

office for fair access

# report & accounts

2013-14



offa

office for fair access

# Office for Fair Access Annual Report and Accounts 2013-14

Presented to Parliament pursuant to schedule 5 paragraphs 7 (3) and 8 (2) of the Higher Education Act 2004.

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## Foreword



For OFFA, 2013-14 has been a year of increased activity, greater output and, more than anything, strategy development.

At the very highest level we developed the national strategy for access and student success, with the Higher Education Funding Council for England (HEFCE). Alongside this, we developed OFFA's own strategic plan, setting out the role that we will play in contributing towards the national strategy's aims. So, 18 months into my time as Director of Fair Access, OFFA has a clear vision of what we want to achieve over the next five years and how we will do it, and we have started to put in place the organisational structure and improved processes that will underpin this.

Meanwhile, we continued to deliver and improve our assessment and monitoring of access agreements, amid significant changes to the funding landscape. While we regret the reductions in the National Scholarship Programme and student opportunity funding, we have worked with our partners to minimise the negative impacts of these changes, and the consequent delay to the HEFCE grant letter, on students and institutions.

### **Whole lifecycle, whole institution**

A clear message in the national strategy is that an effective approach to access should not stop at the front door when a person enters higher education. Disadvantage can follow you like a shadow down the years, affecting the degree you end up with and your ensuing postgraduate study or search for a job. For access to be meaningful, there must be appropriate support for students as they progress through their studies and continue to employment or postgraduate study. OFFA therefore takes a broad view of access, challenging universities and colleges to look not just at how they can diversify their student intake, but also at how they can engage across the whole student lifecycle. This year we have increasingly encouraged universities and colleges to take a strategic whole-institution approach in which multiple teams and departments co-operate to achieve their access goals.

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## Access trends

In last year's annual report, I wrote of my concerns over the dramatic decline in part-time student numbers. Disappointingly, this remains a key issue, as part-time undergraduate entrant numbers have not recovered. In addition, we now know that the vast majority of the fall has been in non-first-degree courses including foundation courses or diplomas. Such courses are an important route into degree study for people from under-represented groups – giving a “second chance” to those who have low or no entry qualifications and giving those already in employment the opportunity to reskill or upskill.

On the plus side, we have continued to see upward trends in access for young, full-time students from disadvantaged backgrounds, and there have been particularly heartening improvements at universities with the most demanding entry requirements, which tend to be the ones with the furthest to go to achieve a representative student body. Clearly, despite the rise in fees, the new system has not deterred disadvantaged young and full-time students, who continue to see the value in getting a degree.

## Finding excellence wherever it is

We may be winning hearts and minds among young people but there's still work to be done to convince those who feel there is a conflict between fair access and academic excellence.

There is no conflict between fair access and academic excellence. Nor should there be. Fair access is about searching out academic potential wherever it is found – in every type of neighbourhood, every type of school, and every age group, ethnic group and gender. It's about recognising that academic potential is not only reflected in existing qualifications. It's about acknowledging that a wide range of people have the potential to become the excellent graduates who will later run our businesses and lead our country – not just the privileged few but also, for example, the 30-something worker who wants to improve his or her skills, the working-class boy who dreams of a career in law, or the daughter of first-generation immigrants who has won a scholarship to an independent school.

We all benefit, economically and socially, from high-quality graduates, and it is in all our interests that universities and colleges recruit the very best minds, regardless of background. I will therefore continue to champion the benefits of fair access, challenging all universities and colleges to play their part in creating a more meritocratic higher education system.



Professor Les Ebdon CBE  
Director of Fair Access to Higher Education

20 June 2014





Annual report  
2013-14

# management commentary





# About OFFA

## Who we are

OFFA is an independent, executive non-departmental public body sponsored by the Department for Business, Innovation and Skills (BIS). Our role is to promote and safeguard fair access to higher education for lower income and other under-represented groups following the introduction of higher fees in 2006-07. All publicly funded universities and colleges in England must have an access agreement approved by the Director of Fair Access to Higher Education in order to be able to charge higher tuition fees.

We report to the Minister for Universities and Science and the Secretary of State for Business, Innovation and Skills. We have an Advisory Group to give expert, impartial advice on strategy and policy and where necessary, on procedural issues and individual access plans. In addition, there is an independent reviewer (appointed by BIS) should institutions wish to challenge an OFFA decision. The Director of Fair Access to Higher Education is a member of the Regulatory Partnership Group which advises the Government and other national agencies on policy, strategic and operational issues relating to the funding and regulatory arrangements for higher education.

In addition to the Director of Fair Access to Higher Education, there was at the year-end date a head-count of 11 full-time and four part-time permanent members of staff and an average of 13.5 full-time equivalents were delivered by permanent staff across the year.

## What we do

For 2013-14, our three core aims were based on our *Strategic plan 2005-10*, as updated in 2009. These were:

- to support and encourage improvements in participation rates in higher education from low income and other under-represented groups
- to reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in access and student success measures

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

Our strategic aims are primarily delivered through institutions' access measures as set out in their access agreements – documents in which universities and colleges set out their tuition fee limits and the access and student success measures they intend to put in place, for example outreach (such as summer schools, mentoring, after-school tuition, links with schools and colleges in disadvantaged areas); activities to improve retention and student success; and financial support such as bursaries and scholarships.

We receive agreements from institutions and monitor their progress in meeting their access agreement commitments on an annual basis. In addition, we undertake, commission and disseminate analysis, good practice and advice on access and student success.

From 2014-15 onwards, we are operating under a new strategic plan that better reflects the current context in which we operate. So, while most of this annual report concerns our previous strategic aims and key performance indicators (KPIs), which remained in place for the 2013-14 financial year, the forward-looking sections refer to our new strategic plan and objectives.

Effective, strategic collaboration is a key factor in improving access, student success and progression, and through all our work, we work closely with our partners, particularly the Higher Education Funding Council for England (HEFCE) and higher education providers, to ensure a collaborative and co-ordinated approach.



# Performance and achievements

## Our changing approach

In 2013-14, our approach has continued to evolve significantly, with a sharper focus on the outcomes of access and student success activities rather than the inputs and processes. This follows guidance to us from BIS in February 2011, and the greater capacity granted to us by Ministers following the 2011 White Paper *Students at the Heart of the System*, which has enabled us to provide more active and energetic challenge and support to institutions. We have used this greater capacity in the following key areas:

- developing strategy
- improving the evidence base around access, student success and progression
- challenging and supporting the sector to make further, faster progress
- improving our internal processes and structures.

When OFFA was originally established, we focused our resources predominantly on the approval and monitoring of access agreements. Now, as we mature into a more sophisticated regulator, we are looking to deliver greater balance in our regulatory activities, growing our capacity to understand and support the development of the evidence base, and to effectively champion the widening participation and fair access agenda.

## Developing strategy

### The national strategy for access and student success

Our most significant area of work in 2013-14 was developing, jointly with the Higher Education Funding Council for England (HEFCE) and in consultation with the higher education sector, a national strategy for access and student success. Published in April 2014<sup>1</sup>, the strategy sets out OFFA and HEFCE's vision, our overall approach and the key actions we are proposing for all those that play a role in widening participation – including Government, higher education providers and national bodies – across the three broad stages of the student lifecycle:

preparing for and entering higher education; staying on and achieving a qualification; and going on to employment or postgraduate study. Successful delivery of the national strategy will depend on much greater collaboration and partnership between all interested parties – including Government departments and individual departments within institutions.

We regard the national strategy as a major landmark and are confident it will add new impetus to the sector's work in addressing the persistent gaps that remain in terms of access, success and progression from higher education of students from disadvantaged backgrounds.

### OFFA's strategic plan for 2014-19

Following the development of the national strategy, we have then sought to define the part that OFFA will play in achieving the strategy's vision. The result is a new OFFA strategic plan covering the next five years, to be published later in 2014.

Developed in consultation with partners from the higher education sector, the strategy redefines our aims as an organisation, the new approach we will take to achieve these aims, and the measures we will use to evaluate our success. In particular, it reflects our broader view of access as encompassing the whole student lifecycle, ensuring that under-represented students access the full benefits of higher education; and the greater support we will be giving to institutions to enable us to challenge them more strongly. (For more detail on the new strategic plan and our future approach, see "The way ahead: OFFA's new strategy and objectives" on page 28).

### Improving the evidence base around access, student success and progression

Improving the evidence base around access, student success and progression is a key priority for us. If institutions are to invest more smartly, then they need to know what access measures have the most impact. Robust evidence around access, success and

<sup>1</sup> The national strategy for access and student success can be downloaded from <https://www.gov.uk/government/publications/national-strategy-for-access-and-student-success>.

progression is also vital to enable us and others to identify where progress is being made, or, in some cases, lack of progress. Our increased resources have enabled us to make a significantly larger contribution to the evidence base this year. We have contributed in three main ways:

- influencing institutions to develop stronger evidence about their own activities
- carrying out in-house research and analysis
- commissioning external research.

### **Influencing institutions to develop stronger evidence about their own activities**

Over the past year, we have increased our emphasis to institutions on the need to build robust monitoring and evaluation processes into their strategies. All institutions must now tell us in their access agreements how they evaluate their outreach work, financial support and other measures.

Under the national strategy we will be working with HEFCE and the sector to develop a national evaluation framework to help institutions and other sector organisations evaluate their access and student success activities more effectively, and to provide comparable data and evidence that can be used both at national and local level to inform policy and practice.

### **Carrying out in-house research and analysis**

Our in-house analysts have made a significant contribution to the wider evidence base this year. In particular, our interim report *Do bursaries have an effect on retention rates?* (OFFA publication 2014/02) found no evidence that bursaries had a positive effect on retention rates, suggesting that bursaries may not be the powerful retention tool that many believe them to be. The report strengthens the case for more effective evaluation of the impact of bursaries, and for increased investment in long-term targeted outreach and across the whole student lifecycle.

Over the year, we have:

- examined trends in young participation in English higher education, by student background and the selectivity of the university or college attended<sup>2</sup>

- analysed the impact of financial support on student retention in the pre-2012 context<sup>3</sup>
- begun a pilot qualitative data analysis of 2014-15 access agreements, to increase our understanding of how institutions are responding to our guidance.

Our increased analytical capacity has also enabled us to dig deeper into the information we gather during our annual monitoring and access agreement assessment cycles. For example, we published key data from 2014-15 access agreements in an expanded and more useful format than in previous years. We have also redesigned our monitoring outcomes report (published jointly with HEFCE) to increase its usefulness and facilitate greater understanding of the impact of access agreements.

### **Commissioning external researchers**

In addition to the research and analysis outlined above, we have commissioned a number of reports from external organisations to help grow the evidence base and inform the development of the national strategy and our own strategic plan. For example, we commissioned research into the uses and impact of access agreements and associated spend<sup>4</sup>. This gave us a wealth of intelligence on how staff within institutions view access agreements.

## **Challenging and supporting the sector to make further, faster progress**

### **Increasing our strategic discussions with universities and colleges**

Over the past 18 months, OFFA has developed a much more active programme of engagement with universities and colleges, supporting them in their work to widen access and improve student success, and providing more robust challenge.

During the 2013-14 financial year, OFFA has met with more than 50 universities and colleges through a programme of institutional meetings and visits, to discuss their strategic approaches to access and student success with senior staff. This represents around one-third of all those with access agreements – including many of those with the furthest to go to broaden their student intake. We have also met with widening participation (WP) managers and practitioners to gain

<sup>2</sup> OFFA publication 2014/01, *Trends in young participation by student background and selectivity of institution* (February 2014).

<sup>3</sup> OFFA publication 2014/02, *An interim report: Do bursaries have an effect on retention rates?* (March 2014).

<sup>4</sup> OFFA publication 2013/06, *The uses and impact of access agreements and associated spend* (December 2013).

a better understanding of the work being done and talked to students and prospective students who have benefited from WP activities.

Alongside this, we have looked to support the sector through conferences and workshops. In February, we delivered a conference for universities and colleges, in partnership with Action on Access and Universities UK, following publication of our access agreement guidance for 2015-16<sup>5</sup>. The conference provided an important opportunity for key staff responsible for access agreements to explore the revised emphases and priorities set out in our guidance. We received very positive feedback from this event in terms of the help it provided to institutions in writing their 2015-16 access agreements and the advice given to them about building a long-term, strategic, whole-institution approach.

## Feedback from practitioners

I've been busy sharing the discussions that took place at the conference with colleagues back at [university]; the event will stand us in very good stead as we prepare our 2015-16 access agreement. – *event delegate*

The guidance provided by OFFA staff helped us improve the focus, consistency and quality of our access agreement.

– *further education college*

Never seen so many people at a WP conference!!

– *tweet from event delegate*

## Influencing institutions to work more strategically

Over the past year, we have continued to increasingly challenge and support universities and colleges to adopt a more strategic approach to access, student success and progression. In particular, we have encouraged them to assess their performance in relation to access and student success, ensuring that this assessment is clearly evidenced, and to ensure that the priorities identified in their assessment are reflected in their access and student success milestones and targets.

We have also encouraged institutions to take a whole-institution approach to access and student success, making the production of their access and student success plans a driver for positive change and internal collaboration.



