



Standards  
& Testing  
Agency

# Standards and Testing Agency

## Annual report and accounts

For the year ended 31 March 2020



An executive agency of the Department for Education

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& Testing  
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## Annual report and accounts

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For the year ended 31 March 2020

An executive agency of the  
Department for Education

Accounts presented to House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000.

Annual Report presented to the House of Commons by Command of Her Majesty.

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# Contents

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<b>Performance report</b>	<b>7</b>
Performance analysis	13
<b>Accountability report</b>	<b>21</b>
Corporate governance report	22
Remuneration and staff report	39
Parliamentary accountability and audit report	52
<b>Financial Statements</b>	<b>57</b>
Statement of Comprehensive Net Expenditure	58
Statement of Financial Position	59
Statement of Cash Flows	60
Statement of Changes in Taxpayers' Equity	61
Notes to the accounts	62
<b>Annex</b>	<b>73</b>
Annex A – Glossary of terms	74



# Performance report

# Overview

This section details the Standards and Testing Agency's ("STA" or "the Agency") organisational structure, performance, key issues and risks.

## Accounting Officer's introduction and perspective on performance

STA's focus is to provide an effective and robust national testing, assessment and moderation system to measure pupils' attainment at key points from reception to the end of key stage 2 (KS2).

This annual report and accounts (ARA) covers the operation of the STA, as an executive Agency of the Department for Education ("DfE" or "the Department"), for the year ending 31 March 2020.

The COVID-19 pandemic has inevitably dominated the work of this Agency and at the end of the reporting period, this disruption is likely to continue for some time. In March 2020 the national curriculum assessments were cancelled for 2020. We are working with the Department to resume testing in 2021.

The Department's estimate and forward plans include provision for the Agency's continuation and the resumption of testing in 2021. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

This report primarily focuses on activity supporting assessments in summer 2019. The Agency was on track to deliver assessments in summer 2020; when they were cancelled due to COVID-19. The Agency has delivered against its objectives for 2019-20 by:

- overseeing the development and delivery of tests and the marking and return of the results of 3.6 million KS2 test scripts from April 2019 to July 2019, meeting the key performance indicators (KPIs) in respect of timeliness and quality
- providing effective support to schools to administer national curriculum assessments (NCA)
- continuing our successful development and delivery of key stage 1 (KS1) tests to inform teacher assessment
- successfully piloting two new assessments – the multiplication tables check and the reception baseline assessment
- continuing to implement reforms to the statutory assessment system following the government's 2017 public consultation, including the introduction of new pre-key stage standards for the assessment of pupils working below the standard of the national curriculum
- successfully developing and delivering the phonics screening check (PSC)
- continuing to successfully manage the general qualifications logistics service
- making the transition from an existing supply chain to a prime supplier for the operational delivery of KS1 and KS2 tests and the PSC



## Statement of purpose and activities

STA is responsible for the development and delivery of assessments and testing in England, under statutory instruments, on behalf of the Secretary of State for Education. In carrying out these functions, we:

- develop and implement assessment policy in England in line with ministerial priorities
- develop high-quality and rigorous national curriculum tests and assessments in line with government policy
- undertake operational delivery of national curriculum tests and assessments (including printing, supporting test administration, distribution, provision of systems, marking and data capture and investigations of maladministration)
- set and maintain test standards, including standards related to marking
- produce test administration guidance for the KS1 and KS2 tests
- produce exemplification materials for KS1 in science, mathematics and English writing, and English writing and science at KS2, to support teacher assessment
- support the moderation of teacher assessment judgements of pupil performance so the data it generates is reliable and can be used for national statistics

As Chief Executive, I sign off:

- the content of the national curriculum tests
- the setting and maintenance of standards

I act independently of the Department and ministers to ensure confidence in the validity of test outcomes.

In July 2018, STA contracted with Capita for the delivery of print, logistics, systems and helpdesk for KS1, KS2 tests and the PSC and the marking of KS2 tests. This Test Operations Services contract had a one-year set up period with the first operational year commencing from 1 September 2019. During 2019/20, a key focus for STA was the successful transition from the existing contracts with a number of suppliers to the new supply arrangements.

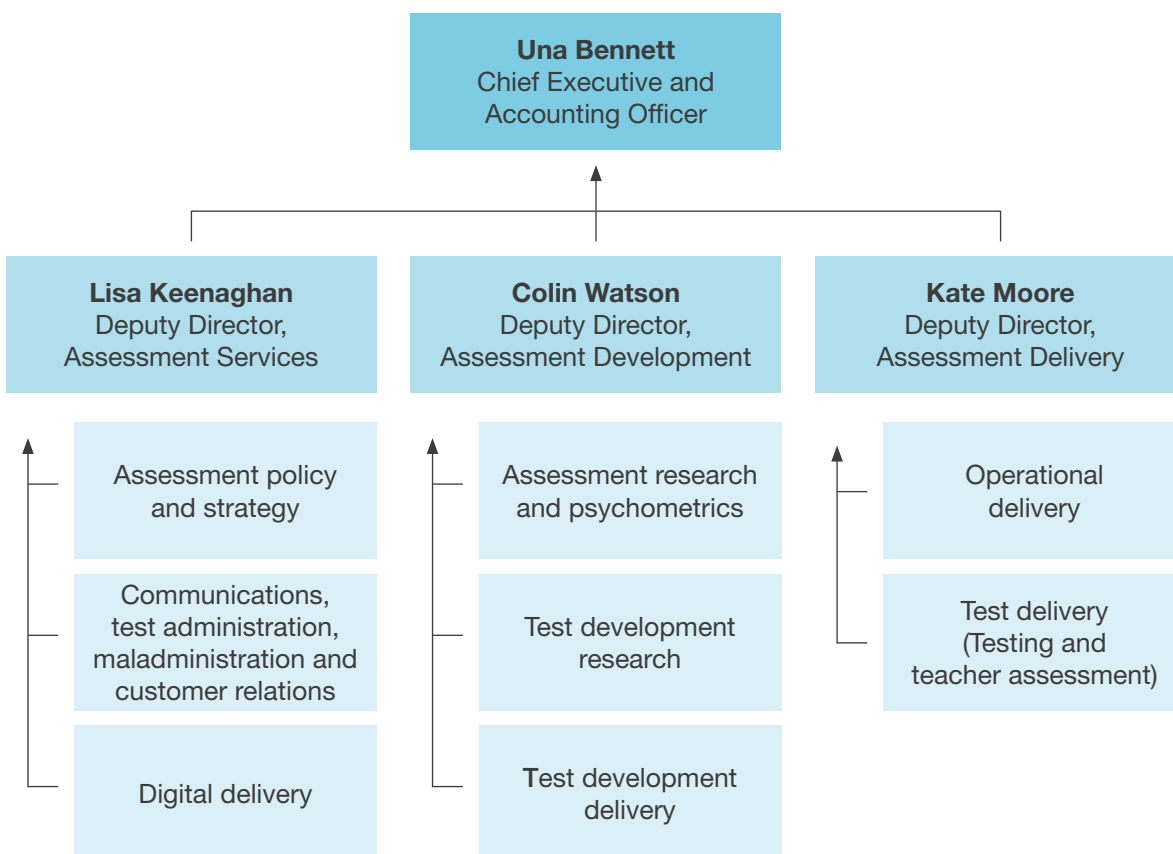
In addition to the development and delivery of national curriculum tests and assessments in England, STA is responsible for managing the general qualifications logistics service provided to exam centres and examiners, which collects exam scripts from schools and delivers them to awarding organisations for marking.

In October 2018, STA stopped delivering the professional skills test for prospective teachers on behalf of the Department, though it retained responsibility for developing the tests. Responsibility for the delivery of the test moved to the Teachers Services Division in the Department. However, in July 2019, the Department announced that the Skills Tests were being replaced with a new approach to assessing the literacy and numeracy of prospective teachers. As a result, STA's work on the Skills Tests has ended.

## Structure of the Agency

During the reporting period the names of the STA's three divisions changed, however responsibilities remained broadly the same:

- Assessment Strategy, Policy and Communications Division became Assessment Services Division
- Test Development Division became Assessment Development Division
- Test Operations Division became Assessment Delivery Division



The Assessment Services Division is responsible for:

- the Agency's corporate management and future strategy
- leading the development and implementation of government policy on assessment
- supporting schools to administer national curriculum tests
- communications with the Agency's stakeholders and users
- management and delivery of the digital assessment projects

The Assessment Development Division is responsible for:

- developing high quality and rigorous NCA tests in line with government policy
- delivering the reception baseline assessment pilot
- developing the professional skills tests for prospective teachers (until July 2019)

The Assessment Delivery Division is responsible for:

- undertaking operational delivery of tests and assessments
- implementing arrangements for moderation of teacher assessments
- managing the transition to new supplier arrangements
- managing the general qualifications logistics service

## COVID-19

The Agency is working with the unprecedented challenges of the COVID-19 global pandemic. In March 2020 the national curriculum assessments were cancelled, with the content being preserved for future years. A decision has been taken to destroy and reprint when required, the KS1, KS2 and phonics papers. The financial impact of the cancellation has been minimised as far as possible.

The Department took the decision on 16 March to close all offices and staff were required to work from home, this was made possible by the Department's IT refresh two years ago. Agency staff have adapted positively to this change and have continued to perform their duties to a high standard.

To support the wider Government response several staff, including the Accounting Officer (AO), were seconded to other Government Departments and to other roles within the Department. Other staff were asked to support the business as required.

Along with the rest of Government the Agency is supporting the economy by working with its supply chain to ensure that payments due are maintained and fair and equitable positions are reached in respect of work carried out in anticipation of future milestone delivery.

In respect of the national curriculum tests, all supplier costs incurred in respect of work performed and delivered up to the date at which the tests were cancelled have been paid and a revised payment schedule has been agreed for work that will continue.

STA is varying contracts where necessary to reflect the cancellation of 2020 live and trial assessments.

The multiplication tables check was due to become operational from June 2020 but due to COVID-19 has been delayed until 2021.

The reception baseline assessment (RBA) and engagement model were both scheduled to be implemented as statutory assessments from September 2020. In June 2020 the Department announced that it was delaying the statutory implementation of RBA by 12 months. The RBA will continue on a voluntary basis until September 2021 when it will become statutory. Implementation arrangements for the engagement model (for pupils engaged in non-subject specific study) have yet to be announced.

The Agency continues to work with Government and particularly within the Department to support the response to COVID-19.

## Important issues and risks

STA is responsible for the Department's top tier risk relating to primary assessment: valid, reliable primary level tests are not delivered on time and/or are not of sufficient quality, through efficient and effective processes, leading to concerns over the validity of assessment outcomes for individual pupils, schools or the whole English primary education system.

There are a number of component parts (sub risks) relating to this risk. They include:

- development of poor-quality test content which raises concerns over the validity of the tests
- compromised security of the tests
- NCA test materials print, collation and logistics supply chain failure
- KS2 marking quality and marking service capacity
- public confidence in the statutory assessment system
- STA staff capacity and capability
- set-up and transition to a new contractual arrangement for delivery of test operations

STA rigorously manages the strategic risk and its component parts using a set of well-defined mitigations and contingencies. Examples include:

- Validity of the tests is ensured through the implementation of the test development process, assessed by Ofqual to compare favourably with international best practice, involving internal and external (teacher/relevant expert) review; extensive trialling with large and representative samples; and stringent sign-off procedures
- The STA supply chain’s handling of, and approach to, test materials security and information risk handling, is managed through a rigorous and defined security checking process in line with best practice. It is reviewed by the Agency’s and Department’s security experts before sign-off.
- Regarding staff capacity and capability, STA actively manages the prioritisation of work and utilises flexible resourcing to support critical work areas. Training for staff is provided to ensure they have the skills and knowledge to deliver effectively.

The risk was updated and reviewed by the Department’s leadership team in:

- July 2019
- October 2019
- December 2019

The Agency has robust governance arrangements in place to ensure the timely resolution of any challenges as well as the delivery of routine work. Details of the governance arrangements can be found in the governance section on page 25.

