09-10 annual report & accounts

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office for fair access

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Office for Fair Access Annual Report and Accounts 2009-10

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Director's foreword

This has been an exceptionally busy and significant year for OFFA which has seen us publish major research and good practice guidance, make our first submission to the Independent Review of Higher Education Funding and Student Finance, start our third round of access agreement monitoring, work with the Higher Education Funding Council for England (HEFCE) on the development of widening participation strategic assessments and look at what more can be done to widen access to the most selective institutions.

Monitoring for 08-09 still underway

Following the introduction of widening participation strategic assessments (WPSAs), we have changed the timing of our monitoring cycle so that in future years universities will be able to report to us on their access agreements at the same time as they report to HEFCE on their WPSAs. This means that, at the time of writing, we are still analysing access agreement monitoring returns for 2008-09 and expect to publish our outcomes report in May 2010.

This December universities and colleges will submit a single report to both ourselves and HEFCE combining their access agreement monitoring returns for 2009-10 together with their first report on progress made under WPSAs. We are currently working with HEFCE on how the two reports can best be combined to minimise duplication and will be issuing joint guidance to institutions in September.

As we are still analysing monitoring returns for 2008-09, we do not yet have final figures for bursary and outreach expenditure. However, in 2007-08 universities spent 25 per cent of their additional fee income on access measures and we expect that this proportion will be maintained or perhaps slightly exceeded in 2008-09.

On the issue of bursary take-up, the changes to the student finance application form – students now have to opt out of sharing their information rather than opt in – have, as expected, had a markedly positive effect. Take-up has risen from an estimated 80 per cent of students on full state support in the first year of the new student finance system to an estimated 98 per cent of students on full state support in 2008-09. We will always strive for maximum take-up but with current take-up at these levels we consider that this particular issue has largely been solved.

Clear evidence that low income students are not being deterred

Although we cannot yet report fully on how universities have met their access agreement commitments in 2008-09, we can say with confidence that students are not being deterred from accessing higher education on financial grounds. Final UCAS figures for 2009 entry show that despite unprecedented demand for places and fears that this might affect access, there was an 8.4 per cent rise in accepted applicants from the most disadvantaged areas.

Even more significant is the latest 'Trends in young participation in higher education' report published by HEFCE[1] which shows that the gap between the chances of advantaged and disadvantaged young people entering higher education is, for the first time ever, finally starting to close. Indeed, most of the additional entrants to higher education since the mid-2000s have come from disadvantaged neighbourhoods.

Both the UCAS figures and HEFCE report add to the growing weight of evidence that the current fee and support arrangements are not deterring low income and other disadvantaged students and that the widening participation activities by universities and programmes such as Aimhigher are starting to bear real fruit. However, there is still much more to do. Although the gap has started to close, still only one in

[1] HEFCE (2010) Trends in young participation in higher education: core results for England, Bristol:HEFCE

five young people from the most disadvantaged areas go to university compared to more than one in two of young people from the most advantaged areas.

Access to the most selective institutions

It is also important that we ask how many of these young people from disadvantaged neighbourhoods who are entering higher education are going to the most selective universities – in other words, whether the same progress is being made in this area as in widening participation to the sector as a whole. Previous analysis by HEFCE has shown that patterns of participation at highly selective universities can be quite different from sector-wide participation and we have therefore commissioned further analysis from HEFCE to assess participation trends by university groups. At the time of writing, I am also working on a separate report on what more can be done to widen access to the most selective universities which I will be submitting to the Minister of State for Higher Education and Intellectual Property and the Independent Review of Higher Education Funding and Student Finance (the Browne Review).

Impact and influence of bursaries

Another important question to address is the role played by bursaries, both in reassuring students that higher education is affordable and in influencing their decision-making at key stages in the UCAS application process. Research commissioned by OFFA from Professor Claire Callender of Birkbeck, University of London and the National Institute of Economic and Social Research, and published by us in December 2009, throws some light on this. For example, the research found that 28 per cent of students in receipt of a maintenance grant who had heard of bursaries thought bursaries were important in deciding where to go. This rose to 37 per cent of students who were anxious about the costs of going to higher education. Students also reported that larger bursaries had a greater impact on their decisions than smaller amounts. We have now commissioned analysis from HEFCE to see whether this survey evidence on the impact of bursaries can be measured statistically at an appropriately sensitive level.

What Claire Callender's research did incontrovertibly show was that knowledge, understanding and awareness of bursaries is still comparatively low, both among applicants and, even more worryingly, among those who advise them such as parents and HE advisers in schools and further education colleges. This is limiting the impact of bursaries, with many students not taking bursaries into account when applying to university or deciding on their final offer. We have used the research findings to create new good practice guidance for universities and colleges on how they can help improve awareness and understanding of bursaries, particularly at key decision-making stages in the UCAS process. Increased efforts by universities must be supported by wider improvements in information, advice and guidance – which is why we are working with the Student Loans Company and other stakeholders to help improve the bursary information given to HE advisors working in schools and further education colleges. In addition, core bursary messages must be better publicised at a national level.

Looking ahead – challenging financial landscape

Looking ahead, the need to raise awareness of bursaries will be something that all universities and colleges must continue to address. An even greater challenge will be maintaining a strong focus on widening participation during a time of fiscal restraint. As institutions seek to adjust to the new landscape in which it is likely that they will be operating over the next few years – a landscape of reduced government funding, restrictions on over-recruitment and increasing numbers of applicants year on year – there is a risk that some universities may look to reduce their expenditure on bursaries or on outreach activities. Although some efficiencies may be possible by targeting bursaries better at the most disadvantaged students, it remains imperative that institutions, particularly selective institutions (often the gateway to highly competitive professions), maintain their focus on widening participation and continue to encourage disadvantaged young people to access higher education. If they do not, there is a real risk that the hard-won improvements in widening participation may stagnate or even begin to reverse. This must not happen.

The Government has gone some way to relieving the pressure on places by announcing a further 15,000 full-time undergraduate places in 2010-11, but demand remains at record levels and so competition for places will be fiercer than in previous years. Some may argue that with a lack of university places to admit all the qualified applicants who would benefit, it is pointless to encourage even more young people to apply. My view is that there is every point. A university education offers huge lifelong benefits to the individual and is also one of the most important engines of upward social mobility. In a competitive system, not everyone who applies to university will be offered a place. But there is no reason why disadvantaged young people should be disproportionately represented among those who do not receive a place or who do not apply in the first place.

Of course, one of the keys to making sure that disadvantaged young people do continue to access higher education, and in higher numbers, is continued adequate financial support for low income students. No one knows what the outcome of the Browne Review will be and it would be wrong to pre-empt it. But whatever the outcome, any future government must continue to ensure that talented young people are not deterred from higher education on financial grounds. Widening participation is not just an ambition for times of plenty, it is an ambition for all times.

Sir Martin Harris

Director
Office for Fair Access
14 May 2010

management

commentary

OFFA's role and responsibilities

Why OFFA was established

When Parliament allowed institutions to charge higher fees from 2006, it did so on the condition that they invest a proportion of their additional fee income in access measures (primarily bursaries and scholarships) to attract students from low income and other under-represented groups. OFFA was established to work with institutions to ensure that this condition is met.

Who we are

OFFA is a small non-departmental public body consisting of a Director, Sir Martin Harris; three full-time; and one part-time member of staff. We were established in October 2004 under Part 3 of the Higher Education Act 2004 and are sponsored by the Department for Business, Innovation, and Skills (BIS), reporting to the Minister of State for Higher Education and Intellectual Property and the First Secretary of State. We have a Service Level Agreement with the Higher Education Funding Council for England (HEFCE) which provides us with resources such as accommodation, IT support and HR services. We also have a small Advisory Group of retired heads of institutions available to offer impartial advice on access matters and, if necessary, on individual decisions. An independent review panel has been established should institutions wish to challenge an OFFA decision.

What we do

OFFA's role, as defined by the Higher Education Act 2004 and set out in 'OFFA's Strategic Plan 2005-10' (OFFA 2005/03, updated 2009/01) can be summarised as follows:

- to regulate the charging of higher tuition fees through the approval and monitoring of access agreements, in which institutions set out the measures they will put in place to safeguard fair access to higher education for low income and other under-represented groups
- where appropriate, to identify and disseminate good practice and advice connected with access to HE, in particular in respect of financial support arrangements and the provision of financial information to students.

Our strategic aims

Our strategic aims are primarily delivered through institutions' access measures as set out in their access agreements and more generally. Our three core aims are:

- to support and encourage improvements in participation rates in higher education from low income and other under-represented groups
- to reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in bursaries and outreach
- to support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and their advisors.

Our mission

"Working collaboratively we promote fair access to higher education in particular for low income and other under-represented groups."

Performance and achievements

Summary

In the fourth year of operation under the new fee and support regime we have continued to focus on improving performance both in terms of the delivery and evolution of access agreements and in refining OFFA's systems and information requirements. We have also continued to work closely with the Higher Education Funding Council for England (HEFCE) in developing the new widening participation strategic assessments (WPSAs), which were submitted by institutions in June 2009.

Maintaining access agreements

OFFA's core role is to approve and maintain access agreements. Each year we ask institutions to confirm their fee and bursary levels and, where necessary, revise their access agreements in response to annual Government changes to student support and fee levels. For the 2010-11 academic year, we approved six new agreements and 117 revised agreements as well as confirming fee and bursary levels for all 230 institutions. We also shared the information on fee levels with the Student Loans Company (SLC).

Our third round of monitoring

As a regulator our main responsibility is to ensure that universities and colleges are meeting their financial commitments to individual students and are making progress towards delivering their milestones and meeting the legal obligations set out in their access agreements. To this end, we monitor institutions' progress against their access agreement commitments on an annual basis.

