10	5-10	5-10	5-10
Mike Thompson	0-5 (5-10)	5-10	0-5 (5-10)	5-10
Matt Tee	5-10	5-10	5-10	5-10
Dr Catherine McClellan	5-10	5-10	5-10	5-10

Board Members (all figures in £'000)	Salary 2022 to 2023	Salary 2021 to 2022	Total 2022 to 2023	Total 2021 to 2022
Hardip Begol CBE	0-5 (5-10)	–	0-5 (5-10)	–
Mark Farrar	0-5 (5-10)	–	0-5 (5-10)	–
Claire Pelham	0-5 (5-10)	–	0-5 (5-10)	–
Cindy Leslie	0-5 (5-10)	–	0-5 (5-10)	–
Eileen Milner	0-5 (5-10)	–	0-5 (5-10)	–
Chris Paterson	0-5 (5-10)	–	0-5 (5-10)	–

* Figures in brackets are full year equivalents (FYE).

The Chief Regulator is also a member of the Board. Details of the Chief Regulator's and Senior Executives' remuneration during 2022 to 2023 are provided in Table 11.

Table 11 Salary of senior executives for year ending 31 March 2023

Senior Executive	Salary 2022 to 2023 £000	Salary 2021 to 2022 £000	Pension Benefits 2022 to 2023 £000	Pension Benefits 2021 to 2022 £000	Total 2022 to 2023 £000	Total 2021 to 2022 £000
Dr Jo Saxton Chief Regulator from 18 September 2021	165-170*	90-95 (160-165)	54	19	220-225	110-115
Michael Hanton Executive Director, Strategy from 28 March 2022 to 22 October 2022	50-55 (85-90)	0-5 (85-90)	37	32	140-145	0-5 (85-90)
Michael Hanton Deputy Chief Regulator from 23 October 2022	50-55 (110-115)	–	–	–	–	–
David Bowden Executive Director Finance and Operations from 5 December 2023	40-45* (120-125)	–	14	–	55-60	–

Senior Executive	Salary 2022 to 2023 £000	Salary 2021 to 2022 £000	Pension Benefits 2022 to 2023 £000	Pension Benefits 2021 to 2022 £000	Total 2022 to 2023 £000	Total 2021 to 2022 £000
Cath Jadhav Executive Director, Standards, Research and Analysis from 12 August 2021	105-110	60-65 (100-105)	42	24	145-150	75-80
Catherine Large Executive Director, Vocational and Technical Qualifications	105-110	105-110	43	42	150-155	150-155
Julie Swan Executive Director, General Qualifications to 18 July 2022	30-35 (120-125)	115-120	13	44	45-50	160-165

Senior Executive	Salary 2022 to 2023 £000	Salary 2021 to 2022 £000	Pension Benefits 2022 to 2023 £000	Pension Benefits 2021 to 2022 £000	Total 2022 to 2023 £000	Total 2021 to 2022 £000
Michelle Meadows Executive Director, Strategy, Risk and Research and Deputy Chief Regulator to 10 September 2021	–	50-55 (115-120)	–	21	–	75-80
Daniel Gutteridge General Counsel from 1 March 2022	85-90 (90-95)	5-10 (85-90)	35	33	120-125	10-15
Kate Evans Interim Executive Director Regulatory and Corporate Services from 4 April 2022 until 30 September 2022	50-55 (95-100)	–	41	–	95-100	–

Senior Executive		Salary 2022 to 2023 £000	Salary 2021 to 2022 £000	Pension Benefits 2022 to 2023 £000	Pension Benefits 2021 to 2022 £000	Total 2022 to 2023 £000	Total 2021 to 2022 £000
Charles Scott	Interim Executive Director Finance and Operations from 7 September 2022 until 31 January 2023	50-55 (115-120)	–	–	–	50-55	–
Simon Lebus (0.8 FTE)	Interim Chief Regulator From 1 January 2021 to 17 September 2021	–	70-75 (175-180)	–	–	–	70-75
Sean Pearce	Chief Operating Officer to 19 April 2022	5-10 (120-125)	120-125	3	49	10-15	170-175

* For Dr Saxton includes travel allowance of £30k-£35k. For Mr Bowden includes travel allowance of £5-10k.

Salaries are shown as **Actual in-year costs** and **Annual Full Year Equivalent (FYE)** in brackets. There were no Performance Related Awards for any of the above in 2022 to 2023 (£nil in 2021 to 2022).

Pension benefits

This section is subject to audit.

The information for the increases in pension, total accrued pension and cash equivalent transfer value (CETV) is provided by My Civil Service Pensions (MyCSP) in accordance with calculations and in the format determined by MyCSP and the Cabinet Office.

Non-executive Board appointments are non-pensionable, so Board members other than the Chief Regulator are excluded from this table.

Table 12 Pension benefits of senior executives for year ending 31 March 2023

Senior Executive	Accrued pension at age at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at age £000	CETV at 31 March 2023 £000	CETV at 31 March 2022 £000	Real Increase in CETV £000
Dr Jo Saxton	10-15	2.5-5	130	87	28
Michael Hanton	15-20	0-2.5	157	129	14
David Bowden	5-10	0-2.5	106	96	7
Cath Jadhav	25-30	0-2.5	401	350	25
Catherine Large OBE	15-20	2.5-5	147	117	16
Julie Swan	30-35	0-2.5	455	436	9
Daniel Gutteridge	10-15	0-2.5	150	121	16
Kate Evans	15-20	0-2.5	156	131	19
Sean Pearce	5-10	0-2.5	107	104	1

Fair pay in the public sector

This section is subject to audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the remuneration of the organisation's workforce. The median pay ratio for the relevant financial year is consistent with the pay, reward

and progression policies for the entity's employees taken as a whole.

Table 13 Highest paid director and lower quartile, median, and upper quartile ratio for 2022 to 2023

	25th percentile pay	Median pay	75th percentile pay
Ratio	2022 to 2023: 5.0:1 2021 to 2022: 4.9:1	2022 to 2023: 4.1:1 2021 to 2022: 4.1:1	2022 to 2023: 3.3:1 2021 to 2022: 3.3:1
Salary	33,318	40,120	49,805
Total Remuneration	33,761	40,680	50,365

The banded remuneration of the highest-paid director in Ofqual on 31 March 2023 was £165,000 to £170,000 (2021 to 2022: £160,000 to £165,000) annual equivalent salary. The highest paid director's salary increased by 3.1%. This had no effect on the median remuneration to 4.1 times the median remuneration of the workforce, which was £40,680 (2021 to 2022: 4.1 times, £40,694).

In 2022 to 2023 no employees received remuneration in excess of the highest-paid director (2021 to 2022: nil). Full-time equivalent remuneration ranged from £6,000 to £125,000 in the financial year (2021 to 2022: £6,000 to £180,000). The range starts at £6,000 due to payments made to the non-executive directors. For permanent employees the range starts at £19,500 (2021 to 2022 £13,978). The average employee's salary in 2022 to 2023 is £46,725 (2021 to 2022: £44,985), an increase of 3.9%.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the CETV of pensions.

