



ofqual

Annual Report and Accounts **2018 to 2019**

HC 2175



Office of Qualifications and
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(Ofqual)
Annual Report and Accounts 2018–19
(For the year ended 31 March 2019)

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Chair's foreword

This report sets out how we have delivered against our goals and objectives on the year ending 31 March 2019 and shows how we have spent our income.

High quality qualifications are essential to a productive economy. People and organisations rely on them to signal knowledge, understanding, skills and behaviours reliably and fairly. For an individual learner, the value and purpose of a regulated qualification is of course far more personal. It may enable progression to the next stage of education, be the key to a new job, or a mark of achievement in a new interest.

In all our work we seek to secure that qualifications are valid and delivered safely and efficiently with outcomes that are accurate and fair for each individual learner and for society too. Our work has been broad, reflecting the degree of change in the qualifications landscape and our commitment to regulate for learners in the context of the market as it exists today, and for the future.

We have actively contributed over the past year to the laying of solid foundations for the transformation of technical education in England. The first T Levels will be taught from September 2020. Many thousands more apprenticeships using new standards are being completed in hundreds of industries. Learners will begin working towards reformed English and maths

Functional Skills qualifications later this year. We are actively playing our part in each of these reforms.

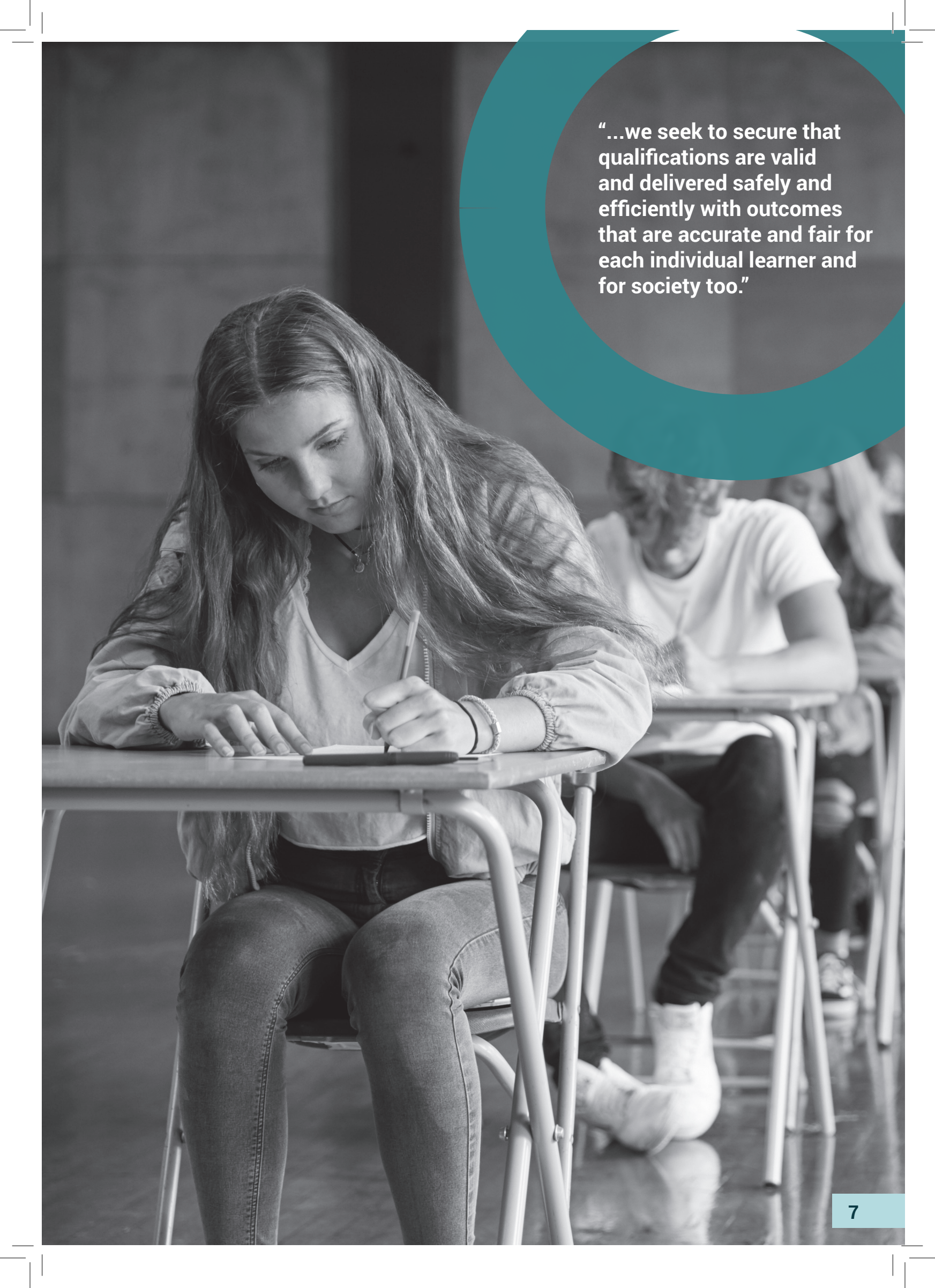
A major milestone was passed in summer 2018, when the second wave of new GCSEs and A levels were sat for the first time. We are coming to the conclusion of this significant reform programme. As we do so, it is important that we, and others, evaluate the new qualifications to make sure that they are delivering as intended. Reform is not straightforward and where we have identified issues we have moved swiftly to resolve them.

The qualifications system in England is dynamic and innovative. We support this through our approach to regulation. But sometimes the system doesn't operate as anticipated, or things go wrong, and intervention is necessary to protect learners. During this year we have identified grade inflation in some qualifications, weaknesses in moderation practices in others, and we have done more to understand the shortcomings that exist between some awarding organisations and those delivering their qualifications. Such issues can have a damaging impact on public confidence, and we believe that schools and colleges, the exam boards, Ofqual and others share a responsibility to find solutions and learn lessons.

Underpinning all areas of our work is the expertise of our people, the strength of our partnerships with others in the system and the use of data to inform our insights and generate evidence for action. We are working to combine the data we hold with other sources from across the education and training system. We hope this will provide new insights into how qualifications function, the operation of the market and the long term benefits of qualifications for those who take them.

Much of our work over the past year will extend into the next financial year and beyond. We set out our planned activities for 2019 to 2022 in our Corporate Plan. I would like to thank my colleagues for all their hard work over the past year, and I look forward to working with them and others as we play our part in delivering an effective qualifications system fit for today and for the future.

Roger Taylor
Chair
28 June 2019



“...we seek to secure that qualifications are valid and delivered safely and efficiently with outcomes that are accurate and fair for each individual learner and for society too.”

Performance report

Overview

In this section, we outline Ofqual's role and provide an assessment of our performance against our goals and objectives over the reporting period.

Ofqual's role

Ofqual is the independent qualifications regulator for England. At end March 2019, we regulated 156 awarding organisations, and about 15,000 qualifications. These include GCSEs, AS and A levels, and a broad range of vocational and technical qualifications. We had agreed to be the external quality assurer for 61 new apprenticeship assessment standards by end March 2019.

Statutory objectives and duties

Ofqual has five statutory objectives, which are set out in the Apprenticeships, Skills, Children and Learning Act 2009. In brief, they are:

- to secure qualification standards
- to promote National Assessment standards
- to promote public confidence in regulated qualifications and National Assessment arrangements
- to promote awareness of the range and benefits of regulated qualifications
- to secure that regulated qualifications are provided efficiently

We have a wide range of other duties and publish separate documents addressing some of these, including those related to equality and diversity, and regulatory burden.

Performance report highlights

1. In summer 2018, 62 new GCSEs, AS and A levels were awarded for the first time, in addition to the 32 qualifications awarded for the first time in summer 2017.
2. We took action to prevent around 9,000 GCSE combined science students from being ungraded and helped to protect another 11,000-15,000 students taking Applied Generals from missing out on certification.
3. The third National Reference Test was successfully conducted in spring 2019 and results from the test will be used to inform GCSE awarding for the first time in summer 2019.
4. The Secretary of State confirmed our role in the regulation of technical qualifications within T Levels, recognising our expertise in regulating high quality qualifications.
5. We had agreed to be the external quality assurer for 61 new apprenticeship assessment standards by end March 2019.
6. We identified evidence of grade inflation in some vocational and technical qualifications and called on awarding organisations to strengthen their controls around internal assessment.
7. We continued our extensive review of the arrangements awarding organisations have in place with centres and took regulatory action where we identified non-compliance with our rules.
8. We issued fines totalling more than £350,000 – the largest annual sum we have levied.
9. Our Civil Service staff survey engagement score improved further, elevating Ofqual to 14th out of 102 organisations that completed the survey.
10. Net comprehensive expenditure, plus capital investment for the year was £18.3 million.

Qualifications landscape

Education policy is devolved across the nations of the UK. Ofqual regulates qualifications in England within the context of government policy.

A significant period of reform of GCSEs, AS and A levels is concluding with all reformed qualifications now being taught in schools and colleges, and most having been awarded for at least the first time.

A transformation of the technical education landscape in England is now underway through multiple programmes of reform. We are active in each of these, including through our roles in the quality framework for technical qualifications in T Levels, as an external quality assurer for end-point assessments in standards apprenticeships, and regulating reformed English and maths Functional Skills qualifications. We are also contributing to the government's reviews of post-16 qualifications at level 3 and below, and qualifications at levels 4 and 5.

Regulatory approach

Awarding organisations regulated by Ofqual are required to comply with our rules. We provide guidance on those rules to aid compliance, including examples of both good and poor practice. Where awarding organisations fail to meet our rules, we have a range of enforcement tools at our disposal to rectify issues, help protect learners and to deter future non-compliance.

Our register is an accessible way for stakeholders to find out if qualifications are regulated by us. It provides assurance that the awarding organisations offering listed qualifications are required to follow our rules in their design, development, delivery and awarding.

Our work is targeted at the greatest risks to our statutory objectives, with a particular focus on threats to qualification standards and their validity, which can have an impact on public confidence.

We define qualification validity to be the degree to which it is possible to measure what the qualification needs to measure by implementing its assessment procedure.

We gather intelligence, analyse evidence and evaluate risks to target our priorities. This means the nature of our activities will vary across the qualifications and organisations we regulate. Where we wish to assess how awarding organisations are meeting our requirements and delivering valid qualifications safely, we use monitoring programmes, audits of awarding organisations' processes and procedures, and conduct technical evaluations of their qualifications and how they function.

We monitor how awarding organisations manage incidents which might have a negative impact on learners, standards or public confidence, and intervene where necessary to ensure awarding organisations mitigate that impact.

Where appropriate, we use the reform of qualifications as an opportunity to ensure that qualifications are well designed, threats to validity are minimised and risks to their safe delivery are anticipated and mitigated.

We engage a diverse range of stakeholders across our work so that our decisions are properly informed by those on whom they have impact. In particular we pay close attention to the impact of our decisions on teaching and learning, and on the confidence of those who use and rely on qualifications. When qualifications are reformed, we use a range of engagement and communications channels to promote understanding of the changes and their impact on users.

Many of the qualifications that we regulate are also available for study outside England. We work with and, wherever appropriate, align our approach with other UK regulators to minimise burden on awarding organisations.



Goals and objectives

Ofqual's work in the past financial year was informed by the goals set out in our Corporate Plan 2018 to 2021.

Goal 1:
Regulate for the validity and safe delivery of general qualifications

Goal 2:
Regulate for the validity and safe delivery of national technical and vocational qualifications and apprenticeships end-point assessments

Goal 3:
Regulate for the validity and safe delivery of all vocational and technical qualifications

Goal 4:
Monitor and evaluate the validity of National Assessments

Goal 5:
Develop and manage our people, resources and systems



Chief Regulator's review of the year

Ofqual regulates around 15,000 qualifications in England. Our aim is the same for each and every one, that they are assessed in a valid way and that the qualification is delivered safely. That means we regulate national vocational and technical qualifications with the same seriousness and focus as A levels and GCSEs. This report summarises our work over the reporting period, including monitoring and evaluation of National Assessments and how we have managed our resources.

Vocational and technical qualifications account for around 80% of those that we regulate. We have dedicated more resources to them this year to ensure ongoing compliance with our rules as well as the smooth development and introduction of new qualifications and assessments.

One of our statutory objectives is to ensure awarding organisations maintain standards in their qualifications. During this reporting period we identified evidence of grade inflation in some vocational and technical qualifications stemming from inadequate controls around internal assessment. Such inflation is potentially damaging to public confidence and we called on all awarding organisations with qualifications that might be susceptible to similar issues to strengthen their controls.

We have also sought out other forms of weakness that could be detrimental to public confidence in qualifications. For example, our rules allow awarding organisations to devolve some responsibility for assessments to schools, colleges and training centres. This practice has become central to the way many different qualifications function. We have undertaken a detailed review of aspects of these arrangements over the past two years and identified problems for some awarding organisations in remaining compliant with our rules when assessment is delegated in this way. We supplemented these findings with a formal call for evidence and intend to report our conclusions, and any action, later in 2019.

When weaknesses crystallise and an incident occurs we have the power to intervene. During the year we accepted undertakings from awarding organisations, or issued them with directions or fines on 17 occasions. The fines we issued in this reporting period totalled more than £350k, which represents the largest annual sum since Ofqual was given the power to issue monetary penalties in 2012.

A key step in maintaining standards is to ensure that any new qualifications are appropriately designed in the first place. During the year we began subjecting new Functional Skills qualifications, which will be available for first teaching from September 2019, to a technical evaluation process, to ensure they are high quality and support consistent assessment and awarding. We have actively contributed to developing the quality framework for technical qualifications in T Levels. And we have ensured that, for apprenticeship standards where we are the external quality assurance provider, assessment plans support valid end-point assessments, awarding organisations wishing to offer them are recognised by us and assessment materials are appropriate.

In summer 2018, 62 new GCSEs, AS and A levels were awarded for the first time, in addition to the 32 qualifications awarded for the first time in summer 2017. Our tried and tested methods for maintaining standards between exam boards and over time meant students taking the new qualifications were not unfairly advantaged or disadvantaged. We did not intervene in any awards in summer 2018. On the basis of the evidence presented to us by the exam boards, we believe that standards were maintained.

Qualification change can be complex, and it is sometimes only at the point of first awarding that

issues become apparent. We faced two such challenges this year.

First, in relation to GCSE combined science, where we concluded that around 9,000 students had been inappropriately entered by schools for the higher tier exams in summer 2018 and faced receiving an unclassified award. In response, we allowed exam boards to award grades that would otherwise not have been permitted by our rules. We subsequently confirmed that this was an exceptional intervention, and we worked hard with exam boards to encourage schools and colleges to review their approaches to tier entry ahead of summer 2019.

Second, after conducting a series of readiness reviews we were concerned that the design of some new Applied General qualifications could impact the validity of the grades awarded to students in summer 2018. We asked awarding organisations to consider creating a 'safety net' for those students who just missed a pass on one more externally assessed units, and the Department for Education also changed their rules to allow an additional resit opportunity. We estimate that as a result of these interventions between 11,000 and 15,000 students did not miss out on certificating in their qualification.

Following first awarding of each wave of reformed GCSEs, AS and A levels we have considered whether the assessments are functioning as anticipated and looked for any unintended consequences of our rules. We have done this, in part, by canvassing feedback from more than 500 teachers over the past two years. In response to their views, wider public consultations and other evidence, we have confirmed changes to GCSE and A level music and dance qualifications and GCSE computer science this year. We also established that our reforms to GCSE and A level sciences were beginning to have a positive impact on the practical skills of some students entering university.

One area where we have not changed our approach is with respect to grading standards in A level languages and sciences. We published our decision not to adjust grading standards in these A level subjects in November 2018, based on the available evidence. However, we recognise that perceived grading severity has the potential to undermine confidence and we are continuing to work with the exam boards to consider how we should avoid the potential for these subjects to become statistically more difficult in future. We are also now looking to see if there is a compelling case for any adjustment to grading standards in GCSE languages.

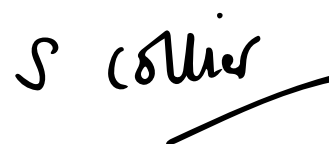
We recognise the importance of good communication as new qualifications and assessments are introduced so users can appreciate and understand any changes and make appropriate comparisons with existing qualifications. We have continued to develop and deploy a range of communications to achieve our goals with respect to new GCSEs and A levels, working closely with the Department for Education, exam boards and regulators of other jurisdictions of the UK. Awareness of the new 9 to 1 GCSE grading scale continued to improve this year, as did awareness of the new GCSE combined science grades, which run from 9-9 to 1-1. We will be enhancing our communications around reformed vocational and technical qualifications through the coming year, as they begin to be introduced.

Malpractice has the potential to adversely affect or unfairly advantage learners and seriously erode public confidence in qualifications. Over the past year we have taken further action across our regulated community to raise awareness and reduce incidents of malpractice. For example, in July 2018, we revised some of our rules and published additional guidance to protect the confidentiality of exam and other assessment materials. And we have also sought information from organisations who are involved in preventing and detecting fraud, such as the Department for Work and Pensions, HMRC and the Driver and Vehicle Standards Agency. And in relation to National Assessments, we reviewed the Standards and Testing Agency's approach to malpractice prevention and detection and provided feedback on areas which we felt had the potential to be strengthened.

As an organisation we take pride in developing our workforce. I am delighted that the results from our annual Civil Service Staff survey showed a further improvement in our staff engagement score in 2018, placing us in 14th position out of 102 organisations that completed the survey.

Looking ahead, much of the work we have undertaken over this reporting period will continue into future years. I look forward to working with my colleagues, the awarding organisations we regulate and other stakeholders to achieve our collective goals.

Sally Collier
Chief Regulator, Accounting Officer
for Ofqual
28 June 2019



Performance analysis: April 2018 to March 2019

In this section, we provide an assessment of our performance against our goals over the reporting period, and long term expenditure trend analysis.

Goal 1: Regulate for the validity and safe delivery of general qualifications

Context

Ofqual regulates GCSEs, AS and A levels in England within the context of government policy. A programme to reform these qualifications is concluding with all reformed qualifications now being taught in schools and colleges, and most having been awarded for at least the first time.

Regulating general qualifications

Ofqual is responsible for ensuring the maintenance of standards in GCSEs, AS and A levels in England. Our aims are to ensure that:

- exam boards maintain standards year on year
- exam boards align standards across specifications within a qualification
- public confidence in the results is secured

Preparations for summer 2018

In summer 2018, 62 new GCSEs, AS and A levels were awarded for the first time, in addition to the 32 qualifications awarded for the first time in summer 2017.

Ofqual monitors the end-to-end delivery of each exam series, starting with a review of exam board preparations ahead of each series. In early 2018, we met with each of the four GCSE and A level exam boards to assess their readiness for the 2018 summer exam series.

We reviewed the extent to which they had identified and were managing the risks to the safe delivery of the series. We looked, in particular, at the steps they had taken to prevent any issues which occurred in 2017 being repeated. Following these reviews, we presented our observations to each exam board for their consideration, although we identified no serious concerns. We wrote to each exam board ahead of the summer setting out our expectations for the delivery of the summer 2018 exam series and made these communications public.

We continued our communications and public engagement campaign ahead of the summer, to help students, parents, teachers and employers understand the reforms. Our main focus was the new GCSE combined science grades, which run from 9-9 to 1-1. We produced a range of resources, including a film, digital postcards and presentation slide packs which were sent to every school in England. We also published a series of blogs and posted materials on our social media sites.

Summer 2018

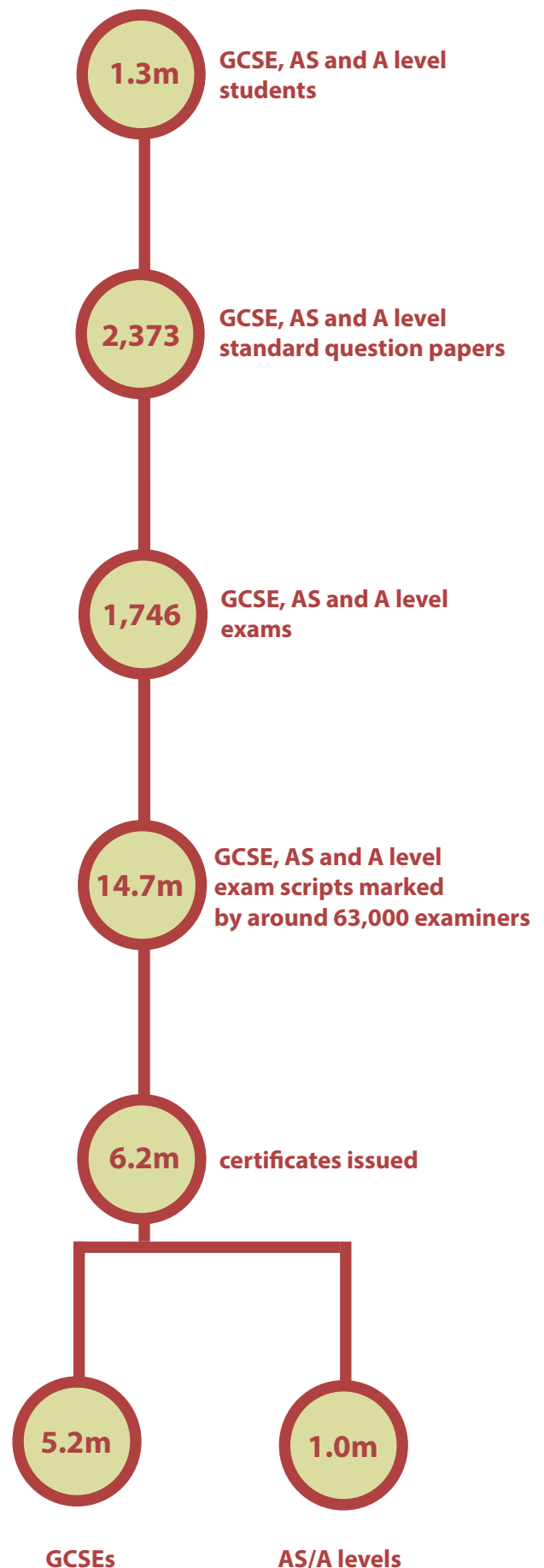
Entries

In total, more than 1.3 million students in England were entered for GCSEs, AS and A levels in summer 2018, with around 6.2 million certificates issued.

In summer 2018, there was a small increase in the number of students entered for GCSEs compared with 2017. The largest increases were in EBacc subjects, particularly separate sciences (biology, chemistry and physics). This increase was likely because of the removal of further additional science. This meant that the only way in 2018 in which candidates could receive three science GCSEs was through separate sciences. Entries for all non-EBacc GCSE subjects except art and design declined in 2018.

