

Ofqual Board

Paper 5/16

Date:

18 May 2016

Title:

Chief Operating Officer's Report

Responsible Director:

Marc Baker, Chief Operating Officer

Paper for Information

Open paper (Annex C closed)



Issue

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

Recommendation

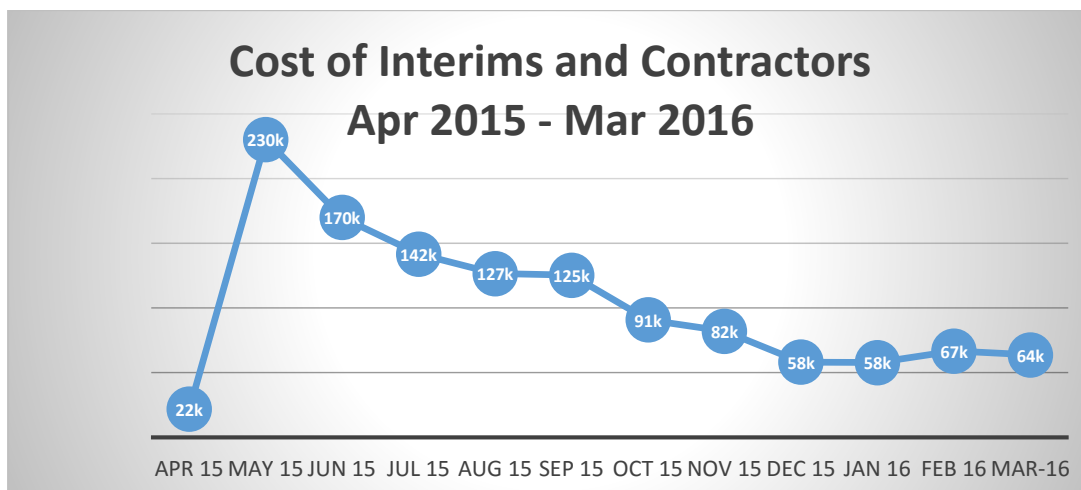
Board members are asked to:

- a. Note the forecast financial outturn for 2015/16.
- b. Note the proposed launch date for the portal (the RITS replacement).
- c. Endorse the recommendation from the Audit and Risk Committee to accept the proposed audit plan for 2016-17.
- d. Endorse the decision by the Interim Chief Regulator to approve the 2015 Report to Parliament.

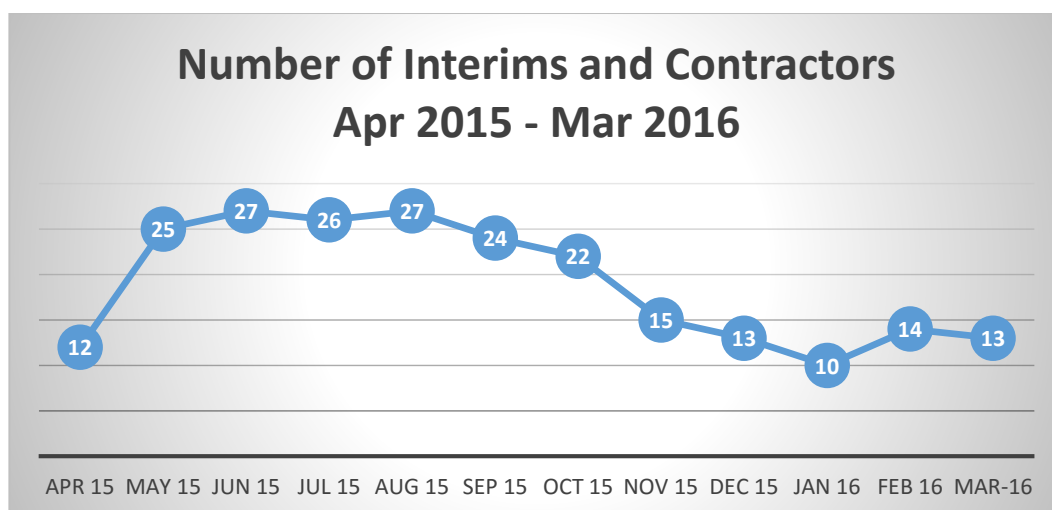
CSR and Programme Budget - Outturn position 2015-16

2. The outturn for 2015-16 has not been finalised but we are close to the end result. We are estimating the outcome to be in the region of a £207k underspend which represents just under 1% of the budget. Work will continue on the final accounts for Ofqual including audit by the NAO, so this may change but this is not expected to be material.