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to

benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

This section is subject to audit.

No compensation for loss of office was paid to senior members of staff included in the remuneration report in 2022 to 2023 (2020 to 2021: nil). Exit payments to other staff are included in Table 17 on reporting of Civil Service and other compensation schemes – exit packages.

Pension costs

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme

(CSOPS) – known as ‘alpha’ – are unfunded multi-employer defined benefit schemes but Ofqual is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme at 31 March 2016. Details are in the [resource accounts of the Cabinet Office: Civil Superannuation](#).

Alpha was introduced from 1 April 2015, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the PCSPS. The PCSPS has 4 sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and 1 providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits ‘banked’, with those

with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes.

There is now a single set of contribution rates across Civil Service Pensions, regardless of whether members are in classic, classic plus, premium, nuvos or alpha. Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members. Benefits in classic accrue at the rate of one–eightieth of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years' initial pension is payable on retirement. For premium, benefits accrue at the rate of one–sixtieth of final pensionable earnings for each year of service. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha, as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found on the [Civil Service Pension Scheme website](#).

For 2022 to 2023, employers' contributions of £3.86 million were payable to MyCSP (2021 to 2022: £3.32 million) at 1 of 4 rates in the range 26.6% to 30.3% (2021 to 2022: 26.6% to 30.3%) of pensionable pay, based on salary bands.

The Scheme Actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022 to 2023 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions of £29,491 (2021 to 2022: £39,539) were paid to one of the panel of appointed stakeholder pension providers. Contributions due to the partnership pension providers at the reporting period date were £2,274 (2021 to 2022: £2,891). Contributions prepaid at that date were nil.

There were no ill-health retirements during the year funded by Ofqual.

Staff report

The following section is subject to audit.

Staff costs excluding secondments for 2022 to 2023 were £20.64 million (£18.08 million in 2021 to 2022) of which £700,000 (£880,000 in 2021 to 2022) related to agency staff. Staff costs including secondments for 2022 to 2023 were £20.75 million (£18.03 million in 2021 to 2022). Further details are shown in Note 3 of the accounts.

Table 14 Staff Costs

Cost type	2022 to 2023		2022 to 2023		2021 to 2022	
	Permanently employed staff £000	Others £000	Total staff costs £000	Total staff costs £000	Total staff costs £000	Total staff costs £000
Wages and salaries	14,423	699	15,122		13,387	
Social security costs	1,658	–	1,658		1,370	
Other pension costs	3,886	–	3,886		3,319	
Sub total	19,967	699	20,666		18,076	
Less recoveries in respect of outward secondments	–	–	–		(50)	
Add payments in respect of inward secondments	105	–	105		0	
Total costs	20,072	699	20,771		18,026	
Of which:	Charged to Administration budgets £000	Charged to Programme budgets £000	Charged to capital budgets £000	2022-23 Total staff costs £000		
Total costs	12,135	8,636	–	20,771	20,771	

The tables below include both permanent and fixed-term contract (FTC) staff. FTC staff provide cover for substantive posts and new short-term posts funded from project resources. Table 15 shows the average number of whole-time equivalent (WTE) staff that were employed during the year.

I Table 15 Average number of persons employed

Activity	2022 to 2023 Permanently employed staff WTE	2022 to 2023 Others WTE	2022 to 2023 Total persons employed WTE	2021 to 2022 Total persons employed WTE
Resource activities	322.5	0.4	322.9	276.0
Capital activities	–	–	–	–
Total	322.5	0.4	322.9	276.0
Of which core department	322.5	0.4	322.9	276.0
Total	322.5	0.4	322.9	276.0

The average headcount for the year is shown in Table 16, including by pay band for senior civil servants.

I Table 16 Average headcount employed

Pay band	2022 to 2023 headcount	2021 to 2022 headcount
Senior Civil Service Payband 3	1	1
Senior Civil Service Payband 2	3	3
Senior Civil Service Payband 1	14	14
Total Senior Civil Servants	18	18
Civil Servants – other grades	316	267
Total Civil Servants	334	285
Agency staff	9	11
Total headcount	343	296

No consultants were employed in 2022 to 2023 (nil in 2021 to 2022).

Table 17 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2022 to 2023		2022 to 2023		2022 to 2023		2021 to 2022		2021 to 2022	
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	
<£10,000	–	–	–	–	–	–	–	–	–	–
£10,000 to £25,000	–	–	–	–	–	–	–	–	–	–
£25,000 to £50,000	–	–	–	1	–	1	–	–	–	1
£50,000 to £100,000	–	–	–	–	–	–	–	–	–	–
£100,000 to £150,000	–	–	–	–	–	–	–	–	–	–
£150,000 to £200,000	–	–	–	–	–	–	–	–	–	–
Total number of exit packages	–	–	–	1	–	1	–	–	–	1
Total cost (£000)	–	–	–	37	–	37	–	–	–	37

Other staff information

The following sections are not subject to audit unless otherwise stated.

Off-payroll appointments

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their high-paid and/or senior off-payroll engagements.

Table 18 Off-payroll engagements at 31 March 2023, for more than £245 per day

Description	Number of engagements
Number of existing engagements at 31 March 2023	5
Of which:	
Number that have existed for less than 1 year at time of reporting	5
Number that have existed for between 1 and 2 years at time of reporting	—
Number that have existed for between 2 and 3 years at time of reporting	—
Number that have existed for between 3 and 4 years at time of reporting	—
Number that have existed for 4 or more years at time of reporting	—

Government departments are required to obtain assurances from individuals on contracts of more than 6 months' duration, where the annual cost is greater

than £63,700, that tax due on contract payments will be paid. At 31 March 2023, all such contractors engaged by Ofqual met these conditions.

Ofqual holds contracts with the agency, not the individual. The agencies are asked to seek assurances from the individuals before they are engaged by Ofqual. The agencies have provided evidence of clauses included within the agency contract with the individual stating the individual should ensure they correctly account for their tax and National Insurance liability.

Table 19 New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2022 and 31 March 2023, for more than £245 per day

Description	Number of engagements
Number of new engagements between 1 April 2022 and 31 March 2023	12
Of which:	–
Number assessed as caught by IR35	12
Number assessed as not caught by IR35	–
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	–
Number of engagements reassessed for consistency or assurance purposes during the year	–
Number of engagements that saw a change to IR35 status following the consistency review	–

Table 20 Off-payroll engagements of Board members, and, or, senior officials, with significant financial responsibility, between 1 April 2022 and 31 March 2023

Description	Number of engagements
Number of off-payroll engagements of Board members, and, or, senior officials, with significant financial responsibility, during the financial year	—
Total number of individuals on-payroll and off-payroll who have been deemed ‘Board members and, or, senior officials, with significant financial responsibility’, during the financial year. This figure should include both on payroll and off-payroll engagements	1

The Trade Union Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires public authorities to publish information in relation to facility time taken by trade union officials.