Overall, entries for AS subjects fell by almost 60% from 659,880 in 2017 to 269,090 in 2018. This continues the trend seen in 2016 and 2017 and is largely because new AS qualifications are stand-alone qualifications in England (meaning students do not have to take an AS as part of a reformed A level). Overall, entries for A level subjects remained broadly stable, with a slight decrease of just over 3% from 785,450 in 2017 to 759,670 in 2018, as the cohort of 18-year-olds also fell slightly.

Entries for the November 2018 series GCSE English language and maths rose compared with previous years. English language entries were up 50% to just under 50,000, continuing the increasing trend seen over the past five years. Maths entries were up 58% to around 55,000, but this is in line with entries in 2016. The government's reform of GCSEs and the condition of funding policy may have impacted whether students re-sit in November or wait until the following June.



Standard setting and results

Ofqual monitors standard setting in GCSEs, AS and A levels closely. We expect very close comparability of grade standards between different years and between different specifications in any one subject.

Our aim as new qualifications are introduced is to make sure that standards are anchored to those in the legacy qualifications and students are not advantaged or disadvantaged by being the first to sit them.

We agreed with the exam boards that they would carry forward standards for all new qualifications, using a combination of examiner judgement and statistical evidence, in the same way as for those qualifications awarded for the first time in summer 2017. In the new AS and A levels, this meant using statistical predictions so that, in general, a student who would have achieved a grade A, for example, in the previous qualifications would achieve a grade A in summer 2018. In the new GCSEs graded 9 to 1, this meant using predictions so that the proportions achieving grades 7 (and above), 4 (and above) and 1 (and above) were anchored to the proportions achieving grades A (and above), C (and above) and G (and above) in the previous qualifications. We expected exam boards to set grade boundaries in all the new qualifications to get as close as possible to predictions, unless they had strong evidence to support an alternative boundary mark.

For those GCSEs and A levels being awarded for the second time in summer 2018, awarding continued to be based primarily on statistical predictions.

Grade boundaries for the second year of those A levels first awarded in 2017 showed a slight decrease, on average. This is not what we would expect to see, based on our previous sawtooth research. Lower grade boundaries might be due to naturally occurring variance in the demand of papers. Or it could suggest that students overall are performing less well, which some commentators have suggested may relate

to an increase in the number of unconditional offers by universities and an associated reduction in the motivation of students to do well in their A levels. Or it could indicate the lower uptake of AS is impacting on performance via the lack of feedback or impacting on motivation. We are currently conducting further work to explore this issue.

We told exam boards that we expected AS predictions based on prior attainment to be less reliable in summer 2018, for two reasons. First, because students taking AS in summer 2018 may not have been representative of students in previous years in ways other than prior attainment; this was supported through a qualitative piece of research into school entry policies that we published in July 2018. Second, the increasingly lower overall volumes of entries would likely mean that predictions for individual specifications would, in some cases, be based on relatively small numbers. As such, we expected that exam boards use examiner judgement of student performance as an important source of evidence in maintaining standards.

In August 2018, we published a summary of our monitoring work, which included details of the way in which we monitored the awarding of new GCSE and A level awards in England, details of the number of awards and those that were outside the reporting tolerances or, for reformed qualifications, did not get as close as possible to predictions. We did not intervene in any awards in summer 2018 – on the basis of the evidence presented to us by the exam boards, we believe that standards were maintained.

We routinely perform and publish analyses on the variation in school and college GCSE and A level results. We know that some variation in year-on-year results for individual schools and colleges is normal. We had anticipated and forewarned schools that the degree of variation may have increased in reformed qualifications taken in summer 2018. As it happened, the level of variation was similar to previous years, suggesting that schools have responded well to the changes.

Box: Inappropriate entry in tiered GCSEs

Tiering exists in GCSE subjects where it would be difficult to assess the full range of student ability across the cohort without unacceptably lengthy exams: biology, chemistry and physics, combined science, maths, French, German and Spanish (Modern Foreign Languages (MFL)).

In the reformed 9 to 1 GCSEs, we put in place rules so that all tiered subjects have the same tiering arrangements, with overlap grades at 5 and 4, and an allowed grade 3 on the higher tier. In the double award combined science, the overlap grades are 5-5, 5-4 and 4-4, with an allowed grade 4-3 on the higher tier. Allowed grades are included so that higher tier students who perform unexpectedly poorly (have a bad day) but still produce work worthy of a lower grade do still achieve a grade. Higher tier students who do not score enough marks to be awarded a grade 3 (4-3 in combined science) receive an unclassified result.

In 9 to 1 maths in 2017, approximately 0.5% of higher tier students received an unclassified result, and the figure was very similar in 2018. However, during the awarding of the new combined science GCSEs, the exam boards alerted us to the fact that a greater than expected number of higher tier students were likely to receive an unclassified result. The situation was less severe in French, German and Spanish and in separate sciences (biology, chemistry and physics). Exam boards did not have concerns about 2018 awards in GCSE maths.

Our analysis suggested the most likely reason for this potential outcome appeared to be that some schools had not appreciated the impact of the structural changes on the grades available to higher tier students and may therefore not have adjusted their approach to tier entry. We estimated around 9,000 students in England may have been inappropriately entered for the higher tier.

We were mindful of our responsibilities and our public commitment to minimise the impact of structural changes on students taking new qualifications during the transitional period of reform, and particularly in the first year of awards. We were confident that had these students been entered for the foundation tier they would have achieved such a grade. We therefore allowed the exam boards to award a 3-3 grade on higher tier in combined science in 2018, which benefitted 4,700 students (with more students also getting a grade 4-3).

We also allowed the exam boards to award a full width grade 3 in relation to MFL and separate sciences, consistent with the approach taken in combined science, so that students taking these new tiered GCSEs in the first year would be treated consistently, regardless of subject and exam board.

In spring 2019, we confirmed that these exceptional arrangements would not be available in summer 2019. We worked with the exam boards to support schools and colleges in preparation for making their tier entry decisions, including helping them to understand the potential consequences of inappropriate entry decisions in summer 2019. However, ultimately these are decisions for schools and colleges to take.



Quality of marking

The responsibility for marking GCSEs, AS and A levels lies with exam boards. Ofqual monitors their recruitment of examiners and examiner training, and how they monitor the quality of the marking.

We use a range of information to assess how exam boards ensure the quality of their marking. For example, we evaluate exam boards' review of marking data, marker monitoring data, examiner surveys and we produce our own consistency metrics. These metrics suggest that the consistency of marking has been stable over time and has not been significantly impacted by the reforms. We raise, with each exam board, any related risks or issues that we identify and ask them how they plan to manage or mitigate those.

We held a Marking Roundtable in late November 2018, to coincide with the publication of five research reports into the quality of marking. This was the first time qualification-level marking consistency metrics were published. We also published board specific marking reliability study results and research into online standardisation and an in-depth investigation of hard-to-mark responses. At the event, we disseminated some of the depth and nuance of the research, and this was used to provide a basis for informed discussions with around 30 key stakeholders (teacher and student representatives, researchers, exam board members). There was strong agreement around the impact of mark schemes on teaching practices, interest in the potential for Artificial Intelligence marking (as a second 'checking' marker), and openness in exploring different models of reporting results. There were more divergent views around the extent to which current levels of marking consistency were sufficient to support the uses of qualification results and the extent to which stakeholders were concerned by some of the consistency metrics. The discussions are helping to inform our next steps on quality of marking.

We are also looking closely at moderation and are conducting a series of studies to evaluate how it compares with marking in terms of consistency. We will report on this work in the coming year.

Reviews of marking and moderation, and appeals

Exam boards are responsible for administering systems that allow schools, colleges or students to ask for individual GCSE, AS and A level results to be reviewed and, if necessary, provide a subsequent means of appeal. Ofqual sets the broad rules and monitors exam boards' compliance with those rules. If considered necessary, schools, colleges and students can ultimately ask us to review exam boards' final decisions.

In August 2016, we put in place new rules for reviews of marking and moderation and for appeals, so that the focus is on correcting errors. Following an analysis of reviews undertaken in 2017, we identified variations in the exam boards' efforts to embed the revised rules for reviews. This was unsatisfactory as we changed our rules in order to create a more level playing field, so that those students who apply for a review do not gain an advantage over those who do not. We accepted an undertaking from OCR ahead of the 2018 summer series in recognition that it had failed to secure compliance with aspects of the review of marking conditions in 2017. We are conducting a follow up review on 2018 appeals ahead of 2019. Overall, the review outcomes for 2018 indicate some progress by exam boards (see box on page 20).

In February 2019, we initiated a consultation on small changes to our Exam Procedures Review Service (EPRS), which considers applications in relation to results, and decisions around reasonable adjustments and special consideration, from centres and private candidates who have completed the relevant awarding organisation's internal appeal procedures. The proposed changes are designed to make the EPRS process more efficient and will come into effect for the summer 2019 exam series.

“We use a range of information to assess how exam boards ensure the quality of their marking.”

Box: Reviews of marking, moderation and appeals

Of the 6.2 million GCSE, AS and A level grades issued in summer 2018, 341,270 were challenged. In the majority of cases (63%) the review resulted in no mark change, higher than in 2017 (55%), and fewer than 6% of reviews resulted in a mark change of five marks or more. This may reflect a more consistent application of revised rules around reviews by the exam boards since their introduction in 2016. In total, 69,240 grades were changed (1.1% of all grades). That compares with 369,780 challenged and 88,505 changed (1.3%) in 2017.

In 21 out of 35 GCSE subjects, the percentage of qualification grades that were challenged was lower in 2018 compared to 2017. In 18 out of 35 subjects the percentage of qualification grades changed was higher in 2018 compared to 2017. Some of the subjects with large percentages of qualification grades challenged in 2018 were newly reformed that year and have a non-exam assessment element. It is possible that teachers' or moderators' unfamiliarity with the new assessment arrangements and marking criteria led to more uncertainty in these qualifications, and a greater number of grades challenged and changed.

Question paper errors

Ofqual expects exam boards to produce assessment materials that are free from error. Where we are notified of an error, including those found after the papers had been sent to centres but before the exam is taken, we monitor the exam boards' handling of the error to make sure they are considering and addressing, as far as possible, any disadvantage to students. In 2018, exam boards reported 90 errors to us. This was in a total of 6,598 GCSE, AS and A level standard and discrete modified papers issued (76 errors) and their associated support materials (eight) and mark schemes (one).¹

Exam boards use a range of measures to mitigate the effect of an error. Where possible they will replace the assessment papers or issue a correction (known as an 'erratum') ahead of the exams being taken. Of those errors reported to us, 38 errors were spotted prior to the exams being taken in summer 2018, and 24 errata issued. In the other cases, mark schemes were adjusted to take into account different possible responses, or affected questions were discounted and marks awarded to all students.

¹ The other five errors relate to collation or printing errors.

Malpractice, maladministration and security breaches

Ofqual takes very seriously any incident that can adversely or unfairly advantage the performance of learners. Exam boards require schools and colleges to report all suspected incidents of malpractice or maladministration and to cooperate with any subsequent investigation.


Ahead of the exam window, we encouraged exam boards to take extra steps to reduce incidents where centres open (and sometimes distribute) the wrong papers. Prior to the summer 2018 exams, we also wrote to every secondary school and college in England and gave them resources to help raise awareness among teachers of examination rules and the important role examinations officers play in minimising centre errors. We were notified of a total of 68 potential or actual security breaches during summer 2018, compared to 114 in summer 2017. Of the 68 security breaches in 2018, 40 were due to schools or colleges opening, and sometimes handing out, the wrong exam paper. In response, we launched a campaign to support exam officers in their work in order to try to reduce the likelihood of these incidents occurring.

In 2017 Pearson launched an investigation into allegations that the security of some of its A level mathematics papers had been breached. The police also began a criminal investigation. For 2018, Pearson introduced some additional security steps to safeguard these papers at a number of centres. Shortly before one of the papers was due to be taken, allegations of a security breach were identified and investigated. As a result of the safeguards Pearson had put in place it was quickly able to identify the likely source of the leak, and to identify candidates who may have had prior access to the materials. We monitored Pearson's ongoing investigation and subsequent sanctions placed on staff and students. We were satisfied that Pearson took appropriate steps to secure the delivery of the 2018 exam and recognised that some of the preventative steps it had taken helped them to quickly contain the issue.

The Joint Council for Qualifications launched a Commission on malpractice in late 2018. We welcomed this work and have contributed to it with a range of materials and thoughts on its areas of focus. We look forward to reviewing its findings.

Teacher involvement in the development of confidential assessment materials

In late August 2017, several national newspapers reported allegations that teachers who had been involved in writing exam papers had disclosed information to their students. We took prompt action in response to those allegations, which we summarised in last year's Annual Report. In July 2018, and following public consultation, we revised some of our rules and published additional guidance to protect the confidentiality of exam and other assessment materials. We required exam boards (see box on page 22), and other awarding organisations, to improve their safeguards around teacher involvement in the development of confidential assessment materials, while recognising and retaining the benefits derived from using teachers for many qualifications.



Box: Our actions to strengthen confidentiality of assessment materials

1. Revised General Condition of Recognition A4 “Conflicts of interest” in order to make it an explicit requirement that awarding organisations must establish and maintain an up to date record of all conflicts of interest which relate to them.
2. Made it explicit in General Condition of Recognition G4.1 “Maintaining confidentiality of assessment materials” that awarding organisations need to manage the risks of teachers disclosing information about confidential assessment materials.
3. Created a new section of statutory guidance that outlines some of the factors relevant in an awarding organisation’s analysis of the strength of the safeguards it may choose to put in place for qualifications with different risk profiles.

As a result, every awarding organisation has been required to review all of its qualifications and decide whether there are assessments which are affected by a requirement to maintain confidentiality and whether teachers are involved in developing the assessment materials. If so, they must develop an appropriate package of safeguards for that qualification, taking into account all relevant factors, including:

- the nature and amount of confidential assessment information held by a teacher
- the teacher’s role in delivering qualifications
- the potential pressures on teachers to misuse confidential assessment information
- the impact if confidential assessment information is misused

For example, it is likely to be more difficult for an awarding organisation to mitigate the impact of an inappropriate disclosure in relation to a qualification that is assessed once annually, is taken by large numbers, and for which there is a pre-determined and key results date (such as GCSEs and A levels) than for a qualification for which there are regular assessment opportunities.

Accessibility of assessments

Qualifications and assessments should be accessible to all learners. Ofqual's Access Consultation Forum, which was originally established by QCA, brings together awarding organisations, groups representing the interests of disabled learners and the UK qualifications regulators to consider issues affecting disabled learners as they take regulated qualifications.

Our meeting of the forum in October 2018 reflected on the findings of work we had undertaken to determine the accessibility of the first reformed GCSE English language and maths exam papers, taken in summer 2017. We commissioned expert language modifiers from the British Association of Teachers of the Deaf (BATOD) to review the questions in the papers. Overall the questions were generally found to be accessible to students whose language development was impaired. The review also identified areas for improvement which we shared with individual exam boards.

The Autism Education Trust had also independently evaluated the accessibility of GCSE English language and maths questions for autistic students. There was much in common between their views and those of BATOD on the features of accessible questions, such as avoiding ambiguous language and consistent use of terminology. We are using this feedback, as well as a number of other sources of evidence, to inform our development of guidance on the accessibility of assessments, which we intend to publish in 2020.

Interventions

In April 2018, Ofqual's Enforcement Committee made a final decision to impose a monetary penalty of £125,000 on OCR in relation to its failure to comply with a number of our Conditions with respect to GCSE computing in 2017. There were no representations. The Enforcement Committee also decided that OCR should pay Ofqual's enforcement costs, which were just under £6,000.

We fined OCR £175,000 (and required it to pay costs of just under £12,000) in July 2018 in relation to an error in its GCSE English literature paper in summer 2017. We determined that OCR's assessment was not fit for purpose because a question about Shakespeare's play 'Romeo and Juliet' which should have referred to 'the Montagues' instead referred to 'the Capulets'.

Preparations for summer 2019

Ofqual works with stakeholders and exam boards throughout the year to identify potential risks to the validity and safe delivery of GCSEs, AS and A levels, and take any necessary action.

Our analysis of the 2018 exam series informed a programme of monitoring, audits and technical evaluations which included:

- a review of assessment materials for reformed GCSE and A level qualifications awarded for the first time in summer 2018 to identify any aspects of our regulatory requirements which have not worked as we had intended
- how exam boards are using their assessment strategies in the ongoing delivery of their qualifications
- the extent to which exam boards have fully embedded improvements in their quality of marking and reviews of marking
- those subjects where there is a particular pattern of grade changes following requests for a review or marking or moderation
- exam boards' investigation and management of malpractice allegations

We conducted readiness reviews of the four GCSE, AS and A level exam boards during February and March 2019. We were reassured that exam boards were prepared for the upcoming summer series and, following the reviews, we presented our observations to each exam board for their consideration and action where necessary.

Safeguarding exams

The potential for high stakes exams to be affected by malpractice or disruption is apparent and one Ofqual takes very seriously.

Following the 2018 exam series, we conducted a review of exam boards' current policies and practices on malpractice. Some recent and more unusual cases had highlighted the need to ensure arrangements appropriately cater for the full range of behaviours at every stage of the exam cycle that could constitute malpractice, particularly where social media or digital technology is involved. We have sought information from organisations who

are involved in preventing and detecting fraud, such as the Department for Work and Pensions, HMRC and the Driver and Vehicle Standards Agency. We have fed this back to the exam boards. We have invited them to consider the information as they review and develop their own approaches.

We strengthened our understanding of the most effective methods to protect confidential assessment materials from cyber-attack and other forms of security breach during the year. As part of our preparations for the summer 2018 exam series, we worked through our likely response to a potential cyber-attack and how we would work with other stakeholders under various scenarios. We reinforced our planning ahead of summer 2019 and held a workshop with exam boards and the Joint Council for Qualifications at which external experts presented.

Many qualifications, including GCSEs, AS and A levels, are taken by students outside the UK. Overseas centres (including, schools or colleges) must operate in the same way as domestic centres, for example, with respect to the safe storage and conduct and timing of exams. During the reporting period we sought further information from exam boards about how they reduce the risk of malpractice at centres outside the UK. We stressed the importance of them making sure exams are taken appropriately in every centre.

Since 2015, we have gathered feedback from a sample of exam boards' marketing and support events for their new and reformed GCSEs, AS and A levels. This programme of work helps us to gain assurance that our rules are being met and that exam boards are not providing information at events that is misleading or that could undermine the validity of the assessments. We published an update on our monitoring in July 2018.

Capturing expert judgement in awarding

We initiated a programme of work in summer 2018 to understand the potential of different methods of capturing expert judgement of student performance in GCSE and A level awarding. The current method relies on awarders judging whether scripts covering a small range of marks around likely key grade

boundary marks are worthy of the key grade in question. While this is an important validity check for the maintenance of standards, there are some potential vulnerabilities in this method; for example, if awarders' judgement is heavily influenced by the statistically-recommended boundaries. This can make it difficult for exam boards to provide compelling evidence regarding changes in performance beyond those indicated by the statistical methods. We piloted a number of alternative 'comparative judgement' methods during the reporting period. The results were generally positive and we are discussing with exam boards further pilots for 2019. Along with the National Reference Test, these new approaches hold promise for improving the grade boundary setting process.

National Reference Test

Ofqual introduced the National Reference Test to provide additional information to support the awarding of GCSEs in English language and maths. The tests use questions similar in style and content to those used in new GCSEs in the subjects. The test questions will remain largely the same over time, so the overall performance of each year 11 cohort can be compared to others that have sat the test previously.

Just under 20,000 students from 300 schools took part in the third National Reference Test, which was conducted in February and March 2019. We will use these results to consider whether there is a case for making an adjustment to grade standards in GCSE English language and/or GCSE maths in summer 2019. This will be the first time information from the test has informed awarding. The exam boards will continue to use other evidence such as examiner judgement of the quality of student performance and statistical predictions in awarding too. We will also consider other contextual evidence, for example from the National Reference Test student survey, which includes information on student motivation and their views on the value of studying English language and maths.

Inter-subject comparability

Subject experts have a shared concern that A level entries in French, German and Spanish and physics, chemistry and biology could be suppressed if students and teachers believe it is harder to achieve top grades in

these subjects compared to others. Ofqual has examined these concerns, as well as a wide-range of other evidence, as part of a comprehensive programme of research it has undertaken into inter-subject comparability over the past three years.

We published our decision not to adjust grading standards in these A level subjects in November 2018, based on the evidence. However, we recognised that perceived grading severity has the potential to undermine confidence and we committed to work with the exam boards to consider how we should avoid the potential for these subjects to become statistically more difficult in the future. We will implement and review this as part of our normal approach to awarding.

Extended Project Qualifications

There has been speculation that the 'decoupling' of AS and A levels might make students more likely to study for an Extended Project Qualification, replacing the fourth AS that it had previously been common for students to study. Although there is some anecdotal evidence of this at a local level, nationally entries have been stable in recent years at around 40,000 students annually. Nonetheless, we are monitoring outcomes in this qualification, as we have found evidence of the possibility of modest grade inflation in qualification outcomes in recent years. We wrote to all awarding organisations offering the qualification in late 2018 to remind them that they must have due regard to this report and consider its implications for their awarding.

Awarding in summer 2019

As in 2017 and 2018, we will use statistics to ensure that students who are first to sit new qualifications are not unfairly disadvantaged. This means that, all things being equal, broadly the same proportion of GCSE students will receive grades 7, 4 or 1 (or above) as would have expected to receive grades A, C or G (or above) in each subject previously. Awarding at AS and A level will be based primarily on predictions from the cohorts' attainment at GCSE. Examiners will still check that the grades these statistics indicate are appropriate. Awards for established GCSEs, AS and A levels (year three of awarding and onwards) will be based on a combination of examiner judgement and predictions.

Evaluating reformed qualifications

Ofqual checks that assessments are functioning as anticipated, that the level of difficulty of qualifications is similar to accredited sample materials and between exam boards, and that other subject-specific intentions are achieved. We are looking for any unintended consequences of our rules that come to light following assessment and awarding.

Consistent with our approach, following the awarding of the first reformed GCSEs and A levels in 2017, we held a series of workshops involving more than 230 teachers during winter 2018 and into spring 2019 to get their feedback on the reformed qualifications that were awarded for the first time in 2018. They made many positive points about the new qualifications. For example, many GCSE teachers have welcomed the increase in the demand of the content and believe that, as a result, the new GCSEs better prepare their students for A levels. Generally, teachers have also told us that they found the exam papers used so far to be fair. Their students received the grades they expected. They have also raised some concerns, which we have either acted on ourselves or have fed back to relevant bodies. For example, MFL teachers talked about the level of demand of listening and reading assessments. This is something we have been looking into and we intend to report on later in 2019. Some other teachers told us that while they welcomed the assessment of mathematical skills in other A level subjects, such as business or psychology, and the assessment of learning from practical skills in sciences, they were less sure about the relevance of questions in some exams. We have worked with the exam boards to agree, and publish, principles on what makes good questions of these types.

