



Standards
& Testing
Agency

Standards and Testing Agency

Annual report and accounts

For the year ended
31 March 2023



An executive Agency of the Department for Education



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Performance report

Performance overview

Overview

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

Introduction to STA

STA is an executive agency of the Department for Education (DfE or Department), responsible for the statutory national curriculum tests and assessments (collectively referred to as "the assessments" in this document) for pupils in key stage 1 (KS1) and key stage 2 (KS2), and for the reception baseline assessment (RBA), for pupils in the early years foundation stage.

The early years foundation stage includes pre-school, nursery and reception (pupils up to the age of 5); KS1 covers years 1 and 2 (pupils aged between 5 and 7); and KS2 spans years 3 to 6 (pupils aged between 7 and 11). The RBA is taken by reception age pupils in their first 6 weeks of starting school, the phonics screening check (PSC) by year 1 pupils, and the multiplication tables check (MTC) by year 4 pupils. End of key stage tests and teacher assessments (based on teacher judgement of a pupil's class work) take place at the end of KS1 and KS2.

A 'live' test cycle (or assessment cycle) follows an academic year between September and July. This report relates to the financial year from April 2022 to March 2023 and therefore cuts across both the 2021/22 and the 2022/23 test cycles.



Gillian Hillier
Chief Executive

Statement of purpose and activities

Vision, mission and core principles

STA supports the Department's vision by developing and delivering high-quality assessments, which provide reliable and valid data on the achievements of individual pupils and, when aggregated up for their schools, for purposes such as school accountability and informing school choice. This will be used to understand where additional support is required to improve pupil attainment.

In carrying out its national testing and assessment functions, STA is independently regulated by the [Office of Qualifications and Examinations Regulation \(Ofqual\)](#).¹ Ofqual has a duty to keep all aspects of national testing and assessment arrangements under review and will report to the Secretary of State for Education if it appears there is, or is likely to be, a significant failing in the arrangements. Ofqual has published its annual report on the [2021/22 national curriculum assessments cycle](#).²

Purpose and activities

STA's primary purpose is to provide an effective and robust testing, assessment and moderation system, to measure and monitor pupils' progress through primary school, from reception to the end of KS2.

In carrying out these functions, STA:

- develops and implements assessment policy in England, in line with ministerial priorities
- develops high-quality national curriculum tests and assessments
- develops standards for the assessment of pupils working below the standard of the national curriculum assessments but still in subject-specific study, and the engagement model for pupils working below these standards and not engaged in subject-specific study

- oversees operational delivery of national curriculum tests and assessments (including printing, supporting test administration, distribution, provision of systems, marking and data capture and investigations of maladministration)
- sets and maintains test standards, including standards related to marking
- produces test administration guidance for the RBA, PSC, MTC, and KS1 and KS2 tests
- manages the submission and moderation of teacher assessment
- investigates allegations of maladministration in RBA, PSC, MTC and the KS1 and KS2 assessments

STA is also responsible for managing the general qualifications logistics service, known as the 'yellow label service' which is provided to exam centres and examiners. This service collects exam scripts from schools and delivers them to awarding organisations for marking.

As Chief Executive, amongst other responsibilities, I approve:

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

I act independently of the Department and ministers to ensure confidence in the validity and reliability of test outcomes. This is set out in paragraph 5.3 of the [STA framework document](#).³

1 <https://www.gov.uk/government/organisations/ofqual>

2 <https://www.gov.uk/government/publications/national-assessments-regulation-annual-report-2022/national-assessments-regulation-annual-report-2022>

3 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1099317/STA_Framework_Document_August_2022.pdf

Structure of STA

The Agency is made up of two divisions:

- Assessment Research and Development (ARD)
- Assessment Operations and Services (AOS)

What we do

STA's two divisions are responsible for different aspects of our work. ARD is responsible for test development (including the large-scale trialling of questions for future assessments) and data analysis, whilst AOS is responsible for assessment policy, the delivery of 'live' assessments and tests, and the management of the CEO office and STA's commercial and finance function.

The assessments are taken by pupils in state schools (including academies and free schools), pupil referral units and Ministry of Defence schools. Some other types of school can opt into certain assessments. All assessments are statutory and have set administration periods during the year. The assessments comprise:

- the RBA, an activity-based assessment of pupils' starting points in language, communication, literacy and mathematics, which will provide the baseline for school-level progress measures at end of KS2 from 2028 onwards. The assessment is administered to pupils within 6 weeks of starting in reception (regardless of when that happens during the school year).
- the PSC, a check which helps schools confirm whether pupils have learnt to decode words by identifying letter sounds (phonic decoding), to an appropriate standard. The check also helps schools to identify pupils who need extra help with their skills in phonics. It is administered in June to pupils who will reach the age of 6 by the end of that academic year (usually during year 1) and is repeated the following year for pupils who did not meet the expected standard on their previous attempt.

- end of KS1 assessments, designed for pupils who have completed the KS1 programmes of study and are working at the overall standard of the assessments. They include teacher assessments in English reading, writing, grammar punctuation and spelling, mathematics, and science, informed by statutory tests of English reading and mathematics and an optional test of grammar, punctuation and spelling. These assessments are administered to pupils in May of the year they reach the end of the KS1 curriculum, usually year 2, and who will reach the age of 7 by the end of the academic year. They will become non-statutory from the 2023/24 academic year although STA will continue to develop end of KS1 tests for use on an optional basis.
- the MTC, designed to determine whether pupils can fluently recall their multiplication tables up to 12. The check is administered online to year 4 pupils in June.
- end of KS2 assessments, designed for pupils who have completed the KS2 programmes of study and are working at the overall standard of the tests. The assessments include an English reading test, a grammar punctuation and spelling test and a mathematics test, as well as teacher assessments in writing and science. Most pupils taking the end of KS2 tests will be in year 6 and will reach the age of 11 by the end of the academic year.

As part of the work to develop the assessments, we engage with schools to trial test materials ahead of the year in which they are due to be administered to pupils.

In addition, we work in partnership with local authorities who carry out monitoring visits to schools to ensure that the assessments are administered correctly and in line with our guidance.

We also work with local authorities to ensure that they have enough qualified staff to undertake moderation of teacher assessments. This moderation provides quality assurance of the accuracy of teacher assessment judgements made by class teachers for year 2 and year 6 pupils.

The status of each of the assessments during the last 3 academic years is summarised in the table below and reflects some of the impact of the COVID-19 pandemic on test delivery. Unless stated otherwise, the assessments in the table were statutory and state schools (including academies) were required to participate.

STA assessments in schools during the last 3 academic years

Assessment	2022/23	2021/22	2020/21
RBA	September 2022	September 2021	Non-statutory early adopter year
PSC	June 2023	*Autumn 2021 – previous year 1 pupils June 2022 – current year 1 pupils	*Autumn 2020 – previous year 1 pupils Cancelled June 2021
KS1	May 2023	May 2022	Cancelled
MTC	June 2023	June 2022	Optional
KS2	May 2023	May 2022	Cancelled

* Additional PSC assessments were completed in autumn 2021 and 2020 to test the previous year's year 1 pupils following the cancellation of the normal in-year PSC tests in those years as part of the Agency's COVID-19 response.

KS1 and KS2 teacher assessment moderation took place in summer 2022 and will also take place in summer 2023.

Accounting Officer's review

This annual report and accounts (ARA) relate to the year ending 31 March 2023.

Performance

In the 2021/22 academic year, STA resumed full delivery of all tests (following their cancellation in summer 2021 and 2020), including the first statutory administration of MTC and RBA. This was also the first year delivering the KS1 tests (including phonics) and end of KS2 tests with a new supplier. The transition of a service to a new supplier can bring challenges for a contracting authority and its suppliers.