### Performance summary

The scale of our operational delivery includes:



oversight of the printing, distribution, and collection of KS1 and KS2 NCA test materials to/from **16,500** participating schools



recruitment, training and ongoing quality assurance of a pool of approximately **4,000** markers for KS2



arranging the marking of over **3.6 million** KS2 test script components in a **3-week period** to ensure the successful return of results on 9 July 2019



management of the successful delivery and collection of **860,000** packages of general qualification exam scripts packages from approximately **5,800** exam centres across England

Performance relating to test development can be found in the National curriculum test handbook, which this year includes greater detail on the evidence for the validity of the tests<sup>1</sup>. We provide further information on our performance within the Performance analysis section of this report.

<sup>1</sup> <https://www.gov.uk/government/publications/2019-national-curriculum-test-handbook>

# Performance analysis

## Key organisational performance measures

STA has 5 key performance indicators which we use to measure our areas of delivery. These indicators are at the centre of a framework which is used to monitor our performance.

The outcomes are set out below, against our performance indicators.

Area of delivery	Performance indicator	Baseline	Outcomes		
			2019/20	2018/19	2017/18
Provision of KS2 results	Schools assessing pupils must receive a complete set of test results data for their school, containing a correct test result (not withstanding any marking or process reviews) for every test taken by a pupil, by agreed date.	99.9%	100%	100%	100%
Return of KS2 test scripts to schools	Schools assessing pupils must receive a complete set of marked test scripts for their school, either through the script return website, for scripts marked on-screen, or in hardcopy.	99.9%	100%	100%	100%
Helpline service <sup>2</sup>	Calls received must be resolved at first contact.	85.0%	92.2%	93.6%	90.1%
Web-based systems to support schools	School administration system is available 24 hours a day with an availability of at least 99.8%.	99.8%	99.8%	99.9%	99.9%
General qualification logistics	Consignments collected from centres and delivered for marking.	99.0%	99.9%	99.9%	99.9%

<sup>2</sup> Performance relates to April to August in 2019. The reporting process changed in September 2019 when the new Test Operations Services contract started and a new measure was introduced.

## Development and performance of the Agency

The Agency has performed well against the majority of its objectives and key performance indicators successfully delivering the 2019 test cycle while also managing a major change in supplier arrangements. The Agency ran national pilots for two new assessments in the year: the multiplication tables check and the reception baseline assessment.

The Agency has also had to plan and react to the emerging risk related to COVID-19 and the eventual decision to cancel the 2020 primary assessments. In this planning, the Agency has balanced the needs of schools, of ensuring value-for-money and maintaining valid test outcomes including for future years.

## Objectives

The Department's overall vision is to provide world-class education, training and care for everyone, whatever their background. It will make sure that everyone has the chance to reach their potential and live a more fulfilled life. It will also create a more productive economy, so that our country is fit for the future.

STA supports the Department's aim to raise standards in education, through the successful delivery of world-class tests and assessments.

In carrying out our national testing and assessment functions, the Agency is independently regulated by the Office of Qualifications and Examinations Regulation (Ofqual). Ofqual has a duty to keep all aspects of national testing and assessment arrangements under review. Ofqual will report to the Secretary of State if it appears that there is, or is likely to be, a significant failing in the arrangements. No such failings were reported during this period.

Ofqual publishes an annual report which explains how national tests and assessments are regulated<sup>3</sup>. Ofqual has two statutory objectives that relate to national assessments:

- to promote national test and assessment standards
- to promote public confidence in national curriculum tests and assessments

Ofqual focuses its oversight on assessment validity, in particular through scrutiny of technical processes, such as standard setting and maintenance. It maintains high-level monitoring of assessment delivery. Ofqual also provides a view of the Agency's technical advice to ministers on changes to national testing and assessment arrangements. Ofqual representatives have a standing invite to attend as an observer at various of STA's boards and other meetings.

During the reporting period, a memorandum of understanding was put in place between Ofqual and the Agency to support effective working arrangements between the two organisations<sup>4</sup>.

## Performance in delivery areas

### National curriculum assessment delivery

The NCA tests are developed to assess pupil performance against the current primary curriculum.

Much of the visible delivery activity for statutory national curriculum testing and assessments aligns with the school year. Preparations for each delivery cycle take place in advance. These include:

- development of tests
- arrangements for assessments
- planning of operations
- procurement of services and suppliers
- development of support materials

<sup>3</sup> <https://www.gov.uk/government/publications/national-assessments-regulation-annual-report-2019>

<sup>4</sup> <https://www.gov.uk/government/publications/memorandum-of-understanding-ofqual-and-sta>

This report covers:

- work on the delivery of the 2019 test cycle
- exiting service contracts following 2019 delivery
- preparations for the 2020 test cycle and beyond
- successful delivery and conclusion of the 2019 test cycle, including printing and distribution of KS1, KS2 and phonics screening check materials from 16,500 participating schools
- collection of KS2 test scripts from schools and subsequent scanning to facilitate onscreen marking
- recruitment, training and on-going quality assurance of a pool of approximately 4,000 markers for KS2
- the marking of over 3.6 million test script components in a 3-week period to ensure the successful return of results to schools on 9 July 2018
- return of 100% of KS2 results to schools on time (against a KPI of 99.9%)

The Agency conducted lessons learned exercises throughout the test cycle. As a result, it introduced many business improvements, such as aligning the pupil access arrangements system with updated special needs guidance.

During the 2019 test cycle, approximately 30 primary schools in Jersey participated in the KS2 tests. Jersey schools took the tests the week after schools in England, during the timetable variation week. KS2 test results were returned to the Jersey schools on 9 July 2019, alongside results for schools in England. This enabled Jersey to benchmark its primary school performance against that of English schools. The costs associated with supporting Jersey were fully recovered by STA from the government in Jersey.

In parallel with delivery of the 2019 test cycle, this period required STA to change its operating model for delivery of KS1, KS2 and the phonics screening check, exiting individual service agreements with suppliers for e.g. print, logistics, marking, helpline and mobilising an agreement with a new prime supplier, Capita Business Services (Capita), to deliver test operations services in 2020.

Prior to the decision being made to cancel 2020 primary assessments, the Agency had completed set-up and commenced the first operational year with Capita and developed, trialled and handed over to print, high-quality test materials intended for the 2019-20 cycle. They include:

- KS1 and KS2 English reading
- KS1 (optional) and KS2 English grammar, punctuation and spelling
- KS1 and KS2 mathematics
- KS2 science sampling tests (not included in the contract with Capita)
- year 1 phonics screening check

Capita had also recruited markers, developed marker training materials, registered pupils for KS2 tests and printed test materials.

Following the decision to cancel the 2020 primary assessments it has been agreed that the content of all of the 2020 materials will be preserved for future years.

The majority of the tests and assessments that the Agency delivers are designed to measure pupils' attainment at the end of a particular academic year or key stage. The peak period of external-facing activity for the Agency is therefore in the latter half of the school year (April to August). However, preparation for the annual tests spans academic and financial years.

STA develops tests in house using processes in line with international best practice. During this reporting period, the Agency has commissioned, trialled and refined new items in all subjects at KS1 and KS2 for 2020 tests and beyond, including for the new multiplication tables check and reception baseline assessment. Full details of the test development process are published in the 2019 test handbook<sup>5</sup>. As stated in their 2019 annual report, Ofqual continue to be satisfied that the STA took an appropriate approach to making sure that the new standards set in 2016 were effectively maintained through 2017 and 2018 to 2019, and that their observations of test development meetings continue to suggest a strong focus on the validity of each national test produced.

<sup>5</sup> <https://www.gov.uk/government/publications/2019-national-curriculum-test-handbook>

The Agency provides mandatory training of local authority moderators for English writing for the statutory teacher assessment judgements.

For 2019/20, 748 local authority lead moderators and 4,837 pool moderators were trained and met the required standard across both key stages. As a result of sector feedback, the Agency revised the training for schools and moderators for 2019/20 and published updated teacher assessment guidance for use in 2020 as follows:

- key stage 1 teacher assessment guidance<sup>6</sup>
- key stage 2 teacher assessment guidance<sup>7</sup>

Work undertaken for the cancelled assessments in 2020 will, wherever possible, be used for 2021.

### Multiplication tables check

STA continued to develop the new statutory online/onscreen multiplication tables check (MTC). This was on track for successful delivery prior to the decision to cancel in March 2020 due to COVID-19.

The MTC became mandatory for year 4 pupils in all state-funded primary schools in England (as well as the Ministry of Defence primary schools located globally) from the 2019/20 academic year. A voluntary national pilot for all schools with year 4 pupils was conducted between April to June 2019. Approximately two thirds of the school population participated in the voluntary pilot with almost 400,000 pupils sitting the check in just under 10,000 schools.

Following the cancellation of the NCAs, work will continue to make improvements and iterations to the service ahead of the delayed mandatory launch of MTC in the 2020/21 academic year.

### Reception baseline assessment

Following a successful pilot, the Department has announced that the reception baseline assessment (RBA) will be a statutory assessment taken in the first six weeks of reception for all pupils from autumn 2020. This decision was reviewed by ministers in May 2020.

Recognising the impact of COVID-19 pandemic on schools it was decided to delay the statutory implementation of the RBA by 12 months until September 2021, with schools given the opportunity to participate on a voluntary basis in academic year 2020/21. Once statutory the RBA will allow the Department to measure children's progress throughout their whole time at primary school, rather than just from the end of year 2 to year 6.

On 11 April 2018, we announced that the National Foundation for Educational Research (NFER) had been contracted to develop and deliver the RBA as a single supplier through the trial and pilot phases and into statutory delivery.

Beginning in September 2019, NFER carried out a wide-scale national pilot of the RBA in over 9,000 schools with approximately 340,000 pupils. While the pilot continued until schools closed in March 2020, data analysed from the first half term was sufficient to confirm that the assessment is fit for purpose.

STA published the RBA framework and the RBA validity report on the pilot on 26 February 2020<sup>8,9</sup>.

### Rochford Review

In its response to the Rochford Review consultation the government committed to replacing P scales (performance attainment targets for pupils with special educational needs) with two new forms of statutory assessments at KS1 and KS2<sup>10</sup>:

- Pre-key stage standards (PKS) for pupils engaged in subject-specific study (English and maths), replacing P scales 5 to 8
- The engagement model to assess pupils working below the standard of the national curriculum tests and not engaged in subject-specific study (pupils with severe or profound and multiple learning difficulties), replacing P scales 1 to 4

6 <https://www.gov.uk/government/publications/key-stage-1-teacher-assessment-guidance>

7 <https://www.gov.uk/government/publications/key-stage-2-teacher-assessment-guidance>

8 <https://www.gov.uk/government/publications/reception-baseline-assessment-framework>

9 <https://www.gov.uk/government/publications/reception-baseline-assessment-validity-report>

10 <https://www.gov.uk/government/consultations/primary-school-pupil-assessment-rochford-review-recommendations>



Work on the pre-key stage standards was completed and relevant pupils were assessed against them in the 2018/19 academic year. Regulations to implement PKS into full statutory use will be updated in Summer 2020.

The engagement model guidance was published on 27 January 2020, with the intention of introducing this assessment on a full statutory basis in the 2020/21 academic year. The engagement model guidance was published in March 2020 in anticipation of that full statutory implementation. The implementation approach for the engagement model is expected to be announced in July 2020.

### General qualifications logistics service

STA managed the successful collection and delivery of 860,000 packages of general qualification exam scripts from approximately 5,800 exam centres across England during four examinations series and the through-year On Demand Functional Skills examinations. Following cancellation of the 2020 assessments, STA will not be required to manage the associated logistical services involving delivery and collection of scripts for the summer series of 2019/20 academic year.

### Test operations services transition programme

The test operations services transition programme was established to manage the transition to a new delivery model for the delivery of test operations services. The focus during 2019-20 was to set-up all operational services with Capita, and the residual business change activity to support staff in order to carry out roles effectively under the new model.

This was a significant change for STA and due to the importance of a successful supplier transition, the programme was added to the Government's Major Projects Portfolio. As with any major change in supplier arrangements, this posed a number of challenges for STA and Capita including knowledge transfer, different ways of working and the establishment of new, robust systems and processes.

Work to establish benefits baselines and profiles, and realisation plans, was also conducted but will need to be reconsidered in light of cancellation of the 2020 assessments. Apart from benefits tracking, work on this programme has completed with the contract now in its operational phase.