We review our monitoring process each year, with a view to continuous improvement. This year we made some changes to the reporting process, based on feedback from institutions and our own experience and taking into account the expectations of the forthcoming Independent Review of Higher Education Funding and Student Finance (the Browne Review). The changes were designed to increase the robustness of the information we received and to improve the level and quality of information we were able to give to the Browne Review. We also sought to make the process more transparent and user-friendly for institutions.

Our new monitoring timetable, designed to fit with the annual reporting round for WPSAs, means that our outcomes report will not be published until May 2010. Although at the time of writing, we are still analysing monitoring returns for 2008-09 and do not yet have final figures for bursary and outreach expenditure, early indications are that the sector has at least maintained and possibly slightly exceeded the previous year's expenditure on student support of 22 per cent. In total, the sector continues to spend around 25 per cent of its additional fee income on access measures, in line with institutions' predictions.

Changes to student support

Changes to the means-tested thresholds for state support for 2008-09 led to some significant changes in bursary eligibility criteria. In particular, the increase in the income threshold for students eligible to receive full state support from around £18,000 to £25,000 resulted in significantly more new students being eligible for the mandatory minimum bursary. Despite a rise in the average upper threshold for bursary support in 2008-09, early indications are that the great majority of bursary expenditure remains targeted at students from the lowest income backgrounds in line with policy intent. Every eligible student who applied for a bursary appears to have received one.

Bursary take-up

Bursary take-up was a significant issue in 2006-07 and, to a lesser extent, in 2007-08, largely due to a data-sharing problem related to the Higher Education Bursary and Scholarship Scheme (HEBSS) which the overwhelming majority of institutions use to administer their bursaries. Under this scheme students and their sponsors are required to consent to share the information they give on their student finance application form to enable the SLC to pay bursaries on behalf of institutions or for institutions to pay them themselves. A number of students failed to do this in 2006-07 and 2007-08 and, as a result, some missed out on the bursaries they were entitled to receive.

As soon as we had identified that take-up was an issue, we set out our strong expectation that institutions should work to tackle the problem at an institutional level, complementing efforts made by the SLC to improve the proportion of students consenting to share their financial information. These efforts have included an annual telephone campaign alerting eligible students who have not consented to share their financial information to the benefits of doing so. Crucially, for 2008-09 the student finance application form was changed, requiring students and sponsors to opt out of sharing their information, rather than opt in. As a result of these combined efforts, we have seen a significant increase in the take-up of bursaries in the lowest income group from around 80 per cent in 2006-07 to around 92 per cent in 2007-08 and around 98 per cent (predicted) in 2008-09.

New research on bursary awareness

Although we have seen bursary take-up improve to near the maximum, students and those who advise them still don't know enough about bursaries at an early enough stage. In December 2009 we published major new research by Clare Callender of Birkbeck, University of London and the National Institute for Economic and Social Research (NIESR) on students', parents' and advisors' knowledge, awareness and understanding of bursaries and scholarships. This research showed that only two-fifths of students who were surveyed had researched bursaries before they made their UCAS application or made their final choice of institution. Also, worryingly, one in ten advisors had not even heard of bursaries, despite the survey taking place as we entered the third year of the new fee and support arrangements. We have used the research to produce new good practice guidance for institutions and are now working with the sector to disseminate our findings as widely as possible. We are also continuing to support communications campaigns by institutions, BIS and SLC to raise student awareness of financial support, in particular bursaries and scholarships.

Our first submission to the Browne Review

In January 2010 we published our first submission to the Browne Review showing that the new fee and support arrangements have not deterred students on financial grounds. Instead, as the recent HEFCE report, 'Trends in young participation in higher education: core results for England', demonstrates, aspirations and demand for higher education continue to rise amongst disadvantaged groups. According to this report, participation in higher education amongst the most disadvantaged young people has grown by around 30 per cent in the last five years and the gap between the participation rates of the most advantaged and most disadvantaged has started to narrow, both in proportional terms and percentage point terms. It is the first time since the mid-nineties and possibly ever that this has happened.

We recognise that it is difficult to isolate what effect bursaries, or the wider student support arrangements, may have had in contributing to this rise in participation. At the macro level of data, there is no clear evidence as yet showing a significant bursary effect on student behaviour. However, the OFFA-commissioned Callender research on bursary awareness concurs with other survey evidence in showing that there are a significant minority of cost-sensitive students who are influenced by bursaries and that these students are more likely to come from the most disadvantaged groups. We have therefore commissioned more sensitive analysis from HEFCE to find out whether the reported influence of bursaries can be measured statistically.

Widening participation strategic assessments

This year we have also continued to work closely with HEFCE and the sector in developing widening participation strategic assessments (WPSAs). The first WPSAs were submitted by institutions to HEFCE in June 2009 and we are currently working with HEFCE to develop a joint reporting process for WPSAs and access agreements in December 2010.

Through regular communication with BIS, HEFCE, UCAS, and the sector we have also continued to monitor the possible impact of the fee and support regime on applications to higher education over the 2009 application cycle and have continued to comment on support and access issues more generally. We remain concerned at the low numbers of care leavers who access higher education and continue to promote the Frank Buttle Trust Quality Mark to encourage institutions to support care leavers into higher education. For 2010-11 there will be 27 institutions with additional bursary support for care leavers – up from 24 in 2009-10.

As in previous years, we have strived to work collaboratively and transparently with the sector, minimising bureaucracy while at the same time securing a generous set of access agreements for low-income and other under-represented groups.

Achievements in 2009-10

During the year OFFA:

- processed and approved six new English access agreements (four FECs and two SCITTs)
- processed and approved amendments to agreements for 117 institutions (73 HEIs, 28 FECs and 16 SCITTs)
- confirmed fee and bursary levels with all institutions for 2010-11 and revised financial estimates where appropriate
- reviewed and developed our annual monitoring process in the light of the second year's experience and the information needs of the Browne Review
- started the third annual monitoring of access agreements
- submitted and published our first evidence to the Browne Review
- published research and good practice guidance for institutions on increasing bursary awareness and take-up
- redeveloped the OFFA website to make it easier for our different audiences to navigate quickly and easily to the information they need
- provided a general enquiry service regarding access agreements and related issues for institutions and the public
- kept institutions updated on external issues that might impact on the content or operation of existing access agreements and provided guidance notes on any necessary revisions to agreements or bursary rules or other operational issues on bursary payments
- worked closely with the SLC to share information on the fee limits set in access agreements, and to discuss and advise on access agreements in relation to operational practicalities regarding fees and bursaries
- worked closely with the HEBSS steering group and the SLC to help continuously improve the HEBSS service
- worked closely with BIS and HEFCE to ensure joined-up policy between access agreements and broader widening participation initiatives
- worked closely with HEFCE on the continuing development of widening participation strategic assessments including developing guidance and contributing to conferences
- liaised with the sector through day-to-day contacts, meetings, groups and conferences to deliver our core messages and our research and guidance messages
- continued to provide advice and guidance and an assessment service to the Department for Employment and Learning Northern Ireland (DELNI) on access agreements and related issues.

Analysis: facts and figures

Existing access agreements

In the 2010-11 academic year, there will be 230 institutions with live access agreements comprising:

- 124 higher education institutions (HEIs)
- 54 further education colleges (FECs)
- 52 school-centred initial teacher training providers (SCITTs).

State support levels in 2010-11

In 2010-11:

- the full Higher Education Maintenance Grant will be £2,906, payable to students with an assessed residual household income of up to £25,000
- partial grants will be payable to students with an assessed household income of up to £50,020[2]

Fee levels in 2010-11

For 2010-11 the maximum fee limit has been increased for inflation to £3,290.

HEIs

- All HEIs with full-time undergraduate students have submitted access agreements and have agreed the maximum fee limit of £3,290. (Note: one additional HEI has only PGCE students and is charging a lower fee.)

FECs

- 54 out of 127 directly funded FECs (43 per cent) have submitted access agreements. Of these, 21 have agreed the maximum fee limit of £3,290 and 33 have agreed a lower fee.

SCI TTs

- 52 out of 60 SCITTs (87 per cent) have submitted access agreements. Of these, 26 have agreed the maximum fee limit of £3,290 and 26 have agreed a lower fee.

All institutions

- Institutions estimate that their additional fee income in 2010-11 will be approximately £1.5bn.
- 74 per cent of all institutions with access agreements have agreed the maximum fee limit.
- Those FECs and SCITTs that have not submitted access agreements will not be charging over the basic amount of £1,310 for any of their courses in 2010-11.

Expenditure on bursaries, scholarships and outreach

In the second year of the new fee and support regime (2007-08):

- 22 per cent of additional fee income was spent on bursaries and scholarships for the first two intakes of students, representing almost £197m
- institutions spent a further £28m on additional outreach activity
- taken together, the overall expenditure on bursaries, scholarships and outreach was more than 25 per cent of additional fee income.

For our 2008-09 monitoring, we changed the deadline for the submission of returns to December 2009 so that it coincided with the deadline for HEFCE's annual accountability returns. This means that from December 2010, institutions will be able to submit a single return covering both their monitoring returns to us and their progress report to HEFCE against their widening participation strategic assessments. We will publish the outcomes of our 2008-09 access agreement monitoring in May 2010, and will provide further commentary on this in the 2010-11 annual report.

Institutions have estimated that by the time all students are under the new fee regime they will be spending approximately £355m of their additional

2 In 2008-09, the thresholds for full and partial state support changed considerably compared to previous years. They increased from £17,910 and £38,330 in 2007-08 to £25,000 and £60,032 in 2008-09. From 2009-10 the upper threshold for partial state support reduced to £50,020. These thresholds were unchanged for 2010-11.

fee income per year on bursaries and scholarships for low income students or other under-represented groups and £40m on additional outreach. This would represent around 26 per cent of additional fee income.

