



Standards
& Testing
Agency

Standards and Testing Agency

Annual report and accounts 2021-2022

For the period 1 April 2021
to 31 March 2022



Page intentionally left blank



Standards
& Testing
Agency

Standards and Testing Agency

Annual report and accounts 2021-2022

For the period 1 April 2021
to 31 March 2022

An executive agency of the
Department for Education

Presented to the House of Commons pursuant to
Section 6(4) of the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 20 July 2022

HC 362



© Crown copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated.

To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at
Department for Education, Piccadilly Gate, Store Street, Manchester, M1 2WD

ISBN 978-1-78957-615-3
CCS STA/22/8636 07/22

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office

Contents

Performance report	7
Performance overview	8
Performance analysis	15
Financial review of the year	19
Accountability report	25
Corporate governance report	26
Remuneration and staff report	42
Parliamentary accountability and audit report	59
The Certificate of the Comptroller & Auditor General to the House of Commons	60
Financial Statements	65
Statement of Comprehensive Net Expenditure	66
Statement of Financial Position	67
Statement of Cash Flows	68
Statement of Changes in Taxpayers' Equity	69
Notes to the accounts	70
Annexes	81



CORRECTION SLIP

Title: Standards and Testing Agency Annual Report and Accounts

Session: 2021-22

HC: 362

ISBN: 9781-5286-3545-5

Ordered by the House of Commons to be printed 20 July 2022

Correction

Text currently reads: ISBN 978-1-5286-3545-5 & 978-1-78957-615-3

Text should read: 9781-5286-3545-5

Date of correction: 15 August 2022

Performance report

Performance overview

Overview

This section details the Standards and Testing Agency's (STA or the Agency) organisational structure, performance, key risks and how we performed during the year.

Accounting officer's review

The annual report and accounts (ARA) cover the operation of STA, an executive agency of the Department for Education (the Department), for the year ending 31 March 2022.

STA is responsible for the development and delivery of the suite of national curriculum assessments (collectively referred to as "the assessments" in this document) which are taken by pupils in state schools and which comprise:

- the reception baseline assessment (RBA), which is taken by all reception children within 6 weeks of joining their school.
- the phonics screening check (PSC), which is taken by all year 1 pupils.
- key stage 1 (KS1) assessments, which are taken by all year 2 pupils.
- the multiplication tables check (MTC), which is taken by all year 4 pupils.
- key stage 2 (KS2) assessments, which are taken by all year 6 pupils.

The Agency is also responsible for the collection and delivery of general qualifications examination scripts.

The Agency continued to address the unprecedented challenges of the COVID-19 pandemic which led to the cancellation in 2021 of:

- KS1 teacher assessments
- KS2 tests and teacher assessments
- phonics screening check
- all statutory trialling
- statutory assessment of pupils working below the standard of national curriculum assessments
- all formal exams relating to the [general qualifications logistics service](#)¹

In addition to the cancellations, STA delayed policy changes until September 2021, including the:

- implementation of the [reception baseline assessment](#) (RBA) on a statutory basis²
- change of the [multiplication tables check](#) (MTC) from non-statutory to statutory³
- implementation of the [engagement model](#) (the new teacher assessment tool for pupils working below the standard of national curriculum assessments)⁴

¹ www.gov.uk/government/publications/dispatch-of-exam-scripts-yellow-label-service

² www.gov.uk/government/collections/reception-baseline

³ www.gov.uk/government/collections/multiplication-tables-check

⁴ www.gov.uk/government/publications/the-engagement-model

As the assessments set out above were cancelled in 2021, local authorities (LAs) did not undertake monitoring or moderation activities, although some preparation activities had taken place before the decision was taken to cancel the assessments.

The status of each of the assessments during the past 3 academic years is summarised in the table below:

Assessment	2021/22	2020/21	2019/20
RBC	Sept 2021 (first year as statutory)	Non-statutory pilot (statutory implementation delayed)	Non-statutory pilot
PSC	Autumn term (statutory)	Autumn term (statutory)	Cancelled
KS1	May 2022 (statutory)	Cancelled	Cancelled
MTC	June 2022 (first year as statutory)	Optional (statutory implementation delayed)	Non-statutory pilot
KS2	June 2022 (statutory)	Cancelled	Cancelled

Between January and July 2021, approximately 60% of staff were redeployed to other high priority areas in the Department. There was a subsequent impact on staff turn-over due to staff staying in their redeployment role, gaining promotion, or requesting a sideways move to another role within STA. The 'Return Project' was established to ensure:

- STA was appropriately structured to deliver its objectives
- the efficient use of STA's budget, ensuring that it provides value for money
- improvements in ways of working are embedded across STA and support all staff to deliver successfully

Deployed staff had regular meetings to keep them informed of what was happening within STA.

For the 2021 test cycle, STA successfully delivered the optional MTC, which was administered to 8,491 schools. 358,200 pupils participated in the official check during the 3-week administration window in June 2021. Participation met our expectations, we had anticipated participation would be slightly lower than the previous optional MTC in 2019 (9,300 schools), due to the impact of COVID-19.

For the 2022 test cycle, STA also met its objectives by:

- effectively delivering the RBA to 16,430 schools during the autumn term
- mobilising for operational delivery of the test cycle and delivery of guidance, printing of test materials and early activity associated with marker training
- continuing to successfully manage the general qualifications logistics service

Preparations undertaken during the academic year 2021/22 meant that STA was able to deliver all assessments in summer 2022. The assessments are of vital importance in providing data about the impact of COVID-19 on learning and will support local and national decisions.

I took on the responsibility as Accounting Officer from 3 August 2021. Prior to my arrival, Colin Watson acted as Accounting Officer. Despite the significant turn-over of staff highlighted above, I am confident that actions taken during my tenure and in the months prior to my arrival mitigated the potential loss of knowledge and experience, leaving STA well placed to deliver against its objectives during this financial year and into the future.

Statement of purpose and activities

Vision, mission and core principles

The Department's vision and purpose is: 'At our heart, we are the department for realising potential.'

The Department wants to support every learner to catch up on what they have missed, pushing beyond the immediate crisis. It will continue to improve our education and care system, so that it supports every person, regardless of their background, to maximise their potential.

STA supports the Department's vision by developing and delivering high-quality statutory assessments, which provide reliable and valid data on the achievements of individual pupils and schools for the purposes defined by Ministers. This will be used to understand where additional support is required.

In carrying out its national testing and assessment functions, STA is independently regulated by the [Office of Qualifications and Examinations Regulation \(Ofqual\)](#)⁵. Ofqual has a duty to keep all aspects of national testing and assessment arrangements under review and will report to the Secretary of State if it appears there is, or is likely to be, a significant failing in the arrangements. Given the cancellation of the 2021 test cycle, Ofqual has not produced an annual report on the national curriculum assessments this year.

Objectives

STA is responsible for the development and delivery of the national curriculum assessments in England. Under statutory instruments, on behalf of the Secretary of State for Education, we:

- develop and implement assessment policy in England, in line with ministerial priorities
- develop high-quality and rigorous assessments in line with government policy
- undertake operational delivery of national curriculum assessments (including printing, supporting test administration, distribution, provision of systems, marking and data capture, investigations of maladministration, and teacher assessment exemplification and moderation)
- set and maintain test standards, including standards related to marking
- manage and deliver digital assessment projects
- manage the general qualifications logistics service

As Chief Executive, I approve the:

- content of national curriculum assessments
- setting and maintenance of standards in national curriculum assessments

I act independently of the Department and ministers to ensure confidence in the validity of test outcomes.

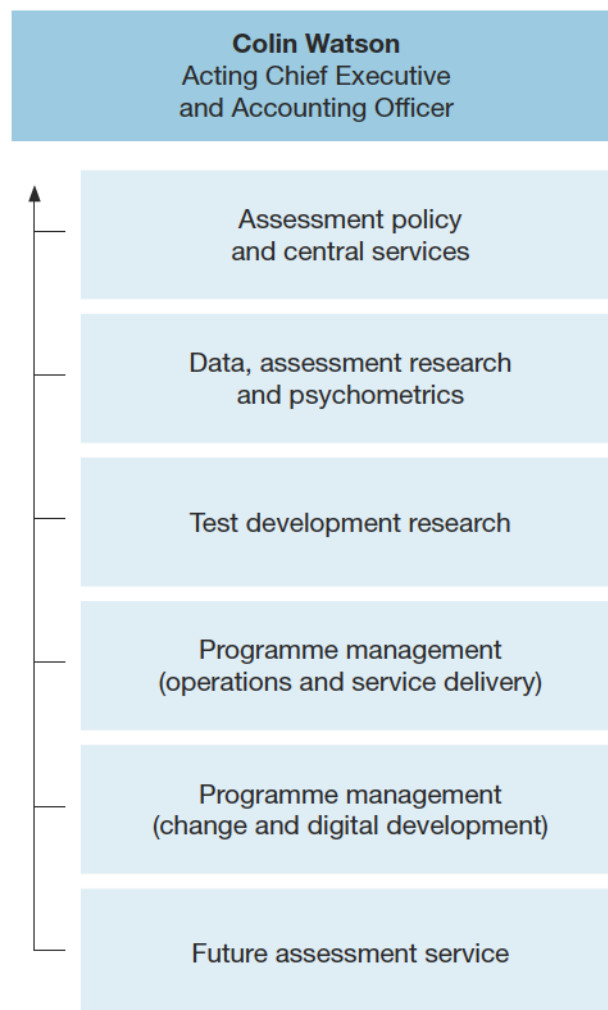
⁵ www.gov.uk/government/organisations/ofqual

Structure of STA

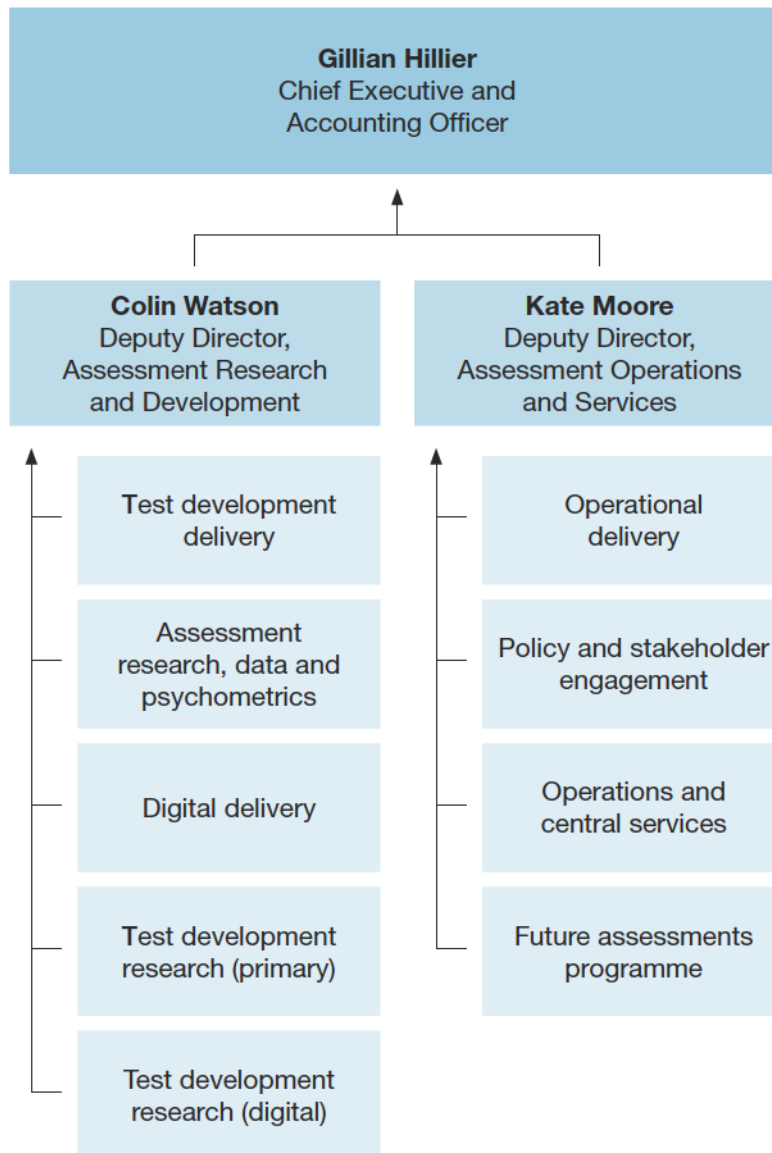
Historically, STA was split into three divisions. However, the structure was streamlined to one division until July 2021, due to the staff redeployment.

