



**Office for Fair Access**

Northavon House  
Coldharbour Lane  
BRISTOL  
BS16 1QD  
tel 0117 931 7171  
fax 0117 931 7083  
[www.offa.org.uk](http://www.offa.org.uk)



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office for fair access  
**report & accounts 2014-15**



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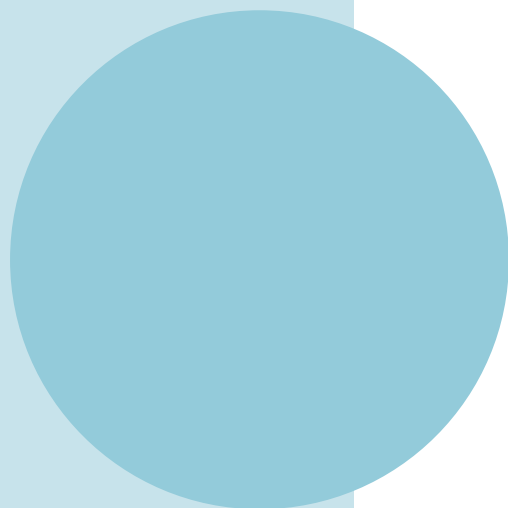








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# Office for Fair Access annual report and accounts 2014-15

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The photographs for this annual report were taken at Swindon College and SOAS, University of London, by Biddy Dymond.





# Foreword



Ten years ago this year, a great experiment began. The first access agreements were approved, giving universities and colleges individual responsibility for ensuring that everyone with potential to benefit from higher education has equal opportunity to do so, regardless of background. Today, access agreements are an established part of the higher education landscape, and their mission is succeeding. They have helped participation among disadvantaged groups to rise to record levels, delivering continuity of progress across different governments and through major transformation of the fees and funding system. The progress made so far on access to higher education is a national success story.

## Focus on impact

This success is underpinned by OFFA's single focus regulation. Access is our only priority, so we can concentrate on what will have the most impact without having to balance this against conflicting responsibilities. As independent regulator of fair access, we help keep access on the public agenda and that high profile ensures high levels of commitment from universities and colleges. We provide intelligent, evidence-led regulation with high value for money, holding universities publicly accountable to the commitments that they make and, above all, ensuring that they focus on impact so that the hundreds of millions of pounds' investment that we leverage from them goes where it can make the greatest difference.

## The story continues

Now, the question is: how do we have even more impact in future? In the past year we have worked to build on OFFA's strengths, with a strategic plan and operational changes that support our 'understand, challenge, champion' approach, and enable us to measure and improve how we work with universities and colleges to make further, faster progress. We are still small, but we punch above our weight by collaborating widely and where it matters, seeking

partnerships wherever working with other organisations can improve efficiency and impact.

One important way in which we are doing this is by taking a new, collaborative approach to our work to grow and share the evidence about what works best to improve access, success and progression. This has started with our current project on the impact of financial support, which will harness the research expertise within universities themselves to increase understanding and provide practical tools for widening participation practitioners to use, so benefiting the whole sector.

In the coming year we will also use our guidance to give renewed challenge to institutions to tackle the low rates of retention and differential outcomes that affect some groups of students. Too many talented people from under-represented groups are still finding that even after they have overcome the barriers that block their route onto a course, they face lingering disadvantage that prevents them from reaching their full potential. This must change.

In the past ten years, access agreements have proved to be a powerful lever for change. But I believe they can have even more impact. I want future access agreements to drive further, faster progress across the whole student lifecycle. I want access agreements to speed up change at highly selective institutions, and to improve support for disadvantaged students so that we can reduce non-completion and raise attainment levels. I believe that by working in close partnership with universities and colleges and the wider sector, OFFA can throw open the doors of opportunity even wider, changing the lives of everyone who has the talent and ambition to succeed in higher education and go on to boost our economy and enrich our society.

A handwritten signature in black ink, appearing to read 'L. Ebdon'.

Professor Les Ebdon CBE  
Director of Fair Access to Higher Education  
8 June 2015



# About OFFA

## Who we are

OFFA is the independent regulator of fair access to higher education in England. We are a non-departmental public body, set up in 2004, and our role is to promote and safeguard fair access to higher education for people from under-represented and disadvantaged groups.

## Our aims

OFFA's aims, set out in our *Strategic plan 2015-2020*<sup>1</sup>, are:

- to increase the proportion of learners from under-represented and disadvantaged groups who enter, succeed in and are well prepared to progress from higher education to employment or postgraduate study
- to make faster progress in improving access to the most selective higher education institutions by students from under-represented and disadvantaged groups.

These aims contribute to the vision of the national strategy for access and student success<sup>2</sup>, that:

*“All those with the potential to benefit from higher education have equal opportunity to participate and succeed, on a course, and in an institution that best fit their potential, needs and ambitions for employment and further study.”*

## What we do

The main way we work is through access agreements with universities and colleges. We support the development of access agreements by issuing clear guidance, identifying and disseminating good practice, and engaging in year-round dialogue with universities and colleges. We then assess, approve and monitor those agreements.

We also raise issues relating to fair access with Government and the higher education sector as a whole, championing success and identifying those areas where progress needs to be made. Higher education providers and other organisations share or contribute to our objectives and we work closely with a wide range of partners across the sector as effectively as possible to maximise our impact.

We take a 'whole student lifecycle' approach, which recognises that for fair access to be meaningful, students must be supported to fulfil their potential – successfully completing their studies and being prepared for what they choose to do next.

### Access agreements

All publicly funded universities and colleges wishing to charge higher tuition fees must have an access agreement approved by OFFA.

An access agreement sets out the institution's tuition fee limits, its targets for making progress in attracting students from under-represented groups and supporting them as they study and prepare to progress after graduation, and how it intends to go about meeting those targets.

Access agreements are a powerful lever for change across the student lifecycle, because the majority of investment in fair access is delivered through them.

Access agreements, and the outcomes from our monitoring of them, are published to ensure transparency and public accountability.

### Under-represented and disadvantaged groups

We define these as including, but not limited to, learners from lower socio-economic groups or from disadvantaged neighbourhoods; disabled learners; learners from some ethnic groups; and care leavers.

<sup>1</sup> OFFA's *Strategic plan 2015-2020* is available at [www.offa.org.uk/publications/strategic-plans/](http://www.offa.org.uk/publications/strategic-plans/).

<sup>2</sup> The national strategy was developed by OFFA and the Higher Education Funding Council for England for the Department for Business, Innovation and Skills. For more information see [www.offa.org.uk/about/objectives/#natstrat](http://www.offa.org.uk/about/objectives/#natstrat).



# Management commentary

In the past year we have significantly increased our activity and outputs, and above all, we have consolidated our understanding of how to maximise our impact as the single-focus regulator of fair access to higher education. Central to this has been our progress in six key areas:

- developing and publishing our new strategic plan
- improving the way we operate, directing our resources to support the delivery of our strategic plan
- improving the evidence base around fair access, in particular evidence around the impact of institutional financial support
- collaborating more closely with our sector partners, including higher education providers
- encouraging universities and colleges to tackle disadvantage across the whole student lifecycle
- ensuring that access agreements act as a powerful lever for change, encouraging universities and colleges to tailor investment increasingly towards where they need to make the most progress as an individual institution.

## Developing our new strategic plan

Our *Strategic plan 2015-2020*, published in February 2015, sets out how we will help deliver the vision set out in the national strategy for access and student success, working with universities and colleges to build on the improvements in access to date and make further, faster progress.

The plan sets out a vision for how we will maximise our impact, strengthening our ability to offer intelligent, evidence-led regulation across the student lifecycle. It includes clear aims and progress indicators, and explains that we will achieve them through our ability to:

- **understand:** learning from the research of others; contributing to a greater evidence base; and improving the guidance that informs the approaches that universities and colleges take to their work on access, student success and progression
- **challenge:** using an evidence-led approach to more actively engage with universities and colleges, challenging them to make sustained and faster progress towards their targets across the student lifecycle
- **champion:** raising issues of fair access to a broad audience, and sharing and championing evidence of success and best practice, so informing practice, policy and investment decisions.

In developing our strategic plan, we consulted widely with the higher education sector, and were pleased to see a clear endorsement of our new approach from the large majority of respondents. We were particularly pleased to get significant support for our proposals for greater collaboration, which we believe is key to improving fair access.

Many higher education providers asked us to define more clearly the progress we wanted to see across the student lifecycle. In response, we developed ambitious, measurable, sector-wide outcomes objectives which include improving the rates of disadvantaged students entering and succeeding in higher education, closing the participation gap between the most and least disadvantaged, and increasing the participation of students from disadvantaged backgrounds at highly selective universities.

Our challenge to make faster progress is accompanied by an increased commitment to provide practical support to universities and colleges. Central to this is our work to expand the evidence base around fair access, and to support the higher education sector to work collaboratively to share and learn from good practice.

## Improving the way we operate

Since 2011, we have expanded from a team of just four people to an organisation of more than 20, following guidance from Ministers, and our work has increased: we now regulate annual widening participation activity of more than £700 million, and cover retention and student success measures, and part-time undergraduates.

