

Ofqual Board

Paper 5/15

Date:

20 May 2015

Title:

Chief Operating Officer's Report

Report by:

Marc Baker, Chief Operating Officer

Responsible Director:

Marc Baker

Paper for Information

Open (paras 6, 8 and 36-40 closed see end of paper for explanation)



Issue

1. This paper updates the Board on progress made and any issues identified in the Chief Operating Officer's area of responsibility since the last Board meeting.
2. The Board is asked to note the continuing progress in implementing changes to our organisation design, and the preparations we are making for our CSR submission for the financial years 2016/2021.
3. We finished the financial year 2014/15 with a small £40k underspend on an overall budget of £21m (including the Reform programme).
4. We have prepared the year end accounts for 2014/15 and will be submitting these to a joint meeting of the Audit and Risk and Finance committees on 19th May.
5. Finance and business planning: 2014/15 final outturn
We finished the financial year with an under-spend of £40k for the full year 14/15 is 0.2% of our budget (£21m) and well within expectations.
6. Paragraph 6 has been redacted as its publication could be prejudicial to the effective conduct of public affairs.

CSR Budget 2015/16

7. We agreed the 2015/16 budget at April Board meeting. As in previous years, we have not produced management accounts for the end of period 1. Our focus has been finalising the accounts for 14/15, preparing for the CSR bid for 2016-21 and implementing changes to coding structures and budgets to support the new organisation design.
8. Paragraph 8 has been redacted as its publication could be prejudicial to the effective conduct of public affairs.

Reform Programme budget 2015/16

9. We reported at the April Board meeting that the DfE had changed the basis on which they transferred resources to Ofqual from a 'budget control resource transfer' to payment by submission of an invoice. We have since clarified with HM Treasury that this was an incorrect change in approach and DfE have agreed to revert by no later than January 2016 when the supplementary estimate process is completed.
10. DfE have established an internal Finance Commission to identify potential in-year 2015/16 budget savings and have requested submissions to achieve a proposed 15% and 50% reduction in the Reform programme. Given the percentage size of the reductions, and the small size of the Reform programme budget compared to typical DfE budgets, we have confirmed that we are not able to achieve this level of saving through a salami slicing approach and will have to either cancel the National Reference Test, postpone the Reform programme or cancel the project to replace RITS. We await further details from DfE on any proposal for in-year reductions and have been advised that we should work on a potential reduction of 6-8 % for both our Reform and CSR budgets for the current financial year.

CSR 2016-21

11. HM Treasury have confirmed that our bid for CSR 2016-21 funding will be submitted via DfE and not directly to HMT. We are yet to receive a definitive timescale or guidance on the submission, however, we have been advised to assume DfE will be early in the process and expect a possible June date. Following discussions with DfE, we are developing plans that identify the implications of reduced CSR funding year-on-year over the five-year period. A separate Board paper will outline the proposed approach we are adopting.

Implementing the new Organisation Structure

12. Implementation of the new organisation structure is continuing on target. We have advertised all vacancies internally and across the wider Civil Service, and are due to complete this phase of recruitment by the end of June. We are also in the process of advertising priority vacancies for external recruitment to help address urgent resourcing gaps.
13. As previously reported, the majority of external recruitment will not begin before the summer after the internal recruitment process has been completed. In light of any request for in-year savings to be achieved, SMG will regularly

review outstanding vacancies and will only authorise those for recruitment where funding is available and justified.

14. The Regulatory Strategy Review work that was advised in the April Board report continues and findings will be reported to the next Board meeting.

People

15. The draft People Strategy has been considered by SMG and the leadership team. A detailed action plan is being developed and will be costed to ensure it is affordable both in-year and over the life of the CSR. Other pressures mean that the strategy will come to the Board in July and not May, as originally anticipated.
16. Average monthly staff turnover continues at three people per month. This level is high and will begin to cause issues if we are not able to fill the vacancies externally. Recent leavers continue to quote opportunities for advancement, moving workplace closer to home and avoiding the consequences of pay and grading outcomes in 2014 as the main reasons for leaving.
17. Our internal communications has continued to focus on organisation design and Information Management transition. The number of staff questions related to organisation change has fallen sharply over this reporting period, likely as the result of many 'at risk' staff successfully finding alternative roles within the business and our provision of regular updates. We will be elevating further our communications around Information Management as more of the systems that support our regulatory work and statutory objectives are brought on stream over coming months.
18. Relations with the PCS union are positive. We have successfully closed down collective consultation and are continuing with individual consultation with affected members of staff.

IT and Information Management

19. The Information Management Technology Project (IMTP) – has 3 phases:
 - a. Phase 1: Delivery of unified technology platform and data warehouse shell – this phase is complete.
 - b. Phase 2: Build the data warehouse to deliver data as a service
 - c. Phase 3: Replacement regulatory system (RITS)
20. We are on target to deliver Phase 2 to time and budget. A number of key data sets have been migrated to set-up and test the data warehouse shell. The next stage is to select suppliers using the digital marketplace to deliver follow-on design sprints.
21. Work is also underway to migrate the Ofqual intranet and document and records management site to Office 365 by end June 2015.

22. Work on Phase 3 – the development of a replacement regulatory IT system – has started, following Board approval; Lockheed Martin are working with product owners. The first deliverable is a prototype qualifications register for trial by end June 2015. We remain on target to deliver a replacement regulatory system by end March 2016.
23. The IM strategy has been authorised by SMG. This will deliver any device, anytime, anywhere access to technology and information over the next two years. New capabilities are being deployed to deliver improved security and to support flexible working. A data services team is being established to manage the data warehouse.

