

Paper 29/17

Date:
28th June 2017

Title:
Chief Operating Officer's Report

Responsible Director:
Marc Baker, Chief Operating Officer

Paper for Information

Open paper/ Closed sections

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:
 - a. note the latest position on accommodation
 - b. note the position on the annual report and accounts
 - c. consider and agree the business case to fund a new HR/Finance system
 - d. provide views on our intention to undertake further paid for 9:1 advertising

Year to Date Financial Performance – end May 17

3. The management accounts for the period ending 31 May 2017 are shown in Table One.
4. Year-to-date expenditure has been £2.864m against a budget of £2.936m, an underspend of £72K. The key variances are in the pay reserve for vacancies on hold, lower maintenance costs, and GQ recruitment timing, partly offset by overspends on VTQ Reform costs

pending approval of the DfE funding request, and secondments and maternity cover.

**Table One:
YTD Financial Performance and Expected Full Year Position**

| £'000s | Year to Date | | | Full Year | | |
|----------------------------|--------------|--------------|-----------|---------------|---------------|------------|
| | Actual | Budget | Variance | Forecast | Budget | Variance |
| VTQ | 298 | 288 | (11) | 2,000 | 1,860 | (140) |
| GQ | 299 | 333 | 34 | 1,978 | 2,060 | 82 |
| SRR | 600 | 576 | (24) | 3,545 | 3,536 | (9) |
| RCS | 1,291 | 1,313 | 22 | 6,843 | 6,841 | (2) |
| NRT Programme | 394 | 395 | 1 | 1,999 | 2,000 | 1 |
| Project Fund / Pay Reserve | (21) | 30 | 51 | 1,144 | 1,323 | 179 |
| Central Charges | 1 | 2 | 0 | 54 | 56 | 2 |
| Ofqual Total | 2,864 | 2,936 | 72 | 17,564 | 17,677 | 113 |

Full Year Forecast

- The full year forecast underspend is £113K (0.6% of Budget). This excludes the over commitment risk held in the Project Fund.

Project Fund

- At the start of the financial year, planned projects with an estimated non-pay cost of £1.6m were identified in the Project Fund. Table Two summarises the 2017/18 YTD movements in the fund:

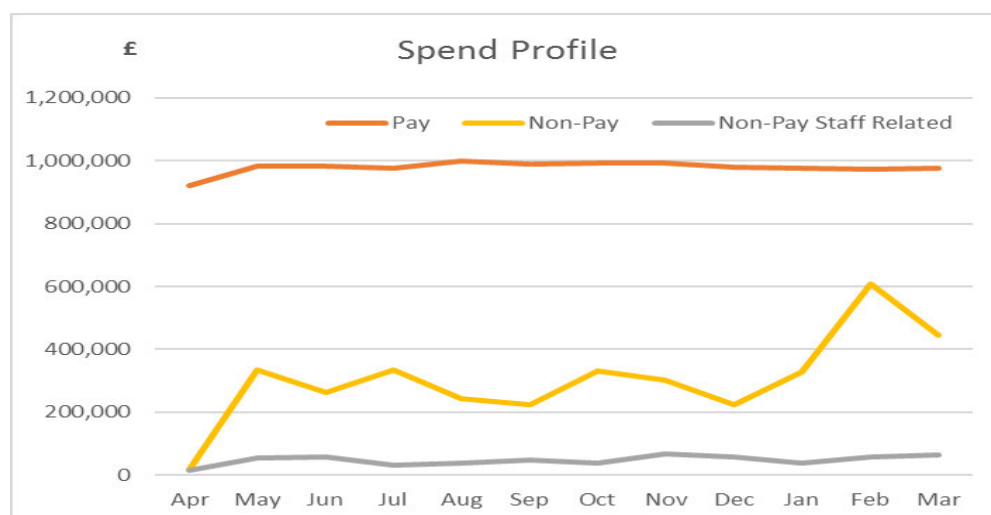
Table Two: Year to Date Movements in the Project Fund

| | £000 |
|---|--------------|
| Planned Projects at 01-Apr 2017 | 1,585 |
| <i>Less: Approvals of Planned Projects since 01-Apr</i> | -129 |
| <i>Less: Savings on Reviews of Planned Projects</i> | -81 |
| <i>Plus: New Requests Added after 1st Apr</i> | 101 |
| <i>Less: Approval of New Requests</i> | -41 |
| Cost of Remaining Projects in Project Fund | 1,435 |
| <i>Less: Available Project Fund Budget</i> | -231 |
| Current Budget Gap | 1,204 |
| <i>Less: Forecast Underspend by Directorates</i> | -113 |
| Project Fund Over Commitment Risk | 1,091 |

