

Ofqual Board

Paper 23/16

Date:

27 July 2016

Title:

Chief Operating Officer's Report

Responsible Director:

Marc Baker, Chief Operating Officer

Paper for Information

Open paper (Annex C closed)



Issue

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

Recommendation

2. Board members are asked to note the findings from the IMTP lessons learned and benefits review

Analysis

3. The 6th Annual Report and Accounts 2015-16 has been laid before Parliament and is now on our website on the following link:

<https://www.gov.uk/government/publications/ofqual-annual-report-for-the-period-1-april-2015-to-31-march-2016>

4. The final year end position for 2015/16 showed an underspend of £221k.

CSR and Programme Budget 2016-17

5. The management accounts for the period April to June 2016 are attached at Annex A. This shows a year to date underspend of £428k which represents 10% of the year to date budget. The main variance is on professional services (underspend of £269k). The majority of this relates to National Reference Test and Accreditation subject experts and this is expected to be resolved in the 2nd quarter.

6. The overspend on pay costs has increased from £91,000 at the end of May to £204,000 in June. This is due to additional agency costs for vacancies and maternity cover due to extensions into the new financial year. This overspend can be absorbed as the pay reserve has a budget of £256,000 which has not been allocated.
7. At the end of July 2016, we will hold the first round of Star Chamber meetings with each directorate. For this round of reviews, we have amended the format of the meeting to focus on reviewing non-financial as well as financial performance of the Directorates. This will help us identify where there is a need to increase resources available to ensure the Corporate plan activities are delivered and identify any budgets that can be surrendered. After the star chambers we will produce an amended pay forecast and make any necessary budget adjustments.
8. The forecast for the year shows a projected underspend of £258k, which is 1% of budget.
9. In April 2016, £794k was set aside as a 'project fund' to fund a number of projects and activities during the year. Following a review of the first quarter results we are able to supplement this by a further £458k as a result of salary recharges from the administrative budgets to the reform and NRT programme budgets. A total of £119k has been allocated to projects to date leaving approximately £1,000k for further projects (this includes a £100k contingency for unexpected legal issues). This is an in-year 'reserve' and cannot be carried over to future years.
10. We previously advised the Board of an expected cost of £5k that Ofqual would have to meet arising from the cost of closing the Northern Ireland office. As a consequence of the delayed enactment of the required legislation the office was not finally closed until the middle of May.
11. We have carried out a reconciliation of the additional costs as a result of the delay. The initial allocation for the closure were calculated at £36,628 of which Ofqual was underwriting £5k. However, the final figure is £54,561 which includes additional costs with the closure of the office such as dilapidation works. Discussions are ongoing with NI DEL to how much additional funding will be received. Ofqual will need to underwrite the difference. We will advise the Board verbally at its meeting of the final outcome.
12. Procurement contracts over £10k placed during first quarter of 2016-17 are shown below:

Ref No.	Description	Supplier	Date Awarded	Date Completed	Value (ex VAT)	Supply Route
OF399	Specialist in National Assessments	Alpha Plus Consultancy Ltd	18/4/16	17/9/16	£54,450	Single Tender Justification
OF422	12 month mobile phone, dongle, sim charge	Vodafone	01/4/16	31/3/17	£23,000	CCS Framework

13. We are in the process of undertaking an ERP systems procurement using the government digital market place and G Cloud 7 framework. This is on track to be completed in the 3rd quarter subject to business case approval.

14. Paul Bird our new permanent appointment to the Associate Director Finance position is scheduled to start on 15th August. However, he has also been with the team in July as part of his handover activity.

Corporate Plan tracker

15. The latest version of the Corporate Plan Tracker is included as Annex B. Following feedback from the Board and Chief Regulator we have aligned projects with team Business Plans and mapped them to the Corporate Plan activities. This has allowed Business Leads to have a clearer view of the multi-disciplinary input into activities.

16. This has also helped properly align projects and identify gaps where Corporate plan activities were not supported by projects in the Directorate plans. We have also changed the method of RAG rating and produced a new headline report to show progress against the Corporate goals.

People

17. The current permanent headcount is 171 and with recruitment activity underway we expect this to increase to around the 180 level within the next three months.

18. The number of staff registering as long term sick has increased from 1 in April to 4 at the end of June. In total 153 working days were lost to sickness in June which is higher than normal but is largely due to the increase in long term sickness.

