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Office for Fair Access Annual Report and Accounts 2008–09

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contents

Director's foreword

This has been another busy year for OFFA which has seen us both conduct a second round of monitoring of access agreements and also work with the Higher Education Funding Council (HEFCE) on the launch of the new Widening Participation Strategic Assessments.

Our monitoring findings for 2007-08

The results of this year's monitoring are very encouraging and demonstrate the continued commitment by the sector to making sure that students are not deterred from higher education on financial grounds. Our analysis shows that in 2007-08, the second year of the new student finance system, universities and colleges spent £192 million on bursaries and scholarships for students from lower income and other under-represented groups. This represents 21.8 per cent of the additional income they received from charging higher fees. Universities and colleges also spent just under £27 million on additional outreach, up £6 million from 2006-07.

Improved bursary take-up

We were particularly pleased by the improvement in bursary take-up, which rose from around 80% take-up among the lowest income group[1] in 2006-07 to 92 per cent in 2007-08. And we expect next year's take-up figures to improve still further following changes to the student finance application form for the 2008-09 intake. However, awareness of bursaries is still an issue, particularly among prospective students as they make decisions about which universities to apply to and which offers to accept. We are producing good practice guidance on this in the first half of the coming year, in the light of which institutions may wish to review their bursary information and marketing campaigns.

This year, in response to a request from the Innovation, Universities and Skills Select Committee, we gathered more data on how institutions were targeting their bursary expenditure. As a result, we were able to report that more than 70 per cent of the bursary and scholarship money spent by universities and colleges in 2007-08 went to the very lowest income group, helping almost 133,000 students with a household income of less than £17,910. Overall, more than 205,000 students from lower income and other under-represented groups received a bursary.

Applications continue to rise

Looking beyond our monitoring at the wider picture, we are pleased at the continued rise in applications to universities and colleges as well as the proportion of students classified in lower socio-economic groups (NS-SEC 4 to 7). However, as yet we have no evidence that the precise amount of bursary available at the age of 18 is having a significant impact on the decision-making process of applicants. This suggests that whilst the current package of support is not deterring students from higher education, institutional support does not at present appear to be a primary factor in most students' choice of institution.

In the meantime, widening participation is moving on, focusing increasingly on raising aspirations and attainment at an early age. Reports from the National Council for Educational Excellence (NCEE) and the National Audit Office (NAO) both highlighted the need for pupils to receive quality support, advice and guidance at an early age. The NAO report also highlighted the need for a better understanding of what works best in widening participation, thus enabling resources to be targeted more effectively.

Time is right for fuller evaluation of access agreements

Up to now, we have seen many adjustments to access agreements but these changes have mainly been to reflect changes in the thresholds for state support or address bursary take-up issues. Now, three years into the new student finance system the time is right for institutions to evaluate their access agreements more fully. The independent review of fees will start before the year is out but may well not report until after the next election. And if Parliament does decide to raise the fee cap, it is unlikely that this would be implemented before 2013 because of the need for careful consideration and consultation on

[1] Students eligible to receive the full state maintenance grant.

Sir Martin Harris in a meeting with members of the OFFA team.

the impact of any rise on state and institutional support. Clearly, institutions will not want to wait until then to assess their own policies and identify where money is being spent most effectively.

New widening participation strategic assessments

Now is therefore a perfect time for institutions to review their access agreements in this way, since evaluating the effectiveness of widening participation activities is one of the key requirements of the new widening participation strategic assessments (WPSAs). This new document follows a request from the Secretary of State for Innovation, Universities and Skills for a single document bringing together institutions' widening participation and fair access policies. WPSAs will include access agreements and so allow institutions to show the full extent of their widening participation commitments both inside and outside access agreements. We have been working closely with HEFCE to develop guidance for strategic assessments to ensure that access agreements are integrated within institutions' broader widening participation strategy. We look forward to the submission of the first WPSAs at the end of June.

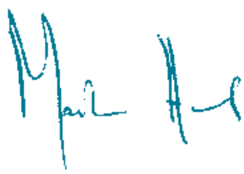
Some institutions may want to rebalance funds

When reviewing their access agreements and their broader widening participation policies, some institutions may find evidence indicating that some rebalancing of funds might be appropriate. For example, some money currently used to provide bursaries, perhaps at the tail end to students just above the poorest categories, might be more effectively spent on other widening participation measures, such as developing stronger links with particular schools, colleges and communities.

We are certainly not suggesting a wholesale reduction in bursary expenditure, but rather that institutions use the funds available to best effect based on their own evidence and evaluation. Bursaries will continue to play an important role in making sure that students are not deterred from higher education on financial grounds. But if, for example, institutions find that their bursaries for higher income students have had little impact on recruitment or retention, they might choose to divert some of this money into links with schools, further education colleges and communities where progress to higher education is below average. We will be supportive of any such redistribution, provided there is a sound rationale and evidence behind any changes. It may be therefore that, in future years, our monitoring reveals some decreases in bursary expenditure accompanied by an increase in other forms of outreach expenditure.

Interesting times ahead

So, as we prepare for the forthcoming fees review, as institutions review their access agreements, and evidence of any impact on recruitment and retention starts to emerge, next year looks likely to be busier than ever. Exciting times lie ahead – we look forward to them with our usual energy and commitment!



Sir Martin Harris

Director, Office for Fair Access
5 May 2009

management

commentary

Ben, *1st year, Video Game design student*

“I got a letter inviting me to apply for a bursary. I applied for it and it all went through fine. I get about £1,000.”

OFFA's role and responsibilities

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.

OFFA is a small non-departmental public body consisting of a Director, Sir Martin Harris; three full-time staff; and two part-time members of staff. We were established in October 2004 under Part 3 of the Higher Education Act 2004 and are sponsored by the Department for Innovation, Universities and Skills (DIUS), reporting to the DIUS 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.

OFFA's role, as defined by the Higher Education Act 2004 and set out in 'OFFA's Strategic Plan 2005-10' (OFFA 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.

Strategic aims

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

a. To support and encourage improvements in participation rates in higher education from low income and other under-represented groups.

b. 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; and

c. To support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and their advisers.

Mission

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

Beth, ***2nd year, Media and English Literature student***

“(Before coming to university) I had to research my options… whether I had to work during my course. (You have to) make sure you have your budgeting worked out.”

Performance and achievements

In this second year of operation under the new fee and support regime, we have focused on improving the performance of the sector in delivering the commitments in their access agreements as effectively as possible, on improving our own systems and on refining our information requirements. We have also worked in close partnership with the Higher Education Funding Council (HEFCE) to develop the new widening participation strategic assessments (WPSAs).

OFFA's core functions are to approve and maintain access agreements. There is an ongoing need to update our records or revise access agreements in response to annual inflationary changes to student support and fee levels as well as other more significant changes to support. Where necessary, we have issued guidance to institutions and collected the necessary information to update our records as well as sharing information on fee levels with the Student Loans Company (SLC). We have also received a small number of new agreements this year.