Our growth has supported the increase in our activity that Ministers requested, and has enabled us to deliver greater balance in our regulation – growing our capacity to understand and support the development of the evidence base, and to work more effectively with others to champion the widening participation and fair access agenda. It has also enabled us to make changes to the shape and operations of the organisation that increase our focus and efficiency, to help us deliver the aims and objectives set out in our strategic plan. For example, during the 2014-15 financial year we have:

- developed new operational plans to drive the activity of the organisation as a whole, and individual teams within it
- increased the volume and quality of interaction with the universities and colleges we regulate, through visiting them, work with stakeholders, and year-round discussions with individual institutions
- established new senior analyst, stakeholder relations and information management roles, and developed our evidence and good practice team, to maximise the effectiveness of our work in these areas
- developed a series of briefings that bring together evidence, good practice and useful resources in key topic areas, for publication online in 2015-16
- improved our information management to enable more effective and efficient use of the information we hold. For example, we piloted the use of qualitative data analysis software which has enabled us to interrogate 2014-15 and 2015-16 access agreements more effectively, giving us a

much stronger understanding across the sector of what universities and colleges have included in their agreements, and emerging trends

- improved our monitoring process so that the information we request is better aligned to our new strategic plan
- established a sector working group to investigate the consistency of financial forecasting and reporting to OFFA
- carried out a consultation on information transparency and OFFA's approach to minor access agreement breaches.

We are still, relatively, a very small body, but despite this – and with a budget this year of just £1.6 million – we achieve significant impact and make a key contribution to the Government's social mobility aims. Under our guidance as access regulator, universities and colleges have significantly increased their focus, ambition and investment in fair access, and most importantly of all, participation in higher education among those from disadvantaged backgrounds has accelerated (there is more detail about this in the 'key performance indicators' section on page 17).

The high public profile of access agreements has been key to ensuring high levels of commitment from universities and colleges and transparency. Our growth, and our operational development, has been essential to support this impact and to enable us to work to ensure it continues; and, as a single-focus regulator, we have been able to concentrate on giving challenge and support to universities and colleges in a way that might not be possible for a multi-purpose body with potentially conflicting remits.

## Improving the evidence base

Improving the evidence base around access, student success and progression is a key priority for us. In order to achieve the progress set out in our strategic plan, universities and colleges must maximise the impact of their efforts and investment, and we are working with them to develop our shared understanding of which approaches and activities have the greatest impact.

In their 2014-15 and 2015-16 access agreements, we saw much greater detail of the evidence that universities and colleges are using to inform their strategies and identify priority areas for development. However, while we are encouraged by the progress made in this area over the past few years, there is still much further to go to understand what

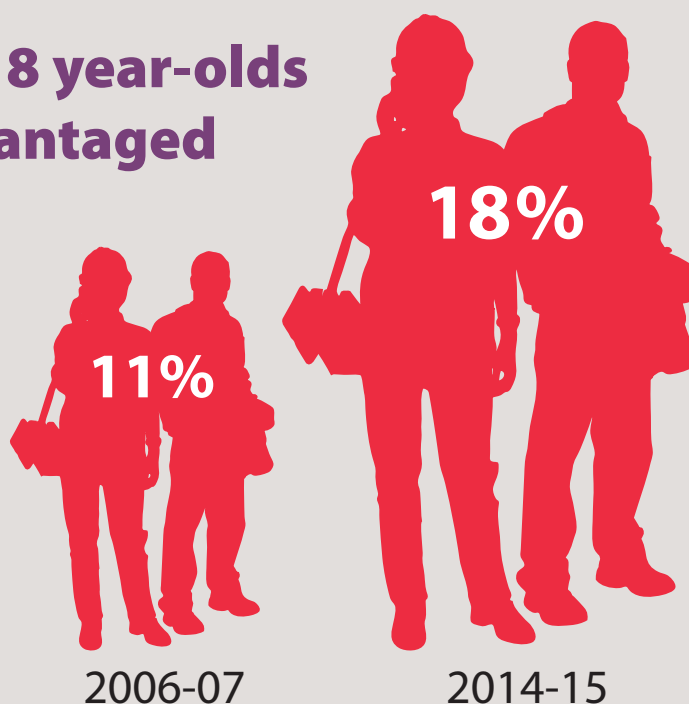






## Participation rate of 18 year-olds from the most disadvantaged neighbourhoods

**61%**  
increase



approaches are most effective. To address this, we have significantly expanded our work in this area over the past year, using our position as a single-focus regulator to share good practice, carry out research, encourage others to do their own research and analysis, develop capacity and understand gaps.

### Impact of financial support

A key focus for our work on evidence has been the impact of financial support, as there is currently not a clear enough understanding of the role that it plays in widening participation. Given that universities and colleges currently spend over £400 million annually on bursaries, scholarships and other financial support through their access agreements, the need for better understanding about the impact of this investment is pressing.

Previous analysis found no evidence, despite all expectations to the contrary, that bursaries had an observable effect on either students' choices of where to study, or continuation rates for undergraduate students under the pre-2012 system of fees of student support. To build on this, we have worked collaboratively with higher education providers and our other strategic partners to improve the evidence about the impact of financial support. This included a review of existing evidence about the impact of financial support on the experience of students within higher education study; a call for evidence to inform the review; a one-day national conference; and research on students' use of online financial information, carried out by Net Natives with advice from OFFA.

Over the coming year, we will look to build on this work, commissioning a project to develop and pilot resources that universities and colleges can use to improve understanding and evaluation of the impact of financial support on student success. We will also re-run our in-house analysis examining the impact of bursaries on retention, this time looking at the post-2012 context.

### Collaborating more closely with our sector partners

Over a number of years, we have emphasised the importance of universities and colleges working in partnership, and highlighted the benefits that such collaboration can bring, such as reducing duplication and increasing coverage and efficiency. We were therefore pleased to see an increased emphasis on collaboration in 2015-16 access agreements: not only in access activity, but also on student success and progression – for example, work with employers to support progression into employment, and to support mature learners.

While encouraging universities and colleges to collaborate more to deliver access agreement activity, we have similarly, over the past year, developed the ways in which we ourselves work collaboratively with universities, colleges and our sector partners to deliver change. For example, our work on financial support research has been – and continues to be – highly collaborative. In the initial phase of the project, universities and colleges contributed to a review of the current evidence around the impact of

financial support and we organised a conference in partnership with CFE Research/Edge Hill University and Universities UK to discuss this evidence; we also advised digital consultancy Net Natives on its analysis of online searches for financial support information, which will help the sector better understand how to reach and respond to disadvantaged and under-represented students online.

As the financial support research project goes forward, it will continue to be highly collaborative, with universities and colleges working with the OFFA-appointed project leaders to develop and pilot resources that higher education providers can use to improve understanding and evaluation of the impact of financial support on student success. This project is a new way of working for OFFA, collaborating directly with academic researchers, and we hope to engage in other partnerships of this type in future to further harness the enormous resource of analytical expertise that is available in universities.

We were also very pleased to work in partnership with the Medical Schools Council on its first ever guidance to medical schools on how to improve access and support for people from disadvantaged backgrounds. As part of the collaborative Selecting for Excellence project, we advised on the guidance and commissioned the research on which it is based.

## Addressing disadvantage across the student lifecycle

We know, from research done by the Higher Education Funding Council for England, that disadvantage does not stop when students enter higher education. There are disparities in success and progression between the most advantaged and disadvantaged learners, with students from many disadvantaged groups not achieving the level of degree or the type of job after graduation that would be expected given the students' other characteristics.

In response, a fundamental aspect of our strategic plan is the recognition that 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. In our guidance

and engagement with universities and colleges, we have therefore challenged them to consider how they can improve outcomes across all stages of the student lifecycle. We were pleased that, following this guidance, 2015-16 access agreements did increasingly address student success and progression, in particular looking to support undergraduates from disadvantaged backgrounds as they prepare for employment or study after graduation.

## Strengthening access agreements as a lever for change

From May to July 2014, we processed access agreements covering the 2015-16 academic year. In total, we approved 172 access agreements, comprising 123 higher education institutions and 49 further education colleges<sup>3</sup>. Overall, at a sector level, these agreements demonstrate that we have, through our research and our focus on evidence in our guidance, brought about a substantial shift in the sector's investment patterns.

The 2015-16 access agreements show an increasingly strategic, whole-institution, evidence-led approach. Universities and colleges are strategically rebalancing their investment to support access, student success and progression activity depending on where each needs to improve, and using evidence from their monitoring and evaluative work to prioritise programmes and activities that have the greatest impact. For example, universities with low proportions of students from under-represented and disadvantaged groups are spending more on targeted, long-term outreach work to improve aspirations and attainment, while those with more representative student bodies have increased their activity to support under-represented students in their studies and help them prepare to progress to employment or postgraduate study.

