

Paper 09/17

Date:
28th April 2017

Title:
Chief Operating Officer's Report

Responsible Director:
Marc Baker, Chief Operating Officer

Paper for Information

Open paper/ Closed sections



Issue

1. This paper updates the Board on developments since the last Board meeting in the Chief Operating Officer's area of responsibility.

Recommendation

2. Board members are asked to note the progress being made.

Summary Financial Performance for 2016-17

3. Table 1 below shows a summary of the 2016/17 full year results.

Table 1: 2016/17 Expenditure comparison to Main Estimate

£'000s	Actual	Budget Estimate	Variance	Variance %
Staff Costs	10,296	11,408	1,112	10%
Non-Staff Costs	3,725	4,179	454	11%
Income	-35	-55	-20	36%
Total Administration Costs	13,986	15,532	1,546	10%
Staff Costs	1,785	1,111	-674	-61%
Non-Staff Costs	3,118	3,043	-75	-2%
Income	0	0	0	0%

Total Programme Costs	4,903	4,154	-749	-18%
Depreciation	10	10	0	0%
Net Operating Costs	18,899	19,696	797	4%

4. Net operating costs for the year were £18,899k compared to the resource budget of £19,696k (including the £144k received from the Department for Education in the Supplementary Estimate for VQ Reform). Ofqual underspent by £797k (4%) versus budget, significantly higher than the forecast £360k-£500k expected and verbally reported to the Board in the March 2017 Board meeting. The following section details the main variances from the February forecast. In addition, £164k of income received in the year, (£139k related to fines, and £25k of IT related grants) was not covered in the Ofqual ambit, and was returned to the consolidated fund in March 2017.
5. Staff costs for the year accounted for 64% of total expenditure compared to 52% in 2015-16. This reflects recruitment to roles that were unfilled or covered by agency staff in the previous year. Agency staff accounted for 7% of staffing costs during the year, down from 11% in 2015–16 as GCSE, AS and A level reform work for subjects being taught in September 2017 approached conclusion, and as established roles were permanently filled.
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Annual Report and Accounts

16. The draft Annual Report and Accounts for 2016/17 will be presented at the 11th May 2017 Audit and Risk Assurance Committee meeting.
17. A joint review of the Annual Report and Accounts for 2016/17 by the Finance Committee and the Audit and Risk Assurance Committee is scheduled for 20th June 2017, following which the full Board will ratify the accounts for submission to Parliament.
18. The following adjustments have been identified after the month-end close, and will be adjusted prior to the audit:

March 2017 Outturn Underspend	£797,000
Accrual of additional Legal costs	-£25,000
Reduction of NRT Accrual	£32,000
Other small additional accruals	-£3,000
Potential March 2017 Audited Underspend	£802,000

Project Fund

19. During the year, 120 business cases were managed through the project fund, allocating £2.8 million to support strategic priorities. £2m of this was funded by underspends from Directorates initial budgets that were transferred into the Project Fund during the year.

Interim & Contract Staff

20. Ofqual employed 10 interim and contract staff during March to cover maternity/sick leave and other roles. Five left by the end of March 2017, two are planned to continue into April, one extends to September to

cover long term absence, and two are for the full year to support corporate objectives. All are included in the budget.

Finance and HR Systems

21. As mentioned in the previous report, Ofqual have considered options for the replacement of the current Aptos Finance system and Octopus HR System, with a view to secure an integrated Finance and HR system. The business case for the proposed system will be presented to the Ofqual Board at its July 2017 meeting.

Corporate Plan tracker

22. The Corporate Plan tracker will be available for the July Board after quarter 1 progress has been reviewed.

People

23. Permanent headcount stands at 185. The total number of employees filling established posts including agency and fixed term workers stands at 195. We have a further 10 agency staff and contractors doing roles not covered by established posts which gives a total level of staffing of 205 a decrease of 4 since the last Board meeting. This is expected to reduce further by the end of May with the release of 2 staff employed on FT2017 accreditation.
24. We currently have 22 vacancies, of which 15 are permanent, and 4 are being actively recruited. During the month we offered 4 Senior Manager roles, the Board Secretary position and a Manager for Data Services.
25. Sick absence has decreased from 3.66% in February to 2.45% in April, this is lower than this time last year when it stood at 3.56%. 17 employees were absent in the month which is the lowest level since last May.
26. Over the last 3 months long term sick absence has fallen from 4.4% to 1%, this is as a result of careful management of each case with a view to getting the best outcome for the business and the individual.
27. Full year performance reviews were completed by the end of April with objective setting for the next 12 months due to be completed by mid May.
28. The annual Learning and Development report was presented to SMG and the Finance Committee highlighting the investment that the business has made in developing capability over the last 12 months. In comparison to other departments we sit in the middle in terms of average spend per person. SMG have asked for a quarterly summary

report to be produced and this will also be shared with the Finance Committee.

29. The priority for capability development for 2017/18 is Management and Leadership development. A proposal is being developed and will be presented to SMG in the first quarter.

Health and Safety

30. There are no reportable incidents or accidents to report.

Accommodation

31. The business case that the Board approved at its last meeting has been passed to the Government Property Unit for informal feedback prior to its formal submission. We expect to receive comments back during May.