19. We have recently received the results of the 6 monthly staff survey which we run as an in-year assessment of staff morale. The results are generally positive; the overall response rate was 71% which is just 5% less than for the last full survey in 2015. The main results are:

- 'My Performance is evaluated fairly': this has improved by 17 points to 77% since the full survey and is 15% above the 2015 Civil Service benchmark result.
 - 'Poor performance in Ofqual is dealt with effectively'. This remains worryingly low with just 19% positive response.
 - 'I am able to access appropriate learning and development opportunities'. This has improved by 3% since the full survey with 76% of respondents feeling able to access appropriate learning and development opportunities. This is 13% higher than the 2015 Civil Service benchmark result.
 - 'I believe that my pay adequately reflects my performance'. This has changed little since the last full survey moving from 60% to 61% and is 30% above the 2015 Civil Service benchmark.
 - 'I have confidence in the decisions made by Ofqual's Executive Team'. This has improved from 50% to 54% and is 12% better than the 2015 Civil Service benchmark. 32% were undecided.
 - 'I feel that the Ofqual Executive team is sufficiently visible'. Another improvement, from 57% to 62% with a result 12% above the 2015 Civil Service benchmark. This has risen from a 2014 result of just 33%.
 - 'I am kept informed about changes that affect me'. This result has improved from 59% to 65% and is 9% above the 2015 Civil Service benchmark.
 - 'During the past 6 months have you personally experienced bullying or harassment at work' This has risen from 8% to 10% although this is still a much better result than the 2014 figure of 20%. This result is 4% below the 2015 Civil Service benchmark.
20. The number of people wanting to leave Ofqual as soon as possible has dropped from 10% in the full survey to 6% and those wanting to leave in the next 12 months dropped from 14% to 9%.
21. Following a review of the results, SMG have prioritised bullying as an area for further investigation. We have engaged an external consultant to better understand the issues, identify root causes and its extent across the organisation.

Health and Safety

22. There is one incident to report when a light fitting fell out of its housing and nearly hit a staff member, we are investigating with Interserve why this occurred and how widespread the issue is.

Accommodation

23. The existing lease at Spring Place expires at the end of March 2018. The Government hubs programme is aiming to create shared regional hubs and

supporting office estate. There will be 22 large strategic hubs which on average will accommodate around 10,000 FTE the nearest of which to Ofqual will be in Birmingham and is due to open in 2019. In addition, they suggest there will be around 200 mini-hubs accommodating between 100-500 FTE.

24. Government Property Unit policy is that no renewal of lease will be agreed while there is surplus government accommodation available in the Coventry area. The longer term strategy is for government departments to move into a strategic hub or a supporting mini-hub.
25. The main options are: -
 - a. Persuade GPU to authorise a lease extension at Spring Place (likely to be for 4-5 years and potentially look to move staff from other government organisations to improve the utilisation of space
 - b. Move to an alternative Coventry based location, for example, the BIS offices at Cheylesmore – although this may be for a short time period until the policy on mini-hubs and whether Coventry justifies a mini-hub is better developed.
 - c. Aim to move to the new Birmingham hub as it becomes available (2019) and either extend the lease at Spring Place for a year or move into other government offices for a short time period.
26. We are strongly resisting any suggestion that we will be required to move offices twice in quick succession as we believe this will have a significant impact on our ability to regulate. With this proviso, we are exploring with the GPU, BIS and other government departments the options available to us and hope to have a clearer understanding of these options by the end of March 2017 when we will report back to the Board.

IT and Information Management

27. The launch of the new Awarding Organisation portal has been largely problem free with a small number of minor issues reported and resolved. The portal now has almost 200 Ofqual users and circa 1400 AO users. In addition, there are around 500 subject experts with access to controlled areas of the AO portal largely around the collaboration space for accreditation.
28. The new technology rollout to Ofqual staff is now complete; disposal of surplus and redundant equipment is progressing using the MOD Disposal Services Authority (DSA) to ensure compliance with relevant security and data protection legislation and regulations. Take-up of new technology by Ofqual staff is progressing well and will underpin the drive towards increased remote working and making the best use of digital solutions for regulation and business support services.

IM Transformation Project

29. IMTP started in November 2014 and was closed down at the end of March 2016. A benefits and lessons report is attached as Annex C. The Board is asked to note the following:

- a. Investment, outputs and benefits delivered by IMTP; and
 - b. Lessons learnt to be implemented for new projects.
30. The digital challenge project has started, to carry on from where IMTP left off, the broad aim of the project is to take into use new capability and enhance provision of regulation and business support services.