Above: Professor Ebdon with OFFA policy adviser Patrick Winch discussing Southampton Solent University's outreach work with staff aboard the Careers Coach, one of a range of ways in which the university reaches out to the local community with information, advice and guidance.



Above: Professor Ebdon meeting staff and students at Lucy Cavendish College, Cambridge, to find out about how the college supports mature students into and through higher education.



Above: OFFA's model for a strategic approach to access agreements.

<sup>5</sup> OFFA guidance note, *How to produce an access agreement for 2015-16* (February 2014).

## Encouraging smarter investment

Our 2014-15 access agreement guidance challenged universities and colleges to invest more smartly, using robust monitoring and evaluation to help prioritise the delivery of programmes and activities that have the greatest impact. Our analysis of 2014-15 access agreements showed that institutions were better evidencing the strategic planning of their access work, using evidence from monitoring and evaluation to inform decisions on where and how to focus their investment for maximum impact.

For example, the evidence indicates that institutional bursaries do not have a strong impact on a young person's decision to apply to a university or college, and that long-term, sustained outreach has a more significant impact. We have therefore given strong direction to universities and colleges that we would like to see them strategically rebalance expenditure more towards outreach and student success activities. We were pleased that many have begun to do so: investment in outreach is set to increase from 4.0 per cent of income from higher fees in 2012-13<sup>6</sup> to 4.5 per cent in 2014-15<sup>7</sup>, and investment in retention is set to increase from 2.7 per cent to 4.3 per cent.

We were particularly pleased to see that institutions with a low proportion of under-represented groups are spending more on outreach, suggesting they are investing more strategically. Meanwhile, universities

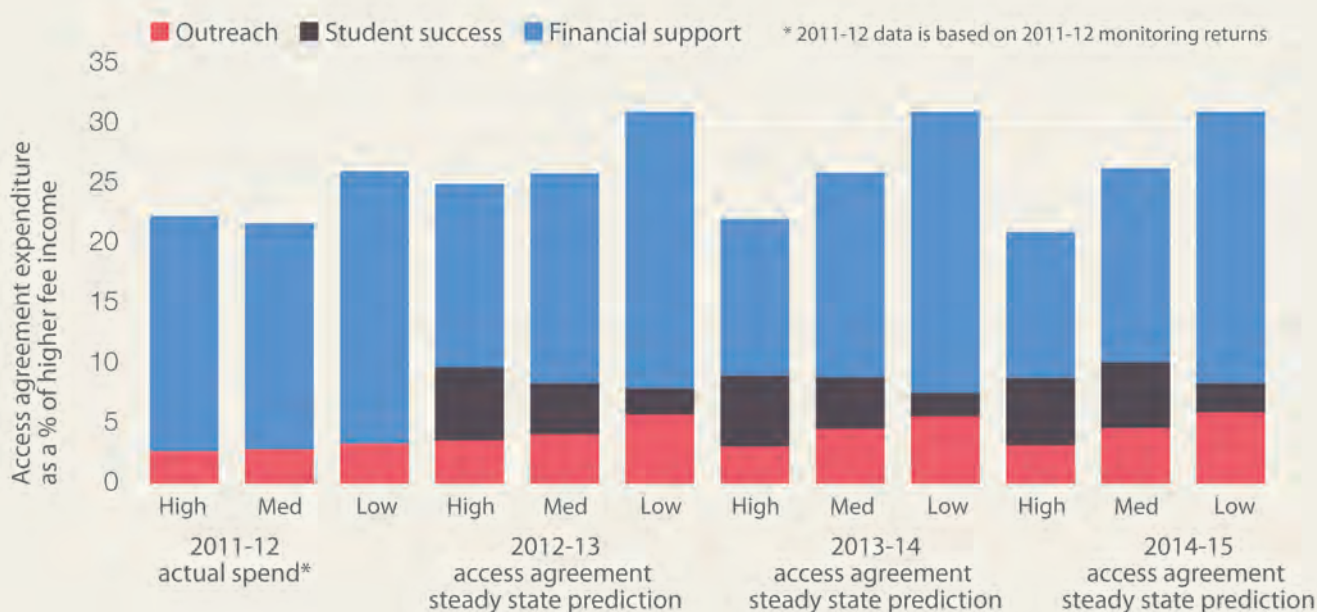
and colleges that already have more representative student populations are putting greater resources into student success, supporting students through their studies and helping to ensure that they fulfil their potential and go on to their chosen career or postgraduate study. This is a key aspect of fair access.

With the National Scholarship Programme for undergraduate students ending in 2014-15, institutions will now have more flexibility in how they focus their access agreement spend, and we expect to see further progress in rebalancing spend to support outreach and student success activities in their 2015-16 access agreements.

## Encouraging a whole student lifecycle approach

A key challenge is to ensure that students are supported not only to prepare for and access higher education, but also on their journey through and beyond their course. This is a central focus of the national strategy. Our analysis of 2014-15 access agreements showed that institutions were investing much more in the area of student success than in previous years, and in their 2015-16 access agreements, we have invited institutions to include, for the first time, information on measures to help students from disadvantaged backgrounds progress to employment or postgraduate study. The sector has made some progress in addressing some of the

Access agreement investment as percentage of income from higher fees, at institutions with high, medium and low proportions of students from under-represented groups



<sup>6</sup> OFFA publication 2012/07, *Access agreements 2012-13: Final data including initial teacher training* (July 2012).

<sup>7</sup> OFFA publication 2014/03, *2014-15 access agreements: revised data* (April 2014).

key issues in these areas but there is still considerable work to be done.

## Broadening our understanding of collaboration

OFFA has continued to emphasise the importance of working in partnership and to highlight the benefits such collaboration can offer, such as reducing duplication and increasing coverage and efficiency. We have expanded our interest in this area to include collaborative partnerships between higher education providers and other stakeholders such as employers, third sector organisations, schools, colleges, training providers and local authorities.

Most institutions referred to collaboration in their 2014-15 access agreements, and the coverage of this collaborative activity was greater than that provided in earlier access agreements. However, some institutions' collaborative work was more developed than others. We welcome the recent announcement that HEFCE is to provide £25 million over the 2014-15 and 2015-16 academic years to "seed" further collaborative outreach work by universities and colleges to help narrow the participation gap in higher education between the most and least advantaged.



### Case study: The London Access Target Project

An example of collaborative activity is AccessHE's London Access Target Project, a new project in which 14 higher education institutions in London offer activities in over 20 subject areas in one programme to support the academic performance of disadvantaged students from Year 10. During the pilot year, the project is working with 200 students from 10 schools across London. ■

## Encouraging institutions to align better their access agreements and equality and diversity strategies

Many of the protected characteristics covered by the Equality Act 2010 inter-link with groups under-represented in higher education. We have continued to encourage institutions to ensure that their commitment to equality and diversity is embedded in their strategies for access, student success and progression – for example, using evidence to inform plans and develop suitable targets, such as data collected or used while completing an equality impact assessment. We also encouraged institutions to consider how their access agreements and equality and diversity strategies could be better aligned to complement and strengthen each other.

Our increased emphasis in this area has been reflected in institutions' access agreements. For example, around half of 2014-15 agreements included milestones and targets on race and ethnicity. In addition, many institutions disaggregated data within their targets to better support particular students with protected characteristics (for example, looking at different impairments or disabilities rather than disability as a whole).

The targets set included statistical targets on applications, entrance, attainment and retention. In addition, institutions responded well to our guidance that they should show more evidence of embedding equality and diversity into their work. This included aligning access agreements with equality and diversity strategies, conducting impact assessments, collecting data on protected characteristics from outreach participants, and improving systems to collect data on protected characteristics from students.

## Driving stronger, smarter access agreements

From April to July 2013 we processed the third set of access agreements under the new fee and student support arrangements, covering the 2014-15 academic year. In total, we approved 162 access agreements, comprising 122 higher education institutions and 40 further education colleges<sup>8</sup>. We also shared information on fee levels with the Student Loans Company (SLC) and UCAS.

Overall, at a sector level, our analysis showed that institutions had made changes to their agreements in

<sup>8</sup> As of 31 March 2014, there are 123 higher education institutions and 39 further education colleges with 2014-15 access agreements, due to two further access agreements being submitted and two withdrawn.





## Adapting to a changing policy environment

Rapid policy developments have affected institutions individually, and the fair access agenda as a whole. OFFA has sought to respond to changes efficiently, fairly and pragmatically. In doing so we have made the case for continued public investment in access and student success activities, protected the student interest, and acted swiftly to support institutions to manage changes effectively.

For example, in November 2013, BIS announced a reduction of £100 million in the Government allocation of the National Scholarship Programme for 2014-15, requiring us to work with institutions to revise the financial support packages in their 2014-15 access agreements. We provided support to universities and colleges in making changes to their financial packages, and emphasised to them the importance of supporting students through the changes. In particular, we directed them to advertise their revised financial support packages by mid-December, in order to give students time to make informed choices before the UCAS applications deadline in January.

Also, a substantial delay in the annual grant letter HEFCE receives from BIS, and associated uncertainty surrounding the future of student opportunity funding (which was subsequently reduced by 5.85 per cent) meant we took a joint decision with HEFCE in February to abandon plans for an integrated reporting process for universities and colleges. Instead, we quickly developed and issued OFFA guidance for 2015-16 access agreements, to give institutions sufficient time to develop their access and student success plans for 2015-16 and reach agreement with us in time to advertise financial support ahead of the new application cycle. This guidance was in the form of high-level steers that allowed institutions flexibility to deal with the uncertainty that remained over student opportunity funding.

line with our guidance, with institutions demonstrating smarter investment, more strategic thinking and greater collaboration. In particular, institutions:

- better evidenced the strategic planning of their access work, using evidence from monitoring and evaluation to inform decisions on where and how to focus their investment for maximum impact
- continued to set themselves challenging targets
- increased their investment in outreach activity and student success
- showed stronger evidence of how they are collaborating to maximise outreach coverage and avoid duplication
- involved students more in developing, implementing and monitoring access agreements
- increasingly aligned their work on equality and diversity with their access work
- met or exceeded our guidelines on expenditure levels.

### Our negotiations with institutions

We have ongoing conversations with many institutions throughout the year, including during our monitoring process and when institutions are developing their plans for their access agreements. Arriving at an approvable access agreement can be an iterative process. For example, between April and July 2013, we worked with 42 institutions whose agreements were not initially approvable. We negotiated with 20 institutions about their spending levels, resulting in £6.4 million extra spend. In addition 26 institutions increased the ambition of their targets following discussions with us.

### Monitoring institutions' commitments in access agreements

During the course of the year, we published the outcomes of our monitoring of access agreements for 2011-12 and completed the assessment of monitoring returns for 2012-13, for publication in July 2014. As with the previous year, we published all institutions' self-assessments of the progress they had made against their 2011-12 targets on our website, to ensure an open and transparent approach.

Our monitoring of access agreements was, as in previous years, carried out jointly with HEFCE's monitoring of widening participation strategic statements and the National Scholarship Programme. We have looked to build on and strengthen

our close links to reduce administrative burden, encourage a co-ordinated response and gain a fuller understanding of the sector-wide investment being made in widening participation.

## Improving our internal processes and structures

### Structural changes for greater effectiveness

Alongside developing the national strategy and OFFA strategy we have been reviewing our organisational structure and operational processes. We are currently part-way through changes to improve the alignment of the team to delivering our new strategic aims, and to enable us to contribute more effectively to delivering the national strategy.

To date, this has involved: strengthening our management team and processes; improving support for the Director's increased external activity; reorganising the access agreement team; and increasing our capacity for good practice, analysis and research. In the coming year we will further rebalance the team to direct more of our resource towards supporting and improving the evidence base and championing fair access. Doing so will strengthen our core regulatory function of approving and monitoring access agreements by providing better support and challenge to institutions in the development of their access plans.

### Better information management

We look to continuously review and improve our processes and have significantly improved our information management to enable more effective and efficient use of the information we capture and hold. This is ongoing work and will be supplemented further next year with the addition of software to interrogate better the text of access agreements alongside our existing capacity to interrogate the data supplied with them. Such improvements have enabled us both to be more proactive in providing more and better quality information, for example in our publications, and to respond more quickly to external information requests.

### Working more closely with HEFCE

We continued to work extensively with HEFCE this year, in particular in developing the national strategy for access and student success, including the intention of amalgamating OFFA's access agreements and HEFCE's widening participation

strategic statements into a single, joint process. As discussed on page 16 ("Adapting to a changing policy environment"), we were ultimately unable to go ahead with this process and, although that was disappointing for all concerned, the work behind it remains useful and has informed our access agreement guidance to institutions.

We will continue to work closely with HEFCE in delivering the national strategy, including working on joint or coordinated processes where possible to maximise the impact of our work across the student lifecycle and minimise burden on institutions.



### Supporting students' needs

We have engaged with both students and student unions and have worked closely with the NUS to ensure our guidance to institutions supports the needs of students. We have encouraged institutions to consult and engage with students during the development of their access agreement and have had discussions with a number of student unions offering support and advice on engagement with the access agreement process.



## Performance against KPIs

Our key performance indicators (KPIs) help us assess how well we are achieving our core aims. We will publish new KPIs under our new strategic plan 2014-2019. However, in this section, we report on our performance against the core aims and KPIs that were in place during the 2013-14 financial year.