7. Since 1st April 2017, projects totalling £129K plus a further £41K in unplanned requests have been transferred out of the Project Fund into Directorate budgets. Scrutiny of business cases has led to savings of £81K compared to plans, and new projects estimated at £101K have been added to the fund. This brings the total anticipated non-pay expenditure held in the Project Fund to £1.4m. Available budget of £231K plus the forecast underspend of £113K reduce this to a budget gap of £1.1m.
8. There are opportunities within the Project Fund that may mitigate this risk. If these materialise in full, the total forecast over commitment could reduce to £317K before any further reductions in year-end spend are identified.

Spend Profile

9. The forecast spend profile for the remainder of 2017/18 is:



10. While the peak in non-pay spend in quarter 4 presents a risk of not being delivered before the year end, there are controls and assurances in place to identify this earlier in the year.

Interim & Contract Staff

11. Anticipated expenditure on interim staff is included in the pay forecast. Interim staff reduced from 8 at the end of March to 5 at the end of May.

Annual Report and Accounts

12. The draft Annual Report and Accounts for 2016/17 was agreed at the Joint meeting between the Finance Committee and the Audit and Risk Assurance Committee and the subsequent Board meeting on June 20th.

13. The Board were advised of a potential issue regarding Ofqual's treatment of research costs and whether this was consistent with the provisions of the HMT rules covered under the ESA10 guidance. An NAO Technical Panel review has since concluded that Ofqual did not undertake any R&D that would fall under ESA10 in 2016/17. To minimise the risk going forwards, we are implementing changes to the business case process to enable an assessment to take place for individual research projects as they are submitted for approval. In addition, we will be making a case to HMT for all our research to be excluded from the ESA10 provisions.

People

14. The permanent staff headcount stands at 182. In addition, we have 11 agency and fixed term workers covering established posts and a further 5 agency staff and contractors undertaking roles not covered by established posts which gives a total level of staffing of 198 a decrease of 7 since the last Board meeting.

15. We have 20 vacancies, of which 14 are for permanent roles. Ofqual recruitment practices have recently been rated as green by KPMG following submission of the annual recruitment return.

16. Sick absence increased marginally from 2.45% in April to 2.48% in May. This is lower than this time last year when it stood at 2.69%. 16 employees had incidences of sickness in the month which is our lowest figure for over 12 months. Case management of long term sick continues, and as a result we only have 1 person off long term.

17. A structured management development programme has been approved by SMG. This is a significant step forward for Ofqual which will give both new and existing managers a comprehensive modular programme of blended learning. The programmes, provided by Civil Service Learning, will focus on soft skills and key management skills, supporting our managers to excel. We will supplement this with a series of short talks that will stimulate debate and broaden thinking amongst the Leadership population. These will be sponsored by the leadership team who will help set the topics and content.

18. Our first organisation wide review of talent took place in June. Exec Directors reviewed individuals in senior grades and over the next quarter all other staff will be reviewed by Directorate management teams. The reviews focussed on identifying individuals with the potential to progress to the next grade in the organisation, and how we can support them to make best use of their talent. As part of this process five nominations were also made for the Civil Service Future Leaders and Senior Leaders talent programmes recognising that this is a fantastic opportunity for successful applicants giving them opportunities for development and networking, as well as supporting retention in Ofqual and across the Civil Service.

19. It has also been agreed by SMG that the Insights programme will continue across the business which will further support team development as well as providing a 360-degree feedback tool for the management population.
20. SMG have agreed to recruit 4 new apprentices in IT, Legal, Finance and 1 split between the Qualifications areas and SRR.

Health and Safety

21. A fire evacuation took place on 22nd May with all employees being evacuated in 3 minutes. We had 1 minor staff accident reported in May and 1 minor accident reported by an Interserve employee.