The end of KS2 tests were administered during the set administration week (known as test week) between Monday 9 and Thursday 12 May 2022. These tests are externally marked, and during the 2021/22 test cycle, 3.9 million test scripts were marked across English reading, mathematics and grammar, punctuation and spelling. English writing and science were assessed through teacher assessment.

The national curriculum test operations service is delivered by Capita Business Services ("Capita") on behalf of the Agency. Capita is responsible for the printing and distribution of phonics screening check materials, end of KS1 test materials and the print, distribution and collection of the end of KS2 test materials and scripts. Capita is also responsible for the training of markers, the scanning and onscreen marking of test scripts and the return of results to schools.

To support the administration of the assessments, Capita provides helpline services for all national curriculum assessments (except the RBA which uses a different provider) and the school-facing portal called the Primary Assessment Gateway (PAG). The PAG allows schools to carry out functions such as ordering modified test materials, applying for access arrangements, uploading teacher assessment outcomes and viewing test results and marked test scripts for their pupils.

Many aspects of test delivery in 2022 went well. Working with commercial delivery partners we:

- enabled schools to register their pupils for KS2 tests and order non-standard materials
- printed 9.9 million test components and sent a total of 71,000 packages of KS1 and KS2 test materials to 16,500 participating schools. No test materials were lost in the process of being delivered to schools and no content errors were reported by schools during test administration which reflects the high quality of the materials produced
- oversaw the smooth delivery of KS1 and phonics screening check assessments
- completed the first statutory year of the MTC with a 98.6% engagement rate from schools and a total combined pupil engagement rate of 99.6%
- trained 4,617 markers to use a new onscreen marking system for KS2 tests. This was established very quickly due to COVID and following thorough testing of the onscreen system, these markers marked 3.9 million KS2 test scripts to prepare for the successful return of results
- supported local authorities to train school staff to moderate teacher assessment judgements at KS1 and KS2, by providing materials and implementing more robust quality assurance processes. This resulted in 4,480 school staff qualifying to be moderators
- managed the effective collection and delivery of 926,825 packages of general qualification exam scripts packages from participating exam centres across England

We also implemented a new teacher assessment tool, known as the engagement model, for use with pupils working below the level of the national curriculum tests and assessments and not engaged in subject-specific study. Additionally, local authorities returned to all monitoring and moderation activities in relation to the assessments and teacher assessment, using materials produced by STA.

Our regulator, Ofqual, attended as an observer at many of our test development and delivery meetings and Ofqual representatives met STA staff on a regular basis to discuss issues relating to test development and delivery. The [2022 Ofqual annual report](#)⁴, includes observations made about the integrity and robustness of STA's processes in various areas such as test development, marker training, and standards maintenance.

Although there were many successful aspects, several issues nevertheless occurred during 2022 test delivery.

Contact centre

The national curriculum assessments contact centre, at times, lacked the capacity to deal with the volume of calls received. This meant that some schools struggled to speak to an agent, particularly during KS2 test week, and so were unable to get responses to their questions or experienced long wait times in order to do so. Of the 7,135 calls received during KS2 test week in May 2022, 38% of calls were answered. This has been included in the lessons learned exercises noted further on in the ARA.

Return of results to schools

Following collection from schools, attendance registers and test scripts are taken to a scanning facility where they are scanned and indexed. Once test scripts are processed, they are made available for marking. In some cases where scripts cannot be scanned, an alternative process is followed to ensure that they are marked. The schedule for this is planned carefully to ensure that all marking can be completed in time for a process known as standards maintenance.

The standards maintenance process takes place ahead of return of results and involves setting a threshold which can be applied to a child's test score to determine if they met the expected standard in each subject. This process ensures expected standards are consistent over time.

The supplier is required to provide 99.9% of accurate item level data, which shows how pupils performed on each part of a question in the tests, to support the standards maintenance process. Capita did not meet this key milestone by the deadline in 2022. It is important to note that whilst the contractual milestone was not met, sufficient volumes of data were provided for STA to confidently maintain the standard in each subject. The reporting of this process was observed by Ofqual with no concerns raised.

STA's expectation is that 100% of pupils receive a valid outcome on the scheduled date for return of results to schools, including outcomes for those pupils who did not sit the test. The reasons why a pupil may not have sat the test include being absent from school or working below the standard of the test. A pupil may also receive an outcome of "missing" which is where one or more of their test scripts have been lost in the process and cannot be marked. STA sets the tolerance for missing results as 0.1%, therefore the supplier is expected to provide results for 99.9% of all pupils by the scheduled date.

⁴ <https://www.gov.uk/government/publications/national-assessments-regulation-annual-report-2022/national-assessments-regulation-annual-report-2022>

In 2022, complete results were returned for 98.8% of pupils by the scheduled date of 5 July. Out of over 670,000 pupils, 7,437 were missing results in one or more subjects and a further 720 pupils were found to have been incorrectly marked as absent for a paper. There were several factors contributing to the missing outcomes. In some cases, the pupils' scripts had arrived late to the scanning centre or had arrived on time, but the scripts could not be scanned; in almost all these instances, scripts were marked, and the results returned before the end of term for most schools. In other cases, the pupil had not sat the relevant test, but this fact was not captured accurately and had to be corrected in the school's data to ensure the right outcome for the pupil. In the remaining cases, scripts went missing within the delivery chain, including within Capita's scanning centre. Where results remained outstanding and papers were missing, STA worked with Capita to identify scripts, including undertaking a thorough search of the scanning centre. Scripts that were located were marked and returned to schools in September, but not all missing scripts were found. Activity continued so that by the end of January 2023, the date of the final data feed for the test cycle, complete results were returned for 99.7% of pupils. A total of 2,251 scripts were deemed lost, impacting 1,900 pupils. The number of results that could not be returned due to lost scripts was 1,486. This is lower than the number of lost scripts because pupils can achieve the standard where there are sufficient marks in remaining papers. The total volume of lost scripts was higher than in previous years, comprising 0.06% of total scripts in 2022 compared to 0.003% in 2019. This includes 144 maths scripts relating to 48 pupils at one school, which were lost due to the theft of a Parcelforce van rather than because of issues with scanning.

In addition, some schools experienced difficulties in accessing the results for their pupils on the PAG when results were made available at 7.30am on Tuesday 5 July. The majority of schools were able to login, view and download their results by noon that same day, but the delay caused concern and inconvenience.

The issues with the return of results were hugely challenging for the schools, pupils and parents who were impacted. They rightly expected to receive the results their pupils worked so hard to achieve. STA and Capita apologised to schools, parents and pupils where we did not return results and I make that same apology here.

Since July 2022, rigorous lessons-learned exercises have been undertaken within STA, within Capita and jointly, involving schools, local authorities and other stakeholders. Capita has developed remediation plans for the areas where problems occurred and has established improvement projects in a range of other areas; and appropriate action has been taken, under the terms of the contract, to reflect the failure to meet key contractual milestones.

Summary of performance

STA's responsibilities can broadly be split into 2 categories – test development and test delivery.

The development of tests involves several 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](#).⁵

The test development processes outlined in the 2019 test handbook continued to apply to the 2022 tests. A new technical appendix was published in spring 2023. I am therefore confident that our test development activity leading up to 2022 was robust and effective and this is evidenced further in the resulting set of tests which did not attract any negative comment or external challenge.