## Forward look

Over the coming year, STA's focus is to:

- securely close down activity related to the cancelled 2020 test cycle
- successfully deliver aspects of the 2021 test cycle including the delayed introduction of MTC as a statutory assessment
- develop tests for future years
- successfully run the extended voluntary period for the RBA, and prepare for the statutory roll out of the RBA from September 2021
- successfully implement the engagement model assessment
- ensure stable supply chains for all aspects of STA's operations and support schools following the cancellation of 2020 test cycle
- plan for changes to assessment delivery in future years to increase efficiency and provide a better experience for schools

## Financial commentary

The Agency is consolidated into the Departmental group ARA and further information on the financial outcomes is given in the financial overview section.

### Statement of Comprehensive Net Expenditure

Funding is received directly from the Department.

Total operating expenditure for 2019-20 was £59.7 million (2018-19: £65.1 million).

Included within operating expenditure are shared service costs of £2.8 million (2018-19: £3.5 million). Shared service costs are a notional recharge from the Department to the Agency, for which no budget allocation is made. The charge is an allocation of central group costs including HR, IT, estates and finance, to enable an approximation to the full cost of the Agency to be disclosed. Further information can be found in note 1.13 on page 65. This reduction is due to lower premises related costs in 2019-20.

In July 2019 it was announced that the Skills Tests were being replaced with a new approach. As a result, STA's work on the Skills Tests has ended which resulted in a £1.8 million saving.

During 2019-20 in preparation for test operation services in 2020, STA changed its operating model. This consolidated individual service agreements for print, logistics, systems, marking and the helpline into a single agreement with one supplier, resulting in savings of £4 million overall.

### Statement of Financial Position

The Agency does not have any non-current assets other than software assets, as it operates out of the Departmental estate.

The Agency has recognised intangible assets of £6.8 million that relates to the development of year 4 multiplication tables check and the digital platform which includes the RBA tool. The Agency does not hold any other non-current assets as it operates out of the Departmental estate.

In 2019-20 the Agency did not operate its own bank account, funds are held and disbursed from Departmental group bank accounts. Consequently, no cash at bank balance is presented. Working capital consisting of receivables and payables is shown accordingly.

There has been an increase in current payables to £12.5 million (2018-19 £10.7 million). This is due to the alignment of costs in relation to the new contract for test operations services, which would have been recognised at a later date with larger milestone payments becoming due towards the end of the test cycle.

### Long-term expenditure trends

In November 2015 the Department agreed a settlement with HM Treasury for the next 4 financial years, as part of the 2015 spending review<sup>11</sup>. Following this settlement, the Department's Single Departmental Plan was updated in June 2019<sup>12</sup>. The figures for the Agency are included within the Departmental spending plans.

The following table shows the expenditure and grant in aid for the Agency in respect of the last 5 financial years:

	2019-20	2018-19	2017-18	2016-17	2015-16
	£000	£000	£000	£000	£000
Income	25	26	24	-	-
Staff costs	7,995	6,997	6,976	6,326	5,754
Grant expenditure	2,938	3,005	2,966	2,951	2,967
Operating Expenditure	48,815	55,052	44,291	45,744	44,782
Shared Service Cost (Included in the above)	2,777	3,500	4,398	3,880	3,304
Grant in Aid	57,802	64,170	52,812	46,077	49,506
<b>Average Staff Numbers (whole number)</b>	<b>148</b>	<b>148</b>	<b>122</b>	<b>118</b>	<b>109</b>

<sup>11</sup> [www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents](http://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents)

<sup>12</sup> <https://www.gov.uk/government/publications/department-for-education-single-departmental-plan>

## Performance in other matters

STA is aligned with the Department on the following matters.

### Sustainability

The Agency utilises office accommodation and services provided by the Department. Therefore we adopt the Department's policies on sustainability, and aim to manage our business in an environmentally sustainable way. Data is collated at a Departmental level and is shown in the Departmental group ARA.

### Social matters

The Agency adopts Department's policies relating to social matters, which are published in their annual report and accounts.

The Diversity and Inclusion Strategy focuses on creating an environment where everyone is able to bring their whole self to work and where honesty, challenge and innovation are encouraged and valued. The Department's five year strategy which was launched in 2018 builds on the Civil Service Diversity and Inclusion Strategy, released in October 2017.

There are 12 active diversity and inclusion employee networks involved in the delivery of the strategy, which all employees are encouraged to join.

The Special Leave policy actively promotes volunteering and employees are encouraged to volunteer to support a range of social causes at local and national level.

### Respect for human rights

Under the Equality Act 2006, the Agency supports the development of a society in which:

- people's ability to achieve their potential is not limited by prejudice or discrimination
- there is respect for and protection of each individual's human rights
- there is respect for the dignity and worth of each individual
- each individual has an equal opportunity to participate in society
- there is mutual respect between groups based on understanding and valuing diversity, and on shared respect for equality and human rights

### Anti-corruption and anti-bribery matters

The Agency, as part of the Department, is committed to conducting its affairs in an ethical and honest manner. It enforces systems that ensure bribery is prevented. The Department has zero tolerance for bribery and corrupt activities. In all its business dealings and relationships, it is committed to acting:

- professionally
- fairly
- with integrity

We will constantly uphold all laws relating to anti-bribery and anti-corruption in all the jurisdictions in which it operates. The Department is bound by the laws of the UK, including the Bribery Act 2010.

This year, staff were required to complete mandatory training on their responsibility to recognise and prevent fraud and bribery. The Department's standards of behaviour policy sets out its expectations from staff in relation to theft and fraud.

**Una Bennett**  
Accounting Officer  
1 July 2020



# Accountability report

# Corporate governance report

This report includes details of the practices and processes which direct and control STA.

## Directors' report

### Directors

STA's Directors who served on the executive management board (EMB) during the year are:

Director	Position
Una Bennett	Chief Executive
Lisa Keenaghan	Deputy Director, Assessment Services (from 5 August 2019)
Colin Watson	Deputy Director, Assessment Development
Kate Moore	Deputy Director, Assessment Delivery
Sharon Smith	Interim Deputy Director, Assessment Services (from 1 May to 11 August 2019) Interim Deputy Director, Assessment Development (from 4 November to 17 January 2020)
Marc Cavey	Deputy Director of Assessment Strategy, Policy and Communications (until 26 April 2019)

This past year, the EMB has changed as follows:

- Kate Moore was permanently appointed to the role of Deputy Director of Assessment Delivery from 1 April 2019
- Between November 2019 and January 2020 Colin Watson worked with the Department for International Development on the Better Education Statistics and Global Action to Improve Learning (BESTA) project. Through this role, Colin supported the international education agenda with STA's assessment expertise. STA was reimbursed for his time.
- During this period Sharon Smith was appointed as Deputy Director of Assessment Development on an interim basis whilst Colin Watson's worked with the BESTA project.
- Marc Cavey left his role as Deputy Director of Assessment Strategy, Policy and Communications in April 2019.
- Sharon Smith was appointed to the role of Deputy Director of Assessment Services (formerly Assessment Strategy, Policy and Communications) on an interim basis between May and August 2019.
- Lisa Keenaghan was permanently appointed to the role of Deputy Director of Assessment Services in August 2019.

There have been no potential conflicts of interest this year.

## Report on personal information breaches

All government Departments are required to report personal data related incidents that have occurred during the financial year, in accordance with the standard disclosure format issued by the Cabinet Office.

The Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data which could cause harm or distress to individuals if released or lost. As a minimum, this includes:

- information linked to one or more identifiable living person
- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain

The number of personal data related incidents that fell within the criteria for reporting to the Information Commissioner's Office are as follows:

Date	2019/20	2018/19	2017/18
Number of incidents	Nil	Nil	Nil

## Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman can investigate complaints against the administrative actions of a wide range of government Departments and other public bodies, or the actions of organisations acting on their behalf. STA falls within the scope of the ombudsman's activities.

The number of STA-related complaints accepted for investigation are as follows:

Date	2019/20	2018/19	2017/18
Number of incidents	One	Nil	Nil

A complaint relating to the STA's handling of a maladministration case was referred to the Ombudsman in August 2019. At the time of publication of this report, the case remains open. STA adheres to the Department's complaints process, which commits to responding to any complaint within 15 working days.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed STA to prepare a statement of accounts for each financial year, on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of STA's:

- state of affairs
- income and expenditure
- Statement of Financial Position
- cash flows for the financial year

In preparing the accounts, the Accounting Officer must comply with the government Financial Reporting Manual (FReM). In particular, they are required 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 FReM have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the ARA as a whole is fair, balanced and understandable
- take personal responsibility for the ARA and the judgements required for determining that it is fair, balanced and understandable

The Permanent Secretary, as Principal Accounting Officer of the Department, has designated me as the Accounting Officer of STA. As set out in HM Treasury's Managing public money, the Accounting Officer is responsible for<sup>13</sup>:

- the propriety and regularity of the public finances, for which the Accounting Officer is answerable
- keeping proper records
- safeguarding the Agency's assets

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

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<sup>13</sup> [www.gov.uk/government/publications/managing-public-money](http://www.gov.uk/government/publications/managing-public-money)



## Governance statement

### Scope of responsibility

As Accounting Officer, I have personal responsibility for:

- maintaining a robust system of governance
- internal control and risk management to support STA in achieving its policies and objectives
- safeguarding public funds and Departmental assets

I am satisfied with the governance, internal control and risk management of the Agency for the financial year.

### Governance, internal control and risk management

STA's system of governance, internal control and risk management are designed to manage risk to a reasonable level, in order to achieve the Agency's policies and objectives. They do not attempt to eliminate all risk completely. STA can therefore provide high, not absolute, assurance of their effectiveness.

I have reviewed the effectiveness of governance, internal control and risk management arrangements in operation within my area of responsibility. I consider them to be fit for purpose. My conclusion is informed by:

- the assessment of the deputy directors responsible for the development and maintenance of these arrangements
- the findings of my EMB

As a senior civil servant (SCS), and as the Chief Executive I am required to complete an assurance framework record (AFR). The AFR for this year was completed following consultation with the Agency's three deputy directors.

As an additional level of assurance, the Agency's AFR is reviewed by another director within Early Years and Schools Group. This details their compliance with departmental arrangements regarding:

- governance
- business strategy and planning
- project and programme management
- people capacity and capability
- risk management
- commercial and grant management
- financial management

In this year, I sought more detail and assurance from the Department's corporate services functions on the services they provide to STA, particularly to ensure that sufficient, capable resource and effective processes are in place to offer the Agency high quality advice and support. Where I raised concerns including about proposed changes to services, the corporate services functions have worked collaboratively with STA to address these. Services have been documented with service descriptions although these vary in the level of detail and maturity. Where appropriate, processes have also been documented and agreed. Further work will be undertaken in the next financial year. Particular assurance was sought on the risk mitigations needed due to the migration of the Department's Finance and HR systems and resulting change processes. These changes have not yet been fully implemented and will continue in 2020-21.

With respect to 2019-20, as Accounting Officer, I am therefore able to provide the Department's management committee and ministers with assurance that we have managed our agenda well and will continue to do so, while delivering efficiencies. We maintain financial information on the delivery of all programmes at corporate level and, where relevant, at programme level.

I am confident that I have necessary arrangements in place for good corporate governance – these include a strong and effective senior leadership team, seeking regular challenge, scrutiny and expert support from both inside and outside of STA, oversight from the Department’s governance arrangements, clear and honest reporting, and robust risk management processes. I will review these arrangements regularly to ensure they comply with the Corporate governance code for central Departments<sup>14</sup>. In this year, I reviewed the different levels of governance, including the scope of reporting and attendees to ensure these are appropriate and cover the full range of activity. I have not identified any departures from the code.

### Governance at Departmental level

As Accounting Officer, I am accountable to the Secretary of State for the Agency’s:

- performance
- leadership
- day-to-day management

The Department’s Director General for Early Years and Schools Group (EYSG) performs an oversight role, on behalf of the Secretary of State.

My objectives were agreed by the Director General and aligned with:

- Departmental objectives
- the Agency’s business plan
- requirements for compliance with ‘Managing public money’

They were subsequently used to set objectives for the deputy directors. All SCS objectives are agreed and performance is monitored monthly throughout the year.