Communications

31. The main themes of our communications activity during the last quarter have been marking review and appeals, progress of accreditation for first teach 2016/2017 subjects, malpractice and the summer series.
32. We continue to focus on addressing any misconceptions of our approach to marking review and appeals and have issued a blog on the topic which has been well received in both the mainstream press and on social media.
33. A key lesson from the first two waves of GCSE, AS and A level reforms was the importance of providing information on accreditation progress. In mid-May we published a timetable of expected submission dates for all subjects being taught from September 2017, to complement that developed for 2016 subjects. We completed publication of subject-level decisions and associated conditions in early June.
34. We published the official GCSE, AS and A level entry data for the summer series and a letter to schools discussing a range of relevant issues. We continue to find that our letters to head teachers (of secondary schools and FE colleges in England) are read by a significant majority of recipients and click-through rates to additional information are above average for similar correspondence from other parties. We also received positive feedback from stakeholders for our Summer Series Symposium in late June, and in particular our commitment to develop a rolling programme of marking reliability studies. The publication of our decisions on resits in early June was welcomed in light of some frustration expressed on social media in preceding months.
35. Our innovative campaign ahead of the summer exam series to encourage teachers and students to report any evidence or suspicion of malpractice, exam fraud or cheating appeared to work well. The 'Report It' news item was accessed 1,600 times during May and June. Reactions by students to challenging exam papers or items continued to feed the mainstream media through the exam series, as has become the norm. We also found ourselves reacting to a number of news stories run by specialist media on a variety of topics during the period with which we had concerns.
36. The move to a single regulator for qualifications in Northern Ireland in early May, and the associated reduction in Ofqual's responsibilities, was well trailed and received little media attention. Amanda Spielman's nomination to be the next Chief Inspector of Schools, and her subsequent appearance before the Education Committee, generated significant media interest, although relatively little reference was made to Ofqual or our work.

37. We have also been nominated for two Public Sector Communications Awards during the period for our student survey associated with the consultation on marking review and appeals.

Regulatory Activity

38. Currently the team are undertaking seven audit commissions for the VQ Directorate. The team will also start a programme of six audits on behalf of the GQ Directorate in the Autumn due for completion by March 2017. Two new staff members are due to join the team in August 2016.
39. The team have undertaken an investigation for VQ standards which is complete and has resulted in enforcement activity.
40. In June, we assessed four applications for recognition to offer vocational qualifications. All were rejected as they did not meet our conditions. To help address the continued failure of applications, we are developing a communications plan to enhance the information available to applicants seeking recognition.
41. One trailblazer has applied twice to offer regulated qualifications. We are currently reviewing the second application. There has been a significant improvement in the quality of the application, however, the review has identified gaps in governance which mean it is unlikely to be successful.

Customer Services and Complaints

42. The volume of new complaint cases being raised has remained steady over the last 3 months (averaging 15 new cases per month). Casework volumes are expected to rise through July (when we will start seeing complaints about summer awarding) and will peak in September/October. There were more GQ than VQ complaints (11 versus 4). All of the GQ complaints related to exam issues (relating to this year and last year), and the VQ complaints mainly related to centre issues or decisions made by AOs.
43. The types of complaints received include:
- Resits for legacy qualifications.
 - New arrangements for EARs.
 - Exam Board appeals process
 - Timing of 'Setting Grade Standards' consultation
 - Concerns re an AQA history paper 'The age of the crusades'
 - A suggestion to change the timetabling for exams in the summer series for hay fever sufferers
 - Complaint about marking by OCR and subsequent appeals process

- Concerns about arrangements for special consideration in place for students with chronic illness.
- Arrangements in place to manage the ‘increased difficulty’ of reformed qualifications
- Arrangements in place for autistic students.
- Concerns raised about issues relating to a centre
- Complaint about a decision made by YMCA awards to withdraw a qualification

44. The helpdesk has experienced an increase in volumes through April, May and June due to summer awarding. The number of exam related queries so far this year is 229, which is an increase from 2015 (164). Volumes were inflated by two high profile issues which led to a flurry of calls and emails (AQA GCSE Biology and Pearson A Level Biology). Plans are in place to assist the helpdesk to manage a further expected peak in volumes at GCSE and A Level results time.

45. The casework and helpdesk teams are now fully on board using Microsoft Dynamics CRM, and we will shortly be archiving the existing application. A new phone system has been installed which will help with scaling up strategies for managing peak volumes.

National Reference Test

46. Approval to proceed with the roll out of the National Reference Test is covered under a separate agenda item.

Legal

47. We have one ongoing litigation matter with a former member of staff. Formal proceedings have not been issued and we are working to try and achieve any early resolution of the dispute.