Across the sector as a whole, access agreements for 2015-16 showed significantly greater investment in activity, as opposed to financial support, across the student lifecycle, in line with OFFA's guidance. Steady state predictions<sup>4</sup> of activity spending rose by a third in cash terms, from £243 million under 2014-15 access agreements to £323 million under 2015-16

<sup>3</sup> As of 31 March 2015, there are 123 higher education institutions and 50 further education colleges with access agreements, due to three additional access agreements being approved and two withdrawn by higher education providers.

<sup>4</sup> Universities and colleges update their access agreements annually, so different packages of fees and financial support will apply to students in different years of study. To aid comparison between agreements, they make 'steady state' predictions of what they would expect to spend in a hypothetical future year in which first, second, third and fourth year students were all under the same agreement.

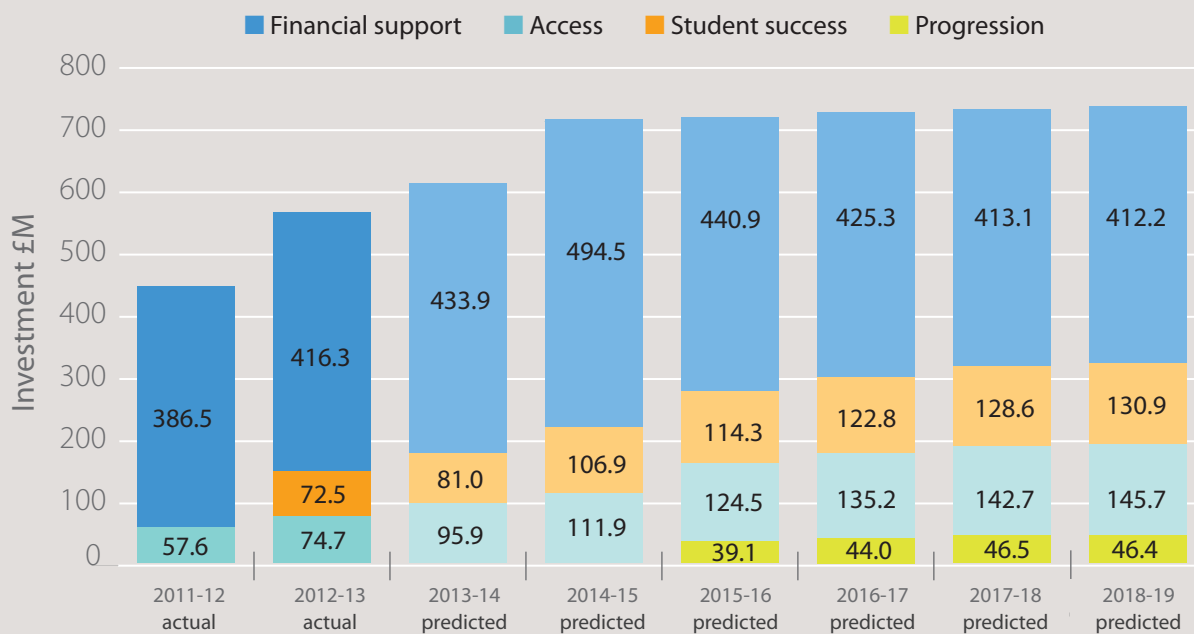
access agreements, while universities and colleges predicted steady state investment of £412 million on financial support such as bursaries, fee waivers and accommodation discounts under their 2015-16 access agreements, down from £465 million under their 2014-15 agreements. In part, this was a result of the ending of the National Scholarship Programme for undergraduate entrants, which meant universities and colleges had greater flexibility to invest in line with our guidance and evidence about impact.

We also saw a marked decrease in fee waivers (down from 30 per cent of financial support under 2014-15 access agreements to 6 per cent under 2015-16 agreements), with a greater proportion of financial support going into bursaries and scholarships, or being offered as 'student choice', where students


have an option to receive their award as cash, fee waivers or as an in-kind award. We believe this was also a result of increased flexibility after the end of the National Scholarship Programme, enabling universities and colleges to respond to students' feedback that money 'in their pockets' was preferable to a reduction in a future debt – welcome evidence that universities and colleges are following our guidance that they should listen to students when developing their access strategy.

In addition, we were pleased that many universities and colleges reported they had considered OFFA's analysis on the impact of bursaries, and their own evidence, in ensuring that their financial support was well targeted, and that they were planning to carry out more analysis in this area over the coming year.

### Investment through access agreements







# key performance indicators

This section sets out the progress made towards the objectives contained in our strategic plan 2015-2020.

The sector outcome objectives measure progress against our aims by universities and colleges at a high level. They refer to students from low participation neighbourhoods, but we continue to take a broad view of disadvantage, taking into account disabled students, care leavers, students from different ethnic groups, and other under-represented groups, plus the greater prevalence of these characteristics among mature students and students who study part-time. They reflect our primary regulatory purpose to safeguard and promote fair access, recognising that this is only meaningful if we also seek equality of outcomes for students from disadvantaged backgrounds throughout their studies and as they prepare to progress to employment or postgraduate study.

The rest of our objectives concern how OFFA's work has contributed to achieving the sector outcome objectives over the past year.

# Sector outcome objectives

1. To make faster progress to increase the participation rate of higher education entrants from under-represented and disadvantaged groups, and narrow the participation gap between people from the most and least advantaged backgrounds

Since 2004-05, there have been much greater proportional increases in the proportions of entrants from disadvantaged areas (POLAR quintiles 1 and 2)<sup>5</sup> than for all areas.

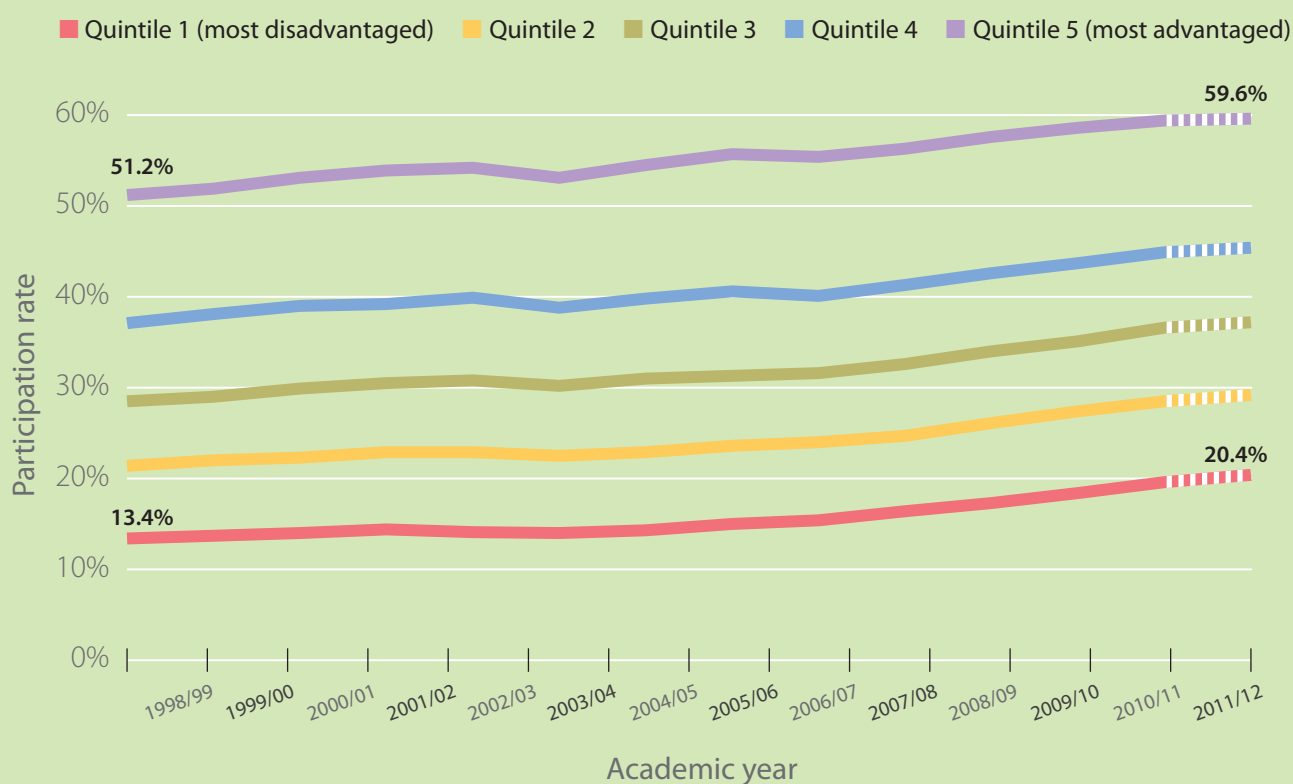
The graph below shows that between 2004-05 and 2011-12 the proportion of entrants from the most disadvantaged areas (quintile 1) increased from around 14 per cent to around 20 per cent,

a proportional increase of 43 per cent, and the ratio between quintile 5 (the most advantaged areas) and quintile 1 reduced from just under 4:1 to 3:1.