From August 2021, two divisions were introduced.

April 2021 – August 2021



August 2021 – March 2022



Summary of performance

For 2022, working with commercial delivery partners, we have operationally:

- administered RBA to 16,430 schools and 609,948 pupils
- printed, delivered and collected KS1 and KS2 papers for 16,500 participating schools
- trained 4,850 markers to mark KS2 scripts
- enabled schools to register their pupils for KS2 tests and order non-standard materials
- seen 4,733 moderators qualify to moderate teacher assessment judgements at KS1 and KS2
- marked of over 3.95 million KS2 test script components to prepare for the successful return of results
- managed the effective collection and delivery of 151,000 packages of general qualification exam scripts packages from participating exam centres across England

Operationally, the work above met expectations and all KPIs were met.

The development of tests involves a range of processes, in line with international best practice, including initial question writing, review by a wide range of experts, and trialling, which provides data for psychometric analysis. Evidence on the performance of the assessments is gathered throughout the development process and is collated and reported in the [National curriculum test handbook](#).⁶ The appendices in the handbook provide a validation argument for each test to indicate how they meet their intended purpose. Given the cancellation of the assessments, the handbook produced for 2019 is still appropriate for 2022. The handbook appendices will be updated following the completion of the 2022 test cycle.

Key risk summary

STA is responsible for the DfE's top tier risk relating to primary school assessment. The risk was reviewed regularly and formally updated three times in the year (July, October and December 2021) to ensure it reflected the current situation. There are several component parts relating to this risk, including:

- STA staff capacity and capability
- national curriculum assessment test materials print, collation and logistics supply chain failure
- compromised security of the assessments
- sector attitudes to primary assessment
- public confidence in the statutory assessment system
- further disruption caused by COVID-19

STA rigorously manages the risk and its component parts using a set of well-defined mitigations and contingencies. Examples includes the:

- validity of the assessments being ensured throughout the implementation of the test development process. This is assessed by Ofqual to compare favourably with international best practice. It involves internal and external (teacher or relevant expert) review, extensive trialling with large and representative samples and stringent sign-off procedures.
- supply chains handling of, and approach to, test materials security and information risk handling, is managed through a rigorous and defined security checking process in line with best practice. It is reviewed by STA's and the Department's security experts before sign-off.

6 www.gov.uk/government/publications/2019-national-curriculum-test-handbook

Regarding staff capacity and capability, STA actively manages the prioritisation of work and utilises flexible resourcing to support critical work areas. To July 2021, staff worked flexibly to support the Department in response to the global pandemic, by either being redeployed to other roles across Government or providing additional support to the business of STA. As part of the 'Return Project', STA managed a risk to oversee the full return of staff and recruitment where vacancies had arisen as a result of staff not returning to the Agency.

The loss of experience was over and above that which STA would normally experience, as some staff chose not to return. Where staff moved internally or were recruited into the Agency, training was provided to ensure they had the skills and knowledge to deliver effectively.

STA has robust governance arrangements in place to ensure the timely resolution of any challenges, as well as the delivery of routine work. These arrangements also ensured that all risks associated with the cancellation of assessments in 2021 were well managed, as were the significant risks associated with re-starting assessments, with a supplier in its first year of delivery and inexperienced internal staff.

Emerging risks

COVID-19 continues to be a risk to the assessments, as disruption continues with staff and pupil absences. However, there are arrangements in place to support schools if there are absences during the test window, through the use of a timetable variation. If a higher proportion of markers than usual drop out, beyond the contingency already built into our planning assumptions, there may be a delay in providing results to schools.

Performance analysis

Overview

The performance analysis section provides greater detail of STA's performance against its objectives.

Performance against objectives

Key organisational performance measures and indicators

STA has eight key performance indicators, which we use to measure our areas of delivery. These indicators are at the centre of a framework which is used to monitor our performance. Due to the cancellation of the 2021 national curriculum assessments, we are unable to report against all indicators.

The outcomes are set out below.

Area of delivery	Performance indicator	Baseline	2021/22	2020/21	2019/20
Provision of KS2 results	Pupils must receive a complete set of results data, containing a correct test result (not withstanding any marking or process reviews) for every test taken by a pupil, by an agreed date.	99.90%	N/A	N/A	100%
Return of KS2 test scripts to schools	Schools assessing pupils must receive a complete set of test scripts with complete test outcomes on the date of return of results.	99.90%	N/A	N/A	100%
Helpline service	Enquiries received must be resolved at first contact.	85.00%	93.34%	90.29%	92.20%
Systems to support schools	The school administration system (Primary Assessment Gateway) is accessible to schools at all appropriate times.	99.80% monthly ¹	At least 99.80% achieved each month	At least 99.80% achieved each month	At least 99.80% achieved each month

Area of delivery	Performance indicator	Baseline	2021/22	2020/21	2019/20
General qualification logistics	Packages containing completed test scripts are delivered to scanning bureaus by the third working day after collection from examination centres.	99.90%	99.97%	100%	99.90%
Provision of RBA data ¹	The scores of the RBA must be 100% accurate for each pupil by an agreed date.	100%	100%	N/A1	N/A1
Provision of RBA platform ²	The system will be available to 99.8% of schools from 8am until 5pm Monday to Friday during term time.	99.80%	99.80%	N/A	N/A
Provision of RBA resources to schools ²	100% of orders placed within the ordering window are delivered to schools.	100%	100%	N/A	N/A

1 In previous year, the baseline was reported as an annual average. However, as the KPI is assessed on a monthly basis, we have altered our approach in this report

2 The statutory roll out of RBA was delayed due to COVID-19. It became statutory in the 2021/22 academic year. There are no results for 2020/21 and 2019/20. All RBA KPIs have been met so far, but the system is open until the end of the academic year. This is to allow schools with pupils who enter reception during the school year to administer in the first 6 weeks of their arrival.

STA is due to receive a full data feed in August 2022.

Performance in delivery areas

This section sets out the performance for the different assessments STA is responsible for. Both divisions within STA collaborate to ensure the successful delivery of each assessment.

Key stage 1 and 2 tests

STA develops tests in-house using processes in line with international best practice. As stated in their most recent [annual report on national curriculum assessments](#) (2019),⁷ Ofqual were satisfied that STA continued to have a strong focus on the validity of each national test produced.

Test development activity begins well in advance of the annual test cycle. Even though the tests were cancelled for 2021, much of the test development activity had been successfully completed. STA made the decision to continue to preserve the content of the tests with the intention that these would be used in 2022.

STA contracts out most of the operational delivery for the tests. Activities for the 2022 tests completed by end March 2022, included:

- handover of test and check materials for KS1, KS2 and phonics screening check to the supplier
- initial print-quality activities ensuring that the quality of the papers meets required standards for schools, marking and scanning
- successful placement of test orders by participating schools
- recruitment of approximately 4,850 markers
- development of marker training materials, including a virtual marker training model to enable training to be delivered remotely

STA continues to provide helpline services to schools and stakeholders via the Capita Test Operations Services (TopS) Contract. The helpline operates to support all national curriculum assessment enquiries, including marker queries and signposting where required. There have been challenges with recruitment and retention of agents. Issues faced are continuously reviewed, and lessons learned are logged for future test cycles.

Teacher assessment

STA provides mandatory training of LA moderators for English writing for the statutory teacher assessment judgements.

Test Cycle	LA lead moderators	Pool moderators
2022	393	4,340
2020	606	4,894

Moderator numbers vary from year to year, depending on several factors, including but not limited to, LA plans, numbers of new moderators and numbers of experienced moderators. This year has seen further variation due to the impact of COVID-19 and the two cancelled test cycles. Any reduction does not affect planned 2022 moderation.

Work undertaken for the cancelled assessments in 2021 has, wherever possible, been used for 2022.

Engagement model

The [engagement model](#) became a statutory requirement with effect from September 2021⁸. It was designed to assess pupils with severe or profound and multiple learning difficulties working below the standard of the national curriculum tests and not engaged in subject-specific study (replacing P scales 1 to 4).

⁷ www.gov.uk/government/publications/national-assessments-regulation-annual-report-2019

⁸ www.gov.uk/government/publications/the-engagement-model

Multiplication tables check

Preparing for the 2021 optional check

The MTC service opened to schools in April 2021 to allow schools time to prepare for check administration. 7,961 schools registered 299,970 pupils to use a 'try it out' check to familiarise themselves prior to taking the official check.

2021 optional check administration

8,491 schools administered the official check to 358,200 pupils during the three-week administration window in June.

This is slightly less than the 9,300 schools who took part in 2019. However due to COVID-19 we expected uptake to be lower.

Participating schools successfully engaged with the MTC service to prepare for the check, apply access arrangements and generate school passwords and personal identification numbers to administer the check. The optional year provided feedback through helpdesk data and an optional survey, which has been used to make process improvements to the user journey in advance of the statutory roll-out of the check in the 2021/22 academic year.

2022 statutory check

The MTC service opened on 21 March 2022 for schools to prepare to administer the statutory check in June 2022.

Reception baseline assessment

The RBA became a statutory requirement from September 2021 and began to be delivered in schools throughout 2021/22. It must be administered within the first six weeks of a pupil starting school. Assessments will continue throughout the year for any pupils who start reception and have not already participated in the RBA.

In the first six weeks of term:

- 620,417 pupils were registered and uploaded to the system
- 609,948 pupils completed the assessment
- 16,430 schools administered the RBA to over 97% of pupils uploaded to the system

Overall, this aligned with expectations. We did not see any significant effect from COVID-19 on these numbers.

The process for schools who do not complete a statutory assessment is under review.

General qualifications logistics service

STA manages the general qualifications logistics service provided to exam centres and examiners. It covers a range of qualifications, including GCSEs, A levels, functional skills and vocational and technical qualifications.

The service collects exam scripts from exam centres and delivers them to awarding organisations for marking.

For 2020 and 2021, all formal exams were cancelled. However, some centres were allowed to remain open for functional skills and low numbers of vocational and technical qualifications to be sat.

During 2021/22, STA managed the successful collection and delivery of 151,000 packages of general qualification exam scripts, and through-year on demand functional skills examinations. For comparison, the same period from 2019/20 saw 854,000 packages collected and delivered. The lower number of general qualifications was due to exam cancellations caused by the COVID-19 pandemic.

Financial review of the year

Introduction

The work of STA was heavily disrupted during 2020-21 due to COVID-19 and this continued into 2021-22. As a result, the national curriculum assessment test cycle was cancelled for 2021, which impacted upon expenditure in the year. While expenditure has increased since 2020-21, it is significantly lower than would be expected in a normal year.

Work for the 2022 test cycle commenced during 2021-22 and expenditure has increased in keeping with the work carried out in readiness. However, expenditure remains lower than in previous years due to the use of previously prepared materials from the cancellation in 2019-20.

Significant events

Coronavirus (COVID-19)

Education was impacted by pandemic, with school closures throughout the 2020/21 and cancellation of the 2021 test cycle. STA saw a significant reduction in costs for both assessment development and delivery due to the cancellation.

During the year, a number of staff were redeployed to other high priority areas within the Department. To ensure that the accounts accurately reflect the cost of the work conducted within STA, the salaries of these staff were charged to the Department. Staff started to return to post in June 2021. However, several staff remained in their redeployed roles and the Agency carried a number of vacancies, which led to a further reduction in cost.

Analysis of the year

The Agency's expenditure is included within the Department's Estimate and control totals, it does not have its own Estimate⁹. However, the Agency has a budget which is set by the Department, and against which performance is measured. The Outturn for 2021-22 was within the Budget allocated by the Department. Expenditure is split between admin and programme totals, with programme expenditure relating to frontline services. For more detailed explanations see HM Treasury's (HMTs) Consolidated Budgeting Guidance¹⁰.

Costs were lower in 2021-22 due to the cancellation of the national curriculum assessments in 2021 and the reduced requirements for trialling future test cycles.

A reduction in costs has also resulted from the cancellation of the summer 2021 tests. The cancellation of the General Qualifications (GQ) and Vocational & Technical Qualifications (VTQ) also reduced costs due to the reduced package volumes of completed examination scripts requiring transportation to awarding organisations.