Communications

24. The volume of external communication rose sharply in the week immediately ahead of the General Election purdah period beginning on 30 March. The same number of publications left the building in March as in January and February combined. This included launching our technical consultation on GCSE science, announcing our position on 2017 subjects, the preferred supplier for the new National Reference Tests, and releasing our Corporate Plan and Strategy and Burden statements.
25. In addition, we jointly hosted a symposium on teacher ethics, launched a consultation on our new Framework of Regulated Qualifications, provided an update on our GCSE maths research programme and offered comment on the ETF's report on Functional Skills. Our planned consultation on National Assessments was delayed and will now be issued later in the year.
26. Due to the range and volume of communications issued across Government departments in the run up to purdah, it was unsurprising that coverage of our outputs was limited among traditional media outlets, with our proposals for subjects to be taken forward for first teaching in 2017 and the new National Reference Tests seeing most attention, but each being picked up by less than a handful of journalists.
27. Social media commentary was more extensive, particularly in relation to 2017 subjects. We continued our programme of engagement with a number of Twitter users, specifically those who asked why 'their' subjects were not being taken forward, by stressing that decisions at this stage did not rule out the consideration of proposals for the potential development of subject qualifications in future. Our regular updates on GCSE maths, at the end of March and at the completion of our research on 30 April, also received interest from a group of commentators. Much of this commentary has been critical, but the key aim of our strategy has always been to keep our line of communication open.
28. Despite the potential for headlines, our ethics symposium passed without comment until late April, when the Sunday Times stumbled across some of the materials we had made available. Headlines referring to teachers cheating were inevitable, as we had predicted at the time. We deliberately chose not to release the report underlying some of the results used at the time of the

symposium to reduce this risk, but this has now been the subject of a Freedom of Information request and we can expect more media interest in this space when we release the document in May.

Regulatory Activity

29. Submissions for accreditation of new GCSEs and reformed A/AS levels for first teaching in 2016 began in April. The first panel (GCSE history) took place 5-9 May, with GCSE geography and MFL panels taking place the following week.
30. We began a series of audits of exam board arrangements for managing conflicts of interest and maintaining confidentiality of live assessment materials in the production and endorsement of resources. In addition we began monitoring the summer series of exams in May.
31. The exam boards have raised a concern that the CCEA/Welsh Government window for submission of statements of compliance closes two months earlier than ours. As a result, CCEA/Welsh Government have agreed to extend their window, although it is still not totally aligned.
32. The volume of new requests for recognition continues to fluctuate on a month by month basis, we have received ten applications since April which is much higher than the previous two months. Most applicants continue to fail to meet the bar for recognition to be granted.
33. As part of the implementation of the QCF, we have received 56 requests from awarding organisations to surrender part of their scope of recognition, 32 AO's have asked to keep the scope of their recognition the same and two have asked to extend the scope of their recognition which will require a separate application.

Customer Services and Complaints

34. End of year performance shows adherence to published service level agreements across the Helpdesk and Casework functions. However this was because of high performance in the first two quarters. There has been a marked decrease in adherence to internal targets for CEO and other high level correspondence as a result of responsibility moving to the GQ and VQ directorates and the changing nature of correspondence, which has shifted from established issues to more strategic concerns, on which Ofqual has (at the time of enquiry) yet to reach a position.
35. In 2014/15, Ofqual received 5,500 calls and emails. Of these, 317 were complaints. Two complaints were escalated to the PHSO, but neither was upheld. The most frequently received complaint over the course of the year related to special consideration and access arrangements, quality of marking and awarding organisations adhering to their own policies and procedures. The vast majority of complaints were not upheld. Where they were upheld, we have ensured the awarding organisation considered our findings and took corrective action.

Legal

36. Paragraphs 36 to 40 have been redacted as they are subject to legal professional privilege.

Impact Assessments

Equality Analysis

40. We have updated the equality impact analysis following phase one recruitment activity and have shared this with PCS.

Finance and Resources risk

41. As outlined in para 6 above, the main risk to the outturn for 2014/15 is NAO acceptance of the accounting treatment of our redundancy provision.
42. We have identified a new risk for 2016 onwards that our CSR settlement is insufficient to fund the organisation to deliver its regulatory objectives. We will be clarifying that risk over the next few weeks as the level of CSR settlement becomes clearer.

New operating model risks

43. We continue to identify the potential risks resulting from an extended timescale for recruitment. We will be particularly affected if the in-coming administration decides to stop any further recruitment activity.
44. There is a danger to our ability to deliver on our 2015/16 Corporate Plan objectives if we continue to lose permanent staff at the current rate. We are regularly reviewing the position and have bought forward external recruitment activity to off-set this reduction.

Regulatory Impact Assessment

45. A Regulatory Impact Assessment for the RITS replacement will be completed as work progresses.

Timescale

46. Timescales are discussed at relevant paragraphs

Paper to be published	YES
Publication date (if relevant)	After the meeting
If it is proposed not to publish the paper or to not publish in full please outline the reasons why with reference to the exemptions available under the Freedom of Information Act (FOIA), please include references to specific paragraphs	The publication of paras 6 and 8 would be prejudicial to the effective conduct of public affairs. Paras 36-40 are subject to legal professional privilege). It is not proposed to publish these parts of the paper.