### Strategic performance review

Throughout the year, the Director General for EYSG, held 4 strategic performance reviews (SPR) to review and challenge STA’s:

- progress
- financial management
- management of risks

Richard Pennycook, the Department’s lead non-executive director, acted as a link between the Departmental board and the Agency. I met with Richard on a number of occasions to seek advice and he was invited to the SPR meetings in an advisory capacity.

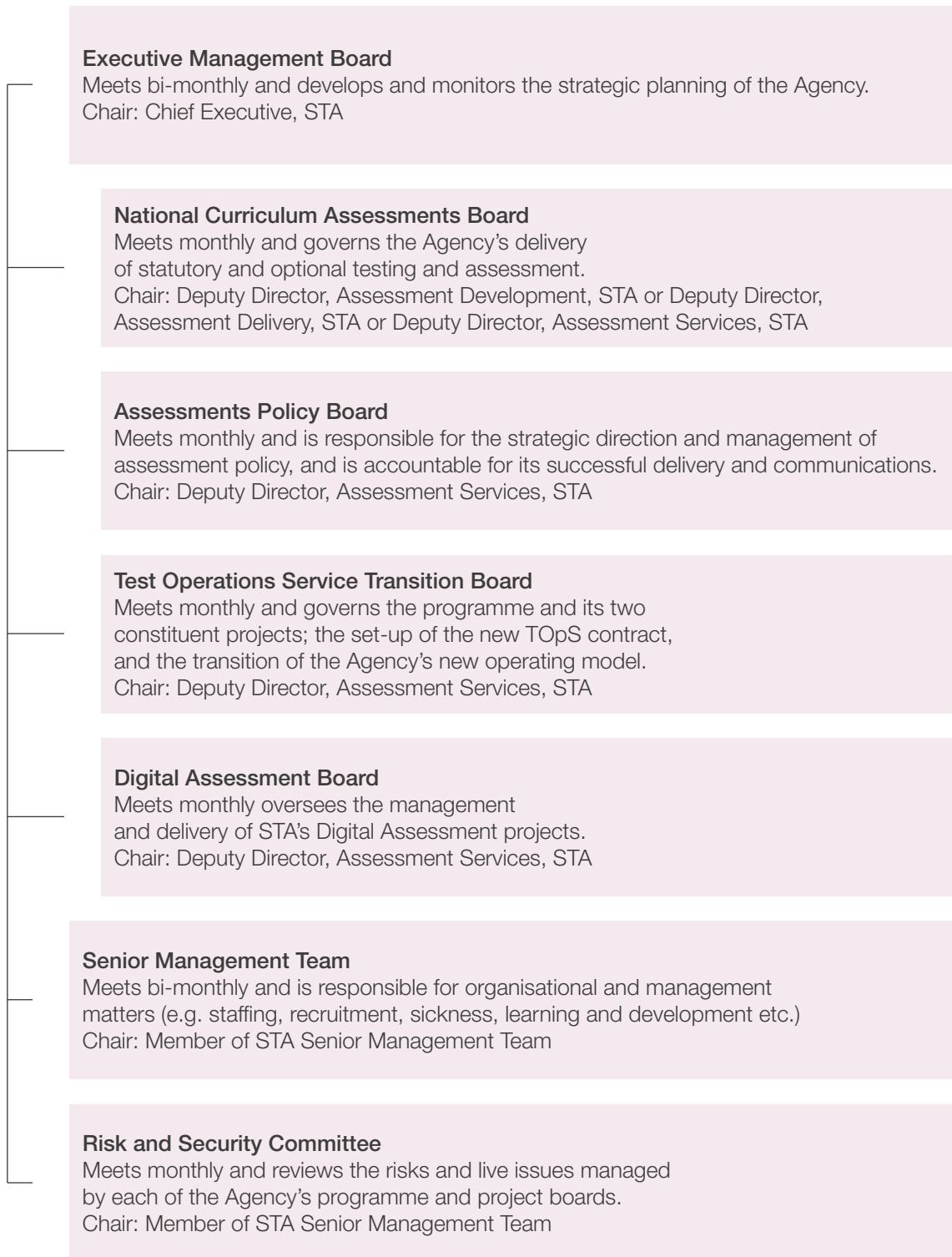
The 4 SPR meetings took place in April 2019, July 2019, October 2019 and January 2020. Attendees are shown in the table below:

Member	Position	Meetings eligible to attend	Meetings attended
Andrew McCully	Director General, EYSG (Chair)	4	4
Una Bennett	Chief Executive	4	4

<sup>14</sup> [www.gov.uk/government/publications/managing-public-money](http://www.gov.uk/government/publications/managing-public-money)

## Governance at Agency level

STA has a number of boards which all feed into the EMB. A governance chart is set out below:



## Executive management board

The EMB provides the Chief Executive with the opportunity to hold the deputy directors and their programmes to account. The EMB is responsible for:

- developing and monitoring the strategic planning of the Agency
- overseeing corporate performance
- overseeing the use of financial and human resources
- providing oversight of risk management
- maintaining a robust system of internal control, which includes adequate assurance that internal controls and risk management processes are working effectively
- ensuring the Agency complies with all policies and corporate business planning

The EMB meets every second month and is chaired by the Chief Executive. STA's deputy directors make up the membership. The STA's senior managers attend in an advisory capacity only. The Department's finance and commercial business partnering teams provide Departmental representation and advice. Other members of staff attend to report on the following, as required:

- assessment policy
- test development
- delivery progress
- risk and issue management

The chairs of the boards below EMB provide the following:

- visibility
- assurance of progress
- an assessment of confidence in delivery of the Agency's workstreams

The EMB receives regular reports on the Agency's operational performance. Before being submitted to EMB, all reports are cleared by senior managers. These reports are subject to challenge at the meetings and are revised as required. I am therefore confident that the quality of the data used by EMB is robust.

The Agency's Risk and Security Committee (RaSC) reviews business-as-usual programme and project risks that exceed their pre-determined tolerance. If appropriate, they are escalated to the EMB for information or action. A security report is reviewed monthly at RASC. The EMB also reviews and manages all strategic risks.

The Agency requires EMB members to register any company and organisation directorships or other significant interests. The Agency maintains a register of interests of the financial, political and other relevant interests of EMB members.

The following table shows EMB member attendance figures and the number of meetings they were eligible to attend for the year

Member	Position	Meetings eligible to attend	Meetings attended
Una Bennett	Chief Executive	6	6
Lisa Keenaghan	Deputy Director, Assessment Services	4	3
Colin Watson	Deputy Director, Assessment Development	6	5
Kate Moore	Deputy Director, Assessment Delivery	6	6
Sharon Smith	Head of Test Development Delivery (attended as interim Deputy Director for Assessment Services and Assessment Development)	3	3

### Senior management team

The senior management team (SMT) is responsible for organisational and management matters which concern the STA as a whole. The SMT will not generally focus on operational matters, except where they have an organisational or strategic impact. The SMT agenda will cover the following matters:

- Topical issues
- People – recruitment approvals, resourcing and/or absence issues, performance management, learning and development, and progress in relation to staff survey action plans.
- State of the Agency – management information pack highlighting staffing levels, sickness absence, performance management data, correspondence performance, instant reward and in-year award budgets

Significant items discussed by the board included:

- People Survey results
- approach to internal communications
- recruitment review

### National Curriculum Assessments board

The national curriculum assessments board is established to effectively govern the Agency's operational development and delivery of NCA statutory and optional tests.

The board meets monthly, or more frequently if required, by exception. At this meeting, the board:

- makes significant decisions that have an impact on delivery against performance measures
- provides assurance on test development and delivery progress
- provides assurance on programme, project risk and issue management
- provides an assessment of confidence in delivery to the EMB

The board is authorised to take technical and operational test service delivery decisions and to advise on expenditure within the value of the respective SCS' delegated financial authority. Strategic decisions and approval of expenditure above this amount are escalated to the EMB. Delegation of any SCS' responsibilities to members of the board does not dilute SCS' accountabilities.

During the year, the reception baseline assessment board meeting closed (as the assessment moved from pilot to live delivery) and related issues are now discussed in the NCA board meeting.

Significant items discussed by the board included:

- exit from 2019 delivery contracts
- operational delivery in preparation for 2020 test cycle
- cancellation of 2020 test cycle as a result of COVID-19 and the implications for 2021

### Assessment policy board

The assessment policy board is responsible for:

- the strategic direction, management and successful delivery of assessment policy
- supporting strategic communications relating to assessment policy
- overseeing assessment policy changes
- discussion with other delivery and policy areas on the impact of potential policy changes

Significant items discussed by the board included:

- development of the engagement model guidance

### Test operations services transition board

The test operations services (TOpS) transition board is responsible for governing the programme and its 2 constituent projects:

- the set-up of the new test operations service
- the transition of the Agency's operating model to reflect the new TOpS contract and associated changes to ways of working

The board:

- provides the decision-making forum for all significant decisions affecting the TOpS transition programme against agreed performance measures
- is the focus for assurance on delivery progress, risk and issues management, at programme and project level
- will escalate any significant issues or risks to STA's RaSC
- provides an assessment of confidence in delivery to the EMB

Significant items discussed by the board included:

- the proposed organisational structure for test operations services and outcomes of role matching exercises
- development of relationships with Capita as the test operations services prime supplier
- supplier performance in setting up their delivery infrastructure for 2020

### Digital assessments board

The digital assessments board is responsible for the management and delivery of STA's digital assessment projects. These include:

- the MTC
- the digital assessment service platform
- the digital transformation project

The board:

- reviews the identification, ownership, management and impact of product and service delivery risks and issues
- tests the controls and maintains robust risk and issue logs
- ensures that all product and service risks and issues are actively managed and communicated
- provides assurance to the senior responsible owner and the Chief Executive

Significant items discussed by the board included:

- ongoing development of the digital aspects of the MTC assessment
- the MTC national pilots
- development of the digital platform and potential for further digitisation of assessments

### Risk and Security Committee

The role of STA's Risk and Security Committee (RaSC) is to:

- review the risks and live issues managed by the Agency's programme and project boards
- review the Agency's management of the Department's key risk on primary assessment
- oversee the Agency's security arrangements

The RaSC meets monthly. Its objectives are:

- to improve identification, ownership, controls, active management and impact of risks
- to reduce the number, and improve the handling, of unexpected issues and near misses
- to ensure the Agency's risks and issues are managed in line with the Departmental strategic risk management framework

In order to manage risks at the right level, operational and strategic risks are escalated to the RaSC. Where their profile exceeds the Agency's risk tolerances, they are escalated to the EMB to manage. The SPR monitors the EMB's risk profile.

Risk management information is regularly shared with the Director General at monthly bilateral meetings.

The Agency has successfully managed all risks in the reporting period.

## Department audit and risk

STA has received oversight from the Department's Audit and Risk Committee (ARC), Performance and Risk Committee (PRC), Implementation Committee and Investment Committee which are sub-committees of the Department's Board and chaired by Non-Executive Board members.

ARC advises the Permanent Secretary (as Principal Accounting Officer) and the Department's Board on the adequacy and effectiveness of governance, risk management and internal controls, these arrangements and on the reliability and integrity of assurances used to inform the Governance Statement. The ARC also advises the Permanent Secretary and Accounting Officer on the structure and presentation of the Agency's annual accounts. Chris Baker, a non-executive director of the Department, acts as the link between ARC and STA and meets with the Chief Executive to discuss risks and comment on the ARA.

During the year, the Chief Executive presented to the Department's Implementation Committee on the management of risks relating to the transition to the test operations services contract.

The STA also presented a strategic outline business case to the Department's Investment Committee for research into digitising assessments.

PRC is responsible for regular oversight of the Department's:

- top tier risks
- major programmes and projects
- higher risk core business
- financial management and investment

The Department's ARA discloses the membership and attendance of:

- the ARC
- other committees of the Department

The Agency is scrutinised about its governance and control through:

- the SPR
- EYSG leadership meetings
- bilateral meetings between the Director General and Chief Executive

The Chief Executive is not a standing member of the Department's committees.

## Assurance

STA receives internal audit and assurance services from the Government Internal Audit Agency (GIAA).

GIAA produced and delivered a full audit plan for the Department as a whole for 2019-20.

The TOpS programme has been included as part of the Government Major Projects Portfolio. This has also undergone regular assurance reviews by the Infrastructure and Projects Authority (April, August and November 2019) and the Agency has addressed the recommendations from those reviews.