Staffing costs in 2021-22 have been around 35% lower than pre-pandemic levels in 2019-20 due to the redeployment of staff and the vacancies created by those not returning to post.

⁹ <https://www.gov.uk/government/collections/hmt-main-estimates>

¹⁰ <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>

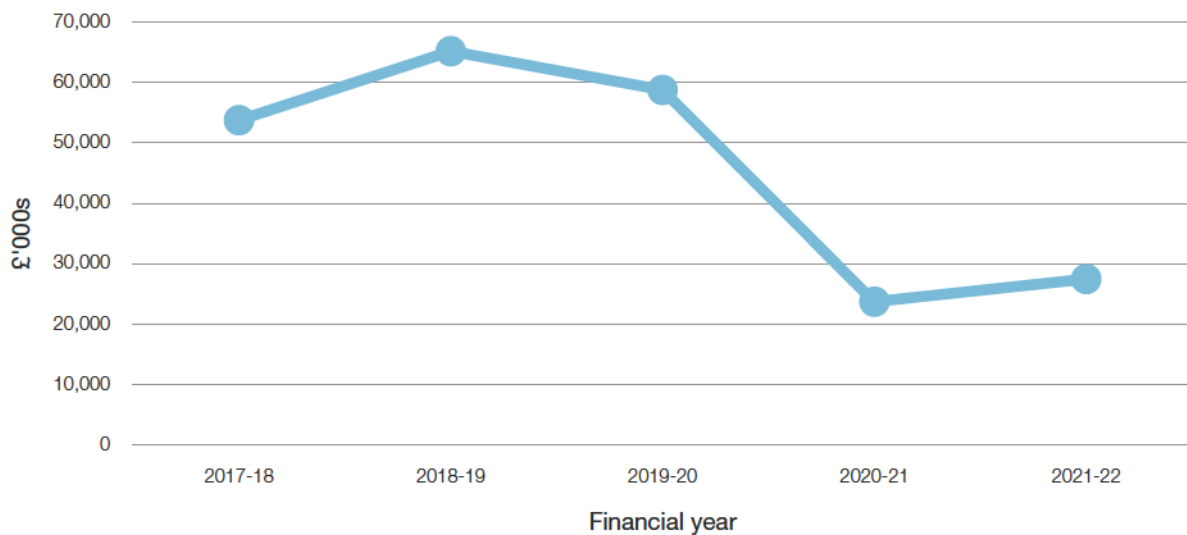
Trends in Outturn

The table below represents a five-year summary of the movements in STA's outturn.

Type of spend	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Outturn	2021-22 Outturn
	£000	£000	£000	£000	£000
Comprehensive Net Expenditure	54,209	65,028	59,678	24,072	27,336

Data in this table shows current expenditure to the right. Whilst this is not in keeping with standard presentation it aligns to the graph below

STA's outturn by year



Movements in outturn

Spending has fluctuated over the last few years, as follows:

- 2018-19: costs increased due to the overlap in delivery from the previous assessment supply chain and the transformation costs associated with the new delivery through the TopS
- 2019-20: the remaining transformation costs were met, along with the cancellation costs incurred in relation to the 2020 test cycle
- 2020-21: this year was heavily impacted by the COVID 19 pandemic, following the cancellation of both the 2020 and 2021 test cycles, with major movements as follows:
 - £6 million reduction against the new baseline. This should have been the first year of test cycle costs under the new TopS contract without the transformation costs, expected to be circa £20 million (£6 million lower than the previous operation)
 - £4 million reduction due to lower logistics costs relating to the cancellation of GQ and VTQ in Summer 2020 and Spring 2021
 - £2 million reduction in staffing costs as a result of the redeployment of staff to other government departments, other areas of the Department, or through vacancies within STA
 - A reduction of £96 thousand in the shared service recharge from the Department
- 2021-22: the cancellation of the 2021 test cycle once again led to a reduction in costs in comparison to prior years (which we are using as our baseline) as follows:
 - £9 million reduction against the new baseline of the test cycle under TOpS. The costs relating to the 2022 test cycle have been in line with expectations
 - £3 million due to the reduced trialling requirements, compared to a standard year
 - £5 million reduction due to associated logistics costs following the cancellation of the GQ and VTQ 2021 summer series
 - £4 million staff savings, along with a reduction in the associated shared service recharge, compared to 2019-20

Outturn against organisational goals

Outturn in 2021-22 is still significantly lower than would be expected in a normal year largely due to the cancellation of the 2021 test cycles. There is an increase in outturn compared to the previous year, which reflects the recommencement of business-as-usual activities with the start of the 2022 test cycle.

Performance in other matters

Sustainability

STA recognises the Greening Government Commitments and the benefits of disclosure.

The Agency utilises Departmental space and services which are not unique to the STA and are shared by other Departmental Group bodies. As such, the shared use of space and services prevents us from meaningfully disaggregating the Agency's portion of the overall disclosures. STA wish to avoid publication of arbitrary values to meet the disclosure requirements. The Department collates the data regarding the use of space, energy, staff travel, car hire and paper recycling across its combined operations which is disclosed in the Department's published consolidated ARA.

Social responsibility

STA adopts the Department's policies relating to social matters, which are published in their ARA.

Respect for human rights

STA adopts the Department's policies relating to human rights, which are published in their ARA.

Modern slavery

STA adopts the Department's policies relating to modern slavery, which are published in their ARA.

Anti-corruption and anti-bribery matters

STA adopts the Department's policies relating to anti-corruption and anti-bribery matters, which are published in their ARA.

Diversity

STA adopts the Department's policies relating to diversity, which are published in their ARA.

Forward look

Over the coming year, STA's focus is to:

- successfully deliver the KS1 and KS2 national curriculum assessments
- successfully deliver RBA and MTC
- plan for a sampling assessment of literacy and numeracy in key stage 3
- develop tests for future years
- review the use of digital delivery, including an option to deliver existing assessments via digital platforms
- deliver general qualifications logistics service

The Test Operations Service 2025 project is to seek a supplier to deliver national curriculum assessments on behalf of STA from the 2025/26 test cycle onwards, when the current contract expires.

To ensure that the Department meets future requirements a review of the provisions has been undertaken and a restructure was announced to take effect on 1 April 2022. This will provide help the Department work as effectively and efficiently as possible and will support the transformation aims. As a result of the restructure STA will move to Schools Group, there will be no impact on the Agency.

Going concern

The Departmental Estimate and forward plans include provision for the Agency's continuation. Testing was cancelled by statute in 2020 and 2021 but resumed in 2022. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

Gillian Hillier
Accounting Officer
12 July 2022



Accountability report

Corporate governance report


Overview

This report includes details of the practices and processes which direct and control STA.

Directors' report

Directors

STA's directors who served on the executive management board (EMB) during the year are:

Director	Position
	Gillian Hillier Chief executive of STA (from 3 August 2021)
	Colin Watson Acting chief executive of STA (1 April to 2 August 2021) Deputy director of assessment development and research and development (from 3 August 2021)
	Kate Moore Deputy director of assessment operations and services (from 5 July 2021)

Company directorships and other significant interests

STA requires all staff, including directors, who have outside and potential conflicts of interest to complete a declaration of interest on an annual basis. There were no conflicts of interest reported by directors this year.

Report on personal information breaches

All government departments are required to report personal data related incidents that have occurred during the financial year, in accordance with the standard disclosure format issued by the Cabinet Office.

The Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data which could cause harm or distress to individuals if released or lost. As a minimum, this includes:

- information linked to one or more identifiable living person
- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain

The number of personal data related incidents that fell within the criteria for reporting to the Information Commissioner's Office are as follows:

Date	2021-22	2020-21	2019-20	2018-19
Number of incidents	Nil	Nil	Nil	Nil

Complaints to the Parliamentary and Health Ombudsman

The Parliamentary and Health Service Ombudsman can investigate complaints against the administrative actions of a wide range of government departments and other public bodies, or the actions of organisations acting on their behalf. STA falls within the scope of the Ombudsman's activities.

STA adheres to the Department's complaints process, which commits to responding to any complaint within 15 working days.

The number of STA-related complaints accepted for investigation are as follows:

Date	2021-22	2020-21	2019-20	2018-19
Number of incidents	Nil	Nil	One	Nil

Statement of accounting officer's responsibilities

Under the *Government Resources and Accounts Act 2000*¹¹, HM Treasury (HMT) has directed STA to prepare a statement of accounts for each financial year, on the basis set out in the Accounts Direction¹². The accounts are prepared on an accruals basis and must give a true and fair view of STA's:

- state of affairs
- income and expenditure
- statement of Financial Position
- cash flows for the financial year

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* (FReM). They are required to:

- observe the Accounts Direction issued by HMT, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the ARA are fair, balanced and understandable
- take personal responsibility for the ARA and the judgements required for determining that they are fair, balanced and understandable

The Accounting Officer of the Department has designated me as the Accounting Officer of STA. As set out in HMT's *Managing Public Money*¹³, the Accounting Officer is responsible for:

- the propriety and regularity of the public finances, for which the Accounting Officer is answerable
- keeping proper records
- safeguarding STA's assets

As the Accounting Officer, I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that STA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

¹¹ www.legislation.gov.uk/ukpga/2000/20/contents

¹² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041681/DAO__21__08_Non_bespoke_accounts_directions_21-22.pdf

¹³ www.gov.uk/government/publications/managing-public-money

Governance statement

Scope of responsibility

I was appointed as Chief Executive from 3 August 2021. Prior to my appointment this responsibility was held by Colin Watson. I have taken assurance from him that there was a sound system of internal control during the periods when he was Chief Executive.

As Accounting Officer, I have personal responsibility for:

- maintaining a robust system of governance
- internal control and risk management within my areas of responsibility to support the achievement of the Department's policies, aims and objectives
- safeguarding public funds and Departmental assets

Governance, internal control and risk management

STA's system of governance, internal control and risk management are designed to manage risk to a reasonable level, rather than eliminate all risk completely. STA can therefore provide high, not absolute, assurance of their effectiveness.

I have reviewed the effectiveness of governance, internal control, and risk management arrangements in operation within my area of responsibility. I consider them to be fit for purpose. These arrangements have been in place throughout the reporting period and up to the date of approval of the ARA. My conclusion is informed by:

- the governance statement provided to me by the previous Accounting Officer
- the assessment of the senior managers responsible for the development and maintenance of these arrangements
- the findings of my EMB
- internal audit reports

As a senior civil servant (SCS), I am required to complete an assurance framework record (AFR) to record a structured assessment of the risk and control environment in STA. The AFR for this year

was completed following consultation with STA's two deputy directors.

As an additional level of assurance, STA's AFR is reviewed by a director within our Departmental sponsoring business group – Early Years and Schools Group (EYSG).

The AFR details STA's SCS's compliance with Departmental arrangements regarding:

- governance
- business strategy and planning
- project and programme management
- people capacity and capability
- risk management
- commercial and grant management
- financial management

As Accounting Officer, I can provide the Department's management committee and ministers with assurance that we have managed our agenda well, given the significant temporary changes to our remit and will continue to do so, while delivering efficiencies. We maintain financial information on the delivery of all programmes.

I am confident that I have necessary arrangements in place for good corporate governance. These include:

- a strong and effective senior leadership team
- seeking regular challenge, scrutiny and expert support from both inside and outside of STA
- oversight from DfE's governance arrangements
- clear and honest reporting
- robust risk management processes

I will continue to review these arrangements regularly to ensure they comply with HMT's *Corporate governance in central government departments: code of good practice*¹⁴. I have not identified any departures from the code.

¹⁴ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

Governance at departmental level

The Department's Director General for EYSG performs an oversight role, on behalf of the Secretary of State, through Strategic Performance Reviews (SPRs).

My objectives were agreed by the Director General and aligned with:

- departmental objectives
- STA's business plan
- requirements for compliance with *Managing Public Money*

They were subsequently used to set objectives for the deputy directors and their teams. All staff objectives are agreed, and performance is monitored monthly throughout the year.

Richard Pennycook who is one of the Department's non-executive directors, acted as a link between the Departmental board and STA.