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 have successfully completed our second round of institutional monitoring.

Following a review of our first round of monitoring, including a survey of institutions' experience, we sought to improve the checks and balances in the reporting process and used data from the Higher Education Bursary and Scholarship Scheme (HEBSS) to reduce the level of burden on institutions. Also, following a recommendation from the Innovation, Universities, Science and Skills Parliamentary Select Committee inquiry into the Office for Fair Access (2 June 2008), we asked institutions to report on their bursary expenditure by different income thresholds. This enables us to identify how much money is being spent on the lowest income group.

Our published outcomes report (OFFA 2009/02) shows that the higher education sector is meeting its access agreement commitments and is making good progress in promoting and safeguarding access to higher education for lower income and other under-represented groups.

HEIs received £878 million in additional fee income during the year, from which they gave back £192 million in financial support for lower income and other under-represented groups. This represents 22 per cent of additional fee income. They spent a further £27 million, representing 3 per cent of additional fee income, on additional outreach activity. This means that the sector continues to spend around a quarter of additional fee income on access measures committed to under access agreements, considerably exceeding the original expectations at the time variable fees were introduced.

Over 205,000 students from lower income and other under-represented groups benefited from a bursary or scholarship of which almost 133,000 were in the lowest income category of up to £17,910 (the threshold for a full state grant). This confirms that at sector level, in line with policy expectations, institutions' expenditure on financial support is predominantly targeted at the lowest income groups. Every eligible student who applied for a bursary appears to have received one.

Bursary take-up was a significant issue in 2006-07 largely due to a data sharing problem related to the Higher Education Bursary and Scholarship Scheme (HEBSS) which the majority of institutions use to administer their bursaries. Under the scheme students need 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 and as a result some missed out on their bursary entitlement.

We have worked with institutions and the SLC to address this problem. We set out our expectation that institutions should work to tackle this issue at an institutional level, complementing efforts made by the SLC to improve the proportion of students consenting to share their financial information. These efforts included an SLC telephone campaign alerting eligible students who had not consented to share their financial information to the benefits of doing so. As a result of all 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 90 per cent in 2007-08. The number of students in this income group who may have missed out on a bursary has fallen considerably from around 12,000 across one student intake in 2006-07 to around 6,500 per student intake (13,000 in total across the two intakes) in 2007-08. While there is still work to be done, the improvement in take-up is encouraging and reflects institutions' determination to deliver on their commitments to their students.

Still on bursary take-up, recognising that bursary awareness and take-up is an issue, we commissioned Birkbeck, University of London and the National Institute for Economic and Social Research (NIESR) to produce research-based good practice on improving bursary awareness and take-up. This work looks at students', parents' and advisors' knowledge of bursaries and scholarships with a view to identifying areas for improvement and sharing good practice. It is due to report in May 2009.

Also this year we have worked closely with DIUS, the SLC and the HEBSS Steering Group to ensure that data-sharing issues arising from changes to the way in which the SLC collects financial information do not adversely affect the HEBSS system of delivering bursaries.

Following a call from the Secretary of State for Innovation, Universities and Skills in May 2008 and recommendations from the National Audit Office (NAO) and the National Council for Educational Excellence (NCEE) later the same year[2], we have worked closely with HEFCE and the sector to develop a framework for widening participation strategic assessments that fully integrates access agreements.

Following consultation with the sector, joint HEFCE and OFFA guidance was published in January 2009 and joint conferences were delivered in March 2009 to explore any issues emerging from the guidance and to help institutions develop their strategic assessments. Institutions have been asked to submit their assessments to HEFCE by the end of June 2009.

We continue to support institutions', DIUS and SLC communications campaigns to raise student awareness of financial support, in particular bursaries and scholarships. We do this through our stakeholder links as well as supporting the Times Higher Award for Outstanding Student Financial Support Package. Sir Martin Harris chaired the judging panel and we were very pleased to present to Oxford Brookes University. Their bursary scheme includes a regional participation scholarship which is used to forge new relationships with regional schools and colleges and raise financial awareness around student support. We were also pleased to commend the University of Westminster for its range of scholarships benefiting particularly disadvantaged groups including care leavers and ex-prisoners.

Through regular communication with DIUS, UCAS, and the sector we have 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 are pleased that UCAS applications continue to rise and that the proportions of accepted applicants from lower socio-economic groups are also gradually increasing.

We continue to encourage institutions to support care leavers into higher education by promoting the Frank Buttle Trust Quality Mark and encouraging institutions to recognise any costs of establishing and maintaining the quality mark in their access agreement.

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[2] Recognising that access agreements provided only a partial picture of widening participation activity and commitments, in May 2008 the Secretary of State for Innovation, Universities and Skills asked HEFCE and OFFA for advice on how we could bring together institutions' widening participation and fair access policies into a single document. In June 2008 the National Audit Office's report 'Widening participation in Higher Education' recommended that we should take forward the idea of a new strategic widening participation document incorporating access agreements. The National Council for Educational Excellence endorsed this in the higher education recommendations of its report published in October 2008.

In February 2009 we updated our strategic plan 2005-10 to take account of our experience of the first two years of operation of the new fee and support arrangements. Our mission and strategic aims remain unchanged, though some of our performance indicators have been amended to reflect more accurately the metrics available to us to measure performance. A fuller review of our strategic plan will be necessary following the outcomes of the review into the first three years of the fee and support arrangements, due to start later this year.

In performing our role we have continued to work collaboratively and transparently with the sector, minimising bureaucracy whilst securing a generous set of access agreements for low-income and other under-represented groups.

Achievements in 2008-09

During the year OFFA:

- provided a general enquiry service regarding access agreements and related issues for institutions and the public
- kept institutions updated on external issues which might impact on the content or operation of existing access agreements and provided guidance notes on any necessary revisions to agreements or bursary rules
- confirmed fee and bursary levels with all institutions for 2009-10 and revised financial estimates where appropriate
- reviewed and developed our annual monitoring process in the light of the first year's experience
- conducted the second annual monitoring of access agreements and published an outcome report
- 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 address data sharing and other operational issues on bursary payments
- worked closely with DIUS to ensure joined-up policy between access agreements and broader widening participation initiatives
- worked closely with HEFCE to develop widening participation strategic assessments including developing guidance and delivering conferences
- commissioned good practice guidance for institutions on increasing bursary awareness and take-up
- continued to provide advice and guidance to the Department for Employment and Learning Northern Ireland (DELNI) on access agreements and related issues
- Updated our strategic plan.