Under our new strategic plan, our targets are that by 2019-20, 36 per cent of young people from POLAR3 quintile 1 and 46 per cent from POLAR3 quintile 2 enter higher education, and the ratio between quintile 5 and quintile 1 is 2:1.

More recent data from UCAS points to continued positive progress in this area, with young people from disadvantaged areas 20 per cent more likely to enter higher education in the 2014 application cycle than in the 2011 application cycle.

Trend in young participation rates for areas classified by higher education participation (POLAR3 classification, adjusted)

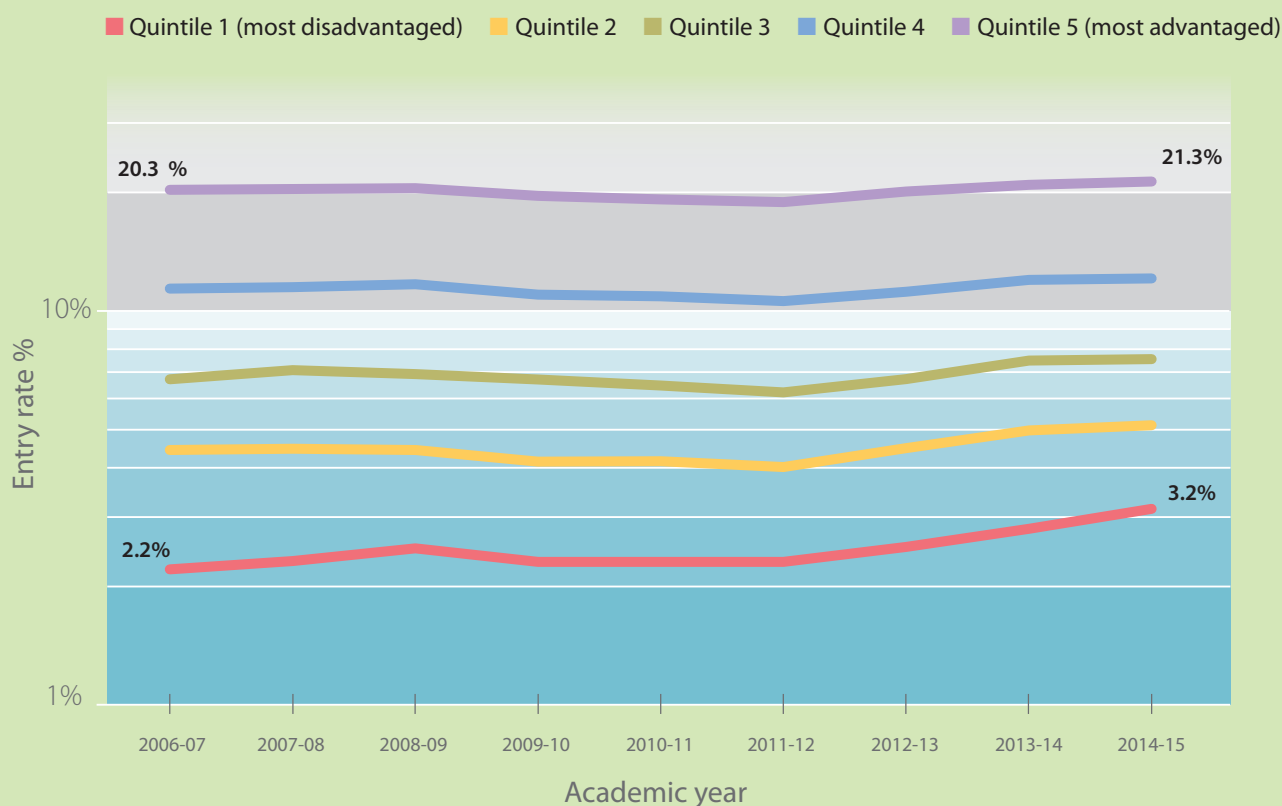


Source: HEFCE publication 2013/28, Trends in young participation to higher education, available at [www.hefce.ac.uk/pubs](http://www.hefce.ac.uk/pubs)

Note: This graph uses 'cohort' to mean students who were aged 18 in one year and who entered higher education by the end of the following year (either aged 18 or 19), to account for the number of young people that either defer or take a gap year before embarking on their degrees. Dotted lines indicate predictions.

<sup>5</sup> POLAR (Participation of Local Areas) classifies local areas into five groups, based on the proportion of 18 year-olds who enter higher education aged 18 or 19 years old. These groups range from quintile 1 areas, with the lowest young participation (most disadvantaged), up to quintile 5 areas with the highest rates (most advantaged). There are several iterations of this classification, of which the most recent is POLAR3.

## English 18 year-olds, entry rates to higher tariff providers by POLAR2 groups (logarithmic scale)



Source: UCAS, *Undergraduate end of cycle report 2014*, available at [www.ucas.com/corporate/data-and-analysis/analysis-reports](http://www.ucas.com/corporate/data-and-analysis/analysis-reports)

Note: This graph uses a logarithmic scale to show more clearly the proportional changes across the large differences in the numbers.

### 2. To make faster progress to increase the entry rate of students from under-represented and disadvantaged groups entering more selective institutions, and narrow the participation gap between people from the most and least advantaged backgrounds at such institutions

The latest UCAS data shows that between 2006-07 to 2014-15, entry rates for English 18 year-olds increased from 2.2 per cent to 3.2 per cent for quintile 1, and from 4.4 per cent to 5.1 per cent for quintile 2. Over the same period, the quintile 5:quintile 1 ratio improved from 9.2:1 to 6.8:1.

Under our new strategic plan, our targets are that by 2019-20, 5 per cent of young people from POLAR2 quintile 1 and 7 per cent from POLAR2 quintile 2 enter higher tariff providers, and the ratio between quintile 5 and quintile 1 is 5:1. The graph above shows the latest data on entry for POLAR2 quintiles 1 to 5.

### 3. To improve continuation rates for students from under-represented and disadvantaged groups and narrow the gap in non-continuation rates between advantaged and disadvantaged students

In recent years we have seen very positive progress in the proportions of young entrants continuing in higher education after one year as shown in the graph overleaf.

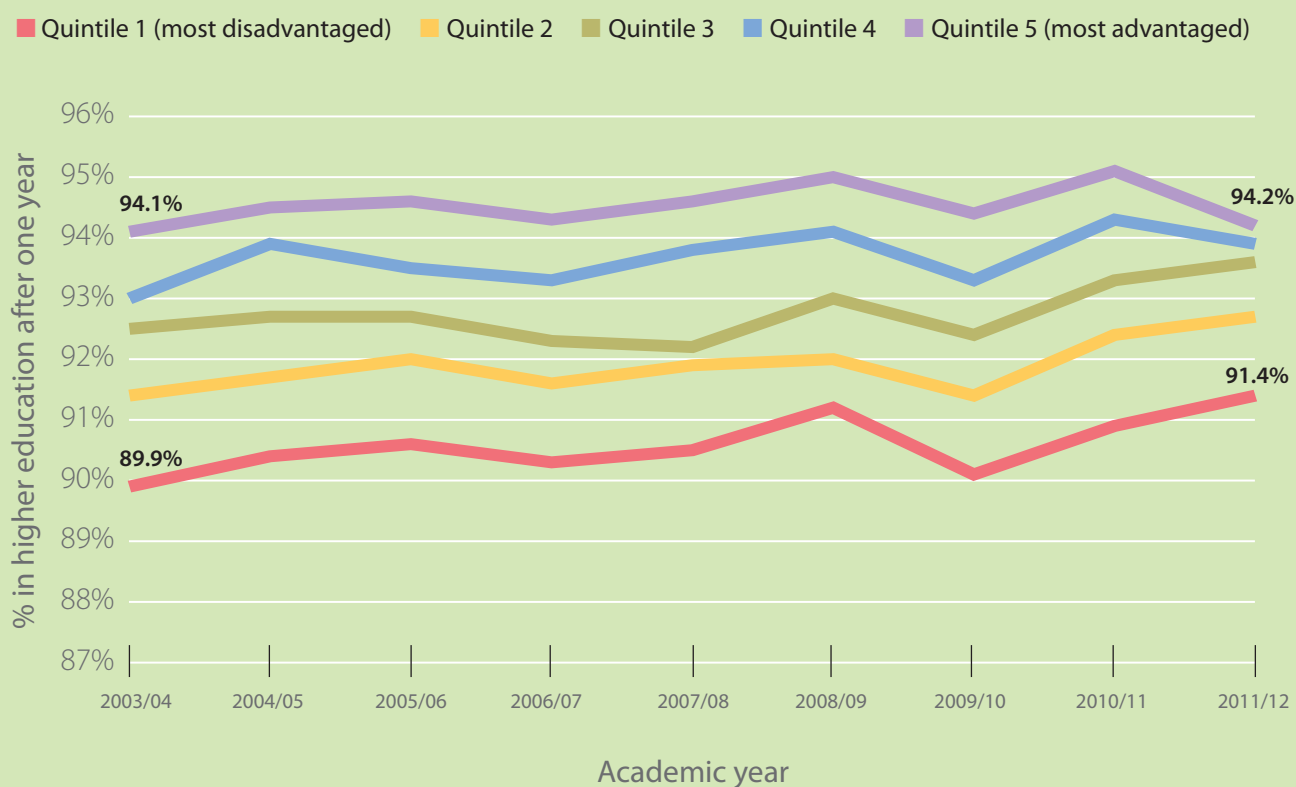
There have been particular improvements among entrants from disadvantaged areas, with the proportion of entrants from quintile 1 who are in higher education after one year increasing from 89.9 per cent to 91.4 per cent between 2003-04 and 2011-12, and a narrowing of the gap between the most advantaged and most disadvantaged from 4.2 per cent to 2.7 per cent.