3. The forecast outturn includes £263k for redundancies related to the closure of the Northern Ireland office. The Northern Ireland Office agreed to provide funding to cover this expenditure so that would be no financial impact on Ofqual. Unfortunately, due to the rules outlined in Annex 5.3 of Managing Public Money, it is likely that Ofqual will have to surrender a proportion of this income to HM Treasury as it exceeds our income control total. This has already been taken into account in the year end forecast.
4. We monitor performance against the financial control totals set out by HM Treasury (Annex A). The report shows the net Ofqual budget for 2015-16 of £22,635k following the change in the funding mechanism during the November supplementary estimates.
5. The report shows that Ofqual remains well within the HMT Control Totals:
 - a. Expenditure on pay must not exceed £12,238k. Our year-end position is expected to be £11,556k.
 - b. Expenditure on administration must not exceed £15,782k. Our year-end position is expected to be £13,604k.
 - c. Programme funding of £6,871k must not be used for any other purpose. Our year-end programme spend is expected to reach £8,842k (there is no must not exceed value set for programme spend)
6. Ofqual continues to use interim and contract staff but as the chart below shows monthly spend has significantly reduced from its peak in May 2015.



7. Over the second half of the year the number of interims and contractors has reduced as vacancies are filled. In March there were 13 interims/contractors which is half the number of interim/contracts that were on site in the summer of last year. In April 2016 this will reduce further to 6.



8. The Project Fund as at April 2016 is set at £794k of which £520k is identified against planned projects and £100k will be set aside as a legal contingency fund. During the year we will top this fund up with any identified underspends from administration and programme budgets.

2016-17 Main Estimate

9. On the 20 April 2016 HM Treasury published the 2016-17 Main Estimate which included the budgets for Ofqual. The published budgets are in line with those presented to the Board on 23 March 2016.
10. A summary of the budget for this year and the next three years is:

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Administration	15.542	15.267	14.992	14.717
Programme	4.000	2.400	2.100	2.500
Depreciation	0.010	0.010	0.010	0.010
Total	19.552	17.677	17.102	17.227

11. Paragraph redacted – contains personal information.

Audit Plan 2016/17

12. The Audit and Risk Committee recommends the audit plan included as Annex B, to the Board for its agreement. This has been reviewed agreed by SMG and is presented as a balanced plan that provides the necessary levels of assurance while not overcommitting the organisation. The plan is a reduction on the previous plan proposed as we balance the number of days' staff are required to participate in the audits with the perceived level of risk. We have dropped a review of the commissioning process that was originally scheduled as the process is likely to develop and improve during the year as we review and refine our regulatory strategy.

People

13. The current permanent headcount is 172 (174 by end June). We are currently recruiting for 12 roles with a further 9 roles proving difficult to fill and on hold while we determine the most appropriate approach to bring in the skills we need. The number of staff registering as long term sick has reduced from 4 in March to 1 in April. In total 82 working days were lost to sickness in April down from 128 in March and 153 in February.
14. The annual staff survey in December provided a barometer of staff morale across the dimensions of performance Management, Leadership, Dignity at Work, and Development. To address the areas for improvement identified in the survey we have recently:
 - a. Developed a coaching and mentoring programme which will be rolled out shortly.
 - b. Launched an Employee Forum with elected staff representatives from each of the Directorates to address staff engagement.
 - c. Addressed feedback on the inconsistent approach to performance management by implementing a 'no exceptions policy' for completing annual appraisals along with implementing performance related pay.
15. This time last year Ofqual had 27% of end of year performance reviews completed. As at end April 2016 almost 100% of performance reviews were completed and signed off by line managers and counter signing managers. In addition, the inclusion of an objective to complete mandatory training has meant that outstanding Health and Safety and Fire Safety training was completed by the end of April which is a significant improvement over previous years.
16. The focus of the people strategy is to build capability through developing people, implementing a talent management approach and linking this to succession planning. We are implementing a structured development approach which prioritises assessment and regulation training, together with a suite of 12 soft skills workshops which address gaps in behavioural and management training. Over the next few months we will also implement 'smart working' to support the ability for staff to work from locations other than Spring Place.