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

Replacement Finance and HR System

24. After several months of preparatory work across HR, Finance and Information Management, a business case is attached at Annex B for approval to procure, via a centralised framework, a new integrated HR, finance and procurement system. The selected system is Oracle Cloud, and implementation will be carried out in collaboration with Inoapps (an Oracle Platinum Partner with experience of working with public sector organisations).
25. While this business case is to procure a replacement computer system, this project is primarily a business improvement initiative that uses technology as the key enabler to create efficiencies across the organisation. The Oracle system provides a significantly improved user experience, allowing improvement to processes including claiming expenses, managing personal information, and purchasing goods and services. In addition, the integration between HR and finance and real time reporting capabilities, will free up time for staff around the organisation. As this solution is fully cloud-based, staff will be able to access the full system from out of the office, and mobile/tablet devices are fully supported.

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Corporate Plan tracker

27. The Corporate Plan tracker is available at Annex C. This year we will be tracking our Corporate Plan commitments against four goals.

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31. Our work to 'develop and manage our people, resources and systems has also made good progress though we have rated as amber our commitment to 'determine the future location of our office' due to a change in the position of GPU and the DfE.

IT and Information Management

32. Ofqual IT availability continues at over 99% with few outages which impact on users, either Ofqual staff, awarding organisations for the AO portal or the public for the Register.

33. The National Cyber Security Centre Secure By Default Partnership programme has opened for 2017 and Ofqual IM will again be making a submission for the £25k award to provide a case study to improve IT security using MS Windows native features. Last year's award resulted

in Ofqual IM presenting a successful case study at the CyberUK 2107 annual conference.

IM Transformation

34. IM transformation delivery continues. Work underway includes, support for the annual statement of Awarding Organisation (AO) compliance; further development of the data collection portal for Awarding Organisations; prototypes built for the new Ofqual Document Centre, event notification functionality and Single View of Risk observation form;

Communications

35. The pre-election purdah period, during which government departments are asked to refrain from issuing communications, ran from Friday 21 April to the election, and was then extended until Monday 12 June. We had already planned to limit our communication through the summer exams period (from 15 May), as in previous years. However, we did issue advisory statements regarding special consideration to schools, parents and pupils in relation to the Manchester terror attack and the Grenfell Tower event. Our two Manchester statements were shared 168 times in total, which is unprecedented for our twitter channel, and they were reported by most of the national and trade media. We did not receive any press calls or public enquiries in response, which suggests our early morning advisory proved effective.
36. We issued two statements related to exam paper errors during the period; one covered our disappointment in relation OCR's English literature paper error, while the other was a more general statement in answer to requests following the OCR biology paper error.
37. We again wrote to head teachers of secondary schools and colleges in mid-June to set out our expectations for this year's GCSE, AS, A level and Applied General results. The letter proved to be the most successful we have ever sent in terms of reach. It was distributed to around 6,200 head teachers, but was opened by nearly 12,000 individuals. We normally get 80-90% open rates for our letters, which is already far above the industry average of 17%. But an effective figure of 192% is truly remarkable. Geoff Barton strongly welcomed the letter, telling his ASCL colleagues that it provided 'clear statements' and 'vital messages'.
38. The letter was issued alongside our provisional entry data statistics, and a more technical blog. The provisional data and some of our messages from the letter were covered by the trade press (TES focused on our expectation of more centre-level variability; Schools

Week on declines in AS entries) and the BBC (declines in MFL). There was little social media reaction.

39. We conducted our third wave of research to gauge levels of understanding among key stakeholder groups in May. This followed our paid-for advertising in March, which generated 3.7m views of our films in full, and another 6.3m partial views. Our various posts (including videos) were 'seen' on 23.4m occasions. [Nb, this does not equate to unique individuals.] Our evaluation indicates the campaign performed favourably compared to industry and recent government benchmarks. The quality of the campaign was also recognised at the EVCOM Screen Awards in late June, where our films came 2nd in the best animation category.

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46. The volume of public enquiries emails remained steady in May, around its 3-month average, but we have received only a third of the number of enquiries related to exams this year compared to last. The volume of public telephone calls was a little higher than the 3-month average

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National Reference Test

70. We have completed the analysis of this year's test data and have confirmed that the test performed well in assessing students' abilities. There is a more detailed report of this year's tests and their analysis in the separate Board paper 30/17 National Reference Test.

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Legal

73. Ofqual is not a party to any other legal proceedings and no litigation is threatened.

Impact Assessments

Equality Analysis

There are no impacts arising from the report.

Regulatory Impact Assessment

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

Timescales

There is no impact on timescales apart from those identified in the HR/Finance system business case.

| | |
|--------------------------|--------------------------------------|
| 1. Paper to be published | YES noting closed sections and paras |
| 2. Publication date | After the meeting |

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