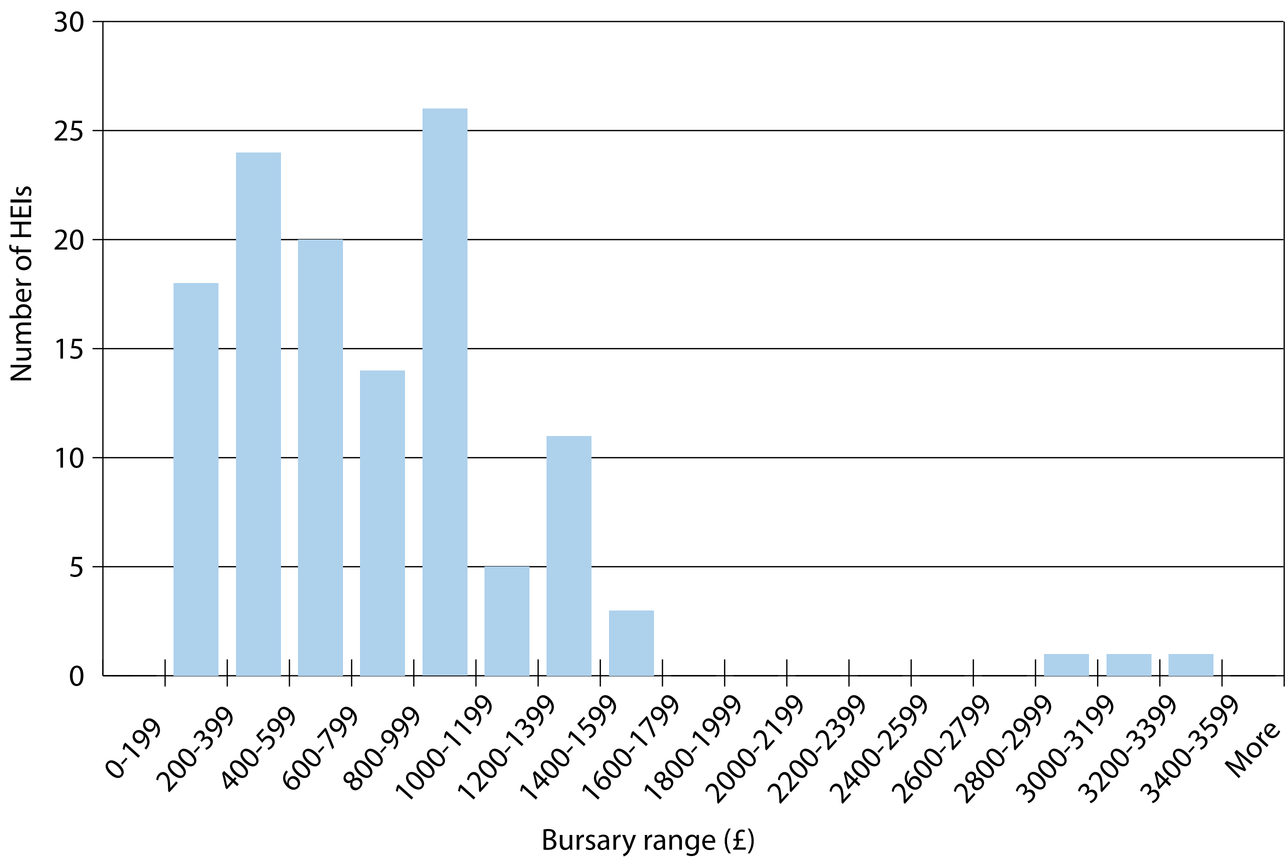
Key bursary facts

In 2010-11 the annual bursary that HEIs are offering for students on full state support ranges from £329 to £3,400. The chart below shows the number of HEIs offering different levels of bursary for students on full state support.

Of the 123 HEIs charging the full fee:

- 115 HEIs (93 per cent) offer bursaries for students on full state support that are above the statutory level of £329
- 89 HEIs (72 per cent) offer bursaries to students beyond the full state support threshold, of which
    - 60 HEIs have a top threshold somewhere between £25,001 and £50,019
    - 20 HEIs offer a bursary up to the partial state support threshold of £50,020
    - nine HEIs offer a bursary above the partial state support threshold, or offer a non-means tested bursary to all of their students.

Bursaries for students in receipt of full state support 2010-11



The three basic types of core bursary are:

- a fixed bursary – e.g. an institution gives a £1,000 bursary to students on full state support and a £500 bursary to students on partial state support or at a level determined by the institution
- a bursary calculated on a sliding scale – e.g. an institution provides a bursary of between £50 and £1,000 depending on the student's family income
- a bursary linked to the level of state support provided. This is as a 'match' or percentage – e.g. an institution provides a bursary equal to 50 per cent of the state support received by the student.

Non means-tested bursaries and scholarships

In addition to core means-tested bursaries, the majority of HEIs offer additional financial support with additional or separate criteria. (Note: for 2010-11, we have changed the way we collect this information from institutions, so it is not possible to make direct comparisons with previous years.)

- 91 HEIs (73 per cent) have additional awards
- 35 HEIs (28 per cent) have some form of scholarships scheme. Of those 35, less than a third (10) include a means test. A typical award is £1,000
- 24 HEIs (19 per cent) have awards based on subject
- 22 HEIs (18 per cent) offer awards for academic achievement or progression while at university, with awards ranging from £100 to £10,000 (not all scholarships are paid per annum)
- 32 HEIs (26 per cent) offer awards aimed at students progressing from partner schools
- 27 HEIs (22 per cent) offer awards aimed at care leavers.

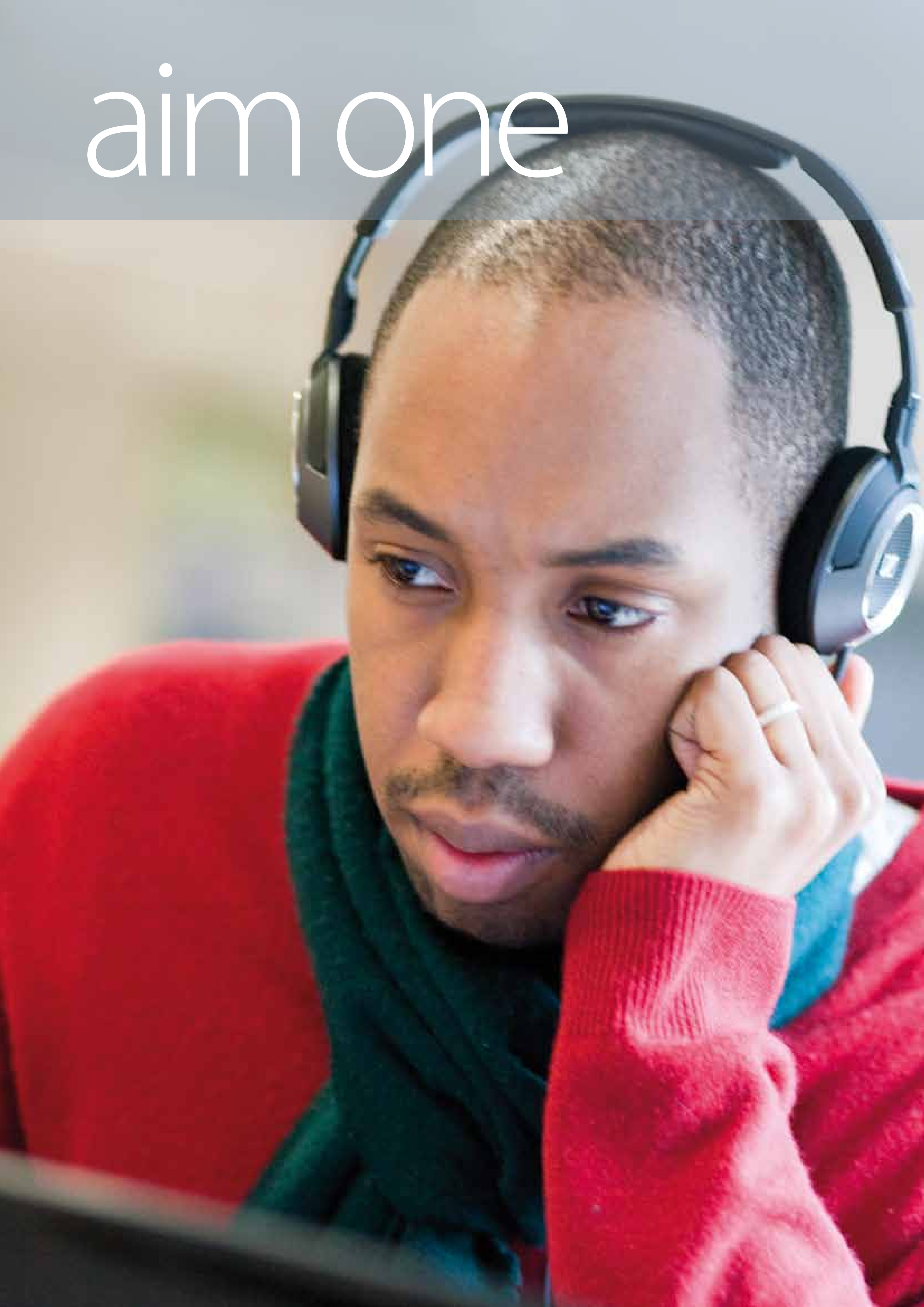
Changes to access agreements for 2010-11

In July 2009, we announced that from 2010-11, the minimum bursary would be ten per cent of the upper tuition fee limit. This means that for 2010-11, institutions charging the full fee must provide a bursary of at least £329 to students entitled to the full Higher Education Maintenance Grant of £2,906.