Health and Safety

17. There are no incidents to report.

IM Transformation Project

18. In the last report to the Board we reported on issues experienced during testing as part of provisioning the new RITS system with user accounts and the bulk upload of qualification data. These have been resolved and mid-June is proposed as a cutover date from RITS to the new AO portal (new RITS), with mid-July held as contingency.
19. The key priority is not to disrupt Ofqual's accreditation programme of work, therefore the dates identified for cutover are planned to coincide with periods

when we do not anticipate Awarding Organisations will be uploading qualifications for review.

20. Following cutover from RITS to the AO portal, RITS will revert to an archive with controlled user access to historical records until December 2017.
21. Since the last Board report Skype for business is being commissioned, use of desktop and meeting room video conferencing is being rolled out as we replace desktops computers with laptops running Windows 10 and Microsoft Office 2016, this is scheduled to complete by end May.

Communications

22. Much social, mainstream and specialist media attention over the period was given to two outputs from HMC. The first, in conjunction with NAHT, was critical of our proposals for reforming exam boards' marking review and appeals systems for GCSEs, AS and A levels. We challenged the basis of their associated complaints about the quality of marking by publishing new research that showed that most reviews led to changes of 3 marks or less. Amanda Spielman responded to the criticisms in a radio interview with LBC.
23. The second, published in conjunction with the Girls' Schools Association, made claims about the safety of the awarding of CIE's IGCSE® First Language English (entry number 0500) in summer 2015. We were provided with the report in advance and gave a detailed response to the claims and requests for further investigation on publication in April. Our firm rejection of the report's conclusions was widely covered.
24. Our decisions regarding resit arrangements for legacy GCSEs, AS and A levels had been long anticipated. Our late March announcement was discussed extensively on social media and the outcomes were in general well received; in particular, the Association of Colleges 'welcomed' them. In contrast, we continued to encounter negative commentary in mainstream, specialist and social media regarding the pace of accreditation. The Shadow Education Secretary described the situation as 'alarming' in early March. However, the frequency of criticism fell as progress was made; we were the subject of roughly half as many negative tweets in April as in March.
25. We held the first of two planned conferences with representatives of Higher Education in early March to explain aspects of the reforms being made to GCSEs and A levels. It also covered vocational qualifications in relation to higher education entry in England. The event was oversubscribed, with more than 50 attendees, and their feedback was very positive. A second event is being held in Manchester in May.
26. During the period we also issued our first edition of VQ Focus, a digital newsletter that summarises our work on vocational and other qualifications. Subscription to our equivalent product for general qualifications, Exam Matters, has risen to around 1,500 followers since it was launched in December. More than 50% of recipients opened the most recent edition. We

will continue to explore the best ways of broadening and informing our audience.

Regulatory Activity

27. The Regulation Compliance team currently has 26 staff in post with 6 vacancies. Almost half the team (13 staff) are working on audit and investigation activity. Commissioned audits that have been completed are covered in the GQ and VQ reports submitted separately to the Board.
28. Three members of staff support recognition requests. This has increased in April with 7 applications received. Five applications were submitted in March and all were rejected as they did not meet our criteria for recognition. The increase in the number of applications is expected to continue as a result of recognised AOs expressing an interest in offering reformed functional skills qualifications.
29. As reported at the last Board meeting we are receiving applications for recognition by 'Trailblazers' that want to offer end-point assessments as part of the government's apprenticeship initiative. We are continuing to work with VQ colleagues to provide additional advice and guidance to these organisations.
30. The remaining 9 staff are working full time on the accreditation of reformed GCSEs and A Levels. When the reform programme comes to an end in 2017, these staff will move onto audit work. One person is currently on maternity leave.