No employees were relevant union officials between 1 April 2022 and 31 March 2023.

Sickness absence

In 2022 to 2023, 2,260 days were lost to sickness absence (1,713 days in 2021 to 2022), representing 2.7% (2021 to 2022: 2.4%) of available staff working days. This is an average of 6.76 days per employee (5.75 days per employee in 2021 to 2022). An average of 5 staff were

long-term sick (5 staff in 2021 to 2022), these accounted for 1,042 days of absence (1,104 days in 2021 to 2022).

Staff turnover

The figures below show the number of leavers within the reporting period divided by the average staff in post over the reporting period presented as a percentage.

	2022 to 2023	2021 to 2022	2020 to 2021
Ofqual turnover	11%	16%	12%

Health, safety and wellbeing

Ofqual is committed to providing a safe and healthy working environment for staff. This includes involvement in a health and safety forum for all government bodies represented in Earlsdon Park. All employees have access to a confidential 24-hours-a-day, 7-days-a-week employee assistance programme and are offered the opportunity to take part in a variety of health screening and workplace wellness programmes, including mental health awareness sessions, flu vaccinations and free eyecare vouchers.

Equality, diversity and inclusion

Ofqual promotes equality for all regardless of status, including age, disability, gender status, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. Ofqual included Equality, Diversity and Inclusion as a core element of our 2022 to 2025 People Strategy, which embeds the commitment

to enable all staff to realise their potential and for Ofqual to be an organisation that represents the diversity of the qualifications community we regulate and the Midlands community where we are based. Progress of our EDI work is reported to the People, Resources and Finance Committee. The gender breakdown of staff, which includes both permanent and fixed-term contracts, at 31 March 2023 was 221 women and 126 men (178 and 112 respectively in 2021 to 2022).

I Table 21 Staff gender breakdown

Staff grade	2022 to 2023 Women	2022 to 2023 Men	2021 to 2022 Women	2021 to 2022 Men
Senior Civil Servants	8	11	9	9
Civil Servants – other grades	213	115	169	103
Total	221	126	178	112

At 31 March 2023 14.1% of staff identified as disabled (10.3% in 2021 to 2022), with 4.9% not declaring their disability status (21.0% in 2021 to 2022). 21.3% classified themselves as from an ethnic minority group (18.6% in 2021 to 2022), with a further 2.0% undeclared (3.1% in 2021 to 2022). Ofqual publishes [information on the gender pay gap](#) annually.

Parliamentary Accountability and Audit Report

Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the government FReM requires Ofqual to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes. The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how Ofqual has spent against its Supply Estimate. Supply is the monetary provision for resource and capital purposes and cash, drawn primarily from the Consolidated Fund, that Parliament gives statutory authority for Ofqual to use. The Estimate details Supply and is voted on by Parliament at the start of the financial year.

Should Ofqual exceed the limits set by their Supply Estimate, called control totals, the accounts will receive a qualified opinion.

The format of the SOPS mirrors the [Supply Estimates, published on GOV.UK](#), to enable comparability between what Parliament approves and the final outturn. The SOPS contains a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals

basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following:

- outturn by Estimate line, providing a more detailed breakdown (Note 1)
- a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOPS to the financial statements (Note 2)
- a reconciliation of net resource outturn to net cash requirement (Note 3)
- an analysis of income payable to the Consolidated Fund (Note 4)

The SOPS and Estimates are compiled against the budgeting framework, which is similar, but different, to IFRS. An understanding of the budgeting framework and an explanation of key terms is provided in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the [Consolidated Budgeting Guidance](#).

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review section of the performance report also provides a summarised discussion of outturn against Estimate and functions as an introduction to the SOPS disclosures.

Table 22 Summary table – amounts approved in accordance with Parliamentary expenditure limits

Type of spend	SOPS Note	2022 to 2023 Outturn voted £000	2022 to 2023 Outturn non-voted £000	2022 to 2023 Outturn total £000	2022 to 2023 Estimate voted £000	2022 to 2023 Estimate non-voted £000	2022 to 2023 Estimate total £000	2022 to 2023 Estimate saving or (excess) £000	2021 to 2022 Outturn total £000
DEL:									
Resource	1.1	28,376	-	28,376	28,432	-	28,432	56	24,772
Capital	1.2	640	-	640	742	-	742	102	397
Total DEL		29,016	-	29,016	29,174	-	29,002	158	25,169
AME:									
Resource	1.1	-	-	-	-	-	-	-	-
Capital	1.2	-	-	-	-	-	-	-	-
Total AME		-	-	-	-	-	-	-	-
Total budget:									
Resource	1.1	28,376	-	28,376	28,432	-	28,432	56	24,772
Capital	1.2	640	-	640	742	-	742	102	397
Total budget		29,016	-	29,016	29,174	-	29,174	158	25,169
Non-budget	1.1								-
Total budget and non-budget		29,016	-	29,016	29,174	-	29,174	158	25,169

Ofqual requests resources to undertake our statutory duties as the regulator of qualifications, exams and statutory assessments. The figures described as ‘voted’ in Table 22 are totals subject to Parliamentary control. The [Supply Estimates guidance manual](#), contains further detail about the control limits voted by Parliament.

Explanations of variances between Estimate and outturn are given in SOPS Note 1.1. Departmental expenditure limits cover all programme and administration costs.

The Net Cash Requirement is the amount of cash that Ofqual requires to support expenditure. It excludes non-cash items such as depreciation and notional charges.

Table 23 Net cash requirement

Item	SOPS note	2022 to	2022 to	2022 to	2021 to
		2023	2023	2023	2022
		Outturn	Estimate	Estimate:	Outturn
		£000	£000	(excess)	£000
				£000	
Net cash requirement	3	28,330	28,482	152	24,690

In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

I Table 24 Administration costs

Item	SOPS note	2022 to 2023			
		Outturn £000	Estimate £000	Estimate: saving or (excess) £000	2021 to 2022 Outturn £000
Administration Costs	1.1	15,748	16,026	278	15,205

Ofqual has had no Prior Period Adjustments in 2022 to 2023.