Most revisions this year have been either adjustments to institutional bursary policy or updates for inflation. For 2010-11 entrants on full state support:

- 88 HEIs have left their bursaries unchanged, or increased them by inflation
- 17 HEIs have increased their bursary support
- 15 HEIs have reduced their bursary support
- 3 HEIs have introduced bursary support for the first time in 2010-11.

aim one



Key performance indicators

Aim 1: To support and encourage improvements in the number and/or proportions of students in higher education from low income and other under-represented groups

KPI 1: The number and/or proportions of applications from lower socio-economic groups have increased across the planning period

The final UCAS figures for 2009 entry were published in January 2010. These figures showed that the number of accepted applicants from the most disadvantaged areas increased by 8.4 per cent. This increase was greater, both in proportional terms and in percentage point terms, than the rises for those living in more advantaged areas. The increase in accepted applicants for all areas was 4.1 per cent. We have commissioned HEFCE analysts to examine UCAS applicant data by the amount of bursary awarded and the type of institution applied to, in order to identify any impact of bursaries on applicant behaviour.

Note: In a change to previous years, the figures looked at accepted applicants from disadvantaged areas, using the POLAR2 methodology, as opposed to the National Statistics' Socio-economic classification (NS-SEC). UCAS has not published comparable data for previous years.

KPI 2: The number/proportions of students entering HE from low income groups have increased across the planning period

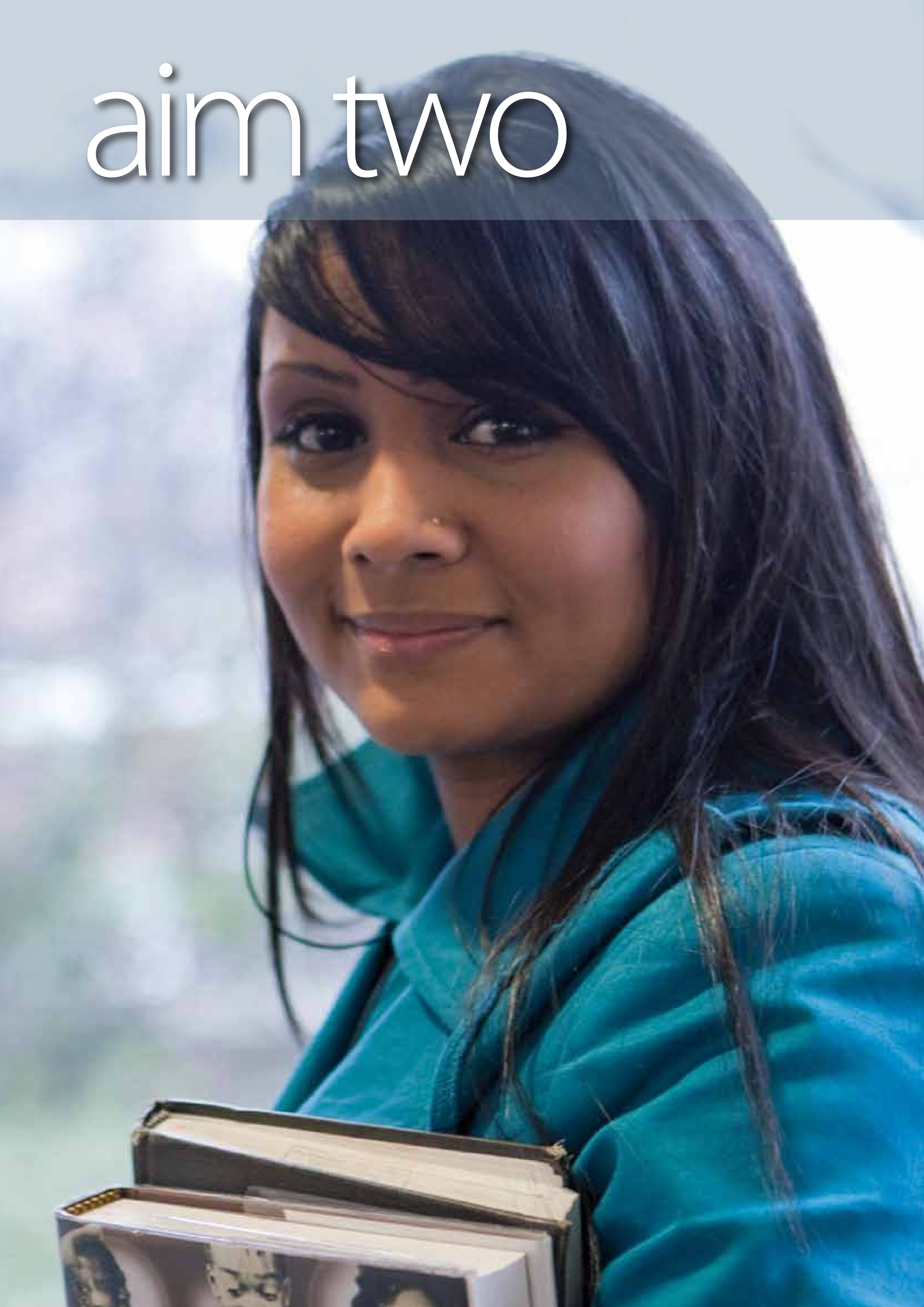
The definitions of low income groups have changed across the planning period, due to changes in the residual household income thresholds for receipt of full and partial state support from 2008. In addition, the Student Loans Company put in place measures over the summer of 2009 to process new entrants' applications, which means that the figures for 2009 published to date cannot be directly compared with those for previous years.

As of 8 March 2010, the Student Loans Company reported revised provisional figures showing that 37% of 2009 entry cohort students were awarded the full maintenance grant of £2,906, 22% were awarded a partial maintenance grant and finally, 41% were awarded no maintenance grant.

KPI 3: Guidance, advice and good practice is provided to institutions where necessary

We have produced guidance to institutions on the minimum bursary, on how to update their access agreements to reflect inflationary increases, and on how to increase awareness, knowledge and take-up of bursaries and scholarships. Our redeveloped website has a dedicated area for institutions with a 'Guidance and useful information' section plus a 'Frequently asked questions' section.

aim two



Key performance indicators

Aim 2: To reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in bursaries and outreach

KPI 4: Annual returns from institutions demonstrate that the levels of investment are broadly maintained at the levels committed to in access agreements, recognising that the levels set out in agreements are estimates

The outcomes of the monitoring for 2007-08 showed that in total HEIs spent 21.8 per cent of their additional fee income on bursaries and scholarships for lower income students and other under-represented groups. This was up from 21.1 per cent in 2006-07.

Expenditure on additional outreach in 2007-08 was £27m – an increase of £6.3m from the previous year.

The outcomes of our monitoring for 2008-09 will be published in May 2010. Due to the unpredictable nature of student numbers, our future monitoring of access agreements will compare expenditure against that in previous years, rather than against estimated expenditure set out in access agreements.

KPI 5: Revisions to access agreements are normally processed and communicated within a three-week period. No complaints were received from institutions regarding process and service

Most bursary schemes are linked to the eligibility thresholds for state support and annual updates to access agreements cannot be approved until we know what these thresholds are. This year a larger than anticipated number of institutions submitted new or revised access agreements and, as a result, many were not processed within our target timescale of three weeks. In addition, the processing of access agreements coincided with the new timetable for producing monitoring guidance and research, which resulted in further delays.

We completed 12 per cent of revisions within the three-week deadline. Other revisions were completed within 12 weeks on average. All institutions were contacted within 30 days and delays beyond this were often due to the need to clarify information. No complaints were received from institutions regarding process or service.

We have reviewed our processes for 2010 to ensure that this key performance target will be achieved in future years. New agreements continue to be processed on a rolling basis and we have received no complaints regarding process and service.

KPI 6: There are high levels and improvements in bursary take-up

In 2006-07 a number of students eligible for a bursary failed to tick the appropriate box on their student finance application form to allow them to automatically receive a bursary via the Student Loans Company. We estimated that some 12,000 students eligible for the full grant might have missed out on a bursary because they did not consent to share their financial information. Take-up across the sector for the lowest income group was around 80 per cent.

Since then, institutions and the Student Loans Company have made substantial efforts to improve this situation. As a result, the number of students among the lowest income group not claiming a bursary fell in 2007-08 to approximately 6,500 per student intake (13,000 in total across the two intakes). We estimated that take-up increased from 80 per cent to 92 per cent.

From 2008-09, changes to the student finance application form have meant that the take-up rate has increased still further. Latest figures from the Student Loans Company indicate that 98 per cent of students and sponsors are now 'consenting to share'.

In previous years, institutions that did not subscribe to the Higher Education Bursary and Scholarship Scheme (HEBSS) reported a lower take-up rate than HEBSS subscribers. From 2010-11, nearly all institutions will subscribe to HEBSS, which should mean improved take-up rates. We will continue to work with institutions that report lower take-up to ensure that they match the improvements made by other institutions.

aim three

Key performance indicators

Aim 3: To support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and advisors

KPI 7: No justified complaints are received from students and applicants regarding the clarity and accessibility of information provided by institutions on the bursaries available or the fees to be charged

The Office of the Independent Adjudicator (OIA) is responsible for handling any complaints made by students regarding any service provided by their higher education institution, including the provision of bursaries. We have received no complaints from students to pass on to the OIA and they have received no direct complaints regarding bursary awards.