Strategic performance review

Throughout the year, the Director General for EYSG, held four SPRs to review and challenge STA's:

- progress
- financial management
- management of risks

The four SPR meetings took place in April 2021, August 2021, November 2021 and March 2022. Issues discussed at SPR throughout the reporting period included:

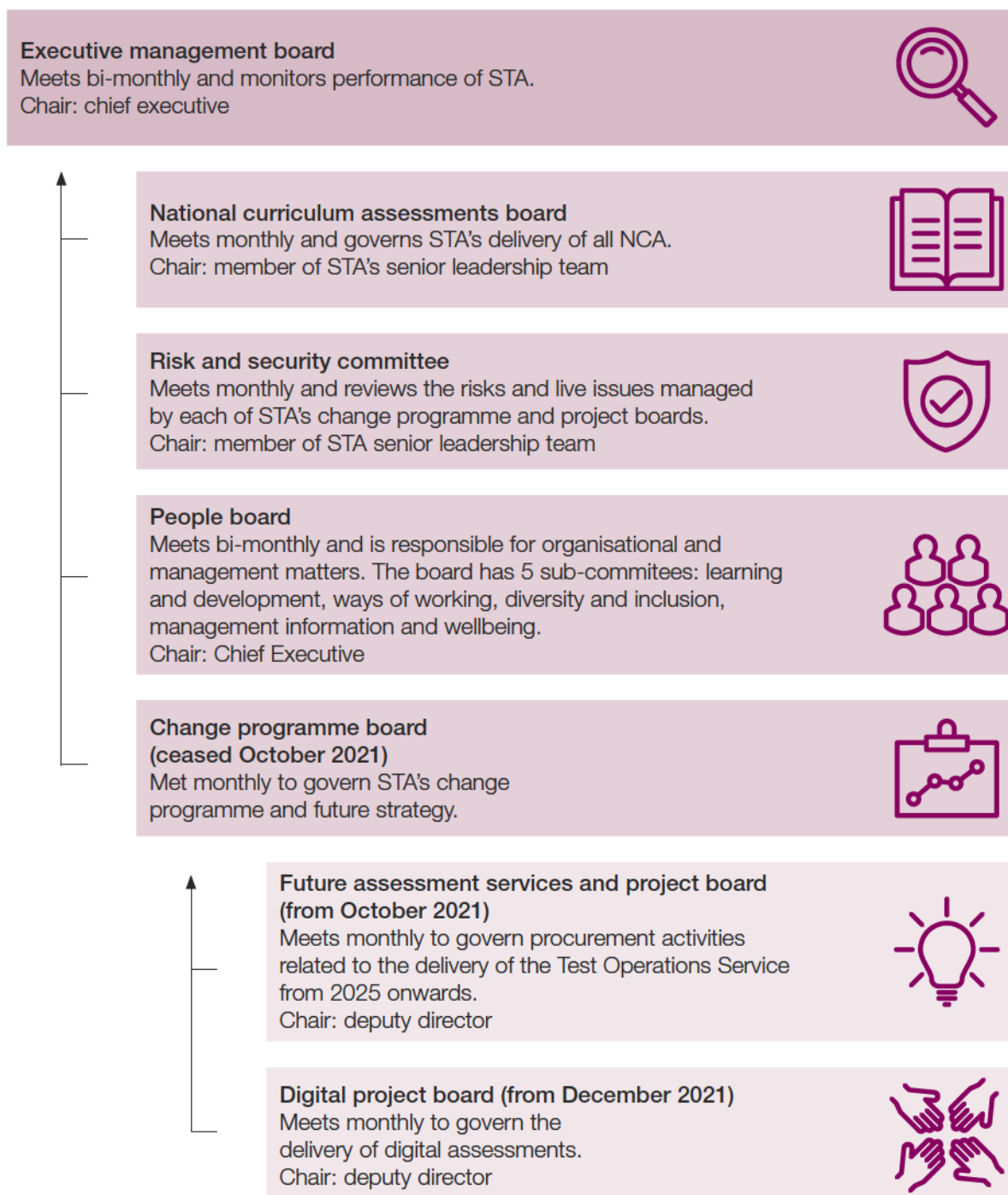
- cancellation of the test cycle
- the 'Return Project' which managed the return of staff to STA following redeployment
- progress reports from the Agency's boards
- preparations for the 2022 test cycle

Attendees are shown in the table below:

Member	Position	Meetings attended (out of possible)
Andrew McCully	Director General, EYSG (chair)	4/4
Gillian Hillier	Chief executive	3/3
Colin Watson	Acting chief executive and deputy director	4/4
Kate Moore	Deputy director	3/3

Governance at Agency level

The diagram below shows the governance structure from April 2021 to March 2022.



Key changes for this reporting period included the:

- removal of the change programme board, which was replaced by the future assessment services project board and the digital project board
- introduction of two new sub-committees which report to the people board: ways of working and wellbeing

Executive management board

EMB provides the chief executive with the opportunity to hold the deputy directors, senior leaders and their programmes to account. EMB is responsible for:

- developing and monitoring the strategic planning of STA
- overseeing corporate performance
- overseeing the use of financial and human resources
- providing oversight of risk management
- maintaining a robust system of internal control, which includes adequate assurance that internal controls and risk management processes are working effectively
- ensuring STA complies with all policies and corporate business planning

EMB meets every second month and is chaired by the chief executive. The Department's finance and commercial business partnering teams provide Departmental representation and advice. Other members of staff attend to report on the following, as required:

- assessment policy
- test development
- delivery progress
- risk and issue management

The chairs of the boards below EMB provide:

- visibility
- assurance of progress
- an assessment of confidence in delivery of the STA's workstreams

The EMB receives regular reports on STA's operational performance. Before being submitted to EMB, all reports are cleared by senior managers. These reports are subject to challenge at the meetings and are revised as required. I am therefore confident that the quality of the data used by EMB is robust.

STA's Risk and Security Committee (RaSC) reviews business-as-usual programme and project risks that exceed their pre-determined tolerance. If appropriate, they are escalated to the EMB for information or action. A security report is reviewed monthly at RaSC. The EMB also reviews and manages all strategic risks. The following table shows EMB member attendance figures and the number of meetings they were eligible to attend for the year.

Member	Position	Meetings attended (out of possible)
Gillian Hillier	Chief executive (from 3 August 2021)	4/4
Colin Watson	Deputy director, Assessment Development Acting chief executive (1 April to 2 August 2021)	6/6
Kate Moore	Deputy director, Assessment Operations and Services	5/5
Alex Ashcroft	Head of Digital Unit	2/2
Anne Counsell	Head of Digital Test Development Research	2/2
Barbara Donahue	Head of Assessment, Research, Data and Psychometrics	2/2
Michelle Kent	Head of Operational Delivery	2/2
Lee Lennon	Future Assessment Service Owner	1/1
David Malcolm	Head of Policy and Stakeholder Engagement	2/2

STA requires EMB members to register any company and organisation directorships or other significant interests. STA maintains a register of interests of the financial, political and other relevant interests of EMB members.

STA's chief executive and deputy directors make up the membership of EMB. However, between April and September 2021, non-SCS managers who were not redeployed attended as members until those on redeployment returned.

People board

The board meets bi-monthly and met five times (April 2021, June 2021, August 2021, November 2021, February 2022). There are five sub-committees:

- management information
- learning and development
- diversity and inclusion
- wellbeing
- ways of working

As with EMB, the people board membership is made up of the chief executive and deputy directors. However, non-SCS managers attended until all the representatives returned from redeployment. STA grade 6s attend regularly with the grade 7s acting as a representative of their sub-committee.

Member	Position	Meetings attended (out of possible)
Gillian Hillier	Chief Executive (from 3 August 2021)	3/3
Colin Watson	Deputy Director, Assessment Research and Development Acting Chief Executive (until August 2021)	5/5
Kate Moore	Deputy Director, Assessment Operations and Services	0/3
Alex Ashcroft	Head of Digital Unit	2/2
Anne Counsell	Head of Digital Test Development Research	2/2
Barbara Donahue	Head of Assessment, Research, Data and Psychometrics	2/2
Michelle Kent	Head of Operational Delivery	2/2
Lee Lennon	Future Assessment Service Owner	2/2
David Malcolm	Head of Policy and Stakeholder Engagement	2/2

Kate Moore was unable to attend due to other commitments. However, there was always appropriate representation at the People Board.

The board discussed:

- topical issues – such as redeployment due to the cancellation of the 2021 national curriculum assessments
- innovation – such as people survey results, the progress made by the five sub-committees, in year award processes
- people – including recruitment approvals, redeployment through the 'Return Project', resourcing or absence issues, performance management and learning and development

Risk and Security Committee

The role of STA's RaSC is to:

- provide strategic oversight of STA's risk profile
- review escalated risks and live issues managed by the STA's programme and project boards
- review the STA's management of the Department's key risk on primary assessment
- oversee the STA's security arrangements

The RaSC meets monthly. Its objectives are:

- to improve identification, ownership, controls, active management, and impact of risks
- to reduce the number, and improve the handling of unexpected issues and near misses
- to ensure the STA's risks and issues are managed in line with the Departmental strategic risk management framework

To manage risks at the right level, operational and strategic risks are escalated to the RaSC. Where their profile exceeds the STA's risk tolerances, they are escalated to the EMB to manage. The SPR monitors the EMB's risk profile.

Risk management information is shared with the Director General at monthly bilateral meetings.

STA has successfully managed all risks in the reporting period.

Department level assurance

STA has received oversight from the full suite of the Departmental board's sub-committees:

- Audit and Risk Committee (ARC)
- Performance and Risk Committee (PRC)
- Implementation Committee
- Investment Committee

ARC advises the Permanent Secretary (as Principal Accounting Officer) and the Department's Board on the adequacy and effectiveness of governance, risk management and internal controls, and on the reliability and integrity of assurances used to inform this Governance Statement. The ARC also advises the Permanent Secretary and me, as Accounting Officer, on the structure and presentation of STA's ARA. I meet with our lead ARC representative quarterly, to discuss risks and comment on the ARA. A separate ARC meeting is convened specifically to discuss the ARA of the agency.

PRC is responsible for regular oversight of the Department's:

- top tier risks (including the risk owned by STA)
- major programmes and projects (including delivery of national curriculum assessments)
- higher risk core business
- financial management and investment

STA is scrutinised regarding its governance and control through

- the SPR
- EYSG leadership meetings
- bilateral meetings between the Director General EYSG and Chief Executive.

Assurance

External Audit

STA was audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General during 2021-22. The recommendations from the 2020-21 NAO audit have been considered and, where appropriate, implemented.

Internal audit

STA receives internal audit and assurance services from the Government Internal Audit Agency (GIAA). GIAA produced and delivered an audit plan for the Department as a whole for 2021/22.

The GIAA risk-based audit plan for STA for 2021-22 was agreed with the STA Chief Executive by assessing key delivery.

There were two audits completed by GIAA which were specific to the Agency:

- The first reviewed RBA in preparation for the first statutory year and rated it substantial. Satisfactory governance arrangements are in place, with the RBA overseen by an appropriate Board which receives progress and risk updates, sitting within the STA's governance structure with escalation routes to Risk and Security Committee (RASC) and Executive Management Board (EMB).
- The second reviewed STA's Test Operations Contract Risk Management and Continuous Improvement and rated it moderate. Progress has been made with developing and embedding risk management and continuous improvement arrangements for the TOPS contract, but further work is needed in several areas to ensure a robust framework of governance, risk management and control is in place to support delivery of the 2022 statutory assessment tests, and to support the effective on-going application of continuous improvement.

GIAA also published their annual report on the Department for Education, which included the STA. This concluded that STA maintained sound systems of governance, risk management and control during 2021-22 and provided a moderate assurance opinion.

The report highlighted that COVID-19 presented challenges for STA. In particular, the cancellation of the 2021 test cycle and the impact that it had, for example redeploying staff to high priority areas within the department.

They adjusted the nature and timing of their planned audit work in 2021-22 to allow for this changing landscape and to ensure that their work added maximum value.

GIAA reported that STA planned and implemented strategies to deliver a full suite of assessments in 2022, including the 'Return Project' which managed the return of staff to STA.

Risk management

STA has an established risk management framework. The Chief Executive's office, which provides secretariat for RaSC, maintains and oversees this framework, which is based upon:

- The Department's strategic risk framework
- **UK Government Management of Risk: Guidance for Practitioners risk management standards**¹⁵

STA's risk appetite statement was reviewed in November 2021. This is reviewed annually. In line with the high reputational risk from failure of the national curriculum assessments testing agenda, STA's overall appetite for risk is low (risk averse).