Impact Assessments

Equality Analysis

48. There are no impacts on the equality impact analysis already conducted.

Regulatory Impact Assessment

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

Timescale

49. Timescales are discussed at relevant paragraphs

Paper to be published	YES
Publication date (if relevant)	After the meeting except Annex C which contains

	commercially confidential information.
--	--

Annex List: -

Annex A Management Accounts by Control Totals

Annex B Corporate Plan Tracker

Annex C IMTP Lessons Learned and Benefits (closed)

Ofqual Summary

YTD Actual	YTD Budget	Variance Under/ (Over) Spend	Variance
£000s	£000s	£000s	%

Admin Income	(32)	0	32	100%
--------------	------	---	----	------

Programme Income				
------------------	--	--	--	--

Total Income / Funding	(32)	0	32	100%
-------------------------------	-------------	----------	-----------	-------------

Vocational Qualifications	710	646	(64)	(10%)
General Qualifications	254	241	(14)	(6%)
Strategy, Risk and Research	441	565	123	22%
Regulatory and Corporate Services	981	1,000	19	2%
Admin Pay	2,386	2,451	65	3%

General Qualifications	404	407	3	1%
Regulatory and Corporate Services	48	54	5	10%
Programme Pay	453	460	8	2%

Total Pay	2,839	2,911	72	2%
------------------	--------------	--------------	-----------	-----------

Vocational Qualifications	(76)	16	92	562%
General Qualifications	4	4	0	2%
Strategy, Risk and Research	7	8	1	12%
Regulatory and Corporate Services	75	64	(11)	(18%)
Admin Non Pay - Staff Related	11	92	82	88%

General Qualifications	1	0	(1)	(219%)
Regulatory and Corporate Services	0	1	1	92%
Programme Non Pay - Staff Related	1	1	0	3%

Non Pay - Staff Related	12	94	82	87%
--------------------------------	-----------	-----------	-----------	------------

YTD Actual	YTD Budget	Variance Under/ (Over) Spend	Variance
£000s	£000s	£000s	%

Vocational Qualifications	28	85	57	67%
General Qualifications	49	79	30	38%
Strategy, Risk and Research	39	106	67	63%
Regulatory and Corporate Services	496	455	(41)	(9%)
Project Fund (incl Pay Reserve)	0	0	0	0%
Admin Other Non Pay Expenditure	612	725	112	16%

General Qualifications	157	258	101	39%
Regulatory and Corporate Services	472	500	28	6%
Programme Other Expenditure	629	758	129	17%

Other Non Pay Expenditure	1,241	1,483	242	16%
----------------------------------	--------------	--------------	------------	------------

Admin Notional Costs	0	0	0	0%
----------------------	---	---	---	----

Programme Depreciation Costs	2	3	0	20%
------------------------------	---	---	---	-----

Total Admin	2,978	3,268	290	9%
--------------------	--------------	--------------	------------	-----------

Total Programme	1,085	1,222	138	11%
------------------------	--------------	--------------	------------	------------

Total Costs	4,062	4,490	428	10%
--------------------	--------------	--------------	------------	------------

Full Year Forecast	Full Year Revised Budget	Variance Under/ (Over) Spend	Variance
£000s	£000s	£000s	%

(32)	0	32	100%
------	---	----	------

(32)	0	32	100%
-------------	----------	-----------	-------------

2,598	2,759	161	6%
1,311	1,216	(94)	(8%)
2,197	2,249	52	2%
4,673	4,282	(391)	(9%)
10,779	10,506	(273)	(3%)

1,086	1,090	3	0%
151	216	65	30%
1,237	1,305	68	5%

12,016	11,812	(204)	(2%)
---------------	---------------	--------------	-------------

102	134	31	23%
17	17	0	0%
40	40	(0)	(0%)
393	393	0	0%
552	583	31	5%

0	1	1	100%
3	3	0	0%
3	4	1	29%

555	588	32	6%
------------	------------	-----------	-----------

Full Year Forecast	Full Year Revised Budget	Variance Under/ (Over) Spend	Variance
£000s	£000s	£000s	%

428	373	(54)	(15%)
301	301	0	0%
386	386	0	0%
1,749	1,753	4	0%
769	1,219	450	37%
3,632	4,032	400	10%

936	934	(1)	(0%)
2,275	2,275	0	0%
3,211	3,209	(1)	(0%)

6,843	7,241	398	6%
--------------	--------------	------------	-----------

46	46	0	0%
----	----	---	----

10	10	0	0%
----	----	---	----

14,978	15,168	190	1%
---------------	---------------	------------	-----------

4,461	4,529	68	2%
--------------	--------------	-----------	-----------

19,439	19,697	258	1%
---------------	---------------	------------	-----------