# aim one

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

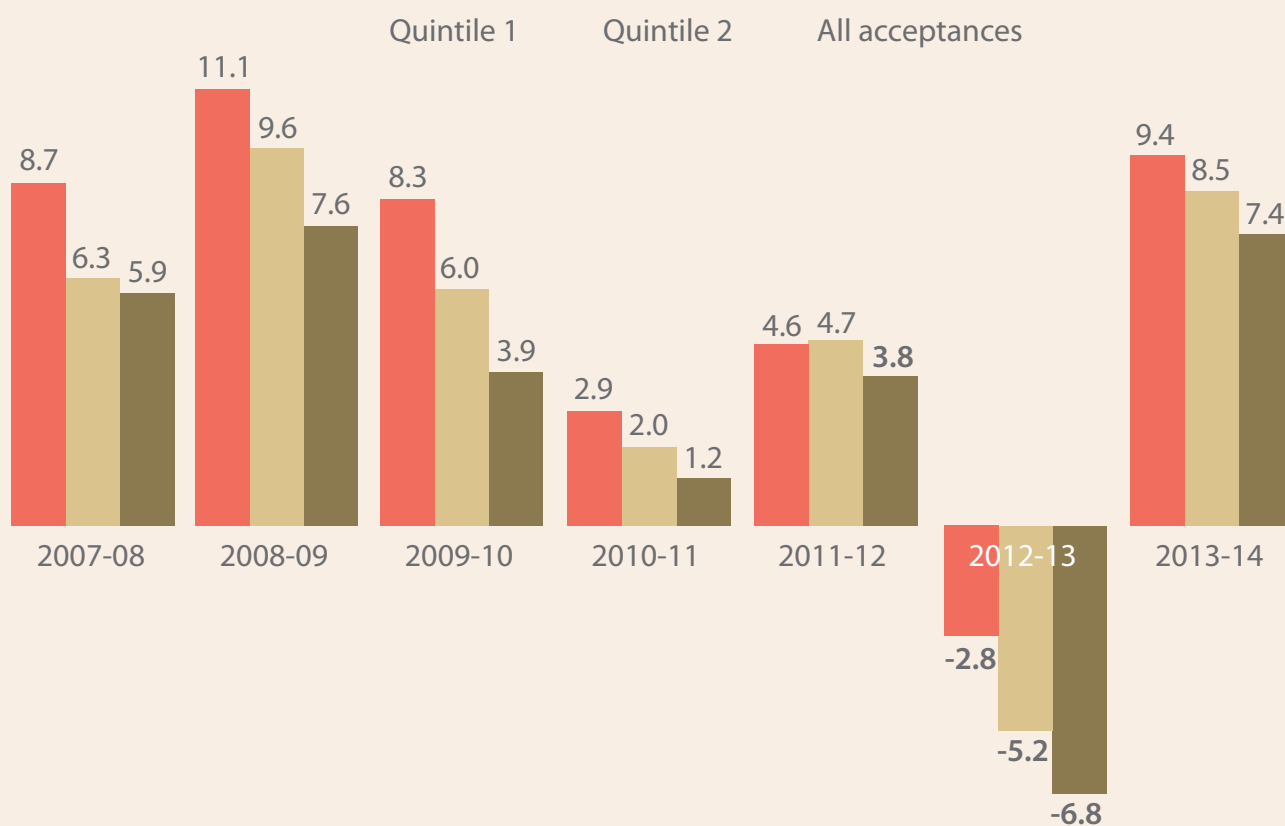
**KPI 1: The number and/or proportions of applications from disadvantaged areas have increased across the planning period**

UCAS data<sup>9</sup>, as shown in the figure below, shows that in 2013-14 the number of accepted young applicants at English institutions living in the most disadvantaged areas (“quintile 1”) and the next most disadvantaged areas (“quintile 2”) increased by 9.4 per cent and 8.5 per cent respectively<sup>10</sup>. This compares to a 7.4 per cent increase in accepted applicants for all areas.

Over the last seven years there have been greater proportional increases in the number of accepted applicants from disadvantaged areas (quintiles 1 and 2) than for all areas. While there was a decrease in the number of accepted applicants for all quintiles in 2012-13, this was a smaller proportional decrease in disadvantaged areas than for all areas.

For more information on current trends in access, success and progression please see “The sector’s performance” on page 31.

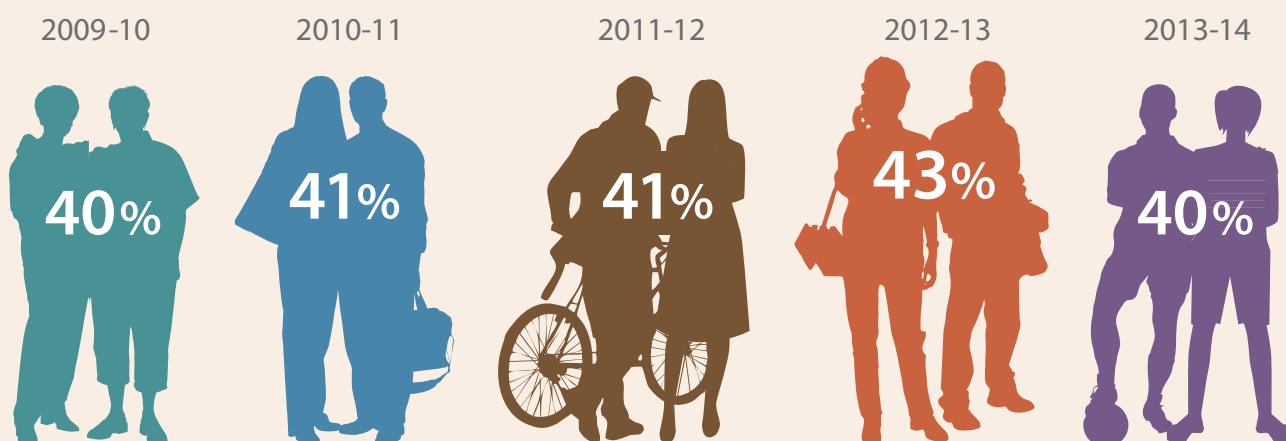
Percentage change in acceptances by POLAR2<sup>10</sup> quintile (UK-domiciled applicants aged 19 and under at institutions in England)



<sup>9</sup> Source: UCAS data request, *Acceptances at Institutions in England by POLAR2 Quintile (UK Domiciled Applicants Aged 19 and under)*, March 2014

<sup>10</sup> This KPI is measured using the area-based Participation of Local Areas 2 (POLAR2) method, which groups small areas across the UK into five groups (“quintiles”) according to their rate of young participation in higher education in the 2000-01 to 2005-06 academic years. Each quintile represents around 20 per cent of the young population. In quintile 1 less than one in five young people enter higher education, compared to well over half in quintile 5. For further information on the POLAR2 classification see [www.hefce.ac.uk/whatwedo/wp](http://www.hefce.ac.uk/whatwedo/wp).

Proportion of students in receipt of full Maintenance Grant support, by academic year (2009-10 to 2013-14)



Note: 2013-14 figure is provisional and subject to change

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

Since the academic year 2009-10, the proportion of students in receipt of full state support has remained relatively constant, between 40 and 43 per cent.

In the academic year 2012-13, of the 295,600 Maintenance Grant-eligible applicants for public providers who entered higher education under the 2012 and 2013 arrangements, 43 per cent were awarded full Maintenance Grant support, and 15 per cent were awarded partial Maintenance Grant support<sup>11</sup>. There was no change to the income threshold for entitlement between these years.

By mid-November 2013, 40 per cent of the applicants who applied for support under the 2013 Maintenance Grant arrangements had been awarded a full Maintenance Grant, and the proportion of applicants awarded a partial grant remained at 15 per cent.

The 2013-14 academic year figures are provisional percentages and are expected to change through the academic year as further applications are received and re-assessments are submitted. This underlines the need to take great care in extrapolating forward from the early in-year awards figures.

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

In 2013-14 we produced a number of pieces of guidance and advice to institutions, including:

- evidence to support the national strategy for access and student success
- advice on how to revise access agreements for 2014-15 following changes to the National Scholarship
- guidance on how to complete a 2012-13 monitoring return
- guidance on how to produce an access agreement for 2015-16, with an accompanying one-day conference for university and college staff.

We have provided specific support and guidance to institutions on policy and technical matters as they have arisen throughout the year. We have issued various guidance notes to institutions throughout the year, for example, to advise institutions of various courses of action following the Government's announcement of changes to the National Scholarship Programme in November 2013 and to keep institutions updated about the changes to the planned OFFA and HEFCE joint strategies for access and student success in February 2014 and our subsequent guidance note on 2015-16 access agreements.

<sup>11</sup> Source: SLC, see [www.slc.co.uk/media/694170/slcsfr052013.pdf](http://www.slc.co.uk/media/694170/slcsfr052013.pdf)





# aim two

To reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in access and student success measures

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

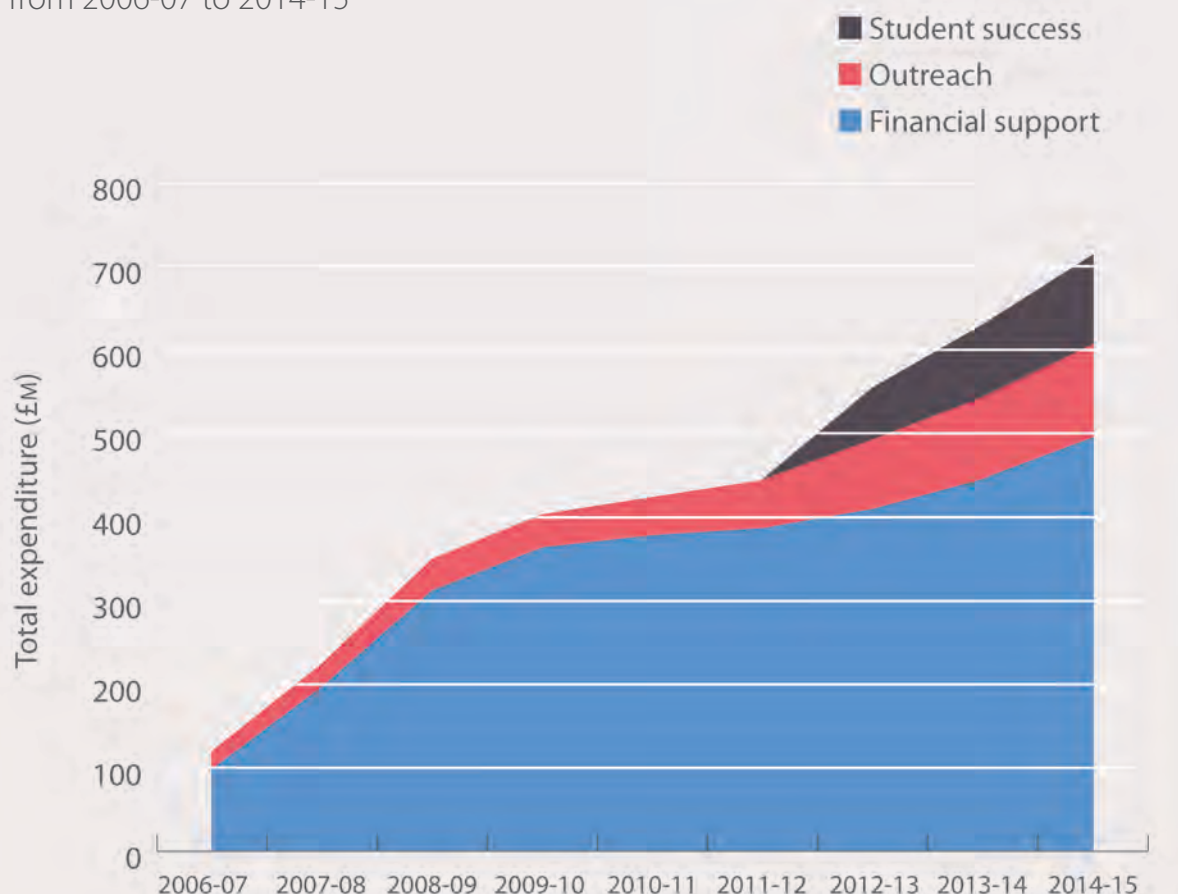
The outcomes of our monitoring of access agreements for 2011-12, published in June 2013, show that in 2011-12 English universities and colleges increased investment under their access agreements by 5 per cent to £444.1 million (up from £424.2 million in 2010-11). Institutions predict that this investment will continue to increase rapidly from 2012-13 under the new system of fees and financial support.

**KPI 5: Revisions to access agreements are normally processed and communicated within published timeframes**

We delivered decisions by our deadline of 31 July 2013 to all institutions that submitted a complete access agreement by our submission deadline of 8 May 2013. We have used feedback from institutions on our 2014-15 access agreement process to inform and improve the speed and quality of our dialogue with institutions in future processes.

After the announcement in November 2013 of a £100 million reduction in the Government's contribution to the National Scholarship Programme,

Sector spend on outreach, student success and financial support in access agreements from 2006-07 to 2014-15





all institutions with access agreements were required to confirm whether or not they were making changes to their access agreements with OFFA by 16 December 2013. We re-assessed institutions' financial support arrangements as outlined in their access agreements and where there were no outstanding queries, informed them of our decisions within our published timeframe of five working days.