KPI 8: No justified complaints are received from students over eligibility for bursaries or the amounts awarded

The OIA received no complaints regarding eligibility for bursaries or the amounts awarded.

KPI 9: An annual exercise is undertaken with institutions to update fee, bursary and eligibility thresholds and access agreements more generally, allowing the correct information to be available to students early in the application cycle

We undertook our usual annual revisions process (starting in July 2009), approving amended access agreements and updating information on fees and bursaries.

KPI 10: There is liaison and input into external information sources on bursary messages

We have continued to actively support and influence bursary messages communicated nationally by Student Finance England, Aimhigher and others, and also check and provide information on bursaries for a variety of centrally produced handbooks on student finance.

We have also checked other external sources that give information on student finance and have liaised with them to ensure this information is up-to-date and accurate.

We restructured and rewrote our website in 2009 in order to better signpost messages for students on bursaries and provide clearer up-to-date guidance for institutions.

KPI 11: Guidance and good practice is provided to institutions where necessary

In support of our aim to improve financial information, in December 2009 we published research and accompanying good practice to identify successful strategies for increasing awareness and take-up of bursaries.

OFFA's future programme of work

A year of uncertainty

In many ways the coming year holds a great deal of uncertainty, with reduced levels of public funding for HE in 2010-11, a forthcoming general election and the Independent Review of Higher Education Funding and Student Finance (Browne Review) set to report later in the year.

With the Browne Review due to report in the autumn, it is unlikely that any changes to student finance will be implemented before 2012. We will therefore plan our year's work around the current system, while making contingencies for any early changes.

Underneath the wider political and policy perturbations, we will of course continue to carry out our core functions - approving, maintaining and monitoring access agreements and providing advice and guidance to the sector on matters relating to access agreements and fair access more generally.

Impact of the tight fiscal environment

Much of our future advice and guidance will need to respond to the outcomes of the Browne Review and subsequent political decisions. However, in the meantime, as evidence and experience continue to build, it is possible that some institutions will want to make strategic decisions about bursary and widening participation investment in view of the current challenging financial environment. Our expectation is that institutions who are considering changes to their access agreements should explore the most effective use of expenditure on both bursaries and additional outreach to achieve their goals of improving – or for already diverse institutions , maintaining - access. Before institutions take any decisions, we would expect them to evaluate their current schemes thoroughly and understand the potential impact of any changes on access. We would also expect them to be able to demonstrate the rationale for changes in the broad context of their commitment to widening participation in line with their widening participation strategic assessment.

In considering adjustments to access agreements, our first priority is to support students from the poorest backgrounds. We understand that evidence and experience may direct some institutions to target their bursary expenditure better, reducing or cutting bursaries or scholarships that are either not means-tested or have very high eligibility thresholds, and redirecting some of this money towards additional outreach or other widening participation measures such as links with schools, colleges and communities where progression to higher education is below average.

We will help give institutions the information they need to review their commitments in this way, building on our recent attitudinal survey data on bursaries with statistical analysis of bursary impact at a national level. We will use the outcomes of this analysis to inform our guidance to institutions in time for them to factor it into their decisions on fee and bursary levels for 2011-12. Decisions for 2011-12 will need to be made once the fee and support levels have been announced – this usually takes place in the summer, although it has been known to be delayed until the autumn if changes to the support arrangements require further planning.

In the meantime, although participation has widened significantly in the last five years, we face a testing time for 2010-11 applications, with record demand and institutional restrictions on over-recruitment. The Government has gone some way to relieving the pressure on places by announcing a further 15,000 full-time undergraduate places in 2010-11, but demand remains at record levels and so competition for places will be fiercer than in previous years. In such conditions, institutions will need to ensure that increased competition does not disproportionately affect disadvantaged applicants more than their advantaged peers.

Improving awareness of bursaries

Bursary take-up has largely been solved thanks to the efforts of universities and as a result of changes to the student finance form. The sector average is now very high. However, there remains an underlying lack of bursary awareness, as demonstrated by the OFFA-commissioned Callender research. Key issues here are the lack of bursary awareness among higher education advisors in schools and colleges, and also the fact that many applicants are not researching bursaries in time for this information to influence their decisions about whether to go to university and, if so, where to go.

Bursaries and scholarships are an integral part of the overall financial package and cannot achieve their full impact if student awareness is low. Much work is already being done to address this situation, both by the SLC through its Student Finance England programme and by individual institutions. For our part, we have already published good practice on how institutions can provide financial information on their websites and more recently have issued good practice for institutions on bursary awareness. We will continue to work with sector bodies, institutions and government agencies to further improve the accessibility, clarity and timeliness of financial information received by students, their parents and advisors.

Keeping access agreements up to date

We will continue to approve minor amendments to access agreements to keep them up to date, for example, changes to reflect confirmed fee and bursary levels for 2010-11 or adjustments to milestones and targets to take account of their WPSA targets. We will also process new agreements for institutions who wish to charge higher fees for the first time, although we anticipate that this will be a very small part of our ongoing work as all HEIs and the majority of large FECs already have access agreements. And we will work with BIS and DCSF to ensure that OFFA and access agreements support other Government policy, for example the Government's information, advice and guidance strategy and the revised Gifted and Talented programme, as well as any necessary changes resulting from the Browne Review and subsequent policy decisions.

Our annual monitoring round

Undertaking the annual monitoring exercise remains a core part of OFFA's ongoing work. We will continue to review our monitoring each year in order to refine the process, enhance the information we receive and improve our service to institutions. The coming year will be the first in which we will see a joint return for HEFCE widening participation strategic assessments and OFFA monitoring. We will continue to work closely with HEFCE to develop guidance for institutions on completing their returns. These are due in December to coincide with HEFCE's annual accountability returns.

Understanding and mitigating risks

Our key risks for the coming year derive from our strategic aims which focus on successfully supporting the sector to maintain and deliver access agreements in the context of their widening participation strategic assessments and the changes to the external environment. We will continue to work closely with institutions and sector colleagues, in particular the SLC, HEBSS steering group and BIS, in understanding and mitigating our risks and achieving our aims. Moving forward, we will continue to work as collaboratively as possible with institutions, sector and student bodies to achieve our shared aims of widening participation and improving access.

Financial results for 2009-10

The accounts cover the year 1 April 2009 to 31 March 2010. The accounts have been prepared in accordance with the direction given by the Secretary of State for Business, Innovation and Skills (BIS), with the approval of the Treasury, in accordance with Schedule 5 (section 8) of the Higher Education Act 2004. The accounts are also produced in accordance with the Financial Memorandum with BIS.

Income

OFFA's total revenue for the year was £15,000 (2008-09: £15,034). This figure does not include grant in aid from BIS as this is treated as financing. This means that the £476,000 grant in aid received this year (2008-09: £514,000) is taken to the balance sheet rather than shown as revenue in the net expenditure account. All of this funding was provided for administrative running costs of the organisation.

Expenditure

Total expenditure before notional cost of capital was £464,261 (2008-09: £545,495). Of this amount £313,004 (2008-09: £312,030) was paid to HEFCE for services provided through a Service Level Agreement (further details in section below). During 2008-09 OFFA asked Birkbeck College to undertake research and consultancy work into good practice for access agreements, which accounted for £90,154 of the expenditure that year. The work was completed and reported on in 2009-10 at a further cost of £9,802. Taking into account the revenue received during the year, OFFA had net expenditure of £449,261 for the year (2008-09: £530,461) which was transferred to general reserves. Reserves at year end totalled £47,234 (2008-09: £20,495 restated under IFRS).

Cash balance

Our Financial Memorandum (FM) with BIS recognises that it may not always be possible to match receipts with payments exactly within each year. In the Financial Memorandum with BIS, the Department considers a level of £40,000 to be a suitable guideline level for cash balances. At 31 March 2010 our cash balance was £45,108 (2008-09: £14,627).

In accordance with the Government Financial Reporting Manual (FReM), the accounts include the notional cost of capital, which amounts to £140 in 2009-10 (2008-09 restated: £150). Notes 1 and 6 to the accounts explain the basis for calculating these charges.

Service Level Agreement with HEFCE

OFFA has a Service Level Agreement with HEFCE for the provision of various services including accommodation, finance, IT and Human Resource support, internal audit and general administrative activities. During the year ending 31 March 2010 OFFA paid HEFCE £313,004 including VAT (2008-09: £312,030) for the services provided through the Service Level Agreement including the costs of directly seconded staff.

Payment of creditors

OFFA is fully committed to the prompt payment of its suppliers' invoices and supports the Better Payment Practice Code. OFFA aims to pay invoices in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of satisfactory goods or services or the presentation of a valid invoice, whichever is the later. All suppliers have been notified of this commitment, through HEFCE, and have been given clear guidelines to help OFFA achieve this aim. Throughout the year HEFCE monitors actual performance against the 30 day target. During the year ending 31 March 2010 the target was met for 99 per cent of invoices (2008-09: 98 per cent).

In November 2008 as a direct response to the risk of business failure arising from late payment, the Prime Minister committed all Government Departments to pay suppliers as soon as possible, and within ten days. Following this, Non-Departmental Public Bodies (NDPBs) were asked to examine and review existing payment practices and performance, and to sustain or move as closely as possible to the ten day payment commitment set for Government Departments wherever practical. OFFA's performance against this new prompt payment target of 80 per cent was 72 per cent in 2009-10 (96 per cent since the rule was introduced on 1 December 2008 to 31 March 2009). The government are proposing to introduce a further prompt payment target of five days with effect from 1 May 2010. OFFA pays relatively few invoices in total. During 2010-11 the current policy of fortnightly payment runs will be reviewed.