## Internal audit

The GIAA risk-based audit plan for STA for 2019-20 was agreed with the STA Accounting Officer/Chief Executive by assessing key delivery activities in 2019-20.

GIAA reviews of the Reception Baseline Assessment and Teacher Assessment focussed on governance, project management and risk management. In both cases it was concluded that robust arrangements were in place and GIAA provided Substantial assurance opinions.

GIAA review of Multiplication Tables Check (MTC) assessed readiness against agreed upon procedures, analysing information and evidence to confirm whether the go-live acceptance criteria for the MTC system had been met. Given the nature of the review GIAA did not provide an assurance opinion but made a number of recommendations for management action both pre and post go-live. The review was undertaken before the impact of COVID-19 was known: MTC for 2019/20 was subsequently cancelled.

GIAA agreed with the Accounting Officer that we would not undertake assurance activity on the Test Operations (TOpS) Programme during 2019-20 as this would have led to duplication with the Infrastructure and Project Authority's (IPA) Gateway review activity. However, GIAA remained sighted on the outcome of that activity and the Agency's plans for addressing any recommendations arising. The impact of COVID-19 has meant that 2019/20 national curriculum assessments will not take place.

A review of Maladministration processes was undertaken at the request of the Accounting Officer as the area had not been subject to review in recent years. GIAA identified several areas where control should be strengthened, including: consistency of investigation practice and decision making; audit trail and record keeping; risk assessment; quality assurance; and management information. GIAA therefore provided a Limited assurance opinion. In response, the Agency has put an action plan in place and progress will be overseen by the EMB.

During 2019-20 the Agency was included in the scope of GIAA's cross-cutting work including Key Financial Controls testing and Contract Management. No significant issues were identified for the Agency.

GIAA attend the quarterly SPR meetings, and periodic RaSC meetings, providing updates on planned and delivered audit activity.

The EMB monitors all agreed actions arising from audit reports. The TOpS board monitors actions arising from the IPA reviews and audits relating to TOpS. Progress in implementing these actions is reported regularly to the SPR and the Agency's RaSC.

At the time of writing, all actions had either been delivered or were on track to be delivered. This is in line with the relevant action plan, or revised target date where appropriate. The Group Chief Internal Auditor has provided a Moderate assurance opinion for the STA, which is consistent with a Moderate assurance opinion for the wider Department. This reflects her opinion that some improvements are required to enhance the adequacy of the Department's framework of governance, risk management and control.

## Risk management

STA has an established risk management framework. The Chief Executive's office, who act as secretariat for RaSC, maintain and oversee this framework, which is based upon:

- the Department's strategic risk framework
- HM Treasury's 'Orange Book Management of Risk - Principles and Concepts'
- 'UK Government Management of Risk: Guidance for Practitioners' risk management standards

The Agency's risk appetite statement was reviewed in February alongside the Department's own updated statement. In line with the high reputational risk from failure of the NCA testing agenda, the Agency's appetite for risk is low (risk averse).

## Shared services

The Department and its Agencies have an outsourced shared service arrangement for provision of:

- certain areas of its internal finance
- human resources
- procurement transactional processes

This arrangement has been in place since 2013. Given the combination of service and control challenges, the Department will be replacing its transactional service arrangements to ensure it operates processes that are fit for purpose, flexible, and offer the best possible support to the Department and its Agencies.

## Business continuity

STA is responsible for managing its own business continuity plans, in line with the Department's wider arrangements.

We continue to keep the business continuity plan (BCP) under review as the Agency's remit changes and, where services are outsourced, have ensured supply chain business continuity plans are in place and tested annually.

Alongside the Agency's BCP, we continue to:

- review live NCA risk contingencies
- trial delivery operations risk contingencies
- review BCPs for specific business areas (including those for the general qualifications logistics service), with changes feeding back into the main BCP

Specific work was undertaken in 2019 to prepare for a potential no-deal Brexit. Contingency arrangements were prepared in conjunction with key suppliers to handle possible issues with paper supply from Europe, as well as considering impacts on the logistics of delivering/collecting assessment materials to/from school settings in the south-east of England, as a result of possible traffic congestion around key ports. This is being reviewed during the transition period. To support Brexit planning, the STA released a small number of staff to work on priorities across the Department and other government Departments.

In early 2020, the Agency commenced a review of risks and contingency plans in response to the increasing threat of COVID-19, considering the impacts this may have on the operational delivery of primary assessments, and the impacts the virus may have on schools' ability to undertake their statutory duties. The contingency planning evolved as the threat increased and led to a recommendation which ministers accepted, to cancel the 2020 test cycle. The BCP was mobilised to support the various actions needed to cancel the 2020 test cycle and ensure continuity for future years.

### Operational policy development and delivery

We worked in partnership with the relevant Departmental policy team to embed clear protocols defining effective joint working to develop policy. Stakeholder consultation practice reflected strong skills and working relationships in this area.

I am content that the arrangements for governance, internal control and risk management of our programmes provides me with assurance that these are adequate to ensure policies meet ministerial intent. The Department aims to develop and appraise policies using the best available evidence analysed using sound methodologies, in conjunction with stakeholders and partners. The Department subjects policies to robust deliverability testing. I am content that the Departmental policies which the Agency implements provide good guidance and direction to those delivering services to children, young people and parents, and that the policies link clearly to our core values and objectives.

### Programme and project management

STA has established programme and project management (PPM) practices, based on the UK government's best management practice programmes, Agile and Projects in Controlled Environments (PRINCE2)<sup>15</sup>. These methodologies comprise recognised principles for managing programmes and projects.

Key documentation in place for non-digital Agency-led programme and projects includes:

- programme blueprint
- business case and programme brief
- project business case and initiation document
- project product descriptions
- programme and project delivery plans
- risk registers
- issues logs
- action and decision logs

These are reviewed and agreed by the relevant board meetings.

The Agency's digital developments use the Government Digital Service (GDS) service standards and are subject to GDS assessments. Digital developments use agile methodologies, including:

- product backlogs
- 2 weekly sprints
- show and tell sessions

The Agency's PPM framework includes the enterprise PPM tool PRIME. This has been adapted from a commercially available project information management tool for use within the Agency. PRIME is a widely used PPM management tool. It meets the ISO standard for project management. This system, together with a range of PPM and risk management guidance, helps to ensure consistent assessment and reporting of programme and project progress. It also helps to ensure we actively manage risk throughout the Agency.

As a result of these measures, we have assurance that we have achieved our objectives.

### Financial management

I am confident that we have clear lines of accountability in place for all programme and administrative expenditure, with support from finance business partners. We have put in place a number of systems to ensure adherence to Departmental:

- processes
- controls
- risk management
- fraud prevention

This ensures that we achieve propriety, regularity and value for money. Management have regular meetings with finance business partners to:

- identify risks early
- flag concerns
- receive high-level monthly budget and forecast reports

<sup>15</sup> [www.gov.uk/government/publications/best-management-practice-portfolio/about-the-office-of-government-commerce](http://www.gov.uk/government/publications/best-management-practice-portfolio/about-the-office-of-government-commerce)

## Delivery arrangements and achievements against business plan

STA's business plan sets out <sup>16</sup>:

- performance indicators
- programme delivery milestones
- objectives

The Agency's achievement against the business plan is monitored through the EMB and assured by the SPR process. All of our performance indicators:

- relate to services delivered by third-party suppliers on our behalf
- are supported by measurable outcomes set out in supplier contracts
- are monitored regularly through management information

We closely manage our third-party partners and the Department's shared services. This is to ensure that they deliver the outcomes specified in their contracts with the Agency.

STA contracted with Capita to deliver test operations services from the 2019/20 academic year onwards. This is a change to the previous test operations delivery arrangements, which involved STA contracting with individual suppliers to deliver components of the overall service. Governance arrangements for this contract are now well established with the support of the Department's commercial function. These arrangements enabled STA to address commercial and operational issues as they arose and to work quickly with Capita to address the threat to and eventual cancellation of the 2020 test cycle including the financial consequences.

All third-party suppliers have a designated contract manager within the Agency, as well as a deputy director for oversight. Contract managers are responsible for ensuring that third-party suppliers meet the requirements set out in their contract. These typically include timeliness and quality indicators.

For high-risk or large contracts, suppliers will typically be required to attend regular contract meetings, where the Agency will monitor and provide challenge. These meetings take place at least once a month and may be called by either party by exception.

Service delivery arrangements with third-party partners are reviewed regularly in line with the commitments in the Agency's business plan. Last year, we held lessons to be learned exercises with each of our major delivery partners, following the completion of the annual test cycle. Results of these exercises were agreed between the Agency and its partners and recorded in a 'lessons learned log'. Progress in implementing these lessons to be learned is monitored at the NCA board, and by the Assessment Delivery programme management team. Although the 2020 assessments were cancelled, the STA is identifying lessons learned with its suppliers from the test cycle to the point of cancellation. These will be used to inform planning for the 2021 test cycle.

The performance and risk reports are scrutinised regularly by the EMB. I am satisfied that the Agency is performing well to deliver these plans.

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<sup>16</sup> [www.gov.uk/government/publications/standards-and-testing-agency-business-plan-2019-to-2024](http://www.gov.uk/government/publications/standards-and-testing-agency-business-plan-2019-to-2024)

### Information: ICT management and data safeguarding

The Agency received shared service IT support from the Department. IT systems were developed in accordance with Government Digital Standards and the needs of the user and business. The Agency's IT projects require approval from the Department's Technology Group and, once approved we worked with Digital, Data and Technology – the Department's IT function - to prioritise and develop these systems. To ensure that staff are aware of the need for secure information management, all staff;

- undertake mandatory information assurance training annually
- have been trained in data protection this year as part of an all staff training event, and there is a clear process in reporting data incidents for STA which staff are aware of and adhere to

STA had no protected personal data related incidents which were judged significant enough to be formally notified to the ICO in 2019-20. (2018-19: nil).

STA had no protected personal data related incidents reported in 2019-20 which did not fall within the criteria for reporting to the ICO, but which were significant enough to be recorded centrally at Department level. Smaller, localised incidents are not included.

### Information risk management

STA has arrangements in place to ensure that it complies with government and Cabinet Office policies on risks to information and information systems. The Department's Chief Data Officer is the designated Senior Information Risk Owner (SIRO) with overall responsibility for the management of information security in the Department's Executive Agencies. Where there have been changes in information management processes or potential new risks including due to the contract with Capita, these have been assured through the Department's governance processes with SIRO approval as required.

The Agency has a variety of information assets, which are essential to its operation and the delivery of its strategic objectives. Delegated Information Asset Owners (IAOs) in the Agency have responsibility for protecting the information assets that are assigned to them. The Agency maintains an information asset register with assigned IAOs. This details the level of all individual information assets. IAOs are prompted to update the asset register and declare the status of their assets on a regular basis.

The Agency's Chief Executive and deputy directors review their assurance framework records regularly. This is to ensure that all IAOs have complied with their responsibilities. The Agency's deputy directors are required to provide assurance to the Chief Executive that delegated IAOs have performed their functions in their annual responsibilities' assurance declaration. This is in line with Departmental procedures.

All staff, except for those on long-term absence, are required to complete the 'Responsible for information' level one training package delivered by Civil Service Learning. The Agency's IAOs are also required to complete the 'Responsible for information' level 2 CSL training package.

During the year, STA has ensured its ongoing compliance with the General Data Protection Regulation, including:

- updating privacy notices
- annual reviews of Data Protection Impact Assessments
- annual review of data sharing agreements
- reviewing information assets
- reviewing supplier contracts to reflect new obligations

STA recognises that a key risk to the security of its information assets is the lack of understanding of information security within the Agency and third parties who may access our data for their work. To mitigate this, all new members of staff receive an STA-specific security induction briefing, and regular briefings are provided throughout the year to remind all staff of their security obligations.

Another risk in this area is the potential loss or corruption of its information assets by suppliers and delivery partners. Therefore, Agency contract managers are responsible for ensuring that those suppliers are fully compliant with current Department and wider government information assurance and security policies.

The Agency constantly monitors supplier performance against the contract, including accompanied site security inspections. Suppliers are required to return or securely destroy data at the end of each test cycle and/or upon completion of the services delivered under a commercial agreement and in line with the retention periods described within the information asset register.

