

Ofqual Board

Paper 56/16

Date:

15th November 2016

Title:

Chief Operating Officer's Report

Responsible Director:

Marc Baker, Chief Operating Officer

Paper for Information

Open paper



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. Table 1 shows October 2016 year to date summary results, with planned expenditure for the rest of the year and the expected outturn at March 2017.

Table 1: Financial Performance Summary

£'000s	Actual / Expected	Budget	Under/(Over) Spend	Variance %	Monthly Run Rate
YTD – Oct-16	9,697	10,305	608	6%	1,385
November to March planned expenditure	9,623	9,392	-231	-2%	1,925
Expected March 2017 Position	19,320	19,697	376	2%	1,610

4. Year to date, the 6% underspend versus Budget is largely due to the phasing of spend, and delays in filling vacancies. Following the Quarter 2 Star Chamber reviews the latest forecast is for a £376K (2%) underspend, at the year-end. This assumes that the project fund spend already authorised will be delivered. Directorates are planning a significant ramp up of project activity in the second half of this year, and Finance will continue to scrutinise this to identify where changes in timing may release funds for reallocation to other priorities as required. In anticipation, we are preparing additional business cases to bring forward investment planned for 2017/2018 if the proposed calendarised spend profile is not achieved. Summary results by Directorate for the period April to October 2016, and for the expected outturn position are attached at Annex A.
5. There have been organisational structural changes during October 2016, with teams moving between Directorates which has been reflected in the relevant Directorate financial position from October onwards.
6. Key variances include an underspend in Strategy Risk & Research Directorate pay costs, and the surplus Pay reserve. This is partly offset by Regulatory and Corporate Services overspend on Interim Staff, due to a large number of maternity cover appointments, contractor cover for professional vacancies, higher IT system spend, and unbudgeted Executive Office costs.
7. The major movement in the forecast outturn from the £73,000 underspend reported at the last Board meeting follows a comprehensive review of the National Reference Test (NRT) position, which identified a forecast underspend of £343,000. This arises primarily from budgeted milestones being funded by a previous year accrual. The NRT underspend will be utilised to partly offset the overspend in the Accreditation programme.
8. Overall, the forecast expenditure on pay has been reduced by £66,000 from September's view, due to changes to recruitment timelines, while forecast expenditure on non-pay has increased by £216,000 due to the reallocation of funds into the non-pay elements of projects.

Project Fund

9. During October £352,000 was allocated from the Project Fund to support agreed business cases.
10. At the Quarter 2 Star Chamber reviews, each Directorate presented their business plan for the remainder of the year, and financial forecasts were scrutinised to ensure consistency with the actual and expected achievement of plan milestones.
11. As a result, £699,000 was returned to the Project Fund, much of which has been earmarked for alternative strategic priorities, including reviews of marking reliability, exam board capability, a survey of employers' views on vocational qualifications and projects relating to malpractice and predicting predictability. The allocation of project funds is shown in Table 2:

Table 2: Project Fund Balance breakdown

Project Fund	Amount
Ear Marked Projects	£693,000
Contingency for Litigation	£100,000
Available Funds	£156,000
Total Project Fund	£949,000

12. The forecast outturn assumes that the project fund will be spent in full by year-end; however, this assumption contains the following risks:
 - a. There is £156,000 that is not currently earmarked for projects; and,
 - b. Ear marked projects may be delayed, and not delivered this year.
13. The £100,000 contingency for exceptional litigation costs was reviewed at Star Chambers and it was agreed that the level remains appropriate, although there are currently no indications of pending litigation. This will remain under review and the forecast will be updated accordingly.
14. Finance are working to ensure that Directorate plans are robust and achievable in-year, and are reviewing additional organisation priorities to determine if there is potential to bring forward projects from next year, should funds be available to do so.
15. The latest expectation is that we will end the year within the agreed HM Treasury Control Totals.
16. The submission dates for the Supplementary Estimate (updated forecast) are confirmed by HM Treasury as:
 - a. Monday, 5 December – at this stage we will confirm the amount of funding required from DfE(BIS) to fund work on Functional Skills this financial year.
 - b. Friday, 13 January – Final submission of our detailed Estimate of spend this financial year
17. While the current forecast outturn for 2016-17 of £376k underspend is within 2% of budget in aggregate, we are targeting an outturn position of less than £200K underspent. Finance is working with Directorates to ensure that value for money is achieved where additional activities are identified, and assisting them to increase the accuracy of forecasts through training, and project costing assistance, where necessary.
18. The Chancellors Autumn statement will be laid before Parliament on the 23rd November. Any implications for Ofqual’s 2017 to 2021 budget will be presented at the Board meeting.

