

Paper 71/17

Date:
15th January 2018

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

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

Year to Date Financial Performance – end December 17

3. Year-to-date (YTD) expenditure is £12.1m against a budget of £12.5m, a YTD underspend of £389K. Table 1 shows the results to date, the Year to Go (YTG) forecast, and the expected outturn for the full year to March 2018.
4. While the average monthly run rate for January-March continues to be significantly higher than the previous months, this is reflective of planned spending on significant projects (including Marking Reliability, and IT refresh).

£'000s	Actual / Expected	Budget	Variance £k	Variance %	Average Monthly Run Rate
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YTD – Dec-17	12,115	12,504	389	3%	1,346
Year to Go	5,734	5,400	-334	-6%	1,911
Expected Full Year					
Resource DEL	17,849	17,904	55	0%	
Capital DEL					
Capital DEL	217	267	50	19%	
Annually Managed Expenditure					
Annually Managed Expenditure	177	177	0	0%	
Total	18,243	18,348	105	1%	

5. Key year to date variances include:

- £214K of non-repeating accounting items as reported in the September Board report.
- £191K of targeted savings as previously reported.
- (£16K) of Directorate business as usual spending variances, project changes, and timing differences vs budget.

Full Year Forecast

6. The budgets for the year now include the additional VTQ Reform funding agreed by the Department. As part of the supplementary estimate which has gone to the Treasury we have set aside funds for a capital budget which will be used to cover IT spend and also any research projects that fall under the capitalisation rules. The details of this are explained at Annex A.

7. The latest full year forecast by Directorates gives a year-end underspend of £105K, of which £55K is resource and £50K is capital. This is a significant decrease from the £426K reported at the November 2017 Board. Table 2 shows the movement in the full year forecast from the position as at October 2017.

Table 2: Movements in the Full Year Forecast – October-17 to December-17

	£'000
Resource Full Year Forecast – at 31 October-17	426
Directorate Project changes	57

Additional Directorate Projects with approved Business Cases	-143
Movement of Resource Forecast to Capital Forecast	-108
Movement of Resource Forecast to Provisions	-177
Resource Forecast at 31 December-17	55
Capital Forecast Underspend at 31 December-17	50
Total Managed Expenditure – Forecast Underspend	105

8. All Directorates are achieving a good level of accuracy in forecasting their spend for the rolling three month period – shown in Table 3. This gives us greater confidence in the accuracy of the forecast year end outturn.

Table 3: Rolling 3-Months Average Forecast Accuracy

Directorate	Dec-17
Vocational & Technical Qualifications	96%
General Qualifications	96%
Strategy, Risk and Research	99%
Regulatory and Corporate Services	98%

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People

9. In October 2017 Ofqual took part in the Civil Service People Survey and 85% of our staff responded. The main results from the survey will be discussed as a separate item.
10. Whilst we are very pleased at these results, which build on the progress reported in the mid-year Pulse survey, we are certainly not complacent and are looking to build on these results for the coming year. This will include engaging with staff to identify what detailed actions we take in response to the survey. Highlights include:
- a. 7% increase in staff engagement scores
 - b. 18% increase in leadership and managing change.
 - c. 9 % increase in learning & development.

- d. 18% improvement in personal attachment to Ofqual
- e. 28% improvement in the score for staff believing that the Exec team will take action as a result of the survey.

11. SMG have prioritised the following areas for action:

- a. Empowerment and innovation
- b. Diversity
- c. Meeting culture

In addition, Directorates are developing action plans to address specific priorities relevant to their teams.

- 12. Permanent headcount has reduced from 184 in August 2017 to 179 in December 2017. We have 22 agency and fixed term workers covering established posts and project roles. This gives a total level of staffing of 201 which is the same as the last Board meeting.
- 13. The recruitment priority in the next two months is to fill the reform vacancies in the VTQ Directorate. At the time of writing we have received c. 90 applications, for 11 posts, with interviews scheduled to take place by the end of January.
- 14. Sickness absence at the end of December is at 3.09% and includes 16 instances. This is an increase from last quarter but compares well to the same time last year when sickness absence was 4.63% with 25 incidences. We continue to closely manage all sickness absences to ensure we both give staff the support they need as well as bring cases to a conclusion where necessary.
- 15. The first New Manager management development programme session was completed in the third quarter with very positive feedback. A total of 62 managers have expressed an interest in accessing the experienced manager programme, 15 of which have signed up for the whole programme which starts in January 2018. The remaining managers will access individual learning modules as required.

Health and Safety

- 16. Our business continuity process was used in December following the severe weather we experienced. This resulted in a skeleton staff being present in the office on Dec 18th with the remaining staff working from home. Over half the staff accessed the IT through Office 365 on this day. As a follow up we have now reminded managers to check that risk assessments are done for staff working at home.