More recent data from the Higher Education Statistics Agency (HESA), published in March 2015, shows further improvements in continuation rates for young entrants in 2012-13 from the most disadvantaged areas, with the proportion of students from quintile 1 still in higher education increasing to 92.3 per cent.

In our new strategic plan, our target is that by 2019-20, 92 per cent of young entrants from POLAR3 quintile 1 are still in higher education after their first year.



Proportion of young entrants who are still in higher education after one year, by POLAR3 classification



Source: HEFCE, *Non-continuation rates at English higher education institutions*, published at [www.hefce.ac.uk/analysis/ncr/nc/](http://www.hefce.ac.uk/analysis/ncr/nc/)

4. To improve the proportion of students from under-represented and disadvantaged groups achieving a good degree outcome (a first or upper second class degree) and narrow the gap in attainment between advantaged and disadvantaged students

5. To improve rates of progression into graduate-level employment or further study for students from underrepresented and disadvantaged groups and narrow the gap in successful outcomes between advantaged and disadvantaged students

We know from the national strategy for access and student success that to maximise effectiveness, institutions need to take a broad view of widening participation encompassing a student's entire lifecycle – in other words that disadvantaged students are supported not only to prepare for and access higher education, but also on their journey through their course and in preparing to progress to employment or further study.

We therefore asked universities and colleges to consider every stage of the student lifecycle in developing their access agreements for 2015-16,

and were pleased to see an increased emphasis on this in institutions' plans. In particular, many universities and colleges provided more detail on how they will support undergraduates from disadvantaged backgrounds to prepare to progress to employment or postgraduate study, and set new targets in this area. Across student success and progression, institutions estimated they would spend £177 million under their 2015-16 access agreements, up from £119 million under their 2014-15 access agreements. We anticipate this increased focus will contribute to progress against these sector outcome objectives in the coming years.

We do not currently hold data over a long enough timescale to set meaningful numerical targets for these two sector outcome objectives. Working with experts in the sector, we will carry out and publish analysis of HESA data in these areas, and investigate the possibility of a numerical target during the lifetime of our strategic plan.

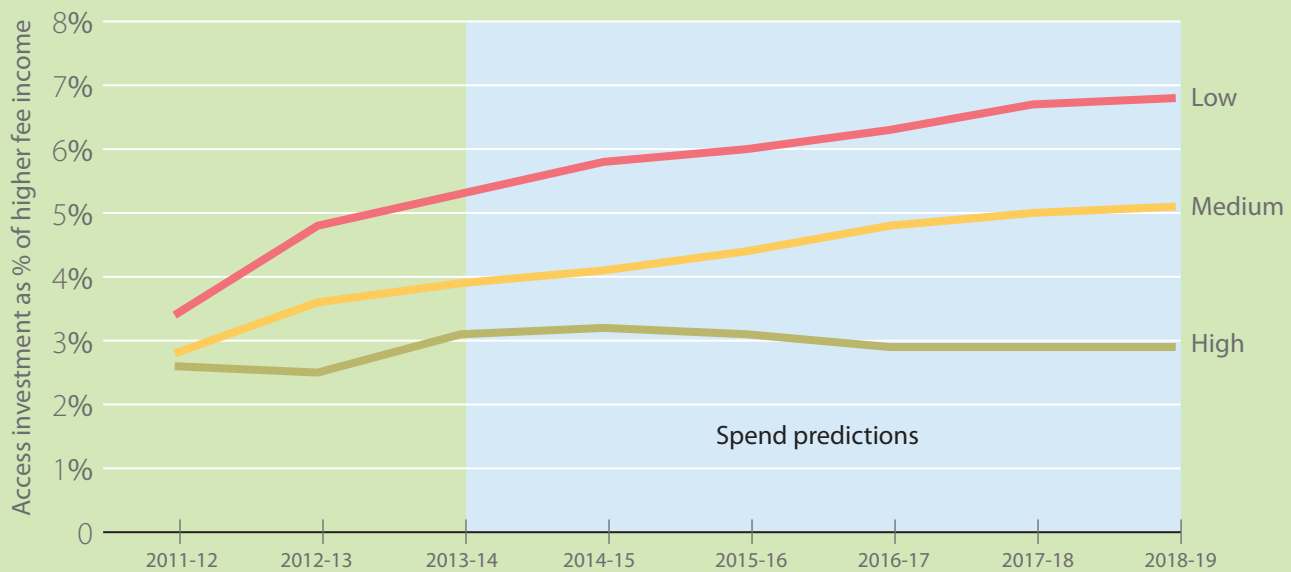


# How we contribute to the sector outcome objectives

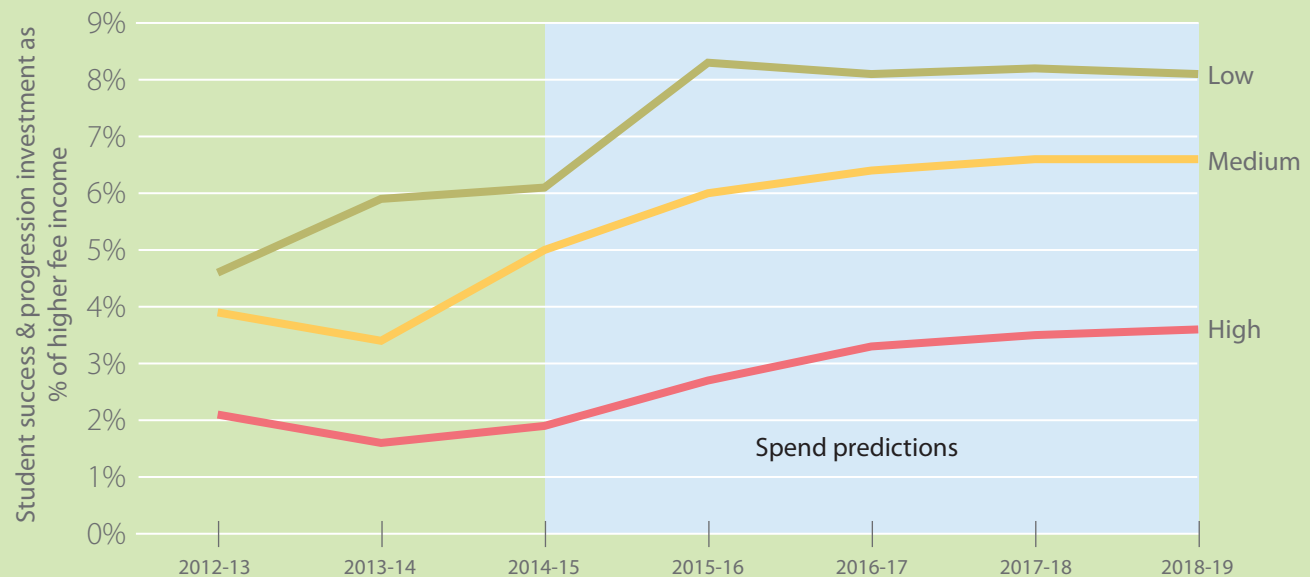
1. Influence strategy and practice – primarily through our guidance – to ensure that access agreement spend reflects the evidence base, and also reflects the performance of individual institutions in different areas of the student lifecycle

In their access agreement monitoring returns, many institutions report they are using evidence better to inform their strategies and identify priority areas for development. This can also be seen in 2015-16 access agreements, where there are different levels of

Access investment from higher education institutions as a percentage of higher fee income, at institutions with a high, medium and low proportion of students from under-represented groups



Student success and progression investment from higher education institutions as a percentage of higher fee income, at institutions with a high, medium and low proportion of students from under-represented groups



investment across the stages of the student lifecycle for different institutions, depending on the make-up of each one's student body. In line with OFFA guidance, those that already have high proportions of students from under-represented backgrounds plan to spend more on student success and progression than in previous years, while those with a low proportion of students from under-represented backgrounds have balanced their efforts more towards access. This is shown in the graphs opposite.

## 2. Commission, conduct and disseminate OFFA's in-house and commissioned research and research developed in collaboration

Improving the evidence base has been a key priority for us in 2014-15. During the year we developed a strategy to ensure that the research we are involved in, whether this is commissioned, developed in-house or in collaboration with others, is fully engaged with our wider work and objectives. Part of this new strategy involves a new way of working with the sector as a facilitator that brings together academic researchers and staff working in fair access, in order to better understand how research findings can influence policy decisions and widening participation practice.