Music and dance

As a result of feedback, including from our workshops, we consulted on changes to our GCSE and GCE music and dance conditions in early 2019. The original rules meant that an exam board could not give any marks for their performance to students who performed for less than the minimum required time. We

had expected that exam boards would require centres to choose appropriate pieces to ensure student performances safely covered this minimum time requirement. However, some students failed to meet minimum times as they had chosen a piece that was too short, performed a piece too quickly, or they failed to complete their performance due to nerves. Following public consultation, in January 2019 we decided to:

- revise our requirements in GCSE, AS and A level dance and music to allow exam boards to determine how to mark a student's performance when that performance falls short of the minimum required length
- broaden the range of acceptable reference material beyond a traditional written score or lead sheet, where such a score is not available
- revise our requirements for how many dances students are allowed to perform in the GCSE dance performance assessment, in order to align with the Department for Education's subject content.

These changes will make the assessments more valid and came into effect for the summer 2019 exams.

GCSE computer science

During autumn 2017, evidence began to emerge that some non-exam assessment tasks for GCSE computer science had been posted to online forums and collaborative programming sites, contrary to exam board rules. The apparent extent of malpractice led us to judge that it was no longer possible for exam boards to ensure that grades awarded in summer 2018 would fairly reflect the ability of all students. We decided, following consultation, that in 2018 and 2019, while students must complete a programming project, their grade would be based on their exam performance only. We announced in April 2018 that the same assessment arrangements would be extended to 2020.

In early 2019, following public consultation, we confirmed that these arrangements would be further extended to summer 2021, after which programming skills will be assessed by examination only. We chose not to specify the

form this examination should take beyond the requirement that it meets our definition of an exam (externally set and taken by candidates at the same time under controlled conditions). This allows exam boards to be innovative in their approach to assessing programming skills as they update their assessments.

Science practical skills

In autumn 2016 we began a programme of research into the impact of the changes to the way practical science is assessed at A level on the practical skills of students moving into higher education. The intention of this aspect of reforms was to support an increase in the amount of practical work undertaken by students. The development of these skills is now reported as a separate grade. We published qualitative research into teachers' perspectives of the changes in July 2017, followed by research in May 2018 that suggested students with reformed A levels had slightly better practical skills than their predecessors. Some stakeholders had been concerned that the reforms may weaken students' practical skills.

Further research, undertaken during 2018 and published in April 2019, endorsed those earlier findings. For biology, the post-reform students outperformed the pre-reform students (with both 2018 and 2017 cohorts outperforming the 2016 cohort), whereas practical skills for chemistry and physics remained stable. The research also indicated that students were doing more practical work in the classroom. The reformed qualifications are still relatively new and it is possible that the teaching and delivery may change during their lifetime, so it remains important to monitor exam board arrangements around practical skills.

“...we held a series of workshops involving more than 230 teachers during winter 2018 and into spring 2019 to get their feedback on the reformed qualifications...”

Public confidence in general qualifications

Our aim is that the reforms to GCSEs, AS and A levels are widely known and understood. Ofqual is working with the Department for Education, exam boards and regulators of other jurisdictions of the UK to achieve this.

Communications and engagement

We continued to promote awareness of the new GCSE grade scale during the reporting period. Evidence from our most recent perceptions survey, conducted in November 2018, recorded that 86% of all respondents correctly identified that 9 is the best grade that students can get, up from 82% in 2017. Seven in ten employers (69%) said they knew, up from 64% in 2017.

Our particular focus during early 2018 was on raising awareness and understanding in schools and colleges of the grades for the new combined science GCSE, a 17-point scale that runs from 9-9 to 1-1. We promoted films and a range of other resources aimed at teachers, parents and pupils on social media platforms between April and May 2018, and through blogs, speeches and meetings. Our perceptions survey shows that nearly nine in ten (88%) head teachers were aware of the scale in late 2018.

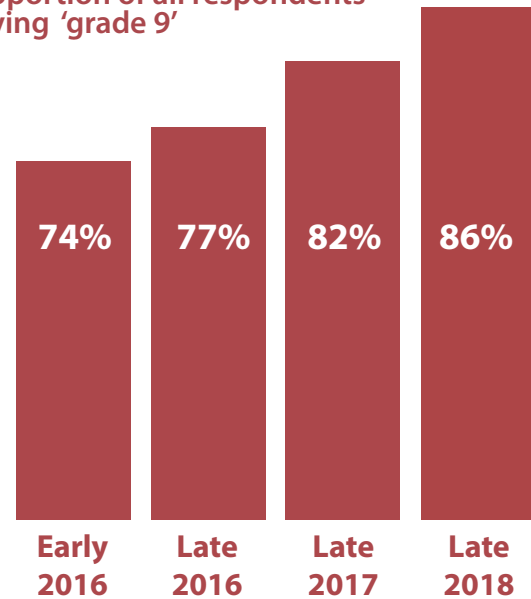
In January 2019 we initiated a comprehensive communications campaign around promoting public confidence in general qualifications, ethical conduct in exams and understanding of GCSE, AS and A level exam results. The graphic on page 29 provides a detailed breakdown of the activities we have undertaken, which has included the production and distribution of films, innovative interactive resources and other support materials.

We engaged with stakeholders in the production of many of these assets and they have proved successful. In particular, our interactive resources regarding A level and GCSE results received 85,000 page views between 16 August 2018 (A level results day) and 31 March 2019. During the reporting period, our blog posts were viewed more than 800,000 times, including around 90,000 views on GCSE results day (23 August 2018).

Awareness of new GCSE 9 to 1 grading scale

What is the best grade a student can get?

Proportion of all respondents saying 'grade 9'

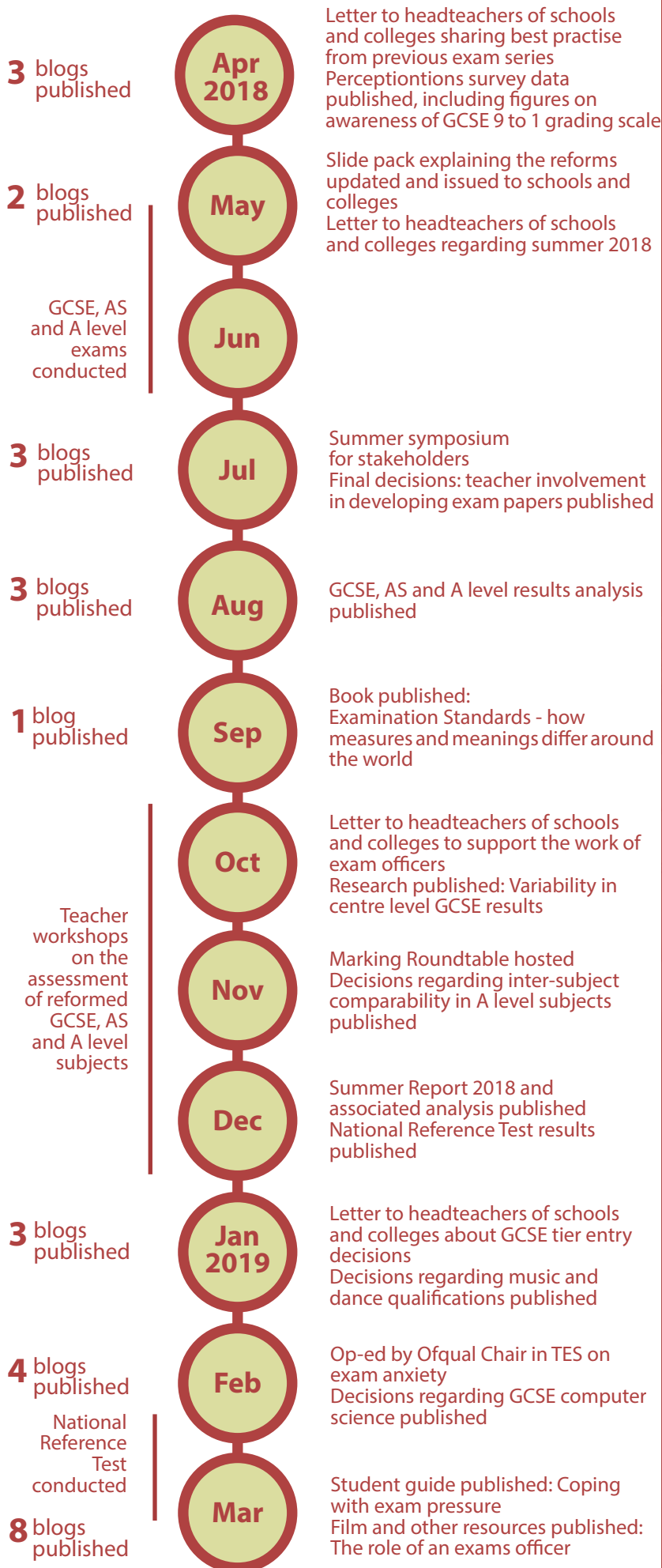


Source: Perceptions of AS/A levels, GCSEs and Applied Generals - waves 14, 15, 16, 17

Fieldwork was conducted as follows:

- Wave 14 - between 12 Jan and 26 Feb 2016
- Wave 15 - between 2 Nov and 2 Dec 2016
- Wave 16 - between 24 Oct and 1 Dec 2017
- Wave 17 - between 29 Oct and 28 Nov 2018

Chronology of GCSE and A level communications activity



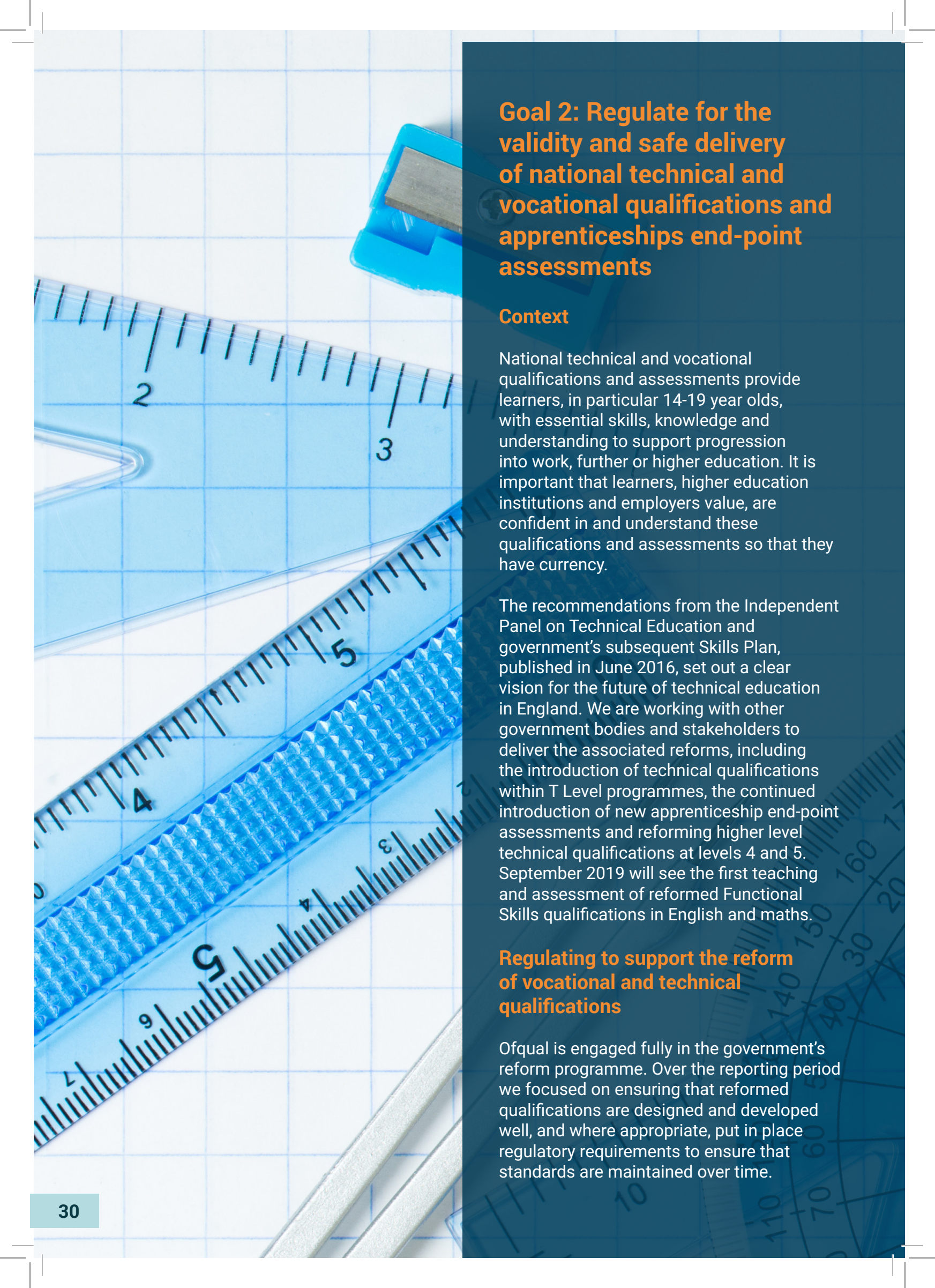
Examination standards

It is important that we evaluate the systems used to set and maintain standards in GCSEs and A levels to make them as robust as possible. To do that most effectively, it is important to understand what others do to set and maintain standards in similar examinations in other countries, and so what alternative methods could be open for us to use. Ofqual has conducted a collaborative project on international standard setting, with the Oxford University Centre for Educational Assessment, the Assessment and Qualifications Alliance (AQA), and the UCL Institute of Education. The project culminated in the publication of the book - 'Examination standards: how measures & meanings differ around the world' – in September 2018.

International GCSEs

Ofqual regulates qualifications for which awarding organisations seek recognition. New specifications and sample assessment materials for GCSEs (and A levels) must pass our accreditation process to check that they are high quality, cover the government's expected curriculum and meet the carefully designed rules around assessment we put in place. International GCSEs are different qualifications and many are not regulated by us; some have been in the past, but are no longer, and by 1 April 2020 we do not expect to be regulating any International GCSEs.

There was some interest in the comparability of GCSEs and International GCSEs during the reporting period. We answered questions, and subsequently wrote to the Education Select Committee on this matter in spring 2019. In our letter to the Committee, we said that because GCSEs and International GCSEs are not based on common content and not necessarily assessed in the same way, we could not make precise comparisons of their relative grade standards. However, we recognise that precise comparisons might not be an issue for everyone. Universities and employers are used to seeing many different qualifications on applications and deciding what value they place on them.

The background of the page features a close-up, high-angle photograph of drafting tools on a light blue grid. A clear plastic ruler is positioned diagonally across the frame, with its markings clearly visible. Below it, a blue metal scriber or divider is also visible. The lighting is bright, creating soft shadows and highlighting the textures of the tools and the grid lines.

Goal 2: Regulate for the validity and safe delivery of national technical and vocational qualifications and apprenticeships end-point assessments

Context

National technical and vocational qualifications and assessments provide learners, in particular 14-19 year olds, with essential skills, knowledge and understanding to support progression into work, further or higher education. It is important that learners, higher education institutions and employers value, are confident in and understand these qualifications and assessments so that they have currency.

The recommendations from the Independent Panel on Technical Education and government's subsequent Skills Plan, published in June 2016, set out a clear vision for the future of technical education in England. We are working with other government bodies and stakeholders to deliver the associated reforms, including the introduction of technical qualifications within T Level programmes, the continued introduction of new apprenticeship end-point assessments and reforming higher level technical qualifications at levels 4 and 5. September 2019 will see the first teaching and assessment of reformed Functional Skills qualifications in English and maths.

Regulating to support the reform of vocational and technical qualifications

Ofqual is engaged fully in the government's reform programme. Over the reporting period we focused on ensuring that reformed qualifications are designed and developed well, and where appropriate, put in place regulatory requirements to ensure that standards are maintained over time.

Functional Skills qualifications

Functional Skills qualifications are taken by adults (including jobseekers and offender learners), apprentices and students in 16-19 study programmes who have not secured a grade 3 or above in GCSE English or maths. The government announced in 2015 that Functional Skills qualifications in English and maths were to be reformed so they better meet employers' needs and provide assurance of the knowledge and skills that learners achieve. The new qualifications will be taught from September 2019. The last date for new starters on the current qualifications is 31 August 2019.

We confirmed the rules for these reformed qualifications in July 2018, following public consultation. They include how standards are set and maintained. We also issued guidance to help awarding organisations meet those rules.

All new Functional Skills qualifications must pass our technical evaluation process before being made available, to ensure they are high quality and support consistent assessment and awarding; we consider issues such as their level of demand, coverage of the Department for Education subject content, and the quality of the questions and the associated mark schemes.

Technical evaluation began in autumn 2018, though none of the submissions was successful first time. We published weekly progress updates from February 2019, and at least one specification will be available at each level and in each subject for first teaching in September 2019.

We wrote to awarding organisations in April 2019 to encourage them to publish draft specifications and sample assessment materials to help centres prepare for first teaching.

Box: Functional Skills qualifications changes

Many aspects of current Functional Skills qualifications are being retained. For example, the qualifications remain graded on a pass/fail basis, questions will continue to be based on everyday contexts and scenarios, and they remain available on demand.

But there are some important changes. In particular, there is much more specific common content. This will increase comparability between awarding organisations' qualifications. The content reflects the Department for Education's curriculum intention that the reformed qualifications should include assessment of underpinning skills.

For English, this means a focus on spelling, punctuation and grammar without dictionaries or computer aids; and at Entry Level there are now detailed reading and spelling expectations based on the structured teaching of phonics.

For maths, this means more of an emphasis on the underpinning knowledge and skills required to solve mathematical problems. This includes using multiplication tables and working with and without a calculator.

In light of the reforms and changes to content, the Department for Education decided that the guided learning hours for these qualifications should increase from 45 to 55 hours.

A podcast and animation summarising the changes are also available.

Apprenticeships

New apprenticeship standards are being developed by groups, mainly consisting of employers. The government established the Institute for Apprenticeships and Technical Education (the Institute) to assure these new apprenticeship standards.

The new standards are being assessed through end-point assessments (EPAs), which must be delivered through an Education and Skills Funding Agency approved End-Point Assessment Organisation. The assessment is intended to make sure the apprentice meets the standard set by employers and is fully competent in the occupation. Ofqual is one of four options for providing external quality assurance of standards (below degree level), along with professional bodies, selected groups of employers or the Institute.

We confirmed our approach to regulating EPAs in July 2018, following public consultation. Before we agree to provide external quality assurance, we apply our assessment expertise to a technical review of the Assessment Plan - confirming that it is capable of supporting quality EPAs. We piloted and subsequently adopted during summer 2018 a revised process for reviewing Assessment Plans, which dovetailed our process with that of the Institute. This enabled judgements to be made in parallel and for employers to be given feedback once.

We had agreed to be the external quality assurance provider for 61 assessment standards by end March 2019. By the same date, there were 63 EPAs on our register. However, recognised awarding organisations also produce EPAs that are assured by other external quality assurance providers. In total, 493 EPAs, for 400 (approved) standards – which is 55% of the total potential EPA market (890 EPAs) – are provided by awarding organisations regulated by us. We published and promoted a guide for employers about our approach to external quality assurance of EPAs in December 2018.

Learners cannot start on the older framework apprenticeships from 2020, but it will take some years before those on these frameworks finish their apprenticeships. We will continue to ensure that quality is maintained in this market until it closes.

Box: Capability and capacity of EPA assessors

During the reporting period we acted on intelligence from across the sector and undertook audits of the availability and capability of assessors across 15 awarding organisations offering five apprenticeship standards.

Our focus was on whether the awarding organisations had sufficient competent assessors available to deliver EPAs. We found that the awarding organisations were finding it challenging to access the data they needed to accurately forecast EPA demand, and therefore to be able to arrange and resource assessment appropriately.

We subsequently worked with specific awarding organisations who were encountering problems to ensure any necessary improvements were made. We will continue to keep this area under review as volumes of EPAs increase.

T Levels

T Levels are new two-year courses that follow GCSEs and will be equivalent to three A levels. The courses provide a mixture of classroom learning, with study towards a technical qualification, and an industry placement with an employer. Learners must also achieve a minimum standard in maths and English (if not already done so).


The government set out the implementation timetable for T Levels in its T Level Action Plan in October 2017. It confirmed that the first teaching of three T Levels would start from September 2020. It subsequently confirmed that a further seven pathways would be delivered in September 2021 and its intention is that all routes will be available by 2023 (see box on page 35).

The Department for Education published the government's response to its consultation on the implementation of T Levels in May 2018. In it, the Secretary of State confirmed our role in the regulation of technical qualifications within T Levels as part of an Institute-Ofqual partnership, recognising our expertise in regulating high quality qualifications. We published a Memorandum of Understanding with the Institute in August 2018 setting out how the two organisations will work together. This arrangement will inform any future legislation in relation to the regulation and assurance of T Levels.

The Institute is the lead authority for the T Level programme. Our specific responsibilities are to assure consistency in assessment and awarding of technical qualifications within T Levels by:

- requiring organisations that wish to deliver technical qualifications to be recognised to do so
- setting an accreditation requirement as part of the Institute's overall approvals process
- using our regulatory powers to maintain assessment standards

“...the Secretary of State confirmed our role in the regulation of technical qualifications within T Levels as part of an Institute-Ofqual partnership, **recognising our expertise in regulating high quality qualifications.**”



During the reporting period we supported the Department for Education and Institute on the development of the Invitation to Tender (ITT) for organisations seeking to offer the first wave of T Levels. We set out our approach to regulating the technical qualifications within them following public consultation, which we supported through three stakeholder engagement events and a webinar. We published a Ministerial steer and our response to it, and our proposals for qualification-level conditions and guidance, in early September. This coincided with the launch of the ITT. All three contracts were subsequently awarded to Ofqual-regulated awarding organisations. We extended their scope of recognition to include technical qualifications ahead of us receiving submissions into our formal accreditation process for these new qualifications later in 2019.

The ITT for the seven pathways to be taught from September 2021 launched in March 2019.

Applied Generals and Tech Levels

Applied Generals and Tech Level qualifications were changed for first teaching in 2016 to meet Department for Education performance table requirements. The first full two-year cohort completed new qualifications in 2018, although there were some awards of the smaller-sized qualifications in 2017. These new qualifications contain mandatory external assessment but in many cases the older version of the qualifications, without external assessment, are still available.