Interim & Contract Staff

19. Ofqual continues to use interim and contract staff mainly to cover maternity leave and roles that are being recruited permanently. At the end of October there were 8 Interim / Contract Staff, all with end dates before end March 2017.

The number and cost of Interims and Contractors is summarised in Annex B.

Procurement

20. Finance are conducting a review of the procurement policy, processes, contracts and controls, a paper will be reviewed by the senior management group (SMG) in December 2016.

2017-18 Outlook and Timing

21. The spending review agreed budget for 2017-18 reduces by £1.875m to £17.677m. The core budget will be £15.267m after the second of four annual cuts of £275K from the current year budget. Funding for the Reform programme reduces from £4m to £2.4m next year, as GQ Accreditation reform draws to a close, NRT funding reduces as the project moves to delivery of the live test and IT reform funding ceases.
22. The Main Estimate final submission date is expected to be around 13th March 2017, similar to last year. HM Treasury will confirm exact dates during February 2017.
23. The Strategic Planning and Finance teams have worked together to improve and integrate the planning and budgeting processes, and the detail and scrutiny will be more rigorous than in previous years.

Corporate Plan tracker

24. We have seen a number of activities mapped to our Corporate goal of regulating and reforming general qualifications move to amber in particular those related to accreditation. This has had the impact of changing the profile of activities related to this goal as can be seen on the summary report. Overall the significant majority of projects related to the assessment of this goal remain rated as Green.
25. We have made progress with our Corporate goal of regulating vocational and other qualifications. A number of activities have been assessed for the first time as being Green. Projects aligned with our work to regulate functional skills reform and apprenticeship reform have moved to Amber-Green. Only our work with assessment standards in centres has remained Amber.
26. Our goal of developing our people, resources and systems has seen no change in RAG ratings. The three projects identified in the September assessment rated as amber have remained rated at this level. These include independent working, long term space requirements and streamlining and reducing the costs of our IT provision.
27. We intend to improve the approach we take to the Corporate Plan Tracker for the January Board meeting, and then again further when the new Corporate Plan

launches for 2017. This is intended to clarify progress against milestones, and our success in achieving the outcomes linked to our Corporate Plan objectives.

People

28. Permanent headcount continues to increase and now stands at 182. The total number of employees filling established posts including agency and fixed term workers stands at 195. We have a further 10 individuals doing roles not covered by established posts which gives an overall level of staffing permanent and temporary of 205.
29. Changes in the VQ Directorate have taken place with one individual being displaced and set to leave the organisation at the end of November. We have strengthened the management team in VQ through the appointment of Catherine Large as a Director and Phil Carr as Associate Director Design and Development. The Legal and Regulatory Implementation teams have now moved into the SRR Directorate.
30. Sick absence has increased overall from 4.27% to 4.89% in October, this is significantly higher than this time last year when it stood at 1.96% (albeit a low month). There were a total of 3822 working days in the month and 187 were lost due to illness. 27 employees were absent in the month compared to 23 last month.
31. A member of staff has moved into long term sickness giving a total of 6 employees absent compared with 5 last month. Of the 6 cases, 2 cases have cited work related stress as the cause, whilst another is non-work related stress. In addition, one individual has been sick for over 400 days with a serious condition and is expected to continue long term sick for the foreseeable future. Another individual who has been sick for over 160 days to date is expected to return in January.
32. Mid-Year reviews have taken place with only 6 appraisals failing to be completed by the deadline. Moderation of objectives will be completed in November and pay modelling based on mid year achievement will inform options on determining the level of performance related pay.
33. Ofqual completed the Civil Service Staff Survey with a completion rate of 89% which was up on last year's figure of 76%. The average completion rate for our size department was 83.5% with the highest completion rate being 92%. Results were issued on the 11th November and are included as Annexe D. Initial points to note are that the 'Engagement' score has increased from 58% to 60%, 'Poor Performance is dealt with effectively' has increased from 15% to 34%, 'I want to leave Ofqual' has remained unchanged at 10%, and 'Experience of Bullying and Harassment' has increased from 8% to 13%, which is disappointing but not unexpected due to the fact that the business has been highlighting the issue in order to deal with it.
34. SMG will review the results in December and develop an action plan.