¹⁵ www.gov.uk/government/publications/management-of-risk-in-government-framework

Shared services

The DfE continues to provide STA with a number of corporate services as detailed in the accounting policy (note 1.13),

Business continuity

STA is responsible for managing its own business continuity plan (BCP), in line with the Department's wider arrangements.

Business continuity arrangements are reviewed by the senior managers across the Agency, facilitated by the security adviser. The most recent review was in March 2021.

We continue to keep the BCP under review as STA's remit changes and, where services are outsourced, have ensured supply chain business continuity plans are in place and tested annually.

Alongside STA's BCP, we continue to:

- review live national curriculum assessments risk contingencies
- trial delivery operations risk contingencies
- review BCPs for specific business areas (including those for the general qualifications logistics service) with changes feeding back into the main BCP

Throughout 2021, STA continued to review risks and contingency plans in response to COVID-19, considering the impacts this may have on the operational delivery of primary assessments for the 2022 test cycle, following the cancellation of primary assessments in the 2020 and 2021 test cycles.

Following the announcement by the Secretary of State for Education that primary assessments would go ahead in the 2022 test cycle, the BCP was mobilised to ensure return to normal operations and continuity for future years.

Operational policy development and delivery

We worked in partnership with the relevant Departmental policy teams (for example, curriculum, data, insight and statistics, and accountability) to develop policy in relation to the cancellation of the 2020/21 assessments, and on the approach to assessments in 2021/22. Stakeholder consultation practice reflected strong working relationships in this area, including regular meetings with trade unions and other partner organisations with an interest in STA's work.

I am content that the arrangements for governance, internal control and risk management of our programmes provide me with assurance that our policy work meets ministerial intent. The Department aims to develop and appraise policies using the best available evidence, analysed using sound methodologies, in conjunction with stakeholders and partners. The Department subjects policies to robust deliverability testing. I am content that the Departmental policies implemented by the STA provide good guidance and direction to those delivering services to children, young people and parents, and that the policies link clearly to our core values and objectives.

Programme and project management

STA has established programme and project management (PPM) practices, based on the UK government's **best management practice** programmes, Agile and Projects in Controlled Environments (**PRINCE2**)¹⁶. These methodologies comprise recognised principles for managing programmes and projects.

Key documentation in place for non-digital Agency-led programme and projects includes:

- business case and programme brief
- project business case and initiation document
- project product descriptions
- programme and project delivery plans
- risk registers
- issues logs
- action and decision logs

These are reviewed and agreed by the relevant board meetings.

STA's digital developments use the Government Digital Service (GDS) service standards and are subject to GDS assessments. Digital developments use agile methodologies, including:

- product backlogs
- two weekly sprints
- show and tell sessions

STA's PPM framework includes the commercial PPM tool: Plans, Risk, Issue Management Enterprise (PRIME). This has been adapted from a commercially available project information management tool for use within STA. PRIME is a widely used PPM management tool and meets the Information Security Office standard for project management. This system, together with a range of PPM and risk management guidance, helps to ensure consistent assessment and reporting of programme and project progress. It also helps to ensure we actively manage risk throughout STA.

As a result of these measures, we have assurance that we have achieved our objectives.

Financial management

The Agency is subject to public expenditure controls. It adheres to the rules and policies laid down by the Department and by HMT in **Managing Public Money, Consolidated Budgeting Guidance**, FReM and other accounting instructions, where applicable^{17 18}. Monthly financial management reports are provided to STA as part of shared services provision by the Department. Monthly discussions are held with me, deputy directors and financial business partners, to ensure that forecasts are accurate, funds are spent appropriately, and risks are appropriately managed. Financial shared services and processes are also reviewed as part of the Department-wide audit, particularly to ensure that there are appropriate controls and division of responsibilities.

As part of shared services provision, the Department's finance team prepares the ARA in accordance with the guidance and accounting policy set out by the Cabinet Office and HMT. This is reviewed by STA's deputy directors and chief executive.

Delivery arrangement and achievements against business plan

STA's **business plan** sets out:¹⁹

- performance indicators
- programme delivery milestones
- objectives

STA's achievement against the business plan is monitored through the EMB and assured by the SPR process. Our performance indicators:

- relate to services delivered by third-party suppliers on our behalf
- are supported by measurable outcomes set out in supplier contracts
- are monitored regularly through management information

¹⁶ <https://www.gov.uk/government/publications/best-management-practice-portfolio/about-the-office-of-government-commerce>

¹⁷ <https://www.gov.uk/government/publications/managing-public-money>

¹⁸ <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>

¹⁹ <https://www.gov.uk/government/publications/standards-and-testing-agency-business-plan-2019-to-2024>

All third-party suppliers have a designated contract manager within STA, as well as a deputy director for oversight. Contract managers are responsible for ensuring that third-party suppliers meet the requirements set out in their contract. These typically include timeliness and quality indicators.

For high-risk or large contracts, suppliers will typically be required to attend regular contract meetings where STA monitor performance against the contract and provide challenge. These meetings take place at least once a month and may be called by either party by exception.

Service delivery arrangements with third-party partners are reviewed regularly in line with the commitments in STA's business plan. There have been changes in staffing within both STA and Capita since the last full test cycle in 2019, but we have worked closely with Capita during this time to support delivery, acknowledging the complexity of the service delivery and also loss of knowledge both within STA and Capita. We have sought internally to onboard new Agency staff effectively and closely monitor and assure Capita's delivery during the first year.

Due to the cancellation of 2020 and 2021 national curriculum assessments, STA has not been able to achieve its normal business objectives of delivering primary assessments.

The 2022 test cycle went ahead as normal. STA holds lessons learned exercises with each of our major delivery partners, at the end of each key milestone. Results of these exercises are agreed between STA and its partners and recorded in a 'lessons learned log'. These will be used to inform planning for the 2023 test cycle.

The performance and risk reports are scrutinised regularly by the EMB. I am satisfied that the Agency is performing well to deliver its current plans.

Information: ICT management and data safeguarding

STA received shared service IT support from the Department. IT systems were developed in accordance with Government Digital Standards and the needs of the user and business. The Agency's IT projects require approval from the Department's Technology Group and, once approved, we work with Digital, Data and Technology – the Department's IT function – to prioritise and develop these systems. To ensure that staff are aware of the need for secure information management, all staff undertake mandatory annual information assurance training. STA has a clear process for reporting data incidents, which staff are required to adhere to.

Following the publication of the Executive Summary of the Department for Education audit report by the Information Commissioner's Office (ICO), STA swiftly mobilised a working group to assure STA's compliance with data protection legislation. Working alongside the Department's Data Protection Team, a Record of Processing Activity was established, and a full review of all Data Protection Impact Assessments and Privacy Notices commenced. The compliance project will continue into the next reporting period.

STA's security adviser reports to RaSC, providing challenge and advice to the agency on security arrangements, including to individual Information Asset Owners who are responsible for the security of their assets. Over the last year, the focus of the security adviser has been on preparing and responding to assessment cancellation, as well as continuing to work with Capita, our delivery partner, to ensure that all security provisions are appropriate and in place.

All security incidents involving unauthorised disclosure, destruction or loss of data are reported through RaSC using the near-miss and unexpected issue process. A log is maintained and submitted on a quarterly basis to the ARC. The log uses red, amber, green reporting. No incidents were rated above Amber/Green and no incidents were escalated beyond STA.

STA had no protected personal data related incidents which were judged significant enough to be formally notified to the ICO in 2021-22. (2020-21: nil).

STA had no protected personal data related incidents reported in 2021-22 which did not fall within the criteria for reporting to the ICO, but which were significant enough to be recorded centrally at Department level. Smaller, localised incidents are not included.

Information risk management

STA has arrangements in place to ensure that it complies with government and Cabinet Office policies on risks to information and information systems. The Department's Chief Data Officer is the designated Senior Information Risk Owner (SIRO) with overall responsibility for the management of information security in DfE and its Executive Agencies. Where there have been changes in information management processes or potential new risks, including the contract with Capita, these have been assured through the Department's governance processes with SIRO approval as required.

STA has a variety of information assets, which are essential to its operation and the delivery of its strategic objectives. Delegated Information Asset Owners (IAOs) in STA have responsibility for protecting the information assets that are assigned to them. STA, through DfE, maintains an information asset register with assigned IAOs. This details the risk level of all individual information assets and IAOs are required to update the asset register and declare the status of their assets on a regular basis.

STA's Chief Executive and deputy directors review their entries on the information asset register regularly. This is to ensure that all IAOs have complied with their responsibilities. STA's deputy directors are required to provide assurance to the Chief Executive that delegated IAOs have performed their functions in their annual responsibilities' assurance declaration in line with Departmental procedures.

All staff, except for those on long-term absence, are required to complete the 'Responsible for information' level one training package delivered by Civil Service Learning (CSL). STA's IAOs are also required to complete the 'Responsible for information' level 2 CSL training package.

During the year, STA has ensured its ongoing compliance with the General Data Protection Regulation, including:

- updating privacy notices
- annual reviews of Data Protection Impact Assessments
- annual review of data sharing agreements
- reviewing information assets
- reviewing supplier contracts to reflect new obligations

STA recognises that a key risk to the security of its information assets is the lack of understanding of information security within STA and third parties who may access our data for their work. To mitigate this, all new members of staff receive an STA-specific security induction briefing, and regular briefings are provided throughout the year to remind all staff of their security obligations.

Another risk in this area is the potential loss or corruption of its information assets by suppliers and delivery partners. Therefore, STA's contract managers are responsible for ensuring that those suppliers are fully compliant with current Department and wider government information assurance and security policies.

STA constantly monitors supplier performance against the contract, including accompanied site security inspections. Suppliers are required to return or securely destroy data at the end of each test cycle and/or upon completion of the services delivered under a commercial agreement and in line with the retention periods described within the information asset register.

This year, we have continued to maintain information and systems security documentation. We have taken particular care to ensure that our test delivery partners are compliant. We achieved this by applying the Departmental information security assurance model arrangements. Where we have limited assurance of our delivery partners' compliance, we record this in the risk register.

Working with the Departmental Security Unit's information assurance and security specialist, STA secured authority to operate approval via the Departmental information security assurance model for all test trial and live operations.

We report all security incidents leading to breaches of information to the EMB, along with the action taken and detail of steps taken to close the incident. Any significant losses are reported to the Information Commissioner's Office; there were none in this year. I am satisfied that all the Agency's procurement and current contracts, where suppliers are responsible for handling Agency information or data, are compliant with the [Cabinet Office's security policy framework](#)²⁰.

The Agency adopts the Department's policy and process for whistleblowing. I am satisfied with this collaborative approach and the effectiveness of this arrangement.

Overall assessment

As Accounting Officer, I am satisfied with STA's internal control, risk management and governance arrangements. STA continues to address any areas of weakness. This includes any issues highlighted through assurance reviews by GIAA (see assurance section) and issues highlighted by NAO in previous years. STA continues to seek assurance from the Department's corporate functions as they transform, particularly with significant changes to finance and HR processes.

Despite significant change over the reporting year, including the cancellation of the last two test cycles, STA has continued to deliver successfully across a broad range of areas and is well placed to deliver future test cycles. Governance arrangements have supported the effective delivery of our significant and high-risk programmes of work.

Following the redeployment of many STA staff and increased turn-over due to staff not returning to their old posts, resourcing risks have materialised during this year. Significant recruitment was needed to replace those who did not return and those who moved to new jobs within the Agency. There was a significant programme of induction and reinduction for new starters and returners, with the aim of building knowledge. At the end of the financial year, we still carried a higher level of vacancies than normal (18 vacancies – 12%). However, I am confident that the arrangements put in place for managing the ongoing risk were appropriate and that we have minimised the risk as much as possible.

I have continued to be impressed by the dedication and expertise of STA's staff particularly in responding to the challenges from the impact of COVID-19 and their willingness to support other priorities across the Department during this reporting period.

Gillian Hillier
Accounting Officer
12 July 2022

²⁰ <https://www.gov.uk/government/publications/security-policy-framework>

Remuneration and staff report

Overview

The remuneration and staff report sets out the Agency's remuneration policy for board members, reports on how that policy has been implemented and sets out the amounts awarded to directors and, where relevant, the link between performance and pension.