In terms of delivery, there were many successes, but there were also challenges. Marker training, delivery of test papers to schools and administration of assessments such as MTC and phonics all went well. The vast majority of scripts were collected and marked by Capita, and the results returned to schools on time. The issues that arose with a minority of scripts were nevertheless unacceptable. I am confident, however, that all appropriate action has been taken to mitigate against the same issues occurring in 2023. STA is also working closely with Capita to identify and mitigate any potential new issues.

I am therefore optimistic that we will be able to deliver against all STA's objectives in the coming financial year.

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

Key risk summary

STA is responsible for the DfE's top tier risk relating to the primary school testing system. The risk was reviewed regularly throughout the year to ensure it reflected the current situation. STA also regularly discussed the status of this risk with its Senior Departmental Sponsor during quarterly strategic performance reviews.

The risk has several component parts, including:

- STA staff capacity and capability
- supplier delivery
- security of the assessments
- sector attitudes to primary assessment
- public confidence in the statutory assessment system

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

- the validity of the assessments being ensured throughout the test development process. This has been assessed by Ofqual to compare favourably with international best practice. It involves internal and external (teacher and relevant expert) review, extensive trialling with large and representative samples and stringent sign-off procedures
- maintaining specialist expertise in staff, regular knowledge transfer, and targeted recruitment campaigns
- robust governance arrangements in place to track and monitor progress and ensure the timely resolution of any challenges
- the supply chain's handling of and approach to, test materials security and information risk handling, which is managed through a rigorous and defined security checking process in line with best practice
- oversight of the supply chain's delivery

Emerging risks

STA continues to monitor for and manage emerging risks and to make contingency plans. Currently, industrial action across delivery and supply chains has the potential to disrupt national curriculum assessments and contingency plans are in place to handle any such disruption.

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 (KPIs), 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 2020 and 2021 assessments, we are unable to report against all indicators in relation to those years.

The outcomes are set out below.

Area of delivery	Performance indicator	Baseline	2022-23	2021-22	2020-21
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%	98.80%	N/A	N/A
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%	98.80%	N/A	N/A
Helpline service	Enquiries received must be resolved at first contact.	85.00%	Not available for 2022-23 please see below	93.34%	90.29%
Helpline service (Based on data available at the time of publication)	90% of calls must be answered in less than 15 seconds. NB. 2022-23 data relates to 'of calls answered, % of calls answered in less than 15 seconds'				
Systems to support schools	The school administration system (PAG) 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	2022-23	2021-22	2020-21
General qualification logistics	Packages containing completed test scripts are delivered to scanning bureaux by the third working day after collection from examination centres.	99.90%	99.95%	99.97%	100%
Provision of RBA data	The scores of the RBA must be 100% accurate for each pupil by an agreed date.	100% measured at each data feed point	100% achieved at each data feed point	100% achieved at each data feed point	N/A
Provision of RBA platform	The system will be available to 99.8% of schools from 8am until 5pm Monday to Friday during term time.	99.80%	100% achieved each month	At least 99.99% achieved each month	N/A
Provision of RBA resources to schools ²	100% of orders placed within the ordering window are delivered to schools.	100%	100% achieved each month	100% achieved each month	N/A

1 Previously, the RBA baseline was reported as an annual average. However, as the KPI is assessed monthly, 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. All RBA KPIs have been met so far, but the system remains 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.

Performance in delivery areas

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

End of key stage 1 and 2 tests and the Phonics Screening Check

STA develops its tests in-house using processes in line with international best practice. As stated in the [2022 Ofqual annual report](#)⁶, Ofqual continues to be satisfied that the test development process has a strong focus on validity.

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 preserved the content of the tests for use in 2022.

STA contracts out most of the operational delivery for the tests. Activities for the 2023 tests completed by the end of March 2023 included:

- handover of test and check materials for KS1, KS2 and PSC to the suppliers
- 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
- commencement of print and collation activities for KS1 and KS2 tests in 2023
- commencement of recruitment of approximately 4,500 markers
- development of marker training materials

STA continues to provide helpline services to schools and stakeholders via the Capita contract (excluding RBA which has a helpline provided by a different supplier). The helpline operates to support all assessment enquiries. There were challenges with recruitment and retention of Capita staff to operate the helpline. Issues faced are continuously reviewed, and lessons learned are logged for future test cycles.

The performance and outcomes of the service outsourced to Capita at KS2, including key volumetrics and measures, are covered in the 'Performance' and 'Key Organisational Performance Measures and Indicators' sections and are therefore not repeated here.

At KS1 in 2022, all participating schools received test materials to enable them to administer the tests within the published deadlines. STA does not collect any data on test outcomes, and teacher assessment data is submitted to the Department electronically by schools via a service called COLLECT.

For the PSC, all schools received the appropriate materials to enable them to complete the check within the published window. STA does not collect data on phonics outcomes, as this again is submitted to the Department via COLLECT.

⁶ <https://www.gov.uk/government/publications/national-assessments-regulation-annual-report-2022/national-assessments-regulation-annual-report-2022>

Teacher assessment

STA provides mandatory training for local authorities to deliver to nominated school staff. Those who pass the training become part of a pool of moderators and can conduct moderation visits to schools to ensure the accuracy of assessment judgements class teachers have made.

The following table shows the number of moderators who successfully passed their training during the last three test cycles.

Test Cycle	Local authority lead moderators	Pool moderators
2023	695	4,480
2022	393	4,340
2020	606	4,894

Moderator numbers vary from year to year, depending on several factors, including individual local authority plans, numbers of new moderators and numbers of experienced moderators. In 2022, lead and pool moderator numbers were reduced due to higher failure rates. The reduced numbers of moderators had no impact on STA's ability to moderate assessments in 2022. Lead moderator numbers for 2023 also take into account deputy moderation managers who in previous years would have been included under pool moderator numbers.

For the 2022/23 test cycle, some changes were made including opening the first training exercise to all moderators. Previously this was only available for moderation managers and lead moderators but opening it more widely provided greater flexibility for local authorities.

2022/23 also saw the introduction of an additional quality assurance panel to assess pupil scripts for use in the training exercise. Only those scripts that were approved by at least 80% of the panel were put through for use in the exercises. This meant a stronger and more robust process.

Multiplication tables check

The MTC service opened on 21 March 2022 for schools to prepare to administer the statutory check in June 2022. The MTC administration window closed on 24 June 2022. Of 16,520 schools in total, 16,290 (98.6%) logged into the MTC service.

Where schools did not engage with the MTC we undertook chase activity to establish the reasons for not doing so. In the majority of the cases, we established that these schools were special schools who did not have pupils participating in the check.

A total of 662,046 pupils were registered in the service, 626,137 (94.6%) completed the MTC, and 32,786 (5.0%) were recorded with a reason for not taking the assessment. This totalled a combined pupil engagement rate of 99.6%.

Results were successfully published on the MTC service on 27 June 2022.

We received 2,592 completed MTC feedback surveys from teachers. These will be used to support lessons learned activity, provide insight to user behaviour and to support test development research.

The new date for the MTC service to go live in 2023 is 17 April 2023. We have reinforced that checks should be completed during the official check window which opens on 5 June 2023 and closes on 23 June 2023.

Reception baseline assessment

Academic year 2022/23 is the second year of live delivery for the RBA. The assessment must be administered within the first six weeks of a pupil starting school. Assessments continue throughout the year for any pupils who start reception and have not already participated in the RBA at a previous school.

As of 24 March 2023, 16,441 schools had administered the RBA to 618,787 pupils. Schools will continue to administer the assessment with any new pupils who have just started reception until the end of the academic year. Additional numbers are expected to be very low at this stage of the year.