Customer Services and Complaints

31. During 2015–16, we acknowledged over 98 per cent of complaints within two working days and provided a final response within 30 days in 67 per cent of cases down from 89 per cent of cases in 2015. We continue to receive a small number of complaints with 15 cases reported in the April (slightly less than normal). Of these 4 were related to exams undertaken in 2015, and 3 to 2016 exams (largely access arrangements). Only two complaints related to vocational qualifications (examination procedures), the remainder are internal reviews on complaint outcomes and two complaints about Ofqual.
32. Over 470 calls were recorded on the help desk in March and April. The majority of calls were enquiries with 69 complaints recorded. The top 5 issues recorded were : -
 - a. Past certificates – questions about how to get copies of old certificates (40 calls)
 - b. Adjustments in assessments – parents/schools requesting advice on access arrangements (30 calls)
 - c. Prospective AO query – questions on how to become regulated (30 calls)
 - d. Exam/Assessment issues – questions relating to examination procedures (20 calls)

e. Higher education (UCAS) queries – (16 calls)

National Reference Test

33. The Preliminary Reference Test was held in schools between 7 and 15 March. NFER completed the marking on schedule and have issued to Ofqual their Technical Report of the test outcomes. We are reviewing the report and aim to have finalised this by early June. This will form the basis for our conclusions to the July meeting of the Board which we plan to discuss with the NRT sub-group of the Standards Advisory Group on 20 June, and with SAG on 1 July.
34. Government has introduced the secondary legislation, making it mandatory for most state schools, if selected, to take part in the tests. The legislation comes into effect on 1 September 2016.

Legal

35. The legal update is at Annex C.

Impact Assessments

Equality Analysis

36. There are no impacts on the equality impact analysis already conducted. An EIA is being prepared for the outcomes of the end of year appraisal process.

Regulatory Impact Assessment

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

Timescale

37. Timescales are discussed at relevant paragraphs

Paper to be published	YES
Publication date (if relevant)	After the meeting. NOTE: Annex C is closed and subject to Legal Professional Privilege

Annex List: -

Annex A Management Accounts by Control Totals

Annex B 2015-16 Internal Audit Plan

Annex C Legal Update (closed – Legal Profession Privilege)

Management Accounts by Control Totals

as at March 16 (Period 12.01)

	P12 YTD			2015/16	2015/16	2015/16	VARIANCE	BUDGET		2015/16
	REVISED BUDGET	P12 YTD ACTUAL	VARIANCE	ORIGINAL BUDGET	REVISED BUDGET	FULL YEAR OUTTURN	REVISED BUDGET	REMAINING	%	BUDGET HMT
	£000	£000	£000	£000	£000	£000	£000	£000		£000
Income	(335)	(326)	(9)	(317)	(335)	(326)	(9)	(9)	3%	(335)
Pay	11,151	9,802	1,349	11,680	11,151	9,802	1,349	1,349	12%	11,624
Other Expenditure	3,920	4,128	(208)	3,152	3,920	4,128	(208)	(208)	-5%	4,493
Depreciation	0	0	0	0	0	0	0	0	0%	0
ADMINISTRATION	14,736	13,604	1,132	14,515	14,736	13,604	1,132	1,132	8%	15,782
Income	(75)	(81)	6	(5,960)	(75)	(81)	6	6	-8%	(75)
Pay	762	1,754	(992)	725	381	1,754	(1,373)	(1,373)	-360%	614
Other Expenditure	6,359	6,299	60	6,537	6,740	6,299	441	441	7%	5,461
Depreciation	871	870	1	686	871	870	1	1	0%	871
PROGRAMME	7,917	8,842	(925)	1,988	7,917	8,842	(925)	(925)	-12%	6,871
Income	(410)	(407)	(3)	(6,277)	(410)	(407)	(3)	(3)	1%	(410)
Pay	11,913	11,556	357	12,405	11,532	11,556	(24)	(24)	0%	12,238
Other Expenditure	10,279	10,427	(148)	9,689	10,660	10,427	233	233	2%	9,954
Depreciation	871	870	1	686	871	870	1	1	0%	871
TOTAL	22,653	22,446	207	16,503	22,653	22,446	207	207	1%	22,653