We were concerned that the design of the new qualifications, such that students had to pass each of the externally-assessed units to be awarded a qualification grade at pass or higher, might impact the validity of the grades. This would be an unfair disadvantage for these students in comparison with those taking older versions of the qualifications or A levels, when applying for university places. The Department for Education asked us to provide additional advice for awarding organisations on interpretation of its technical guidance on performance tables. In response,

we asked awarding organisations to consider creating a 'safety net' for those students who just missed a pass on one more externally assessed units. The Department for Education also changed their rules to allow an additional resit opportunity. We estimate that these interventions meant between 11,000 and 15,000 students did not miss out on certificating in their qualification.

We conducted research on the way external assessments functioned in some of the qualifications included in the 2018 performance tables. This comprised a second tranche of analysis of the technical functioning of assessments (following work published in November 2017) but also a review by subject experts of the demand and quality of the assessments. The report of this work was published in April 2019.

In December 2018, we published research that identified evidence of grade inflation in the older qualifications, some of which are still available. The research focused on BTECs as we needed relatively large numbers of entries to carry out the statistical analysis. The research found a significant increase in the number of students securing top grades that had not been matched by students' prior attainment or their subsequent degree or employment outcomes. Such changes have the potential to undermine public confidence and devalue the achievements of students. We called on awarding organisations to act on the findings of the report by considering how best to strengthen their controls around internal assessment across a wide range of technical and vocational qualifications. We are considering whether any additional bespoke guidance or regulatory requirements should be introduced to make sure qualification standards are maintained.

We continue our monitoring of the standards in new Applied General qualifications. We are working with the awarding organisations offering large-entry subjects with common content to maintain standards over time, and to better align standards in the externally-assessed units.

We continue to publicise information about the differences between the new and older qualifications, including through blogs and communications with stakeholder groups.

We concluded a series of readiness reviews of providers of Applied Generals and Tech Levels in mid-April 2018, which looked at issues around governance, risk management and specific arrangements to maintain effective delivery. We provided feedback to the relevant awarding organisations following the reviews, including on issues around business continuity, contingency planning and good practice on controls of assessment materials.

Box: Timeline for the introduction of T Level programmes





Goal 3: Regulate for the validity and safe delivery of all vocational and technical qualifications

Context

There are a wide range of vocational and technical qualifications available, many of which are funded by employers or learners. They are developed and delivered by awarding organisations ranging from niche professional bodies to large national corporations. Ofqual expects awarding organisations to deliver these qualifications safely and to ensure that they are sufficiently valid. We set rules that all awarding organisations must meet in order to achieve that goal, and provide guidance and other information to assist their compliance.

Awarding organisation controls

Our rules allow awarding organisations to devolve some responsibility for assessments to schools, colleges and training centres. This practice has become central to the way many different qualifications function. We have undertaken a detailed review of aspects of these arrangements over the past two years.

During this reporting period we completed a number of audits focused on the arrangements awarding organisations have in place to approve centres and the controls that they use to manage sub-contracting arrangements at their centres. We also confirmed that practical problems exist for awarding organisations in remaining compliant with our rules when assessment is delegated to centres. We issued improvement points where we found deficiencies and took regulatory action where we identified non-compliance with our rules.

We also launched a formal call for evidence in relation to the processes awarding organisations have in place for moderating vocational or technical qualifications in May 2018, to build a more detailed picture of practice across the sector. We initiated the call given evidence that, in some circumstances, awarding organisation moderation of centre-

marked assessments was taking place only after results and certificates had been issued to learners. We intend to publish a report of the evidence received later in 2019.

We published a consultation in February 2019 on proposed changes to the way awarding organisations manage and oversee centre assessment judgements, reflecting what we had learned from the call for evidence and through other stakeholder engagement. The changes to our rules are intended to strike an appropriate balance between ensuring an appropriate level of awarding organisation control over centre-assessment judgements, and ensuring qualifications can be delivered to meet the needs of users. They would, for example, help mitigate the risk of grade inflation observed in our research (detailed on page 35). We held events in Manchester, London and Coventry, a seminar at our annual conference for awarding organisations, and a webinar to gather feedback on our proposals. The consultation closed in May 2019 and we intend to report our decisions later in the year.

Competence-based assessment

The majority of regulated vocational and technical qualifications in England do not award grades (above a pass). However, recent government policy has strongly supported incorporating grading within vocational and technical qualifications and apprenticeships.

We committed to initiating a long-term research programme exploring grading in competence-based assessment in our previous corporate plan. We published two reports in November 2018. One explored approaches to grading within a sample of regulated vocational and technical qualifications in England, which identified a variety of technical and conceptual issues and an absence of any underpinning principles governing good practice. The other presented a review of the (relatively small) research literature on grading within competence-based assessment contexts, with a particular focus on developments in Australia over the past three decades.

In December 2018, we hosted a conference on grading vocational and technical assessments,

at which we discussed this research. Contributors included awarding organisations and academics. We used the conference to launch a broader conversation on issues related to grading, which we will develop during 2019 to come to a shared view of what best practice in these qualifications consists of.

Qualifications certified outside the UK

Qualifications are regulated by Ofqual only where there are, or the awarding organisation reasonably expects there will be, some who are assessed wholly or mainly in England. If all of the learners are outside England, the qualification cannot be regulated by Ofqual. There are many qualifications which are made available in England and the rest of the UK, as well as in other countries. The international qualifications market is important for many awarding organisations and the size of this market has grown in recent years.

We wrote to awarding organisations in April 2019 to state that from January 2020, we will require them to provide quarterly non-UK certification data (which is currently provided by many awarding organisations on a voluntary basis). From 1 September 2019, awarding organisations will be able to identify on our register whether they are willing to consider offering their qualifications internationally. This work is being undertaken in conjunction with the Department for International Trade to support initiatives to promote the export of regulated qualifications.

Public confidence in vocational and technical qualifications

Ofqual regulates national vocational and technical qualifications with the same seriousness and focus as A levels and GCSEs.

The work we are undertaking to strengthen grading in vocational and technical qualifications and the controls awarding organisations have with centres are designed to address some specific concerns we have. Alongside these significant programmes, we have taken action over the reporting period to help awarding organisations comply with our rules. This has included launching an updated version of our regulatory Portal, through which we communicate with awarding organisations, and producing videos to aid understanding and awareness of our rules and guidance. We also consolidated our rules and guidance online, in the form of an easy access handbook.

User perceptions

We published the first results of a survey of employers, learners and training providers' perceptions of vocational and technical qualifications and assessments in September 2018, following a pilot survey of employer perceptions in 2017. The survey of more than 3,000 employers, learners and training providers is the first wave of a longitudinal study designed to measure changes in levels of understanding and perceived value of vocational and technical qualifications over time. It complements our long-running survey of perceptions of GCSEs, A levels and other qualifications.

Recognition

Awarding organisations need to demonstrate that they have the potential to develop and deliver valid qualifications and have the ability to comply with our rules on an ongoing basis in order to become recognised by Ofqual. The benefits of Ofqual recognition include that regulated qualifications can be considered for public funding to allow them to be taught in state and publicly funded schools and colleges, and certificates can carry the Ofqual logo – a recognised quality mark.

We want to promote the benefits of regulation. While our recognition bar is necessarily high, we endeavour to support those organisations seeking recognition by us. We updated guidance and other associated information about gaining recognition in September 2018 and supplemented this with new guides and films. We also invited organisations who had expressed an interest in becoming recognised to our annual conference, held in March 2019.

We took a more proactive approach to applications for recognition over the past year, which has included discussions with prospective awarding organisations before applications are submitted. The changes have made the application process more efficient, by better managing expectations and clarifying issues earlier in the process. Where organisations are unsuccessful with their application, they continue to receive feedback with examples of where they had not met requirements and the opportunity to have a feedback meeting to provide any further clarification they need.

In total, we recognised nine organisations during the reporting period. Of the organisations recognised, three were End-Point Assessment Organisations, for which we are the external quality assurer. Two awarding organisations surrendered or had their recognition withdrawn by us during the same period. The total number of awarding organisations recognised by us was 156 as at end-March 2019.

Risk-based approach


Ofqual regulates vocational and technical qualifications so that they are sufficiently valid and worthy of public confidence. We take a risk-based approach to ensure that our resources are targeted effectively. We monitor the delivery of regulated qualifications drawing on stakeholder intelligence, whistleblowers, complaints we receive, the findings from our regulatory activity and enforcement, and notifications awarding organisations are required to make to us. We analyse risk across individual, or groups of, qualifications, awarding organisations or the system more widely. Our approach is outlined in our Regulatory Risk Framework.

One requirement is for awarding organisations to provide us annually with a self-assessment of compliance with our rules, and confirmation that their qualifications are sufficiently valid. Each awarding organisation is required to declare current and future compliance or non-compliance as part of its return. If an awarding organisation declares any non-compliance, it is required to provide details of how it intends to address these issues, and the associated timeline. To minimise regulatory burden, we use the same submission window as the Council for the Curriculum, Examinations and Assessment (in Northern Ireland) and Qualifications Wales.

Between June and September 2018, 147 of the 148 awarding organisations that we regulated at the time submitted a Statement of Compliance. One awarding organisation did not submit a Statement because it was in the process of surrendering recognition. The majority of responses (79%, 116) declared current compliance and future compliance. This was lower than in 2017 (86%), but comparable with 2016 (77%). Three awarding organisations declared current compliance and future non-compliance, 19 declared current non-compliance and future compliance and nine declared current non-compliance and future non-compliance.

There was a decrease in declarations of non-compliance against some of our rules, including Condition B3: Notification to Ofqual

“We take a risk-based approach to ensure that our resources are targeted effectively.”

A black and white close-up photograph of an aircraft engine fan, showing the curved blades and the outer casing. The image is positioned on the left side of the page, partially overlapping a purple background that contains text.

of certain events, and E7: Total Qualification Time. The decrease in declarations against B3 may stem from our communications during late 2017-2018 to explain our requirements around event notifications, and good practice when submitting them. The decrease in declarations against E7 is contrary to missing Total Qualification Time figures from our Register. We continue to work with awarding organisations to address outstanding Total Qualification Time and Guided Learning Hours figures.

Where stated, declarations of non-compliance were spread over a range of rules in 2018, as in previous years. Condition A8, which covers malpractice and maladministration, had the most declarations (nine). These included references to the need for development of systems of planning and internal control for preventing malpractice. This may be linked to our malpractice and maladministration audits which took place in 2017, and publication of the resulting thematic audit findings in June 2018.

Interventions

Our regulation of vocational and technical qualifications takes a significant amount of our operational focus. We record those interventions that we make public on our website. Here we summarise two complex cases, and the table outlines other interventions we have made.

In May 2018, we withdrew recognition from Awarding Body for Vocational Achievement Ltd (AVA). This followed an investigation into alleged malpractice affecting a college approved by AVA for the delivery of regulated qualifications. We identified significant defects in a number of AVA's systems and considered that it had breached our rules in a number of respects. Due to the nature and scale of the breaches, we decided that withdrawal of recognition was an appropriate and proportionate outcome.

Also in May 2018, Ofqual issued Industry Qualifications Ltd (IQ) with a notice requiring it to pay a fine of £50,000 and costs of £50,000. This related to IQ's interaction with a college which it had approved to deliver qualifications in the security sector and in particular, its

investigation of alleged malpractice at the college. We identified several episodes of non-compliance with our rules and considered that a monetary penalty was an appropriate sanction in the circumstances.

Date	AO	Action	Published
28 February 2019	AoFAQ	Special Condition	5 March 2019
19 December 2018	BWYQ	Undertaking	16 January 2019
05 December 2018	AOFAQ	Direction (replaced with Special Condition in March 19)	7 February 2019
29 November 2018	IAB	Undertaking (closed in January 2019)	30 January 2019
02 November 2018	UAL	Undertaking	30 November 2018
29 October 2018	CISI	Undertaking (closed in February 2019)	30 November 2018
27 September 2018	Signature	Undertaking	5 October 2018
7 August 2018	BWYQ	Direction (replaced with Undertaking in January 2019)	21 December 2018
6 August 2018	FDQ	Undertaking (closed in October 2018)	5 October 2018
25 July 2018	OCR	Monetary Penalty	27 July 2018
5 July 2018	OCR	Undertaking	23 August 2018
19 June 2018	ETCAL	Removal of Special Conditions and Undertaking imposed in January 2018	N/A
8 June 2018	OCR	Undertaking	23 August 2018
23 May 2018	IQ	Monetary Penalty	21 September 2018
23 May 2018	IAO	Undertaking (closed in October 2018)	2 November 2018
4 May 2018	AVA	Withdrawal of Recognition	17 May 2018
18 April 2018	OCR	Monetary Penalty	20 April 2018

Securing value for money of regulated qualifications

Schools and colleges need to ensure value for money, including cost-effective purchasing of their qualifications. Awarding organisations must comply with Ofqual's rules on making fee information available. These rules currently give awarding organisations significant flexibility, with different organisations making their fee information available in different ways. We launched a call for evidence in July 2018 to learn more about whether the different approaches of awarding organisations mean schools, colleges and other potential purchasers have difficulty comparing qualifications and choosing between providers. We intend to report our findings later this year.

Other reforms

Qualifications review

The Department for Education announced in its consultation response on the implementation of T Levels in May 2018 that it would also conduct a review of post-16 qualifications offered at Level 3 and below. We worked closely with the Department for Education ahead of publication of its associated consultation, which was launched in March 2019.

Digital skills

The government announced in January 2018 that funding would be made available for a 'Digital Skills Entitlement' for adult learners from 2020.

We received a Ministerial steer in June 2018 setting expectations for the reform of Essential Digital Skills qualifications for first teaching in 2020. We launched a combined policy and technical consultation on our proposed conditions and guidance for Essential Digital Skills qualifications in November 2018 and announced our decisions in early 2019.

We received a separate Ministerial steer related to the development of Digital Functional Skills in January 2019. These are to be developed for first teaching in 2021. We anticipate that our approach will be similar to the equivalent English and maths qualifications.

European Qualifications Framework

The European Qualifications Framework acts as a reference point that allows comparisons to be made between the levels of qualifications in different national frameworks. This in turn aids the transferability of qualifications and the mobility of learners and workers.

We carried out an exercise ahead of the original planned date for the UK's exit from the European Union to re-reference our Regulated Qualifications Framework to the European framework. The timing was consistent with the EU's expectation that national frameworks are reviewed every five years. We are due to submit a report, which is being written and presented jointly with CCEA Regulation (Northern Ireland), to the EU Advisory Committee in June 2019. The report will be finalised in light of comments before it is published.





Goal 4: Monitor and evaluate the validity of National Assessments

Context

Ofqual regulates statutory early years foundation stage profile assessments and statutory national curriculum assessments (some of which are also known as 'SATs'), which together are called 'National Assessments'. We meet our statutory objectives to promote standards and public confidence in National Assessments primarily by monitoring and reporting on assessment validity. We focus our monitoring on procedures that are critical to supporting valid assessments, including test development, standards maintenance and marking processes.

National Curriculum Assessments are designed and delivered by the Standards and Testing Agency (STA), which is an executive agency within the Department for Education reporting to Ministers.

Regulatory framework

In spring 2018 we implemented a new regulatory framework for National Assessments, following public consultation. This aimed to explain more clearly our regulatory role in the national testing and assessment system and help to address concerns expressed by the Education Select Committee in 2017 that our responsibilities in this area were not always well understood.

We retained many elements of our previous framework, including our focus on areas of highest risk and using validity as our primary criterion for considering assessment quality. The main changes were to: bring the framework up-to-date by reflecting changes to the bodies responsible for developing and delivering National Assessments; provide greater transparency and clarity about how we regulate; and make sure our expectations of responsible bodies focused on outcomes, such as validity, rather than prescribing certain administrative approaches.

In October 2018, we published our annual report on our regulation of National Assessments. It provides a comprehensive summary of our work and conclusions over the 2018 assessment cycle, including in the areas set out here.

Test development

National Curriculum tests take around three years to develop and include two separate item trials and three sets of expert review. We observed a sample of meetings throughout this process at which we saw expert and informed discussions, with STA's test developers displaying extensive knowledge of their subject. We observed close attention being paid to Test Framework requirements and careful discussion about how pupils would respond to questions in live testing, based on real pupil answers given in trials. As well as considering which questions and texts should be included, we observed detailed discussions about the appropriate order of questions, such as how the ramping in difficulty of questions through the tests should work. We also observed numerous discussions about diversity, inclusion and the accessibility of the test to children with special educational needs and disabilities. Our observations of these test development meetings suggested a keen focus on ensuring assessment validity in every test produced.

Marking

Key stage 1 tests are marked by teachers to inform teacher judgements, while key stage 2 tests are externally marked. We analysed operational marking data from the 2018 key stage 2 test cycle using the same methodology as we did in 2017. We also observed marker training and quality assurance processes. Our observations suggested a strong focus on ensuring marking quality. This was supported by our analysis which suggested that the consistency of the STA's external marking remained very high, with 99.4% of markers agreeing with the definitive mark across 6.1 million marked items.

Maintenance of standards

2018 was the third year of a new suite of key stage 1 and 2 assessments in maths and English. These assessments were set at a more demanding standard, based on the new primary national curriculum introduced in 2014.

The process for maintaining test standards in 2018 was based on the same assumptions and professionally recognised techniques as in 2017. We observed standards maintenance meetings for both key stage 1 and key stage 2 tests in 2018. We were satisfied that the STA took an appropriate approach to making sure that the new standards set in 2016 were effectively maintained for both the 2017 and 2018 tests.

Results

After a new test is introduced, we would expect to see results rise in subsequent years. This improvement is normally due to pupils and teachers becoming more familiar with the content and style of the new tests. At key stage 2, 76% of pupils met the expected standard in mathematics and 78% met the expected standard in grammar, punctuation and spelling (GPS) in 2018. Both of these increased one percentage point on the previous year. 75% of pupils met the expected standard in reading, a four percentage point increase on 2017 outcomes. It is difficult, in the first few years of a new test, to disentangle the extent to which improved outcomes could be due to better teaching and learning or increasing test familiarity.

Teacher assessment frameworks for writing were revised for 2018. Changes, no matter how small, to 'secure-fit' or 'mastery' assessment criteria will make at least some change to the overall assessment standard. So while the proportion of pupils reaching the expected standard for key stage 2 writing in 2018 was 78% and in 2017 this was 76%, it is not possible to draw conclusions about changes in pupil attainment in writing between 2017 and 2018 either at key stage 1 or key stage 2. This caveat also applies to the combined figure reported for reading, maths and writing attainment; which

“In spring 2018 we implemented a new regulatory framework for National Assessments following public consultation.”

in 2018 showed that 64% of pupils reached the expected key stage 2 standard in all subjects (reading, mathematics and writing), compared to 61% in 2017.

For the academic year 2018/19, revised teacher assessment frameworks are being introduced for key stage 1 reading, maths and science and for key stage 2 science. As with the writing frameworks in 2018, these changes will mean that results in these subjects in summer 2019 will not be comparable with previous years.

Malpractice

The number of malpractice and maladministration complaints made to the STA in 2018 represented only a very small fraction of assessments taken. Nonetheless, reports of malpractice can have a negative impact on confidence in an assessment system. During spring and summer 2018 we reviewed available documentation relating to the STA's approach to malpractice prevention and detection. We provided feedback on areas which had the potential to be strengthened. This included in relation to test administration, teacher assessment, safeguarding of confidential assessment materials and the use of special considerations and access arrangements. STA has put in place a number of measures in response both to this feedback and its own considerations.

Moderation

We carried out small-scale observational research into key stage 2 writing moderation in a small number of local authorities in 2017, interviewing those involved, in response to concerns from some stakeholders about levels of consistency. We published research in March 2018 that found variations in approaches taken to moderation in 2017, including different logistical arrangements, practices and understandings of Interim Teacher Assessment Framework-referenced moderation. On this basis, we concluded that it was likely that moderators' judgements were more inconsistent during 2017 than they could have been, and that some variations could have operated between local authorities. We recommended that the STA take steps to

reduce risks of inconsistency and concluded that it would be appropriate to keep the approach to the assessment of writing under review. The STA made significant changes for 2018, including introducing new teacher assessment frameworks. It also made changes to moderator standardisation and encouraged local authorities to moderate more than the minimum sample of schools. Our monitoring of both moderator training and moderation sessions in 2018 suggested that the new frameworks were generally welcomed by teachers and moderators we spoke to but that risks of inconsistency in the interpretation of the new frameworks remained and further clarity would be beneficial for future years.

Change in test delivery supplier

The STA will move to a new test operations supplier from the 2020 assessment cycle. During 2018 we considered our regulatory approach to this upcoming change. We concluded that we should continue to focus our regulation on assessment validity, but broaden the scope of our work to monitor for any risks to validity that may be posed by this change. This does not represent a significant change in our strategic approach and is in line with our existing regulatory framework. The Department for Education has confirmed to us its ongoing oversight and responsibility for test operations delivery and that transition operations are being quality assured by cross-government bodies including the Government Internal Audit Agency and the Infrastructure and Projects Authority. In September we published our exchange of letters with the Secretary of State for Education and our letter to the Education Select Committee which set out our approach to regulation during this period.





Goal 5: Develop and manage our people, resources and system

Context

Ofqual makes the best use of its resources and skills, and the public money that funds its work.

Capability

Our focus for 2018 was on empowering our people, improving the diversity of our workforce, and making even more effective use of our time and resources.

We take part in the annual Civil Service People Survey. Following a review of the comments made in 2017, we committed with our staff to:

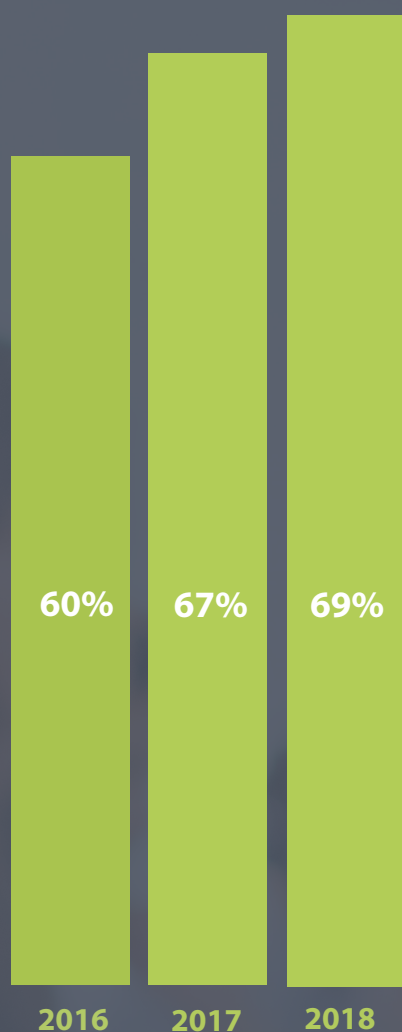
- empower our people, encouraging innovation where possible and practicable
- encourage diversity and inclusion, with a particular focus on recruitment
- improve our meetings culture; shortening meetings where possible and carefully considering attendees

We made good progress in better reflecting diversity in our organisation over the past year. More details can be found on page 86. We also established a Diversity and Inclusion Working Group in early 2019 to identify and deliver other opportunities for improvement in this important area.