A copy of the prompt payment code can be found at http://www.promptpaymentcode.org.uk

How our accounts are audited

The accounts are audited by the Comptroller and Auditor General, who is appointed by Statute. The audit fee is £9,400 (2008-09: £8,100) with an additional charge in 2009-10 of £2,000 in relation to audit work on preparation for the migration to International Financial Reporting Standards (IFRS) (£1,800 in 2008-09). The Comptroller and Auditor General did not provide any non-audit services during 2009-10.

External audit information

So far as the Accounting Officer is aware, there is no relevant audit information of which OFFA's auditors are unaware. The Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that OFFA's auditors are aware of that information.

Financial reporting standards

OFFA's 2008-09 annual accounts were originally prepared under UK Generally Accepted Accounting Practice (UK GAAP). The 2008-09 accounts have now been restated using International Financial Reporting Standards. From 1 April 2009, OFFA, in line with all central government sector organisations, has adopted International Financial Reporting Standards (IFRS) and this set of accounts has been prepared on that basis.

Diversity and equality

OFFA, through its Service Level Agreement with HEFCE, follows HEFCE's policy on diversity and equal opportunities in line with its Equality Scheme (published in January 2007). OFFA, through HEFCE, is committed to making equality and fair treatment – irrespective of race, gender, disability, sexual orientation, age, religion or belief – a core element in the way services are delivered and in the way the organisation is managed.

How we consult employees

OFFA, through HEFCE, recognises the Public and Commercial Services (PCS) union as specified in their partnership agreement and regularly consults with all staff and the PCS union on changes concerning employee relations within the organisations, taking into account the differing views and opinions of colleagues.

Health, safety and welfare at work

OFFA, through its Service Level Agreement with HEFCE, follows HEFCE's Health and Safety at Work policy. HEFCE's aim is to have a clear and comprehensive framework to ensure, as far as reasonably possible, the health and safety of colleagues and others who may at any time be on their premises. The policy recognises the statutory responsibilities for providing a safe and healthy working environment for all members of staff and visitors to HEFCE's offices.

Sickness absence rate

HEFCE monitors sickness absence, including for those staff seconded to OFFA. For individuals the aim is to get early warning of any issues and to be able to support colleagues in dealing with chronic health problems or returning to work after extended periods of sick leave. At the organisational level we believe that sickness is a useful indication of staff satisfaction and wellbeing. Absence due to sickness at HEFCE is very low compared to other organisations (an estimated average of 5.6 working days lost for HEFCE in 2009-10 (2008-09: 4.7), against a public sector median of 6.5 (2008-09: 9.8) and an other sector median of 6.4 (2008-09: 8). HEFCE has recently revised the data collection process for sick leave to ensure that self-certified sick leave is not under recorded.

Environmental indicators

Using advice and guidance from UK Government sources HEFCE has produced a set of environmental performance indicators. The indicators include data on carbon dioxide emissions, energy usage, water usage, waste disposal to landfill and recycled paper. The performance indicators will be updated annually and are available on the web at www.hefce.ac.uk under 'About us'. As OFFA use the HEFCE offices, the performance indicators include OFFA.

Personal data related incidents

OFFA does not hold any personal data and we have not had any personal data related incidents.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access
14 May 2010

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Remuneration Report

Part 1: Audited information

Salary and pension entitlements for senior employees

Salary details are given for the senior employees within OFFA during 2009-10. Figures shown are full year values unless otherwise stated.

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Sir Martin Harris, Director	**40-45**	**40-45**

Remuneration shown above is salary. Sir Martin did not receive any benefits in kind. Salary includes gross salary; performance pay or bonuses; and any other taxable allowances or payments. The monetary value of benefits in kind covers any benefit provided by the employer and is treated by the Inland Revenue as a taxable emolument.

Advisory group

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Dr Michael Goldstein	**0**	**0**
Professor Norman Gower	**0**	**0**
Dr John Rea	**0**	**0**
	0	**0**

The purpose of the group is to assist the Director of Fair Access and OFFA by providing advice on individual access agreements, and on matters of fair access and OFFA policy and procedures.

Members of the group are paid a fee for the work completed, and during the year ending 31 March 2010 no amounts were payable.

Pension benefits

OFFA does not directly contribute to any pension scheme. However during the year it paid HEFCE £30,549 including VAT (2008-09: £32,286, including VAT) towards the cost of contributions to the Principal Civil Service Pension Scheme. This payment relates to the employer contributions of directly seconded staff to OFFA.

Civil Service pensions

The Civil Service pension is an unfunded multi-employer defined benefit scheme notionally backed by the Government. As a result OFFA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

Part 2: Unaudited information

Director of Fair Access

The Director of Fair Access is appointed by the Secretary of State for Business, Innovation and Skills. BIS invoices OFFA the cost of the Director's salary and national insurance contributions. The remuneration of the Director is determined by the Secretary of State for Business, Innovation and Skills.

Sir Martin Harris was appointed as the first Director of Fair Access on 15 October 2004. The Director's role is a part-time position, and was originally equivalent to a 0.5 full time equivalent post. From 14 October 2006 the post became equivalent to 0.4 full time equivalent (i.e. two days a week). The post does not offer any pension entitlements. The appointment was originally for a fixed term of three years, but this has since been extended until 2010. Other than the possibility of payment in lieu of notice, there are no explicit contractual provisions for compensation for early termination of this period. The leave accrual which applies under IFRS to other members of OFFA staff does not therefore apply to Sir Martin Harris.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access 14 May 2010

Statement of the responsibilities of the Director of Fair Access

Under section 8 of schedule 5 to the Higher Education Act 2004, the Director of Fair Access is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Business, Innovation and Skills, with the consent of the Treasury. The accounts are prepared on an accruals basis (modified by the revaluation of fixed assets) and must show a true and fair view of OFFA's state of affairs at the year end and of its revenue and expenditure and cash flows for the financial year.

In preparing the accounts, the Director of Fair Access as 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 the Secretary of State for Business, Innovation and Skills, 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 have been followed and disclose and explain material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for BIS has designated the Director as the Accounting Officer for OFFA. His relevant responsibilities as OFFA Accounting Officer, including his responsibilities for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers' Memorandum, issued by the Treasury and published in 'Managing Public Money'.

Statement by the Director on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OFFA's policies, aims and objectives, whilst safeguarding the public funds for which I am personally responsible, in accordance with the responsibilities assigned to me in the Treasury guidance 'Managing Public Money'.

The system of internal control relies partly on my monitoring of the effectiveness of the Service Level Agreement with the Higher Education Funding Council for England which includes the provision of financial management, information management and internal audit services.

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The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of OFFA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in OFFA for the year ended 31 March 2010 and up to the date of the approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

OFFA's approach to risk management, explained in our Assurance Framework, is designed to identify the significant strategic and operational risks to achieving our strategic aims and business objectives, to evaluate the nature and extent of these risks, and to manage them effectively, efficiently and economically.

The Assurance Framework is appropriate for the level of risks faced by the organisation. OFFA's risks are clearly set out and defined and their management is assigned to the relevant people within the organisation as appropriate to their authority and duties. The allocation of roles and responsibilities within OFFA in respect of risk management has ensured that OFFA's risk management activities remain effective. While I am ultimately responsible for ensuring that the system of internal control is effective in managing the Council's risks I am supported in this process by my Assistant Director and the rest of the OFFA team. As a very small organisation with a limited remit our risks are well understood across the organisation and risk management is embedded into our operational planning. To support the management of both our strategic and operational risks, all staff have access to HEFCE's intranet-based tools and guidance, as well as training in risk management, partly through the project management approach and through the internal audit team, acting in its advisory role.

Due to our size, we place significant reliance on HEFCE systems and services, including internal audit services and assurance advice. This includes reliance on HEFCE's information management arrangements. HEFCE continue to strengthen their information management and assurance arrangements in response to the issue of the HMG Security Policy Framework by the Cabinet Office. In particular they are working closely with BIS to ensure they meet their requirements and adopt new security measures that are appropriate to HEFCE. OFFA works with HEFCE and BIS to ensure that HEFCE's arrangements and services are appropriate for OFFA.

Following agreement with BIS, and due to its small size, OFFA is not required to have an audit committee. External auditors are able to raise issues with the sponsoring team in BIS and subsequently the BIS audit committee and the internal auditors' terms of reference include a clear reporting line for the Head of Internal Audit to the BIS Accounting Officer and Head of Internal Audit. No such matters were raised in 2009-10.

During the year the BIS Higher Ambitions' blueprint placed a greater emphasis on the progress in widening access to the most selective institutions and I was asked to write a report on this issue for the Minister and to feed into the Independent Review of Higher Education Funding and Student Finance (hereafter referred to as 'the Review'). This, together with OFFA's other responsibilities to provide evidence to the Review, has placed significant additional requirements on OFFA, alongside our normal business. This will continue into next year as I complete my Report to the Minister and respond to the second call for evidence in May 2010. There will also be challenges in the year ahead, in the context of the current economic and financial climate, in terms of expected pressure from institutions to find efficiencies within their access agreement expenditure that does not dilute their contribution to widening participation. In addition to this, there will be increased pressure on widening participation caused by increased competition for full-time undergraduate places, as a result of record demand and limited supply. OFFA's strategic risks have been adapted to focus on these issues.

OFFA currently has a limited ability to plan beyond the short term as there is a high level of uncertainty around the outcomes of the Independent Review of Higher Education Funding and Student Finance and any subsequent Government decisions around tuition fees and student support which could have a fundamental impact on the role and remit of OFFA. However, plans are in place to continue with our current business in the interim period between the outcomes of the Review and any new legislation in this area. OFFA keeps abreast of current government thinking through our close relations with the Department.