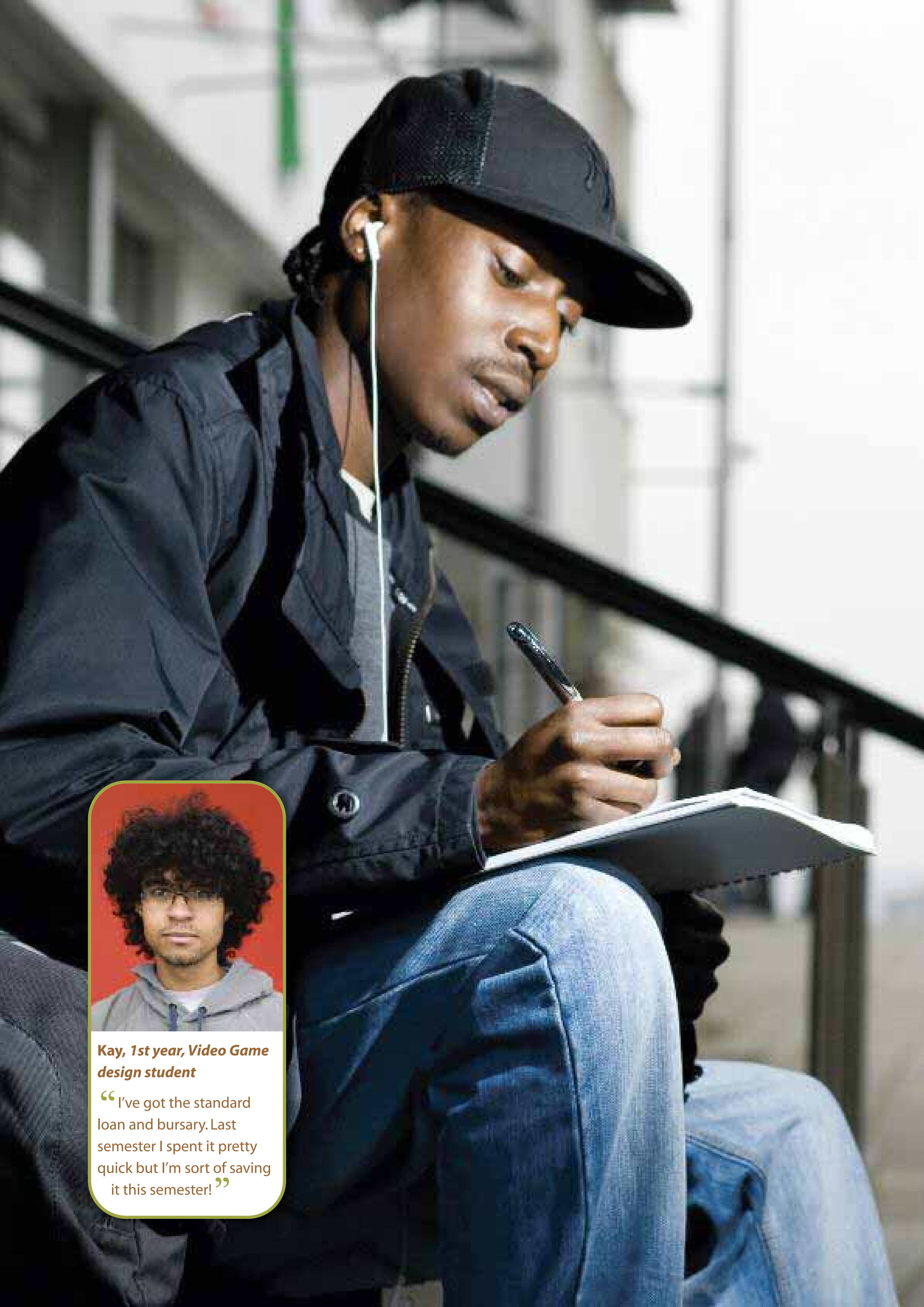
Monitoring

For institutions with an access agreement in force in 2007-08 OFFA:

- assessed monitoring returns for 123 HEIs
- assessed monitoring returns for 46 FECs and 37 SCITTs and other institutions – some information remains outstanding for 2 SCITTs
- issued outcome letters with the results of our assessment and guidance for HEIs on further actions
- published an outcomes report giving an overview of our findings.

Access agreements

- processed and approved 5 new English access agreements (1 HEI, 1 FEC, 3 SCITTs)
- processed and approved amendments to agreements for 103 institutions (67 HEIs, 15 FECs and 21 SCITTs).



Kay, *1st year, Video Game design student*

“I’ve got the standard loan and bursary. Last semester I spent it pretty quick but I’m sort of saving it this semester!”

Analysis: facts and figures

Existing access agreements

As at 31 March 2009 there were 222 institutions with live access agreements comprising:

- 123 Higher Education Institutions (HEIs)
- 54 Further Education Colleges (FECs)
- 44 School Based Initial Teacher Training (SCITT) providers
- 1 other institution.

All HEIs with full-time undergraduate students have submitted access agreements. A total of 69 directly funded FECs and 4 SCITTs have not submitted agreements. These institutions will not be charging above the basic amount of £1,285 for any of their courses in 2009-10.

Fee levels for 2009-10

- 96 per cent of HEIs have agreed the maximum fee limit of £3,225 (all HEIs offering full-time undergraduate courses have an approved access agreement)
- 46 per cent of FECs that have submitted an agreement have agreed the maximum fee limit (55 out of 124 directly funded FECs have submitted agreements)
- 80 per cent of HEIs and FECs have opted for the maximum fee limit
- 55 per cent of SCITTs that have submitted an agreement have agreed the maximum fee limit (47 out of 59 SCITTS have submitted agreements)
- 75 per cent of all institutions have agreed the maximum fee limit.

Expenditure on bursaries and scholarships

Institutions currently estimate that by the time all students are under the new fee regime they will be spending approximately £355 million of their additional fee income per year on bursaries and scholarships for low income students or other under-represented groups. This represents around 24 per cent of additional fee income. For the second year under the new fee and support regime (2007-08) HEIs estimated that approximately 23 per cent of additional fee income would be spent on bursaries and scholarships for the first two intakes of students. The actual figure was 22 per cent of additional fee income representing almost £192 million.

FECs correctly estimated that they would spend 36 per cent of additional fee income on bursaries and scholarships, representing just over £5 million. SCITTs estimated they would spend 17 per cent of additional fee income. The actual expenditure was 12 per cent representing £164,000.

Compared to last year, there is much less variance between institutions' predicted and actual expenditure. However, on an ongoing basis we do not think it is sensible to monitor against estimated expenditure. Now that we have two years' data we think it is more helpful to monitor actual expenditure year on year. We will continue to request financial estimates from institutions in order to maintain a broad understanding of projected expenditure levels for policy purposes and to help us approve new or revised access agreements.

We have always been clear that the expenditure levels set out in access agreements are estimates based on assumptions of student profiles and are not financial commitments or targets. What is more important is that institutions meet their commitment to give bursaries at the agreed level to individual students. Therefore while expenditure on financial support was slightly lower than estimated we are satisfied that institutions have met the commitments in their access agreements.

Forecasting can be particularly difficult in small institutions such as SCITTs where small fluctuations in the number of students eligible for bursaries can have a significant impact on proportions of expenditure. We are therefore unconcerned by the larger variance in this group of institutions and are satisfied that they have also met their bursary commitments.