Remuneration part A: unaudited

Accounting Officer and executive management board members' remuneration policy

The Accounting Officer and the Deputy Director EMB members are SCS. Their pay is decided by the Department's SCS Pay Committee. This is chaired by the Permanent Secretary and comprises members of the Department's Management Committee and a non-executive director.

The SCS Pay Committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the Senior Salaries Review Body.²¹

As staff employed by an executive agency of the Department, the Senior Management Team's performance management and contractual terms are as described in the Department's ARA. As such, the Department manages performance management and non-consolidated performance awards for members of the SCS within the framework set by the Cabinet Office. The contractual terms of the Senior Management Team also comply with requirements set centrally by the Cabinet Office. More on the Cabinet Office's framework and standards can be found on the civil service website.²²

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the [Civil Service Commission](https://civilservicecommission.independent.gov.uk) can be found at their website.²³

²¹ <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

²² <https://www.gov.uk/government/organisations/civil-service>

²³ <https://civilservicecommission.independent.gov.uk>

Remuneration part B: audited

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management (i.e. directors) of the Agency. Figures in brackets are full year equivalent values for those members who didn't serve a full year in post.

2021-22					
	Salary	Bonus payment	Benefits-in-kind (to nearest £100)	Pension benefits (to nearest £000)	Total
	£000	£000	£	£000	£000
Chief Executive					
Gillian Hillier (from 3 August 2021)	60-65 <i>(95-100)</i>	0-5	3,000	12	80-85 <i>(110-115)</i>
Deputy Director					
Colin Watson (from 3 August 2021) Chief Executive (to 2 August 2021)	80-85	0-5	-	28	115-120
Kate Moore	70-75	-	-	17	90-95

Where individuals have joined or left during the year, annualised remuneration is presented in italics.

2020-21					
	Salary	Bonus payment	Benefits-in-kind (to nearest £100)	Pension benefits (to nearest £000)	Total
	£000	£000	£	£000	£000
Chief Executive					
Una Bennett ¹	95-100 <i>(95-100)</i>	0-5	-	37	140-145 <i>(140-145)</i>
Colin Watson ¹	80-85	0-5	-	30	110-115
Deputy Director					
Kate Moore	70-75	0-5	-	37	110-115
Lisa Keenaghan (to December 2020)	55-60 <i>(75-80)</i>	0-5	-	63	120-125 <i>(140-145)</i>

¹ In 20-21 the CEO role was shared between Una Bennett and Colin Watson. Una Bennett left the department on 26 March 2021

Where individuals have joined or left during the year, annualised remuneration is presented in italics.

Salary

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in this ARA.

Benefits-in-kind

The monetary value of benefits-in-kind covers any benefits provided by the Agency during an individual's period of appointment to their board role and treated by HMRC as a taxable emolument.

During the year one board member received a benefit-in-kind (2020-21: nil).

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2021-22 relate to performance in 2021-22 and the comparative bonuses reported for 2020-21 relate to the performance in 2020-21.

The Agency awards bonuses as part of the performance management process. The Agency sees effective performance management as key to driving up individual and organisational performance and providing greater value for money to deliver high-quality public services. The Agency follows the performance management arrangements for the SCS, and the Agency's performance management framework for managing and rewarding performance throughout the year.

Pay multiples

	2021-22	2020-21
	£000	£000
Band of highest paid director's remuneration	100-105	95-100
Range	25-105	25-100
Upper quartile	51	51
Median	42	42
Lower quartile	31	32
	Ratio	Ratio
Upper quartile	2.0	1.9
Median	2.4	2.3
Lower quartile	3.3	3.0

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Agency in the financial year 2021-22 was £100,000-£105,000 (2020-21: £95,000-£100,000). This was 2.4 times the median, the increase in this ratio compared to the prior year is due to an increase in the remuneration of the highest paid director (2020-21: 2.3). The median remuneration of the workforce, which was £42,052 (2020-21: £42,112). The pay, reward and progression policies have not changed significantly during the year, which is reflected in the relatively minor change in the median remuneration figure. The small decrease is due to a small shift in the grade distribution of staff.

In 2021-22, nil employees (2020-21: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £25,000 to £105,000 (2020-21: £25,000-£100,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Percentage change in the total salary and bonuses of the highest paid board member and the staff average

	2021-22	
	Highest paid director	Staff average
	% change	% change
Salary and allowances	-	(3%)
Bonuses	-	-

The highest paid director received benefits in kind relating to reclaiming travel and subsistence.

Ratio between highest paid director's total remuneration and the lower quartile median and upper quartile for staff pay

	2021-22		2020-21	
	Salary	Total pay and benefits	Salary	Total pay and benefits
	Ratio	Ratio	Ratio	Ratio
Upper quartile	2.0:1	2.0:1	1.9:1	1.9:1
Median	2.4:1	2.4:1	2.4:1	2.3:1
Lower quartile	3.2:1	3.3:1	3.2:1	3.0:1

The increase in the remuneration of the highest paid director impacts the ratio between the lower grades more than the higher grades leading to a bigger increase in the ratios.

Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits

	2021-22		2020-21	
	Salary	Total pay and benefits	Salary	Total pay and benefits
Upper quartile	£49,861	£51,386	£50,401	£51,427
Median	£40,860	£42,052	£41,167	£42,112
Lower quartile	£30,215	£30,999	£30,310	£32,205

Pension benefits

As an executive Agency of the Department, the Agency's staff are members of the Principal Civil Service Pension Scheme (PSCPS) and Civil Servants and Other Pension Scheme (CSOPS) that provides pension benefits. Readers can find details on the scheme at the Civil Service Pensions website.²⁴

Officials

	Accrued pension at pension age as at 31/3/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/22	CETV at 31/3/21	Real increase in CETV
	£000	£000	£000	£000	£000
Chief Executive					
Gillian Hillier	45-50	0-2.5	712	676	2
Deputy Directors					
Colin Watson	30-35	0-2.5	372	341	13
Kate Moore	25-30 plus a lump sum of 5-10	0-2.5 plus a lump sum of 0	432	402	5

²⁴ <https://www.civilservicepensionscheme.org.uk/>

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme, or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the cash equivalent transfer values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the *Finance Act 2004*.

Partnership pension

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the [Civil Service pension arrangements](#) can be found online.²⁵

²⁵ www.civilservicepensionscheme.org.uk

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with *The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008* and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the minister. It is worked out using common market valuation factors for the start and end of the period.

Compensation for loss of office

The Agency paid no compensation for loss of office in 2021-22 (2020-21: nil).

Staff report part A: audited

Staff costs

The staff costs for the Agency were £5.2 million (2020-21: £5.9 million). The average number of full-time equivalent staff (FTE) employed during the year was 95 (2020-21: 124). There were more staff at year-end due to staff returning from redeployment.

	Permanently employed staff	Others	2021-22	2020-21
			Total	Total
	£000	£000	£000	£000
Wages and salaries	4,124	5	4,129	5,380
Social security costs	473		473	581
Pension costs	1,083		1,083	1,345
	5,680	5	5,685	7,306
Less:				
capitalised staff costs	(344)		(344)	-
recoveries in respect of outward secondments	(160)		(160)	(1,422)
	5,175	5	5,180	5,884

In 2020-21 staff were recharged to the Department and disclosed separately. In 2021-22 staff were transferred to the cost centre to which they had been redeployed to and their costs were met directly.

The Agency pays a flat fee for agency staff, which includes social security, holiday pay, pension costs etc. This note discloses the total sum as wages and salaries in the others column.

Average number of persons employed

The average number of full-time equivalent persons employed during the year is shown in the table below.

	Permanently employed staff	Others	2021-22	2020-21
			Total	Total
	Number	Number	Number	Number
Directly employed	96	-	96	124
Other	-	1	1	-
	96	1	97	124

Pension schemes

Civil service pensions

The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS), known as alpha, are unfunded multi-employer defined benefit schemes, but the Agency is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office.

For 2021-22, employers' contributions of £1,083,000 (2020-21: £1,341,570) were payable to the PCSPS and CSOPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Partnership pension accounts

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. In 2021-22 employers' contributions of £1,661 (2020-21: £3,322) were paid to the appointed stakeholder pension provider.

Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £76 (2020-21: £151), 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS and CSOPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the year-end were £277 (2020-21: £277). Contributions prepaid at that date were £nil (2020-21: £nil).

Ill-health retirement

No persons (2020-21: no persons) retired early on ill-health grounds.

Reporting of Civil Service and other compensation schemes

The Agency had no compulsory redundancies or other agreed departures in 2021-22 (2020-21: nil).

Staff report part B: unaudited

Staff by grade and gender

Our staff are a mix of civil servants and contractors. Our civil servants are employed by the Department on its terms and conditions. Responsibility has been delegated to me as Accounting Officer for the recruitment of staff within the parameters provided by the Department's policies and procedures. The headcount for permanent staff as at 31 March 2022 is as follows:

	Male	Female	Total
21-22	Number	Number	Number
SCS			
Director	-	1	1
Deputy Director	2	1	3
Non-SCS			
Grade 6	3	6	9
Grade 7	11	14	25
Senior executive officer	11	37	48
Higher executive officer	9	17	26
Executive officer	6	11	17
	42	87	129

	Male	Female	Total
20-21	Number	Number	Number
SCS			
Director	-	-	-
Deputy Director	2	2	4
Non-SCS			
Grade 6	3	9	12
Grade 7	10	15	25
Senior executive officer	9	31	40
Higher executive officer	11	22	33
Executive officer	7	6	13
	42	85	127

Analysis of staff policies and statistics

Our people

Recruitment practice

The Agency has a duty to ensure it is fully compliant with the Civil Service Commissioners' recruitment principles. The Agency follows the Department's approach to recruitment which reflects its commitment to equal and fair opportunity for all. All recruitment processes comply with the Equality Act 2010. Details can be found in the Department ARA which will be published later in 2022.

Sickness absence

Figures below show the average number of working days lost through sickness absence across the Agency

	2021-22	2020-21	2019-20	2018-19
Days per FTE	6.7	8.9	4.9	3.8

The figures above are slightly higher than figures across the Civil Service for the same period, which were 6.1 average working days lost per full time equivalents (FTE) in the year ending 2021, this is the most recent data available.²⁶

Staff turnover

The figures below show the number of leavers within the reporting period divided by the average staff in post over the reporting period presented as a percentage. Agency turnover, staff leaving the Agency, is compared to the Civil Service average.

	2021-22	2020-21
Civil Service turnover	6%	5%
Agency turnover ¹	2%	2%

¹ The agency figure does not include staff who transferred within the Departmental group

²⁶ <https://www.gov.uk/government/publications/civil-service-sickness-absence>

Commitment to improving diversity

STA follows the Department's policies regarding diversity and inclusion, and STA's data is included within the Department's reporting and assessments. The Department's assessment at the beginning of 2021 was that we have made steady progress and are more diverse since publication of our 2018 Diversity & Inclusion Strategy.

The Department's workforce is more ethnically diverse – from 17.2% in 2018 to 19.4% at end Jan 2022. We are now the fourth most ethnically diverse department in the Civil Service. We have agreed targets for BAME (Black, Asian, Minority Ethnic) and disabled representation in our SCS for 2023, and we are working towards achieving them. Our proportion of LGBO (Lesbian, Gay, Bisexual, Other) staff has increased from 6.1% in 2018 to 7.5% end Jan 2022.

The Department has introduced a way of measuring socio-economic background to allow us to monitor progress on social mobility. The care leaver internships programme and developing schools outreach work in opportunity areas and socio-economic cold spots in each of our locations is supporting us to increase the socio-economic diversity of the workforce. Further, the Department now employs many more people in different locations across the country, including 600 more in both Sheffield and Manchester; 400 more in Coventry; and nearly 300 more in Darlington which supports our regional and social mobility diversity.

We recognise we need more traction in areas and will be launching a new Diversity & Inclusion strategy in 2022 so we can achieve truly transformative change. We have worked with staff and networks to develop this strategy; and have committed to attracting people from all backgrounds across the UK and nurturing all of our staff talent so we can better serve communities across the UK. We will continue to be transparent with diversity data and use it to inform evidence-based decision making and to help with accountability, so we meet the ambitions we have made.

