

Paper 56/17

Date:

12th November 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 the Chief Operating Officer's area of responsibility.

Recommendation

2. Board members are asked to note the reported position.

Year to Date Financial Performance – end October 2017

3. Year-to-date (YTD) expenditure is £9.3m versus a budget of £9.65m, an underspend of £327K. Table 1 shows spend as at the end of October, the Year to Go (YTG) forecast spending, and the expected outturn for the full year to March 2018.

Table 1: Financial Summary

£'000s	Actual / Expected	Budget	Variance	Variance %	Average Monthly Run Rate
YTD end Oct 17	9,324	9,651	327	3%	1,332
Year to Go	8,395	8,495	100	1%	1,679
Expected Full Year	17,720	18,146	426	2%	

4. At the end of October 2017, the key year to date variances are explained by:
- £214K of non-repeating accounting items including the holiday pay accrual and pay award as reported in the September Board report, and £10K additional VAT reclaim.
 - £191K of targeted savings including
 - £45k active control of buildings maintenance expenditure
 - £48k from audit vacancies not filled
 - £24k from not backfilling external secondments
 - £26k from better than expected success with accreditation submissions
 - £16k from not backfilling maternity leave in Communications
 - £22k following a review of staff support to NRT
 - £10k saving on a data contract
 - £78K of Directorate business as usual spending variances, project changes, and timing differences vs budget, including increased legal costs

Full Year Forecast

5. The latest full year forecast gives an expected year-end underspend of £426K, representing 2.4% of budget. This was confirmed during the Quarter 2 Star Chamber reviews in October. Table 2 shows the movement in the full year forecast since the version presented to the September 2017 Board meeting.

Table 2: Movements in the Full Year Forecast (August to Oct17)

	£000
Full Year Forecast – August-17	70
Legal Contingency released	100
Pay Reserve - Maternity and sickness reduction	93
RCS reductions including Staff & Office costs	94
Net Project Changes including: - GQ Savings on Accreditation, Staff savings in RCS	69

Additional projects including: - A Level Science Practical, Non-Exam Assessment, Confidentiality Review	
Revised Full Year Forecast	426

6. Directorate forecasting accuracy is reported as a rolling three-month average starting in July. The target is 95% accuracy or higher. Progress is reported in Table 3:

Table 3: Rolling 3-Months Average Forecast Accuracy

Directorate	J	A	S	O
	%	%	%	%
Vocational & Technical Qualifications	90	94	96	97
General Qualifications	96	95	96	93
Strategy, Risk and Research	96	94	94	96
Regulatory and Corporate Services	92	92	97	96

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

People

7. Permanent headcount stands at 180 with 16 permanent vacancies. We also have 2 agency and fixed term workers covering established posts and a further 16 agency, fixed term staff and contractors undertaking roles not covered by established posts which gives a total staffing of 198. Initial business planning activity suggests that this level of resource may be insufficient to deliver the 2018/19 planned programme, particularly in the VTQ and SRR Directorates.
8. We will undertake a review of outstanding vacancies with a view to potentially repurposing them to support 2018/19 commitments. We will report back to the Board at its next meeting the establishment required for 2018/19, together with proposals for how this will be funded.
9. Overall sick absence has increased from 1.24% in September to 2.08% in October, which is to be expected with the cold and flu season upon

us. This is lower than this time last year when it stood at 4.89%. 18 employees had incidences of sickness in the month. Management of one long term sick case continues, compared to 6 at this point last year.

10. The management development programme that was launched in September has had positive feedback from the first cohort, who are actively engaged with the programme. We are planning a further series of open sessions supported by 'Microsoft teams' to communicate ideas and share best practice.
11. The second Talent management review took place with the SMG in October and a number of actions have been agreed to support individuals. Constructive conversations were also had about those employees who are identified as steady performers.
12. The results from the civil service wide Future Leaders Scheme were released on 3rd November with one successful Ofqual candidate joining the programme (from the 3 who applied).

Health and Safety

13. A fire evacuation drill took place in October. A number of improvements have been identified which will be addressed this calendar year.

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IT and Information Management

14. Solutions to improve the security of candidate level data (CLD) have been tested and are ready to deploy once agreed with SRR including the policies and changes to working practices to be implemented.
15. Work to prepare Ofqual for the General Data Protection Regulation (GDPR) with effect from 25 May 2018 remains in sharp focus. Guidance is being developed for business and project managers covering GDPR contract compliance. We are also working with Ofqual information asset owners to review retention periods for information assets and review and revise existing Privacy Notices for Ofqual's website.
16. Upgrades to Windows 10 have been gradually deployed with around 25% of staff now covered. The 'Secure by Default' programme (funded by National Cyber Security Centre (NCSC)) continues with 9 staff piloting new technology, including fingerprint readers and this is progressing well.
17. A tender is underway to secure a new supplier for the IT health check and penetration testing to prepare for Ofqual's re-accreditation to remain a part of the Public Sector Network (PSN) due in March 2018.