Overall, 99.99% of the total number of schools expected to participate did so, which aligned with expectations. STA contacted all schools which did not participate to understand their reasons. All remaining non-engaging schools are special schools, and the assumption is that they need to disapply all their pupils from the assessment. Work is ongoing to improve special school engagement in the assessment. The process for schools which do not complete a statutory assessment is under review.

General qualifications logistics service

The General Qualifications Logistics Service aims to reduce the risk of examination scripts being lost before marking, by providing examination centres in England with a single secure method for despatching packages of completed examination scripts for marking. The examination papers are delivered to the centres by the participating awarding organisations who are also responsible for marking the completed scripts.

The service provides increased value for money by aggregating the collection requirements into a single contract. It is funded from STA's budget, with no charges payable either by examination centres (schools, 6th forms, further education colleges, and work-based learning providers) or by the organisations which award the qualification.

The qualifications within the service's scope fall into the key stage 4 and post-16 phases, including GCSEs, GCEs, T Levels, functional skills, and vocational and technical qualifications such as Business and Technology Education Council qualifications (BTECs).

In the previous reporting period between April 2021 and March 2022, when many examinations were suspended due to COVID-19 countermeasures, STA's supplier managed the successful collection and delivery of 138,448 packages.

The activity in the 2022-23 period reflected a return to the pre-pandemic patterns and volumes.

Quarter	Notes	Packages collected	Examination centres
1 (Apr-Jun)	Peak GCSE and GCE examinations period	821,876	6,151
2 (Jul-Sep)	On demand functional skills	13,470	751
3 (Oct-Dec)	November GCSEs and T Levels	31,216	3,254
4 (Jan-Mar)	Peak examinations period for BTECs.	47,989	4,173

Financial review of the year

Introduction

In the 2022-23 financial year, expenditure has been largely in line with our expectations and budgets for the return to business as usual including the completion of the 2021/22 test cycle and commencement of the 2022/23 test cycle.

Analysis of the year

The Agency's expenditure is included within the Departmental Group's Estimates and Parliamentary accountability processes, but it does not have its own [Estimates](#).⁷ The Agency has a budget which is set by the Department and against which performance is measured. The financial performance in budgetary terms (termed outturn) may differ from that reported in the Statement of Comprehensive Net Expenditure (SoCNE) since not all spending is reported in SoCNE such as acquisition of assets. The overall outturn for 2022-23 was within the budget allocated by the Department. For more detailed explanations about the budgetary process and terms see HM Treasury's (HMT's) [Consolidated Budgeting Guidance](#).⁸

Staffing costs have risen in 2022-23 and are now at 96% of the pre-pandemic operational levels (2019-20) as staff who were redeployed returned to post at the start of the 2022 test cycle.

Intangible assets have increased with the development of the Reception Baseline Assessment platform with an investment of £3.7 million last year.

⁷ <https://www.gov.uk/government/collections/hmt-main-estimates>

⁸ <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2022-to-2023>

Trends in Performance

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

	2022-23	2021-22	2020-21	2019-20	2018-19
	£000	£000	£000	£000	£000
Comprehensive Net Expenditure	46,876	27,336	24,072	59,678	65,028

Movements in outturn

Spending has fluctuated over the last few years. In 2020-21 and 2021-22 expenditure was heavily impacted by the COVID-19 pandemic following the cancellation of both the 2020 and 2021 tests.

In 2022-23, the return to a normal test cycle has seen costs increase in line with expectations towards levels expected in a normal year. However, there has been a £3 million increase in costs associated with the digital transformation programme which will help deliver the new in-house Reception Baseline Assessment.

Outturn against organisational goals

The outturn is now in line with expectation following the commencement of business as usual for the 2021/22 test cycle.

Performance in other matters

Sustainability

Sustainability information can be found in annex B, which forms part of this report.

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 learning lessons from the issues that occurred during the 2021/22 test cycle
- successfully deliver RBA and MTC
- develop tests for future years through extensive trialling
- review the use of digital delivery, including an option to deliver existing assessments via digital platforms
- deliver general qualifications logistics service

The Future Assessment Services project is underway 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.

Going concern

HMT has interpreted the going concern principle for the public sector to reflect the non-commercial nature of public sector bodies. Going concern for public sector bodies is referenced back to service potential and delivery. The going concern presumption is only challenged for a public body if the services it provides will be discontinued entirely by the public sector. Transfer of services from one public body to another does not imperil the going concern presumption in the transferring body even if all its operations will cease post-transfer.

In the case of STA, the Agency was set up by statute and can only be discontinued by subsequent statutory activity causing its operations to cease. The Agency is not aware of any legislation that is planned, in force or in the process of gaining Royal Assent that would cause its activities to cease.

In addition, the Department's forward-looking plans, current Estimate and current Spending Review settlement with HMT contain funding to cover the Agency's operations for the foreseeable period. Consequently, management do not consider the going concern presumption to be in doubt.

A budget is being set for financial year 2023-24, as part of the Department's 2023-24 Estimates process, alongside confirmation of support from DfE for the remaining 12 months' going concern period beyond March 2024 that enables STA to deliver its objectives and continued regulatory intent.

Gillian Hillier
Accounting Officer
30 June 2023



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 board members on the executive management board (EMB) at the end of the year were:

Director	Position
	Gillian Hillier Chief Executive (from 3 August 2021)
	Kate Moore Deputy Director of Assessment Operations and Services (from 5 September 2018)
	Kevin Cheung Deputy Director of Assessment Research and Development (from 31 October 2022)

Other directors during the year were

- Colin Watson who was the Deputy Director of Assessment Research and Development until 31 July 2022.
- Anne Counsell who held the post of Interim Deputy Director of Assessment Research and Development until 30 October 2022 when she handed over to Kevin Cheung.

Company directorships and other significant interests

STA requires all staff, including board members, who have outside interests, some of which could potentially be 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	2022-23	2021-22	2020-21	2019-20
Number of incidents	1	-	-	-

In March 2023, a supplier of a contracted service to the Agency, suffered a cyber-attack. Details were not provided of the Agency impact until late April 2023, at which point an initial referral to the ICO was made (as part of a wider submission for the Department for Education). This is an ongoing incident.

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	2022-23	2021-22	2020-21	2019-20
Number of incidents	-	-	-	1

Statement of accounting officer's responsibilities

Under the Government Resources and Accounts Act 2000, HMT has directed STA to prepare a statement of accounts for each financial year, on the basis set out in the [Accounts Direction](#).⁹ The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of STA, and of its income and expenditure, Statement of Financial Position, and 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 (FRoM). 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 FRoM 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 as a whole is fair, balanced and understandable and 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 the Chief Executive as the Accounting Officer of STA. The responsibilities of an Accounting Officer, include responsibility for the propriety and regularity of the public finances, for which the Accounting Officer is answerable, for keeping proper records and for safeguarding STA's assets, are set out in Managing Public Money published by HMT.

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.

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041681/DAO__21__08_Non_bespoke_accounts_directions_21-22.pdf

Governance statement

Scope of responsibility

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 is designed to manage risk to a reasonable level, rather than eliminate all risk completely.

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 for the area I am responsible for, which in this case is STA. The AFR for this year was completed following consultation with STA's two other board members.

As an additional level of assurance, my AFR covering STA was reviewed by the Chief Executive of another of the Department's Executive Agencies.