Notes to the Statement of Outturn against Parliamentary Supply

SOPS Note 1: Outturn detail, by Estimate line

SOPS 1.1 Analysis of resource outturn by Estimate line

Type of spend (Resource)	2022 to 2023		2022 to 2023		2022 to 2023		2022 to 2023		2022 to 2023		2022 to 2023	
	Resource Outturn Admin Gross £000	Resource Outturn Admin Income £000	Resource Outturn Admin Net £000	Resource Outturn Prog Gross £000	Resource Outturn Prog Income £000	Resource Outturn Prog Net £000	Resource Outturn compared to Estimate: saving or (excess) £000	Resource Outturn 2021 to 2022	Resource Outturn 2021 to 2022	Resource Outturn 2021 to 2022	Resource Outturn 2021 to 2022	Resource Outturn 2021 to 2022
Spending in DEL – Voted												
A. Regulation of qualifications and statutory assessments	15,831	(83)	15,748	12,629	0	12,629	56					24,772
Spending in AME – Voted	–	–	–	–	–	–	–	–	–	–	–	–
Provision for dilapidations	–	–	–	–	–	–	–	–	–	–	–	–
Total Voted expenditure	–	–	–	–	–	–	–	–	–	–	–	–
Non-Voted expenditure	–	–	–	–	–	–	–	–	–	–	–	–
Total resource	15,831	(83)	15,748	12,629	–	12,629	56	–	–	–	–	24,772

An explanation of the outturn compared to Estimate is provided in the financial review section of the performance report.

Ofqual continues to have a £29,000 provision relating to office dilapidations at Earlsdon Park (2021 to 2022: £29,000). A review of the provision in 2022 to 2023 confirmed that the existing provision was deemed sufficient to settle any future dilapidation costs. The estimate of the provision will be revised if circumstances change that could have a major impact on the cost.

SOPS 1.2 Analysis of capital outturn by Estimate line

Type of spend (Capital)	2022 to 2023 Capital Outturn Admin Gross £000	2022 to 2023 Capital Outturn Admin Income £000	2022 to 2023 Capital Outturn Admin Net £000	2022 to 2023 Capital Outturn Prog Gross £000	2022 to 2023 Capital Outturn Prog Income £000	2022 to 2023 Capital Outturn Prog Net £000	2022 to 2023 Capital Outturn Estimate: saving or (excess) £000	2021 to 2022 Capital Outturn Total £000
Spending in DEL – Voted	–	–	–	–	–	–	–	–
A. Regulation of qualifications and statutory assessments	–	–	–	640	–	640	102	397
Spending in AME – Voted	–	–	–	–	–	–	–	–
Total Voted expenditure	–	–	–	640	–	640	102	397
Non-Voted expenditure	–	–	–	–	–	–	–	–
Total Capital	–	–	–	640	–	640	102	397

SOPS Note 2: Reconciliation of resource outturn to net operating expenditure

Item	SOPS Note	2022 to 2023 Outturn £000	2021 to 2022 Outturn £000
Total resource outturn	1.1	28,376	24,772
Less: income payable to the Consolidated Fund	4.1	–	–
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SOCNE	28,376	24,772

As noted in the introduction to the SOPS above, the Estimates and outturn are compiled using the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

SOPS Note 3: Reconciliation of net resource outturn to net cash requirement

Item	SOPS Note or Reference	2022 to 2023 Outturn £000	2022 to 2023 Estimate £000	2022 to 2023	
				Outturn compared to Estimate: saving or (excess)	£000
Resource outturn	1.1	28,376	28,432		56
Capital outturn	1.2	640	742		102
Adjustments to remove non-cash items:					
Depreciation		(706)	(642)		64
Adjustments for provisions		–	–		–
Other non-cash items		(85)	(50)		35
Adjustments to reflect movements in working balances:					
Increase or (decrease) in receivables		(16)	–		16
(Increase) or decrease in payables		(236)	–		236
Movements in payables relating to items not passing through the SOCNE		27	–		(27)
Adjustments to reflect movements in leases during the year:					
Lease rental payments		299			(299)
Balance		28,300	28,482		–
Cash balance at year end		30	–		(30)
Net cash requirement	Table 23	28,330	28,482		152

SOPS Note 4: Analysis of income due to the Consolidated Fund

SOPS 4.1 Analysis of income payable to the Consolidated Fund

Item	2022 to 2023 Outturn Accruals Basis £000	2022 to 2023 Outturn Cash Basis £000	2021 to 2022 Outturn Accruals Basis £000	2021 to 2022 Outturn Cash Basis £000
Income outside the ambit of the Estimate	–	–	–	–
Excess cash surrenderable to the Consolidated Fund	–	–	–	–
Total amount payable to the Consolidated Fund	–	–	–	–

Consolidated fund income shown in SOPS Note 4.1 above does not include any amounts collected by Ofqual where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund, which are otherwise excluded from the financial statements, are shown in SOPS Note 4.2 below.

SOPS 4.2 Consolidated Fund Income

Item	2022 to 2023 Outturn £000	2021 to 2022 Outturn £000
Fines and penalties	1,350	50
Other income	–	–
Amount payable to the Consolidated Fund		
Balance held at the start of the year	–	–
Payments into the Consolidated Fund	(1,350)	(50)
Balance held on trust at the end of the year	–	–

In 2022 to 2023 Ofqual received £1.38 million (2021 to 2022: £58,000) from 1 awarding organisation following regulatory action, comprising of £1.35 million (2021 to 2022: £50,000) in monetary penalties and £32,000 (2021 to 2022: £8,000) cost recovery; Ofqual retained the cost recovery and paid the monetary penalty to the consolidated fund.

Parliamentary Accountability Disclosures

Losses and special payments

The following sections are subject to audit.

Losses

During 2022 to 2023, Ofqual incurred no material losses (nil in 2021 to 2022).

Special payments

During 2022 to 2023, Ofqual incurred no special severance payments (nil in 2021 to 2022).

Gifts

No material gifts were received during 2022 to 2023 (nil in 2021 to 2022).

Fees and charges


This section is subject to audit.

No material fees and charges income was received during 2022 to 2023 (nil in 2021 to 2022).

Remote contingent liabilities

This section is subject to audit.

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, Ofqual also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. Ofqual has no contingent liabilities, remote or otherwise, that require disclosure under Parliamentary Reporting requirements.



Dr Jo Saxton

Chief Regulator and Accounting Officer

7 July 2023

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Qualifications and Examinations Regulation (Ofqual) for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise Ofqual's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of Ofqual's affairs as at 31 March 2023 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2023 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of Ofqual in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Ofqual's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Ofqual's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Ofqual is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial

statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Ofqual and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by Ofqual or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Ofqual from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing Ofqual's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Ofqual will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Ofqual's accounting policies, key performance indicators and performance incentives.
- inquired of management, Ofqual's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Ofqual's policies and procedures on:
 - identifying, evaluating and complying with laws

and regulations;

- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Ofqual's controls relating to its compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;
- inquired of management, Ofqual's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Ofqual for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates and completeness of expenditure recognition at the financial year end. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Ofqual's framework of authority and other legal and regulatory frameworks

in which it operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Ofqual. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, employment law, pensions legislation and tax legislation, and the Apprenticeships, Skills, Children and Learning Act 2009.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale

of any significant transactions that are unusual or outside the normal course of business; and

- in addressing the risk of fraud related to the completeness of expenditure recognition at the financial year end I (i) tested post year end payments using a lower testing threshold to confirm expenditure had been recognised in the appropriate financial year, (ii) performed additional testing of year end manual accruals using a lower testing threshold, (iii) performed additional testing of capital additions that were recognised near the financial year end (iv) sample tested the appropriateness of manual journal entries that reduced expenditure at the financial year end.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents

the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

10 July 2023

The financial statements

The notes following the financial statements form part of these accounts.