Staff policies for disabled persons

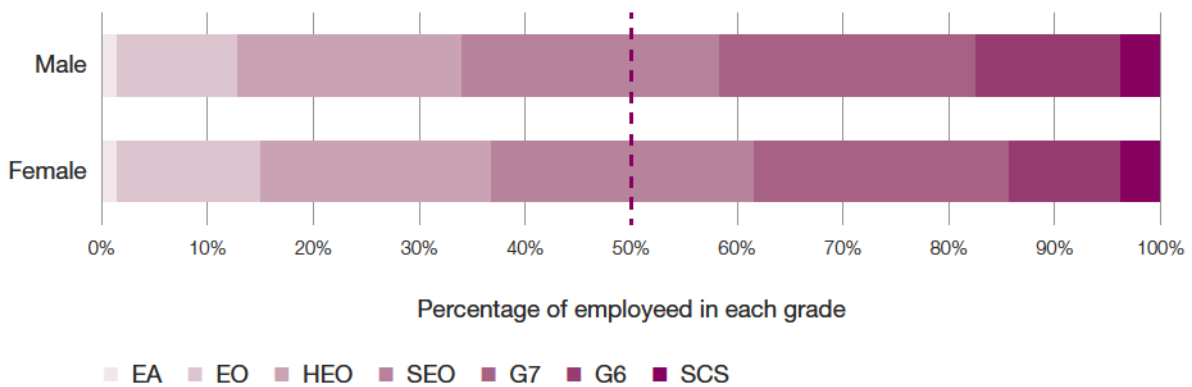
The Agency offers disability leave which is to enable employees with a disability to be able take reasonable time off from work to go for occupational rehabilitation, assessment or treatment to help them to return to work, or while they are waiting for a reasonable adjustment to be put in place.

Its recruitment policies also guarantee an interview to any disabled candidate who demonstrates that they meet the minimum standard required for the role.

Gender pay gap reporting

STA is included within the Department's Gender pay gap reporting. The Department now has the third lowest gender pay gap across Whitehall. The Department's median gender pay gap as at March 2021 was 4.0% (2020:7.9%) the latest date of available data. Our analysis has identified that over-representation of females in more junior grades is likely to be a significant contributor to the remaining pay gap. The 2021 graph below shows that whilst both the median male and female salary continue to be within the SEO pay band, the higher proportion of women in EA to HEO grades means the overall female median is closer to the middle of the SEO distribution for females while the median male's pay is closer to the top end of the SEO distribution for males. The figure for 2022 is not available at the time of publication. The figure will be published by the Government Equalities Office late in 2022 and will be included in the Department's ARA which will be published 2022-23.

March 2021 grade breakdown by gender



Engagement with employees

The Department and Agencies work with our trade unions, both formally and informally, engaging with them to promote an open and constructive relationship. We aim to promote a positive employee relations environment where staff and the trade unions can contribute constructively to our objectives. The Department developed a Strategic Workforce Plan for 2017-20 which aimed to improve the experience and outcomes for all our staff, ensuring our talented workforce is diverse and inclusive and that we create an attractive place to work. We are currently working on the next iteration of the strategy which has been delayed due to COVID-19. We plan to publish the new workplace plan in Autumn this year.

The Department conducts a full People Survey annually, with the results published each December.

	2021-22	2020-21	2019-20	2018-19
Response rate	94%	91%	91%	91%
Engagement index	69%	69%	69%	65%

The information from the survey is being used to support development of the Department's strategies and continually improve our levels of employee engagement.

Review of tax arrangements of public sector appointees

As part of the *Review of the Tax Arrangements of Public Sector Appointees* published by the Chief Secretary to the Treasury on 23 May 2012, departments were directed to publish information pertaining to the number of off-payroll engagements at a cost of over £58,200 that were in place on, or after, 31 January 2012; and any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during 2021-22.²⁷

The tables on the following pages set out this information.

²⁷ <https://www.gov.uk/government/publications/review-of-the-tax-arrangements-of-public-sector-appointees>

For all off-payroll engagements as of 31 March 2022, for more than £245 per day

	Total
Number of existing engagements as at 31 March 2022	-
Of which the number that have existed for:	
less than one year at time of reporting	-
between one and two years at time of reporting	-
between two and three years at time of reporting	-
between three and four years at time of reporting	-
four or more years at time of reporting	-

All temporary off-payroll workers engaged at any point during the year ended 31 March 2021 and earning at least £245 per day

	Total
Number of off-payroll workers engaged during the year ended 31 March 2021	-
Of which:	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which: No. of engagements that saw a change to IR35 status following review	-

Off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

	Total
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	-
Total number of individuals on- and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both on- and off-payroll engagements	3

Fire, Health and safety

The Agency is committed to ensuring the health, safety and wellbeing of staff, contractors and all others who could be affected by its activities. It fully accepts its responsibilities under the Health and Safety at Work etc. Act 1974.

We recognise that effective management of fire, health and safety makes a significant contribution to our overall business performance and strategic aims, as well as a positive impact on the wellbeing of staff. The Agency acknowledges that positive, proportionate health and safety risk management prevents harm and enables efficient delivery of services across the Agency.

Trade Union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires relevant public sector organisations to report on trade union facility time in their organisations. The Department's ARA reports this information for both the Department and executive agencies.

Staff Redeployment

In 2021-22 all redeployed staff were recharged to the Department and there was no cost to the Agency. In 2021-22 redeployed staff we transferred into the Department and there was no cost to the agency. Further details can be found in the staff costs on page 75.

Parliamentary accountability and audit report

Overview

This report includes details of the Agency's losses, special payments, contingent and remote contingent liabilities.

Parliamentary accountability disclosures: audited

Losses and special payments: audited

Losses statement

	2021-22	2020-21
Total number of cases	6	6
	£000	£000
Cash losses	-	-
Fruitless payments and constructive losses	-	2,391
Claims waived or abandoned	-	-
	-	2,391

Cases over £300,000

Constructive loss

Reportable losses totalled £nil (to the nearest thousand).

Special payments

There were no special payments made in the year (2020-21: nil).

Contingent and remote contingent liabilities

There were no contingent or remote contingent liabilities in the year ended 31 March 2022 (2021: £nil).

Gillian Hillier
Accounting Officer
12 July 2022

The Certificate of the Comptroller & Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Standards and Testing Agency for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Standards and Testing Agency's

- Statements of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Standards and Testing Agency's affairs as at 31 March 2022 and its net expenditure for the year for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and regularity of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Standards and Testing Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Standards and Testing Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Standards and Testing Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Standards and Testing Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000:

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Standards and Testing Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Standards and Testing Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Standards and Testing Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Standards and Testing Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Standards and Testing Agency's accounting policies.
- Inquiring of management, the Standards and Testing Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Standards and Testing Agency's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Standards and Testing Agency's controls relating to the Standards and Testing Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and the Education (National Curriculum Assessment Arrangements) Orders.

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Standards and Testing Agency for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Standards and Testing Agency's framework of authority as well as other legal and regulatory frameworks in which the Standards and Testing Agency operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Standards and Testing Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment legislation, tax Legislation and Education (National Curriculum Assessment Arrangements) Orders.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
12 July 2022

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP



Consonant sounds - beginning				
f	l			
Consonant sounds - ending				
b	c	d	g	
k				
Vowel sounds - monophthongs				
a	e	i	o	u
Vowel sounds - diphthongs				
oo	oo	ar	or	air

Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March

	Note	2021-22	2020-21
		£000	£000
Staff costs	3	5,181	5,884
Grant expenditure	4	2,912	2,625
Operating expenditure	5	19,242	15,562
Total operating expenditure		27,335	24,071
Finance expense		1	1
Net expenditure		27,336	24,072
Comprehensive net expenditure for the year		27,336	24,072

All income and expenditure reported in the Statement of Comprehensive Net Expenditure are derived from continuing operations.

The notes on page 70 to page 79 form part of these accounts.

Statement of Financial Position

As at 31 March

		2022	2021
	Note	£000	£000
Non-current assets			
Intangible assets	6	9,042	8,855
Total non-current assets		9,042	8,855
Current assets			
Receivables	7	449	251
Cash and cash equivalents	8	826	1,300
Total current assets		1,275	1,551
Total assets		10,317	10,406
Current liabilities			
Payables	9	(9,425)	(5,636)
Total current liabilities		(9,425)	(5,636)
Total assets less total liabilities		892	4,770
Taxpayers' equity			
General fund		892	4,770
Total taxpayers' equity		892	4,770

Gillian Hillier
Accounting Officer
12 July 2022

The notes on page 70 to page 79 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March

		2021-22	2020-21
	Note	£000	£000
Cash flows from operating activities			
Net operating cost	SoCNE	(27,336)	(24,071)
Adjustments for non-cash transactions		5,800	4,146
(Increase)/Decrease in receivables	7	(198)	(169)
(Decrease)/Increase in payables	9	3,835	(6,835)
Finance expense		(1)	(1)
Net cash outflow from operating activities		(17,900)	(26,930)
Cash flows from investing activities			
Purchase of intangible assets	6	(1,325)	(2,083)
Net cash outflow from investing activities		(1,325)	(2,083)
Cash flows from financing activities			
Draw down of supply from sponsor Department		18,751	30,313
Net cash inflow from financing activities		18,751	30,313
Net (decrease)/ increase in cash and cash equivalents in the period		(474)	1,300
Cash and cash equivalents at beginning of year		1,300	-
Cash and cash equivalents at end of year		826	1,300

The notes on page 70 to page 79 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March

	Note	General Fund £000
Balance as at 1 April 2020		(5,617)
Net Parliamentary Funding — drawn down		30,313
Comprehensive expenditure for the year	2.2	(24,072)
Non-cash adjustments		
Grants paid out by ESFA		2,625
Other intra-group transactions		(569)
Auditor's remuneration	5	45
Notional shared service recharges	5	2,045
Balance at 31 March 2021		4,770
Net Parliamentary Funding — drawn down		18,751
Comprehensive expenditure for the year	2.1	(27,336)
Non-cash adjustments		
Grants paid out by ESFA		2,912
Other intra-group transactions		(206)
Auditor's remuneration	5	52
Notional shared service recharges	5	1,949
Balance at 31 March 2022		892

The General Fund represents total assets less liabilities, to the extent that the total is not represented by other reserves and financing items for the Agency.

The notes on page 70 to page 79 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These accounts have been prepared in accordance with the 2021-22 government FReM issued by HMT. This is set out in a statutory Accounts Direction issued pursuant to section 5(2) of the *Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2020*.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the Agency for 2021-22 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention.

1.1 Going concern

As an Executive Agency, funding for STA will be met by DfE as the sponsoring department. The 2021 Spending Review achieved a settlement for the next 3 financial years to 2024-25 that recognised the important role that DfE plays in delivering government objectives, which includes an appropriate level of grant-in-aid being provided to STA to support increased capacity for its core business.

STA, in discussions with DfE, actively monitors the sufficiency of grant-in-aid to meet the needs of the corporate plan for 12 months from approval of the accounts. A budget has been set for financial year 2022-23 alongside confirmation of support from DfE for the remaining 12 months' going concern period beyond March 2023 that enables STA to deliver its objectives and continued regulatory intent. Our management of associated risks is outlined in the governance statement section of this report and STA's continued existence remains a matter of policy. Therefore, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported values of assets and liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable. The results of these form the basis for making judgements. The estimates and underlying assumptions are reviewed on an on-going basis.

1.2.1 Intangible assets

The recognition of internally developed intangible assets involves three critical judgements by management. The first judgement is over the projected feasibility of the intangible asset once it has been completed. Internally created intangible assets can only be recognised when management are satisfied that the organisation has the technical and operational ability to complete the development of the asset; which will result in a useable or saleable product.

The second critical judgement is the identification of internal costs that are required to be included in the assets carrying value. Internal costs are only included if they are direct costs wholly incurred in developing the intangible asset once the asset's development has moved into the development phase from the earlier research phase.

The third critical judgement is the identification of when the asset is ready to be brought into use and its useful economic life. This will determine the amortisation period of the asset.

Intangibles are assessed for impairment annually at year end, or sooner if potential impairment conditions are identified.

Further details can be found in note 6 on page 76.

1.2.2 Contract accruals

The preparation of financial statements requires STA to make estimates and assumptions relating to un-invoiced goods or services that affect the reported amounts of assets and liabilities. Actual results could differ from these estimates. The most significant accrual for STA is the expenditure related to the TOpS contract. An increase in this estimate of 1%, would lead to an increase in expenditure of approximately £75,000. As this is an area where judgement of material work in progress of services is required, these have been agreed with the supplier.