IM Transformation

18. The replacement HR/finance system project continues with the focus on data validation and user testing. The project remains on track to be implemented by January 2018.
19. The digital team is now up to strength with all roles recruited. This team works across Ofqual to promote effective and efficient use of technology. One of the team's immediate priorities is to refresh Ofqual's Information Management strategy to ensure it remains current, relevant and that it underpins the corporate plan and strategic priorities. This will be delivered in the first quarter of 2018.
20. A significant focus of our development activity has been to embed key regulatory processes into the portal which we use as a major channel to share information and data between Awarding Organisations and Ofqual staff. This includes:
 - 'Contact Ofqual' which improves the way questions from AO's are dealt with.
 - 'Event reporting' which will provide greater consistency, security and reporting of the information and data provided by AOs when reporting adverse effects against our conditions.
 - 'Contact AO' will allow Ofqual to request information from AOs via a single channel using the AO portal. This will make it easier for Ofqual to manage burden with AOs and internally, improve the timing of regulatory activity to know when the same or similar information is being asked of AOs from different parts of Ofqual.

Communications –covering Sep & Oct

21. Wave 5 of our stakeholder research into new GCSEs was conducted during the first half of October. Table Four shows substantial progress in raising awareness of the new grading system among Pupils, Parents, FE college/training providers and SMEs since the start of the campaign (see table). Claimed understanding (in brackets) has risen even more sharply among each of these groups. We are reviewing all aspects of this year's campaign, along with a fuller analysis of the market research, with a view to launching a new campaign phase in the new year.
22. We have noted a number of concerns on social media about GCSE English marking this summer, which became more prominent with the recent publication of articles in The Guardian and TES. We are monitoring the situation and are actively planning against a range of scenarios ahead of and around official statistics on reviews of marking being published in December.

23. We refreshed our National Reference Test materials, which were communicated to schools by NFER as part of the recruitment process for the 2018 test. We also launched a new electronic manual for all our rules and guidance, on which we are currently consulting, with a view to easing interrogation and reducing regulatory burden.

Table 4 : Changes in awareness (and claimed understanding*) of 9 to 1 grading system

	Baseline* (A* to G)	Wave 1 (9 to 1) Nov 2016	Wave 2 (9 to 1) Mar 2017	Wave 3 (9 to 1) May 2017	Wave 4 (9 to 1) Aug 2017	Wave 5 (9 to 1) Oct 2017	Change Wave 5-1
SME owners	(26%)	66% (22%)	70% (22%)	71% (29%)	69% (36%)	76% (36%)	+10pp (+14pp)
HR decision makers	(50%)	90% (48%)	84% (38%)	81% (45%)	75% (39%)	82% (48%)	- 8pp (0pp)
Pupils (Yr 7-11)	(40%)	68% (31%)	82% (36%)	84% (41%)	78% (34%)	94% (58%)	+26pp (+27pp)
Parents (Yr 7-11)	(42%)	79% (30%)	86% (29%)	81% (36%)	81% (38%)	87% (53%)	+8pp (+23pp)
Head teachers	(84%)	98% (100%)	94% (100%)	97% (100%)	Not asked	CHECKING DATA	
Teachers	(91%)	99% (89%)	100% (93%)	100% (92%)	Not asked	CHECKING DATA	
University admissions staff	(56%)	100% (88%)	100% (87%)	94% (87%)	Not asked	100% (100%)	0pp (+12pp)
FE college/ training providers	(69%)	87% (64%)	97% (80%)	93% (88%)	Not asked	96% (85%)	+9pp (+21pp)
Westminster MPs	(45%)	65% (25%)	65% (20%)	Not asked	Not asked	Not asked	n/a

* Proportion who knew the current grading system is A* to G. Claimed understanding of 9 to 1, is those responded: "I have heard there will be a new grading system and I understand it".

24. The functional skills consultation, launched in late September, was viewed c1,500 times and received 26 survey responses .
25. The proportion of public enquiry correspondence related to GCSE/A level results or marking reviews has continued to decline. The figure peaked at 28% (of c650 emails) in August, before halving in September. The figure fell to 9% (of c570) in October, but remained the single biggest source of public enquiries in the month. The next largest category related to replacement certificates, which remains steady at about 8% of enquiries each month.

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

Recognition

26. The total number of recognised AOs is now at 154, following the surrender of McDonalds last month. Nine AOs are now recognised to offer End Point Assessments (EPA) in one or more Apprenticeship Standards. We have now recognised at least one AO for each of the 10 Standards for which Ofqual is the confirmed EQA Provider and where End-Point Assessment Organisations (AAOs) are approved.
27. We continue to receive a broad mix of applications from prospective organisations wishing to offer a VTQ portfolio. In October, we rejected eight applications at stage one, including from one EPAO wishing to offer an EPA in Level 2 Customer Service Practitioner. We accepted one stage one application that now moves to stage 2 of the process.

National Reference Test

28. Schools are responding well to requests to take part in the test in February 2018. Of the 348 schools that have been asked to take part, over 300 have already agreed to do so, a slightly faster acceptance rate than we saw last year. Other activities are also progressing well, NFER has started to recruit its markers and is developing additional refresh items that can be used in the test in future years if required.

Legal

29. 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.

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

Annex List: -

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