Statement of comprehensive net expenditure

For the year ended 31 March 2023

All income and expenditure relate to continuing operations and is consumed on an accrual's basis.

Item	Note	2022 to 2023 £000	2021 to 2022 £000
Other operating income	6	(83)	(173)
Total operating income		(83)	(173)
Staff costs	3	20,771	18,076
Purchase of goods and services	4, 5	4,589	4,679
Depreciation and impairment charges	7, 8, 9	706	298
Other operating expenditure	4, 5	2,393	1,892
Total operating expenditure		28,459	24,945
Net operating expenditure		28,376	24,772
Net expenditure for the year		28,376	24,772
Other comprehensive net expenditure		–	–
Comprehensive net expenditure for the year		28,376	24,772

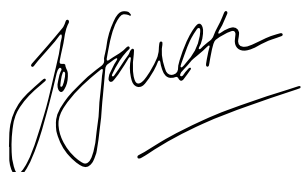
Statement of financial position

As at 31 March 2023

This statement presents the financial position of Ofqual at the end of the financial year. It comprises 3 main components: assets owned or controlled, liabilities owed to other bodies, and equity, the remaining value of the entity.

Item	Note	31 March 2023 £000	31 March 2022 £000
Non-Current Assets:			
Property, plant and equipment	8	267	250
Right of use assets	7	436	–
Intangible assets	9	1,013	798
Total Non-Current Assets		1,716	1,048
Current assets:			
Trade and other receivables	11	346	362
Cash and cash equivalents	10	30	–
Total current assets		376	362
Total Assets		2,092	1,410
Current liabilities			
Trade and other payables	12	(2,328)	(2,092)
Provisions	16	(29)	(29)
Lease Liability	13	(306)	–
Total current liabilities		(2,663)	(2,121)
Total assets less current liabilities		(571)	(711)
Non-current liabilities			
Lease Liability	13	(130)	–
Total non-current liabilities		(130)	–
Total assets less total liabilities		(701)	(711)

Item	Note	31 March	31 March
		2023	2022
		£000	£000
Taxpayers' equity and other reserves:			
General Fund		(701)	(711)
Total equity		(701)	(711)



Dr Jo Saxton

Chief Regulator and Accounting Officer

7 July 2023

Statement of cash flows

For year ended 31 March 2023

The Statement of Cash Flows shows the changes in cash and cash equivalents of Ofqual during the reporting period. The statement shows how Ofqual generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by Ofqual. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to Ofqual's future public service delivery.

Item	Note	2022 to 2023 £000	2021 to 2022 £000
Cash flows from operating activities:			
Net operating expenditure		(28,376)	(24,772)
Adjustment for non-cash transactions	4, 5	790	370
(Increase) or decrease in trade and other receivables	11	16	69
Increase or (decrease) in trade and other payables	12	236	39
Less movements in payables relating to items not passing through the SOCNE		(27)	1
Net cash inflow or (outflow) from operating activities		(27,361)	(24,293)
Cashflows from investing activities:			

Item	Note	2022 to 2023 £000	2021 to 2022 £000
Purchase of property, plant and equipment	8	(196)	(130)
Purchase of intangible assets	9	(444)	(267)
Net cash inflow or (outflow) from investing activities		(640)	(397)
Cash flows from financing activities:			
Payment of lease liabilities	13	(299)	–
From the Consolidated Fund (Supply) – current year		28,330	24,690
Net financing		28,031	24,690
Net increase or (decrease) in cash and cash equivalents in the period (no adjustments are required for payments to the Consolidated Fund)		30	(1)
Cash and cash equivalents at the start of the period	10	0	1
Cash and cash equivalents at the end of the period	10	30	0

Statement of changes in taxpayers' equity

For year ended 31 March 2023

Item	Note	General Fund £000	Total Reserves £000
Balance at 31 March 2021		(701)	(701)
Net Parliamentary funding drawn down		24,690	24,690
Net Parliamentary funding deemed supply		0	0
Comprehensive net expenditure for the year	SOCNE	(24,772)	(24,772)
Auditor's remuneration	4	72	72
Supply payable adjustment		–	–
Consolidated Fund Extra Receipts payable to the Consolidated Fund		–	–
Balance at 31 March 2022		(711)	(711)
Net Parliamentary funding drawn down		28,330	28,330
Net Parliamentary funding deemed supply		(30)	(30)
Comprehensive net expenditure for the year	SOCNE	(28,376)	(28,376)
Auditor's remuneration	4	85	85
Supply payable adjustment		1	1
Consolidated Fund Extra Receipts payable to the Consolidated Fund		–	–
Balance at 31 March 2023		(701)	(701)

Notes to the financial statements

Note 1 – Statement of accounting policies

These financial statements have been prepared in accordance with the 2022 to 2023 government FReM issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector, including the adoption of IFRS 16 Leases for the first time (see Note 1.2.7). Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of Ofqual for the purpose of giving a true and fair view has been selected.

The particular policies adopted by Ofqual are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires Ofqual to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes showing outturn against Parliamentary Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention. Ofqual has a small asset base, and property, plant, equipment and intangible assets are held at depreciated historic cost as a proxy

for current value, as permitted by the 2022 to 2023 FReM. No revaluation adjustments have been made in these accounts.

1.2 Accounting policies

1.2.1 Going concern

In common with other government departments, funding for Ofqual will be met in the main by future Grants of Supply to be approved annually by Parliament. The 2021 Spending Review delivered a settlement for 2022 to 2023 that recognised the important role that Ofqual plays in delivering government objectives, with an additional baseline budget being provided to support increased capacity for Ofqual's core business and reformed qualifications.

The 2021 Spending Review achieved a settlement for the 3 financial years from 2022 to 2023 through 2024 to 2025. For the first time since 2015, Ofqual, alongside other government departments, can develop a comprehensive financial strategy beyond the immediate planning horizon. The settlement consolidated Ofqual's role in VTQ reforms through the transfer of permanent programme funding and continues to recognise the importance of appropriate capacity and capability for the effective delivery of objectives.