This year, we have continued to maintain information and systems security documentation. We have taken particular care to ensure that our test delivery partners are compliant. We achieved this by applying the Departmental information security assurance model arrangements. Where we have limited assurance of our delivery partners' compliance, we record this in the risk register.

Working with the Departmental Security Unit's information assurance and security specialist, STA secured authority to operate approval via the Departmental information security assurance model for all test trial and live operations.

We report all security incidents leading to breaches of information to the EMB, along with the action taken and how the incident has been closed. Any significant losses would be reported to the Information Commissioner's Office; there were none in this year. I am satisfied that all of the Agency's procurement and current contracts, where suppliers are responsible for handling Agency information or data, are compliant with the Cabinet Office security policy framework<sup>17</sup>.

The Agency adopts the Department's policy and process for whistleblowing. I am satisfied with this collaborative approach and the effectiveness of this arrangement.

### Overall assessment

As Accounting Officer, I am broadly satisfied with STA's internal control, risk management and governance arrangements. The Agency continues to address any areas of weakness in these areas. This includes any issues highlighted through assurance reviews by GIAA and the Infrastructure and Projects Authority. The Agency continues to seek assurance from the Department's corporate functions as they transform particularly with significant changes to finance and HR processes.

The Agency has continued to deliver successfully across a broad range of areas. Governance arrangements have supported the effective delivery of our significant and high-risk programmes of work.

The change in supplier arrangements was a significant risk for the 2020 test cycle. To the point of cancellation of the 2020 assessments, the Agency with Capita had delivered all required elements of the programme and was on track to deliver the remainder of the 2020 test cycle, albeit with a higher level of uncertainty than in previous years.

The Agency reacted quickly to the emerging COVID-19 risk, enacting contingency plans both before and after the decision to cancel the 2020 assessments. This cancellation poses some risks to future years including from the expected significant but temporary release of staff to work on other government priorities related to COVID-19 impacts. I am satisfied that these risks are manageable.

I have continued to be impressed by the dedication and expertise of STA's staff particularly in responding to the challenges of the change in supplier arrangements and the impact of COVID-19.

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<sup>17</sup> [www.gov.uk/government/publications/security-policy-framework](http://www.gov.uk/government/publications/security-policy-framework)

# Remuneration and staff report

## Remuneration part A: unaudited

### Accounting Officer and executive management board members' remuneration policy

The Accounting Officer and the Deputy Director EMB members are SCS. Their pay is decided by the SCS Pay Committee. This is chaired by the Permanent Secretary and comprises members of the Department's Management Committee and a non-executive director.

The SCS Pay Committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the Senior Salaries Review Body<sup>18</sup>.

As staff employed by an executive Agency of the Department, the EMB's performance management and contractual terms are as described in the Department's ARA. The Department manages performance and non-consolidated performance awards for SCS members within the framework set by the Cabinet Office<sup>19</sup>. The contractual terms of EMB members also comply with requirements set centrally by the Cabinet Office.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation, as set out in the Civil Service Compensation Scheme.

### Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Further information about the work of the Civil Service Commission can be found at the Civil Service Commission website<sup>20</sup>.

<sup>18</sup> [www.gov.uk/government/organisations/review-body-on-senior-salaries](http://www.gov.uk/government/organisations/review-body-on-senior-salaries)

<sup>19</sup> [www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward](http://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward)

<sup>20</sup> <https://civilservicecommission.independent.gov.uk/>

## Remuneration part B: audited

### Remuneration (including salary) and pension entitlements

	Salary		Bonus payments		Benefits-in-kind		Pension benefits		Total	
	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Chief Executive</b>										
Claire Burton <sup>1</sup>	10-15 (95-100)	80-85 (90-95)	-	10-15	470	1,128	15	19	25-30 (95-100)	115-120 (120-125)
Una Bennett <sup>2</sup>	100-105	85-90	0-5	5-10	-	-	37	34	140-145	120-125
<b>Deputy Director</b>										
Colin Watson	90-95	85-90	5-10	-	-	-	46	42	150-155	125-130
Marc Cavey <sup>3</sup>	5-10 (70-75)	70-75	-	-	-	-	2	20	5-10	90-95
Kate Moore <sup>4</sup>	70-75	35-40 (60-65)	0-5	0-5	-	-	30	10	100-105	40-45 (70-75)
Lisa Keenaghan <sup>5</sup>	45-50 (65-70)	-	-	-	-	-	58	-	100-105 (65-70)	-
Sharon Smith <sup>6</sup>	35-40 (65-70)	-	-	-	-	-	6	-	40-45 (65-70)	-

In the table above the full year equivalent is shown in brackets

- 1 Claire Burton went on maternity leave on 16 September 2018 and left the Agency on 5 August 2019. The values in the table above include occupational maternity pay up to 5 August 2019.
- 2 Una Bennett appointed as CEO effective 17 September 2018
- 3 Marc Cavey left the Agency on 26 April 2019
- 4 Kate Moore became interim Deputy Director on 17 September 2018
- 5 Lisa Keenaghan appointed 5 August 2019
- 6 Sharon Smith appointed interim Deputy Director on 1 May 2019 to 11 August 2019 and again on 4 November 2019 to 17 January 2020

### Salary

Salary includes:

- gross salary
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances
- any other allowance to the extent that it is subject to UK taxation

This report is based on accrued payments made by the Agency and thus recorded in this ARA.



### Benefits-in-kind

The monetary value of benefits-in-kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as taxable emolument.

During the year one board member received a benefit-in-kind which related to childcare vouchers (2018-19: one).

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2019-20 relate to performance in 2019-20 and the comparative bonuses reported for 2018-19 relate to the performance in 2018-19.

### Accrued pension benefits

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

### Pay multiples

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 the Agency in the financial year 2019-20 was £100,000-105,000 (2018-19, £100,000-105,000). This was 2.7 times (2018-19, 2.8) the median remuneration of the workforce, which was £38,000 (2018-19, £37,000).

In 2019-20, no employee's (2018-19, nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £24,000 to £105,000 (2018-19, £23,000-£105,000).

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 of pensions.

	2019-20	2018-19	2017-18
Band of highest paid director's remuneration (£000)	105-110	100-105	85-90
Median (£000)	38	37	37
Range (£000)	24-100	23-105	23-90
Remuneration Ratio	2.6	2.8	2.3

## Pension benefits

### Civil service pensions

As an executive Agency of the Department, the Agency's staff are members of the Principal Civil Service Pension Scheme (PSCPS) and Civil Servants and Other Pension Scheme (CSOPS) that provides pension benefits. Readers can find details on the scheme at the Civil Service Pensions website<sup>21</sup>.

### Officials

	Accrued pension and related lump sum at pension age as at 31 March 2020	Real increase in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Claire Burton	25-30 plus a lump sum of 50-55	0-2.5 plus a lump sum of 0-2.5	350	339	9	0
Una Bennett	25-30	0-2.5	351	310	21	0
Colin Watson	25-30	2.5-5	298	257	22	0
Marc Cavey	20-25 plus a lump sum of 50-55	0-2.5	376	374	1	0
Kate Moore	20-25 plus a lump sum of 5-10	0-2.5 plus a lump sum of 0-2.5	365	331	15	0
Lisa Keenaghan	25-30 plus a lump sum of 55-60	2.5-5 plus a lump sum of 5-7.5	503	436	47	0
Sharon Smith	30-35 plus a lump sum of 30-35	0-2.5	610	605	2	0

<sup>21</sup> [www.civilservicepensionscheme.org.uk/](http://www.civilservicepensionscheme.org.uk/)

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced - the Civil Servants and Others Pension Scheme (CSOPS) or **alpha** 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: 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 5 months from their normal pension age on 1 April 2012 will switch into **alpha** between 1 June 2015 and 1 February 2022.

All members who switch to **alpha** have their PCSPS benefits 'banked'. Those with earlier benefits in one of the final salary sections of the PCSPS will have 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.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic, premium, classic plus, nuvos** and **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. Unlike **classic**, there is no automatic lump sum, **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. 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 uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

## Partnership pension

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider - Legal & General. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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.)

Further details about the Civil Service pension arrangements can be found at the website<sup>22</sup>.

## Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which 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 and 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

The Agency had paid no compensation for loss of office in 2019-20 (2018-19: nil).

<sup>22</sup> [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

# Staff report part A: audited

## Staff costs

The staff costs for the Agency were £8 million (2018-19: £7 million). The average number of full-time equivalent staff employed during the year was 148 (2018-19: 148).

	Permanently employed staff	Others	2019-20	2018-19
			Total	Total
	£000	£000	£000	£000
Wages and Salaries	5,496	444	5,940	5,344
Social security costs	603	-	603	566
Pension costs	1,471	-	1,471	1,087
	<b>7,570</b>	<b>444</b>	<b>8,014</b>	<b>6,997</b>
Less recoveries in respect of outward secondments	(19)	-	(19)	-
	<b>7,551</b>	<b>444</b>	<b>7,995</b>	<b>6,997</b>

The STA pays a flat fee for Agency staff, which includes social security, holiday pay, pension costs etc. This note discloses the total sum as wages and salaries in the others column.

There are a number of reasons for the increase in staff costs this year including a pay award of 2% and increase in employer pension contributions of 6%.

## Civil service pensions

The Principal Civil Service Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as "alpha" are unfunded multi-employer defined benefit scheme but STA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation on their website<sup>23</sup>.

For 2019-20, employers' contributions of £1,470,322 were payable to the PCSPS and CSOPS (2018-19: £1,087,324), at one of four rates in the range 26.6% to 30.3% of pensionable earnings, 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 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

<sup>23</sup> <http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

## Partnership pension accounts

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. In 2019-20 employers' contributions of £1,081 were paid to the appointed stakeholder pension provider (2018-19 £nil).

Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earning from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £49 (2018-19 £nil), 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS and CSOPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date £270 (2018-19 £nil). Contributions prepaid at that date were £nil.

## Ill-health retirement

No individuals retired early on ill-health grounds (2018-19 nil).

## Reporting of Civil Service and other compensation schemes

The Agency had no compulsory redundancies or other agreed departures in 2019-20 (2018-19: nil).

## Average number of persons employed

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

	Permanently employed staff		Others	2019-20	2018-19
				Total	Total
	Number	Number	Number	Number	Number
Directly employed	135	-		135	131
Other	-	13		13	17
	<b>135</b>	<b>13</b>		<b>148</b>	<b>148</b>

# Staff report part B: unaudited

## Analysis of staff policies and statistics

### Staff by grade and gender

Our staff are a mix of civil servants and contractors. Our civil servants are employed by the Department on its terms and conditions. Responsibility has been delegated to me as Accounting Officer for the recruitment of staff within the parameters provided by the Department's policies and procedures. The headcount for permanent staff as at 31 March 2020 is as follows:

Grade	2020			2019		
	Male	Female	Total	Male	Female	Total
<b>SCS</b>						
Director	-	1	1	-	2	2
Deputy Director	1	2	3	2	1	3
<b>Non SCS</b>						
Grade 6	1	8	9	2	7	9
Grade 7	11	13	24	9	15	24
Senior executive officer	8	29	37	7	26	33
Higher executive officer	11	27	38	15	28	43
Executive officer	10	10	20	12	14	26
	<b>42</b>	<b>90</b>	<b>132</b>	<b>47</b>	<b>93</b>	<b>140</b>

### Review of tax arrangements of public sector appointees

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments were directed to publish information pertaining to the number of off-payroll engagements, at a cost of over £58,200 per annum, that were in place on, or after, 31 January 2012 and any off-payroll engagements of board members, and/or senior officials with significant financial responsibility between 1 March 2019 and 31 March 2020. The tables below set out this information.

### Off-payroll engagements as of 31 March 2020, greater than £245 per day and that last longer than six months

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, Departments were directed to publish information pertaining to the number of off-payroll engagements, at a cost of over £58,200 per annum, that were in place on, or after, 31 January 2012 and any off-payroll engagements of board members, and/or senior officials with significant financial responsibility between 1 March 2019 and 31 March 2020.

The following tables set out this information.