Following our actions, our staff engagement results improved again in 2018, by two percentage points (pp) to 69%, placing us in 14th position out of 102 organisations that completed the survey. The result put Ofqual 7pp higher than the Civil Service as a whole and 2pp higher than Civil Service high performers. Our response rate increased to 91%, which was 5pp higher than 2017.

We reviewed and, where necessary, refreshed our HR policies during the year. These included publishing a revised People Strategy in September 2018.

Civil Service People Survey Ofqual's Engagement Index



Source: Civil Service People Surveys

Accommodation relocation

We moved our head office to a new Coventry location in October 2018. We conducted detailed preparations, and successfully moved on time. The organisation was fully operational at all times, and the move provided a useful test of our contingency planning for any future office closure. We also used the opportunity to promote smarter working, including working from other locations. Staff reported very high levels of contentment with the organisation and delivery of the move. More details can be found on page 55.

Corporate identity

We used our change in accommodation, which necessitated changes to all our stationery and signage, to update our corporate identity. We had had substantially the same brand since 2008 and it was proving increasingly challenging for designing digital communication outputs and for social media. All design work was completed by our communications team in-house and adopted across our digital and physical estate in October 2018. We wrote to awarding organisations in March 2019 to explain our expectations regarding the use of our new logo on certificates and to consult on phasing out use of the old logo.

Communications and engagement

Ofqual contributes to the promotion of public confidence in qualifications by generating and distributing information to, and otherwise engaging with, a wide range of stakeholders.

Over the reporting period, we have continued to engage with schools and colleges, students, parents and employers regarding the reforms to GCSEs, AS and A levels (see diagram on page 29). We have also expanded our communications to include the reforms to Applied Generals and Functional Skills qualifications. We continue to write regularly to schools and colleges, speak at conferences, and meet with a wide range of stakeholders. During the year, we have supplemented our postcard, poster and film resources, and introduced more new interactive applications to help the public interrogate our data. We evaluated the impact of specific campaigns through regular and ad hoc analysis.

Information management

We continued to seek ways of reducing the burden on the awarding organisations we regulate by making access to information and its exchange easier. During the reporting period we introduced an online version of our rules following a successful pilot. We further developed our Portal so we can communicate more easily with awarding organisations.

We completed work to strengthen the security of our systems to cyber attack during the reporting period, including the introduction of multi-factor authentication and joining the National Cyber Security Centre's Active Cyber Defence (ACD) programme.

The General Data Protection Regulation (GDPR) came into effect on 25 May 2018. Ahead of this date, we developed the necessary policies to ensure compliance.

Complaints and whistleblowing

Whistleblowing disclosures

Ofqual is designated as a prescribed person for whistleblowing and workers can contact Ofqual about matters in relation to which we exercise functions under the Apprenticeships, Skills, Children and Learning Act 2009. The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 (the Regulations) require prescribed persons to produce an annual report on whistleblowing disclosures made to them by workers. This reporting period is for the period 1 April 2018 to 31 March 2019.

Ofqual received 34 whistleblowing disclosures during the reporting period which we considered were 'qualifying disclosures' and which concerned matters in relation to which we exercise functions under the Act. Of these disclosures 30 related to centres or training providers. All 30 of these disclosures were referred to the relevant awarding organisation for further action. Awarding organisations carried out investigations in 23 of the 30 disclosures. Investigations could not be carried out for seven disclosures as the information was not detailed enough to allow an investigation. Of the submissions investigated: four resulted in further action being taken, 14 found no evidence to substantiate the claims, five were still ongoing at the time of writing.

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

Ofqual itself did not receive notice of any whistleblowing disclosures during the reporting period which related to Ofqual.

Complaints

We provide advice and guidance to those who seek to make complaints to us, which can include referring them to other organisations where that is appropriate.

Complaints about awarding organisations

Overall, we handled 319 complaints about awarding organisations. Where there are indications of non-compliance we classify our outcome as either 'Not Assured' or 'Partly Assured'. We were not assured or partly assured in relation to 16 complaints about awarding organisations during the year. These awarding organisations were referred to our relevant Standards teams for further consideration of potential non-compliance.

Ofqual aims to acknowledge complaints within three working days and provide a final response within 40 working days in 80% of cases. During the reporting period, we acknowledged 100% of complaints within three working days and provided a final response within 40 days in 73% of cases. In light of this outturn we conducted a review of processes to improve efficiency while maintaining quality and changes have been introduced. The average number of days to close a complaint was 31 days.

Where a complainant is unhappy with the outcome of their complaint, they can request an internal review. We carried out internal reviews in seven cases, which related to the way we investigated the original complaint, five of which were upheld.

Complaints about Ofqual

Ofqual received four complaints in the reporting period. Two complaints related to Ofqual's handling of a complaint.

The two other complaints related to recruitment processes followed by Ofqual. Both of these complaints are ongoing.

Complaints to the Parliamentary Ombudsman

No complaints relating to Ofqual were accepted by the Parliamentary Ombudsman in the reporting period.

Financial review

Ofqual's budget for the year 2018-19 was £18.58 million, including £1.5 million of additional programme funding for vocational qualification reform in functional skills, Apprenticeships and T Levels from the Department for Education. This represented a 1.25% increase compared to 2017-18 when the budget was £18.35 million. Ofqual's budget in each year included £2.0 million programme funding to deliver the National Reference Test.

Net operating expenditure plus capital investment for the year was £18.3 million (£18.30 million in 2017-18), giving an outturn £276k (1.49%) under budget.

Income of £50k was received in the year from the fines element of monetary penalties raised, and this was returned to the Consolidated Fund in the year. It therefore has no impact on the outturn.

Staff costs for the year are consistent with 2017-18 at 65% of total expenditure. Contract and agency staff accounted for 5.8% of staffing costs during the year, down from 6.5% in 2017-18. Use of contract and agency staffing is expected to continue during 2019-20 to ensure that we can continue to deliver our Corporate Plan Objectives whilst ensuring that we have sufficient agility.

We have remained within the spending limits, referred to as control totals, authorised through the Parliamentary vote. The control totals relate to specific elements of the resource budget including income, and to capital and annually managed expenditure.

Departmental data reporting tables

Operationally Ofqual is required to deliver its objectives within three financial targets as agreed with Her Majesty's Treasury. These are set out in Table 1 which illustrates financial performance for the period 2014-15 through to 2019-20 against:

- Ofqual's Departmental Expenditure Limit (DEL)
- Capital DEL
- Annually Managed Expenditure (AME)

Table 1 illustrates that 99.5% of Ofqual’s expenditure is incurred through its Resource Departmental Expenditure limit.

Table 1: Annual expenditure trend

	2014–15 Outturn £000	2015–16 Outturn £000	2016–17 Outturn £000	2017–18 Outturn £000	2018–19 Outturn £000	2019–20 Planned £000
Consumption of resources						
Regulation of qualifications	20,968	22,432	18,922	17,860	18,367	18,065
Total resource DEL*	20,968	22,432	18,922	17,860	18,367	18,065
Resource AME**						
Regulation of qualifications	-	-	-	177	-167	30
Total resource	20,968	22,432	18,922	18,037	18,200	18,095
Total capital DEL*	90	35	-	266	100	100
Total public spending	21,058	22,467	18,922	18,303	18,300	18,195

* DEL – Departmental Expenditure Limit

**AME – Annually Managed Expenditure

Notes:

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

Ofqual’s annual expenditure is classified as either Programme or Administration for the purposes of Central Government Accounting. Table 2 demonstrates that 82% of its expenditure is incurred through the Administration classification. Ofqual continues to work with the Department for Education and Her Majesty’s Treasury to ensure that this classification appropriately reflects the activities Ofqual undertakes.

Table 2: Programme and Administration Resource Expenditure

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Planned
	£000	£000	£000	£000	£000	£000
Programme:						
Expenditure						
Pay	1,148	1,754	1,785	1,028	1,318	2,043
Other expenditure	4,192	7,206	3,089	2,331	1,792	1,032
Total expenditure	5,340	8,960	4,874	3,359	3,110	3,075
Income	-	-75	-	-	-	-
Total programme expenditure	5,340	8,885	4,874	3,359	3,110	3,075
Administration:						
Expenditure						
Pay	12,428	9,802	10,297	11,042	10,800	11,819
Other expenditure	3,576	4,147	3,786	3,978	5,077	3,267
Total expenditure	16,004	13,949	14,083	15,020	15,877	15,086
Income	-376	-402	-35	-342	-787	-66
Total administrative expenditure	15,628	13,547	14,048	14,678	15,090	15,020
Grand total	20,968	22,432	18,922	18,037	18,200	18,095

Programme pay increased in 2018-19 due to work to deliver reform of vocational and technical qualifications. This will continue in 2019-20. Administration expenditure was higher in 2018 due to the cost of the office move, as part of the plan to reduce the overall government estate. The cost was partly reimbursed by the Department for Education, as reflected in the increased income. Efficiencies found in corporate services in the year will contribute to the reduced administration other expenditure in 2019-20 onwards.

Administration pay will increase between 2018-19 and 2019-20 due to the 1.5% pay settlement, and an average of 5% increase in employer pension contribution costs effective from 1 April 2019. There are also more staff in post at the end of 2018-19 following successful recruitment to vacancies, the full year effect of which impacts in 2019-20.

Long-term expenditure trends

Table 3 shows the planned incidence of funding for major reforms that Ofqual is delivering. The Vocational and technical reform budget for 2018-19 includes delivery of reforms to apprenticeships, T Levels and functional skills, which continue in 2019-20. Funding beyond 2019-20 is dependent on the outcome of the 2019 Spending Review.

Further information on each programme can be found earlier in the Performance Analysis section of the Performance Report.

Table 3: Expenditure on major reforms

Programme	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Planned
	£000	£000	£000	£000	£000	£000
National Reference Test	460	3,317	1,768	2,051	1,724	2,000
GQ Reform	3,784	1,459	1,883	404	-	-
VTQ Reform	-	-	144	711	1,266	1,165
IT Infrastructure	445	1,415	595	-	-	-
TOTAL	4,689	6,191	4,390	3,166	2,990	3,165

Payment of suppliers

Ofqual adheres to the Late Payment of Commercial Debts (Interest) Act 1998 and meets the normal terms of payment for invoices of 30 days from receipt, except where different terms have been agreed with suppliers. As a small organisation, the government's 5-day target for small and medium enterprises to receive payment is not mandated, however, during the year Ofqual paid 85% of all invoices within 5 working days, 94% of invoices were paid within 10 days, and 99% within 30 days. No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (2017-18: £0).

Sustainability

Ofqual is below the threshold for producing a sustainability report in accordance with the Financial Reporting Manual. However, sustainability is considered in Ofqual's work.

Prior investment in video conferencing equipment continues to enable Ofqual to work flexibly and increase efficiency as staff use the technology to work from locations away from the office, in alignment with the TW3 (The Way We Work) government guidelines for smarter working. As well as reducing the number of home to office journeys, it has reduced the need for some travel to meetings in other locations, although continuing external engagement has increased travel overall.

In October 2018, Ofqual moved from the office at Spring Place, Coventry to share premises at Earlsdon Park, Coventry with other government departments, releasing 1,861 square metres of government estate and associated energy consumption. Ofqual occupies 1,540 square metres at Earlsdon Park plus shared areas. Information on energy consumption at Earlsdon Park is not yet available and utilities costs are included in the total lease payment, therefore ways to measure energy consumption in the future are being explored. The costs and consumption figures in Table 4 therefore relate to Spring Place only.

Table 4: Sustainability

Costs

	2014-15 £	2015-16 £	2016-17 £	2017-18 £	2018-19* £
Electricity	49,858	45,561	34,582	38,192	24,504
Gas	15,613	11,480	11,008	11,939	7,275
Water	5,049	4,924	-8,724	2,726	1,006
Waste Management	563	1,743	120	262	1,048

Consumption

	2014-15	2015-16	2016-17	2017-18	2018-19*
Total Carbon	188	186	171	199	88
Elec (kWh)	274,379	251,583	245,536	250,549	164,295
Elec (tCO₂)	136	124	121	134	59
Gas (kWh)	285,339	331,492	270,001	351,022	158,462
Gas (tCO₂)	53	61	50	65	29
Water (m³)	1,240	1,155	1,038	1,033	789
Waste (tonnes)	36.99	31.34	-	-	-

* to October 2018

Business travel

	2014-15 £	2015-16 £	2016-17 £	2017-18 £	2018-19 £
Rail	116,436	83,051	136,456	118,314	146,015
Hotel	22,998	25,523	22,694	49,437	40,455
Air/Ferry	14,564	15,924	2,996	5,022	5,843
TOTAL	153,998	124,498	162,146	172,773	192,314

The part-year figures for Spring Place indicate a similar level of consumption in 2018-19 as in 2017-18.

Following the office move, Ofqual has continued to focus on reducing the amount of waste produced, and increasing the proportion of waste that is recycled through waste separation at disposal point. The locked printing functionality on the multi-function devices and electronic meeting papers continue to reduce the amount of paper generated in the organisation.

No waste tonnage figures are available from 2016-17 onwards. We are seeking additional information on our energy consumption and waste levels following our move to Earlsdon Park so that we can consider ongoing measures to reduce energy use and waste.

Rail charges have increased by £28k in the year, partially offset by a £9k reduction in hotel costs, due to increased stakeholder engagement and enforcement activities. Air travel has increased in the year due to Ofqual's involvement in specific international conferences.

Basis of accounts

The accounts for the year ended 31 March 2019 have been prepared under a direction issued by HM Treasury in accordance with the Government Resources and Accounts Act 2000.

Ofqual was the sole entity within the departmental accounting boundary during 2018-19, and is not responsible for any bodies outside the departmental accounting boundary. In common with other government departments, funding for Ofqual will be met in the main by future Grants of Supply to be approved annually by Parliament. The 2015 Spending Review reduced Ofqual's core administration and programme funding over the 2016-20 period. A budget has been set that achieves this objective and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Pension liabilities

Ofqual's employees are covered by the provisions of the Civil Service Pension Scheme. Information on pension entitlements is provided in the Remuneration Report section. Information on pension liabilities is provided in the financial statements section of this report.

Events after the reporting period

There have been no events after the reporting period which require an adjustment to the financial statements, nor any non-adjusting events.

Auditor

The Government Resources and Accounts Act 2000 appointed the Comptroller and Auditor General as Ofqual's auditor. He has retained the £50,000 charge for the audit in 2018-19.

As far as I am aware, there is no relevant audit information of which the Comptroller and Auditor General is unaware. I have sought assurance from the Executive Directors and taken all the steps that I ought to have taken to make myself aware of any relevant audit information and establish that the Comptroller and Auditor General is aware of that information.

Future priorities

Work during 2019 to 2020 will be driven by the goals set out in the Corporate Plan 2019 to 2022.

Goal 1: Regulate for the validity and safe delivery of general qualifications

Goal 2: Regulate for the validity and safe delivery of national technical and vocational qualifications and assessments

Goal 3: Regulate for the validity and safe delivery of all vocational and other regulated qualifications

Goal 4: Monitor and evaluate the validity of National Assessments

Goal 5: Promote innovation and an effective and efficient regulated qualifications market

Goal 6: Develop and manage our people, resources and systems

Sally Collier

Chief Regulator, Accounting Officer for Ofqual

28 June 2019





Accountability Report

The Accountability Report contains the following three sections:

1. Corporate Governance Report
2. Remuneration and Staff Report
3. Parliamentary Accountability and Audit Report

The Corporate Governance Report includes the Directors' Report, the Statement of Accounting Officer's Responsibilities, and the Governance Statement. It explains the composition and organisation of the entity's governance structures and how they support the achievement of the entity's objectives. It includes information regarding Ofqual's directors and their significant interests, confirms the Accounting Officer's responsibilities, and how they have been assured, and outlines the governance framework of the organisation, including the board's committee structure, its attendance, and coverage of its work. It also assesses the risks to the organisation.

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

The Parliamentary Accountability and Audit Report brings together the key Parliamentary accountability documents within the annual report and accounts. It comprises: the Statement of Parliamentary Supply and supporting notes regarding the financial outturn and information on costs; regularity of expenditure; parliamentary accountability disclosures; and the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

Corporate Governance Report

The Corporate Governance Report comprises three sections: The Directors' Report, The Statement of Accounting Officer's Responsibilities and The Governance Statement.

The Directors' Report

Ofqual's executive leadership team includes the following directors:



Sally Collier
Chief Regulator and
Accounting Officer



Dr Michelle Meadows
Deputy Chief Regulator
and Executive Director
Strategy, Risk & Research



Phil Beach CBE
Executive Director,
Vocational and
Technical Qualifications



Sean Pearce
Chief Operating Officer



Julie Swan
Executive Director,
General Qualifications

Table 5: Senior Management Team Directorships and other significant interests

Name	Directorships and other significant interests during 2018-19
Sally Collier Chief Regulator and Accounting Officer	Fellow, Chartered Institute of Purchasing & Supply
Michelle Meadows Deputy Chief Regulator and Executive Director Strategy, Risk & Research	Honorary Research Fellow, Oxford University
Marc Baker Chief Operating Officer to 29 April 2018	Vice Chair of Governors, East Leake Academy
Stephen Park Interim Chief Operating Officer from 4 June 2018 to 8 January 2019	Director and Shareholder, Park Consulting Limited Member of the Agency Management Board and Chair of the Audit and Risk Assurance Committee, Rural Payments Agency Member, Institute of Chartered Accountants, England and Wales Member, Association of Corporate Treasurers Member, Institute of Directors
Sean Pearce Chief Operating Officer from 7 January 2019	CIPFA Council Member Chair of the CIPFA Standards and Financial Reporting Board
Phil Beach Executive Director, Vocational and Technical Qualifications	Director, Independent Schools' Inspectorate
Julie Swan Executive Director, General Qualifications	Fellow of the University of Worcester

Notes:

Marc Baker left Ofqual on 29 April 2018 to take a post in another Government department.

Board Members

Board members' directorships and other significant interests, including non-executive positions, during the year ended 31 March 2019 are given in Table 6.

None of the board members, key managerial staff or other related parties have undertaken any material transactions with Ofqual during the year.



Roger Taylor
Chair



Sally Collier
Chief Regulator and
Accounting Officer



Mike Cresswell



Christine Ryan



Hywel Jones



David Wakefield



Frances Wadsworth



Ian Bauckham



Delroy Beverley



Lesley Davies



Jo Saxton

Table 6: Ofqual Board Directorships and other significant interests

Name	Board directorships and other significant interests during 2018-19	Notes [Indicating where they have departed or been extended]
Roger Taylor, Chair	Owner and Director of Hatmatrix Ltd Fellow, Royal Society of Arts Chair, Centre for Data Ethics and Innovation	Original appointment date: 1 April 2012 Appointed as Chair: 1 January 2017 Appointment expires: 31 December 2019
Sally Collier	Fellow, Chartered Institute of Purchasing & Supply	Original appointment date: 25 April 2016 Appointment expires: 24 April 2021
Mike Cresswell	No board directorships or other significant interests	Original appointment date and term: 1 October 2013 (3 yrs) 1st re-appointment date and term: 1 October 2016 (3 yrs) Appointment expires: 31 September 2019
Christine Ryan	Chair of Talent ED (Charity) Founding Partner of Ryan and Grunsell Ltd Fellow, Royal Society of Biology Member, Institute of Directors	Original appointment date and term: 1 April 2017 (3 yrs) Appointment expires: 31 March 2020
Hywel Jones	Primary Director, Inspiration Trust – ceased 2018 Director, Althea Academy – ceased 2018 Board Member, Astrea Academy Trust – Ceased 2018 Deputy Director of Education, Astrea Academy Trust Principal, Longsands Academy, Astrea Academy Trust	Original appointment date and term: 1 April 2017 (3 yrs) Appointment expires: 31 March 2020
David Wakefield	Non-executive Chair of Bolton NHS Non-executive member of Crown Commercial Services Non-Executive Chair of University Hospitals, North Midlands NHS Trust Fellow, Chartered Institute of Management	Original appointment date and term: 1 April 2017 (3 yrs) Appointment expires: 31 March 2020
Frances Wadsworth	Lay Advisor to Thames Valley Area Magistracy FE Deputy Commissioner Advisor to Gasp Motor Project Fellow, Royal Society of Arts	Original appointment date and term: 1 April 2017 (3 yrs) Appointment expires: 31 March 2020
Ian Bauckham	CEO and Director of Tenax Schools Trust Trustee of NFER Trustee of Sabre Education Trustee of Association of School and College Leaders (ASCL) Interim Trustee of Association for Language Learning (ALL) Advisor to Department for Education Ofsted inspector National Leader of Education (NLE)	Original appointment date and term: 1 March 2018 (3 yrs) Appointment expires: 28 February 2021
Delroy Beverley	Executive Director of Nottingham City Homes Companion of Chartered Management Institute Member, Institute of Directors	Original appointment date and term: 1 April 2018 (3 yrs) Appointment expires: 31 March 2021
Lesley Davies	CEO and Principal, The Trafford College Group Chair, UK Skills Partnership Chair, Designate, Royal British Legion in Cheshire Member, Education Advisory Group British Council	Original appointment date and term: 1 April 2018 (3 yrs) Appointment expires: 31 March 2021
Jo Saxton	Chief Executive and Director of Turner Schools Trustee of The Brilliant Club	Original appointment date and term: 1 April 2018 (3 yrs) Appointment expires: 31 March 2021

Protected personal data related incidents reported to the Information Commissioner's Office

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

Summary of other protected personal data related incidents

There have been three non-reportable incidents during this period. All incidents were resolved and appropriate controls were put in place where necessary.

Recruitment

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

In 2018-19 an average of 192.24 whole-time equivalent staff were employed (191.76 in 2017-18). This includes an average of 10 temporary members of staff (including fixed term employees, agency and contractors) to cover vacancies, maternity leave and long-term sick leave (9 in 2017-18), with 11 employed as at 31 March 2019. Ofqual continues to be recognised as a Disability Confident employer.