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

Nearly all higher education institutions now subscribe to the Higher Education Bursary and Scholarship Scheme full administration service, enabling their students to be paid bursaries directly by the SLC. The SLC reports that in 2013-14, around 98 per cent of means-tested applicants for student finance gave their consent for the SLC to share their data with their institution. This means that eligible students can receive bursaries automatically without having to apply separately to their institutions.





# aim three

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

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

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

The Office of the Independent Adjudicator (OIA) is responsible for handling any complaints made by students regarding any service provided by their higher education institution, including the provision of bursaries.

Neither OFFA nor the OIA received any justified complaints regarding eligibility for bursaries, the amounts awarded or the communication of institutions' financial information.

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

All institutions wishing to charge above the basic fee in 2014-15 submitted an access agreement for OFFA's approval, containing up-to-date financial information. OFFA approved and published these access agreements by 31 July 2013, to ensure correct information was available to students early.

Financial support information is kept up-to-date on our website. For example, our webpage showing fee and bursary limits was updated promptly upon announcement of the Government's fee caps for 2014-15.

We continue to work closely with UCAS and SLC so that student-facing processes are accurate. In our guidance we require an explicit commitment from institutions to provide timely and accurate

information to UCAS and SLC as they reasonably require, enabling them to populate promptly their applicant-facing web services.

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

As a condition of charging higher fees, all institutions with access agreements are required to publish clear and accessible information for students on their fees and financial support.

We continue actively to support and advise on messages around institutional financial support (bursaries, fee waivers and other awards) communicated nationally by Student Finance England and others. Where asked, we also check and provide information on institutional financial support for centrally produced handbooks on student finance.

Our website contains information pages and links for students and gives institutions guidance on how to provide clear online financial information for institutions.

We also feed into conversations with public and private organisations that have interest in providing information on financial support to students.

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

As well as our good practice on providing clear financial information to students, we continue to support institutions to deliver clear, accessible and timely information on financial support through our guidance and individual advice.

# The way ahead: OFFA's new strategy and objectives

In the early years of its existence, the great majority of OFFA's efforts were focused on the approval and monitoring of access agreements. While we remain a small organisation, the Government has increased our resources in recent years, and this increased capacity has given us the ability to refine and develop the impact we can have, in line with Ministerial guidance.

We are currently working to align our strategic aims and key performance indicators to reflect our part in delivering the vision set out in the national strategy for access and student success. We will set out this contribution in more detail in our forthcoming strategic plan, to be published later this year, which will describe the approach we will take over the next five years. In particular, we will be looking to grow our capacity to both support and challenge universities and colleges, in order to ensure that timely and sustained progress towards our aims can be maintained. This will include an increased focus on developing the evidence base in relation to widening participation through analysis, research and supporting good practice, working in collaboration with higher education providers and our other strategic partners as appropriate.

By working with institutions in these ways, we will aim to make a real difference to the chances of talented people from disadvantaged and other under-represented backgrounds entering higher education and succeeding in their studies.





# The sector's performance

In this section we take a wider look at trends and developments across access, student success and progression in English higher education during the reporting period, and key areas of OFFA's policy focus relating to these issues.

## Access

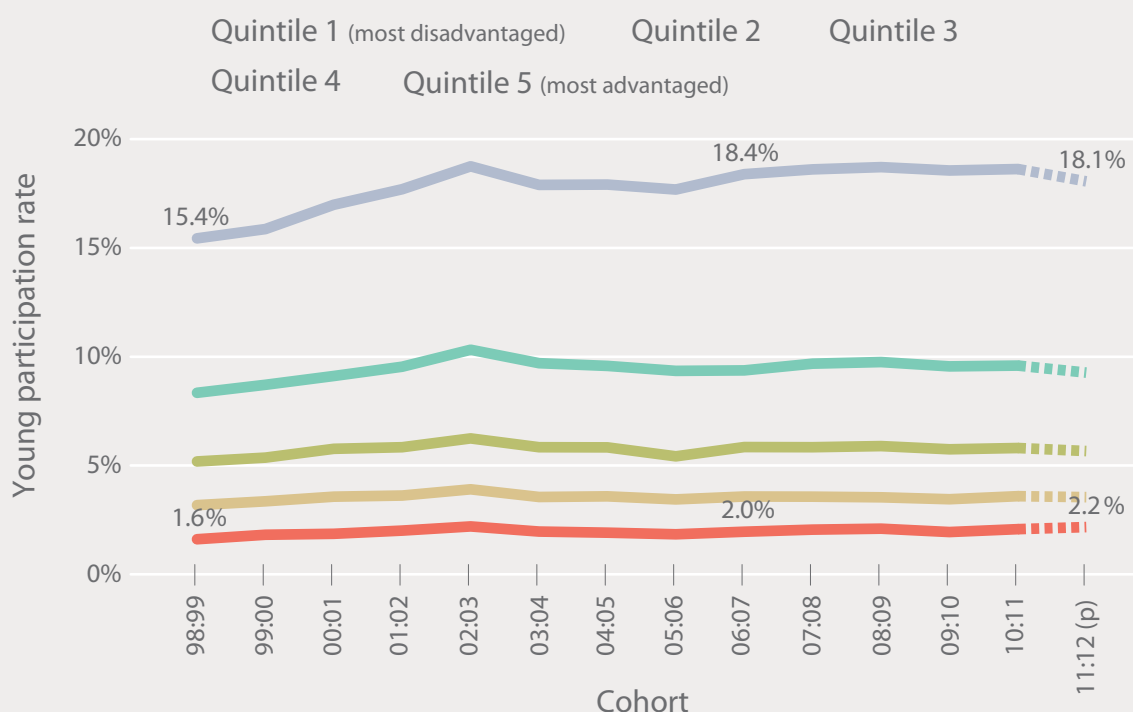
Overall, the past year has seen recent positive trends in widening participation and fair access continuing. For example, UCAS data<sup>12</sup> shows the sector has made considerable, step-change, progress in terms of access for young people from disadvantaged groups, with entry rates of 18 year-olds from the most disadvantaged areas in England increasing by 10 percentage points over the past 10 years, from 10.7 per cent in 2004 to 20.7 per cent in 2014.

However, despite this progress, there are still large disparities in participation rates based on a student's background. Our report *Trends in young participation*

by student background and selectivity of institution<sup>13</sup>, published earlier this year, showed that the most advantaged 20 per cent of young people were still 2.5 times more likely to go to higher education (overall) than the most disadvantaged 40 per cent<sup>14</sup>.

There also remains a concerning inequality in the subject choices of disadvantaged students, and the type of institution they apply to and subsequently study at. The graph below shows how disadvantaged young people (shown as "quintile 1") are still eight times less likely than advantaged young people ("quintile 5") to study at universities with the most demanding entry requirements.

Trends in young participation at universities with the highest entry requirements for areas grouped by the proportion of children in these areas with graduate parents



Source: OFFA publication 2014/01, *Trends in young participation by student background and selectivity of institution*

<sup>12</sup> UCAS, *UK application rates by country, region, sex, age and background* (January 2014), available at [www.ucas.com/system/files/ucas\\_2014\\_application\\_rate\\_jan\\_deadline2.pdf](http://www.ucas.com/system/files/ucas_2014_application_rate_jan_deadline2.pdf).

<sup>13</sup> OFFA publication 2014/01, *Trends in young participation by student background and selectivity of institution* (January 2014).

<sup>14</sup> This report analyses the participation of people aged 18 or 19 in higher education, from those who were aged 18 in the 1998-99 academic year up to and including those aged 18 or 19 in the 2011-12 academic year, plus the estimated participation (based on application data) of those who entered aged 19 in the 2012-13 academic year.





## Our policy focus on outreach

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Long-term outreach is a strategic priority for OFFA. This includes work with young people and adults. From 2014-15, all access agreements must include plans for long-term outreach activity, including how universities and colleges are working to raise the aspiration and attainment of pupils from as early as primary age upwards, and with adults who have the potential to be mature students.

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## Our policy focus on part-time and mature students

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We have encouraged universities and colleges to tackle the reduction in the number of part-time and mature students, with some success. Around half of institutions with an approved 2014-15 access agreement have at least one target specifically related to the recruitment or retention of part-time and/or mature students, such as increasing the participation of part-time and/or mature students with no previous higher education experience from low participation neighbourhoods; extending flexible learning opportunities for non-traditional students by developing part-time provision; and developing a strategy for enhancing retention of mature students.

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## Issues in part-time and mature student numbers

There has been a considerable reduction in part-time applications and enrolment. As shown in the graph opposite, the number of students recruited to undergraduate part-time courses in England has fallen by 46 per cent between 2010-11 and 2013-14 – equivalent to 120,000 fewer people. This trend has had a significant impact on the numbers of mature entrants to higher education, as 92 per cent of part-time UK and other EU undergraduate entrants in 2012-13 were over 21 years of age<sup>15</sup>.

## Student success

The widening participation and fair access agenda has long emphasised the importance of taking a lifecycle approach – that is, supporting students not only as they access higher education, but also on their journey through and beyond it using evidenced approaches to retention and student success.

For example, the lifecycle approach was reflected in the introduction of widening participation strategies in 2001-02 and later in the introduction of the improving retention part of HEFCE's widening participation funding in 2003-04; and the emphasis on student retention, success and attainment has been further strengthened by the inclusion of this area in access agreements since 2012-13, following guidance from BIS Ministers. We hope that the increased focus by institutions in this area since 2012-13 will contribute to further progress and add to work in this area in the future.

We were very pleased to see a continuing improvement in students completing their courses, with greater proportions of both young and mature students continuing in higher education after their first year between 2010-11 and 2011-12. A larger proportion of young full-time students from low participation neighbourhoods also continued their studies<sup>16</sup>.

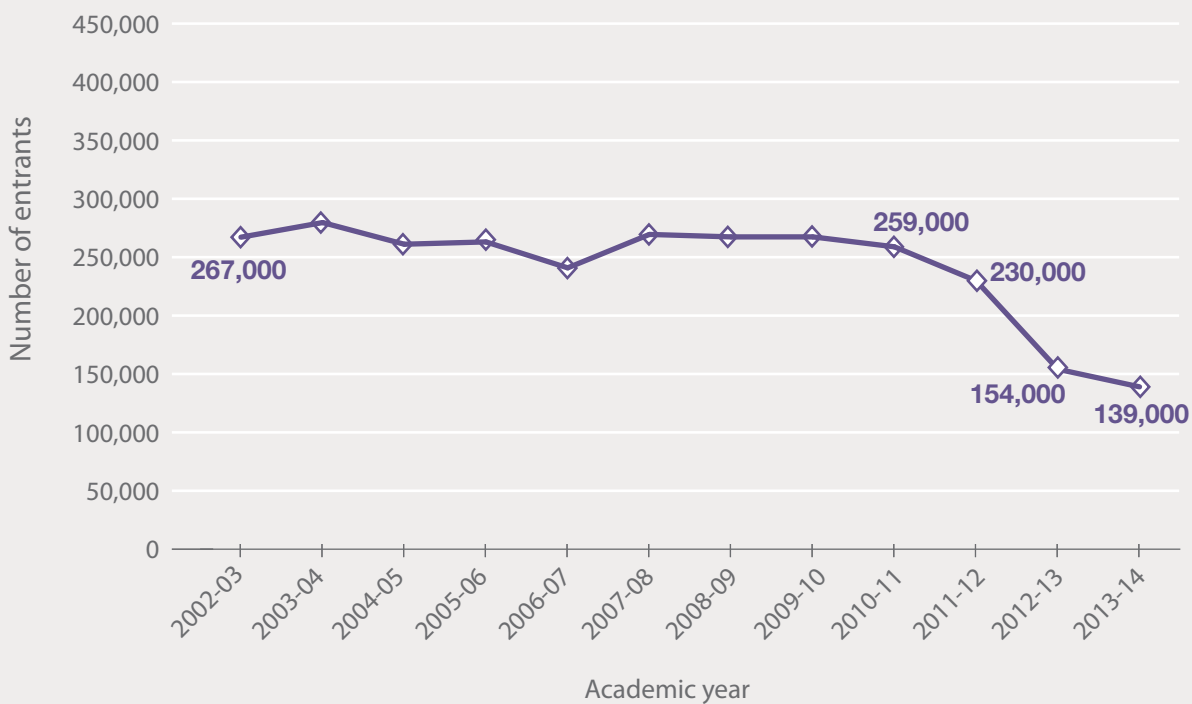
However, significant gaps remain, as shown in the graphs opposite and on page 35. Students from low participation neighbourhoods (shown as "Quintile 1") have higher non-continuation rates and are less likely to achieve a first or upper-second class degree classification than other students. We have therefore encouraged universities and colleges to consider how they might better support under-represented students to achieve successful outcomes.

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<sup>15</sup> HEFCE publication 2014/08, *Higher education in England 2014: Analysis of latest shifts and trends*.