The AFR details my 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 leadership team and ministers with assurance that we have managed our agenda well 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

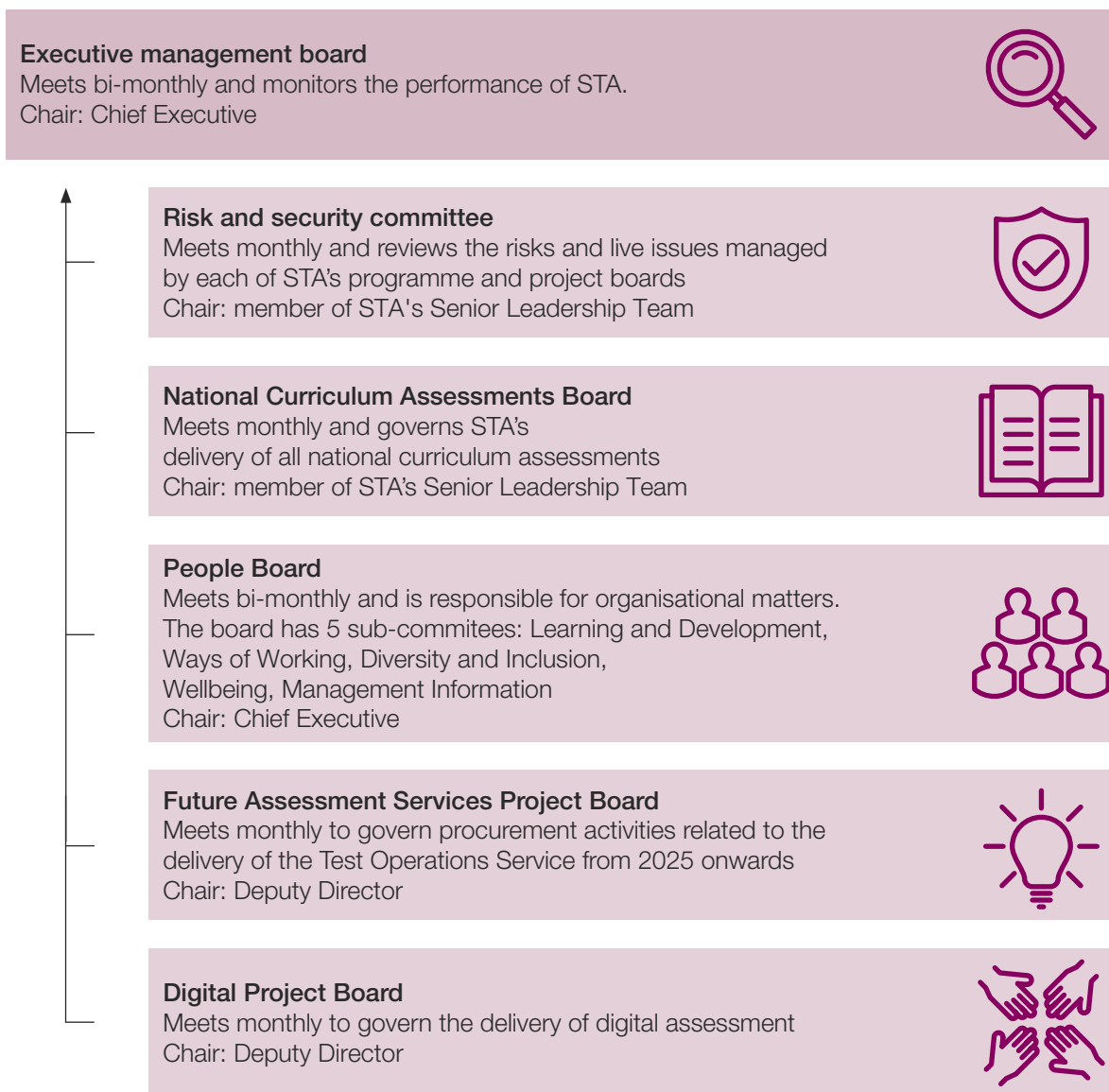
I will continue to review these arrangements regularly to ensure they comply with HMT's [Corporate governance in central government departments: code of good practice](#).¹⁰ I have not identified any departures from the code.

¹⁰ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

Governance at Agency level

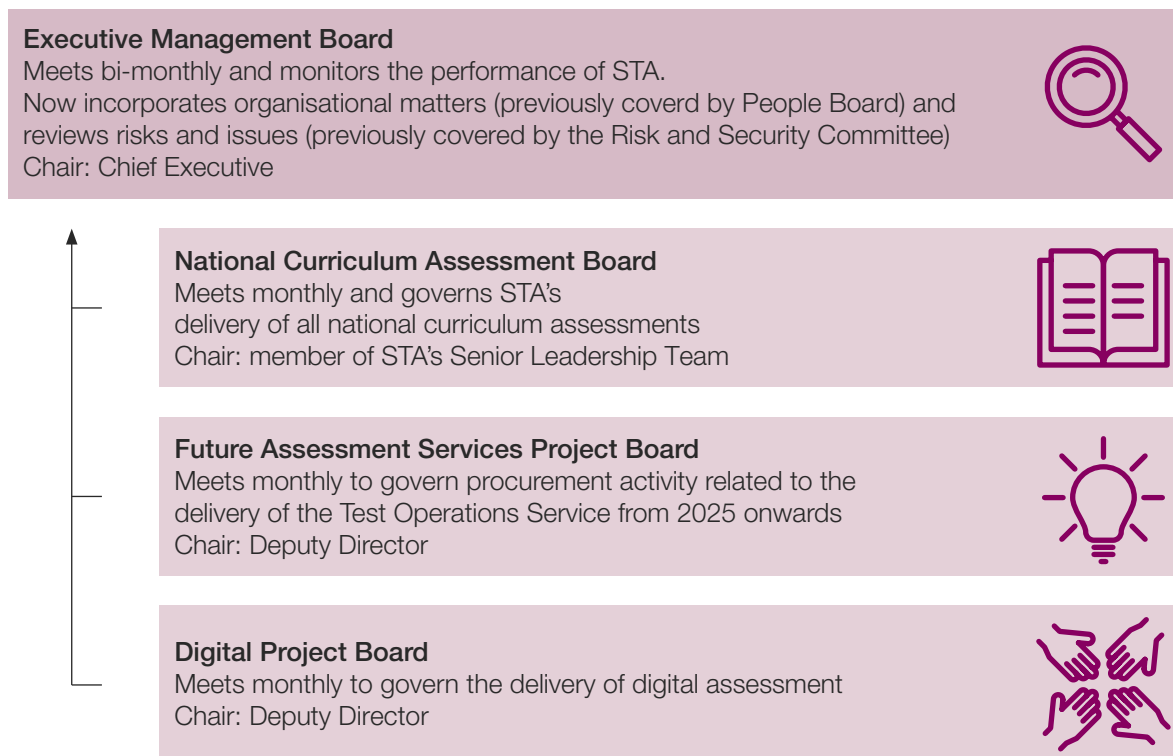
The diagrams below show the governance structure for the year ended 31 March 2023.

Governance structure until December 2022



Key changes for this reporting period included the removal of People Board and the Risk and Security Committee (RaSC), both functions merged into the Executive Management Board (EMB) in January 2023. The reason for this change was to improve efficiency and reduce duplication of discussions, whilst maintaining a strong focus on delivery, risk management and staff wellbeing.

Governance structure from January 2023



Executive management board

EMB (in both its previous and new formats) meets bi-monthly and is chaired by the Chief Executive. This year, there have been six meetings in May 2022, July 2022, September 2022, November 2022, January 2023 and March 2023.

EMB provides the Chief Executive with the opportunity to hold the other board members, 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

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. The EMB reviews business-as-usual programme and project risks that exceed their tolerance. The EMB also reviews and manages all strategic risks. A security report is also reviewed at EMB. STA's Chief Executive and Deputy Directors make up the membership of EMB. The following table shows EMB attendance figures and the number of meetings each member was eligible to attend for the year.