	Number
<b>Number of existing arrangements as of 31 March 2019</b>	-
Of which the number that have existed for:	
less than one year at time of reporting,	-
between one and two years at time of reporting,	-
between two and three years at time of reporting,	-
between three and four years at time of reporting,	-
four or more years at the time of reporting.	-
	-

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax, and where necessary, that assurance has been sought.

**New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and which last for longer than six months**

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2020	3
Of which:	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	2
Of which:	
No. engaged directly (via PSC contracted to Department) and are on the Departmental payroll	1
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	-
	<b>3</b>



### Off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

	Number
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
No. of individuals that have been deemed board members, and/or, senior officials with significant financial responsibility, during the financial year. This figure should include both off-payroll and on-payroll engagements	7

### Expenditure on consultancy

We employ contractors who are professionally qualified and employed on short-term contracts.

It is the responsibility of the hiring managers to ensure that all contractors comply with their tax obligations.

The framework contracts for contingent workers that the Agency has placed, or draws upon as part of the Department, include provision for workers supplied by these companies to meet their obligations. The cost of contingent labour in 2019-20 was £254,069 (2018-19: £210,206). This increase is due to specific work undertaken to ensure projects complete quickly and efficiently.

### Sickness absence

	2019-20	2018-19	2017-18
Total days lost	660	491.7	359.6
Sickness absence days per FTE	4.9	3.8	3.1

Whilst the figures disclosed above do not compare well with figures across the Civil Service, which currently average 3.8 working days lost per FTEs<sup>24</sup>, they have been influenced by a number of long term staff sickness cases.

<sup>24</sup> [www.gov.uk/government/publications/civil-service-sickness-absence](http://www.gov.uk/government/publications/civil-service-sickness-absence)

## Recruitment practice

The Agency has a duty to ensure it is fully compliant with the Civil Service Commissioners' recruitment principles. The Agency's approach to recruitment reflects its commitment to equal and fair opportunity for all. All recruitment processes comply with the Equality Act 2010.

## Staff policies for disabled persons

The Department gained Disability Confident Leader Level 3 status in 2017, which extends to the Agency. This means that it is seen as a champion for disability confidence, with a role in supporting other employers to become disability confident.

The Agency offers disability leave which is to enable employees with a disability to be able to take reasonable time off from work to go for occupational rehabilitation, assessment or treatment to help them to return to work, or whilst they are waiting for a reasonable adjustment to be put in place. In its recruitment policies, it guarantees an interview to any disabled candidate who demonstrates that they meet the minimum standard required for the role.

## Commitment to improving diversity

The Agency adopts the Department's diversity and inclusion strategy, launched in January 2018. It sets out action the Department will take in 5 areas:

- leadership
- recruitment and attraction
- talent and progression
- collection, sharing and use of data
- inclusive culture and behaviours

The strategy is underpinned by 4 key principles:

- everyone has a role to play in creating an inclusive culture and making the Department a truly great place to work
- we are all able to 'be ourselves' at work to be different from each other in many ways and feel supported, empowered, valued, respected and fairly treated
- all of us are able to build successful careers and achieve our potential
- we put openness, honesty, challenge and innovation at the core of what we do

The Agency makes use of the Department's 12 active diversity networks, including a Black, Asian and minority ethnic (BAME) network, a LGBT+ network, a disability group and a neurodivergence network. The Agency also takes advantage of the mental health first aiders providing first line support.

Unconscious bias training is mandatory for all staff. Other diversity and inclusion training includes leading inclusive teams workshops and disability confident line manager focus groups.

## Addressing under-representation

The Department's diversity and inclusion strategy includes specific targets which have been agreed by Cabinet Office. The Agency is working to support representation of BAME and disabled staff at all levels.

## People management

Our people strategy aims to ensure that we attract, retain, build the capability of and motivate our people to enable them to deliver outstanding performance. In order to achieve this, we have:

- continued to offer of 5 days' learning and development a year for all staff
- introduced talent management programmes, including a staff development programme for all staff
- set corporate objectives for all staff for each reporting year
- required staff to produce challenging work objectives for the year
- along with the rest of the Department, introduced a monthly performance management system for all staff with in-year awards determined throughout the performance year

## Health and safety at work

The Agency is committed to ensuring the health, safety and wellbeing of staff, contractors and all others who could be affected by its activities. It fully accepts its responsibilities under the Health and Safety at Work Act 1974.

We recognise that effective management of health and safety makes a significant contribution to our overall business performance and strategic aims, as well as a positive impact on the wellbeing of staff. The Agency acknowledges that positive, proportionate health and safety risk management prevents harm and enables efficient delivery of services across the Agency.

## Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires relevant public sector organisations to report on trade union facility time in their organisations. This information is collated at Departmental level and reported in the Departmental ARA for both the Department and Executive agencies.

## Staff Redeployment

	DfE	Other Government Departments	2020 Total
<b>SCS</b>			
Director	-	-	-
Deputy Director	-	1	1
<b>Non SCS</b>			
Grade 6	1	-	1
Grade 7	-	1	1
Senior executive officer	-	-	-
Higher executive officer	1	-	1
Executive officer	-	-	-
	<b>2</b>	<b>2</b>	<b>4</b>

The average duration of staff redeployments as at 31 March 2020 was 182 days. One G6 member of staff was deployed on Brexit until 9 February when they were redeployed on COVID-19 activities. There were no other COVID-19 redeployments.

The estimated annual cost, based on average staff salaries, to admin and programme budgets.

	DfE	Other Government Departments	2020 Total
	£000	£000	£000
Admin	78	43	121
Programme	-	59	59
	<b>78</b>	<b>102</b>	<b>180</b>

# Parliamentary accountability and audit report

## Overview

This report includes details of the Agency’s losses, special payments, contingent and remote contingent liabilities.

## Parliamentary accountability disclosures: audited

### A1 Losses statement

	2019-20	2018-19
Number of cases	33	4
<b>Value</b>	<b>£000</b>	<b>£000</b>
Cash losses	1	-
Fruitless payments and constructive losses	2,718	1
Claims waived or abandoned	9	-
	<b>2,728</b>	<b>1</b>

### Cases over £300,000

#### Constructive loss

As a result of COVID-19, the 2020 Test cycle has been cancelled. A decision has been taken to destroy; and reprint when required, the KS1, KS2 and phonics papers. For KS1 and phonics the cost of storage was the equivalent to the cost of reprinting the papers, by destroying the papers any further risks were mitigated. For KS2 papers there is expected to be significant degradation of the paper over a 12 month period. The impact of the degradation is that the paper may not be sufficient quality to allow for materials to be scanned which is a requirement within the assessment process to enable marking. This risk is considered too high to allow these materials to be reused in 2021.

#### A2 Special payments

There were no special payments made in the year (2018-19: £3 million)

#### A3 Contingent and remote contingent liabilities: audited

There were no contingent or remote contingent liabilities in the year 31 March 2020 (2019: £nil).

**Una Bennett**  
Accounting Officer  
1 July 2020

# The Certificate of the Comptroller & Auditor General to the House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Standards and Testing Agency for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the 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 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 the Standards and Testing Agency's affairs as at 31 March 2020 and of the net operating 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 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 the Standards and Testing Agency 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Standards and Testing Agency's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Standards and Testing Agency have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as 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 the Standards and Testing Agency'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.
- conclude on the appropriateness of the Standards and Testing Agency'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 the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists I am required to draw attention in my 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 report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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 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 Chief Executive as 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 the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

## 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**

Comptroller and Auditor General  
3 July 2020

**National Audit Office**

157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP





# Financial Statements

# Financial Statements

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2020

	Note	2019-20	2018-19
		£000	£000
Income		(25)	(26)
Total income		(25)	(26)
Staff costs	3	7,995	6,997
Grant expenditure	4	2,893	3,005
Operating expenditure	5	48,815	55,052
<b>Total operating expenditure</b>		<b>59,703</b>	<b>65,054</b>
<b>Net operating expenditure</b>		<b>59,678</b>	<b>65,028</b>
<b>Comprehensive net expenditure for the year</b>		<b>59,678</b>	<b>65,028</b>

All income and expenditure reported in the Statement of Comprehensive Net Expenditure are derived from continuing operations.

The notes on page 62 to page 71 form part of these accounts

## Statement of Financial Position

As at 31 March 2020

	Note	2020 £000	2019 £000
<b>Non-current assets</b>			
Intangible assets	6	6,772	3,999
<b>Total non-current assets</b>		<b>6,772</b>	<b>3,999</b>
<b>Current assets</b>			
Receivables	7	82	88
<b>Total current assets</b>		<b>82</b>	<b>88</b>
<b>Total assets</b>		<b>6,854</b>	<b>4,087</b>
<b>Current liabilities</b>			
Payables	8	(12,471)	(10,650)
<b>Total current liabilities</b>		<b>(12,471)</b>	<b>(10,650)</b>
<b>Total assets less current liabilities</b>		<b>(5,617)</b>	<b>(6,563)</b>
<b>Total assets less total liabilities</b>		<b>(5,617)</b>	<b>(6,563)</b>
<b>Taxpayers' equity and other reserves:</b>			
General fund		(5,617)	(6,563)
<b>Total taxpayers' equity</b>		<b>(5,617)</b>	<b>(6,563)</b>

The notes on page 62 to page 71 form part of these accounts

**Una Bennett**  
Accounting Officer  
1 July 2020

## Statement of Cash Flows

For the year ended 31 March 2020

		2019-20	2018-19
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating cost	2	(59,678)	(65,028)
Adjustments for non-cash transactions	5	2,822	3,542
Decrease in receivables	7	6	216
Increase/(Decrease) in payables	8	1,821	(919)
<b>Net cash outflow from operating activities</b>		<b>(55,029)</b>	<b>(62,189)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	6	(2,773)	(1,981)
<b>Net cash outflow from investing activities</b>		<b>(2,773)</b>	<b>(1,981)</b>
<b>Cash flows from financing activities</b>			
Draw down of supply from sponsor Department		57,802	64,170
<b>Net cash inflow from financing activities</b>		<b>57,802</b>	<b>64,170</b>
<b>Net (decrease)/ increase in cash and cash equivalents in the period</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>		<b>-</b>	<b>-</b>

Cash payments and receipts are processed on behalf of the Agency by the Department. The Agency therefore does not operate its own bank account and has no cash or cash equivalents.

The notes on page 62 to page 71 form part of these accounts

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

	Note	General Fund £000
<b>Balance as at 1 April 2018</b>		<b>(9,247)</b>
Net Parliamentary Funding—drawn down		64,170
Comprehensive expenditure for the year	2.2	(65,028)
<b>Non-cash adjustments</b>		
Auditor's remuneration	5	35
Notional shared service recharges	5	3,507
<b>Balance at 31 March 2019</b>		<b>(6,563)</b>
Net Parliamentary Funding —drawn down		57,802
Comprehensive expenditure for the year	2.1	(59,678)
<b>Non-cash adjustments</b>		
Auditor's remuneration	5	45
Notional shared service recharges	5	2,777
<b>Balance at 31 March 2020</b>		<b>(5,617)</b>

The General Fund represents total assets less liabilities, to the extent that the total is not represented by other reserves and financing items for the Agency.

The notes on page 62 to page 71 form part of these accounts

# Notes to the accounts

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## 1. Statement of accounting policies

These accounts have been prepared in accordance with the 2019-20 government FReM issued by HM Treasury. This is set out in a statutory Accounts Direction issued pursuant to section 5(2) of the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2019.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the Agency for 2019-20 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention.

## 1.1 Going concern

The Departmental Estimate and forward plans include provision for the Agency's continuation. We are working with the Department to resume testing in 2021. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

Whilst the Agency is in a negative equity position at the year end, this is due to supply funding being provided as cash is required, the Agency carries a number of accruals in respect of transactions outstanding at the year-end which will be met in the following year to enable the Agency to continue its operations.

## 1.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported values of assets and liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable. The results of these form the basis for making judgements. The estimates and underlying assumptions are reviewed on an on-going basis.

### 1.2.1 Intangible assets

The recognition of internally developed intangible assets involves 2 critical judgements by management. The first judgement is over the projected feasibility of the intangible asset once it has been completed. Internally created intangible assets can only be recognised when management are satisfied that the organisation has the technical and operational ability to complete the development of the asset; which will result in a useable or saleable product.