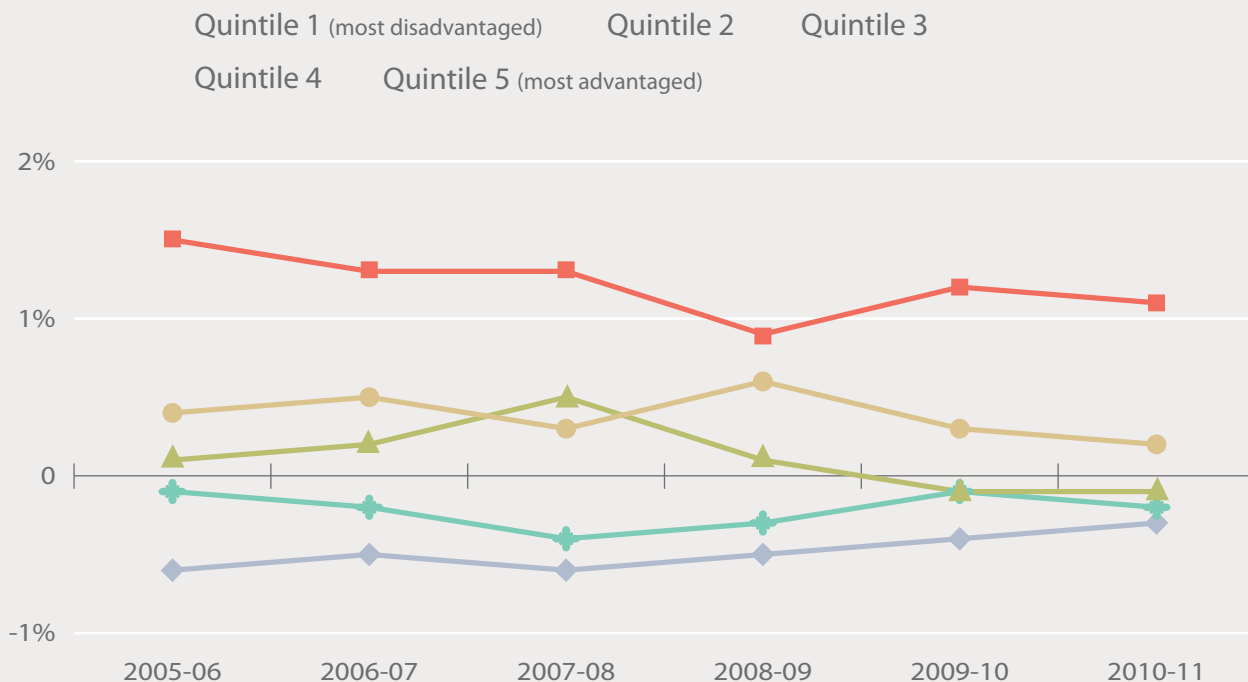
<sup>16</sup> Source: Higher Education Statistics Agency performance indicators, Tables T3a and T3b, available at [www.hesa.ac.uk/pis](http://www.hesa.ac.uk/pis)

## UK and other EU part-time undergraduate entrants, 2002-03 to 2013-14



Source: HEFCE publication 2014/08d, *Pressure from all sides: economic and policy influences on higher education* (April 2014), Figure 2

Difference between the proportion of young entrants who are no longer in higher education after one year, and benchmark proportion



Source: HEFCE publication 2013/07, *Non-continuation rates at English HEIs: Trends for entrants 2005-06 to 2010-11*

## Concerns about attainment among different ethnic groups

Analysis by HEFCE cited in the national strategy highlights that there is a significant gap in the attainment rates for students from different ethnic minority groups and their white peers, and that the reasons for these differences are not explained by their other characteristics, for example age or socio-economic background. As the graph below shows, of students who entered in 2006-07, Black students' outcomes, of all types, are significantly below their sector adjusted average (that is to say, the outcomes that would be statistically expected after accounting for other characteristics).

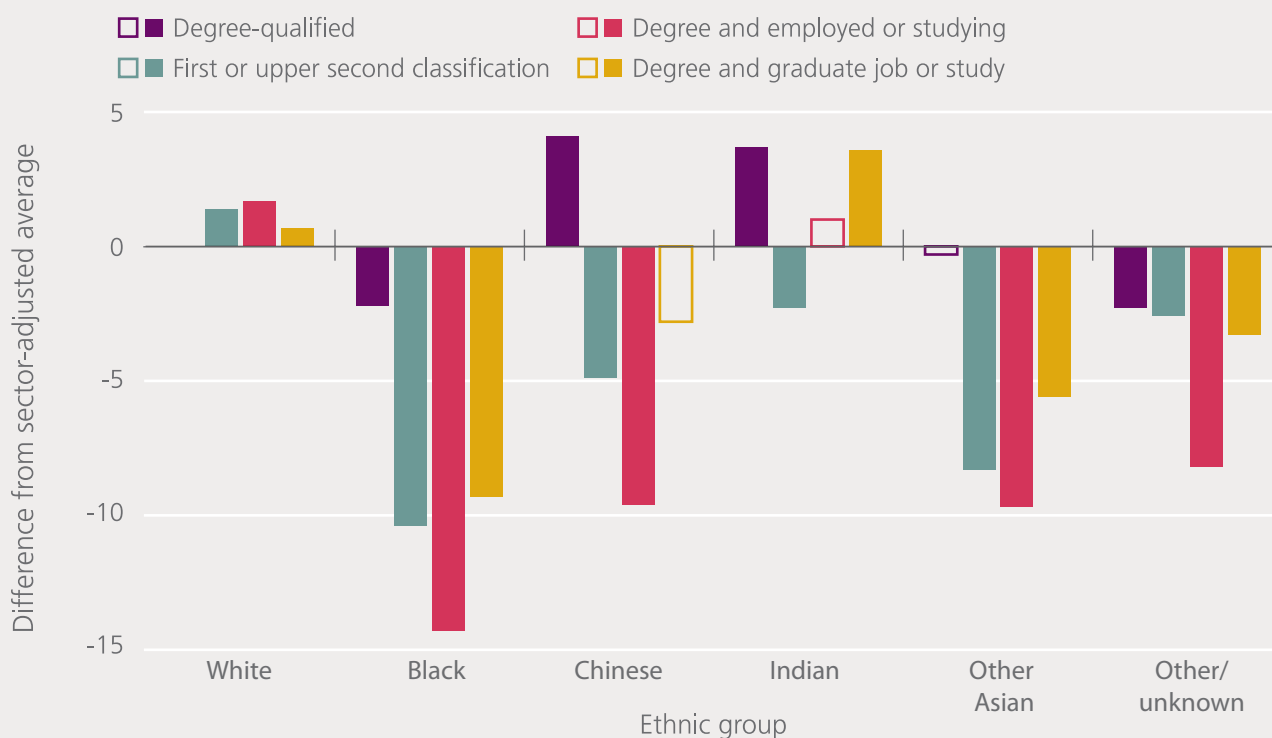
The graph also shows that Chinese and Indian students have performed significantly above their sector-adjusted average in achieving a degree; but significantly below the sector-adjusted average in terms of the percentage who achieved a first or upper second class degree. Chinese and 'other Asian' students are also significantly below the sector-adjusted average for achieving a degree and going on to employment or further study.



## Our policy focus on attainment gaps between ethnic groups

We have drawn institutions' attention to this issue through the national strategy and through our access agreement guidance, challenging universities and colleges to explore this issue further. We also contributed evidence, both oral and written submissions, to the All-Party Parliamentary Group on Race and Community Inquiry on Race and Higher Education. In this evidence we outlined findings from our analysis of access agreements, highlighting our work in this area and putting forward recommendations about how to address the inequalities between ethnic groups in each stage of the student lifecycle.

Percentage point difference of the outcome from the sector-adjusted average for each of the four outcomes, split by ethnicity



Source: HEFCE publication 2013/15, *Higher education and beyond: outcomes from full-time first degree study*.

Note: bars that are not filled indicate differences that are not statistically significant. "Sector-adjusted average" refers to the outcome that would be expected after accounting for a range of other characteristics which may be statistically influencing the overall actual result for a group of students, e.g. their sex or age.

## Progression

The national strategy for access and student success highlights employment and further study after graduation as critical aspects of the whole student lifecycle, because the full benefits of higher education are not realised simply by accessing a course but through successful completion and progression to employment or postgraduate study.

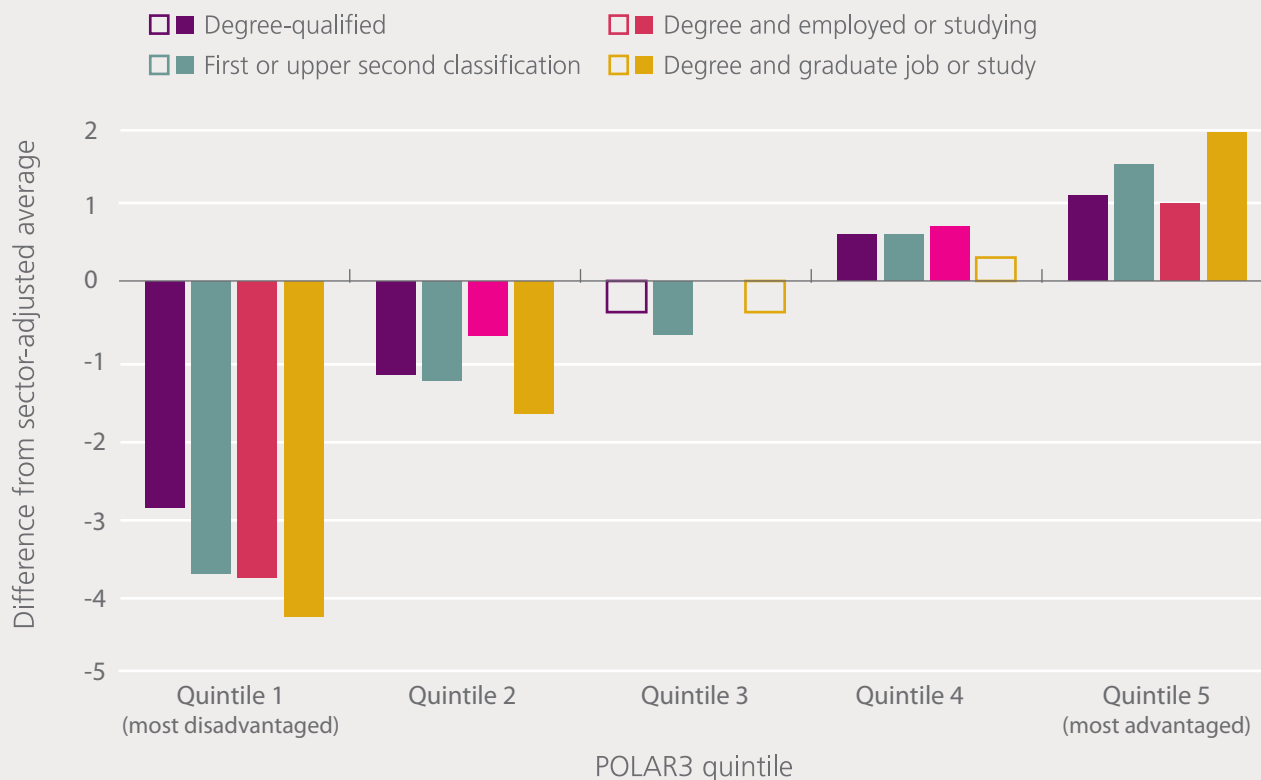
As we can see from the graph below, students from disadvantaged backgrounds are currently less likely to progress into graduate employment, and into postgraduate study which is a key route to many professions. While postgraduate students remain outside OFFA's remit, we are supportive of schemes that work with undergraduate students from disadvantaged backgrounds to encourage them to progress to further study. Students who cannot overcome barriers to entering postgraduate study could be at a disadvantage when entering a labour market in which postgraduate qualifications are becoming increasingly common.



### Our policy focus on progression

We have encouraged institutions to consider activities to improve employability in our 2015-16 access agreement guidance, for example, through advice or funding for internships in professions where social mobility is low. This could make undergraduate courses more appealing to disadvantaged groups by providing clearer pathways to employment after graduation.

Percentage point difference of the outcome from the sector-adjusted average for all four outcomes, split by POLAR3 quintile



Source: HEFCE publication 2013/15, *Higher education and beyond: outcomes from full-time first degree study*.

Note: bars that are not filled indicate differences that are not statistically significant. POLAR3 is an updated version of the POLAR2 measure of advantage and disadvantage based on neighbourhood – see footnote 10 for more information. “Sector-adjusted average” refers to the outcome that would be expected after accounting for a range of other characteristics which may be statistically influencing the overall actual result for a group of students, e.g. their sex or age.



# Operating and financial review

## Grant-in-aid

Grant-in-aid is currently the only source of income to the Office for Fair Access (OFFA). The Director receives grant-in-aid from the Secretary of State for Business, Innovation and Skills (BIS) in accordance with Schedule 5 (section 8) of the Higher Education Act 2004 as set out in Section 4 of the Framework Document (2013) between BIS and OFFA. In line with other non-departmental public bodies (NDPBs), OFFA regards income from BIS' resource Departmental Expenditure Limit as from a controlling party, giving rise to a financial interest and we therefore account for it as financing by crediting it to the income and expenditure reserve. For this reason net income from grant-in-aid is taken to the statement of changes in taxpayers' equity rather than shown as revenue in the statement of comprehensive net expenditure. In 2013-14 there is a negative reserve balance as OFFA paid down substantial current liabilities brought forward from 2012-13.