Member	Position	Meetings attended (out of possible)
Gillian Hillier	Chief Executive	6/6
Kate Moore	Deputy Director, Assessment Operations and Services	6/6
Kevin Cheung	Deputy Director, Assessment Research and Development	3/3
Anne Counsell	Interim Deputy Director, Assessment Research and Development	2/2
Colin Watson	Deputy Director, Assessment Research and Development	1/1

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.

People board

The People Board met four times in the year (May, June, August, October). There were five sub-committees:

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

As with EMB, the People Board membership consisted of the Chief Executive and Deputy Directors. Each sub-committee was led by middle managers supported by other STA staff.

Member	Position	Meetings attended (out of possible)
Gillian Hillier	Chief Executive	3/4
Kate Moore	Deputy Director, Assessment Operations and Services	4/4
Kevin Cheung	Deputy Director, Assessment Research and Development	-/-
Anne Counsell	Interim Deputy Director of Assessment Research and Development	2/2
Colin Watson	Deputy Director, Assessment Research and Development	2/2

The board discussed the work of the sub committees, which was based on areas for development identified in the outcomes of the DfE People Survey. During the year, this resulted in an improved staff induction and training process, as well as focussed training and greater awareness of areas such as bullying harassment and discrimination.

In October 2022, the decision was made to incorporate business that would have been discussed by the People board into the EMB. Sub-committees were also stood down at this time.

Risk and Security Committee (RaSC)

The role of STA's RaSC was to:

- provide challenge to STA risk owners on the reliability, suitability and integrity of controls
- provide challenge on unexpected issues and near misses
- review management of the Department's key risk on primary assessment
- oversee the STA's security arrangements

RaSC met monthly until November 2022 by which time, a decision had been made to incorporate it into the EMB meeting. There was no meeting in September, therefore, 7 meetings took place between April and November 2022. The following table shows the attendance of members against the total number of meetings they were eligible to attend.

Member	Position	Meetings attended (out of possible)
Gillian Hillier	Chief Executive	7/7
Kate Moore	Deputy Director, Assessment Operations and Services	7/7
Kevin Cheung	Deputy Director, Assessment Research and Development	1/1
Anne Counsell	Interim Deputy Director of Assessment Research and Development	3/3
Colin Watson	Deputy Director, Assessment Research and Development	2/3

To manage risks at the right level, operational and strategic risks were escalated to RaSC. Where their profile exceeded the STA's risk tolerances, they were escalated to EMB to manage. EMB's risk profile is monitored through the Strategic Performance Review (SPR) which acts at a departmental level. STA owns a top-level risk in the Department's risk register which is managed by the Department's Performance Risk and Resourcing Committee (PRRC).

Governance at departmental level

The Department's Director General for Schools Group performs an oversight role, on behalf of the Secretary of State, through 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](#)¹¹

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.

Strategic performance review

Throughout the year, the Director General for Schools Group, held three SPRs to review and challenge STA's:

- progress
- financial management
- management of risks

The three meetings took place in August 2022, November 2022 and February 2023. Issues discussed at SPR throughout the reporting period included:

- digitisation of assessments
- progress reports from the Agency's boards
- health of the Agency going into 2023
- STA transformation and KS3 assessments

Assurance

External Audit

STA was audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General during 2022-23.

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 2022-23

The GIAA risk-based audit plan for STA for 2022-23 was agreed with the STA Chief Executive by assessing key delivery activities.

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

The first reviewed the governance and high-level internal control arrangements in place within STA and rated it moderate with 1 low and 2 medium recommendations. These improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control and are currently being implemented.

The second audit relates to risk and is still in progress with an initial report also concluding a moderate audit opinion, with 1 low and 2 medium recommendations. Some improvements could be made to the recording of risks and to ensuring that risks of a non-operational nature are regularly reviewed at the correct level.

¹¹ <https://www.gov.uk/government/publications/managing-public-money>

Department level assurance

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

- Audit and Risk Committee (ARC)
- Performance, Risk and Resourcing Committee
- Digital, Data and Technology (DDaT) Committee
- Investment Committee

ARC advises the Permanent Secretary (as the Departmental Group's 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 and also reviews the audit plan. 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.

PRRC 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

DDaT is responsible for the Department's strategic approach to:

- the transformation of services through digital, data and technology
- identifying an appropriate work programme that delivers both core business priorities and strategic enablers that deliver towards the wider change envisioned
- building a sustainable and skilled digital, data and technology workforce
- ensuring the agenda delivers value for money services and that the risks of delivering the agenda are properly managed

STA is scrutinised regarding its governance and control through

- the SPR
- Schools Group leadership meetings
- meetings between the Director General Schools Group and Chief Executive

Risk management

STA has an established risk management framework which is based upon:

- the Department's strategic risk framework
- UK Government Management of Risk: Guidance for Practitioners [risk management standards](#)¹²

STA's risk management statement was reviewed in March 2023. 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).

Shared services

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

¹² www.gov.uk/government/publications/management-of-risk-in-government-framework

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 2023.

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 our 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

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

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 its 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 practice.

These are reviewed and agreed by the relevant board meetings.

Test development progress is monitored during formal checkpoint meetings, held internally and with contractors, with frequency dependent on current activity.

Test materials are approved for use in trials and live tests during a series of project boards.

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

STA's PPM framework includes a PPM tool which has been adapted from a commercially available project information management tool for use within STA 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.

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 financial reporting instructions, where applicable. 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 set out by the Cabinet Office and HMT. This is reviewed by STA's EMB members.

Delivery arrangement and achievements against business plan

STA's business plan¹³ sets out:

- 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

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. Due to the cancellation of 2020 and 2021 national curriculum assessments, STA was not able to achieve its normal business objectives of delivering primary assessments during these years. STA saw through its first year of delivery with Capita as its new supplier in 2022. Capita returned a full set of results and scripts for 98.8% of pupils by the scheduled date for return of results on July 5 2022. Lessons have been identified and changes have been put in place to improve on this for 2023 and beyond.

Information Technology (IT) 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. Once approved, we work with DDaT – 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 Security and Data protection training annually. STA has a clear process for reporting security and data incidents, which staff are required to adhere to.

All security incidents involving unauthorised disclosure, destruction or loss of data and near misses are reported to DfE central security and if a breach of personal data is involved, to DfE's office of the data protection officer (ODPO). A log is maintained and submitted on a quarterly basis to the ARC. The log uses red, amber, green reporting to indicate the level of risk. No incidents were rated as more than a moderate (green/amber) risk and no incidents were escalated beyond STA.

STA had one protected personal data related incident which ODPO judged significant enough to be formally notified to the ICO in 2022-23 (2021-22 nil).

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 records of processing activities
- reviewing supplier contracts to reflect new obligations

¹³ <https://www.gov.uk/government/publications/standards-and-testing-agency-business-plan-2019-to-2024>

Information risk management

STA 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.

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 DfE Information Security Unit, STA secured authority to operate approval from the SIRO for all test trial and live operations.

STA has a variety of information assets, which are essential to its operation and the delivery of its strategic objectives. STA, through DfE, maintains an information asset register. The register details the risk level of all individual information assets. STA's Deputy Directors are Information Asset Owners and have overall responsibility for protecting the information assets they own.

Deputy Directors review entries on the information asset register regularly and provide assurance to the Chief Executive that STA are performing functions in accordance with Departmental procedures.

STA recognises that a key risk to the security of its information assets would be if there were a 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.