Many institutions also offer bursaries and scholarships that benefit a broader range of students and are not means-tested (for example scholarships based on merit). If this type of bursary or scholarship does not benefit students on lower incomes (below OFFA's countable threshold of £48,330[3]) or other under-represented groups we do not include it in our figures for bursary expenditure. We know from institutions in HEBSS that in 2007-08 at least a further £7 million was spent on bursaries or scholarships for students outside our target groups.

Expenditure on outreach

HEIs spent £27 million on additional outreach activity against an estimated £27 million[4].

FECs spent £630,000 against an estimated £780,000[5]

SCITTs spent £125,000 against an estimate of £161,000[6]

Although overall expenditure on outreach was less than estimated, this has to be set in the context of lower than forecast additional fee income. The overwhelming majority of HEIs (86 per cent) spent close to or more than they predicted. Where expenditure was less than expected, we are satisfied that institutions still met, or made good progress towards, their outreach objectives.

We have always been clear that institutions should be able to manage their outreach plans flexibly. Where a shortfall in expenditure was due to delays in staffing or the start of activities, it is expected that expenditure will normally meet predicted levels in future years.

Bursaries – some key facts

In 2008-09 a typical annual bursary for a student on full state support at an HEI charging full fees is around £900.[7] The range is from £310 to £3,150.

Of the 117 HEIs charging the full fee:

- 79 per cent (92) offer bursaries to students above the statutory level of £310 for students on full state support
- 83 per cent (97) offer bursaries to students beyond the full state support threshold, of which;
- 60 per cent (70) have a top threshold somewhere between £25,000 and £60,005
- 18 per cent (21) offer a bursary up to the partial state support threshold of £60,005[8], and
- 5 per cent (6) offer a non-means tested bursary to all of their students.

There are three basic models of core bursaries:

- a fixed bursary – e.g. providing £1,000 for students on full state support and £500 for students on partial state support, or at a level determined by the institution
- a sliding scale – e.g. providing a bursary between £2,000 and £50 depending on family income
- a bursary linked to the level of state support provided. This is as a 'match' or as a percentage – e.g. providing a bursary equal to 50 per cent of the state support.

[3] For our assessment purposes, we define 'lower income' as students with assessed household incomes below £48,330. This is £10,000 above the threshold for state support in recognition that some institutions feel it is important to target and support students who just miss out on state financial support as well as those entitled to state support.

[4] Figures rounded to nearest £100,000

[5] Figures rounded to nearest 5,000

[6] Figures rounded to nearest 1,000

[7] The mean average is £910 and the median £851. In 2007-08 a typical bursary for a student on full state support was £1,000. However, due to a rise in the full state support threshold from £17,910 in 2007-08 to £25,000 we are no longer able to measure support at the previous threshold. As we now measure the average bursary at a higher threshold it was to be expected that the average bursary would reduce slightly. Some institutions have maintained a higher level of bursary for students on the lowest incomes while others have reduced their bursaries slightly to recognise that more students would benefit.

[8] The thresholds for partial state support changed considerably from between £17,910 and £38,330 in 2007-08 to between £25,000 and £60,005 in 2008-09. Most institutions no longer offer bursaries to all students on partial support, but are more likely to set support thresholds that do not correspond to current state support thresholds.

State support levels in 2008-09

The full Higher Education Maintenance Grant is £2,835, payable to students with an assessed residual household income of up to £25,000

Partial grants are payable to students with an assessed household income of up to £60,005.[9]

Other facts

In addition to core means-tested bursaries, the majority of institutions offer additional financial support in the form of bursaries or scholarships with additional or separate criteria.

- 94 per cent (117) have additional awards
- 38 per cent (48) have some form of scholarships scheme. Of those 48, less than a third (14) include a means-test. A typical award is £1000
- 20 per cent (25) have awards based on subject
- 18 per cent (22) offer awards for achievement or progression while at university, with awards ranging from £100 to £10,000 (not all scholarships are paid per annum)
- 13 per cent (16) offer awards aimed at students progressing from partner schools
- 18 per cent (22) offer awards aimed at care leavers
- 14 per cent of HEIs are creating or contributing additional funds to discretionary funds or awards

Revisions

For 2009-10 the fee limit has been increased for inflation to £3,225. Institutions charging the full fee must provide a bursary of at least £319 to students entitled to the full Higher Education Maintenance Grant of £2,906.

In October 2008 the Government announced that it would be reducing the upper income threshold for partial state support from £60,005 to £50,020 in line with its commitment to target support to students from the lowest two thirds of incomes. This followed a steep rise in the upper threshold for 2008-09 to around £60,005.

Some institutions needed to change their bursary policies to fit the new state support thresholds, but most access agreements now link to specific incomes or refer to state support in a way that means they are unaffected by changes in state support thresholds.

Most revisions this year have therefore either been minor adjustments to institutional bursary policy or updates for inflation.

Overview of revisions and amendments for 2009 entrants:

- 9 HEIs increased their bursary support, either by increasing the value of awards or eligibility for the bursary scheme
- 7 HEIs reduced their bursary support, either by decreasing the value of awards or eligibility for the bursary scheme. A further 13 HEIs had bursary schemes where eligibility was linked to eligibility for state support, so when the Government thresholds reduced, this automatically reduced eligibility for bursaries at these institutions
- 16 HEIs made varying changes to eligibility and/or the value of awards which increased benefits for some students but reduced them for others.

[9] From 2009-10 the upper threshold for partial state support will reduce to around £50,020.

aimone

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 data for 2008-09 showed that the number of English students accepted onto full-time undergraduate courses at English universities and colleges increased by 12.2 per cent compared to 2007. The proportion of all English accepted applicants in NS-SEC 4 to 7 increased by 10 per cent from 23.8 per cent to 26.2 per cent. If students whose social and economic background is unknown (NS-SEC 8) are excluded from these figures, this proportion shows a 10.6 per cent increase, from 32.1 per cent to 35.5 per cent.

In 2008-09 UCAS started publishing NS-SEC data for accepted applicants who are 18 and under rather than all ages as shown in the figures above. For this age group the proportion of English students classified in the lower socio-economic groups increased by 3.2 per cent from 23.5 per cent to 24.2 per cent. If students whose social and economic background is unknown (NS-SEC 8) are excluded from the figures, this proportion shows a 4 per cent increase, from 28.0 per cent to 29.2 per cent.

We are pleased that the UCAS statistics for 2009-10 entry taken at 15 January 2009 show that the overall numbers of applications have increased across all social classes. Applicants from England to English universities and colleges increased by 7.7 per cent and applications from all UK domiciled students to England by 9.7 per cent. While these are not final figures they are an encouraging sign of how the year might progress.

We will look at ways in which we might analyse UCAS data further according to the amount of bursary awarded and type of institution applied to, in order to identify any impact of bursaries on applicant behaviour.