Further details can be found in note 9 on page 77.

1.3 Adoption of FReM amendments

There have been no significant amendments to FReM for 2021-22.

1.4 Early adoption

The Agency has not early adopted any accounting standards in 2021-22.

1.5 IFRSs in issue but not yet effective

In order to comply with the requirements of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, the Agency must disclose where it has not applied a new IFRS that has been issued but is not yet effective. There are two standards in issue but not effective:

- *IFRS 16 Leases*, effective for annual periods beginning on or after 1 January 2022. The mandatory FReM application has been delayed from 1 April 2021 to 1 April 2022 as part of the government's COVID-19 response
- *IFRS 17 Insurance Contracts*, effective for annual periods beginning on or after 1 January 2023. It has not yet been decided when FReM will adopt the standard for government financial reporting

The Agency has carried out a review of the above IFRSs, to assess their impact on its accounting policies and treatment. The full impact of these IFRSs has been assessed as not material to the accounts.

1.6 Segmental reporting

In accordance with *IFRS 8 Operating Segments* (IFRS 8), the Agency has considered the need to analyse its income and expenditure relating to operating segments. The Agency has assessed that all lines of operation fall within the same geographical location and regulatory environment as envisaged by IFRS 8. Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker and in compliance with the FReM, it has not been produced in the accounts.

See note 2 for operational disclosures.

1.7 Draw down of Supply from sponsoring Department

The Agency has recorded all draw down of funding from the Department as financing, as the Agency regards draw down of Supply as contributions from the Agency's controlling party giving rise to a financial interest. The Agency records draw down of Supply as financing in the Statement of Cash Flows and draw down of Supply to the General Reserve.

1.8 Grants payable

All grants made by the Agency are recorded as expenditure in the period in which the allocation or claim is paid, as the grant funding is not directly related to activity in a specific period and is not designed to, in line with legislation. The allocations or claims are deemed the only appropriate and measurable activity that truly creates an entitlement for the recipient.

1.8.1 Recoveries

Grants and other funding paid to end users that are unspent at the year end may be retained to fund future activity. The Agency does not recognise a prepayment if the end user has not spent the grant due to timing or delays.

1.9 Pensions

The Agency has adopted *IAS 19 Employee Benefits* (IAS 19) to account for its pension schemes.

Where the Agency makes contributions to defined contribution pension schemes (which do not have underlying assets and liabilities) and unfunded, multi-employer defined benefit pension schemes (where the Agency is unable to identify its share of underlying assets and liabilities), the Agency recognises contributions payable in the SoCNE.

Further details of the pension schemes are available in the Remuneration Report.

1.10 Financial instruments

As the cash requirements of the Agency are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

1.10.1 Financial assets

Financial assets include cash and cash equivalents, trade and other receivables. The Agency determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price. The Agency does not hold derivative financial instruments.

All of the Agency's financial assets fall under the IFRS 9 Financial Instruments category of amortised cost for the purposes of subsequent measure.

Amortised cost

Financial assets classified as amortised cost include:

- Trade and other receivables which have fixed or determinable payments that are not quoted on an active market. They do not carry any interest
- Cash and cash equivalents comprise cash in hand and on demand deposits

The above asset types are subsequently recognised at amortised cost using the effective interest method. Carrying values are based on initial fair value adjusted for interest charges and repayments. Appropriate impairment allowances for estimated irrecoverable amounts are recognised in the SoCNE based on expected losses for a particular asset, or group of assets. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future recoverable amount.

1.10.2 Financial liabilities

Financial liabilities are measured at amortised cost. Financial liabilities include trade and other payables. The Agency does not currently have financial liabilities measured at fair value through profit or loss and neither does it have derivative financial instruments. The Agency determines the classification of its financial liabilities at initial recognition.

Trade and other payables

Trade and other payables are generally not interest bearing and are stated at their face value on initial recognition. Subsequently, they are measured at amortised cost using the effective interest method.

1.11 Intangible assets

Assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Intangible assets are initially valued at cost, then carried at cost. Assets are amortised over their estimated useful economic lives. Assets under construction are not amortised but are assessed for impairment annually.

The asset life for developed software is 3-5 years.

1.12 Value added tax

Most of the activities of the Agency are outside the scope of VAT. In general, output tax does not apply. Where tax does apply, input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property and equipment and intangible assets.

1.13 Shared services

The Department provides a number of corporate functions as a shared service reflecting the Department's operating model as follows:

- human resources
- estates and facilities management
- communications
- legal services
- information and technology services
- corporate finance and procurement, including transactional services

The accounts include a notional recharge from the Department to the Agency to reflect the costs of these shared services. The Department makes direct charges in relation to those services which can be directly apportioned to the Agency. Whilst the remainder is an apportionment of costs. The apportionment is calculated as a cost per full time equivalent employee within the Departmental group multiplied by the number of the Agency's full time equivalent employees.

2. Statement of operating costs by operating segment

Historically, STA was split into three divisions. However, the structure was streamlined to one division until July 2021, due to the staff redeployment.

From August 2021, two divisions were introduced, details of which can be found under the structure of the Agency on page 11. The operating segments have been re-presented to align with current year segments.

Administrative costs are split between the divisions at a higher level. Additionally, administration and shared services are identified as a reporting segment for the analysis required by IFRS 8.

The lines of operation fall within the same geographical location and regulatory environment. Segmental analysis of the Agency's assets and liabilities are not reviewed by management and consequently are not provided here.

Further details of the operating divisions can be seen in the performance report.

2.1 2021-22

	Assessment Operations and Services	Assessment Research and Development	Admin and Shared Services	Total
	£000	£000	£000	£000
Gross expenditure	18,217	4,742	2,376	25,335
Income	-	-	-	-
Expenditure before notional charges	18,217	4,742	2,376	25,335
Notional charges				
Shared service recharge	-	-	1,949	1,949
Auditor's remuneration	-	-	52	52
Total notional charges	-	-	2,001	2,001
Net expenditure	18,217	4,742	4,377	27,336

2.2 2020-21

	Assessment Operations and Services	Assessment Research and Development	Admin and Shared Services	Total
	£000	£000	£000	£000
Gross expenditure	14,152	5,600	2,230	21,982
Expenditure before notional charges	14,152	5,600	2,230	21,982
Notional charges				
Shared service recharge	-	-	2,045	2,045
Auditor's remuneration	-	-	45	45
Total notional charges	-	-	2,090	2,090
Net expenditure	14,152	5,600	4,320	24,072

3. Staff costs

			2021-22	2020-21
	Permanently employed staff	Other	Total	Total
	£000	£000	£000	£000
Wages and salaries	4,124	5	4,129	5,380
Social security costs	473	-	473	581
Pension costs	1,083	-	1,083	1,345
	5,680	5	5,685	7,306
Less:				
capitalised staff costs	(344)	-	(344)	-
recoveries in respect of outward secondments	(160)	-	(160)	(1,422)
	5,176	5	5,181	5,884

Further disclosures relating to staff numbers and costs are detailed within the Remuneration and Staff Report.

4. Grant expenditure

STA pays KS2 Teacher Assessment Moderation and Phonics Screening Check grants to LAs and Academy Trusts. This funding is provided to support undertaking activities to carry out moderation of teacher assessment at Key Stage 2 and the phonics screening check. STA calculate the grant payment amounts and ESFA administer the Grant, as they make regular direct payments to LA and Academy Trusts.

	2021-22	2020-21
	£000	£000
Grants to Local Authorities	1,883	1,917
Grants to Academy Trusts	1,029	708
	2,912	2,625

5. Operating expenditure

	2021-22	2020-21
	£000	£000
Marking	-	-
Print, logistics and system maintenance	829	971
Test delivery	10,429	8,925
Test research and development	1,967	621
Reception baseline assessment	2,429	2,790
Teachers' skills test	-	-
Other expenditure	457	165
	16,111	13,472
Non-cash items:		
Amortisation	1,092	
Impairments	38	
Auditor's remuneration	52	45
Shared service recharges	1,949	2,045
	3,131	2,090
	19,242	15,562

6. Intangible assets

	2022			2021		
	Software	AuC	Total	Software	AuC	Total
	£000	£000	£000	£000	£000	£000
Cost						
1 April	-	8,855	8,855	-	6,772	6,772
Additions	-	1,279	1,279	-	2,083	2,083
Reclassification	5,378	(5,378)		-	-	-
Disposals	-	-	-	-	-	-
At 31 March	5,378	4,756	10,134	-	8,855	8,855
Amortisation						
1 April	-	-	-	-	-	-
Charged in year	(1,092)	-	(1,092)	-	-	-
Disposals	-	-	-	-	-	-
At 31 March	(1,092)	-	(1,092)	-	-	-
Carrying value as at 31 March	4,286	4,756	9,042	-	8,855	8,855

During the year the Agency launched the MTC, moving from AuC into software and subsequently being amortised. RBA remained within AuC.

7. Receivables

	2022	2021
	£000	£000
Sums falling due within 1 year		
Trade receivables	-	39
Other receivables	1	(2)
Prepayments	12	25
Accrued recharges	105	48
VAT	331	141
	449	251

8. Cash and cash equivalents

	2022	2021
	£000	£000
Balance at 1 April	1,300	-
Net changes in cash balance	(474)	1,300
Balance at 31 March	826	1,300
The following balances at 31 March were held as cash at bank and in hand		
Government Banking Service	826	1,300
Balance at 31 March	826	1,300

9. Payables

	2022	2021
	£000	£000
Sums falling due within 1 year		
Other taxation and social security	140	143
Trade payables	23	21
Other payables	128	128
Accruals	9,134	5,344
	9,425	5,636

10. Capital and other financial commitments

10.1 Capital commitments

Contracted and approved commitments at 31 March not otherwise included in these financial statements

	2022	2021
	£000	£000
Intangible assets	316	834
	316	834

10.2 Other commitments

The Agency has entered into non-cancellable contracts which are not leases or service concession arrangements, for operation services for KS1 and KS2 tests and the phonics screening check.

The total payments to which the Agency is committed are as follows:

	2022	2021
	£000	£000
Non-cancellable contracts:		
No later than one year	26,075	13,564
Later than one year and not later than five years	51,439	54,469
Later than five years		-
Total commitments	77,514	68,033

11. Related party transactions

As well as the disclosures in the Remuneration and Staff Report, the following relationships are also considered as related parties and have therefore been disclosed in line with IAS 24 *Related Party Disclosures*. Transactions are classified as related party transactions if they occurred during the period the board member named held office.

The Agency regards the Department as a related party. During the year, the Agency had a number of material transactions with the Department and with other entities for which the Department is the parent Department.

In addition, the Agency has had a number of transactions with other government departments and central bodies. Most of these transactions have been with HMRC, PCS and CSOPS.

The Agency had no other relationships which would be considered as related parties in 2021-22.

12. Events after the reporting period

12.1 Authorisation

These accounts were authorised for issue by the Accounting Officer on the date they were certified by the Comptroller and Auditor General. There have not been any other significant post year end events that have required disclosure in the accounts.



Annexes

Annex A – Glossary of terms

Abbreviation or term	Description
STA	Standards and Testing Agency
AFR	Assurance framework record
ARA	Annual Report and Accounts
ARC	Audit and Risk Committee
AuC	Assets under Construction
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CSL	Civil Service Learning
DfE, Department	Department for Education
EMB	Executive Management Board
ESFA	Education and Skills Funding Agency
EYSG	Early Years Schools Group
FRm	Financial Reporting Manual
FTE	Full Time Equivalent
GlAA	Government Internal Audit Agency
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
IAO	Information Asset Owner
ICO	Information Commissioner's Office
KS	Key Stage
LA	Local Authority
MTC	Multiplication table check
NAO	National Audit Office
Ofqual	Office of Qualifications and Examinations Regulation
PCSPS	Principal Civil Service Pension Scheme
RaSC	Risk and Security Committee
RBA	Reception baseline assessment
SCS	Senior civil service
SPR	Strategic Performance Review
SRO	Senior Responsible Owner
2020-21 and 2021-22	Financial years, ending on 31 March
2020/21 and 2021/22	Academic years, ended on 31 August
2021 and 2022	Year in which assessments are sat

Page intentionally left blank



Standards
& Testing
Agency