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](#).¹⁴

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

¹⁴ <http://www.gov.uk/government/publications/security-policy-framework>

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 ongoing change over the reporting year, following the cancellation of two test cycles and issues faced during the 2022 test cycle, 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 in September 2021, resourcing risks materialised during 2022 which have continued in 2023. Significant recruitment was needed to replace those who did not return and those who moved to new jobs within the Agency, and we continue to carry key vacancies in hard-to-recruit posts. There was a significant programme of induction for new starters, with the aim of building knowledge. At the end of the financial year, we still carried a higher level of vacancies than normal (22 vacancies – 16%). 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 of reintroducing test development and delivery after two years of cancellations due to COVID-19 and a year of delivery issues.

Gillian Hillier
Accounting Officer
30 June 2023

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 other core 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 Leadership Team 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](#).¹⁵

Staff employed by an executive agency of the Department have performance management and contractual terms 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 STA EMB members 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](#).¹⁶

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](#) can be found at their [website](#).¹⁷

¹⁵ <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

¹⁶ <https://www.gov.uk/government/organisations/civil-service>

¹⁷ <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.

	2022-23				
	Salary	Bonus payment	Benefits -in-kind	Pension benefits	Total
	£000	£000	to nearest £100	to nearest £1,000	£000
Chief Executive					
Gillian Hillier	95-100	0-5	7,800	(6)	100-105
Deputy Director					
Colin Watson to 31 July 2022 annualised value	25-30 (80-85)	-	-	11	35-40
Kate Moore	85-90	0-5	-	5	95-100
Anne Counsell from 8 July 2022 to 30 October 2022 annualised value	20-25 (70-75)	-	-	9	30-35
Kevin Cheung from 31 October 2022 annualised value	30-35 (80-85)	-	-	13	45-50

	2021-22				
	Salary	Bonus payment	Benefits -in-kind	Pension benefits	Total
	£000	£000	to nearest £100	to nearest £1,000	£000
Chief Executive					
Gillian Hillier from 3 August 2021 annualised value	60-65 (95-100)	0-5	3,000	12	80-85 (110-115)
Deputy Director					
Colin Watson	80-85	0-5	-	28	115-120
Kate Moore	70-75	-	-	17	90-95

Colin Watson's balances above cover his time as Chief Executive to 2 August 2021, and then as Deputy Director Assessment Research and Development.

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 (2021-22: one).

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 2022-23 relate to performance in 2022-23 and the comparative bonuses reported for 2021-22 relate to the performance in 2021-22.

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

	2022-23		2021-22	
	Salary and allowances	Total pay and benefits	Salary and allowances	Total pay and benefits
	£	£	£	£
Band of highest paid director's remuneration (£000)	95-100	105-110	90-95	100-105
Range (£000)	25-100	25-110	25-95	25-105
Upper quartile	51,357	52,590	49,861	51,386
Median	39,974	41,322	40,860	42,052
Lower quartile	33,516	34,299	30,215	30,999
	Ratio	Ratio	Ratio	Ratio
Upper quartile	1.9:1	2.0:1	1.9:1	2.0:1
Median	2.4:1	2.6:1	2.3:1	2.4:1
Lower quartile	2.9:1	3.1:1	3.1:1	3.3:1

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 2022-23 was £105,000 – £110,000 (2021-22: £100,000 – £105,000). This was 2.6 times the median (2021-22: 2.4), the increase in this ratio compared to the prior year is due to a greater increase in the remuneration of the highest paid director compared to the median (staff). The median remuneration of the workforce was £41,322 (2021-22: £42,052). 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 increase is due to a small shift in the grade distribution of staff.

In 2022-23, nil employees (2021-22: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £25,000 – £110,000 (2021-22: £25,000 – £105,000).

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

	2022-23		2021-22	
	Highest paid director	Staff average	Highest paid director	Staff average
	% change	% change	% change	% change
Salary and allowances	5%	3%	-	(3%)
Bonuses	-	13%	-	-

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

Pensions 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](#).¹⁸

Officials

	Accrued pension at pension age as at 31/3/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/23	CETV at 31/3/22	Real increase in CETV
	£000	£000	£000	£000	£000
Chief Executive					
Gillian Hillier	45-50	0-2.5	780	712	(17)*
Deputy Directors					
Colin Watson	30-35	0-2.5	386	370	5
Kate Moore	30-35 plus a lump sum of 5-10	0-2.5 plus a lump sum of 0	477	432	(6)*
Anne Counsell	5-10	0-2.5	88	-	5
Kevin Cheung	0-5	0-2.5	7	-	4

*Taking account of inflation the CETV funded by the employer has decreased in real terms.

Colin Watson's opening CETV value has moved from £372,000 to £370,000 due to a re-assessment of benefits by the pension provider.

¹⁸ <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 switched 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](#)¹⁹ can be found online.

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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HMT published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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 2022-23 (2021-22: nil).

¹⁹ www.civilservicepensionscheme.org.uk

Staff report part A: audited

Staff costs

	Permanently employed staff	Others	2022-23	2021-22
			Total	Total
			£000	£000
Wages and salaries	5,980	-	5,980	4,129
Social security costs	695	-	695	473
Pension costs	1,521	-	1,521	1,083
	8,196	-	8,196	5,685
Less:				
capitalised staff costs	(392)	-	(392)	(344)
recoveries in respect of outward secondments	(110)	-	(110)	(160)
	7,694	-	7,694	5,181

There were more staff at year-end due to staff returning from redeployment. In 2021-22 staff were transferred to the cost centre to which they had been redeployed 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.

			2022-23	2021-22
	Permanently employed staff	Others	Total	Total
	Number	Number	Number	Number
Directly employed	130	-	130	97
	130	-	130	97

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 2022-23, employers' contributions of £1,517,000 (2021-22: £1,083,000) 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 2022-23 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 2022-23 employers' contributions of £4,211 (2021-22: £1,661) 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 earning from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £156 (2021-22: £76), 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 £364 (2021-22: £277). Contributions prepaid at that date were £nil (2021-22: £nil).

Ill-health retirement

No persons (2021-22: no persons) retired early on ill-health grounds.

Reporting of Civil Service and other compensation schemes

Exit package cost band	2022-23			2021-22		
	Compulsory redundancies	Other departures agreed	Total exit packages	Compulsory redundancies	Other departures agreed	Total exit packages
	Number	Number	Number	Number	Number	Number
<£10,000	-	-	-	-	-	-
£10,001- £25,000	-	-	-	-	-	-
£25,001- £50,000	-	2	2	-	-	-
£50,001- £100,000	-	1	1	-	-	-
Total number of exit packages	-	3	3	-	-	-
Total costs (£000)	-	146	146	-	-	-

During the year the Department and its executive agencies ran a voluntary exit scheme. Under the applicable accounting standard, the costs for this are shown in 2022-23 as the departures were agreed by 31 March 2023, with the staff exiting the Agency by 31 May 2023.

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 2023 is as follows:

	2022-23			2021-22		
	Male	Female	Total	Male	Female	Total
	Number	Number	Number	Number	Number	Number
SCS						
Director	-	1	1	-	1	1
Deputy Director	2	1	3	2	1	3
Non-SCS						
Grade 6	2	5	7	3	6	9
Grade 7	10	17	27	11	14	25
Senior executive officer	14	36	50	11	37	48
Higher executive officer	10	19	29	9	17	26
Executive officer	4	9	13	6	11	17
Executive assistant	-	1	1	-	-	-
	42	89	131	42	87	129

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 2023.

Sickness absence

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

	2022-23	2021-22	2020-21	2019-20
Days per FTE	4.2	6.7	8.9	4.9

Sickness absence has reduced for the last two years and is much more favourable than the Civil Service average for the same time period, which was 7.9 average working days lost per full time equivalents (FTE) in the year ending 2022, this is the [most recent data available](#).²⁰

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.