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

We request data from the SLC each year on the number and proportion of new entrants in different household income bands. On first reading, this data shows that the proportion of entrants from the lowest income group (with assessed household incomes of up to £17,500 at 2006-07 thresholds) have remained relatively flat, from a baseline of 33 per cent in 2005-06 increasing by 1 percentage point to 34 per cent in 2007-08 and returning to 33 per cent in 2007-08. However, from 2006-07 to 2007-08 the proportion of entrants from all income bands has fallen slightly as a result of an increase of almost 4 percentage points in the number and proportion of students not providing any income details. This is surprising because as eligibility thresholds to receive state support become more generous one would expect the number providing income details to increase. We know from other data sets that sometimes students recorded as not providing any income details did in fact receive a grant and would be in a lower income group. We therefore need to understand more about this data before drawing any conclusions.

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

We have produced guidance to institutions on how to update their access agreements to reflect inflationary increases, how to deal with bursaries for deferred students and on the need for accurate, up to date financial information on their websites to enable students to make informed decisions.

aim two

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 were very pleasing and showed that in total HEIs spent 22 per cent of their additional fee income on bursaries and scholarships for lower income students and other under-represented groups. This is broadly comparable with their predictions and slightly higher than expenditure in 2006-07.

Expenditure on additional outreach was almost £27 million – an increase of over £6 million from 2006-07 and broadly in line with predictions.

Due to the unpredictable nature of student numbers, we have reviewed the appropriateness of monitoring against estimates of expenditure based on assumptions of student numbers and profiles and from 2008-09 we will monitor against previous levels of actual spend.

KPI 5: Revisions to access agreements are normally processed and communicated to institutions within a three-week period. No complaints are 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 late announcement of changes to eligibility thresholds by the Government meant that we had to delay the assessment of a number of access agreements that had been submitted for approval. We were therefore unable to meet our normal service standard and revisions to some access agreements were not processed within our target timescale of three weeks.

We completed 52 per cent within the three-week deadline. Other revisions were completed within seven weeks on average. All institutions were contacted within 30 days and delays beyond this were normally due to the need to clarify information. No complaints were received from institutions regarding process or service.

We are confident that our normal service standards will resume next year.

New agreements continue to be processed on a rolling basis and we have received no complaints regarding process and service.

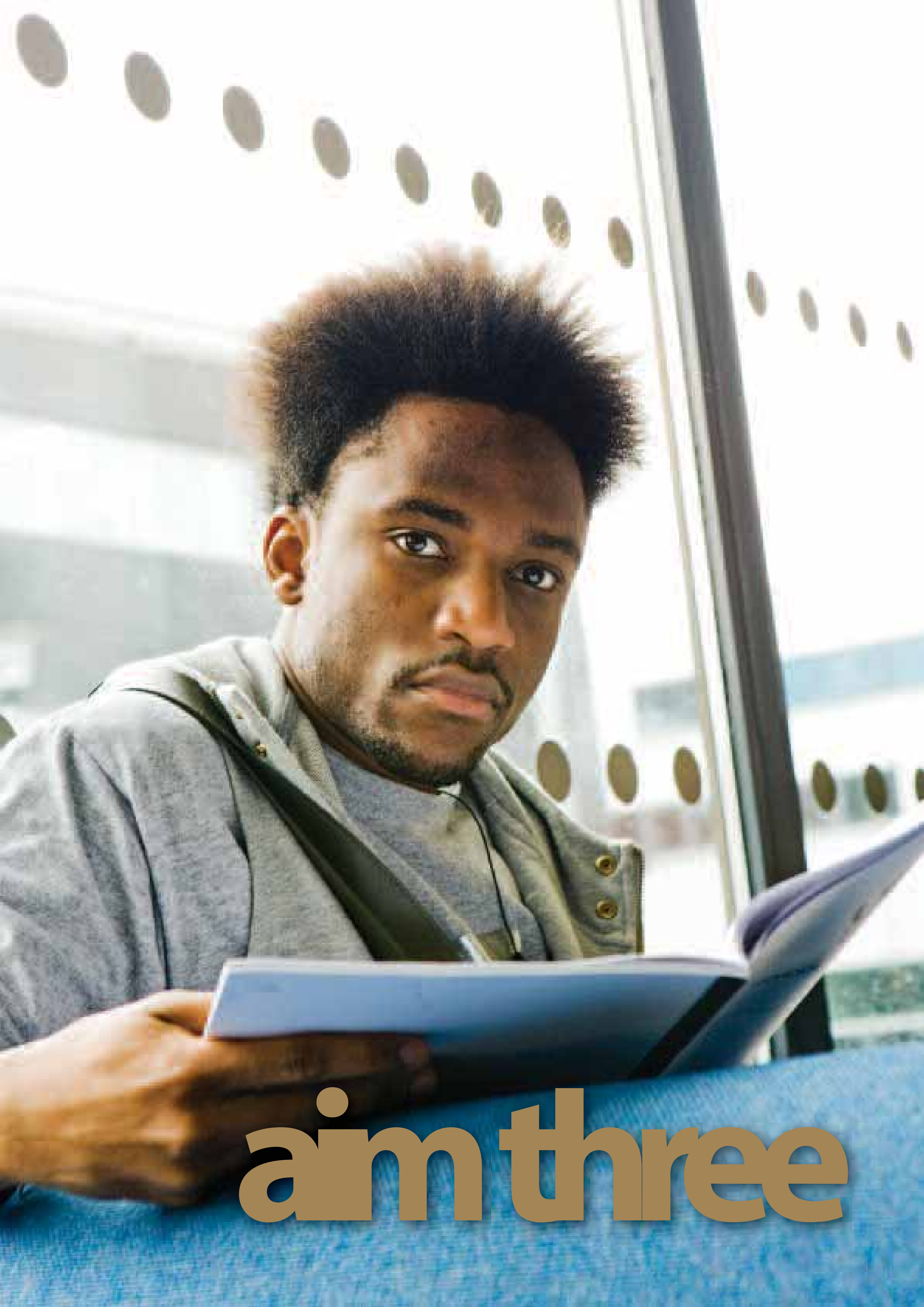
KPI 6: There are high levels and improvements in bursary take-up

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

Institutions have made substantial efforts in the last year to improve this situation. As a result, the number of students among the lowest income group not claiming a bursary has fallen to approximately 6,500 per student intake (13,000 in total across the two intakes). We estimate that take-up has increased from 80 per cent to 92 per cent.

Changes to the student finance application form for 2008-09 mean that we know the take-up rate will increase still further. Current figures suggest that 95 per cent of students and sponsors are now 'consenting to share' their financial information.

Institutions that are not subscribed to HEBSS reported a lower take-up with an average of around 85 per cent. We have asked these institutions to ensure they have appropriate methods to manage take-up to ensure they match the take-up improvements made by HEBSS subscribers.



aim three

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

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

An exercise was undertaken in July to approve amended access agreements and update information on fees and bursaries. We are currently undertaking a data audit to ensure that the information we hold on bursaries is comparable across years. This will also allow us to undertake further analysis on the type and levels of bursaries available across the sector.