## The resource budget

The annual resource budget is based on the Director's requirements as agreed with BIS. The allocation is in turn calculated within an indicative allocation limit, subject to departmental spending plans voted by HM Treasury. On the basis of long range forecasting, and the risk and opportunity analysis which forms part of our quarterly budget review process, the allocation is then subject to revision. In the past two years, OFFA's revised allocation has been significantly lower than the indicative allocation.

## Going concern assessment

The Government has signalled in the Higher Education White Paper and elsewhere that funding is being granted to support the expansion of OFFA. The administration budgets for 2013-14 and 2014-15 have been agreed with BIS. The Director's assessment of going concern for 2013-14 takes into account this information and the ability of OFFA to mitigate financial business and operational risks. The basis of going concern is addressed in note 1 to the financial statements.

## Financial data

OFFA's annual grant-in-aid, expenditure against resource budget, and year-end cash balances are

shown in the table below. OFFA's budgets for expenditure and cash flow are based on the principle that the Director does not spend his grant-in-aid allocation in advance of need. OFFA maintains cash balances in-year and at year-end against a working capital guideline of one month's expenditure.

In the two years to 2013-14, OFFA's expenditure has increased approximately 1.8-fold and a further increase in budgeted expenditure has been agreed for 2014-15. These increased allocations have been granted for the specific purpose of achieving aims set out in OFFA's allocation letter from BIS. The additional resource has enabled the Director to increase the size and capability of his office, to resource the new strategic plan described in this report and to prepare OFFA for operations in the new higher education landscape and regulatory environment.

Financial year	2011-12 (£)	2012-13 (£)	2013-14 (£)
Grant-in-aid	670,000	954,795	1,313,000
Actual expenditure	706,575	973,304	1,382,066
Year-end cash balance held	48,598	138,761	8025
Taxpayers' equity	18,598	89	(68,977)

In all years OFFA's final annual budget allocation has been made, by agreement with BIS, as result of in-year reviews of the expenditure forecast.

## Payment of creditors

In line with Government guidance, including the Late Payment of Commercial Debt Regulations which applied from 18 March 2013, OFFA is fully committed to the prompt payment of its suppliers' invoices and supports the Better Payment Practice Code. OFFA aims to pay invoices in accordance with agreed contractual conditions or, where no such conditions exist, as soon as possible. All suppliers have been notified of this commitment, through HEFCE, and have been given clear guidelines to help OFFA achieve this aim. Throughout the year HEFCE monitors actual performance against a 30-calendar day target. During the year ending 31 March 2014 the target was met for 100 per cent of invoices (2012-13: 100 per cent) for OFFA.

HEFCE also monitors performance against a 10-working day payment measure and aims to sustain or move as closely as possible to this measure wherever possible. OFFA's performance against this prompt payment target of 80 per cent was 99 per cent in 2013-14 (*95 per cent in 2012-13*). During 2013-14 our performance against a five-working day payment target was 78 per cent (79 per cent in 2012-13), our performance has been maintained against an increase in numbers of invoices processed by 218 per cent in 2013-14 compared to the previous year.

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

### How our accounts are audited

The accounts are audited by the Comptroller and Auditor General, who is appointed by statute. The audit fee is £11,500 (*2012-13: £11,000*). The Comptroller and Auditor General did not provide any non-audit services during 2013-14.

### External audit information

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

### Diversity and equality

OFFA, through its Service Level Agreement with HEFCE, follows HEFCE's policy on diversity and equal opportunities in line with its Equality Scheme (HEFCE publication 2012/03, *HEFCE Equality and Diversity Scheme 2012-2014*). OFFA, directly and through HEFCE, is committed to making equality and fair treatment – irrespective of race, gender, disability, sexual orientation, age, religion or belief – a core element in the way services are delivered and in the way the organisation is managed.

### How we consult employees

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

### Health, safety and welfare at work

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

### Sickness absence rate

HEFCE monitors sickness absence, including for those staff seconded to OFFA and those directly employed by OFFA. For individuals the aim is to get early warning of any issues and to be able to support colleagues in dealing with chronic health problems or returning to work after extended periods of sick leave. At the organisational level we believe that sickness is a useful indication of staff satisfaction and wellbeing.

Absence due to sickness at OFFA is very low compared to other organisations: an analysis of staff sickness absence data for OFFA indicates that an estimated average of 5.0 working days per staff year including HEFCE secondees was lost in 2013-14. The most recent Civil Service data for UK public service bodies was an average of 7.6 working days lost per staff year.

### Environmental indicators

Using advice and guidance from UK Government sources HEFCE has produced a set of environmental performance indicators. The indicators include data on carbon dioxide emissions, energy usage, water usage, waste disposal to landfill and recycled paper. The performance indicators are updated annually and are available at [www.hefce.ac.uk/about/howweoperate/corporatesocialresponsibility](http://www.hefce.ac.uk/about/howweoperate/corporatesocialresponsibility). OFFA uses the HEFCE offices, so the performance indicators include OFFA. OFFA is not required to produce a sustainability report.

### Personal data related incidents

OFFA holds only personal data related to staff contracts and staff pay details. We have not had any personal data related incidents.



Professor Les Ebdon  
Director and Accounting Officer

Office for Fair Access 20 June 2014

# Remuneration report

## Director of Fair Access to Higher Education

### Salary and pension entitlements for the Director

The Director of Fair Access to Higher Education (“the Director”) is appointed by the Secretary of State for Business, Innovation and Skills. The remuneration of the Director is determined by the Secretary of State for Business, Innovation and Skills. The Director’s role is a part-time position, and was originally 0.5 full-time equivalent (FTE). Since May 2011 the post has been 0.6 FTE (i.e. three days a week).

Figures shown are full year values unless otherwise stated.

Remuneration shown below is salary. Salary includes: gross salary; performance pay or bonuses; and any other taxable allowances or payments. The monetary value of benefits in kind covers any benefit provided by the employer and is treated by the HM Revenue & Customs as a taxable emolument. Neither Sir Martin nor Professor Ebdon received any benefits in kind or bonuses in 2012-13 or 2013-14, neither did their contracts attract any pension benefits. Professor

Ebdon received an initial three-year fixed-term of appointment from 1 September 2012, subject to review before 31 August 2015. His remuneration will be reviewed by BIS on an annual basis in line with that of the heads of other non-departmental public bodies.

As part of central Government’s commitment to increase transparency and accountability, OFFA is reporting the median earnings of its workforce and the ratio between this and the earnings of its Director. The disclosure will also allow some comparability over time and across the public sector and private sector, where similar disclosures of senior employees remuneration and pay multiples are made.

Professor Les Ebdon  
Director and Accounting Officer

Office for Fair Access 20 June 2014

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Professor Les Ebdon, Director, September 2012 - March 2014 (3 days per week)	75-80	45-50
Sir Martin Harris, Director, April - August 2012 (3 days per week)		25-30
Total	75-80	70-75

### Band of highest paid Director (full-time equivalent)

Total remuneration (FTE) (£000)	125-130	125-130
Median total remuneration (£)	34,230	33,757
Remuneration ratio	3.7	3.8



# Statement of the responsibilities of the Director of Fair Access to Higher Education

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

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

- observe the accounts direction issued by the Secretary of State for Business, Innovation and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed and disclose and explain material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

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

# Office for Fair Access Governance Statement 2013-14

## Scope of the Director's responsibility

The office of the Director of Fair Access to Higher Education is an executive non-departmental public body, which is commonly known as the Office for Fair Access (OFFA). As Accounting Officer, accountable to the Secretary of State for Business, Innovation and Skills, I have stewardship of the financial resources provided to me and thence to OFFA. It is my responsibility to maintain a sound system of governance and internal control that supports the achievement of OFFA's policies, aims and objectives with openness and integrity in accordance with the Treasury's guidance *Managing Public Money* including recent guidance on risk management and the reform of relationships between Government departments and their Arm's Length Bodies. I am also responsible for planning the use of public funds allocated to me economically, efficiently and effectively and with OFFA's aim to promote and safeguard fair access to higher education with regard to ministerial guidance along an affordable and sustainable path.

## The purpose of the Governance Statement

The Governance Statement, for which I take personal responsibility, aims to give a clear understanding of the dynamics of OFFA's business and control structure. It aims to provide an insight into OFFA's business operations, how the annual grant-in-aid allocation is invested for the delivery of my objectives, the decision-making process and the management of risk. It also explains how I comply with the principles of good governance.

## The Governance Framework for the Office for Fair Access

The Office for Fair Access was established in October 2004 under Part 3 of the Higher Education Act 2004. This legislation established the post of the Director of Fair Access to Higher Education ("the Director") who is appointed by the Secretary of State. The powers and duties under the Act are invested in

the Director. I as Director must perform my duties in such a way as to promote and safeguard fair access to higher education. I have a duty to protect academic freedom, including in particular the freedom of institutions in relation to course content and admission decisions. I may identify good practice in relation to equality of opportunity (for example on outreach, financial support for students, and retention and student success) and may give advice about such practice to publicly funded institutions.

## Financial authority and accountability

As set out in legislation, I am responsible solely to the Secretary of State and thence to Parliament. I am independent from Government, but must have regard to any advice given to me by the Secretary of State. Any reports required of me by the Secretary of State must also be laid before Parliament.

I maintain regular interaction with BIS ministers and officials in performing my duties. From time to time I receive letters of guidance from Ministers setting out the direction of Government policy. I have a framework document with BIS that sets out the broad management and financial framework within which I will operate. My financial authority has been delegated to me by the Permanent Secretary of BIS who is its Accounting Officer. My internal audit service is provided under a Service Level Agreement (SLA) with HEFCE (as are other office services and facilities, such as human resources, knowledge management, office accommodation and IT support services).

OFFA publishes the Annual Report and Accounts to provide a transparent account of the use to which public funds have been put. As part of the Government's transparency agenda, we post an organogram, together with details of financial transactions above £25,000, on OFFA's website at [www.offa.org.uk/about/transparency-data](http://www.offa.org.uk/about/transparency-data). In 2013-14 the only non-pay invoices exceeding £25,000 relate to the quarterly charge for the SLA with HEFCE and to a charge for research consultancy.

I have unlimited authority to spend within agreed budgets, except for certain items which are subject to limits of authorisation including ICT (£1 million),

marketing and advertising (£100,000), property-related (£100,000) and consultancy (£20,000), although in practice OFFA is unlikely to approach the first three of these limits. These spending limits have not been breached in 2013-14.

To comply with the Findings of the Alexander Tax Review, 2012, the financial statements include a disclosure indicating that OFFA has had no off-payroll staff engagements in the year which have been longer than six months.

### **Internal control**

I am ultimately responsible for ensuring that the system of internal control is effective in managing OFFA's risks. I am supported in this task by the Assistant Director and the management team. The system of internal controls extends to the services provided by HEFCE through the SLA. For this reason an important part of the control environment is my monitoring of the effectiveness of the SLA.

On the advice of HM Treasury, and in view of its size and the nature of the Director's role, OFFA has no governing body, board sub-committees or Audit Committee. An internal audit function reports to the Assistant Director and to me for items of major significance. I have agreed that the Head of Internal Audit has the right of direct access to the BIS Head of Internal Audit and/or BIS Accounting Officer if appropriate. This right of access is routinely used to provide the internal audit annual report to BIS for information, but there has never been cause to use it in relation to any control weaknesses in respect of OFFA.

I carry out an annual review of the internal controls relating to performance against OFFA's key performance indicators for its operational activities, risk and crisis management, financial regularity and propriety and regulatory compliance.

### **Financial management**

I observe relevant policy and guidance issued by BIS and its ministers, and by other relevant Government departments, such as HM Treasury and the Cabinet Office, with regard to all financial matters including accounting, budgeting and forecasting, commercial matters relating to contracting, procurement, purchasing and sales, fraud monitoring and prevention and financial risk management. Financial forecasting for the short- and medium-term are undertaken by the Assistant Director, supported by the Finance and Governance Manager through a costed plan of operations. The most significant items

of expenditure in 2013-14 are pay, expenditure on research consultancy work and the SLA with HEFCE, which is reviewed at least annually.

The Assistant Director monitors grant receipts, administration expenditure and cash management against the rolling forecast every month. Variances against the master budget are reviewed at the end of each quarter, in line with the requirements of BIS, and I am made aware of any material issues arising. The Assistant Director also discusses plans to change the pay budget or structure of OFFA's Human Resource with me. I have an annual dialogue with BIS on the budget, which includes OFFA's staff resource needs and pay budget.

### **Value for money**

Value for money principles are embedded in our processes and activities, our corporate structure, and through the appraisal of staff and management performance. I am expected by Government to deliver good value on my aims and objectives. In this connection, I am required to report in person on performance twice annually to the BIS Director General of Knowledge and Innovation.

OFFA's principles are also subject to challenge on a regular basis through the review of OFFA's control framework by Internal Audit. I gain additional assurance about value for money through the annual renegotiation of our Service Level Agreement with HEFCE, which is delegated to the Assistant Director. However there are additional ways in which I and my office aim to deliver value, and I plan to submit them to an internal audit review in 2014-15.

