

Paper 43/17

Date:

12th September 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 financial position as at end August
 - b. note the update on accommodation
 - c. note the results of the recent Pulse Survey
 - d. authorise additional contractor spend

Year to Date Financial Performance – end August 17

3. Year-to-date expenditure has been £6.7m versus a budget of £7.1m, a YTD underspend of £408K. This YTD variance comprises of £214K non-repeating items, £163K of targeted savings, and £31K of underspend by the Directorates, as detailed in paragraph 6.
4. Table 1 below shows August 2017 Year to Date (YTD) results, the Year to Go (YTG) expected spending, and the expected outturn for the full year to March 2018.

5. While the average monthly run rate is significantly higher for the remainder of the year, this is affected by a significant increase in expected spending in the Quarter 4 related to potential office move costs, and projects such as Marking Reliability.

Table 1: Financial Summary

£'000s	Actual / Expected	Budget	Variance	Variance %	Average Monthly Run Rate
YTD – Aug-17	6,709	7,118	408	5.7%	1,342
Year to Go	11,367	11,028	-339	-3.1%	1,624
Expected Full Year	18,076	18,146	70	0.4%	1,506

6. The key YTD variances include:
 - a. Non-repeating items account for £214K (3%) of the YTD variance, including the reversal of the holiday pay over accrual from 2016/17; lower than budgeted Pay Award; and the impact of reverting to the standard annual leave carry forward policy following temporary suspension in 2016/17;
 - b. Targeted savings account for £163K YTD (2.3%), including facilities savings due to controlling building works; savings due to more successful accreditation submissions, non-replacement/backfill of staff leaving, going on maternity leave and external secondments in Regulatory and Corporate Services Directorate, a refund on an IT data contract.
 - c. Directorate business as usual variances give a £31K (0.4%) underspend.

Full Year Forecast

7. The latest full year forecast by Directorates gives a year-end underspend of £70K including projects in the Project Fund, representing 0.4% of budget. This compares to a £1.1m over-commitment at the end of May.
8. In August, the Department for Education (DfE) approved the Functional Skills funding bid, providing Ofqual £469K of additional budget for 2017/18. While this funding will not be officially received until the Supplementary Estimates later in the year, this is included in the forecast to improve reporting clarity.
9. Table 2 shows the movement in the full year forecast from the July 2017 Board meeting. This includes all projects funded from the project fund:

Table 2: Movements in the Full Year Forecast – May to August

	£000
Over Commitment Risk Reported in May-17	-1,091
New Projects added including: - EPA Recognition & Review of Conditions for Apprenticeship EPAs	-127
Additional Directorate Savings/Underspend Forecast – June-17	270
Net Over Commitment Risk – June-17	-948
Reduced Project spend at Q1 Star Chambers	113
Pay Forecast Changes - removed posts, reduced backfill and grading change	67
Increased Income due to extension of an external Secondment	60
Pay Reserve & Other - pay award finalised, and reduction in maternity and sickness cover forecast requirement	74
Full Year Forecast – July-17	-634
Less DfE Functional Skills Funding Approved	469
Pay changes – including removed posts, reduced backfill, external secondments	122
Project savings and plans updated	113
Full Year Forecast Underspend as at end August	70

10. We have worked through the action plan to address the forecast accuracy issues experienced at the end of the 2016/17 financial year. The focus of the plan was to embed the controls and processes within Directorates, and Directorates have made significant progress on this, working collaboratively with the enabling functions to find the best solutions to activities.