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

We continue to actively support communications campaigns led by DIUS and give our input into the annual campaign for the student support package. We also check and provide information on bursaries for a variety of centrally produced handbooks on student finance.

In the last year we have 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 are also in the process of restructuring our website 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, we commissioned research to identify successful strategies to increase student awareness and take-up of bursaries. We will publish this research and accompanying good practice in May 2009.

We also contacted institutions to remind them of our previous good practice on web information and ask them to ensure their online information was up-to-date.

Rhys, *1st year, Media Studies student*

"I got a £500 progression bursary and used it on Oyster card stuff. It lasted me nearly two years."

OFFA's future programme of work

The coming year will see some significant events and changes in the OFFA landscape as the review into the first three years of variable fees gets underway and widening participation strategic assessments are developed and integrated with access agreements. At the same time, we will 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.

The review into the first three years of the new fees and support regime will start this year and evidence from our annual monitoring and other analysis will help inform the process. A key piece of work for us this year will therefore be to draw together all the relevant information that we hold and identify any gaps in our evidence that require further work. We anticipate that we will need external analytical support in order to do this. At the time of writing, a start date for the review has not yet been set although ministers have confirmed that the review is unlikely to report until after the next election.

We will continue to work closely with HEFCE on developing widening participation strategic assessments. Institutions will submit these to ourselves and HEFCE by the end of June, providing a much broader picture of their widening participation activities and commitments than they can under just access agreements. We will want to spend some time familiarising ourselves with the content of strategic assessments, looking at how they cross refer to access agreements and how some contextual or shared content in access agreements might be migrated to the strategic assessment.

Institutions may choose to take the opportunity of the new strategic assessments to undertake a holistic review of their widening participation activity and expenditure, amending their access agreements at the same time. This may mean we will face a significant increase in the number of revised access agreements we are asked to approve in the coming year.

Now that we are in the third year of access agreements and institutions have a reasonable amount of experience behind them we also expect to see more changes to access agreements based on policy changes. For example, based on their evaluation of the impact of bursary expenditure, particularly for students on higher incomes, institutions may want to adjust the amount they spend on financial support, spending a higher proportion than they have done in the past on outreach or other broader widening participation activities such as links with schools, colleges and communities where progression to higher education is below average. The holistic nature of strategic assessments should allow us to understand the rationale for any such changes in the broad context of institutions' commitment to widening participation.

We will continue to approve minor amendments to access agreements to keep them up to date such as changes to reflect confirmed fee and bursary levels for 2010-11 or adjustments to milestones and targets, for example to take account of changes in the measurement of low participation neighbourhoods. 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.

Our second round of monitoring shows that institutions have again provided generous bursaries to increasing numbers of students from lower income backgrounds and other under-represented groups. We are particularly pleased that we can report significant progress in bursary take-up and are confident that take-up will improve still further following changes to the SLC application form for financial support. Early data tells us that around 95 per cent of students applying for state support have consented to share their information with their university or college. We will continue to work with institutions, HEBSS and the SLC to increase the bursary take-up rate. We will be particularly keen to ensure that institutions that do not subscribe to HEBSS are managing bursary take-up effectively.

Although bursary take-up is improving this does not necessarily mean that students are aware of bursaries when deciding which universities to apply to and what offers to accept. Evidence suggests that awareness of institutional financial support continues to lag behind awareness of fees, grants and maintenance loans. Research also suggests that advice and guidance can be patchy and is often not given until after the key decision-making stages of whether and where to go to university. Institutions' web sites are the main source of information, but some have information gaps that leave some students or their parents confused. Bursaries and scholarships are an integral part of the overall financial package and cannot achieve their full impact if student awareness of them 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 will continue to work with sector bodies and institutions to further improve the accessibility, clarity and timeliness of financial information received by students, their parents and advisors. To this end, we have commissioned research-based good practice on bursary take-up and awareness, due to be published in May 2009.

In support of our aim to improve financial information we are also restructuring our website to signpost messages for students better and to provide clearer up-to-date guidance for institutions.

Undertaking the annual monitoring exercise will remain 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. When designing the process for 2008-09 monitoring, we will take into account the reporting requirements of widening participation strategic assessments.

Our key risks for the coming year derive from our strategic aims and focus on successfully supporting the sector to maintain and deliver access agreements in the context of their widening participation strategic assessments and also to work on further improving awareness and the take-up of bursaries. We will continue to work closely with institutions and sector colleagues, in particular the SLC, the HEBSS steering group and DIUS, in understanding and mitigating risks and achieving our aims.

Our good practice on bursary awareness will be designed to be of practical help to institutions in understanding and raising awareness. We are also optimistic that the Government's increased focus on information, advice and guidance, including SLC's work with school and college advisors on financial support will have an impact and we will continue to work with sector bodies and institutions in this area.

We will continue to work as collaboratively as possible with institutions to achieve our shared aims of widening participation and improving access and will continue to support institutions by providing guidance and advice on access agreements and fair access more generally.

Jide, *2nd Year, Economics student*

“I get the bursary for books and stuff… it’s taken the edge off a bit.”

Financial results for 2008-09

The accounts cover the year 1 April 2008 to 31 March 2009. The accounts have been prepared in accordance with the direction given by the Secretary of State for Innovation, Universities and Skills, 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 the DIUS.

OFFA's total income for the year was £15,034 (2007-08: £15,001). This figure does not include grant in aid from DIUS as this is treated as financing. This means that the £514,000 grant in aid received this year (2007-08: £412,500) is taken to the balance sheet rather than shown as income in the income and expenditure account. All of this funding was provided for administrative running costs of the organisation.

Total expenditure before interest for the year was £545,160 (2007-08: £430,371). Of this amount £312,030 (2007-08: £305,183) 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 this year. The work will be completed and reported on in 2009-10 at a further cost of £10,016. Taking into account the income received during the year, OFFA had net expenditure of £530,126 for the year (2007-08: £415,370) which was transferred to general reserves. Reserves at year end totalled £26,554 (2007-08: £42,680).

Our Financial Memorandum (FM) with DIUS recognises that it may not always be possible to match receipts with payments exactly within each year, and therefore allows a cash carry forward of up to £40,000 of total grant-in-aid received. At 31 March 2009 our cash balance was £14,627 (2007-08: £34,230).

In accordance with the Government Financial Reporting Manual (FReM), the accounts include the notional cost of capital, which amounts to £357 in 2008-09 (2007-08: £295). Notes 1 and 5 to the accounts explain the basis for calculating these charges.

Higher Education Funding Council for England (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 2009 OFFA paid HEFCE £312,030 including VAT (2007-08: £305,183) 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 2009 the target was met for 98 per cent of invoices (2007-08: 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 10 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 has been 96 per cent since the rule was introduced on 1 December 2008.