Health and Safety

35. Both Defibrillators have now been sited, one on the ground floor and one on the first. A number of instructional videos were made available all current first aiders have received full training as well.

36. All first aider training is now complete and we are just awaiting certification, we now have 12 first aiders (plus the Interserve staff). This is above our legal requirement given our head count but allows us to maintain a minimum level of cover given a potential increase in flexible working over the next few months.
37. We had a fire evacuation drill on October 27th. Although evacuation time was slightly slower than previously the drill was a success with the new evacuation route and assembly point working well.

Accommodation

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

IT and Information Management

39. Cloud IT and the Ofqual network have been available more than 99% of the time. 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. This includes using solutions that enable us to automatically shutdown cloud IT servers out-of-hours to reduce operating costs. This will reduce operating costs over a year by around £12k.
40. Good progress is being made on the application for public service network (PSN) accreditation. Accreditation is on track for first quarter 2017. CESG challenge, which secured a £25k grant from the communications equipment security group (CESG and the security arm of GCHQ), is progressing well. The challenge was set up to adopt new security features in Windows 10 which are now being deployed to Ofqual staff; CESG has asked Ofqual IT to extend the scope of work to include other security enhancements available in Windows 10 as progress to date has been so positive.

IM transformation project

41. Implementation of the digital strategy continues on track, the aim is to make transactions between Ofqual and AOs digital, where possible. Since the last report two new digital transactions for the AO portal have been launched - user management and contact Ofqual; user management is for AO administrators to manage users within an awarding organisation to free up Ofqual IT resources; contact Ofqual is for AOs to get in touch with Ofqual regulatory teams.
42. This new 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. Digital transactions provided by the AO portal will reduce reliance on some of the 114 email accounts currently being monitored by Ofqual regulation to receive notifications from AOs.
43. Work on the data collection portal continues with further GQ/VQ monitoring data being added to the collection portal to validate data sets automatically. Automatic validation has improved data quality considerably and reduced burden on AOs and Ofqual. Work is also in hand to review VQ data needs; this would establish a degree of parity with GQ data collections which provide much more data to inform

GQ regulation compared to VQ collections. Extended VQ data collections, once analysed in the data warehouse, would be used to inform regulatory decision making to target regulation where it is most needed.

Communications

44. Our confirmation that the first National Reference Test would take place in February and March 2017 was the key announcement during the autumn. There was limited social media and press coverage as the announcement was in line with our previous communications.
45. The number of public enquiries to our Helpdesk remained elevated in September and October, consistent with previous experience of summer exam series. We exchanged written correspondence on 401 occasions in September and 371 occasions in October, compared with 397 occasions in August. About 40% of written enquiries in September and October were about GCSEs, AS and A levels, with a quarter about vocational or other qualifications. About a fifth of enquiries were for organisations other than Ofqual. The remainder were about awarding organisations or other issues.
46. At a more disaggregate level, questions related to appealing GCSE, AS and A level results accounted for about 14% of enquiries in September (the highest single category that month), but this fell sharply in October as opportunities to challenge closed. In contrast, enquiries about results and marking reviews consistently accounted for just over 10% of correspondence in each of August, September and October. About 5% of all enquiries in October were about access arrangements for next summer, a noticeable increase on previous months. Other enquiries relating to GCSEs, AS and A levels over the 3-month period concerned resits ($\approx 3\%$ of all enquiries), coursework ($\approx 2\%$), grade boundaries ($\approx 2\%$), special consideration ($\approx 1\%$) and question papers ($>1\%$).
47. 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 and each accounted for about 10% of enquiries between August and October.
48. In early October we confirmed how GCSE grades would be awarded as reformed qualifications are introduced. There was significant social media and trade press coverage, which was expected given their application to English and maths qualifications next summer. The plans were welcomed by a wide group of school bodies, including ASCL, GSA, HMC and NAHT.
49. We sent a letter to more 7,000 headteachers of schools and colleges in England in early November as part of our programme to raise awareness and understanding of the new GCSE grading scale, and other reforms to GCSEs, AS and A levels. The letter indicated significant interest among schools in receiving more information about the reforms. We recruited more than 1,000 subscribers to a new newsletter and fully allocated 200 spaces on a series of webinars within 3 days of distribution. We have begun a baseline survey of understanding among key stakeholder groups to inform our future communications and engagement activity.
50. Our role as one of 4 potential providers of external quality assurance for apprenticeship end-point assessments was the subject of public discussion in late