Sally Collier
Chief Regulator, Accounting Officer for Ofqual
28 June 2019



Statement of Accounting Officer's responsibilities

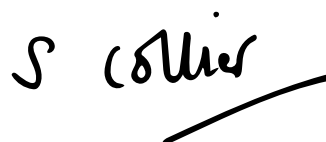
Under the Government Resources and Accounts Act 2000, HM Treasury directs Ofqual to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Ofqual and of its net resource outturn, application of resources, changes in the taxpayers' equity 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, and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government FReM have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going-concern basis

HM Treasury has appointed the Chief Regulator as Accounting Officer for Ofqual. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Ofqual's assets, are set out in Managing Public Money published by HM Treasury. I confirm that as far as I am aware, there is no relevant audit information of which Ofqual's auditors are not aware. As Accounting Officer, I have taken all steps necessary and have sought assurance from the Ofqual management team that I have been made aware of any relevant audit information and to establish that Ofqual's auditors are also made aware of that information.

I have reviewed the assurances provided by the Ofqual management team and confirm that the annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility based on the written assurances provided to me, for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Sally Collier
Chief Regulator, Accounting Officer for Ofqual
28 June 2019



Governance Statement

Scope of responsibility

As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives, whilst safeguarding the public funds and our assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. This governance statement describes how these duties have been carried out by the Accounting Officer and the supporting structure in the 2018-19 financial year.

Ofqual Board

During 2018-19 the Board consisted of a Chair, nine ordinary members (one as Deputy Chair) and the Chief Regulator. Ordinary members are appointed by the Secretary of State for Education for terms no longer than five years. Board members may be reappointed as their terms expire, but there is no automatic right to this.

Table 7: Board members and the Committees on which they served, during the year ending 31 March 2019

Name	Date of appointment	Term of appointment	Membership of Board Committees			
			Board (routinely scheduled) - 8 meetings	Audit & Risk Assurance Committee (ARAC) - 5 meetings including 1 joint meeting	Finance Committee (Fin) - 5 meetings including 1 joint meeting	Standards Advisory Group (SAG) - 3 meetings
Roger Taylor (Chair)	Appointed as Chair 1 January 2017	3 years, to 31 December 2019	100% *	20%	20%	66% *
Mike Cresswell	Reappointed 1 October 2016	3 years, to 30 September 2019	87.5%			66%
Christine Ryan	1 April 2017	3 years, to 31 March 2020	75%	80%		
Hywel Jones	1 April 2017	3 years, to 31 March 2020	100%		100%	
David Wakefield	1 April 2017	3 years, to 31 March 2020	62.5%		100% *	
Frances Wadsworth (Deputy Chair from 31 January 2018)	1 April 2017	3 years, to 31 March 2020	87.5%	100% *		
Ian Bauckham	1 March 2018	3 years, to 28 February 2021	87.5%			66%
Sally Collier	25 April 2016	5 years, to 24 April 2021	100%	100%	100%	100%
Lesley Davies	1 April 2018	3 years, to 31 March 2021	87.5%	80%		
Delroy Beverley	1 April 2018	3 years, to 31 March 2021	100%		100%	
Jo Saxton	1 April 2018	3 years, to 31 March 2021	75%			66%

Notes

* denotes Chair of Committee

As Chair of the Board, Roger Taylor is not a member of ARAC or the Finance Committee, but he can be specifically invited to join the meetings. During the year he attended 20% of these.

Executive Directors are invited to attend all Board meetings and relevant Committee meetings.

Board and Committee members are required to declare potential conflicts of interest on appointment and at the beginning of each meeting they attend. They must confirm annually that the register of their interests is up to date. Where actual or potential conflicts of interest are identified, Board members take no part in any discussion and are not involved in any decisions that relate to those interests.

The Register of Interests is open to the public, and requests for information may be made in writing addressed to the Board Secretary.

The Board included the following committees during the year ended 31 March 2019.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee provides advice and assurance to the Board and to me, as Accounting Officer, on the adequacy and effectiveness of internal controls, risk management processes and governance arrangements. It also oversees internal and external audit arrangements covering both financial and non-financial systems. The Committee normally meets four times a year, although the Committee Chair may call additional meetings as necessary.

The Committee consists of up to four members of the Board and an independent financially qualified member. Nick Payne has served as the financially qualified independent member since September 2017. Attendance of the independent member is not recorded in the Board member attendance in Table 7, but the independent member attended 100% of the Audit and Risk Assurance Committee meetings that he was eligible to attend in the year.

As Accounting Officer, I attend meetings of the Committee together with the Chief Operating Officer. The internal auditors and the National Audit Office also attend.

Other members of Ofqual staff attend where appropriate.

The Committee considers all aspects of internal control including risk management (strategic and systemic), information security and counter-fraud, supported by reports from the internal and external auditors. During 2018-19 the Committee reviewed the findings of audit reports on audit and investigations, spending plans and budgetary control, agile project delivery, cyber security, key financial systems and Oracle system implementation. The Committee also reviewed the outcomes of a pilot assurance mapping exercise.

Finance Committee

The Finance Committee considers and advises the Board on financial issues. The Committee also receives updates on HR strategy and key metrics as well as staff resources and development at each meeting. It is authorised to seek any information it requires from any Committee of the Board, or directly from any Board member or member of staff.

The Committee meets at least three times a year and consists of up to four members of the Board. Members of the Committee are not members of the Audit and Risk Assurance Committee.

I attend meetings as Accounting Officer, together with the Chief Operating Officer, and the Associate Director of Finance and Commercial and the Associate Director of Human Resources, Learning & Development and Facilities.

Standards Advisory Group

The Standards Advisory Group advises the Board about general qualifications, vocational and technical qualifications, and national assessments. Typical issues raised concern the comparability of standards between regulated qualifications, international comparisons, and the validity and reliability of assessments.

The Group met three times during the year. In that time, membership included myself, four members of the Board and 14 independent members who are appointed to bring specific expertise to the Group. Meetings are chaired by Ofqual's Board Chair, and are attended by relevant senior members of Ofqual's Strategy, Risk and Research Directorate plus other members of staff as appropriate.

The Group has a National Reference Test Sub Group to support Ofqual's work in that area. The Sub Group met twice this year. Its membership comprises one member of the Board and three independent members.

During 2018-19, the independent members of the Standards Advisory Group were:

- Professor Rebecca Allen, UCL Institute of Education
- Professor Jo-Anne Baird, Director of the Department of Education, University of Oxford
- Tom Bramley, Director, Research Division, Cambridge Assessment
- Professor Robert Coe, School of Education, Durham University
- Professor Caroline Gipps, Emeritus Professor, former Vice Chancellor University of Wolverhampton
- Dr Grace Grima, Director of Research, Pearson UK
- Dr Tina Isaacs, Honorary Senior Lecturer in Educational Assessment at UCL's Institute of Education
- Dr Alastair Pollitt, Director, Cambridge Exam Research
- Professor Gordon Stobart, Institute of Education, University College London
- Norman Gealy, Consultant in assessment, former Chair and current Vice-Chair of the Assessment Committee of the Institute of Chartered Accountants in England and Wales
- Isabel Sutcliffe, Independent Consultant and formerly Pearson's International Standards & Quality Director
- Professor Daniel Mujis, Head of Research, Ofsted
- Professor Prue Huddleston, Emeritus Professor, Centre for Education Studies, University of Warwick
- Professor Barnaby Lenon, School of Education, Buckingham University

The group may invite other individuals to attend meetings, for example to hear a particular stakeholder's point of view on a matter.

Each Committee reports on its work at the Board meeting following the Committee meeting. Principal items of Committee business in 2018-19 were:

Finance Committee

- reviewing the 2017-18 Annual Report and Accounts
- monitoring Ofqual's management accounts
- reviewing the 2018-19 business planning and budget process
- reviewing changes to the Standing Financial Instructions
- reviewing HR strategy and key people metrics

Standards Advisory Group

Providing advice to Ofqual on:

- grading vocational and technical qualifications
- the quality of marking
- inter-subject comparability
- the National Reference Test

Audit and Risk Assurance Committee

- reviewing the 2017-18 Annual Report and Accounts for recommendation to the Board for approval
- reviewing internal audit reports and monitoring the implementation of audit recommendations
- overseeing risk management
- monitoring progress of the 2018-19 internal audit plan
- agreeing the 2019-20 internal audit plan
- reviewing the 2017-18 external audit completion report
- reviewing the 2018-19 external audit plan
- considering information management and cyber security issues

Management control activities

The Chief Regulator has delegated responsibility from the Board for leading the organisation on a day-to-day basis. They determine which duties are discharged through members of the executive team individually through line management arrangements, and which are discharged collectively through the executive governance groups. Management control is governed by a Senior Management Group.

Senior Management Group

The Senior Management Group normally meets weekly and is attended by the Chief Regulator and the Executive Directors. The Director of Legal, Associate Director for Strategic Policy and Risk, Director of Communications and Private Secretary to the Chief Regulator also attend. Other staff attend by invitation.

The agenda includes regular review of strategic risks, setting and monitoring delivery against organisational priorities, and one-off and recurring topics for strategic discussion, direction setting or decision making. Specific areas of focus for the group include:

- developing the strategic direction for Ofqual, including priorities, business and corporate plans
- considering issues related to staff including recruitment and prioritisation, talent management and improvements to staff engagement
- monitoring progress against the corporate, business and financial plans
- advising the Chief Regulator on matters delegated to her by the Board or escalated by any of its sub-groups
- approving the setup of significant new programmes of work or other activities that impact on the resources of the organisation
- overseeing use of financial resources and people, with a particular focus on efficiency and effectiveness
- conducting 'horizon scanning' of external factors affecting the organisation, including in regulated bodies, government and other stakeholders
- overseeing the Strategic Risk Register and Business Plan tracker

The Senior Management Group reviews key organisational performance indicators, including finance, legal, information technology, regulatory compliance and strategic human resources matters on a monthly basis. During the year to 31 March 2019 the executive management team on the Group were:

- Sally Collier – Chief Regulator
- Dr Michelle Meadows – Executive Director, Strategy, Risk and Research, Deputy Chief Regulator
- Phil Beach – Executive Director, Vocational and Technical Qualifications
- Julie Swan – Executive Director, General Qualifications
- Marc Baker – Chief Operating Officer to April 2018
- Stephen Park – Interim Chief Operating Officer from June 2018 to January 2019
- Sean Pearce – Chief Operating Officer from January 2019

Board performance

Ofqual adheres to the Corporate Governance Code for central government bodies, and central standards of good governance practice for government boards where appropriate. The Ofqual Governance Framework was reviewed and updated in September 2018, and issued in October 2018. Four new members of the Ofqual Board were appointed in 2018. Ofqual runs a thorough induction programme for new Board members.

Ofqual commissioned an independent, external review of Board effectiveness in early 2019 from Weva Ltd – a specialist Board and leadership consultancy – in line with the Corporate Governance in Central Government Departments Code of Good Practice 2017 and, where relevant, the Financial Reporting Council's UK Corporate Governance Code and Guidance on Board Effectiveness 2018. The review was based on interviews with all members of the Board, the four Executive Directors, the Director of Legal and Associate Director Legal. The areas the review covered included: Board leadership, the Board's effectiveness as a team and Board ways of working. The review did not include an appraisal of the Chair or the Non-Executive Directors nor of the Board Committees. These are undertaken by the Chair on a regular basis.

The review highlighted areas of particular Board strength including: key stakeholder engagement; the capability and commitment of Board members; the strong and productive Chair and CEO relationship; and the expert Executive support for Board discussions.

The review also highlighted areas for further Board development including: further discussion about the inherent tension and relative weightings between Ofqual's statutory objectives, a long-term vision of success for Ofqual; confirming how Ofqual's Governance Framework can best support the Board's work in practice; and continuing to build the Board as a high performing team.

The Board is in the process of agreeing an action plan based on the review which will help support continuous improvement in the Board's performance; the Board will review its progress against the action plan towards the end of 2019-20.

Risk management

A broad range of risks is managed across areas of work in relation to projects and programmes, including both regulatory risks and risks that are corporate in nature. Ofqual's approach to managing regulatory risks is outlined in the Regulatory Risk Framework.

Risks that may have a direct impact on statutory objectives or put at risk delivery of the Corporate Plan are escalated to the strategic risk register. These risks are actively monitored and have comprehensive programmes of activity in place to mitigate their impact or reduce their likelihood.

The strategic risk register is reviewed regularly by the Senior Management Group and the Board. It is scrutinised in detail by the Audit and Risk Committee of the Board, including through regular deep dives of risk management approach for each risk. This maintains active monitoring of key risks, and the effectiveness of mitigations.

Ofqual continuously reviews and improves the approach to risk identification, assessment and management. During 2018-19 a process for determining risk appetite was developed to support the risk response strategies to each of the strategic risks and the allocation of resources to mitigation.

Whilst the risks recorded changed, throughout 2018-19 the strategic risk register included risks related to:

The safe delivery and standard of GCSEs, AS and A levels

Ofqual has oversight of and closely monitors a wide range of risks to delivery, including risks to the timetable for results that may affect progression or employment opportunities for students, errors in question papers and risks related to malpractice. A range of modelling and technical approaches are used to manage risks related to the maintenance of standards between exam boards and over time.

Marking and moderation of GCSEs, AS and A levels

The quality of the exam boards' marking and their moderation of teachers' marking remain key risks to the validity of GCSEs, AS and A levels, and to public confidence in qualification results. This long-term and extensive programme of research monitors the quality of marking and seeks to identify opportunities for systemic improvement. Ofqual's regulatory tools are used to identify and mitigate specific risks and to require improvements from exam boards where necessary.

Public confidence in GCSEs, AS, A levels and applied general qualifications

A longitudinal survey of public perceptions is used to measure public confidence in these qualifications. Ofqual works with stakeholders to support public confidence through improved understanding of key issues. An extensive communication programme is in place including blogs, publications and other materials, and use of social and visual media channels. In recent years these have focussed on issues such as the 9 to 1 grading scale for reformed GCSEs, differences between reformed and unreformed applied general qualifications, deterring malpractice and how student anxiety about examinations might be managed.

Apprenticeship end-point assessments

Ofqual is managing the risks to the development and delivery of new apprenticeship end-point assessments where it has responsibility for external quality assurance. Ofqual is also playing its part in managing the wider risks to the market as it develops. Ofqual works closely with the Institute for Apprenticeships and Technical Education using a range of regulatory powers and tools to mitigate risks to validity and standards and to protect learners. In particular, detailed technical evaluation of assessment plans and end-point assessments are undertaken, providing feedback and requiring improvements to plans and assessments where necessary.

Technical qualifications in T Levels

Ofqual has developed a quality framework with the Institute for Apprenticeships and Technical Education to monitor and mitigate risks to the validity and quality of technical qualifications within T Level programmes. Areas of focus include ensuring the new qualifications are designed to mitigate potential risks to their safe delivery and award, and maintaining the timeline for them to be available to teach. In the coming year Ofqual will use its accreditation power to ensure risks to quality and validity are addressed. The accreditation process evaluates the new qualifications against the specific rules Ofqual has put in place for technical qualifications in T Levels.

Vocational and technical education reform

Ofqual is playing an active part in the government's reforms to vocational and technical qualifications, using its expertise and regulatory capabilities so that risks to qualification standards and public confidence are mitigated. Ofqual is mindful that risks may manifest in individual qualifications, or as a result of simultaneous delivery of multiple reforms. Mitigating activity ranges from providing technical advice to government and the evaluation of reformed qualifications before they are made available, to close engagement with awarding organisations and users of qualifications about potential system-wide risk.

Vocational awarding organisations' quality assurance of centres

Ofqual continues to gather evidence of and address instances of malpractice, incorrect awarding and fraud where the quality assurance or other arrangements awarding organisations have in place with centres are not effective. Following extensive evidence gathering and analysis, Ofqual has proposed for consultation revised rules to better manage these risks and will continue work to evaluate and improve controls.

National Assessments validity

Ofqual continues to focus on risks to validity, rather than delivery, in National Assessments. Monitoring takes place through observation and evaluation, raising risks where necessary so these can be addressed by responsible bodies. Areas of focus include the validity of new assessment arrangements such as the reception baseline and multiplication tables check, and monitoring for any potential risks to validity from changes to test delivery and marking arrangements from 2020.

Capacity and capability

Ofqual monitors risks to the resources and expertise needed to meet statutory objectives and to deliver the corporate plan. Allocation of resources is actively prioritised to ensure that the best use of public money is made and that priorities are delivered within the year-on-year reductions to the budget agreed in the 2015 spending review. In 2018-19 the

People Strategy was revised to refresh the mitigation of risks to the recruitment, development and retention of the experts required. Ofqual monitors a number of indicators of financial, people and capacity risks. This includes taking part in the annual Civil Service People Survey, which informs strategic activity around motivating and retaining Ofqual's people. The introduction of a broader range of employee benefits and an improved employee recognition scheme has this year contributed to year-on-year improvements in employee engagement scores have been achieved.

Cyber and information security

Ofqual actively develops and improves its approach to mitigating cyber and information security risks in a continually evolving threat environment. Mitigations include an extensive schedule of planned improvements to technical controls, continually improving the resilience of incident responses and ensuring good understanding of risks for staff. Ofqual assesses the maturity of controls against established industry health checks and standards, such as the National Security Centre's cyber essentials plus, and is working towards ISO27001 accreditation.

Over the course of the year, strategic risks have been added related to:

The standard of national technical and vocations qualifications taken in schools and colleges

Ofqual has evidence that the structure and design of this suite of qualifications, and the controls available to awarding organisations in the context in which they are delivered in schools and colleges, creates risks to awarding organisations' ability to secure the standard of these qualifications over time. In mitigation, monitoring, data collection, and technical evaluation of these qualifications is being increased, and we are reviewing and considering strengthening available controls where relevant.

Internal audit

Ofqual's governance arrangements and risk management processes are supported

by an internal audit function that reviews procedures and controls; during 2018-19 this was contracted to Mazars LLP. An annual audit programme focuses on areas assessed as significant internal risks. Both the Senior Management Group and the Audit and Risk Assurance Committee agree the annual audit programme and review the individual reports and recommendations.

Internal Audit works to the Public Sector Internal Audit Standards. All audit reports include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of Ofqual's system of internal control for that work area together with any recommendations for improvement. Where weaknesses in controls are identified, action is taken to strengthen the controls.

Effectiveness of the internal control framework

As Accounting Officer, I review the effectiveness of the system of internal control annually. This review is informed by the work of the internal auditors, by feedback from senior managers who have responsibility for the development and maintenance of the internal control framework, and by comments made by the National Audit Office in their Audit Completion Report and other reports. Any relevant feedback made by the Education Select Committee are also taken into account.

The Audit and Risk Assurance Committee advises on the implications of internal audit reviews and monitors progress against the plan to tackle any identified weaknesses so that the system of internal control is continuously improved. The internal auditors provide an annual, independent and objective assessment as to whether there are adequate and effective corporate governance, risk management and internal controls processes. A "moderate" opinion was given for these by the Head of Internal Audit in 2018-19.

The eight internal audit reviews conducted in the past 12 months included coverage across a range of strategic, core operational, and financial risks, and were of mixed assurance as detailed in the table below.

Table 8: Internal audit – report ratings

Audit	Report Rating
Audit and Investigation Processes	Follow up to 2017-18 – rating not applicable
Spending Plans and Budgetary Controls	Substantial
IT – Agile Project Delivery within IM	Substantial
Cyber Security and GDPR Compliance	Adequate
Assurance Mapping	Rating not applicable
Key Financial Systems and Transaction Testing	Adequate
Complaints Handling	Adequate
Oracle System Implementation	Substantial

The internal auditors made 26 recommendations from these audits during the year, comprising 5 significant and 21 housekeeping actions. At 31 March 2019, 5 of the housekeeping actions have been completed, with actions to implement the remaining recommendations being on track. The Complaints Handling report was finalised after the year end; there were 5 significant and 5 housekeeping actions recommended, all of which fall into the 2019-20 year. These are excluded from table 9 below.

Ofqual has put in place appropriate measures to address the areas for improvement identified by internal audit during the year and will monitor the application of those measures to assess their effectiveness in achieving the desired outcomes.

Progress in implementing these recommendations is reported to the Senior Management Group periodically, and the Audit and Risk Assurance Committee reviews progress when it meets, and receives updates by correspondence between meetings where necessary. In addition to the individual reviews, Internal Audit undertakes a review of all closed audit actions to assess whether there is sufficient evidence to justify the closure.

Table 9: Internal audit – outstanding actions at year end

Finding Rating	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Fundamental	-	-	-	-	-	-
Significant	5	-	-	-	-	-
Housekeeping	16	9	3	4	4	4
Total	21	9	3	4	4	4

The Internal Audit supplier changed at the beginning of 2018-19 and the audit plan was concentrated towards the end of the year, therefore there is a higher proportion of recommendations that are planned to be completed in 2019-20. All actions will be complete by September 2019.

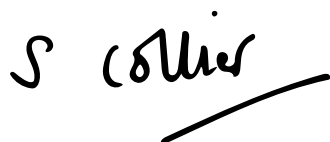
Accounting Officer System Statement

As Accounting Officer of Ofqual, I am personally responsible for safeguarding the public funds for which I have been given charge as the Ofqual Estimate. To support me in discharging my responsibilities in this area, the Ofqual Governance Framework sets out the scheme of delegation under which we operate.

As well as the opinion provided to me by internal audit, each Executive Director and appropriate Directors/Associate Directors have been required to review the controls that they have in place to manage governance, risk and control arrangements and to report by way of written assurance to me at the end of the financial year that these controls were effective. This supplements the regular reporting to the Senior Management Group on the stewardship of finances and risks.

These letters of assurance support the preparation of this Governance Statement. I identified no additional risks from these letters of assurance.

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



Sally Collier
Chief Regulator, Accounting Officer for Ofqual
28 June 2019



Remuneration and Staff Report

Remuneration report

Ministers

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

Ofqual

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

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

Unless otherwise stated, the staff covered by this report hold permanent civil service appointments.

The Chief Regulator, board members and directors are covered by the Civil Service Management Code, and potential and actual conflicts of interest are managed in accordance with this code. The Directors' Report includes a list of the directorships and other significant interests held by these individuals.

We maintain a Register of Interests that is open to the public and accessible by written request for information addressed to our Board Secretary.

Directors' Remuneration policy

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

Remuneration (including salary and benefits in kind)

This section is subject to audit.

Table 10: Salary entitlements of the most senior members of Ofqual staff for year ending 31 March 2019

Table 10 shows gross salary and other taxable allowances. Full-year salary equivalents for those who served part of the year are shown in brackets.