Audit of the Accounts

The accounts are audited by the Comptroller and Auditor General, who is appointed by Statute. The audit fee is £8,100 (2007-08: £6,550) with an additional charge in 2008-09 of £1,800 in relation to audit work on preparation for the migration to International Financial Reporting Standards (IFRS). The Comptroller and Auditor General did not provide any non-audit services during 2008-09.

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 have been prepared under generally accepted accounting practice (UK GAAP). From 1 April 2009, OFFA, in line with all public sector organisations, will adopt International Financial Reporting Standards (IFRS). As part of the preparation for IFRS, HM Treasury has advised all NDPBs of 'Trigger Points' – deadlines by which required actions must be completed. OFFA has already met Trigger Point 1 (restatement of 31 March 2008 balance sheet on an IFRS basis) and has received a Trigger Point 2 (audit of the above) report from the NAO. The report raised no significant findings and confirmed OFFA's readiness for this stage in the process.

We have already commenced work on the next exercise, Trigger Point 3, which involves the restatement of these annual accounts onto an IFRS basis. We fully expect this exercise to be successful and to prepare us for the complete implementation of IFRS reporting for the 2009-10 financial year.

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.

Consultation with 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

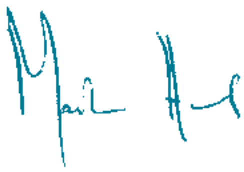
HEFCE monitors sickness absence, including for those staff seconded to OFFA. For individuals the aim is to get early warning of any issues and to be able to support colleagues in dealing with chronic health problems or returning to work after extended periods of sick leave. At the organisational level 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 average of 4.7 working days lost for HEFCE, against a public sector median of 9.8 and an other sector median of 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
5 May 2009

remuneration

report

Part 1: Audited information

Salary and pension entitlements for senior employees

Salary details are given for the senior employees within OFFA during 2008-09. Figures shown are full year values unless otherwise stated.

	Year ended 31 March 2009 £000	**Year ended 31 March 2008 £000**
Sir Martin Harris, Director	**40-45**	**40-45**

Remuneration shown above includes both salary and 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 2009 £	**Year ended 31 March 2008 £**
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 2009 no amounts were payable.

Pension benefits

OFFA does not directly contribute to any pension scheme, however during the year it paid HEFCE £32,082 including VAT (2007-08: £25,360, 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

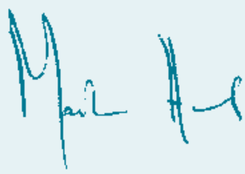
The Civil Service pension is an unfunded multi-employer defined benefit scheme notionally backed by the Government. OFFA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 and details can be found in the resource accounts 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 Innovation, Universities and Skills. DIUS 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 Innovation, Universities and Skills.

Sir Martin Harris was appointed as the first Director of Fair Access on 15th 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. 2 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.



Sir Martin Harris

Director and Accounting Officer
Office for Fair Access 5 May 2009

Statement of the Office for Fair Access and the Director's responsibilities

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 Innovation, Universities 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 income and expenditure and cash flows for the financial year.

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

- Observe the accounts direction issued by the Secretary of State for Innovation, Universities 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 DIUS 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.

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 2009 and up to the date of the approval of the annual report and accounts, and accords with Treasury guidance.

Risk management and 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. 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.

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 have recently strengthened their data management arrangements in accordance with the Data Handling Procedures in Government Review.

Our strategic plan 2005 to 2010 was published in December 2005. This was updated in February 2009 to take account of our experience of the first two years of operation of the new fee and support arrangements. Our mission and strategic aims remain unchanged though some of our performance indicators have been amended to reflect more accurately the metrics available to us to measure performance. A fuller review will be necessary following the outcomes of the review into fees and support arrangements, due to start later this year.

Following agreement with DIUS, 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 DIUS and subsequently DIUS audit committee and the internal auditors' terms of reference include a clear reporting line for the Head of Internal Audit to the DIUS Accounting Officer and Head of Internal Audit. No such matters were raised in 2008-09.

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 year this included an externally commissioned review of the first year of institutional monitoring as well as an internal review of our monitoring processes by OFFA 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 — 5 May 2009

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 2009 under the Higher Education Act 2004. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement 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 Office for Fair Access, the Director and auditor

The Office for Fair Access and Director as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Higher Education Act 2004 and the Secretary of State for Innovation, Universities and Skills directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Office for Fair Access and the Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Higher Education Act 2004 and the Secretary of State for Innovation, Universities and Skills directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary, included in the Annual Report is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Office for Fair Access has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Office for Fair Access's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Office for Fair Access's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Director's Foreword and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Office for Fair Access and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Office for Fair Access's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Higher Education Act 2004 and the Secretary of State for Innovation, Universities and Skills directions made thereunder, of the state of the Office for Fair Access's affairs as at 31 March 2009 and of its net expenditure, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Higher Education Act 2004 and the Secretary of State for Innovation, Universities and Skills directions made thereunder; and
- information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London
SWIW 9SS

8 May 2009

The maintenance and integrity of the OFFA website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Income and Expenditure account for the year ending 31 March 2009

	Note	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Income			
Other income	2	15,034	15,001
		15,034	15,001
Expenditure			
Running costs			
Staff costs	3	281,856	242,751
Other administration	4	263,304	187,620
Total expenditure		545,160	430,371
Total net expenditure before interest		530,126	415,370
Notional interest on capital	5	357	295
Total net expenditure after interest		530,483	415,665
Reversal of notional interest on capital		(357)	(295)
Net expenditure for the year transferred to general reserves		530,126	415,370

All OFFA operations are continuing.

There were no gains or losses other than the net expenditure for the year.

The notes on pages 45 to 52 form part of these accounts.

Balance Sheet as at 31 March 2009

	Note	As at 31 March 2009 £	As at 31 March 2008 £
Current assets			
Debtors	6	**19,902**	**15,000**
Cash at bank and in hand	7	**14,627**	**34,230**
		34,529	**49,230**
Creditors			
Amounts falling due within one year	8	**(7,975)**	**(6,550)**
Net current assets		**26,554**	**42,680**
Total net assets/(liabilities)		**26,554**	**42,680**
Represented by			
Reserves			
General reserve	10	**26,554**	**42,680**
		26,554	**42,680**

Sir Martin Harris
Director and Accounting Officer
Office for Fair Access

5 May 2009

The notes on pages 45 to 52 form part of these accounts.

Cash Flow Statement for the year to 31 March 2009

	Note	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Operating activities			
Receipts			
Other receipts		**15,034**	**15,001**
		15,034	**15,001**
Payments			
Administration costs		**548,637**	**430,441**
		548,637	**430,441**
Net cash inflow / (outflow) from operating activities	11a	**(533,603)**	**(415,440)**
Net cash outflow from capital expenditure		**0**	**0**
Financing			
Grant in aid received through the Department for Innovation, Universities and Skills	1 & 10	**514,000**	**412,500**
(Decrease)/increase in cash for the year	11b	**(19,603)**	**(2,940)**

The notes on pages 45 to 52 form part of these accounts.