The risk and control framework

OFFA's approach to risk management is based on a process designed to identify the significant risks to achieving our strategic aims and objectives, to evaluate the nature and extent of these risks, and to manage them effectively, efficiently and economically. In addition to managing strategic risks, there are arrangements in place to manage ongoing operational risks including those pertaining to information. OFFA's Assurance Framework sets out more fully the Office's risk management policy.

As a public body under the sponsorship of the Department of Business, Innovation and Skills (BIS), our strategic risk appetite is aligned to the government's priorities and objectives for higher education. We are also largely reliant on the HE sector (universities, colleges and other organisations) to help us deliver our objectives. This means that our strategic risks are to a large extent subject to external factors and therefore often relatively high, though our risk appetite for many of our operational risks is relatively low, reflecting our desire to protect our credibility as a regulator and enhance our effectiveness as an organisation. We work closely with key stakeholders to communicate our risks and to work on solutions.

Our risk register comprises our strategic risks as well as our more significant operational risks. The risk register is comprehensively reviewed annually by the whole OFFA team and more regularly by the Assistant Director and team members as appropriate. Any significant risks are brought to my attention when they arise.

Our strategic plan 2005 to 2010, originally published in December 2005 and updated in February 2009 to take account of our experience of the first three years of operation of the new fee and support arrangements, will be comprehensively reviewed in the light of the outcomes of the Review, subsequent government policy direction and when the future role of OFFA is clear.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by:

- regular discussions with OFFA managers regarding OFFA's strategic direction and business and operational plans. This includes identification of risks and agreement on ensuring that appropriate control measures are being taken
- reports from managers within OFFA who have responsibility for the development and maintenance of the internal control framework including risk management

- reports from the internal audit service provided by HEFCE under the Service Level Agreement
- an annual report from the Head of Internal Audit, provided under the Service Level Agreement, which includes an opinion on the effectiveness of the risk management process and adequacy of internal controls
- comments made by the external auditors in their management letter and other reports
- reports related to reviews of OFFA's work or operations.

This information and processes provide the basis for continual review and improvement of the effectiveness of OFFA's risk management. I have been advised on the implications of the results of my review of the effectiveness of the system of internal controls by my senior managers and no significant internal control issues have been identified which would have affected the achievement of OFFA's objectives or goals.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access

14 May 2010

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Office for Fair Access for the year ended 31 March 2010 under the Higher Education Act 2004. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Director of Fair Access and auditor

As explained more fully in the Statement of the Director of Fair Access' Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Office for Fair Access' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Office for Fair Access and the overall presentation of the financial statements.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Office for Fair Access affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Higher Education Act 2004 and the Secretary of State for Business, Innovation and Skills' directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State for Business, Innovation, and Skills' directions issued under the Higher Education Act 2004; and
- the information given in the Management Commentary, included within the Annual Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
157 - 197 Buckingham Palace Road
Victoria
London SWIW 9SP

25 May 2010

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Net expenditure account for the year ending 31 March 2010

	Note	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Expenditure			
Staff costs	3	295,139	282,191
Other expenditures	4	169,122	263,304
Total expenditure		464,261	545,495
Revenue			
Revenue from activities	5	15,000	15,034
Total revenue		15,000	15,034
Net expenditure		449,261	530,461
Notional cost of capital	6	140	150
Net expenditure after notional cost of capital		449,401	530,611
Reversal of notional cost of capital		(140)	(150)
Net expenditure for the year transferred to general reserve		449,261	530,461

All OFFA operations are continuing.

The notes on pages 48 to 56 form part of these accounts.

Statement of financial position as at 31 March 2010

	Note	As at 31 March 2010 £	As at 31 March 2009 £	As at 1 April 2008 £
Current assets				
Trade receivables and other current assets	8	**31,250**	**19,902**	**15,000**
Cash	9	**45,108**	**14,627**	**34,230**
		76,358	**34,529**	**49,230**
Current liabilities				
Trade payables and other current liabilities	10	**(29,124)**	**(14,034)**	**(12,274)**
Non-current assets plus net current assets		**47,234**	**20,495**	**36,956**
Total assets		**47,234**	**20,495**	**36,956**
Assets less liabilities		**47,234**	**20,495**	**36,956**
Taxpayers' equity				
General reserve		**47,234**	**20,495**	**36,956**
		47,234	**20,495**	**36,956**

Sir Martin Harris
Director and Accounting Officer
Office for Fair Access

14 May 2010

The notes on pages 48 to 56 form part of these accounts.

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Statement of cash flows for the year to 31 March 2010

	Note	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Cash flows from operating activities			
Net deficit after notional cost of capital		(449,401)	(530,611)
Adjustment for notional cost of capital	6	140	150
(Increase)/decrease in trade receivables and other current assets	8	(11,348)	(4,902)
Increase/(decrease) in trade payables and other current liabilities	10	15,090	1,760
Net cash inflow / (outflow) from operating activities		**(445,519)**	**(533,603)**
Cash flows from financing activities			
Grants from parent department		476,000	514,000
Net cash inflow from financing activities		**476,000**	**514,000**
Net financing			
Net increase/(decrease) in cash for the year	9	30,481	(19,603)
Cash at beginning of period	**9**	**14,627**	**34,230**
Cash at end of period	**9**	**45,108**	**14,627**

The notes on pages 48 to 56 form part of these accounts.

Statement of changes in taxpayers equity for the year ended 31 March 2010

	Note	General Reserve Year ended 31 March 2010 £
Balance as at 31 March 2008		**42,680**
Changes in accounting policy	2	**(5,724)**
Restated balance as at 1 April 2008		**36,956**
Changes in reserves 2008-09		
Balance as at 1 April		**36,956**
Grant from parent department		**514,000**
Net expenditure transferred in the year		**(530,461)**
Balance as at 31 March 2009		**20,495**
Changes in reserves 2009-10		
Balance as at 1 April		**20,495**
Grant from parent department		**476,000**
Net expenditure transferred in the year		**(449,261)**
Balance as at 31 March 2010		**47,234**

The notes on pages 48 to 56 form part of these accounts.

09-10 Financial statements

Notes to the accounts for the year to 31 March 2010

1 IFRS accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FreM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Office of Fair Access for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Office for Fair Access are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

This is the first year OFFA has produced accounts under International Financial Reporting Standards (IFRS). The effect of transition from UK GAAP to IFRS is shown in note 2.

Accounting convention

The accounts are prepared under the historical cost convention.

Standards, interpretations and amendments to published standards which are not yet effective

The IASB and IFRIC issued the following standards and interpretations (see table opposite) with an effective date after the date of these financial statements. Where the changes are relevant to OFFA's circumstances they will be adopted at the effective date. They have not been adopted early and their adoption is not expected to have a material impact on OFFA's reported income or net assets in the period of adoption.

Going concern

The net expenditure shown on the net expenditure account is fully funded by BIS through running cost grant-in-aid. This funding is taken directly to reserves (Statement of Changes in Taxpayers Equity). Funding for 2010-11 has already been included in the Department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to prepare these financial statements on a 'going concern' basis. However, it should be noted that an independent review of Higher Education Funding and Student Finance is due to report from the autumn of 2010 and the outcomes of this and subsequent political decisions may have an impact on the work of OFFA in the future.

Operating segments

OFFA is a very small body with the overall objective of supporting widening participation and fair access within higher education institutions. The Accounting Officer reviews reports on OFFA as an entity with costs analyzed in a similar way to that shown in the financial statements. OFFA receives revenue from the Department of Employment and Learning Northern Ireland (DELNI). The activities OFFA provides for DELNI are the same as those it provides in England, except that due to different legislative arrangements any guidance is formally issued by that Department. The Accounting Officer therefore considers that under IFRS 8 Operating Segments OFFA activities comprise one operating segment.

Financial instruments

Assets and liabilities that meet the definition of financial instruments are accounted for in compliance with IFRS 7 and International Accounting Policy Standards 33 and 39 where material. Receivables and payables falling due within one year are measured at cost on the basis that this is a reasonable approximation of fair value.

Standards and interpretations		Effective date
IAS 8	Accounting Policies: Requires organisations to disclose details of any IFRS that has been issued but is not yet effective. As at 31 March 2010 the following IFRS, none of which will be applicable to OFFA's annual accounts, have been issued but are not effective.	
IFRS 9	Financial Instruments – classification and measurement	January 2013
IFRS 1	First Time Adoption: IFRS 1 has been revised and restructured, but there has been no change in the substance of the standard	1 July 2009
IAS 24	Related Party Disclosures: Simplifies and clarifies definition	1 January 2011
IFRS 8	Operating segments: Clarifies that segmental information for total assets is required only if such amounts are regularly reported to the chief operating decision maker.	1 January 2010
IAS 7	Statement of Cash Flows: Clarifies that only expenditure that results in the recognition of an asset can be classified as a cash flow from investing activities.	1 January 2010
IAS39	Financial Instruments – Recognition and Measurement: Clarifies that a loan prepayment option is not separable where the penalties incurred compensate the lender for loss of interest income.	1 January 2010

The above impacts have not been quantified and are not expected to be material. Other standards issued but not yet effective were not judged to be relevant to OFFA's circumstances.

Employee benefits

Short term employee benefits comprising salaries, social security contributions and paid annual and sick leave for staff seconded to OFFA under the Service Level Agreement (SLA) are recognised in the year in which the related service is performed. The exception to this is that any staff bonus awarded by HEFCE to seconded staff is recognised in the year in which a reliable estimate of the obligation can be made, which is when the decision to pay a specified bonus is made. In addition to costs payable under the SLA the cost of any untaken annual leave days is accrued at the year end, and the in year movement is taken to the Net Expenditure Account.