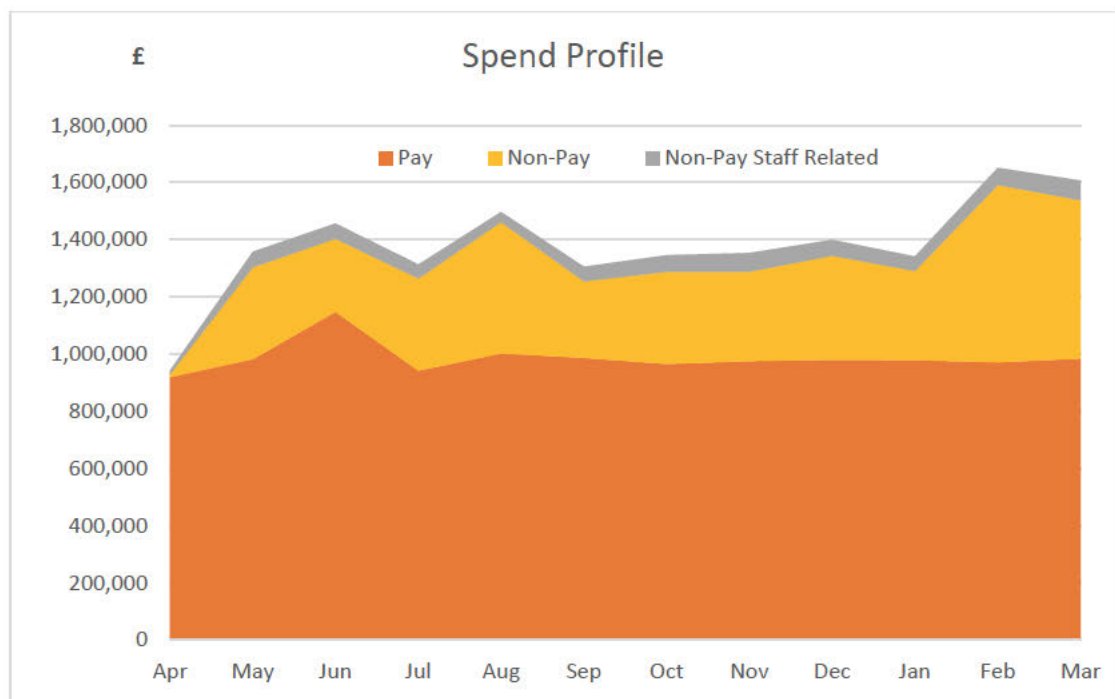
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Spend Profile

12. Figure 1 illustrates the forecast spend profile for 2017/18:

Figure 1: Spend Profile 2017/18



13. While the peak in non-pay spend profiled in quarter 4 presents a risk, Directorates are actively engaging with Finance, Procurement, and HR earlier in the planning process, and it is considered that there are sufficient controls and assurances in place to mitigate this risk.

14. Additionally, the final quarter spend includes several regularly repeating research activities from previous years and there is a high level of confidence that these major research projects will be delivered.

People

15. In October 2016 Ofqual took part in the Civil Service People Survey. In June 2017 we ran a short 'Pulse' survey to revisit some of the key questions and issues identified. We achieved a 95% response rate for the survey and overall the scores were very positive (Annex A). Highlights include:
 - a. 5% improvement in the overall level of engagement,
 - b. 27% improvement in the question - staff believe that effective action had been taken on the results of the last survey
 - c. 28% improvement in the question - proud to tell others they are part of Ofqual
 - d. 19% improvement in personal attachment to Ofqual
 - e. 15% improvement in the score for dealing with poor performance.
16. We continue to improve our position regarding staffing levels, retention rates and sickness absence. Our priority has been filling the vacancies in the VTQ Reform programme and since May 2017 we have filled 6 of these roles with a further 6 in progress.
17. Permanent headcount stands at 184 in August 2017 compared to 146 in August 2015 with 14 permanent vacancies overall.
18. We also have 6 agency and fixed term workers covering established posts and a further 11 agency, fixed term staff and contractors undertaking roles not covered by established posts which gives a total level of staffing of 201 an increase of 3 since the last Board meeting.
19. Overall sick absence has decreased from 2.33% in June to 1.09% in August. This is a lot lower than this time last year when it stood at 4.26%. 12 employees had incidences of sickness in the month which is our lowest figure for over 12 months. Management of one long term sick case continues, compared to 4 at this point last year.
20. We have launched our management development programme. This holistic engagement programme comprises formal training programmes and participation in informal discussion and awareness of leadership and management techniques and best practice. We have introduced quarterly themes – the first one being delegation.