Ofqual actively monitors the sufficiency of Supply to meet the needs of the corporate plan for 2022 to 2025 and maintains regular positive discussions with DfE and HM Treasury. A budget has been set for 2023 to 2024

alongside a medium-term financial strategy to 2025 that enables Ofqual to deliver its objectives and continued regulatory intent. Our management of associated risks is outlined in the governance statement section of this report and Ofqual's continued existence remains a matter of policy. Therefore, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2.2 Valuation of non-current assets

Property, plant, equipment and intangible assets are capitalised if they are intended for use on a continuous basis for more than one year and are held at depreciated historic cost. The threshold for capitalising non-current assets is £5,000 on an individual basis. When purchasing groups of assets that individually are valued at between £1,000 and £5,000 but taken together form a single collective asset, and are equal to or greater than £10,000, these are capitalised. Ofqual's capitalisation thresholds were set in 2017.

1.2.3 Depreciation and amortisation

Depreciation and amortisation are provided on all non-current assets on a straight-line basis to write off cost (less any estimated residual value) evenly over the asset's anticipated useful life. Asset lives are in the following ranges:

- information technology (hardware) – 3 to 5 years
- furniture – 5 years
- software licenses – 5 years

1.2.4 Operating and other income

Operating and other income includes costs recovered by Ofqual on its directly provided services, on a full-cost basis. Operating income is stated net of VAT. Further detail is provided in Note 6.

Income is recognised with regard to the 5-step process required by IFRS 15 Revenue from Contracts with Customers. All fine and penalty income is paid over to the Consolidated Fund as shown in SOPS 4.2 in line with the Consolidated Budgeting Guidance 2022 to 2023. IFRS 15 does not apply to fines and penalties.

1.2.5 Administration and programme expenditure

Costs have been separated between programme and administration. Programme costs are chiefly the costs associated with Ofqual's delivery of frontline reform activities and include certain staff and information systems costs. Administration costs are the costs incurred in running Ofqual.

1.2.6 Pensions

Past and present employees are covered by a mixture of the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS). Both schemes are unfunded multi-employer defined benefit schemes. Ofqual accounts for its participation in the schemes as if it were a defined contribution scheme. Annual contributions payable to the scheme are recognised in the Statement of

Comprehensive Net Expenditure. Further pension details are contained in the remuneration report and staff report.

1.2.7 Leases

IFRS 16 Leases has been adopted by Ofqual for the first time, replacing IAS 17 Leases.

IFRS 16 introduces a single lessee accounting model resulting in a more faithful representation of a lessee's assets and liabilities. The standard requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. This applies to all leases with a term of more than 12 months, unless the underlying asset is worth less than £5,000. There is no distinction between operating and finance leases. IFRS 16 retains the same definition of a lease as IAS 17 but with more emphasis on the concept of control, that is the right to control the use of an identified asset.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The service element and VAT is excluded, whereas residual value guarantees, exercise price of purchase options and termination penalties are included in the measurement. The lease liabilities are discounted using the interest rate implicit in the lease or where that is not readily determinable, the discount rate as provided by HM Treasury. The applicable HM Treasury rate used by Ofqual is 0.95%. Lease liabilities will increase as a result of interest charged at a constant rate on the balance

outstanding and will reduce for the cash lease payments made.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease
- initial direct costs incurred
- the amount of any provision recognised where an entity is contractually required to dismantle, remove or restore the leased asset (typically dilapidations)

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease on initial adoption or from the start date of the lease for new additions.

The definition of a contract is expanded under the FReM to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Terms of Occupation (MOTO) agreements.

Mandated options and practical expedients on transition

Ofqual has applied the following practical expedients as mandated in the FReM:

- the option to reassess whether a contract is, or contains, a lease at the date of initial application has been withdrawn. Ofqual uses the practical expedient detailed in IFRS 16 (C3). Ofqual has applied IFRS 16

to contracts that were previously identified as leases and not applied it to contracts that were previously not identified as leases under IAS 17

- the accounting policy choice to apply IFRS 16 retrospectively to each prior period presented in accordance with IAS 8 has been withdrawn. Ofqual recognises the cumulative effect of initial application as an adjustment to the opening balance of taxpayers' equity
- for leases previously classified as operating leases, to measure the right-of-use asset at an amount equal to the lease liability, adjusting it by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application
- to exclude initial direct costs and dilapidation costs from the measurement of the right-of-use asset at the date of initial application
- to not recognise assets or liabilities for leases of 12 months or less, instead expensing these to SoCNE on a straight-line basis
- to not recognise assets or liabilities for leases where the underlying asset is of low value, instead expensing these to SoCNE on a straight-line basis
- to use hindsight in determining the lease term if the contract contains options to extend or terminate the lease

Impact on transition

The table below reconciles the operating lease commitments under IAS 17 as presented in Ofqual's Annual Report and Accounts 2021-22 to the lease liability calculated under IFRS 16 on 1 April 2022. The office lease has been reassessed to reflect the break date.

Table 25 Lease liability recognised upon adoption of IFRS 16

	£'000
IAS 17 operating lease commitments as at 31 March 2022	6,522
Less leases to be treated as short-term on initial adoption of IFRS 16	(3)
Less non-IFRS 16 lease elements included in IAS 17	(4,403)
Re-assessment for IFRS 16	(1,403)
Adjustment for discounting of future cashflows	(9)
IFRS 16 lease liability recognised as at 1 April 2022	704

The relevant figures are reflected in this year's financial statements and Note 7 Rights of Use Asset, Note 13 Lease Liability maturity analyses and Note 14 Commitments under non-cancellable operating leases.

1.2.8 Financial instruments

Financial Instruments are recognised at fair value and charged to SOCNE in line with IFRS 9 Financial Instruments and Note 1.2.9 below. Ofqual does not have any complex financial instruments. Ofqual determines the classification of its financial instruments at initial recognition.

1.2.9 Financial assets

Ofqual holds the following financial assets:

- cash and cash equivalents
- trade receivables – current

Cash and cash equivalents comprise Ofqual's closing bank account balance and are recognised in the Statement of Financial Position and Statement of Cashflow at fair value and charged to SOCNE.

Trade and other receivables have fixed or determinable amounts that are not quoted on an open market. Trade and other receivables do not carry any interest and are recognised at fair value and charged to SOCNE in the Statement of Financial Position.

Financial assets are recognised when a contractual provision arises, and derecognised when the contractual rights to the cash flows from the financial asset expire.

1.2.10 Financial liabilities

Trade and other payables including accruals are generally not interest-bearing and are recognised in the Statement of Financial Position at fair value and charged to SOCNE on initial recognition. Financial liabilities are recognised when a contractual provision arises and are derecognised when the obligation specified in the contract has been discharged, cancelled or has expired.

1.2.11 Value Added Tax

Many of Ofqual's activities are outside the scope of Value Added Tax (VAT) and, in general, output tax does not apply and input tax on purchases is often not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are recorded net of VAT.

1.2.12 Contingent liabilities and contingent assets

In addition to contingent liabilities disclosed in accordance with IAS 37, Ofqual discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of [Managing Public Money](#).

Where the time value of money is material, contingent liabilities, which are required to be disclosed under IAS 37, are stated as discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament and included in the Parliamentary and Accountability Report.