IT and Information Management

32. Ofqual's application to join the Public Service Network (PSN) was confirmed on 29 March. The Ofqual IT infrastructure and cloud IT is assessed to be compliant with the GDS PSN code of connection for government-wide security. Actions following two IT health checks and their follow-on reviews have been completed. Software used by the IT health check consultancy has been purchased on subscription and is being used to monitor the Ofqual IT infrastructure to detect and deal with vulnerabilities in real-time which has improved IT housekeeping.
33. Availability of cloud IT and the Ofqual IT infrastructure remains at over 99% with few significant issues experienced by Ofqual or AO users.
34. An audit of our approach to review the security of data overall and candidate level data is complete and the report is expected shortly. Indications are that there are no significant issues with the security regime now in place to handle data and the report will focus on improvements and enhancements to the operating regime to ensure this is applied consistently.

IM transformation project

35. Redevelopment of the AO portal architecture was completed at the end of March and this was successfully deployed to the 160 AOs and 1500 users in Ofqual and awarding organisations. Users now have access to a simplified interface and significant improvements to reliability and speed of transactions when managing qualifications have been

delivered. A new bulk edit of qualifications feature was rolled out; updated and enhanced accreditation functionality was also deployed.

36. Enhancements to the Register were successfully rolled out in March with improved search functionality based on user feedback. A new application programming interface (API) is also available for data consumers outside of Ofqual. Development of the next version of the data collection portal is complete and testing is underway. Once launched, the data collection portal will be accessed via the AO portal which will improve security, simplify user management and reduce the burden on AOs. A new qualification type, end point assessment (EPA) has been built for the AO portal which is in its final stages of testing and ready to deploy once signed off by VTQ and/or SMG.

Communications

37. We delivered an advertising campaign to help boost awareness and understanding of GCSE, AS and A level reforms during March and early April. Our films focussing on the new GCSE grading scale were viewed more than 3 million times across YouTube, Facebook and Instagram during the 4-week period of paid-for promotion. By the end of April, we generated nearly 10k followers for our dedicated Facebook page, 5.7m hits on our LinkedIn articles and increased subscribers to our '9 to1 news' newsletter by around 50% (to c2,300).
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40. Engagement during the period included advising all secondary schools and colleges in England by letter of a range of new and refreshed information about the reforms and conducting another two webinars for this audience. We attended and spoke at the Federation of Small Business conference, and had a stand at the ASCL general conference. Our series of blogs on more technical aspects of the reforms and summer awarding continued to see significant redistribution and favourable comments on social media. Our Chief Regulator and Executive Director for General Communications gave several speeches and interviews on the reforms in March and April, including with TES.
41. We had already intended to scale back our communications during the summer exam period before the general election was called. Given the associated purdah restrictions, we advised our social media audience in late April that we would be tweeting less than usual through the period and pulled some publications forward. There was particular interest in our policy decision on inter-subject comparability and the associated decision regarding setting grade standards in A level languages this summer. The trade press initially focussed on the inter-subject comparability angle. However, the Guardian and online commentators were more taken with our decision regarding language standards, accounting for about two-thirds of the combined 300+ tweets and retweets of articles on these topics over the weekend following release.
42. There was a 7% increase in the volume of Helpdesk correspondence in March compared to the early part of the year. This was entirely accounted for by an increase in GCSE related questions received from the new Facebook page, and fell back again once the paid-for advertising ceased.

All Staff Event

43. Internally, we held an all-staff event in Coventry in late March to promulgate our over-arching strategy and top priorities for 2017-18. Staff feedback suggested that the event was very successful, with more than 80% saying they were satisfied or very satisfied with the day overall. This was an improvement on our scores for our 2016 event, which had also been very well received. Some of the positive comments included:

- *“Overall a good away day - best so far- relevant content”*
- *“By far the best all staff event we have ever had. Having external speakers is vital especially when they are so entertaining and informative. Having our directors in an informal setting is the best method for them as they work and interact well as a group rather than solo speeches. It's nice that we now have a group of directors who will take part in something like that and have fun while also being informative.”*
- *“Probably the best one we've had to date”*
- *“The event this year was presented in a much better way than previous years. This was the best all staff event yet. Not everyone finds discussions about strategic objectives interesting and this year it was presented in a much better way. The tone of the event also felt much less patronising than in different years.”*

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Recognition

47. The total number of recognised Awarding Organisations stands at 155, having fallen by three over the last 12 months. We last recognised a new organisation 18 months ago.
48. We received 80 applications for recognition during 2016/17, representing a 67% increase from the 54 applications last year. We received 35% of these during Q4. Because of the sustained increase in applications, coupled with the lack of additional capacity in the wider Regulatory Compliance team, we will be looking to recruit an additional compliance officer to work in this area.
49. We completed eight applications from prospective AOs in March. We rejected seven, with one moving to stage two. We have an additional three applications at stage two, one of which are from an existing awarding organisations. We have not received any recognition applications from organisations looking to offer End Point Assessments.
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National Reference Test

55. NFER has completed the marking of this year's test on schedule and no issues have been reported. Test data has been analysed by CITO, NFER's sub-contractor, and initial test results were reported to Ofqual on 2nd May. We will provide a full report to the Board at the meeting in July and we will update members verbally if any issues come to light before this month's meeting. This year's test results will be reviewed with the NRT sub-group of SAG on 22nd June and at the meeting of SAG on 30th June.

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Impact Assessments

Equality Analysis

60. There are no impacts arising from the report.

Regulatory Impact Assessment

61. There is no requirement for an impact assessment on the activities included in this paper.

Timescale

62. No impact on any timescales.

Paper to be published	YES
Publication date (if relevant)	After the meeting

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