The second critical judgement is the identification of internal costs that are required to be included in the assets carrying value. Internal costs are only included if they are direct costs wholly incurred in developing the future intangible asset once the development project has moved into the development phase.

### 1.3 Adoption of FReM amendments

There have been no significant amendments to FReM for 2019-20.

### 1.4 Early adoption

The Agency has not early adopted any accounting standards in 2019-20.

### 1.5 IFRSs in issue but not yet effective

In order to comply with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, STA must disclose where it has not applied a new IFRS that has been issued but is not yet effective. There are two standards in issue but not effective:

- IFRS16 Leases, Annual periods beginning on or after 1 January 2021, 2021-22 (Subject to EU adoption and consultation)
- IFRS17 Insurance Contracts, Annual periods beginning on or after 1 January 2023, FReM application unknown

STA has carried out a review of the above IFRSs, to assess their impact on its accounting policies and treatment. The full impact of these IFRSs has been assessed as not material to the accounts.

### 1.6 Segmental reporting

In accordance with IFRS 8: Operating Segments (IFRS 8), the Agency has considered the need to analyse its income and expenditure relating to operating segments. The Agency has assessed that all lines of operation fall within the same geographical location and regulatory environment as envisaged by IFRS 8. Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker and in compliance with the FReM, it has not been produced in the accounts.

See note 2 on page 66 for operational disclosures.

### 1.7 Draw down of Supply from the sponsoring Department

The STA has recorded all draw down of funding from the Department as financing, as the STA regards draw down of Supply as contributions from the STA's controlling party giving rise to a financial interest. The STA records draw down of Supply as financing in the Statement of Cash Flows and draw down of Supply to the General Reserve.

### 1.8 Grants payable

All grants made by the Agency are recorded as expenditure in the period in which the claim is paid, as the grant funding is not directly related to activity in a specific period.

## 1.9 Pensions

The STA has adopted IAS 19 Employee Benefits (IAS 19) to account for its pension schemes.

Where the STA makes contributions to defined contribution pension schemes (which do not have underlying assets and liabilities) and unfunded, multi-employer defined benefit pension schemes (where STA is unable to identify its share of underlying assets and liabilities), the STA recognises contributions payable in the SoCNE.

Further details of the pension schemes are available in the remuneration report.

## 1.10 Financial instruments

As the cash requirements of the Agency are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

### 1.10.1 Financial assets

Financial assets include trade and other receivables. The Agency determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price. The Agency does not hold derivative financial instruments.

The Agency classifies financial assets where appropriate as trade and other receivables.

Trade and other receivables have fixed or determinable payments that are not quoted on an active market. Trade and other receivables do not carry any interest and the Agency recognises them initially at their face value then subsequently measured at amortised cost using the effective interest method. The Agency recognises appropriate allowances (provisions or write-offs) for estimated irrecoverable sums in the Statement of Comprehensive Net Expenditure when there is objective evidence that the asset is impaired. The Agency measures the allowance recognised as the difference between the assets' carrying value and the estimated future recoverable value.

### 1.10.2 Financial liabilities

Financial liabilities are measured at amortised cost. Financial liabilities include trade and other payables. The STA does not currently have financial liabilities measured at fair value through profit or loss and neither does it have derivative financial instruments. The STA determines the classification of its financial liabilities at initial recognition.

#### Trade and other payables

Trade and other payables, excluding accruals, are generally not interest bearing and are stated at their face value on initial recognition. Subsequently, they are measured at amortised cost using the effective interest method



### 1.11 Intangible assets

Assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Intangible assets are initially valued at cost, then carried at fair value. Where there is no active market, we use depreciated replacement cost as a proxy fair value. Assets are amortised over their estimated useful economic lives. Assets under construction are not amortised but are assessed for impairment annually.

The asset life for developed software is 3-5 years.

### 1.12 Value added tax

Most of the activities of the Agency are outside the scope of VAT. In general, output tax does not apply. Where it does, input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property and equipment and intangible assets.

### 1.13 Shared services

The Department provides a number of corporate functions as a shared service reflecting the Department's operating model as follows:

- human resources
- estates and facilities management
- communications
- legal services
- information, communication and technology services
- corporate finance and procurement

The accounts include a notional recharge from the Department to the Agency to reflect the costs of these shared services. The Department makes direct charges in relation to these services that can be directly apportioned to the Agency.

The remainder of the Department's recharge to the Agency is an apportionment of costs. The Department calculates the apportionment as a cost per full time equivalent employee within the Departmental group multiplied by the number of the Agency's full time equivalent employees.

## 2. Statement of operating costs by operating segment

The Agency is split into 3 divisions for reporting purposes details of the of which can be found under the structure of the Agency on page 10. Administrative costs are split between the divisions at a higher level. Additionally, administration and shared services are identified as a reporting segment for the analysis required by IFRS 8: Operating Segments.

The vast majority of the lines of operation fall within the same geographical location and regulatory environment. Segmental analysis of the Agency's assets and liabilities are not reviewed by management and consequently are not provided here.

Further details of the operating divisions can be seen in the performance report.

### 2.1 2019-20

	Assessment Services	Assessment Development	Assessment Delivery	Admin and Shared Service	Total
	£000	£000	£000	£000	£000
Gross expenditure	2,093	10,860	40,723	3,205	56,881
Income	-	-	(25)	-	(25)
<b>Budget net expenditure</b>	<b>2,093</b>	<b>10,860</b>	<b>40,698</b>	<b>3,205</b>	<b>56,856</b>
Shared service recharge	-	-	-	2,777	2,777
Auditor's remuneration	-	-	-	45	45
<b>Total notional recharges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,822</b>	<b>2,822</b>
<b>Net expenditure</b>	<b>2,093</b>	<b>10,860</b>	<b>40,698</b>	<b>6,027</b>	<b>59,678</b>

During the reporting period the names of the STA's 3 divisions changed the responsibilities remained broadly the same:

- Assessment Strategy, Policy and Communications Division became Assessment Services Division
- Test Development Division became Assessment Development Division
- Test Operations Division became Assessment Delivery Division

We have not changed segment names in 2018-19 to provide consistency with last years published ARA.

## 2.2 2018-19

	Assessment and Policy Development	Test Development	Test Operation	Admin and Shared Service	Total
	£000	£000	£000	£000	£000
Gross expenditure	1,283	11,931	44,905	3,393	61,512
Income	-	-	(26)	-	(26)
<b>Budget net expenditure</b>	<b>1,283</b>	<b>11,931</b>	<b>44,879</b>	<b>3,393</b>	<b>61,486</b>
Shared service recharge	-	-	-	3,507	3,507
Auditor's remuneration	-	-	-	35	35
<b>Total notional recharges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,542</b>	<b>3,542</b>
<b>Net expenditure</b>	<b>1,283</b>	<b>11,931</b>	<b>44,879</b>	<b>6,935</b>	<b>65,028</b>

## 3. Staff costs

	Permanently employed staff	Others	2019-20 Total	2018-19 Total
	£000	£000	£000	£000
Wages and Salaries	5,496	444	5,940	5,344
Social security costs	603	-	603	566
Pension costs	1,471	-	1,471	1,087
	<b>7,570</b>	<b>444</b>	<b>8,014</b>	<b>6,997</b>
Less recoveries in respect of outward secondments	(19)	-	(19)	-
	<b>7,551</b>	<b>444</b>	<b>7,995</b>	<b>6,997</b>

## 4. Grant expenditure

	2019-20	2018-19
	£000	£000
Grants to Local Authorities	1,990	2,088
Grants to others	903	917
	<b>2,893</b>	<b>3,005</b>

## 5. Operating expenditure

	2019-20	2018-19
	£000	£000
Marking	16,741	21,216
Print and logistics	6,374	8,671
Test research and development	18,387	14,465
Reception baseline assessment	2,799	2,204
Teachers skills test	16	1,862
Other expenditure	1,676	3,092
	<b>45,993</b>	<b>51,510</b>
<b>Non-cash items:</b>		
Auditor's remuneration	45	35
Shared service recharges	2,777	3,507
	<b>2,822</b>	<b>3,542</b>
	<b>48,815</b>	<b>55,052</b>

The costs above include the cost of developing the 2020 national curriculum assessments which were cancelled due to COVID-19. It has been agreed that the content of all of the 2020 materials will be preserved for future years, however the printed papers for KS1, KS2 and phonics have been destroyed and noted as a constructive loss.

During the year a new contract for test operation services came into force. This contract aligned marking, printing and logistics into one cost, these costs are now shown in test research and development. The original contract for these services was in force for the majority of the year and as such this note reflects costs as they were presented previously. The note will be updated next year to reflect the contract change.

## 6. Intangible assets

All intangible asset expenditure is currently classed as assets under construction, and therefore not amortised. One asset being developed is in relation to online multiplication checks which is due to go live in 2021.

	2020	2019
	£000	£000
<b>Cost</b>		
1 April	3,999	2,018
Additions	2,773	1,981
Disposals	-	-
<b>At 31 March</b>	<b>6,772</b>	<b>3,999</b>
<b>Amortisation</b>		
1 April	-	-
Charged in year	-	-
Disposals	-	-
At 31 March	-	-
Carrying value as at 31 March	6,772	3,999

## 7. Receivables

	2020	2019
	£000	£000
<b>Sums falling due within 1 year</b>		
Trade receivables	29	20
Other receivables	53	68
	<b>82</b>	<b>88</b>

## 8. Current payables

	2020	2019
	£000	£000
Other taxation and social security	157	149
Trade payables	121	1,602
Other payables	144	120
Accruals and deferred income	12,049	8,779
	<b>12,471</b>	<b>10,650</b>

The increase in current payables is due to the alignment of costs in relation to the new contract for test operations services, which would have been recognised at a later date due to the way milestones were calculated under the previous contracts.

## 9. Capital and other financial commitments

### 9.1 Capital commitments

Contracted and approved commitments at 31 March not otherwise included in these financial statements:

	2020	2019
	£000	£000
Intangible assets	338	1,074
	<b>338</b>	<b>1,074</b>

### 9.2 Other commitments

The Agency has entered into non-cancellable contracts which are not leases or service concession arrangements, for operation services for KS1 and KS2 tests and the phonics screening check.

The total payments to which the Agency is committed are as follows:

	2020	2019
	£000	£000
<b>Non-cancellable contracts:</b>		
No later than one year	19,716	33,711
Later than one year and not later than five years	70,724	77,083
Later than five years	-	-
	<b>90,440</b>	<b>110,794</b>

## 10. Related party transactions

As well as the disclosures in the Remuneration and Staff Report, the following relationships are also considered as related parties and have therefore been disclosed in line with IAS 24. Transactions are classified as related party transactions if they occurred during the period the board member named held office.

The Agency regards the Department as a related party. During the year, the Agency had a number of material transactions with the Department and with other entities for which the Department is the parent Department.

In addition, the Agency has had a number of transactions with other government Departments and central bodies. Most of these transactions have been with the HMRC, PCSPS and CSOPS.

The Agency had no other relationships which would be considered as related parties in 2019-20.

## 11. Events after the reporting period

### 11.1 COVID-19 response

We are working to support the government's response to COVID-19, as such several staff were seconded to other Government Departments, other staff were asked to support the business as required. In April 2020 Una Bennett moved temporarily to the Department of Health and Social Care returning in May 2020. In her absence Colin Watson was appointed as Interim Chief Executive and Temporary Accounting Officer.

### 11.2 Authorisation

These accounts were authorised for issue by the Accounting Officer on the date they were certified by the Comptroller and Auditor General. With the exception of the above, there have not been any other significant post year end events that have required disclosure in the accounts.





# Annex

## Annex A – Glossary of terms

Abbreviation or term	Description
Agency, STA	Standards and Testing Agency
ARA	Annual Report and Accounts
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
DfE, Department	Department for Education
EMB	Executive Management Board
FReM	Financial Reporting Manual
HMT	Her Majesty's Treasury
IAO	Information Asset Owner
KS	Key Stage
LA	Local Authority
NAO	National Audit Office
PCSPS	Principal Civil Service Pension Scheme
RM	Resource Management
SPR	Strategic Performance Review
SRO	Senior Responsible Owner
2018-19 and 2019-20	Financial years, ending on 31 March
2019/19 and 2019/20	Academic years, ended on 31 August

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Standards  
& Testing  
Agency