

Paper 78/16

Date:

9th January 2017

Title:

Chief Operating Officer's Report

Responsible Director:

Marc Baker, Chief Operating Officer

Paper for Information

Open paper/ Closed sections



Issue

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

Recommendation

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

Spending Review and Programme Budget 2016-17

3. The table below shows December 2016 YTD results, along with the year to go (YTG) expected spending, giving the expected outturn for the full year to March 2017 and the run rate of expenditure.

£'000s	Actual / Expected	Budget	Under/(Over) Spend	Variance %	Monthly Run Rate
YTD – Dec-16	12,618	13,273	655	5%	1,402
YTG - NRT & Pay Reserve	1,243	1,262	19	2%	414
YTG - Underlying	5,594	4,740	-854	-18%	1,865
Expected March 2017 Position	19,455	19,697	242	1%	1,621

4. Expenditure in December was £1,811K versus a budget of £1,451K, reflecting the anticipated ramp up of spend forecast for the latter part of this year.
5. The YTD underspend of £655K (5%) against budget, is due to changes in phasing of spend, and the latest forecast is for a £242K underspend at the year-end. As reported at the November Board, the run rate of expenditure is expected to increase from £1.4m per month (April-Dec 16) to £1.86m per month for the rest of the year and our progress in achieving this will be reviewed at the Quarter 3 Star Chambers in mid-January, we will provide a verbal update on the latest year end position at the Board.
6. Summary results by Directorate for the period April to December 2016 and for the expected year-end position are attached in Annex A.

Project Fund

7. During November and December, £816,000 was allocated from the Project Fund to support strategic priorities, including Marking Reliability, an External Review of Exam Board Capability, a survey of Employer Views on Vocational Qualifications, Predicting Predictability and research relating Applied Generals.
8. The Project Fund contains a contingency of £100,000 for exceptional litigation costs. There are currently no indications that it will be called upon this year.
9. The remaining project fund balance is £152k as below:

Table : Project Fund Balance Breakdown

Project Fund	Amount
Project Fund Balance at 31 Dec	£52,000
Contingency for Litigation	£100,000
Total Fund Available	£152,000

10. With business cases that have been approved/expect to be submitted in January/March we currently expect that there will be an underspend in the project fund of £50k at the year end.

Supplementary Estimate for 2016-17

11. The Supplementary Estimate Overview was submitted in late November, confirming that we will end the year with expenditure in line with the HM Treasury Control Totals. The detailed submission will be made in mid-January.
12. Following discussions with HM Treasury, it was determined that it is not possible for Ofqual to retain either the fine or cost recovery elements of the recent financial penalties imposed on awarding organisations in the 2016/17 financial year. Both the cost and fine elements of the penalties will be paid to HM Treasury as Consolidated Fund Extra Receipts. This is reflected in the expected March 2017 financial position. The future financial treatment of fines imposed on organisations is under discussion as part of the 2017/18 Main Estimate.

Main Estimate 2017-18 (Budget)

13. Work on the 2017-18 budget is in progress, and will be presented to the Finance Committee and the Audit and Risk Assurance Committee in the first instance, before formal presentation to the Board.

Interim & Contract Staff

14. Ofqual continues to use interim and contract staff to cover maternity leave, short term project demand and roles that are being recruited permanently. At the end of December, the number of interim staff has increased from 8 to 12, with additional short-term resources allocated to IM Strategy, Procurement and Strategic Policy and Risk. All interim and contract staff currently have contract end dates within the current financial year.

Procurement

15. Finance have conducted a review of the procurement policy, processes, contracts and controls, and a plan to roll out improvements is being reviewed by SMG in January 2017.
16. Short-term procurement support has been brought in to help accelerate the roll out of planned procurement improvements.

Finance Team

17. The finance team has now filled all established posts with the final member of the team joining in late December 2016.

Corporate Plan tracker

18. *This paragraph has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.*
19. *This section paragraph has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.*
20. Our goal of developing our people, resources and systems has seen a number of changes in RAG Rating. Our assessment of progress with independent working has moved from Amber to Amber-Red. Progress with recruiting subject experts has moved from Amber-Green to Amber. Our assessment of progress with Long term space requirements and streamlining and reducing the costs of our IT provision remains at Amber..