A key emphasis for our work on evidence was the impact of financial support. For example, we commissioned a review of existing evidence; issued a call for evidence to inform the review; hosted a national conference jointly with Universities UK, Edge Hill University and CFE Ltd; advised on a project researching students' use of online financial information; and asked institutions to report their findings of evaluation of financial support schemes in the 2013-14 monitoring process. We are now undertaking a two-phase project to develop and pilot resources that can be used by universities to improve understanding and evaluation of the impact of financial support on student success.

## 3. Champion where progress is being made in improving access – and highlight where challenges remain

We continue to champion progress and highlight continuing challenges, and our sole focus on access regulation means that we have been a high profile advocate for fair access issues over the past year. In particular, we highlighted the positive progress that has been made in young participation, as well as the continuing challenges in access for mature and part-time students, and the need for greater

evidence, collaboration, and a focus across the whole student lifecycle.

By using qualitative data analysis software to interrogate 2014-15 and 2015-16 access agreements much more effectively than before, we have gained a much deeper understanding of what institutions have reported in their access agreements and monitoring returns. We have therefore been able to share evidence and good practice effectively and celebrate successful outcomes. For example, we have used qualitative data analysis to develop a series of briefings that bring together evidence, good practice and useful resources in key topic areas, for publication in 2015-16.

## 4. Produce robust and clear qualitative and quantitative data, and put in place processes to enable us to ensure the accuracy of the data that universities and colleges submit to us

Producing robust data is essential in enabling us to understand emerging trends in relation to access and student success.

One aspect of this is ensuring that universities and colleges provide accurate data to us in their access agreements and their monitoring returns. We worked closely with universities and colleges over the past year to support them in this, for example by clarifying the guidance we issue to them and issuing additional guidance in a number of areas such as the national strategy for access and student success and changes to Disabled Students' Allowances. We also used external data sources such as SLC income data, and the HESA student record and performance indicators, to ensure that the information universities and colleges provided was correct.

Over the coming year we plan to take forward further work to improve the consistency of the data that universities and colleges submit to us. We will also work more closely with HESA and SLC to explore how we can strengthen our robustness checks, while at the same time reducing burdens on universities and colleges.

We have developed our monitoring outcomes publications and access agreement decisions report to increase their usefulness to a wide range of stakeholders, for example drawing attention to trends, emerging themes and key developments. Meanwhile we continue to publish detailed data on targets, outcomes and investment in formats that can be used by analysts outside OFFA. We have

continued to use qualitative data analysis software to gain a more in-depth understanding of access agreements, which has enabled us to create a series of briefings on various topics that we will publish later in 2015 to improve understanding of current practice, and OFFA's expectations, among widening participation practitioners and other stakeholders.

#### **5. Working with HEFCE, we will make progress to deliver the national strategy for access and student success**

In February, we published our strategic plan for 2015-2020 which explains how we will play our part in delivering the national strategy. Throughout all our work we have consistently and transparently used the national strategy to guide our approach.

We worked particularly closely with HEFCE on our joint monitoring of access agreements, the Student Opportunity allocation and the National Scholarship Programme, in order to reduce burdens on institutions, and deliver complementary information that can support both organisations, and the higher education sector more generally.

#### **6. Meet best practice under the Regulators' Code**

OFFA now operates under the Regulators' Code, including the statutory elements which will come under secondary legislation in the Small Business Enterprise and Employment and Deregulation Acts during 2015-16. We reviewed our compliance in 2014-15 and are now improving our practices and processes, and working with universities and colleges on specific areas of policy development. For example, we consulted on our plans to work in a more transparent, open fashion in our approach to minor access agreement breaches. We are also preparing to undertake a stakeholder relations survey in 2015-16.

We delivered access agreement decisions for 2015-16 by our deadline of 31 July 2014 to all institutions that submitted a complete access agreement by our submission deadline of 8 May 2014. We have used feedback from institutions on our 2015-16 access agreement process to inform and improve the quality of our dialogue with institutions in future processes.

#### **7. Benchmark and seek to continually improve our governance, management and operational performance**

Our work towards this objective in 2014-15 has included creating new management structures, including the development of five operating functions,

and an organisation-wide operating plan arising from the new strategic plan. There is more detail about these developments in the 'Improving the way we operate' section of the management commentary.

Furthermore we are implementing continuous monitoring of our operational risks and progress against the new key performance indicators.

#### **8. Deliver value for money in all of our services**

We use a very high proportion – nearly three-quarters – of our annual budget allocation for front-line services and policy development. We have kept our back office costs down to just over 26 per cent of annual expenditure by receiving office accommodation, infrastructure, facilities and professional services through an agreement with HEFCE and creating in-house capability for financial reporting, governance and information management. Our quarterly reports to government have consistently shown expenditure just below the annual budget for the year and cash flow forecasts have been close to targets.

Nonetheless, we strive to improve value for money still further and in 2015-16 we will make further savings on the resource budget, by mapping our human resource more closely to our operational objectives and improving our budgeting and procurement processes.

#### **9. Continue to improve the professionalism, motivation and capabilities of all of our staff**

Over the course of the past year, we have introduced cultural change and staff development programmes to develop the professionalism, motivation and capabilities of our staff, with a strong focus on enabling us to deliver our new strategic plan.

Each member of staff has an agreed learning and development plan which is built into the annual budget. Performance is measured and supported through individual annual performance and development reviews.



# Strategic report 2014-15

## OFFA's remit and history

The Office for Fair Access was created under the Higher Education Act 2004 to ensure that higher education providers fulfil the obligation, placed on them by Parliament, to invest a proportion of their income from variable tuition fees in improving access for students from under-represented groups. This obligation is a condition of being allowed to charge fees above a set level (currently, £6,000 for full-time courses and £4,500 for other courses).

Since OFFA was formed, Ministerial guidance has clarified and developed our remit. Most recently, in 2011, Ministerial guidance to the Director of Fair Access to Higher Education set out that our priorities should be increasing social mobility, extending fair access to higher education and the professions, and attracting a higher proportion of students from under-represented groups, particularly those most able but least likely to apply. This Ministerial guidance included significantly increased expectations about the priority that institutions should be giving to fair access and widening participation, focusing more sharply on the outcomes of outreach and other activities, and less on the inputs and processes. In particular, the Government expressed the view that progress in securing fair access to the most selective universities had been inadequate, and that more determined action was required.

## Our business

The main way we carry out our role is through the annual approval and monitoring of access agreements with universities and colleges (for details of what an access agreement is and what it contains, see 'About OFFA' on page 7). We also help to identify and share good practice and evidence around successful approaches to improving and sustaining access, and we work to keep issues relating to fair access on the public agenda.

We recently published a strategic plan for 2015-2020 which contains more detail about how we fulfil our remit and sets out key performance indicators, against which we are reporting for the first time in this annual report and accounts. They include five outcomes indicators that set out OFFA's objectives for the higher education sector, and a further nine policy and corporate objectives.

The principal risks facing OFFA are set out in the annual governance statement (see page 32) and as a public body we are also, on an ongoing basis, subject to uncertainties caused by the possibility of Government changes to higher education funding or tuition fees, new Ministerial guidance, or new legislation, particularly in the coming year as it includes a General Election.

## 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 three years, OFFA's revised allocation has been significantly lower than the indicative allocation.

## Grant-in-aid

Grant-in-aid is currently the only source of income to OFFA. The Director receives grant-in-aid from the Secretary of State for Business, Innovation and Skills 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, 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.

## Going concern assessment

The Government signalled in the June 2011 Higher Education White Paper and elsewhere that funding was being granted to support the expansion of OFFA. The administration budgets for 2014-15 and 2015-16 have been agreed with BIS. The Director's assessment of going concern for 2014-15 takes into account this information and the ability of OFFA to

Financial year	2011-12 (£)	2012-13 (£)	2013-14 (£)	2014-15 (£)
Grant-in-aid	670,000	954,795	1,313,000	1,630,000
Actual expenditure	706,575	973,304	1,382,066	1,602,965
Year-end cash balance held	48,598	138,761	8,025	31,435
Taxpayers' equity	18,598	89	(68,977)	(41,942)

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 above. 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 three years to 2014-15, OFFA's administration budget has increased by more than 240 per cent, although it remains very low for a public body at only £1.6 million in 2014-15. The increase was granted for the specific purpose of achieving aims set out in OFFA's successive allocation letters for these years 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 ensure OFFA's operations are suitable for the higher education landscape and regulatory environment. In 2015-16 OFFA's budgeted expenditure must reduce by 3.5 per cent.

## OFFA's structure

The Director is supported by the Office for Fair Access, with a management team comprising the Assistant Director and four senior managers (two women and two men). At 31 March 2015, OFFA's full-time staff headcount excluding the Director was 21 (13 women and eight men).

## Sustainability

OFFA occupies office space provided under a Service Level Agreement (SLA) by HEFCE and also receives infrastructure, finance and human resources services from HEFCE through the same agreement. For this reason it is impractical for OFFA to have its own corporate social responsibility policy and we are covered by HEFCE's corporate social responsibility policy for 2012-2015<sup>6</sup>. HEFCE publishes data on carbon emissions, utilities consumption and expenditure, waste disposal to landfill, recycled paper, and biodiversity action planning in its annual report.