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Replacement Finance and HR System

17. A significant amount of work has been done by the team to date with delivery of the project close to 90% complete. As of 18 January we have delivered Oracle financials - general ledger, chart of accounts, expenses, accounts receivable plus procurement and purchasing modules. For HR (Human Capital Management) its core functionality is in place - workforce management, payroll, compensation and benefits and recruitment. Mobile access to all available modules is also ready with training delivered to finance and HR users. We need to finish the build for the HR absence management module (an integral part of the system) which will take 2 days to complete.
18. Despite the progress made, a decision was made by the CIO as Ofqual's SRO on 17 January to delay go-live from 01 February to 01 April principally to ensure safe go-live of the payroll functionality which is a 'red line' deliverable. We made it clear from the outset payroll had to be successfully tested at least twice to provide full assurance it will work as intended before go-live could proceed. When the go-live decision was taken we had not had the chance to test payroll plus there were delays with the data migration and user testing. While only 2 – 3 weeks will be needed for the team to deliver everything required to complete the project, at this point in the financial year it does not make sense to go-live on 01 March; we will have used Aptos for 11 months with the new system for March and there is no critical need to launch in the last month of the financial year (go-live has to be on the 1st of a month).
19. The revised plan still calls for completion of set-up of the production system for HR, finance and procurement by 01 February. This means the new system will be built but it will not be taken into use and we will use the additional weeks to finalise the data upload, testing and user training. As the decision was taken early, finance will have the time to plan for year end to ensure there is no impact on this activity.

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IT and Information Management

20. During this reporting period we have made improvements to password and PIN security arrangements which have contributed to a significant reduction in the number of issues dealt with by the cloud IT team. This has freed up more of their time to manage the patching and software upgrade programme to maintain our security at the right level. We have made a contract award to BSI to provide IT health check and penetration testing services over the next two years; this will underpin PSN re-accreditation and they will also be asked to carry out a number of social engineering phishing exercises to assess staff responses to

respond to suspicious emails and to support us with implementing the government baseline security standards which is part of the Transforming Government Security (TGS) programme.

IM Transformation

21. We continue with detailed preparation for the office move to establish new data lines and provide the equipment for Earlsdon Park to ensure network access is in place well before the move date. Preparations for GDPR (General Data Protection Regulations) are on track with the majority of the compliance plan being delivered by 25 May 2018.
22. The data collection portal is now fully operational, and will be used for all data collections as they fall due in line with our published collection programme. We are making good progress in bringing all key regulatory transactions between ourselves and AOs into the AO portal in line with our 'one stop shop regulation' philosophy. We have successfully launched new event notification functionality with a major upgrade to 'contact Ofqual'. All AOs will be required to use the on-line system to report their events replacing previous notification by email or in hard copy form. In addition, AOs can now manage changes to their organisational details directly without needing this to be done by the Ofqual digital team.
23. The next iteration of the risk data reporting solution is on track for delivery in March. We have also developed the roadmaps which set out the major development work required to enable the regulatory strategy refresh.

Digital Approach

24. Digital transformation over the past 3 years has moved our IT from being out-of-date and on-site to be operated much more cost effectively from the cloud. Further, all our legacy (old) IT applications will be retired by end March 2018 delivering a massive improvement to our digital capability to enable and underpin our strategic goals and regulatory strategy.

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26. In addition, we intend to recruit a graduate trainee on a fixed term programme brought in with the necessary underpinning skills to learn about the AO portal and its underlying technologies to provide us with an intermediate level of developer expertise in-house.

Communications

27. There was significant national press coverage of our two Education Committee hearings. The prominence of reporting on our updates regarding teacher involvement in exam paper development reflected

newspaper coverage earlier in the summer. With most of our key messages deployed at the hearing, there was less interest in our formal published update in mid-December. Social media coverage was muted.

28. Much of the coverage following the second hearing was focused on the miss-application of rules governing reviews of marking by exam boards. That built on coverage of our summer report and official statistics a few days earlier. Only the trade press subsequently covered the publication of AQA's undertaking. Answers to questions on T level qualifications and unconditional university offers were the other two areas of interest for the media on the day itself. Social media commentary was mostly contained to a small group discussion about GCSE maths grade boundaries from the summer.
29. We released our computer science consultation on 27 November, the day before the first hearing. This was covered by all the national press and made it on to various early evening BBC radio bulletins. Stakeholder comments were widely supportive, though social media commentary (running into several hundred tweets) – much like the responses received – was mixed. The number of consultation responses (c2,600) was by some margin the highest we have ever received; our student survey in early 2016 garnered c1,400 responses. Publication of our final decision in early January also divided opinion. However, we received few calls (tens) to public enquiries on either occasion, and these were mostly about where to find the original consultation or final decision documents.
30. We release many of our Official Statistics during November and December. Our announcement that letters would be sent to some schools regarding their access arrangements received some national media interest, but there was greater pick-up of the rise in special consideration requests given the tragedies over the summer. Data quality issues meant our malpractice release was delayed until the new year. The recorded increases in staff and student penalties were widely covered, including by one national on its front page.
31. Our event with employers and other stakeholders on 21 November was well received by attendees, and our new interactive of the qualifications landscape was generally considered to be a step in the right direction.
32. We launched revised 30sec and 10sec videos in late December to further promote awareness of 9 to 1 GCSE grades. We also began development of films to promote the changes to GCSE science. These

are due for delivery at end February. We have developed a schedule of blogs and broad communications strategy taking us up to August.

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National Reference Test

33. Preparations for the NRT in 2018 are well advanced. 341 schools have agreed to take part, which is more than the minimum number we need. NFER has trained its Test Administrators who go to each school to run the test. NFER has also recruited its markers. The test will be held in schools between 19 February and 2 March and results will be available to Ofqual at the start of May. Last month, alongside the 2017 summer series reports, we published a summary of the 2017 test. Discussions with NFER are continuing with a view to exercise Ofqual's option to extend the current contract for two years, for the tests in 2021 and 2022.

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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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