### **Policy advice**

I have access, where I consider it useful or necessary, to an Advisory Group whose purpose is to assist me by providing expert and impartial advice on strategy, policy and operational matters. This could include advice on the fair implementation of policy concerning individual access agreements. Members of the group are entitled to a fee for meetings attended and work completed.

In 2012-13 I reviewed the terms of reference, size and membership of the Advisory Group and from 2013-14 I have increased its size to a membership of 12 to provide a broader range of expertise. The group's updated membership can be found at [www.offa.org.uk/about/offa-advisory-group](http://www.offa.org.uk/about/offa-advisory-group). The group met four times in the accounting period (typically the group meets at least three times a year).

OFFA discusses current strategy and policy matters with the BIS Higher Education Policy Team on a regular basis.

### **Equality and diversity**

OFFA has specific legal obligations to promote equality under the Equality Act 2010. OFFA is able to deliver most of these obligations through HEFCE's Equality Scheme which enables staff to be briefed on developments in legislation. The act is applied in the staff guide, recruitment and human resource management which are operated on OFFA's behalf by HEFCE. OFFA also conveys its expectations through access agreement guidance to institutions that they should address equality and diversity in their access planning.

### **Future strategy**

OFFA's last strategic plan set objectives for the period 2005 to 2010. It was updated in 2009 and in practice the strategic aims set out therein continued to underpin the Director's work until the date of my appointment in 2012. Since then with my staff I have been developing a new strategic plan which better reflects my mission to promote fair access in the new higher education landscape, and this will be published in the next financial year. The strategic plan sets out OFFA's purpose, its principles and values. Attached to the statement are new aims and key performance objectives which will in turn determine our approach to governance and risk management from 2014-15.

### **The risk and internal control framework**

The system of internal control for 2013-14, which accords with guidance from HM Treasury and BIS, is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve my aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on a continuing review process which is designed to identify and prioritise risks, evaluate the likelihood of those risks crystallising, and to manage them effectively. This system of internal control has been in place for the year ended 31 March 2014 and has been in operation to the date of the annual report and accounts.

### **Approach to risk management**

OFFA has no Audit Committee or Risk Assurance Committee. Risk awareness is embedded in OFFA's culture and operating strategy and risk management

is addressed by the senior management team. The internal audit service reviews our risk management arrangements each year as part of the internal audit programme and inputs advice on our risk management and internal controls generally. Risks are addressed through a process which is documented in a risk register that is both high level and operational. The approach of myself and my staff is to ensure that risk management is embedded in policy development. Where appropriate, the risks of policy implementation are subject to discussion and consultation with stakeholders at development stage, including with BIS as part of our regular dialogue with Ministers and civil servants. Through this approach it is possible for me to receive assurance through the Three Lines of Defence (the review of front-line business processes, my direct oversight of management activity and an independent line of assurance from internal audit).

The risk register is formally reviewed twice during the year. Risks are identified and classified according to their probability, business implications and mitigations, and contingencies are planned and implemented. Some high level risks (such as threat to the grant-in-aid allocation I receive from the Resource Departmental Expenditure Limit or changes in Ministerial guidance) relate to Government policy and, where this is the case, OFFA is unable to determine its own risk appetite in respect of these risks. With my staff, I aim to identify and manage all other risks as effectively as possible, recognising that I may have limited influence in mitigating some of them, as I deliver OFFA's aims through my interactions with universities and colleges and other higher education stakeholders. Key existing and emerging risks are discussed with my Advisory Group where necessary.

OFFA's high level risk register has been revised since the date of the last annual report to include seven strategic risks. These are operational constraints arising from limitations to the resource budget, leading to my failure to meet operational needs or expectations; failure of OFFA's staff to deliver my aims and objectives; OFFA fails to meet fair access and widening participation targets through the access agreement process and thereby to achieve progress across the student lifecycle; OFFA fails to secure appropriate responses from institutions in the higher education sector and other stakeholders in implementing its strategy; OFFA fails to build a robust evidence base on which to base policy and

good practice guidance; OFFA fails to persuade stakeholders that my approach and requirements are effective and reasonable; adverse consequences of a successful challenge to a decision leading to dispute and regulatory failure; OFFA is merged with a wider regulatory body, losing the impact of a single focus regulator of access to higher education. These high level risks reflect some of the uncertainties of operating in a period of transition and policy development in higher education including a new regulatory framework involving working in partnership with other bodies and the development

in 2014 of a national strategy for access and student success. In the coming year, a new risk register will be linked to my planning objectives as set out in the new strategy statement.

### The risk environment

Since OFFA is a small organisation, I attach importance to gathering and updating information on its environment in the review of strategic risks. Significant risks and issues connected to maintaining our internal control this year are listed in the table below:

<p><b>Strategic risk</b></p> <p>1 The resource budget is insufficient to meet operational needs or expectations</p>
<p><b>Risk status</b></p> <p>OFFA is in a strong position to adjust its business plan and manage expectations on delivery if required to do so. Ministers have increased my budget in line with their increased expectation on OFFA to provide both greater challenge and support to universities and colleges to deliver their access targets. In 2013-14 my resource budget allocation increased by 37.5 per cent, building on an increase in the allocation of 42.5 per cent in the previous year. Part of the increased allocation I received from BIS has allowed OFFA's average annual staff FTE to more than double over two years. This has enabled increased human resource to be channelled into delivering OFFA's broader objectives as set out in Ministerial letters to me and to my predecessor in 2012.</p>
<p><b>Strategic risk</b></p> <p>2 OFFA staffing, structure and culture does not adequately deliver my aims and objectives</p>
<p><b>Risk status</b></p> <p>OFFA is in the process of organisational restructuring which is designed to better align its staff to effective and efficient delivery of its new strategic aims and its contribution to the aims of the national strategy for access and student success developed by OFFA and HEFCE. Growth in staff numbers, including key positions in policy and good practice, analysis and finance and governance have enabled OFFA, in addition to its normal business, to engage through partnership in the development of the national strategy alongside the development of its own strategy, to significantly increase its commissioned research and in-house analysis output, and to respond to a change to Government policy on the National Scholarship Programme which led to the need to reopen access agreement negotiations at short notice. With a new strategic plan in place OFFA will ensure in 2014-15 that its culture, systems and processes enable my enlarged office to deal effectively with the strategic priorities and challenges ahead.</p>
<p><b>Strategic risk</b></p> <p>3 OFFA fails to meet fair access and widening participation aims through the access agreement process and thereby to achieve progress across the student lifecycle</p>
<p><b>Risk status</b></p> <p>Under the new system of higher education funding and support there is significantly increased institutional expenditure in access and student success through access agreements. This may increase further with the lifting of the cap on student recruitment, and there is a risk that this expenditure does not lead to an increase in performance against the aims set out in institutions' access agreements.</p> <p>Good progress is currently being made in widening participation and fair access in the young full-time undergraduate population. However there has been a significant collapse in mature and part-time demand for higher education. The majority (around two-thirds) of access agreement expenditure currently goes towards financial support for students where there is limited evidence of impact, with around a third going towards outreach and student success activity where there is more evidence of impact. While we have encouraged and achieved some significant movement towards activity in recent years I intend that better value for money should be delivered through the further transfer of expenditure towards activity and encourage institutions to strike the right balance between activity and financial support and to evaluate the impact of their financial support packages.</p>

OFFA is asking institutions to think longer-term and to embed their access and student success plans within institutional strategy. Institutions' ability to commit to a response to OFFA access agreement guidance depends upon key elements of related Government policy being in place in good time. The withdrawal of significant funding from the National Scholarship Programme in November presented OFFA and institutions with a serious challenge in achieving this objective. I and my office have taken steps to permit institutions flexibility in revising the financial support packages declared in their 2014-15 access agreements.

The delay to the 2014 HEFCE grant letter from BIS, and uncertainty around cuts to student opportunity funding, led to the abandonment of our planned joint guidance with HEFCE for strategies for access and student success. OFFA managed the risk by publishing, at extremely short notice, new OFFA-only guidance for access agreements incorporating additional flexibility given the continued uncertainty over student opportunity funding for 2015-16.

#### Strategic risk

4 I fail to secure responses from institutions in the higher education sector and other stakeholders in implementing my strategy

#### Risk status

I am working in collaboration with institutions and other sector bodies to better understand what approaches, activities and investments work best to inform our guidance and our ability to provide sufficient support and challenge to institutions around their access agreements. I aim to encourage and support institutions to take a whole lifecycle strategic approach as well as to protect and increase the level of investment in outreach, including co-ordinated, long term activities with students from an early age. I will also encourage more outreach to mature learners and collaborative work with other institutions. This work will be informed by the national strategy for access and student success.

#### Strategic risk

5 I fail to build a robust evidence base on which to base policy and good practice guidance

#### Risk status

Alongside its guidance to institutions to improve evaluation and dissemination of good practice OFFA has significantly increased its research and analysis activity in 2013-14. In this regard it has published two in-house analytical reports and published one externally commissioned research report to underpin the national strategy. Externally commissioned work and research collaboration which has been planned or is in progress this year will lead to further publications in 2014-15. OFFA is developing and will publish a research strategy. It will also work with HEFCE to develop the implementation plan for the national strategy, including how to support research and evaluation and how we coordinate our efforts with HEFCE and the sector.

#### Strategic risk

6 I fail to persuade stakeholders that my approach and requirements are effective and reasonable

#### Risk status

Since my appointment in September 2012 OFFA has significantly increased stakeholder, public and media engagement. It is also taking steps to improve the flow of evidence which is increasing public clarity about my approach. OFFA is developing a communications strategy which will support the strategic plan and will be integrated into OFFA's corporate planning process.

#### Strategic risk

7 A decision arising from a dispute is successfully challenged, leading to regulatory failure

No decisions have been challenged to date, as negotiations have been successful and no sanctions have needed to be imposed. Policy decisions have been carefully considered and backed by legal advice where necessary. Any unintentional bursary and fee breaches, such as misapplication of inflationary increases to fees or bursaries, have been rectified successfully through dialogue and agreed action with institutions. With increased expectations on OFFA, the risk of dispute may increase in future, in particular through individual complaints.

#### Strategic risk

8 OFFA loses its independence as a regulator of access to higher education.

I recognise the risk that OFFA's independence is instrumental in maintaining a focus on access to higher education and the strength of access agreements with institutions. Therefore I continue to seek opportunities to make the case for OFFA's independence in the future.

In addition to managing its strategic risks, OFFA is addressing the changes required for the new direction set out in its strategic plan for 2014-19. These include increasing operational capability, and more ambitious objectives which have been set out in a new system of key performance indicators for first time reporting in 2014-15. OFFA is part of a regulatory partnership in higher education and its strategy is increasingly seen as being shared with that of others. In particular I am working through the practical implications this will have on OFFA's programme of joint working with HEFCE and the broader implications for my policies and objectives.

### Ministerial guidance

I have received no formal Ministerial guidance this year (our key guidance letter for the new fee and funding arrangements was issued in February 2011). However, in May and October 2012 the Director was commissioned by the Secretary of State and Minister to develop, in partnership with HEFCE, a five-year national strategy for access and student success. This was submitted to ministers in autumn 2013 and publication took place early in April 2014.

### Data security

There have been no reportable losses of personal data in this period.

### Internal audit opinion

Under the terms of the Service Level Agreement, HEFCE's Head of Internal Audit also carries out the separate role of Head of Internal Audit for OFFA. Internal audit carries out work designed to assess the quality of OFFA's governance, management and risk assessment and control. Based on his recommendations and my management responses, the annual internal audit opinion to the Director of Fair Access to Higher Education for 2013-14 is as follows:

'On the basis of the work carried out, and providing that actions in hand to address its current significant growth and change continue to be progressed as planned, we conclude that OFFA has an effective framework of risk management, internal control and corporate governance. The Accounting Officer may place reasonable reliance on this framework in preparing and considering the 2013/14 Governance Statement, the draft of which we confirm is consistent with our knowledge of OFFA's systems. OFFA has satisfactory arrangements in place to pursue the achievement of economy, efficiency and effectiveness.'

### Review of effectiveness

As Accounting Officer I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. This review is informed by the work of my Assistant Director, other managers and internal audit and takes account of comments made by the external auditors in their management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the Governance Framework, risk management and internal control.

Before the year end I undertook, with my senior management team, a formal review of governance effectiveness. This meeting covered a comprehensive assessment of the governance and internal control environment and suggested areas to be covered in the coming year's internal audit plan.

In the meantime, and on the basis of the evidence in relation to my own knowledge of the organisation, and information provided to me by internal and external audit, my conclusion is that the governance and internal control structures for the Office for Fair Access have been appropriate for OFFA's business and working satisfactorily throughout 2013-14.



Professor Les Ebdon,  
Director and Accounting Officer

Office for Fair Access 20 June 2014

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Office for Fair Access (OFFA) for the year ended 31 March 2014 under the Higher Education Act 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Responsibilities of the Director of Fair Access to Higher Education, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Higher Education Act 2004. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to OFFA's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by OFFA; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies

with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

## Opinion on regularity

In my opinion, in all material respects 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.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of OFFA's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Higher Education Act 2004 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued by the Secretary of State for Business, Innovation and Skills under the Higher Education Act 2004; and
- the information given in the sections entitled About OFFA, Performance against KPIs and Operating and Financial review for 2013-14



within the Management Commentary of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration 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.