People

21. Permanent headcount has remained static at 182. The total number of employees filling established posts including agency and fixed term workers stands at 195. We have a further 14 individuals doing roles not covered by established posts which gives an total level of staffing of 209.
22. The VQ Directorate has been re-named as the Vocational and Technical Qualifications Directorate (VTQ) and following a competitive recruitment process, we have appointed Phil Beach as the Executive Director.
23. Sick absence has decreased overall from 4.72% to 4.63% in December, this is significantly higher than this time last year when it stood at 2.13%. There were a total of 4004 working days in the month and 185 were lost due to illness. 25 employees were absent in the month compared to 24 last month.
24. *This paragraph has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.*
25. Following the mid-year reviews, moderation of objectives took place in November and pay modelling based on mid-year achievement has informed options on determining the level of performance related pay for 2016/2017. These options have been discussed at SMG and with our Trade Unions and will be confirmed shortly.
26. Ofqual are required to participate in an annual questionnaire run by KPMG which looks at our compliance with the Civil Service recruitment principles. Our assessment for 2015/16 is Amber/Red which is lower than the normal amber rating that we receive. This is due to a 300% increase in the volume of recruitment compared to the previous year – explained by the recruitment freeze ending with the implementation of the new organisation design. In addition, we had a 50% increase in the volume of recruitment by exceptions to the Recruitment principles, due to the conversion of interims to FTCs, which in some cases were not opened up to open competition as the individuals were already working with us.
27. An overview of the Civil Service Staff Survey results will be provided separately to the Board. Directors are currently reviewing the results and determining appropriate Directorate action plans.

Health and Safety

28. There are no reportable incidents or accidents to report.
29. We have carried out training and now have 5 members of staff trained to use the Evacuation Chair. Ideally we would like more so we will be asking for more volunteers.
30. The review of the generic overseas risk assessment document has been completed and used successfully. All other generic risk assessments are currently under review.

31. *This paragraph has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.*

Accommodation

This section (paragraphs 32 – 33) has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.

IT and Information Management

34. Cloud IT and the Ofqual network were available 100% of the time during December. Work continues to improve management of cloud IT to secure a quality of service for users (Ofqual staff, AOs and subject experts, a total of circa 2000 users) and to deliver this in the most cost effective way.
35. The application for public service network (PSN) accreditation was submitted in early December. Accreditation is on track for first quarter 2017.
36. Work has commenced on the development of the Ofqual Document Centre, which will better utilise the functionality of Sharepoint and will help the organisation to move away from the current folder-based archive towards the use of a meta-data based search and retrieval system, while ensuring that information security is properly observed and that information is deleted or archived in line with Ofqual's retention schedules.

IM transformation project

37. Implementation of the digital strategy continues track, the aim is to make transactions between Ofqual and AOs digital, where possible. The two functionalities mentioned in the last report have been successfully implemented. Contact Ofqual has been adopted by awarding organisations and is being monitored effectively by teams in Ofqual, serving as a single channel for regulatory and portal queries. The introduction of User Management for awarding organisations has helped to reduce the workload of the small internal IT team by enabling simple changes such as adding portal users or resetting passwords to be carried out by awarding organisation administrators.
38. The Contact Ofqual functionality forms the basis of further digital transactions for event notification and other interactions between AOs and Ofqual for the AO portal to become a one stop shop for regulation. Work is currently ongoing to confirm the requirements for online event notifications, and development work is due to take place during the first quarter of 2017.
39. Work on the data collection portal continues to deliver the capability to process extended VQ data collections, we anticipate that VQ data collection through the portal will begin in April. We engaged an additional developer shortly before Christmas to work on enhancements to Ofqual's Register website. Current priorities are adding advanced search functionality and improving the way other websites can link to individual qualifications.

40. Additional enhancements to the portal are currently ongoing. The introduction of improved infrastructure architecture has paved the way for improvements to the creation and editing of units and qualifications and the accreditation process, which are due to be completed during quarter one of 2017.