OFFA's post employment benefits liability under the Principle Civil Service Pension Scheme (PCSPS) is limited to the pension contributions paid to HEFCE under the SLA and is recognized in the year in which the related service is performed. PCSPS is described in more detail in the remuneration report.

Property, plant and equipment

OFFA has no property, plant or equipment other than that which is provided by HEFCE under a Service Level Agreement.

Grants from the Department of Business, Innovation and Skills (BIS)

All grant from the parent department (BIS) is treated as financing as it is a contribution from controlling parties giving rise to a financial interest. It is recorded as financing in the cash flow statement and credited to the general reserve.

09-10 Financial statements

Revenue

Revenue is received from the Department for Employment and Learning Northern Ireland (DELNI) in respect of services provided under a Service Level Agreement covering advice on access agreements in Northern Ireland. Miscellaneous revenue is also received from other organisations. Revenue is accounted for on an accruals basis.

Cash and cash equivalents

All revenue is received as cash. OFFA does not hold cash equivalents.

Accounting for Service Level Agreement with HEFCE

The costs of staff seconded to OFFA under the Service Level Agreement with HEFCE are included in staff costs. The cost of central support functions provided under the agreement, including the costs of staff performing these activities, are included within other administration costs.

Notional cost of capital

The FreM requires NDPBs to disclose the full cost of their activities in their accounts. OFFA has therefore included in its accounts charges for the notional cost of capital. The notional cost of capital has been arrived at by using the HM Treasury prescribed rate of 3.5 per cent per annum of the average capital employed. In accordance with HM Treasury guidance, non-interest bearing bank balances with the Government Banking Service are excluded from the calculation of notional cost of capital employed.

Provisions for liabilities and charges

Provisions are recognised when OFFA has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. OFFA has no provisions for the year ending 31 March 2010.

Taxation

OFFA does not trade and hence is not liable for Corporation Tax. Also OFFA has insufficient chargeable output to warrant registration for VAT. Costs are shown inclusive of VAT where applicable, including staff costs, which are provided as a service by HEFCE.

2 First time adoption of IFRS for year ended 31 March 2009

This is the first year OFFA has produced accounts under International Financial Reporting Standards. The date of transition from UK GAAP to IFRS is 1 April 2008, and the following reconciliations (see tables opposite) show the changes to the Net Expenditure Account for the financial year 2008-09 and the Statement of Financial Position from 31 March to 1 April 2009.

Explanation for changes due to IFRS

IAS 19 Employee benefits – OFFA has accrued for the cost of outstanding annual leave not taken as at 1 April 2009 of £6,059 (1 April 2008 £5,724). This reduced net assets at 1 April 2009 by this amount. As at 31 March 2010 the accrual was increased to £9,651 and resulted in a £3,592 increase in OFFA's 2009-10 net expenditure after notional costs of capital.

The move from FRS to IFRS had no effect on the cash balance.

	2008-09 UK GAAP £	Employee Benefits IAS 19 £	2008-09 IFRS £
Revenue and expenditure changes			
Staff costs	281,856	335	282,191
Other expenditures	263,304		263,304
Revenue	(15,034)		(15,034)
Net expenditure	530,126	335	530,461
Notional cost of capital	357	(207)	150
Net expenditure after notional cost of capital	530,483	128	530,611
Reversal of notional cost of capital	(357)	207	(150)
Net expenditure transferred to reserves	530,126	335	530,461

	31 March 2008 UK GAAP £	Employee Benefits IAS 19 £	1 April 2008 IFRS £
Statement of financial position changes			
Current assets	49,230		49,230
Current liabilities	(6,550)	(5,724)	(12,274)
Taxpayers equity: general reserve	42,680	(5,724)	36,956

	31 March 2009 UK GAAP £	Employee Benefits IAS 19 £	31 March 2009 IFRS £
Statement of Financial position changes			
Current assets	34,529		34,529
Current liabilities	(7,975)	(6,059)	(14,034)
Taxpayers equity: general reserve	26,554	(6,059)	20,495

3 Staff numbers and related costs

Staff costs

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Staff employed by OFFA (including the Director and directly seconded staff)		
Salaries	211,286	209,102
Social security costs	18,091	18,086
Other pension costs	30,549	32,286
	259,926	259,474
Costs of employing contract, agency and temporary staff*	35,213	22,717
	295,139	282,191

* This line includes the payments to the Advisory group members (2009-10: £nil; 2008-09 £nil)

Average numbers of persons employed

	Year ended 31 March 2010 Number	Year ended 31 March 2009 Number
The average actual number of whole time equivalent persons employed during the year, including the Director, was:		
Directly employed	3.9	4.1
Average number of contract, agency and temporary staff	0.9	0.7
	4.8	4.8

Salaries

Salary includes gross salary, overtime, pay rises, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. HEFCE invoice OFFA for the staff costs plus VAT. Annual settlements are awarded from 1 August each year for HEFCE seconded staff.

The Director of OFFA is employed for 2 days per week (0.4 whole time equivalent) directly by BIS. An annual pay increase for the Director of OFFA is determined by BIS and is awarded with effect from 15 October each year. None of OFFA's staff are employed on capital projects.

4 Other expenditure

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
External audit fee*	11,400	9,900
Consultancy and legal fees	34,179	116,431
General administrative payments	1,113	1,029
Publications, printing, publicity	5,233	3,975
Recruitment and training	6,363	16,400
Service Level Agreement with HEFCE:		
– Accommodation and housing services	26,653	29,269
– IT, Finance and HR services	47,303	48,499
– Budget Management and Assurance services	11,847	11,906
– Other general expenses	10,703	8,676
– Internal Audit – provided by HEFCE	5,404	2,549
Internal Audit – outsourced	0	1,902
Telephone and postage	0	674
Travel and subsistence for staff	8,924	12,094
	169,122	263,304

*The external auditors received no remuneration for non audit services. The audit fee is £9,400 (2008-09: £8,100) with an additional charge in 2009-10 of £2,000 (2008-09 £1,800) in relation to audit work on preparation for the migration to International Financial Reporting Standards (IFRS).

HEFCE provides internal audit services to OFFA as part of the Service Level Agreement. These services can be performed either by HEFCE's own staff or outsourced at the Head of Internal Audit's discretion. These costs are classified as other administration to aid comparison of total internal audit costs between years.

5 Revenue

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Revenue		
Revenue from activities	15,000	15,034
Total revenue	15,000	15,034

Of this amount £15,000 is in relation to revenue from the Department of Employment and Learning Northern Ireland in respect of services provided under a Service Level Agreement. The financial objective of such an arrangement is to recover contributions against costs, rather than to generate additional revenue.

6 Notional cost of capital

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Capital employed as at 1 April	5,868	2,726
Capital employed as at 31 March	2,126	5,868
Average capital employed	3,997	4,297
Notional cost of capital	(140)	(150)

7 Financial instrument risks

Financial instruments are not significant in respect of OFFA's financial position and performance.

IFRS 7 and International Accounting Standards (IAS) 32 and 39 require an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance and on the extent of its risk profile. As a non-departmental public body (NDPB) funded by the Government, OFFA is not exposed to credit, liquidity, market or interest rate risks arising from any of its normal operations. OFFA has no overseas operations or foreign currency bank accounts; and therefore no currency risks arise.

The organisation has no fixed assets and therefore objectives, policies and processes relate principally to cash management.

8 Trade receivables and other current assets

All amounts falling due within one year:	As at 31 March 2010 £	As at 31 March 2009 £	As at 1 April 2008 £
(a) analysis by type			
Trade receivables and other current assets	15,000	15,000	15,000
Prepayments	16,250	4,902	0
	31,250	19,902	15,000
(b) analysis by source			
Other central government bodies	15,000	15,000	15,000
Bodies external to government	16,250	4,902	0
	31,250	19,902	15,000

9 Cash and cash equivalents

	As at 31 March 2010 £	As at 31 March 2009 £
Balance at 1 April	14,627	34,230
Net change in cash and cash equivalent balances	30,481	(19,603)
Balance at 31 March	45,108	14,627
The following balances at 31 March were held at:		
Government Banking Service	45,108	14,627
Balance at 31 March	45,108	14,627

During the year 2009-10 OFFA migrated to the new Government Banking Service (GBS) in readiness for Bank of England withdrawal from retail banking (effective 1 April 2010).

10 Trade payables and other current liabilities

All amounts falling due within one year	As at 31 March 2010 £	As at 31 March 2009 £	As at 1 April 2008 £
(a) analysis by type			
Accruals and deferred revenue	29,124	14,034	12,274
	29,124	14,034	12,274
(b) analysis by source			
Other central government bodies	4,102	0	0
Bodies external to government	25,022	14,034	12,274
	29,124	**14,034**	**12,274**

11 Contingent liabilities disclosed under IAS 37

OFFA had no contingent liabilities at 31 March 2010.

12 Related party transactions

OFFA is a non-departmental public body sponsored by its parent department BIS, and therefore BIS is regarded as a related party.

OFFA has a Service Level Agreement (SLA) with HEFCE, through which HEFCE provides a number of services to OFFA. During the year OFFA paid HEFCE £313,004 (2008-09: £312,030) for the services provided through the SLA including the costs of directly seconded staff. Of this amount £211,094 (2008-09: £211,132) relates to staff costs.

Details of relationships are held in OFFA's register of interests, which is available on request.

13 Events after the balance sheet date

There have been no events after the balance sheet date requiring an adjustment to the financial statements.

The financial statements were authorised for issue on 25 May 2010 by Sir Martin Harris (Accounting Officer).

Office for Fair Access
Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD
tel 0117 931 7171
fax 0117 931 7083
www.offa.org.uk

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