1.3 IAS 8 Changes in accounting policy and disclosures

There is one change in accounting policy as per note 1.2.7 IFRS 16 Leases.

This implementation in the public sector is required from 1 April 2022 in accordance with FReM.

1.4 Impending application of newly issued accounting standards not yet effective

IFRS 17 Insurance Contracts

The IFRS 17 insurance standard is expected to be applied in 2025-26 following EU adoption and consultation. It is not envisaged that the expected changes will have any impact on Ofqual.

1.5 Judgements and estimates

The preparation of financial statements requires Ofqual to make estimates and assumptions relating to un-invoiced goods or services that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Where judgement of material work in progress of goods and services has been required, these have been agreed with the supplier.

Ofqual moved to its office in Earlsdon Park, Coventry, in October 2018. In accordance with the Memorandum of Terms of Occupation (MOTO), Ofqual is liable for the dilapidations cost relating to the occupied area at the end of the term. Ofqual recognised a non-material provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. A review of the provision took place in 2022 to 2023 and the existing provision was

deemed sufficient to settle any future dilapidation costs. The estimate of the provision will be revised as discussions progress with the managing agent GPA in 2023-24, and if considered material.

Note 2 – Statement of operating costs by operating segment

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of an organisation that are regularly reviewed by the Chief Operating Decision Maker, which is the Chief Regulator in Ofqual, in order to allocate resources to the segments and to assess their performance.

The following table presents gross expenditure, income, depreciation and net expenditure regarding the operating segments, regulation, standards and other directorates, based on management information produced in accordance with IFRS 8. Assets and liabilities are not reported separately to the Chief Operating Decision Maker, and so are not disclosed separately by operating segment.

Item	2022 to 2023 General Qualifica- tions £000	2022 to 2023 Vocational and Technical Qualifica- tions £000	2022 to 2023 Standards, Research and Analysis £000	2022 to 2023 Regulatory and Corporate Services £000	2022 to 2023 Chief Regulator's Office £000	2022 to 2023 Total £000
Gross expenditure	3,045	6,955	5,491	9,150	3,112	27,753
Income	–	–	(32)	(51)	–	(83)
Depreciation	–	–	–	706	–	706
Net expenditure	3,045	6,955	5,459	9,805	3,112	28,376

Item	2021 to 2022 General Qualifica- tions £000	2021 to 2022 Vocational and Technical Qualifica- tions £000	2021 to 2022 Standards, Research and Analysis £000	2021 to 2022 Regulatory and Corporate Services £000	2021 to 2022 Chief Regulator's Office £000	2021 to 2022 Total £000
Gross expenditure	3,110	6,976	1,392	8,928	4,241	24,647
Income	(54)	–	–	(61)	(58)	(173)
Depreciation	–	–	–	298	–	298
Net expenditure	3,056	6,976	1,392	9,165	4,183	24,772

Ofqual has 5 directorates:

- **General Qualifications** provides dedicated resources for this specific qualification area
- **Vocational and Technical Qualifications** provides dedicated resources for this specific qualification area including continued delivery of the reform programme of vocational and technical qualifications
- **Standards, Research and Analysis** is responsible for the research and analysis functions to underpin the regulatory approach
- **Regulatory and Corporate Services** comprises management of the National Reference Test, collecting evidence and intelligence from AOs and auditing their compliance with Ofqual's regulations, public facing services, and business support services including finance, commercial, HR, and information management
- **Chief Regulator's Office** includes the strategy team, the legal team, communications and the private office

Note 3 – Staff costs

Description	2022 to 2023 Permanently Employed Staff £000	2022 to 2023 Others £000	2022 to 2023 Total £000	2021 to 2022 Total £000
Wages and salaries	14,423	699	15,122	13,387
Social security costs	1,658	–	1,658	1,370
Other pension costs	3,886	–	3,886	3,319
Sub-total	19,942	699	20,666	18,076
Staff secondment costs	105	–	105	-50
Total net costs	20,072	699	20,771	18,026

Of which:	2022 to 2023 Charged to administration budgets £000	2022 to 2023 Charged to programme budgets £000	2022 to 2023 Charged to capital budgets £000	2022 to 2023 Total £000
Core departments	12,135	8,636	–	20,771
Total	12,135	8,636	–	20,771

Note 4 – Other Administration costs

Description	2022 to 2023 Core Department £000	2021 to 2022 Core Department £000
Non-cash items:		
Amortisation	312	
Auditor's remuneration	85	72
Total non-cash items	397	72
Other expenditure:		
Direct operational expenditure	843	640
Rent and accommodation	849	959
IT	913	1,074
Recruitment, training and staff-related	692	411
Finance costs	2	1
Total other expenditure	3,299	3,085
Total other Administration costs	3,696	3,157

Note 5 – Other Programme costs

Description	2022 to 2023 Core Department £000	2021 to 2022 Core Department £000
Non-cash items:		
Depreciation	179	153
Amortisation	215	145
Total non-cash items	394	298
Other expenditure:		
Direct operational expenditure	2,753	3,019
Rent and accommodation	–	–
IT	765	371
Recruitment, training and staff-related	74	23
Finance costs	6	–
Total other expenditure	3,598	3,413
Total other Programme costs	3,992	3,712

Note 6 – Income

Description	2022 to 2023 Core Department £000	2021 to 2022 Core Department £000
DfE	–	67
Council for Curriculum, Examinations and Assessment	40	34
City & Guilds	–	9
Department for Business, Energy and Industrial Strategy*	–	50
Other income	11	13
Fines and Penalties (Cost recovered as an agent)	32	0
Total	83	173

* represents recoveries for outward secondments also shown in Note 3

Income decreased in 2022 to 2023 from 2021 to 2022 due mainly to nil recoveries for outward secondments.

Fines and penalties are collected as an agent for HM Treasury, and so are disclosed in SOPS 4.2 Consolidated Fund Income.

Note 7 – Right of use assets

Description	2022 to 2023		2022 to 2023		2021 to 2022	
	Buildings £000	Equipment £000	Buildings £000	Equipment £000	Total £000	Total £000
Cost or valuation:						
At 1 April 2022 (IFRS 16 Transition)	704	–	704	704	–	–
Additions	–	29	–	29	–	–
Disposals	–	–	–	–	–	–
At 31 March 2023	704	29	704	733	–	–
Depreciation: (IFRS 16 Transition)						
At 1 April 2022	–	–	–	–	–	–
Charged in year	288	10	–	298	–	–
Disposals	–	–	–	–	–	–
At 31 March 2023	288	10	288	298	–	–
Carrying amount at 31 March 2023	416	19	416	436	–	–
Carrying amount at 1 April 2022	704	–	704	704	–	–
Asset financing:						
Leased under IFRS 16	416	19	416	436	–	–
Carrying amount at 31 March 2023	416	19	416	436	–	–

Ofqual has 2 right of use assets, being the office lease and vending machine lease. The office lease is a MOTO agreement with The Government Property Agency. This commenced on 1 October 2018 for a prescribed term to 23 July 2029, with a lease break date of 10 September 2024. This lease has been capitalised at 1 April 2022 with a full year's depreciation expensed in the SoCNE. The lease break date is likely to be exercised, with the lease to be fully depreciated to this date.