Professor Les Ebdon  
Director and Accounting Officer

Office for Fair Access 8 June 2015

<sup>6</sup> HEFCE's corporate social responsibility report is available at [www.hefce.ac.uk/about/csr/](http://www.hefce.ac.uk/about/csr/).



# Director's report 2014-15

The Director of Fair Access at 31 March 2015 was Professor Les Ebdon. The Director is the single Accountable Person for the Office for Fair Access. Neither the Director nor any member of the office has made a donation to any political party in 2014-15.

## 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 2015 the target was met for 100 per cent of invoices (2013-14: 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 2014-15 (2013-14: 99 per cent). During 2014-15 our performance against a five-working-day payment target was 84 per cent (2013-14: 78 per cent), our performance has been maintained against a small increase in numbers of invoices processed in 2014-15 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 £12,000 (2013-14: £11,500). The Comptroller and Auditor General did not provide any non-audit services during 2014-15.

## 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*, available at <http://www.hefce.ac.uk/pubs/year/2012/201203/>). 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 5.8 average working days per staff year (10.7 average days per person) was lost in 2014-15. The most recent Civil Service data for UK public service bodies was an average of 8.7 working days lost per staff year (6.9 average days per person).

### **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      8 June 2015

# 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 above 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. Professor Ebdon did not receive any benefits in kind or bonuses in 2013-14 or 2014-15, neither did his contract 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 is 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 8 June 2015

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Professor Les Ebdon, Director, September 2012- March 2015 (3 days per week)	75-80	75-80
Total	75-80	75-80
<b>Band of highest paid Director (full-time equivalent)</b>		
Total remuneration (FTE) (£000)	125-130	125-130
Median total remuneration (£)	34,436	33,757
Remuneration ratio	3.8	3.7

# 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 (FRM) 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 a 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 2014-15

## 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 regard to OFFA's aim to promote and safeguard fair access to higher education under 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 an 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 2014-15 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 2014-15.

## 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 and sales and financial risk management. OFFA has its own policy on fraud monitoring and prevention and follows HEFCE's policy on the prevention of bribery, fraud and other improper conduct. 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 2014-15 are pay, expenditure on

research consultancy work and the SLA with HEFCE, which is reviewed annually.

The Finance and Governance Manager (under delegation from 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. Decisions relating to OFFA's pay arrangements and human resource rest entirely 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 SLA with HEFCE, which is delegated to the Assistant Director.

In 2014-15 I conducted a full audit review of the delivery of value for money through all OFFA's activities including through staff recruitment, procurement, the shared service agreement, and under our growth duty as set out in the Regulator's Code.

## 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 increased its size to a membership of 12 to provide a broader range of expertise. In 2014-15 I have introduced a policy to conduct a regular review of the skills of the current group members with a view to mapping existing against desired skills for the group as a whole. This has led to the appointment of a new member with skills which will improve the quality of our links with the secondary education sector and our work to improve dialogue between schools, higher education institutions and further education colleges. The group's current 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 three times in the accounting period.

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.

## The Risk and Internal Control Framework

OFFA's new strategic plan sets out our purpose, principles and values. It contains new aims and key performance objectives which have in turn determined our approach to governance and risk management from 2014-15. The system of internal control for 2014-15, 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 based on systematic assurance mapping. This system of internal control has been in place for the year ended 31 March 2015 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. I and my staff take an approach of ensuring 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 strategic 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 risk management process and high level risk register has been revised since the date of the last annual report to include 10 new strategic risks. These replace the risks on which we reported in 2013-14 and address the limitations we foresee in making progress against the KPIs against which we report in 2014-15. These high level risks also

reflect the uncertainties of operating in a period of transition and government policy development in higher education. In addition, in 2014 OFFA came under the scope of compliance of the Regulator's Code whose provisions we now address within our KPIs. OFFA will also be completing its governance and management transition in 2015-16 and has embarked on an organisation-wide review of its business culture processes in order to develop its plan for efficiency and effectiveness in the light of planned budget reductions and the impact of savings in public services announced before and after the general election. In view of this we have introduced three new items to the register covering the risks of

regulatory failure, failure to deliver good value for money within our financial resource allocation and failures in strategic and operational planning.

### 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. Our risk register represents the areas of risk that we need to be aware of and, where appropriate, mitigate against to ensure that we deliver our business plan and strategy. Significant risks and their status at the year end date are listed in the table below:

#### Strategic risk

**1** If the information we collect, the way we gather it and the analyses we carry out are not fit for purpose then our strategic aims will not be supported

#### Plan of risk mitigation

Institutions could go further to ensure that their access agreement expenditure is evidence-led. To address this, OFFA will continue to review its access agreement and monitoring processes to improve the quality of information on outcomes and the evaluation of impact. OFFA will also examine whether it can use better data collected elsewhere in the higher education system on access and student success. OFFA has already embarked on a project to improve the consistency of expenditure data and strengthen data assurance in this area.

#### Strategic risk

**2** If our access agreement and monitoring processes are ineffective then we will fail to challenge and support institutions at the desired pace and will be ineffective in steering them towards our desired outcomes

#### Plan of risk mitigation

Through the continual improvement of its access agreement and monitoring guidance and processes, OFFA is increasing its challenge to and support for institutions to evaluate their own outputs and outcomes, encouraging evidence-led expenditure and faster progress towards their targets.

#### Strategic risk

**3** If OFFA has a poor understanding of the salient evidence which we require to support and challenge institutions, then our ability to influence others and advise on policy development will be curtailed

#### Plan of risk mitigation

OFFA continues to develop its Evidence and Good Practice function, enhancing our understanding of evidence and feeding into the development of OFFA policy, access agreement guidance and our wider conversations with institutions and the sector. This includes understanding the value of information and data from access agreements and communicating that to the sector, as well as reviewing relevant research, supporting more robust evaluation methods and working with the sector to address gaps in the evidence landscape.

#### Strategic risk

**4** If OFFA fails to secure influence among sector researchers in its messages to institutions then OFFA will fail to stimulate progress in research and the application of evidence from research in its future guidance

#### Plan of risk mitigation

OFFA is working in collaboration with institutions and other sector bodies to create a more open and informed conversation about how to deliver more and better evaluation and research that impacts on policy and practice across the widening participation lifecycle. OFFA is working in new and collaborative ways, for example working with institutions to help define the research questions and conducting research with institutions.



### Strategic risk

5 If OFFA's messages are not clear and are not delivered effectively then OFFA's priorities and the rationale behind them will not be understood

### Plan of risk mitigation

OFFA is further developing its communications and stakeholder engagement plans to ensure that our messaging is clear and directed effectively to the right audiences. This is supporting improvements to OFFA's public and media engagement, stakeholder relations, website, publications and communication with institutions.

### Strategic risk

6 If OFFA's defence of its policy or processes does not survive a legal or other significant challenge then regulatory failure and reputational damage are a consequence

### Plan of risk mitigation

No decisions have been challenged to date, as negotiations have been successful and no sanctions have needed to be imposed. To ensure this continues, policy decisions are 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. OFFA has this year consulted on new policy on a transparent approach to the disclosure of minor breaches of access agreements which have been successfully resolved.

### Strategic risk

7 If OFFA fails to support, motivate and develop its staff through a positive OFFA experience then we will fail to attract and retain excellent people resulting in a loss of efficiency and effectiveness

### Plan of risk mitigation

OFFA is implementing a cultural change programme that includes the development of clearer roles, new working practices and a greater emphasis on staff induction and development. Central to this is an emphasis on a culture of internal collaboration and clear communication, clear prioritisation, the empowerment of staff and an emphasis on success.

### Strategic risk

8 If OFFA fails to demonstrate its impact and give value for money then we will fail in our negotiations to secure a budget sufficient to deliver our plans

### Plan of risk mitigation

As well as working to improve the quality of information gathered from the sector on the outcomes and impact of their access agreements, OFFA has undertaken a comprehensive value for money audit review of its own operation for the first time. The recommendations from this will lead in the coming year to improved business planning, financial forecasting and planning and greater efficiency across the organisation.

### Strategic risk

9 If OFFA fails to undertake effective prioritisation, planning and project appraisal then it will fail to harness its resource effectively and efficiently in delivering its strategic aims

### Plan of risk mitigation

OFFA published its new six-year strategic plan towards the end of the year. Underlying this are a new corporate office planning process, building in the outcomes of a business process review and enabling more effective project appraisal, prioritisation and co-ordination across OFFA's five functions, and an extended planning horizon which forms the basis of the Corporate Plan for 2015-2018.