Board members	Salary	Salary	Perfance Related Awards	Performance Related Awards	Pension Benefits	Pension Benefits	Total	Total
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000	£000	£000	£000	£000
Roger Taylor (Chair)	40-45	40-45	-	-	-	-	40-45	40-45
Julius Weinberg (Interim Chair from December 2016 to January 2017)	-	0-5 (5-10)	-	-	-	-	-	0-5 (5-10)
Mike Cresswell	5-10	5-10	-	-	-	-	5-10	5-10
Anne Heal (to 31/03/2018)	-	5-10	-	-	-	-	-	5-10
Barnaby Lenon (to 31/03/2018)	-	5-10	-	-	-	-	-	5-10
Tom Taylor (to 31/03/2018)	-	5-10	-	-	-	-	-	5-10
Terri Scott (to 31/03/2018)	-	5-10	-	-	-	-	-	5-10
Neil Watts	5-10	0-5 (5-10)	-	-	-	-	5-10	0-5 (5-10)
Christine Ryan	5-10	5-10	-	-	-	-	5-10	5-10
Hywell Jones	5-10	5-10	-	-	-	-	5-10	5-10
David Wakefield	5-10	5-10	-	-	-	-	5-10	5-10
Frances Wadsworth	5-10	5-10	-	-	-	-	5-10	5-10
Ian Bauckham	5-10	0-5 (5-10)	-	-	-	-	5-10	0-5 (5-10)
Delroy Beverley (appointed 01/04/2018)	5-10	-	-	-	-	-	5-10	-
Lesley Davies (appointed 01/04/2018)	5-10	-	-	-	-	-	5-10	-
Jo Saxton (appointed 01/04/2018)	5-10	-	-	-	-	-	5-10	-
Senior Staff	Salary	Salary	Performance Related Awards	Performance Related Awards	Pension Benefits	Pension Benefits	Total	Total
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	£000	£000	£000	£000	£000	£000	£000	£000
Sally Collier Chief Regulator	155-160	155-160	-	-	52	31	205-210	185-190
Michelle Meadows Deputy Chief Regulator, and Executive Director, Strategy, Risk and Research	115-120	110-115	0-5	0-5	45	44	165-170	155-160
Phil Beach Executive Director, Vocational and Technical Qualifications	100-105	95-100	0-5	0-5	40	39	145-150	135-140
Marc Baker Chief Operating Officer (to 29/04/2018)	5-10 (95-100)	95-100	0-5	0-5	3	38	10-15	135-140
Stephen Park, Interim Chief Operating Officer (4/7/2018 to 11/1/2019) (see note)	115-120 (225-230)	-	-	-	-	-	115-120 (225-230)	-
Sean Pearce, Chief Operating Officer (from 07/01/2019)	25-30 (120-125)	-	-	-	11	-	35-40 (130-135)	-
Julie Swan Executive Director, General Qualifications	95-100	95-100	0-5	0-5	39	38	135-140	135-140

Notes:

Stephen Park was contracted through an agency, these figures represent the amounts paid to the agency and not the amounts received by the individual.

Julius Weinberg's term ended on 31 August 2017 due to his appointment as Chair of the Ofsted Board.

Figures in brackets are annual equivalent salaries.

Pension benefits

This section is subject to audit.

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

Table 11: Pension benefits of the most senior members of Ofqual for the year ending 31 March 2019

	Accrued pension at pension age as at 31/03/19 and related lump sum £000	Real increase in pension and relate lump sum at pension age £000	CETV at 31 March 2019 £000	CETV at 31 March 2018 £000	Real Increase in CETV £000
Sally Collier	45 – 50 plus a lump sum of 110 - 115	0 - 2.5 plus a lump sum of 0	866	751	10
Michelle Meadows	10-15	2.5 - 5	156	109	24
Phil Beach	5-10	0 – 2.5	138	92	27
Marc Baker	5-10	0 – 2.5	130	125	2
Julie Swan	20-25	0 – 2.5	295	238	24
Sean Pearce	0-5	0 – 2.5	7	0	5

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

Fair pay in the public sector

This section is subject to audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Ofqual in the financial year 2018-19 was £155,000–£160,000 (2017–18, £155,000–£160,000 (annual equivalent salary)). This was 3.91 times the median remuneration of the workforce, which was £38,956 (2017-18, 3.92 times, £40,197).

In 2018-19 no employees received remuneration in excess of the highest-paid director, (2017–18, nil). Remuneration ranged from £5,000 to £160,000 (2017-18, £5,000 to £160,000). The range starts at £5,000 due to payments made to the non-executive directors, for permanent employees the range starts at £13,309 (2017-18 £13,500).

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

Cash equivalent transfer value (CETV)

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

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the

member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

No compensation for loss of office was paid to senior members of staff included in the remuneration report in 2018-19, (2017-18, nil). Exit payments to other staff are included in Table 15 on Reporting of Civil Service and other compensation schemes – exit packages. There were no new departures agreed in 2018-19.

Pension costs

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but Ofqual is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: [Civil Superannuation \(www.civilservicepensionscheme.org.uk/about-us/resource-accounts/\)](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

Alpha was introduced from 1 April 2015, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on

a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.)

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. In nuvos, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute)

pension for a lump sum up to the limits set by the Finance Act 2004.

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

For 2018-19, employers' contributions of £1.77 million were payable to MyCSP (2017-18 £1.71 million) at one of four rates in the range 20.0% to 24.5% (2017-18: 20.0% to 24.5%) of pensionable pay, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions of £20,520 (£36,802 in 2017-18) were paid to one or more of the panel of three appointed stakeholder pension providers. Contributions due to the partnership pension providers at the reporting period date were £2,260. Contributions prepaid at that date were £nil.

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

SALARY

PAYROLL

WEEKLY TIME SHEET

	Mon 6/10	Tue 6/11	Wed 6/12
TIME IN			
TIME OUT			
R. HOURS	7	7	
O/T HOURS	2	-	
TOTAL	10	7	
WEEKLY TOTAL			

Staff report

Staff costs

The following section is subject to audit.

Gross Staff costs for 2018-19 were £12.12 million (2017-18: £12.07 million) of which £0.69 million (2017-18: £0.79 million) related to agency/contract staff. Net staff costs, after recoveries relating to outward secondments for 2018-19 were £11.91 million (2017-18: £11.87 million). Further details are shown in Note 3 of the accounts.

Table 12: Staff costs

	2018-19			2017-18
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	8,696	689	9,385	9,373
Social security costs	950	-	950	952
Other pension costs	1,783	-	1,783	1,745
Sub Total	11,429	689	12,118	12,070
Less recoveries in respect of outward secondments	(206)	-	(206)	(198)
Total net costs	11,223	689	11,912	11,872
		-		
of which:	Charged to Administration budgets	Charged to Programme budgets	Charged to capital budgets	2018-19 Total
Core departments	10,594	1,318	-	11,912
Total	10,594	1,318	-	11,912

No staff costs have been charged to capital in the year.

The tables below include both permanent and fixed term contract staff. Fixed term contracts include cover for substantive posts and new posts funded from additional project resources.

The tables below include both permanent and fixed term contract staff. Fixed term contracts include cover for substantive posts and new posts funded from additional project resources.

Table 13: Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

Activity	2018-19			2017-18
	Permanently employed staff WTE	Others WTE	Total WTE	Total WTE
Resource activities	191.84	0.4	192.24	191.76
Total	191.84	0.4	192.24	191.76
of which:				
Core Department	191.84	0.4	192.24	191.76
Total	191.84	0.4	192.24	191.76

Table 14: Average headcount employed during the year

The following table shows the average headcount for the year, by payband for senior civil servants:

	2018-19 Headcount	2017-18 Headcount
Senior Civil Service Payband 3	1	1
Payband 1	16	15
Total SCS	17	16
Civil Servants	182	174
Total Civil Servants	199	190
Temporary Staff	10	9
TOTAL	209	199

In the year to 31 March 2019 £689k (2017-18: £789k) was spent on temporary agency and contractor staff and £0k on consultants (2017-18: £32k).

Table 15: Reporting of Civil Service and other compensation schemes – exit packages

The following section is subject to audit.

Exit Package Cost Band	2018-19			2017-18		Total number of exit packages by cost band
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory	Number of other departures agreed	
<£10,000	-	-	-	-	1	1
£10,000 – £25,000	-	-	-	-	1	1
£25,000 – £50,000	-	-	-	-	2	2
£50,000 – £100,000	-	-	-	-	-	-
£100,000 – £150,000	-	-	-	-	-	-
£150,000 – £200,000	-	-	-	-	-	-
Total number of exit packages	-	-	-	-	4	4
Total cost / £000	-	-	-	-	103	103

Two staff departed during the year 2018-19. Their costs were reported and accrued for in the accounts for 2017-18 so figures are not duplicated above.

Other staff information:

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

Off-payroll appointments

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

Table 16: Off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months

	Main Department
No. of existing engagements as of 31 March 2019	1
Of which:	
No. that have existed for less than one year at time of reporting	1
No. that have existed for between one and two years at time of reporting.	Nil
No. that have existed for between two and three years at time of reporting.	Nil
No. that have existed for between three and four years at time of reporting.	Nil
No. that have existed for four or more years at time of reporting.	Nil

Note:

Government departments are required to obtain assurances from individuals on contracts of more than six months' duration, where the annual cost is greater than £63,700, that tax due on contract payments will be paid. As at 31 March 2019 all such contractors engaged by Ofqual met these conditions.

Table 17: New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than 6 months

	Main Department
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	3
Of Which	
No. assessed as caught by IR35	3
No. assessed as not caught by IR35	-
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	-
No. of engagements reassessed for consistency / assurance purposes during the year	-
No. of engagements that saw a change to IR35 status following the consistency review	-

Note:

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

Table 18: Off-payroll engagements of board members, and/or senior officials, with significant financial responsibility, between 1 April 2018 and 31 March 2019

	Main Department
No of off payroll engagements of board members, and/or senior officials, with significant financial responsibility, during the financial year	1
Total no. of individuals on payroll and off-payroll who have been deemed 'board members and/or senior officials, with significant financial responsibility', during the financial year. This figure should include both on payroll and off-payroll engagements	16

The Trade Union Regulations 2017

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

Table 19: Relevant Union Officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
1	0.6

One member of staff fulfilled the role during the reporting period, who was allowed up to nine hours per week of facility time.

Table 20: Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	1
51% - 99%	-
100%	-

Table 21: Percentage of pay bill spent on facility time

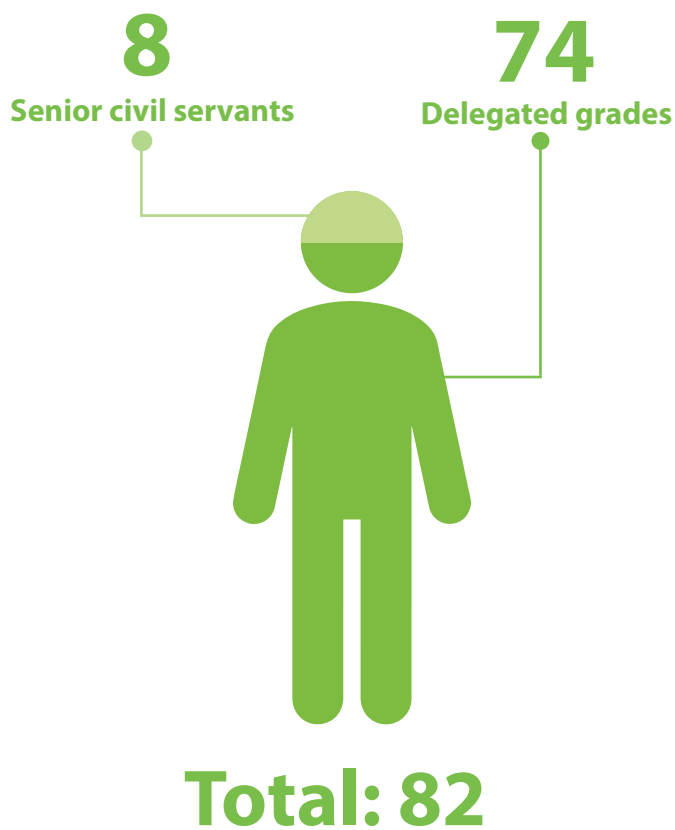
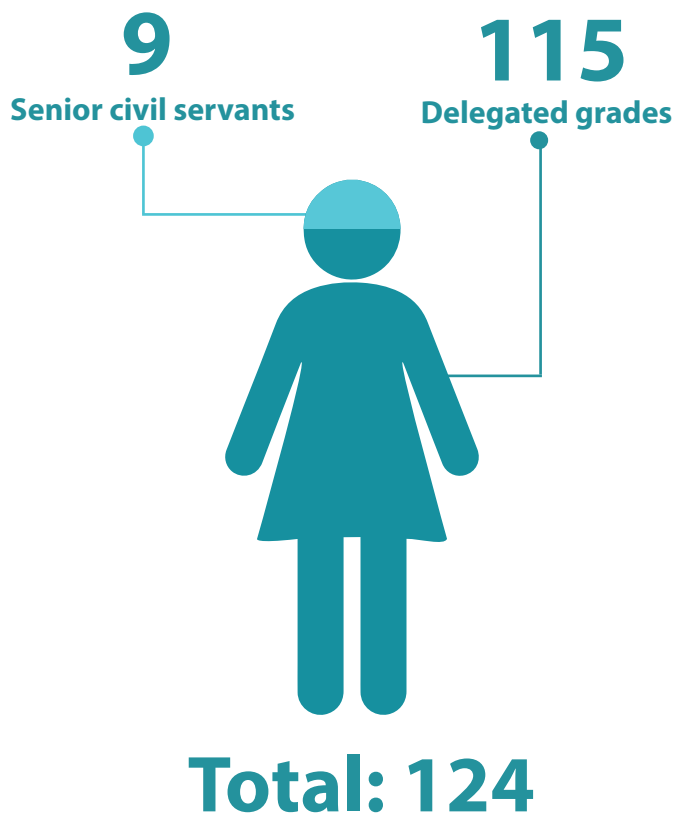
	Cost £000
Total cost of facility time	-
Total pay bill	11,869
Percentage of the total pay bill spent on facility time	0%

Total hours allowed between union officials is 9 hours per week for facility time, but as the time spent is usually negligible, it is not recorded, therefore, Ofqual does not record the cost of facility time separately.

Table 22: Paid trade union activities

	%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0%

Staff Diversity



Sickness absence

In 2018-19 1,267 days were lost to sickness absence (932.5 days in 2017-18), representing 2.54% of available staff working days. This is an average of 6.06 days per employee (5.11 days per employee in 2017-18). This was due to an increase in staff who were long term sick (average of 3.3 staff) who accounted for 757 days of absence (595 in 2017-18).

Health, safety and wellbeing

Ofqual is committed to providing a safe and healthy working environment for staff. This includes the establishment of a Health & Safety Forum for all government bodies represented in Earlsdon Park and developing relationships with the local police to ensure staff safety is maintained. All employees have access to a confidential 24/7 Employee Assistance Programme and are offered the opportunity to take part in a variety of health screening and workplace wellness programmes, including mental health awareness sessions, flu vaccinations and health kiosks.

Diversity and equality

Ofqual promotes equality for all regardless of status, including age, disability, gender status, marriage/civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. The gender breakdown of staff (which includes both permanent and fixed term contracts) as at 31 March 2019 was 124 women and 82 men.

At 31 March 2019, 6.8% of staff members identified as disabled, with 50% not declaring their disability status. 13.59% classified themselves to be ethnic minority, with a further 15% undeclared.

The gender pay gap (GPG) has been calculated based on the mean and median hourly wage across the organisation, with a mean gap of 4.8% (2017-18, 8.20%) and median of 8.7% (2017-18, 14.09%). The table below shows how the percentage of women has changed in each earning quartile over the last 12 months.

The increase in the proportion of women in the top two quartiles and a reduction in the lower quartile has led to a subsequent reduction in the GPG for 2019. Reasons for this include a greater visibility and awareness of the GPG when considering starting salaries, updating and increasing the transparency of the Pay and Resourcing policies, ensuring recruitment shortlisting and panels are diverse and include skills-based assessments and an increase in senior sponsorship of individuals. These actions are cited by the Government Equalities Commission as being actions that have a positive impact on improving the GPG.

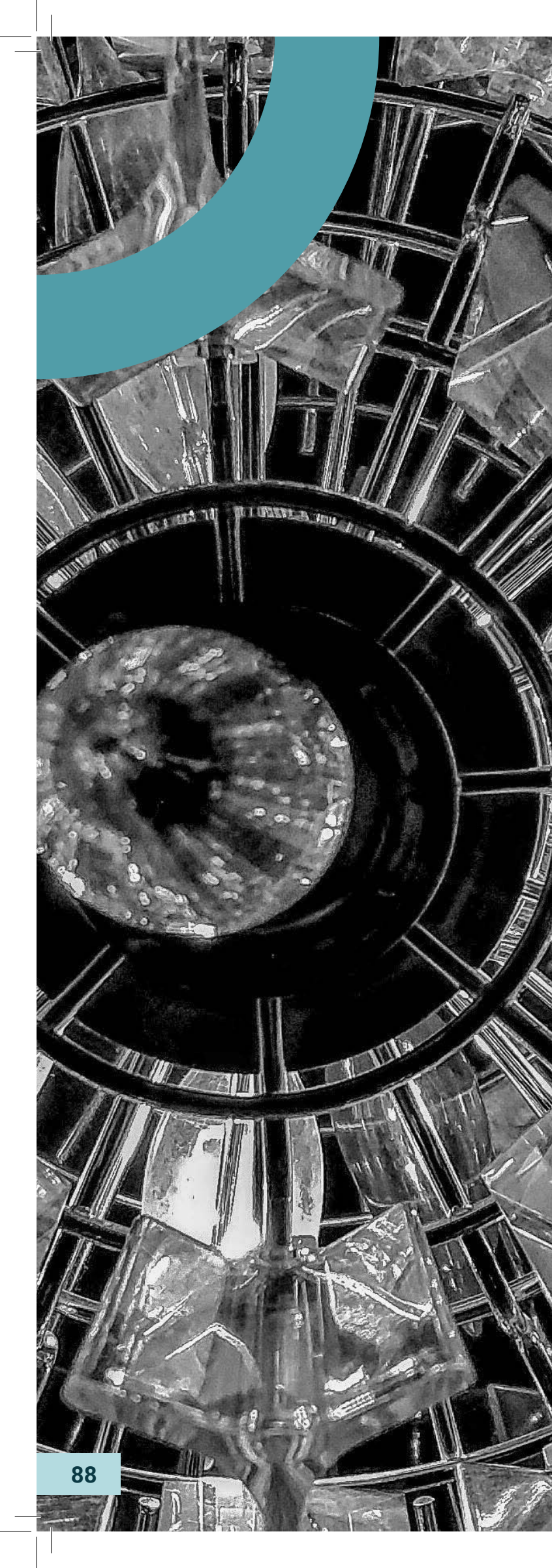
Ofqual has 1% of total pay costs available for performance pay. The performance pay gap for the year was 19.2% on mean performance pay, and 0% on median performance pay. 92.5% of male employees received performance pay and 86.8% of female employees.

S Collier

Sally Collier
Chief Regulator, Accounting Officer for Ofqual
28 June 2019

Gender Pay Gap





Parliamentary Accountability and Audit Report

Statement of Parliamentary Supply

This whole section is subject to audit, unless otherwise stated.

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government FREM requires Ofqual to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament in respect of each budgetary control limit.

Summary of Resource and Capital Outturn for 2018-19

Table 25: Amounts approved in 2018-19 in accordance with parliamentary expenditure

	SoPS Note	2018-19 £000						2017-18 £000	
		Estimate			Outturn			Voted outturn compared with estimate: saving/ (excess)	Outturn Total
		Voted	Non-Voted	Total	Voted	Non-Voted	Total		
Departmental expenditure limit									
- Resource	1.1	18,643	-	18,643	18,367	-	18,367	276	17,860
- Capital	1.2	100	-	100	100	-	100	-	266
Annually managed expenditure									
- Resource	1.1	(167)	-	(167)	(167)	-	(167)	-	177
- Capital	1.2	-	-	-	-	-	-	-	-
Total Budget		18,576	-	18,576	18,300	-	18,300	276	18,303
Non-budget		-	-	-	-	-	-	-	-
Total		18,576	-	18,576	18,300	-	18,300	276	18,303
Total Resource		18,476	-	18,476	18,200	-	18,200	276	18,037
Total Capital		100	-	100	100	-	100	-	266
Total		18,576	-	18,576	18,300	-	18,300	276	18,303

Resources are requested to undertake Ofqual's statutory duties as the regulator of qualifications, examinations and statutory assessments.

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

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

Net cash requirement 2018-19

Table 26: Net cash requirement 2018-19

		2018-19 £000		2017-18 £000
SOPS Note	Estimate	Outturn	Outturn compared with Estimate (savings/excess) £000	Outturn
Net Cash Requirement	3	18,606	17,387	1,219
				18,099

Administration costs 2018-19

Table 27: Administration costs 2018-19

		2018-19 £000		2017-18 £000
	Estimate	Outturn	Outturn compared with Estimate (savings/excess)	Outturn
Administration Costs	15,061	15,090	-29	14,678

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the government FReM issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2018–19 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual

Notes to the Statement of Parliamentary Supply

SoPS 1: Net outturn

SoPS 1.1: Analysis of net resource outturn by section

	2018-19 £000						Estimate			2017-18 £000
	Administration			Programme			Total Net	Total Net	Net total outturn	Outturn
	Gross	Income	Net	Gross	Income	Net				
Spending in Departmental Expenditure Limit										
Voted:										
A. Regulation of qualifications and statutory assessments	15,877	(787)	15,090	3,277	-	3,277	18,367	18,643	276	17,860
Spending in Annually Managed Expenditure										
Voted:										
B. AME Provision for Dilapidations	-	-	-	(167)	-	(167)	(167)	(167)	-	177
Total Budget	15,877	(787)	15,090	3,110	-	3,110	18,200	18,476	276	18,037
Total	15,877	(787)	15,090	3,110	-	3,110	18,200	18,476	276	18,037

The underspend of £276k (excluding capital) against the estimate of £18.4m is 1.49% of the budget, of which £100k is due to a planned change in contractual arrangements. In addition, efficiencies have been generated and recruitment delayed.

Ofqual had £10k of annually managed expenditure in 2018-19 related to the creation of a provision for office dilapidations costs at Earlsdon Park (2017-18 £177k, relating to Spring Place).