Notes to the Accounts for the year to 31 March 2009

1 Accounting policies

Basis of accounting

The financial statements are drawn up in accordance with a direction given by the Secretary of State for Innovation, Universities and Skills, with the consent of the Treasury and in accordance with the Higher Education Act 2004 (paragraph 8 (1) of Schedule 5). They are prepared in accordance with the 2008-09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In accordance with Financial Reporting Standard (FRS) 18, the accounting policies and estimation techniques used are those that are judged to be the most appropriate for the purpose of giving a true and fair view. These policies are reviewed regularly to ensure they remain the most appropriate.

Accounting convention

The accounts are prepared under the historical cost convention, modified by the revaluation of fixed assets where applicable.

Going concern

The net expenditure shown on the income and expenditure account is fully funded by DIUS through running cost grant-in-aid. This funding is taken directly to reserves (note 10).

Financial instruments

Assets and liabilities that meet the definition of financial instruments are accounted for under Financial Reporting Standards (FRS) 25, 26 and 29. Trade debtors and creditors are measured at cost on the basis that this is a reasonable approximation of fair value.

Fixed assets

OFFA has no tangible fixed assets.

Grants from the Department for Innovation, Universities and Skills (DIUS)

All Grant in Aid from DIUS 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.

Income

Income is received from the Department for Employment and Learning Northern Ireland (DEL) in respect of services provided under a service level agreement covering advice on access agreements in Northern Ireland. Miscellaneous income is also received from individuals and other organisations and this is accounted for on an accruals basis.

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 costs

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 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 Office of the Paymaster General and the Bank of England are excluded from the calculation of capital employed.

Pension costs

Employees seconded from the Higher Education Funding Council for England (HEFCE) are members of the Principal Civil Service Pension Scheme (PCSPS). This is a multi-employer defined benefit scheme treated for accounting purposes, in accordance with HM Treasury's Financial Reporting Manual, as a defined contribution scheme. The scheme is described in more detail in the remuneration report.

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 2009.

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 Other income

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Running costs		
Miscellaneous income	**15,034**	**15,001**
Total other income	**15,034**	**15,001**

Of this amount £15,000 is in relation to income 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 income.

3 Salaries and wages

Staff costs

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Staff employed by OFFA (including directly seconded staff)		
Salaries	**208,997**	**186,587**
National Insurance contributions	**18,060**	**17,446**
Pension costs	**32,082**	**25,360**
	259,139	**229,393**
Costs of employing contract, agency and temporary staff*	**22,717**	**13,358**
	281,856	**242,751**

* This line includes the payments to the Advisory group members (2008-09: £nil; 2007-08 £nil)

Staff numbers

	Year ended 31 March 2009 Number	Year ended 31 March 2008 Number
The average actual number of staff employed, excluding the Director, expressed as full time equivalents was:	**3.7**	**3.3**
Average number of contract, agency and temporary staff	**0.7**	**0.4**
	4.4	**3.7**

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 invoices OFFA for the staff costs plus VAT. Annual settlements are awarded from 1 August each year for HEFCE seconded staff.

An annual pay increase for the Director of OFFA is determined by DIUS and awarded with effect from 15 October each year.

4 Other administration

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
External audit fee*	9,900	6,550
Consultancy and legal fees	116,431	20,403
General administrative payments	1,029	1,485
Publications, printing, publicity	3,975	18, 027
Recruitment and training	16,400	6,665
Service Level Agreement with HEFCE:		
– Accommodation and housing services	29,269	28,260
– IT, Finance and HR services	48,499	46,896
– Budget Management and Assurance services	11,906	16,156
– Other general expenses	8,676	25,465
– Internal Audit – provided by HEFCE	2,549	6,149
Internal Audit – outsourced	1,902	3,096
Telephone and postage	674	635
Travel and subsistence for staff	12,094	7,833
	263,304	187,620

*The external auditors received no remuneration for non audit services. The audit fee is £8,100 (2007-08: £6,550) with an additional charge in 2008-09 of £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 Notional costs

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Capital employed as at 1 April	8,450	8,380
Capital employed as at 31 March	11,927	8,450
Average capital employed	10,189	8,415
Notional interest on capital	(357)	(295)

6 Debtors

	As at 31 March 2009 £	As at 31 March 2008 £
Debtors	15,000	15,000
Prepayments	4,902	0
	19,902	15,000

7 Details of cash balances at year end

	As at 31 March 2009 £	As at 31 March 2008 £
Cash held at the Bank of England: in respect of running costs	14,627	34,230
	14,627	34,230

The bank account of OFFA is held at the Bank of England in an Office of HM Paymaster General account and in consequence any interest is retained to the benefit of the Exchequer.

8 Creditors: Amounts falling due within one year

	As at 31 March 2009 £	As at 31 March 2008 £
Running costs accruals	7,975	6,550
	7,975	6,550

9 Debtors and creditors balances with other government bodies

	Debtors balance as at 31 March 2009 £	Creditors balance as at 31 March 2009 £
Other central government bodies	15,000	0
Local authorities	0	0
NHS Trusts	0	0
Total Debtors and Creditors with other Government Bodies	15,000	0
Other Debtors and Creditors	4,902	7,975
Total as per the Debtor and Creditor Note	19,902	7,975

10 General reserves: Reconciliation of movement in funds

	As at 31 March 2009 £	As at 31 March 2008 £
Opening balance	42,680	45,550
Grant in Aid	514,000	412,500
Net expenditure for the year	(530,126)	(415,370)
Closing balance: General reserve	26,554	42,680

11a Reconciliation of net expenditure to net cash flow from operating activities

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Net expenditure for the year	(530,126)	(415,370)
Decrease / (increase) in debtors	(4,902)	0
Increase / (decrease) in creditors	1,425	(70)
Net cash inflow / (outflow) from operating activities	(533,603)	(415,440)

11b Reconciliation of net cash flow to movement in net funds

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Net funds at 1 April	34,230	37,170
Increase / (decrease) in cash for the year	(19,603)	(2,940)
Net funds at 31 March	14,627	34,230

12 Contingent liabilities

OFFA had no contingent liabilities at 31 March 2009.

13 Financial Instrument Risks

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

FRS 29 requires organisations to disclose information on the possible impact of financial instruments on its risk profile, and how these risks might affect the organisation's performance and financial condition. As a non-departmental public body (NDPB) funded by the Government, OFFA is not exposed to any liquidity, credit, market or interest rate risks. OFFA has no overseas operations and does not operate any foreign currency bank accounts; as such it is not subject to any foreign currency risks.

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

14 Related party transactions

OFFA is a non-departmental public body sponsored by its parent department DIUS, and therefore DIUS 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 £312,030 (2007-08: £305,183) for the services provided through the SLA including the costs of directly seconded staff. Of this amount £211,132 (2007-08: £182,257) relates to staff costs.

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

15 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 the 8 May 2009 by Sir Martin Harris (Accounting Officer).

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