Communications

41. During the period we published a range of official statistics and summary reports related to the summer exam series 2016. The data related to special considerations and malpractice generated some national media interest, which we had anticipated given the apparent increases in some categories. Our review of marking and moderation statistics, the first since the changes to the systems used by exam boards, and the associated documents we released alongside them were only reported by the trade press and Guardian online. The headlines focussed on the fall in review requests. Our explanations for the observed fall were covered by all the outlets alongside reactions from a number of umbrella organisations, including ASCL, NAHT and HMC; these typically repeated earlier concerns about the review changes and funding difficulties faced by schools. These press stories generated some social media interest. However, there was little sentiment expressed regarding the data themselves, with a few dozen neutral retweets each to the press articles and our own posts.
42. We received the results of our first wave of market research evaluating the degree of awareness and understanding among key stakeholders of the reforms to GCSE grading in late November. These indicated good levels of understanding of the new 9 to 1 scale among head teachers and teachers, and encouraging awareness among some of the other groups (university admissions teachers & FE college leaders). But understanding is currently very weak among employers, and, to a lesser extent, parents and students. There appear to be 3 key areas on which we need to work across most stakeholders: that grade 9 is the highest grade; how the new grades equate to the previous system; and the phasing of the new grades.
43. Our letter to head teachers of secondary schools in early November as part of our awareness campaign generated good results; pre-written text messages that schools could send to parents were accessed on 550 occasions and newsletter paragraphs on 1,200 occasions. During the period we held four webinars aimed at exams officers and others in schools. There were 'attended' by more than 250 people and have been viewed another 600 times on YouTube. As part of our strategy, we have contracted with a company to produce several short films focussed on the grading scale. We intend to launch these in the new year.
44. The number of enquiries we received from the public was little changed from previous months in November and December (accounting for the shorter working month). The broad categorisations were also similar, with around a third of written enquiries about GCSEs, AS and A levels, and a quarter about vocational or other qualifications.
45. At a more disaggregate level, questions related to appealing GCSE, AS and A level results continued to account for about 10% of enquiries, similar to the months of August, September and October. There was a small increase in the number of

enquiries about appeals in November, but this declined again in December. Requests for signposting to materials available on our website, or those of others, and enquiries about past certificates are consistently popular topics throughout the year, but both proportionately accounted for more enquiries in November and December than previous months; about 20%, compared to 10% in the previous 3 months.

46. We have concluded a review of the way in which we capture public enquiries and have begun incorporating changes to improve the accuracy of our enquiry recording processes, improve our ability to provide intelligence to the business and improve the public's experience when they call us.
47. Consistent with government protocol, we released our civil survey staff survey results alongside other departments in early December. These did not generate any public or media interest. We reported on our November symposium on marking consistency in the last Board update.

Regulatory Activity

This section (paragraphs 48 - 51) has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.

52. The total number of recognised Awarding Organisations stands at 155, having fallen by three over the last 12 months. We last recognised a new organisation 14 months ago. Three applications received from prospective awarding organisations were all rejected at the preliminary stage, for not meeting our criteria.
53. We have finished our review of the feedback received from recognition applicants and intend to make some changes to the application process, to provide more support to applicants earlier in the process. These proposals are currently being agreed, and relate to making the recognition requirements clearer to applicants so they understand it is a demanding process from the outset.

Case Working

54. Fifteen new complaint cases were received during December, which is 40% lower than for December 2015. One complaint was upheld relating to how two separate AOs investigated problems relating to access arrangements for a student with a disability.
55. The GQ related complaints relate mainly to marking and appeals, and include concerns:
 - from a parent about appeals procedures
 - delays in a review of marking application which they believe may have resulted in the loss of a university place
 - from an MP on behalf of a constituent about marking
 - from an MP about an online blog which highlights concerns about practices at an academy

- about marking in GCSE Maths.

56. The VTQ related complaints include concerns:

- about a decision by two awarding organisations to remove centre approval
- from a student about changing occupational standards over time, and how the qualification must be retaken to reflect this
- about the handling of a centre investigation
- about marking and appeals process
- from an AO about our handling of their organisation.

57. We have received one anonymous whistle-blowing allegation about malpractice at an academy. In December, we received three requests for internal reviews of our complaint handling and have a total of five open, with two new requests so far received in January. No internal reviews were upheld in 2016.

National Reference Test

58. The tests will be held between 20 February and 3 March 2017. 341 schools have agreed to take part, including a small number of 'replacements', so we have achieved our target sample of at least 330 schools. NFER has collected data from each sampled school on all year 11 students that will be entered for GCSEs in maths and/or English language and will advise schools on 16th January which have been selected to take the NRT (30 each for maths and English). Additional information to schools that are taking part was published on 5th January on GOV.UK.

59. NFER has trained its test administrators who will conduct the testing in each school and has completed the recruitment of markers. Re-fresh items have been developed, which could be introduced into live tests in future years. These will be trialled alongside the live test in the schools that take part in February. We have also introduced a short questionnaire that students will be asked to complete after the test to assist our interpretation of the NRT data.

60. As part of Ofqual's programme of internal audit, Grant Thornton recently completed an audit of our NRT governance and contract management and reported a rating of substantial assurance. The report will be presented to the A&RAC at its next meeting in March.

61. This paragraph has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.

Legal

62. This section has been redacted, as its publication would be prejudicial to the effective conduct of public affairs.

Impact Assessments

Equality Analysis

63. There are no impacts arising from the report.

Regulatory Impact Assessment

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

Timescale

65. No impact on any timescales.

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

Annex List: -

Annex A Closed

Annex B Closed

Annex C Closed