### Strategic risk

**10** If OFFA fails to anticipate and react appropriately and swiftly to policy changes in Government and by other regulators then it will fail to protect access, to advise institutions reliably and to create a coherent policy environment for access for the sector

### Plan of risk mitigation

OFFA is experienced in responding swiftly to central policy changes that have required the rapid redeployment of resources in order to deliver outcomes to Government expectations. The Director meets regularly with BIS officers concerned with policy and with other organisations in the higher education policy and operational landscape, to review the environment and discuss emerging threats and opportunities. The Director also holds twice-yearly horizon-scanning meetings with senior management and the chair of OFFA's Advisory Group. In improving its capability in managing stakeholders, OFFA is gathering high-quality intelligence about its environment and increasingly using scenario planning.

In addition to managing its strategic risks, OFFA is addressing the changes required for the new direction set out in its *Strategic Plan 2015-2020*. These include increasing operational capability, and the more ambitious objectives which have been set out in our new key performance indicators, including working with HEFCE to implement our contribution to the national strategy for access and student success in higher education. I see partnership working, both with other organisations and with institutions, as presenting new opportunities and benefits to OFFA as it seeks to work towards the objectives for higher education in BIS' corporate plan.

### Ministerial guidance

It is normal for me to receive guidance from Ministers at points of significant policy change. 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 published early in April 2014. OFFA's chief source of direction is now in managing its expectations and delivering the outputs of its strategic plan within a decreased funding in 2015-16. I am therefore prioritising the strategic objectives in order to maximise OFFA's outputs in the coming year.

### 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 2014-15 is as follows:

'On the basis of the work carried out, 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 2014-15 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 2014-15.



Professor Les Ebdon,  
Director and Accounting Officer

Office for Fair Access    8 June 2015



# 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 2015 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 2015 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 2014-15 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 Morse

Comptroller and Auditor General

11 June 2015

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 2015

	Note	Year ended 31 March 2015 £	Year ended 31 March 2014 £
<b>Expenditure</b>			
Staff costs	2	953,131	852,931
Other expenditure	3	649,834	529,135
Total expenditure		1,602,965	1,382,066
<b>Income</b>			
Income from activities		0	0
Total revenue		0	0
<b>Net expenditure for the year transferred to general reserve</b>		<b>1,602,965</b>	<b>1,382,066</b>

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

All OFFA operations are continuing.

The notes on pages 45 to 51 are part of these accounts.

## Statement of financial position as at 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
<b>Current assets</b>			
Trade and other receivables	6	316	5,272
Cash	7	31,435	8,025
		<b>31,750</b>	<b>13,297</b>
<b>Current liabilities</b>			
Trade and other payables	8	(73,691)	(82,274)
<b>Current assets less current liabilities</b>		<b>(41,942)</b>	<b>(68,977)</b>
<b>Assets less liabilities</b>		<b>(41,942)</b>	<b>(68,977)</b>
<b>Taxpayers' equity</b>			
General reserve		(41,942)	(68,977)
		<b>(41,942)</b>	<b>(68,977)</b>

Professor Les Ebdon CBE



Director of Fair Access to Higher Education  
and Accounting Officer  
Office for Fair Access  
8 June 2015

The notes on pages 45 to 51 form part of these accounts.



## Statement of cash flows for the year to 31 March 2015

	Note	Year ended 31 March 2015 £	Year ended 31 March 2014 £
<b>Cash flows from operating activities</b>			
Net expenditure		(1,602,965)	(1,382,066)
Increase in trade and other receivables	6	4,958	(1,392)
Increase/(decrease) in trade and other payables	8	(8,583)	(60,278)
<b>Net cash outflow from operating activities</b>		<b>(1,606,590)</b>	<b>(1,443,736)</b>
<b>Cash flows from financing activities</b>			
Grants from parent department		1,630,000	1,313,000
Net cash inflow from financing activities		1,630,000	1,313,000
<b>Net financing</b>			
Net (decrease)/increase in cash for the year	7	23,410	(130,736)
<b>Cash at beginning of period</b>	7	<b>8,025</b>	<b>138,761</b>
<b>Cash at end of period</b>	7	<b>31,435</b>	<b>8,025</b>

The notes on pages 46 to 52 form part of these accounts.

## Statement of changes in taxpayers' equity for the year ended 31 March 2015

	General Reserve Year ended 31 March 2015 £
<b>Balance as at 1 April 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>
<b>Changes in reserves 2014-15</b>	
Grant from parent department	1,630,000
Net expenditure transferred in the year	(1,602,965)
<b>Balance as at 31 March 2015</b>	<b>(41,942)</b>

The notes on pages 45 to 51 form part of these accounts.

# Notes to the accounts for the year to 31 March 2015

## 1 IFRS accounting policies

### Basis of accounting

The financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM 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 2015-16 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 signalled in 2012 that funding would be made available for the expansion of OFFA by up to four times. This process was completed in 2014-15. OFFA's budget is reduced by 3.5 per cent in 2015-16. BIS will agree OFFA's budget for 2016-17 during the next financial year.

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 July 2013
<b>IFRS 23</b> Prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS.	1 July 2013
<b>IFRS 7</b> Amended disclosures requiring information about all recognised financial instruments that are set off in accordance with IFRS32.	1 July 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. 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 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.

## 2 Staff numbers and related costs

### Staff costs

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Staff employed by OFFA (including the Director and directly seconded staff)		
Salaries	679,344	573,101
Social security costs	60,783	47,898
Other pension costs	116,592	90,358
	856,719	711,357
Value Added Tax on seconded staff	5,937	19,117
Costs of employing contract, agency and temporary staff*	90,475	122,457
	953,131	852,931

\*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 2015	Year ended 31 March 2014
The average actual number of full-time equivalent persons employed during the year, including the Director, was:		
Directly employed	17.0	13.5
Average number of contract, agency and temporary staff	1.3	2.6
	18.3	16.1

Owing to a prior period error which has led to the overstatement of staff annual leave accruals by £14,840, staff costs have been adjusted by this amount in 2014-15.

#### 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 2014-15.

## High paid off-payroll appointments

In accordance with BIS guidance the accounts should disclose all off-payroll engagements as of 31 March 2015, 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.

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.

Details of payments are shown below.

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Dr John Selby Chair <sup>1</sup>	0	0
Femi Bola	0	250
Sir Ivor Crewe	0	250
Dr Penelope Griffin	500	250
Jude Heaton	500	750
Sarah Howls	0	0
Dr Lee Elliot Major	250	650
Dr Debbie McVitty	0	0
Aaron Porter	0	1,000
Steve McArdle	0	0
David Ruebain	0	500
Fiona Waye	0	0
Jo Wiggans	0	750
<b>Total</b>	<b>1,250</b>	<b>4,400</b>

\*The Chair has formally waived his fee. Other members of the group have made informal decisions not to claim their fee during this financial year. Aaron Porter resigned from the group in August 2015 and the post vacated was filled by Steve McArdle.

### 3 Other expenditure

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
External audit fee	12,000	11,500
Research consultancy and legal fees	193,354	190,118
General administrative payments	15,969	33,290
Publications, printing, publicity	6,589	4,837
Recruitment and training	39,818	8,665
Service Level Agreement with HEFCE:		
– Accommodation and housing services	115,712	76,735
– IT, finance, governance and HR services	188,070	144,975
– Budget management and assurance services	0	6,254
– Other general expenses	42,534	17,422
Travel and subsistence for staff and advisory committee	35,788	35,339
	<b>649,834</b>	<b>529,135</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 charge made for the subsequent year. In 2014-15 a prior year adjustment was made.

### 4 Revenue

OFFA had no independent sources of revenue in 2014-15.

### 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 2015 £	As at 31 March 2014 £
<b>(a) analysis by type</b>		
Trade receivables and other current assets	0	0
Prepayments	316	5,272
	<b>316</b>	<b>5,272</b>
<b>(b) analysis by source</b>		
Other central Government bodies	0	92
Bodies external to Government	316	5,180
	<b>316</b>	<b>5,272</b>

## 7 Cash and cash equivalents

	As at 31 March 2015 £	As at 31 March 2014 £
Balance at 1 April	8,025	138,7618
Net change in cash and cash equivalent balances	23,410	(130,736)
Balance at 31 March	<b>31,435</b>	<b>8,025</b>
The following balances at 31 March were held at:		
Government Banking Service	31,435	8,025
Balance at 31 March	<b>31,435</b>	<b>8,025</b>

## 8 Trade payables and other current liabilities

All amounts falling due within one year:	As at 31 March 2015 £	As at 31 March 2014 £
<b>(a) analysis by type</b>		
Trade payables	1,412	12,314
Accruals	67,926	61,189
Other payables	4,353	8,771
	<b>73,691</b>	<b>82,274</b>
<b>(b) analysis by source</b>		
Other central Government bodies	4,351	27,593
Bodies external to Government	69,340	54,681
	<b>73,691</b>	<b>82,274</b>

## 9 Contingent liabilities disclosed under IAS 37

OFFA had zero contingent liabilities at 31 March 2015 (*zero contingent liabilities in 2013-14*).

## 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 or limited internal resource. During the year OFFA paid HEFCE £381,940 (*2013-14: £360,089*) for the services provided through the SLA, including directly seconded staff. Of this amount £5,937 (*2013-14: £114,702*) 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.