October and early November in light of Sally Collier's appearances at the FAB conference and before the sub-committee on education, skills and the economy. FE Week took a keen interest, encouraging wider discussion and dissemination among its social media followers. Technical education and functional skills qualifications also generated much commentary as the government continued to set out its reform agenda.

51. The announcement of our intention to fine Pearson - after the firm admitted failing to meet 6 general conditions of recognition in connection with an incident that affected a variety of vocational qualifications between 22 April 2015 and January 2016 - was widely reported on social media, with dozens of retweets of trade press coverage. There were just a handful of tweets when the final decision was posted in early November.

Regulatory Activity

52. Our symposium on marking consistency in early November was attended by about 40 academics, subject experts, teachers and examiners. Press attended from the Press Association, national newspapers and the trade press, with SchoolsWeek's editor invited as the event's respondent. Coverage was limited to the trade press. As is sometimes the case, the headlines may not be ones we would have chosen, but the importance we placed on transparency and open discussion were apparent in the coverage and in some of the dozens of social media responses.
53. The audit team has increased to 9 FTE as the progress being made on accreditation has allowed the planned release of two caseworkers back into audit as outlined in the last COO report. Recruitment activity to fill vacancies in the team is still on hold until we determine the resources required to support end point assessments, technical education and the VQ audit plan.
54. *This paragraph has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*
55. *This paragraph has been redacted as its publication would be prejudicial to the effective conduct of public affairs..*
56. *This paragraph has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*
57. *This paragraph has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*

Figure One – redacted

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

58. The team continued to work towards the IIA Certificate in Internal Audit and Business Risk (IACert), with many auditors completing the internal audit practice module this month.
59. The total number of recognised Awarding Organisations has fallen by one this month to 155, which gives a cumulative reduction of six over the last 12 months. We completed processing five applications for recognition – all VQ related. Four were rejected as not meeting our criteria, and one has been passed to full review.
60. We are reviewing the feedback from the recent recognition survey and are developing an action plan which we hope to share next month.

Case Working

61. Twenty new cases were received during the month of October, this is a similar level to previous years and gives a total of 26 cases currently open. Of the new complaints 16 related to general qualifications and 4 vocational.
62. *This paragraph has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*
63. NO new complaints were raised about Ofqual during the reporting period.

National Reference Test

64. The tests will be held between 20 February and 3 March 2017. As at 4 November, of the 360 schools initially included in the sample, 315 schools had agreed to take part. NFER is continuing to contact schools, including a small number of 'replacements', to achieve the target sample of at least 330 schools. It is clear that the legislation that was introduced, making it mandatory for a school to take part if selected, has been effective. The high acceptance rate should significantly improve the level of test precision we will achieve, compared to the Preliminary Reference Test. NFER is also collecting data from each sampled school on all year 11 students that will be entered for GCSEs in maths and/or English language.
65. Schools will be advised in early January 2017 which students have been selected to take a test (30 each for maths and English). NFER has confirmed it has sufficient test administrators (225 are available against a plan requiring 190) and is now recruiting markers. Re-fresh items are being 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.
66. We continue to work with stakeholders to build their understanding of the NRT and to benefit from their advice in preparing our communications with schools that will take part in the test. Feedback from stakeholders shows that our decision to proceed with live testing has been well received.

Legal

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

Impact Assessments

Equality Analysis

68. There are no impacts arising from the report.

Regulatory Impact Assessment

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

Timescale

70. No impact on any timescales.

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

Annex List: -

Annex A *redacted*

Annex B *redacted*

Annex C *redacted*

Annex D *redacted*

The annexes have been removed as its publication would be prejudicial to the effective conduct of public affairs.

Annex A: *Redacted*

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

Annex B: *Redacted*

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