Sir Amyas C E Morse  
Comptroller and Auditor General

24 June 2014

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

# Financial statements

## Statement of comprehensive net expenditure for the year ending 31 March 2014

	Note	Year ended 31 March 2014 £	Year ended 31 March 2013 £
<b>Expenditure</b>			
Staff costs	2	852,931	673,897
Other expenditure	3	529,135	299,407
Total expenditure		1,382,066	973,304
<b>Income</b>			
Income from activities		0	0
Total revenue		0	0
<b>Net expenditure for the year transferred to general reserve</b>		<b>1,382,066</b>	<b>973,304</b>

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

All OFFA operations are continuing.

The notes on pages 53 to 59 are part of these accounts.

## Statement of financial position as at 31 March 2014

	Note	31 March 2014 £	31 March 2013 £
<b>Current assets</b>			
Trade and other receivables	6	5,272	3,880
Cash	7	8,025	138,761
		13,297	142,641
<b>Current liabilities</b>			
Trade and other payables	8	(82,274)	(142,552)
<b>Non-current assets plus net current assets</b>		(68,977)	89
<b>Assets less liabilities</b>		(68,977)	89
<b>Taxpayers' equity</b>			
General reserve		(68,977)	89
		(68,977)	89

Professor Les Ebdon CBE



Director of Fair Access to Higher Education  
and Accounting Officer  
Office for Fair Access  
20 June 2014

The notes on pages 53 to 59 form part of these accounts.

## Statement of cash flows for the year to 31 March 2014

	Note	Year ended 31 March 2014 £	Year ended 31 March 2013 £
<b>Cash flows from operating activities</b>			
Net expenditure		(1,382,066)	(973,304)
Increase in trade and other receivables	6	(1,392)	(2,920)
Increase/(decrease) in trade and other payables	8	(60,278)	111,592
<b>Net cash outflow from operating activities</b>		<b>(1,443,736)</b>	<b>(864,632)</b>
<b>Cash flows from financing activities</b>			
Grants from parent department		1,313,000	954,795
Net cash inflow from financing activities		1,313,000	954,795
<b>Net financing</b>			
Net (decrease)/increase in cash for the year	7	(130,736)	90,163
<b>Cash at beginning of period</b>	7	<b>138,761</b>	<b>48,598</b>
<b>Cash at end of period</b>	7	<b>8,025</b>	<b>138,761</b>

The notes on pages 53 to 59 form part of these accounts.

## Statement of changes in taxpayers' equity for the year ended 31 March 2014

	General Reserve Year ended 31 March 2014 £
<b>Balance as at 1 April 2012</b>	<b>18,598</b>
<b>Changes in reserves 2012-13</b>	
Grant from parent department	954,795
Net expenditure transferred in the year	(973,304)
<b>Balance as at 31 March 2013</b>	<b>89</b>
<b>Changes in reserves 2013-14</b>	
Grant from parent department	1,313,000
Net expenditure transferred in the year	(1,382,066)
<b>Balance as at 31 March 2014</b>	<b>(68,977)</b>

The notes on pages 53 to 59 form part of these accounts.

# Notes to the accounts for the year to 31 March 2014

## 1 IFRS accounting policies

### Basis of accounting

The financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FRM) issued by HM Treasury. The accounting policies contained in the FRM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Office of Fair Access for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Office for Fair Access are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### Accounting convention

The accounts are prepared under the historical cost convention.

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

The IASB and IFRIC issued the following standards and interpretations (see below) with an effective date which continues to apply to the date of these

financial statements. Where the changes are relevant to OFFA's circumstances they have been adopted at the effective date. They have not been adopted early and their adoption is not expected to have a material impact on OFFA's reported income or net assets in the period of adoption.

### Going concern

The net expenditure shown on the statement of comprehensive net expenditure is fully funded by BIS through administration resource grant-in-aid. This funding is taken directly to reserves (statement of changes in taxpayers' equity). Funding for 2014-15 has already been included in the Department's estimates for that year subject to OFFA's annual allocation letter, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to prepare these financial statements on a 'going concern' basis. The Government has signalled in the Higher Education White Paper and elsewhere that funding to support the expansion of OFFA by up to four times will be provided. OFFA is in discussion with BIS to formally agree a provisional budget for 2015-16 based on its current expenditure forecast.

Standards and interpretations	Effective date
<b>IAS 1</b> Amendments relating to Other Comprehensive Income interpreted (for terminology) and requiring a single Statement of comprehensive net expenditure rather than separate Other comprehensive expenditure.	1 July 2012
<b>IAS 19</b> Post-employment benefits The amendment introduces a number of changes relating to recognition, presentation and disclosures and also modifies accounting for termination benefits.	1 January 2013
<b>IFRS 13</b> Prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS.	1 January 2013
<b>IFRS 7</b> Amended disclosures requiring information about all recognised financial instruments that are set off in accordance with IFRS32.	1 January 2013

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

## Operating segments

OFFA is a minor body with the overall objective of supporting widening participation and fair access within higher education institutions. The Accounting Officer reviews reports on OFFA as an entity with costs analysed in a similar way to that shown in the financial statements. The Accounting Officer therefore considers that under IFRS 8 Operating Segments OFFA activities comprise one operating segment.

## Financial instruments

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

## Employee benefits

Short term employee benefits comprising salaries, social security contributions and paid annual and sick leave for staff seconded to OFFA under the Service Level Agreement (SLA) as well as for staff directly employed by OFFA are recognised in the year in which the related service is performed. The exception to this is that any staff bonus awarded by HEFCE to seconded staff is recognised in the year in which a reliable estimate of the obligation can be made, which is when the decision to pay a specified bonus is made. The same applies to staff directly employed by OFFA, in line with the HEFCE terms and conditions. In addition to costs payable under the SLA or directly the cost of any untaken annual leave days is accrued at the year end, and the in-year movement is taken to the Net Expenditure Account. OFFA's post employment benefits liability under the Principle Civil Service Pension Scheme (PCSPS) is limited to the pension contributions paid to HEFCE under the SLA for the seconded staff and to PCSPS for the staff employed directly, and is recognised in the year in which the related service is performed. PCSPS is described in more detail in the remuneration report.

## Property, plant and equipment

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

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

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

## Accounting for Service Level Agreement with HEFCE

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

## Provisions for liabilities and charges

Provisions are recognised when OFFA has a present legal or constructive obligation as a result of a past event; it is probable that a transfer of economic benefit will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. OFFA has no provisions for the year ending 31 March 2014.

## Taxation

OFFA does not trade and hence is not liable for Corporation Tax. Also OFFA has insufficient chargeable output to warrant registration for VAT. In the financial statements costs are shown inclusive of VAT where applicable, including staff costs, which are provided as a service by HEFCE. VAT charges on staff costs are separately disclosed in the notes to the financial statements. No VAT is charged on staff costs for staff directly employed on OFFA's own payroll.

## 2 Staff numbers and related costs

### Staff costs

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Staff employed by OFFA (including the Director and directly seconded staff)		
Salaries	573,101	461,160
Social security costs	47,898	40,518
Other pension costs	90,358	68,573
	711,357	570,251
Value Added Tax on seconded staff	19,117	44,676
Costs of employing contract, agency and temporary staff*	122,457	58,970
	852,931	673,897

\*This line includes the payments to the advisory group members, as detailed below.

Value Added Tax is paid on staff employed by OFFA who are seconded from HEFCE under the SLA.

### Average numbers of persons employed

	Year ended 31 March 2014	Year ended 31 March 2013
The average actual number of full-time equivalent persons employed during the year, including the Director, was:		
Directly employed	13.5	11.1
Average number of contract, agency and temporary staff	2.6	1.8
	16.1	12.9

#### Salaries

Salary includes gross salary, overtime, pay rises, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. HEFCE invoices OFFA for the seconded staff costs plus VAT. No VAT is charged for directly employed staff on OFFA's payroll. Annual settlements are awarded from 1 August each year for HEFCE seconded staff. This also applies for directly employed staff, in line with HEFCE terms and conditions.

The Director of OFFA was employed three days per week (0.6 FTE) for the duration of the year. The Director's salary was determined on his appointment and there was no Director's pay award in 2013-14. None of OFFA's staff are employed on capital projects.

#### Exit packages

No Civil Service exit packages were awarded in 2013-14.



## High paid off-payroll appointments

In accordance with BIS guidance the accounts should disclose all off-payroll engagements as of 31 March 2014, for remuneration of more than £220 per day and that last for longer than six months. OFFA had no such appointments at that date.

## Advisory Group

OFFA has maintained an Advisory Group since 2005 to provide the Director of Fair Access and OFFA with expert and impartial advice on policy issues, procedures and individual access agreements.

Until 2012-13 the group had three members: Dr John Selby (Chair), Dr Lee Elliot Major and Aaron Porter. From the start of the current year, the group was enlarged to 12 with a plan to meet four times. In practice three meetings took place within the year.

Further details of the group and its current members are provided on the OFFA website at [www.offa.org.uk/about/offa-advisory-group/](http://www.offa.org.uk/about/offa-advisory-group/). Advisory Group members are entitled to a fee (paid at a rate of £250 a day) for attendance at meetings, or for work by correspondence, as agreed with OFFA. The fee is not pensionable. Members are also entitled to reasonable travel and subsistence expenses, payable on the same terms and conditions as OFFA staff. Four of the group, including the Chair, waive their right to claim a fee.

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Dr John Selby*	0	0
Femi Bola	250	-
Sir Ivor Crewe	250	-
Dr Penelope Griffin	250	-
Jude Heaton	750	-
Sarah Howls*	0	-
Dr Lee Elliot Major	650	600
Dr Debbie Mc Vitie*	0	-
Aaron Porter	1,000	500
David Ruebain	500	-
Fiona Waye*	0	-
Jo Wiggans	750	-
<b>Total</b>	<b>4,400</b>	<b>1,100</b>

\*Fee waived.

### 3 Other expenditure

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
External audit fee	11,500	11,000
Research consultancy and legal fees	190,118	27,194
General administrative payments	33,290	11,928
Publications, printing, publicity	4,837	2,454
Recruitment and training	8,665	4,813
Service Level Agreement with HEFCE:		
– Accommodation and housing services	76,735	75,312
– IT, finance, governance and HR services	144,975	120,593
– Budget management and assurance services	6,254	4,655
– Other general expenses	17,422	16,619
Travel and subsistence for staff and advisory committee	35,339	24,839
	<b>529,135</b>	<b>299,407</b>

HEFCE provides internal audit services to OFFA as part of the Service Level Agreement. These services can be performed either by HEFCE's own staff or outsourced at the Head of Internal Audit's discretion. These costs are classified as other administration to aid comparison of total internal audit costs between years. Charges are agreed by the parties to the agreement based on forecast expenditure. Minor adjustments to annual charges are agreed based on actual expenditure after the year end and adjustments are taken into account in the chargemade for the subsequent year. In 2013-14 no prior year adjustment was made.

### 4 Revenue

OFFA had no independent sources of revenue in 2013-14.

### 5 Financial instrument risks

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

## 6 Trade receivables and other current assets

All amounts falling due within one year:	As at 31 March 2014 £	As at 31 March 2013 £
<b>(a) analysis by type</b>		
Trade receivables and other current assets	0	72
Prepayments	5,272	3,808
	5,272	3,880
<b>(b) analysis by source</b>		
Other central Government bodies	92	72
Bodies external to Government	5,180	3,808
	5,272	3,808

## 7 Cash and cash equivalents

	As at 31 March 2014 £	As at 31 March 2013 £
Balance at 1 April	138,761	48,598
Net change in cash and cash equivalent balances	(130,736)	90,163
<b>Balance at 31 March</b>	<b>8,025</b>	<b>138,761</b>
The following balances at 31 March were held at:		
Government Banking Service	8,025	138,761
<b>Balance at 31 March</b>	<b>8,025</b>	<b>138,761</b>

## 8 Trade payables and other current liabilities

All amounts falling due within one year:	As at 31 March 2014 £	As at 31 March 2013 £
<b>(a) analysis by type</b>		
Trade payables	12,314	92,325
Accruals	61,189	49,378
Other payables	8,771	849
	82,274	142,552
<b>(b) analysis by source</b>		
Other central Government bodies	27,593	91,029
Bodies external to Government	54,681	51,523
	82,274	142,552

## 9 Contingent liabilities disclosed under IAS 37

OFFA had zero contingent liabilities at 31 March 2014 (*zero contingent liabilities in 2012-13*).

## 10 Related party transactions

OFFA is a non-departmental public body sponsored by its parent department BIS, and therefore BIS is regarded as a related party. OFFA has a Service Level Agreement (SLA) with HEFCE, through which HEFCE provides a number of facilities and services to OFFA including office accommodation, transactional services, IT and human resources support, internal audit, information management and other specialist services for which it has no internal resource. During the year OFFA paid HEFCE £360,089 (*2012-13: £485,234*) for the services provided through the SLA, including directly seconded staff. Of this amount £114,702 (*2012-13: £268,055*) is the VAT-inclusive recharge of staff costs.

## 11 Events after the reporting period

There have been no events after the date of the statement of financial position and up to the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

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