SoPS 1.2: Analysis of net capital outturn by section

	2018-19 £000				Estimate		2017-18 £000
	Outturn		Net	Net expenditure	Net total outturn compared with Estimate	Outturn	Net expenditure
Gross							
Spending in Departmental Expenditure Limit							
Voted:							
A. Additions	100	-	100	100	-		267
Total	100	-	100	100	-		267

SoPS 2: Reconciliation of Outturn to net operating expenditure

			2018-19	2017-18
			£000	£000
		SOPS Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply				
	Budget	1.1	18,200	18,037
Less:	Income payable to Consolidated Fund	4.1	-	-
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure			18,200	18,037

SoPS 3: Reconciliation of net resource outturn to net cash requirement

		Estimate	Outturn	Net total outturn compared with Estimate
		£000	£000	£000
Resource Outturn	1.1	18,476	18,200	276
Capital Outturn	1.2	100	100	-
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
	Depreciation	(87)	(91)	4
	AME Provision	167	167	-
	Other non-cash items	(50)	(50)	-
Adjustments to reflect movements in working balances:				
	Increase/(decrease) in receivables	-	(131)	131
	(Increase)/decrease in payables	-	(808)	808
	Use of provisions			
Net cash requirement		18,606	17,387	1,219

SoPS 4: Income payable to the consolidated Fund

SoPS 4.1: Analysis of income payable to the Consolidated Fund

In addition to income retained by Ofqual, there was no income payable to the Consolidated Fund.

	Outturn 2018-19		Outturn 2017-18	
	£000		£000	
	Income	Receipts	Income	Receipts
Income outside the ambit of the Estimate	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
Total Amount Payable to the Consolidated Fund	-	-	-	-

SoPS 4.2 Consolidated Fund income

Consolidated fund income shown in note 4.1 above does not include any amounts collected by the department where it was acting as agent for the consolidated fund rather than as principal. The amounts collected as agent for the consolidated fund (which are otherwise excluded from these financial statements) were:

	2018-19	2017-18
	£000	£000
Fines & Penalties	57	30
Other Income	-	-
Amount payable to the Consolidated Fund	57	30
Balance held at start of year	-	-
Payments into the Consolidated Fund	(57)	(30)
Balance held on trust at the end of the year	-	-

In 2018-19, Ofqual received £100k receipts from one awarding organisation as proceeds from regulatory control, comprising a £50k monetary penalty, and £50k of cost recovery. Ofqual retained the £50k of cost recovery, and paid the monetary penalty amount of £50k to the Consolidated Fund during the year to March 2019. £30k received from one awarding organisation in 2017-18 was paid into the Consolidated Fund in 2017-18.

Losses and special payments

This section is subject to audit.

During 2018-19 Ofqual incurred no material losses or fruitless payments (2017-18, Nil).

Special payments

This section is subject to audit.

During 2018-19 Ofqual made no special severance payments (2017-18, One - £15k).

Gifts

No material gifts were received during 2018-19 (2017-18, Nil).

Fees and Charges

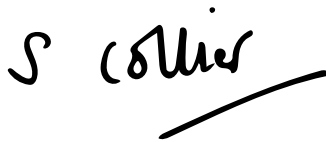
This section is subject to audit.

No material fees and charges income was received during 2018-19 (2017-18, Nil).

Remote contingent liabilities:

This section is subject to audit.

Ofqual has no contingent liabilities that need to be disclosed under Parliamentary Reporting requirements.



Sally Collier
Chief Regulator, Accounting Officer for Ofqual
28 June 2019



THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Qualifications and Examinations Regulation (Ofqual) for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise: Ofqual's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Ofqual's affairs as at 31 March 2019 and of Ofqual's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2019 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Ofqual in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ofqual's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

- control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ofqual's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of Ofqual and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies Date
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP



Financial Statements

For the Year ended 31 March 2019

Statement of Comprehensive Net Expenditure

For the Year ended 31 March 2019

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure.

		2018-19	2017-18
		Total	Total
	Note	£000	£000
	(if Material)		
Other Operating Income	6	(787)	(342)
Total operating income		(787)	(342)
Staff Costs	3	12,118	12,070
Purchase of goods and services	4,5	3,778	3,843
Depreciation and impairment charges	7,8	91	9
Other operating expenditure	4,5	3,000	2,457
Total operating expenditure		18,987	18,379
Net operating expenditure		18,200	18,037
Net expenditure for the year		18,200	18,037
Other comprehensive net expenditure		-	-
Comprehensive net expenditure for the year		18,200	18,037

The notes on pages 102 to 114 form part of these accounts

Statement of financial position

As at 31 March 2019

	Note	31 March 2019		31 March 2018	
		£000	£000	£000	£000
Non-current assets					
Property, plant & equipment	7, 8	288		279	
Total non-current assets			288		279
Current assets					
Trade & other receivables	10	164		297	
Cash & cash equivalents	9	252		21	
Total current assets			416		318
Total assets			704		597
Current liabilities					
Trade & other payables	11	(3,414)		(2,347)	
Provisions	16	(10)		(177)	
Deferred Income	11	-		(29)	
Total current liabilities			(3,424)		(2,553)
Total non-current liabilities			-		-
Total assets less current liabilities			(2,720)		(1,956)
Taxpayers' equity and other reserves:					
General fund			(2,720)		(1,956)
Total equity			(2,720)		(1,956)

S Collier

Sally Collier
Chief Regulator, Accounting Officer for Ofqual
28 June 2019

The notes on pages 102 to 114 form part of these accounts

Statement of cash flows

For year ended 31 March 2019

	Note (if material)	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net operating expenditure		(18,200)	(18,037)
Adjustment for non-cash transactions	4,5	(26)	236
(Increase)/Decrease in trade and other receivables	10	131	147
Increase/(Decrease) in trade and other payables	11	1,038	(164)
Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(229)	(15)
Net cash outflow from operating activities		(17,286)	(17,833)
Cash flows from Investing activities			
Purchase of property, plant & equipment	7	(100)	(266)
	-	-	-
Net cash outflow from investing activities		(100)	(266)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		17,617	18,114
		-	-
		-	-
Net Financing		17,617	18,114
		-	-
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund		231	15
Cash and cash equivalents at the beginning of the period	9	21	6
Cash and cash equivalents at the end of the period	9	252	21

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2019

		General Fund £000	Total Reserves £000
Balance at 31 March 2017		(2,068)	(2,068)
Comprehensive net expenditure for the year	SOCNE	(18,037)	(18,037)
Net Parliamentary Funding – drawn down		18,114	18,114
Supply Payable Adjustment		(15)	(15)
CFERS payable to the Consolidated Fund		-	-
Auditors remuneration	4	50	50
Balance at 31 March 2018		(1,956)	(1,956)
Comprehensive net expenditure for the year	SOCNE	(18,200)	(18,200)
Net Parliamentary Funding – drawn down		17,617	17,617
Supply Payable Adjustment		(230)	(230)
CFERS payable to the Consolidated Fund		-	-
Auditors remuneration	4	50	50
Balance at 31 March 2019		(2,719)	(2,719)

Notes to the accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2018–19 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply IFRS as adapted or interpreted for the public sector. Where the FRoM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of Ofqual for the purpose of giving a true and fair view has been selected. The particular policies adopted by Ofqual are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention. Ofqual has a small asset base, and property, plant, equipment and intangible assets are held at depreciated historic cost as a proxy for current value, as permitted by the 2018–19 FRoM. No revaluation adjustments have been made in these accounts.

1.2 Accounting policies

1.2.1 Going Concern

In common with other government departments, funding for Ofqual will be met in the main by future Grants of Supply to be approved annually by Parliament. The 2015 Spending Review reduces Ofqual's core administration and programme funding over the 2016–20 period. Ofqual has set a budget that achieves this objective and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2.2 Valuation of non-current assets

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

1.2.3 Depreciation and amortisation

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

Asset lives are in the following ranges:

- information technology (hardware) – three to five years
- purchased computer software – five years

1.2.4 Operating and other income

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

Income is recognised with regard to IFRS 15 Revenue from Contracts with Customers, which is applied by HM Treasury in the Government Financial Reporting Manual (FRm) from 2018-19, replacing International Accounting Standard (IAS) 18 Revenue Recognition.

Under IFRS 15, income is recognised by applying the following five steps:

1. Identifying the contract(s) with a customer.
2. Identifying the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
3. Determining the transaction price.
4. Allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each

distinct good or service promised in the contract.

5. Recognising revenue when a performance obligation is satisfied by transferring a promised good or service to a customer, which is when the customer obtains control of that good or service. A performance obligation may be satisfied at a point in time or over time. For a performance obligation satisfied over time, an appropriate measure of progress is selected to determine how much revenue should be recognised as the performance obligation is satisfied.

There is no material impact on the amount by which each financial statement line item is affected in 2018-19 by the application of this Standard as compared to IAS 18 and related Interpretations that were in effect before the change.

In 2018-19 Ofqual received income relating to the cost recovery for outward secondments, administering financial penalties and for the office move. The income is reflected as income in the Statement of Parliamentary Supply and the Financial Statements. However, these arrangements are outside the scope of IFRS 15. In 2018-19 Ofqual also received income from fines and penalties, for which Ofqual is acting as an agent in the collection of the fines and penalties and therefore the income is not included in the Statement of Parliamentary Supply and the Financial Statements. All fine and penalty income received has been paid over to the consolidated fund as shown in SoPS4.2 in line with consolidated budgeting guidance 2017-18. IFRS 15 does not apply to fines and penalties.

1.2.5 Administration and programme expenditure

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

1.2.6 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). PCSPS is an unfunded multi-employer defined benefit scheme. Ofqual accounts for its participation in the scheme as if it were a defined contribution scheme. Annual contributions payable to the scheme are recognised in the Statement of Comprehensive Net Expenditure. Further pension details are contained in the Remuneration Report and Staff Report.

1.2.7 Leases

All leases are accounted for in accordance with the International Accounting Standard (IAS) 17 Leases. Classification is made at the inception of the relevant lease.

Where, substantially, all risks and rewards of ownership of a leased asset are borne by Ofqual, the asset is recorded as property, plant and equipment, and a liability is recorded to the minimum lease payments discounted by the interest rate implicit in the lease.

Leases are regarded as operating leases, and the rentals are charged to the Statement of Comprehensive Net Expenditure over the term of the lease. Ofqual has two major categories of operating lease which relate to the payment of rent on property and vending machine hire.

1.2.8 Financial instruments

Financial Instruments are recognised at fair value through profit and loss in line with IFRS 9 Financial Instruments and note 1.2.9 Ofqual does not have any complex financial instruments. Ofqual determines the classification of its financial instruments at initial recognition.

1.2.9 Financial Assets

Ofqual holds the following financial assets:

- cash and cash equivalents
- trade receivables – current

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

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

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

1.2.10 Financial Liabilities

- trade and other payables – current

Trade and other payables including accruals are generally not interest bearing and are recognised in the Statement of Financial Position at face value on initial recognition.

Financial liabilities are recognised when a contractual provision arises and are derecognised when the obligation specified in the contract has been discharged, cancelled or has expired.

1.2.11 Value Added Tax

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

1.2.12 Contingent liabilities and contingent assets

In addition to contingent liabilities disclosed in accordance with IAS 37, Ofqual discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but

which have been reported to Parliament in accordance with the requirements of Managing Public Money.

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

1.3 Impending application of newly issued accounting standards not yet effective

In accordance with IAS 8, Ofqual has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable.

Ofqual has considered the updates to the following accounting standards:

- **IFRS 16 Leases (effective for the periods beginning on or after 1 January 2019).** The new standard replaces IAS 17 Leases and introduces a new single accounting approach for all leases (with limited exceptions). As a result, there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Ofqual has not adopted early and is assessing the impact on the financial statements. One property is leased for use as office space which is currently classified as an operating lease. Details are awaited of HM Treasury's assessment of IFRS 16 in relation to FReM bodies, particularly regarding intra-government leases.

1.4 Judgment and Estimates

The preparation of financial statements requires Ofqual to make estimates and assumptions relating to uninvoiced goods or services that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts

of revenue and expenses during the reporting period. Actual results could differ from these estimates. Where judgement of material work in progress of goods and services has been required, these have been agreed with the supplier.

Ofqual vacated its offices at Spring Place in October 2018. At the time of vacating those offices, Ofqual became liable for any dilapidation costs arising from its lease agreement. Negotiations regarding the quantum of the liability remained ongoing at the year-end, but Ofqual considers that at the 31 March 2019, the level of uncertainty regarding the timing and quantum of any payments required to settle the liability as sufficiently low that it is appropriate, in accordance with the requirements of IAS37, to classify the liability as an accrued expense. Ofqual have therefore recognised an accrued expense of £530,000 within Note 11: Trade payables, financial and other liabilities, reflecting the expected liability to our former landlord, and an estimate of the other fees and charges incurred in settling that liability.

Ofqual considered that the degree of uncertainty as at 31 March 2019 and can be corroborated based on the following factors:

- details supporting the claim for dilapidation costs and the progress made following ongoing negotiations with the landlord
- the landlord preparing a proposed settlement agreement for the approval of their own Board
- the advice on the quantum of the liability from our own advisers including their review of the Landlord's cost schedule

Subsequent to the year end the landlord has agreed the terms of the settlement in line with our expectations, which corroborates Ofqual's certainty at the year-end.

2. Statement of operating costs by operating segment

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of an organisation that are regularly reviewed by the Chief Operating Decision Maker (i.e. the Chief Executive in Ofqual's case) in order to allocate resources to the segments and to assess their performance.

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

	2018-19						
	National Reference Test	General Qualifications	Vocational and Technical Qualifications	Strategy Risk & Research	Regulatory Compliance	Corporate Services	Total
	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure	1,724	2,048	2,960	3,634	883	7,647	18,896
Income	-	-	-	(176)	-	(611)	(787)
Depreciation	-	-	-	-	-	91	91
Net Expenditure	1,724	2,048	2,960	3,458	883	7,127	18,200

	2017-18						
	National Reference Test	General Qualifications	Vocational Qualifications	Strategy Risk & Research	Regulatory Compliance	Corporate Services	Total
	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure	1,937	2,015	2,531	3,946	1,240	6,701	18,370
Income	-	-	-	(18)	(10)	(314)	(342)
Depreciation	-	-	-	-	-	9	9
Net Expenditure	1,937	2,015	2,531	3,928	1,230	6,396	18,037

Ofqual has four distinct directorates:

1. Strategy, Risk and Research: responsible for overall strategy and strategic planning; research and analysis functions to underpin the regulatory approach; and the legal and complaints teams.
2. General Qualifications: provides dedicated resources for this specific qualification area.
3. Vocational and Technical Qualifications: provides dedicated resources for this specific qualification area. As in 2017-18, additional programme funding was received in 2018-19 for delivery of the reform of vocational and technical qualifications.
4. Regulatory and Corporate Services: responsible for auditing awarding organisations' compliance with Ofqual's regulations, as well as business support services including HR, IT, Finance, Communications and Customer Services. The additional business support costs in 2018-19 relate to the office move that took place in October 2018 in support of reducing the overall government estate. Part of this cost was reimbursed by the Department for Education, which is included in the income total. This reimbursement was not provided as a lease incentive.

As in 2017-18, the National Reference Test (NRT) project is shown separately.

Additional income relates to a number of outward secondments that happened in the year from across the directorates, the reimbursement of costs relating to the office move in 2018 and the recovery of legal costs on enforcement activity.

3. Staff costs comprise:

	2018-19			2017-18
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	8,696	689	9,385	9,373
Social security costs	950	-	950	952
Other pension costs	1,783	-	1,783	1,745
Sub Total	11,429	689	12,118	12,070
Less recoveries in respect of outward secondments	(206)	-	(206)	(198)
Total net costs	11,223	689	11,912	11,872

of which:	Charged to Administration budgets	Charged to Programme budgets	Charged to capital budgets	2018-19 Total
Core departments	10,594	1,318	-	11,912
Total	10,594	1,318	-	11,912

No staff costs have been charged to capital in the year.

Income from secondments is shown here for information, however, the recognition of the income is recorded in Note 6 of the accounts.

4. Other administration costs

	2018-19 Core Department £000	2017-18 Core Department £000
Non-cash items		
Auditors remuneration	50	50
Total non-cash items	50	50
Other expenditure		
Direct Operational Expenditure	1,403	1,461
Rent and Accommodation	1,816	896
IT	1,391	1,154
Recruitment, Training and Staff Related	428	302
Finance and Governance	(11)	115
Total other expenditure	5,027	3,928
Total	5,077	3,978

5. Programme costs

	2018-19 Core Department £000	2017-18 Core Department £000
Non-cash items		
Depreciation	91	9
Provision for Dilapidations	(167)	177
	(76)	186
Other expenditure		
Direct Operational Expenditure	1,839	2,126
IT	27	19
Recruitment Training and Staff Related	2	-
	1,868	2,145
Total	1,792	2,331

The increase in direct operational expenditure is due mainly to increased focus on delivery of the reform of vocational and technical qualifications and the one-off costs relating to the office move.

6. Income

Description	2018-19	2017-18
	£000	£000
Department for Education	390	124
Qualifications Wales	58	58
Council for Curriculum, Examinations & Assessment	-	32
College of Policing	-	29
GCHQ	8	25
Ministry of Justice	22	25
DEFRA	80	16
Institute for Apprenticeships	10	10
Office for National Statistics	35	4
OFSTED	-	4
Notional account for DAS Account (Apprenticeship Levy)	-	3
Other income	185	12
Total	788	342

Income increased significantly in the year due to the recovery of costs from the Department for Education relating to the office move.

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

7. Property, plant and equipment

	Information Technology	2018-19 Total
Cost or valuation	£000	£000
At 1 April 2018	306	306
Additions	100	100
Disposals	-	-
At 31 March 2019	406	406
Depreciation		
At 1 April 2018	26	26
Charged in year	92	92
Disposals	-	-
At 31 March 2019	118	118
Carrying amount at 31 March 2019	288	288
Carrying amount at 1 April 2018	279	279
Asset financing		

Owned	288	288
Carrying amount at 31 March 2019	288	288

	Information Technology	2017–18 Total
Cost or valuation	£000	£000
At 1 April 2017	542	542
Additions	266	266
Disposals	(502)	(502)
At 31 March 2018	306	306
Depreciation		
At 1 April 2017	519	519
Charged in year	9	9
Disposals	(502)	(502)
At 31 March 2018	27	27
Carrying amount at 31 March 2018	279	279
Carrying amount at 1 April 2017	23	23
Carrying amount at 31 March 2018	279	279
Asset financing		
Owned	279	279
Carrying amount at 31 March 2018	279	279

8. Intangible assets

	Software Licenses	2018–19 Total
	£000	£000
Cost or valuation		
at 1 April 2018	-	-
Additions	-	-
Disposals	-	-
at 31 March 2018	-	-
Depreciation		
at 1 April 2018	-	-
Charged in year	-	-
Charge on Disposals	-	-
at 31 March 2018	-	-
Carrying amount at 31 March 2018	-	-
Carrying amount at 1 April 2017	-	-
Asset financing		

Owned	-	-
Carrying amount at 31 March 2018	-	-

	Software Licenses £000	2017-18 Total £000
Cost or valuation		
at 1 April 2017	4,271	4,271
Additions	-	-
Disposals	(4,271)	(4,271)
at 31 March 2018	-	-
Depreciation		
at 1 April 2017	4,271	4,271
Charged in year	-	-
Charge on Disposals	(4,271)	(4,271)
at 31 March 2018	-	-
	0	
Carrying amount at 31 March 2018		-
Carrying amount at 1 April 2017	-	-
Asset financing		
Owned	-	-
Carrying amount at 31 March 2019	-	-

9. Cash and cash equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April 2018	21	6
Net change in cash and cash equivalent balances	231	15
Balance at 31 March 2019	252	21
The following balances at 31 March were held at:		
Government Banking Service	252	21
Balance at 31 March 2019	252	21

10. Trade receivables, financial and other assets

	£000	£000
Amounts falling due within one year		
Trade receivables	32	72
Other Receivables	3	-
Prepayments	34	183
Accrued Income	94	-
VAT	1	42
Amounts due from the Consolidated Fund in respect of supply	-	-
Total at 31 March 2019	164	297

11. Trade payables, financial and other liabilities

	2018-19	2017-18
	£000	£000
Amounts falling due within one year		
Other taxation and social security	260	262
Trade payables	68	-
Other payables	196	186
Accruals	2,581	1,878
Deferred income	-	29
Amounts issued from the Consolidated Fund for supply but not spent at year end	252	21
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
- received	57	-
- receivable	-	-
Total at 31 March 2019	3,414	2,376

12. Leases

The total future minimum operating lease payments are given in the table below for each of the following periods.

	2018-19 £000	2017-18 £000
Buildings		
Not later than one year	899	-
Later than one year and not later than five years	3,596	-
Later than five years	4,723	-
Total	9,218	-
Other		
Not later than one year	21	14
Later than one year and not later than five years	20	7
Later than five years	-	-
Total	41	21

* At the end of 2017-18, Ofqual continued to reside at Spring Place under its existing lease. Legal proceedings under Part II of the Landlord and Tenant Act 1954 had been commenced through which the terms of any future occupation at Spring Place would be determined. Future operating lease commitments for Ofqual were contingent on the outcome of these legal proceedings and the conclusion of negotiations.

In October 2018, Ofqual moved from offices at Spring Place into Earlsdon Park, Coventry.

Other leases relate to the franking machine lease which was renewed in 2016-17, and the multifunctional devices lease, which started May 2017.

13. Financial risks

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

14. Investments in other public sector bodies

Ofqual has no investments in other public sector bodies.

15. Impairments

There were no impairments in 2018-19 (2017-18 £Nil).

16. Provisions for liabilities and charges

Ofqual raised a provision of £10k for dilapidations on the Earlsdon Park office in 2018-19. The prior year's provision against Spring Place was released. (2017-18, £177k).

17. Contingent liabilities

Ofqual has not entered into unquantifiable contingent liabilities by offering guarantees or indemnities or by giving letters of comfort.

18. Related-party transactions

18.1 Other government transactions

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

- Government Legal Department
- Ministry of Justice
- Cabinet Office
- Ministry of Defence

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

- Department for Education
- Qualification Wales
- Government Communications Headquarters
- Ministry of Justice
- Department for Environment, Food and Rural Affairs
- Office for National Statistics

No Board member, key management staff or other related party has undertaken any material transactions with the department during the year. The Remuneration Report (Table 10) lists all members of the management board having authority or responsibility for directing or controlling the major activities of the entity during the year.

19. Third-party assets

Ofqual holds no third-party assets.

20. Entities within the department boundary

Ofqual is the only body within its department boundary.

21. Events after the reporting period

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



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