The vending machine lease commenced 25 July 2022 for 2 years. Eight months' depreciation is shown in this year's financial statements.

Note 8 – Property, plant and equipment

Description	2022 to 2023 Information Technology £000	2022 to 2023 Furniture £000	2022 to 2023 Total £000
Cost or valuation:			
At 1 April 2022	801	0	801
Additions	143	53	196
Disposals	–	–	–
At 31 March 2023	944	53	997
Depreciation:			
At 1 April 2022	551	0	551
Charged in year	170	9	179
Disposals	–	–	–
At 31 March 2023	721	9	730
Carrying amount at 31 March 2023	223	44	267
Carrying amount at 1 April 2022	250	0	250
Asset financing:			
Owned	223	44	267
Carrying amount at 31 March 2023	223	44	267

Description	2021 to 2022 Information Technology £000	2021 to 2022 Total £000
Cost or valuation:		
At 1 April 2021	671	671
Additions	130	130
Disposals	–	–
At 31 March 2022	801	801
Depreciation:		
At 1 April 2021	398	398
Charged in year	153	153
Disposals	–	–
At 31 March 2022	551	551
Carrying amount at 31 March 2022	250	250
Carrying amount at 1 April 2021	273	273
Asset financing:		
Owned	250	250
Carrying amount at 31 March 2022	250	250

Note 9 – Intangible assets

Description	2022 to 2023 Software Licenses £000	2022 to 2023 Total £000
Cost or valuation:		
At 1 April 2022	943	943
Additions	444	444
Disposals	–	–
At 31 March 2023	1,387	1,387
Amortisation:		
At 1 April 2022	145	145
Charged in year	229	229
Disposals	–	–
At 31 March 2023	374	374
Carrying amount at 31 March 2023	1,013	1,013
Carrying amount at 1 April 2022	798	798
Asset financing:		
Owned	1,013	1,013
Carrying amount at 31 March 2023	1,013	1,013

Description	2021 to 2022 Software Licenses £000	2021 to 2022 Total £000
Cost or valuation:		
At 1 April 2021	676	676
Additions	267	267
Disposals	–	–
At 31 March 2022	943	943
Amortisation:		
At 1 April 2021	–	–
Charged in year	145	145
Disposals	–	–
At 31 March 2022	145	145
Carrying amount at 31 March 2022	798	798
Carrying amount at 1 April 2021	676	676
Asset financing:		
Owned	798	798
Carrying amount at 31 March 2022	798	798

Note 10 – Cash and cash equivalents

Description	2022 to 2023 £000	2021 to 2022 £000
Balance at 1 April	–	1
Net change in cash and cash equivalents	30	(1)
Balance at 31 March	30	–
The following balances at 31 March were held at:		
Government Banking Service	30	–
Balance at 31 March	30	–

Note 11 – Trade receivables

Description	2022 to 2023 £000	2021 to 2022 £000
Amounts falling due within 1 year:		
Trade receivables	–	5
Other receivables	3	1
Prepayments	327	318
Accrued income	–	3
VAT	16	35
Total at 31 March	346	362

Note 12 – Trade payables, financials and other liabilities

Description	2022 to 2023 £000	2021 to 2022 £000
Amounts falling due within 1 year:		
Other taxation and social security	425	381
Trade payables	(3)	214
Other payables	414	–
Accruals	1,459	1,494
Deferred income	3	3
Amounts issued from the Consolidated Fund for supply but not spent at the year end	30	–
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
- received	–	–
- receivable	–	–
Total at 31 March	2,328	2,092

Note 13 – Lease liabilities

	2022 to 2023	2022 to 2023	2022 to 2023	2021 to 2022
	Buildings	Equipment	Total	Total
Maturity analysis	£000	£000	£000	£000
Less than 1 year	292	14	306	–
Between 2 and 5 years	126	4	130	–
Later than 5 years	–	–	–	–
Total present value obligations	418	18	436	–
Lease liabilities included in the balance sheet				
Current	292	14	306	–
Non-current	126	4	130	–
Total present value obligations	418	18	436	–
Movement in lease liabilities during the year				
As at 1 April 2022 (upon IFRS 16 transition)	704	–	704	–
Interest charged to SoCNE	6	0	6	–
Lease liability in relation to new leases	–	25	25	–
Lease rental cash payments	(292)	(7)	(299)	–
Total present value obligations as at 31 March 2023	418	18	436	–

Note 14 – Commitments under operating leases

The total future minimum lease payments under non-cancellable leases not accounted for under IFRS 16 are:

Description	2022 to 2023 £000	2021 to 2022 £000
Buildings:		
Not later than one year	–	899
Later than one year and not later than 5 years	–	3,596
Later than 5 years	–	2,024
Total	–	6,519
Equipment:		
Not later than one year	3	3
Later than one year and not later than 5 years	–	–
Later than 5 years	–	–
Total	3	3

The minimum lease payments are determined from the relevant lease agreements. The lease expenditure charged during the year is shown in SoCNE.

Note 15 – Financial risks

As Ofqual's cash requirements are met through the Estimates process, Ofqual's exposure to credit, liquidity or market risk is minimal. Financial instruments do not have a role in creating and managing risk that they would for a non-public sector organisation of a similar size.

Note 16 – Provisions for liabilities and charges

Ofqual held a provision of £29,000 for dilapidations on the Earlsdon Park office in 2022 to 2023 (£29,000 in 2021 to 2022). It has been assessed that there is no requirement to change the provision in 2022 to 2023.

Note 17 – Contingent liabilities.

Ofqual has no material contingent liabilities as at 31 March 2023 (nil in 2021 to 2022).

Note 18 – Related-party transactions

Ofqual had payment transactions with the following government departments and other central government bodies and organisations during the year:

- Cabinet Office
- Department for Education
- Department for Work and Pensions
- Government Legal Department
- Government Property Agency

Income was received from the following government departments and other central government bodies and organisations during the year:

- CCEA (Council for the Curriculum, Examinations and Assessment)

No Board member, key management staff or other related party has undertaken any material transactions with the department during the year. The remuneration report lists all members of the management Board having authority or responsibility for directing or controlling the major activities of the entity during the year.

Note 19 – Entities within the department boundary

Ofqual is the only body within its department boundary.

Note 20 – Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date that the Annual Report and Accounts were authorised for issue of certification by the Comptroller and Auditor General. There have been no events after the reporting period requiring an adjustment to the financial statements, or to be reported.



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