21. 15 individuals have already booked onto the first cohort of the New Manager programme due to commence on 25th September, and a further 22 have expressed an interest in the Experienced Manager programme, some going through the full programme and others will dip in and out of the modules they require – a training needs analysis is being offered to help identify which elements of the programme are appropriate for them.
22. We now have 4 members of staff who are undertaking external secondments as part of managed development.
23. We have also recruited 3 apprentices who started in September. Following a review of our previous apprenticeship recruitment we have recruited individuals to specific areas. There will be 1 in the General Qualifications area, 1 in IT and 1 in Finance. A Legal apprentice was offered a position however has since withdrawn.

Health and Safety

24. No issues to report.

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Replacement Finance and HR System

27. Following Board approval of the project to implement the replacement Finance and HR System, contracts have been issued. Implementation is scheduled for January 18.

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IT and Information Management

32. IT availability remains at over 99% with no incidents resulting in loss of access to IT for users, Ofqual or awarding organisation. The focus over the last 3 months has been on improving security of the IT estate and operating practices. The application to join the National Cyber Security Centre (NCSC) 2017 secure by default partnership programme was successful with the focus to improve Ofqual's overall IT security regime. Password security has been improved significantly with strong passwords in use supported by 6 digit PIN in line with NCSC guidance. This is necessary work to prepare for the IT health check in January 2018, PSN re-accreditation in March 2018 and enable the necessary changes to support GDPR implementation in time for the 25 May 2018 deadline.

IM Transformation

33. The data collection portal has completed testing and is now being used for data collections from Awarding Organisations. Following board approval and a successful contract award, orders have been placed for Oracle cloud to replace Octopus HR and Aptos financials supported by Inoapps, an Oracle platinum implementation partner, to work with the HR and finance teams to set up the Oracle cloud and import data from existing systems. Implementation is due in January 2018.

34. The single view of risk (SVR) tool, data back end and user interface, has successfully completed technical and user testing and is being deployed to Ofqual users. Testing is also underway for updated event notification and contact Ofqual functionality using the AO portal and the 'HR function centre' for Ofqual staff to access commonly used HR policies and forms.

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Communications

38. GCSE, AS/A level and BTEC results days passed smoothly. This reflected the stable nature of the results themselves, the preparation we had done with the media and other stakeholders in advance, and the quality and range of outputs that we published on the day.
39. We sent letters, including informative posters and leaflets, to all secondary-level schools in England in GCSE results week. These were tested with members of our Stakeholder Advisory Group before distribution and subsequently received favourable comments on social media. An email version of the same letter and resources was distributed to head teachers of the same c6,400 schools on 23 August. The email was opened by 96% of recipients, with nearly 4,600 opening on the day of distribution, with most others opening it on GCSE results day.

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42. We produced a wider range of resources on results days this year. Our new interactive charts for centre-variability and GCSE grades were widely welcomed on social media. The focus of the press beyond the headline outcomes was the grade boundaries required for new GCSEs compared to previous years. We had prepared for this probability, and our graphic and numbers were used widely.

43. We coordinated our media approach on results days with the Department for Education, conducting several media interviews (some of which were not used) on the days themselves, including ITV News, Sky News, BBC News Channel, BBC South West, ITV Central News and BBC local radio.

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National Reference Test

60. Ofqual is publishing a news story on 18th September, confirming that the National Reference Test will take place in schools between 19th February and 2nd March 2018. NFER has selected the sample of schools to be asked to take part. School recruitment has commenced. We will use the same live test questions that were used for the 2017 test. NFER is developing some additional items to be trialled in 2018, to continue building up our item bank for possible use in the

future. Also published on 18th September are updated versions of the statutory guidance, supporting the legislation that makes it mandatory for most schools to take part in the NRT if asked, and an overview of the NRT, which includes a few example questions.

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Legal

62. 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

Annex List: -

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