	2022-23	2021-22	2020-21
Civil Service turnover	9%	6%	5%
Agency turnover	7%	2%	2%

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

Commitment to improving diversity

STA adopts the department's new diversity and inclusion strategy 2022-26, launched in June 2022, with a vision to create an inclusive agency, which nurtures talent and reflects the ever-increasing diversity of our agency, mirroring the country we serve.

The agency strategy has commitments and actions against three aims:

- to be diverse
- to be inclusive
- to realise potential in all

We continue to be transparent with diversity data, publishing a quarterly diversity and inclusivity data dashboard, using data to support decision making and accountability. Alongside other characteristics, this dashboard includes data to support us to measure socio-economic background to progress work on social mobility.

The Department has seen increases in workforce representation to 19.5% for those from a minority ethnic background, 13.4% for disability and 7.7% for LGBO, as at the last day of Q3 2022-23. We continue to work towards achieving our SCS workforce representation targets for disability and staff from a minority ethnic background.

²⁰ <https://www.gov.uk/government/publications/civil-service-sickness-absence>

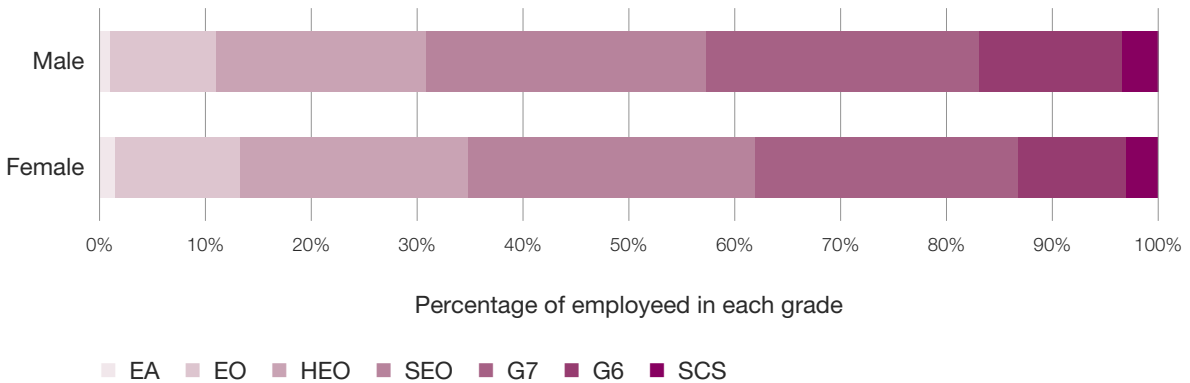
Staff policies for disabled persons

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 fourth lowest gender pay gap across Whitehall. The Department’s median gender pay gap as at March 2022 was 4.9% (2021:4.0%) 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 2022 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 2023 is not available at the time of publication and will be included in the Department’s 2023-24 ARA.



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 launched the strategic workforce plan in May 2022. Our vision for the future is to create a workforce with world class skills and capabilities, which is flexible and makes the best use of excellent talent by supporting increased diversity and social mobility as well as ensuring colleagues have well-defined development plans, and that clear career paths are set out for all those who want to progress and develop their expertise. The strategic workforce plan is aligned to the Government Reform Agenda and clearly articulates the ambitions for the future workforce.

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

	2022-23	2021-22	2020-21	2019-20
Response rate	79%	94%	91%	91%
Engagement index	61%	69%	69%	69%

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](#)²¹ 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 2022-23.

The tables on the following pages set out this information.

²¹ <https://www.gov.uk/government/publications/review-of-the-tax-arrangements-of-public-sector-appointees>

Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater

	Total
Number of existing engagements as at 31 March 2023	-
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 highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

	Total
Number of off-payroll workers engaged during the year ended 31 March 2023	-
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	-

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

	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	5

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 2022-23 all redeployed staff were recharged to the Department and there was no cost to the Agency.

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

Losses statement

	2022-23	2021-22
Total number of cases	5	6
	£000	£000
Cash losses	-	-
Fruitless payments and constructive losses	-	-
Claims waived or abandoned	1,545	-
	1,545	-

Cases over £300,000

Claims waived or abandoned

Delay Credits and Service Credits of £1.3 million were applied. STA made a commercial judgement to waive a further potential claim of £1.5 million in order to de-risk delivery for future test cycles. In exchange for the waiver the supplier has agreed to undertake additional actions aimed at improving performance levels, including significant investment in additional resource.

Special payments

There were no special payments made in the year (2021-22: nil).

Contingent and remote contingent liabilities

The agency has a contingent liability relating to a delay credit, which may crystallize in 2023-24 if the supplier meets specific key milestone criteria as set out in the contract. The cost will be £0.18m (2022: £nil).

Gillian Hillier
Accounting Officer
30 June 2023

The Certificate and Report 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 2023 under the Government Resources and Accounts Act 2000.

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

- Statement of Financial Position as at 31 March 2023;
- 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 2023 and its net expenditure 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 Bodies in the United Kingdom (2022)*. 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 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 requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 and my auditor's certificate and report thereon. 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.

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 Reports.

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

- 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
- I have not received all of the information and explanations I require for my audit; 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 Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Standards and Testing Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Standards and Testing Agency's accounting policies, key performance indicators and performance incentives.
- inquired 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 on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of 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.

- inquired of management, the Standards and Testing Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant specialists, 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Standards and Testing Agency's framework of authority and other legal and regulatory frameworks in which the Standards and Testing Agency operates. I focused 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, Supply and Appropriation (Main Estimates) Act 2022, employment legislation, tax legislation and Education (National Curriculum Assessment Arrangements) Orders.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud 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 expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
4 July 2023

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



Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2023

	Note	2022-23	2021-22
		£000	£000
Staff costs	3	7,694	5,181
Grant expenditure	4	2,568	2,912
Operating expenditure	5	36,613	19,242
Total operating expenditure		46,875	27,335
Finance expense		1	1
Net expenditure		46,876	27,336
Comprehensive net expenditure for the year		46,876	27,336

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 2023

		2023	2022
	Note	£000	£000
Non-current assets			
Intangible assets	6	11,684	9,042
Total non-current assets		11,684	9,042
Current assets			
Receivables	7	256	449
Cash and cash equivalents	8	2,046	826
Total current assets		2,302	1,275
Total assets		13,986	10,317
Current liabilities			
Payables	9	(10,740)	(9,425)
Total current liabilities		(10,740)	(9,425)
Total assets less total liabilities		3,246	892
Taxpayers' equity			
General Fund		3,246	892
Total taxpayers' equity		3,246	892

Gillian Hillier
Accounting Officer
30 June 2023

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

Statement of Cash Flows

For the year ended 31 March 2023

		2022-23	2021-22
	Note	£000	£000
Cash flows from operating activities			
Net operating cost	SoCNE	(46,876)	(27,336)
Adjustments for non-cash transactions		3,892	5,800
(Increase)/Decrease in receivables	7	193	(198)
Increase in payables	9	1,315	3,835
Finance expense		(1)	(1)
Net cash outflow from operating activities		(41,477)	(17,900)
Cash flows from investing activities			
Purchase of intangible assets	6	(3,357)	(1,325)
Net cash outflow from investing activities		(3,357)	(1,325)
Cash flows from financing activities			
Draw down of Supply from sponsor Department	SoCTE	46,054	18,751
Net cash inflow from financing activities		46,054	18,751
Net (decrease)/ increase in cash and cash equivalents in the period		1,220	(474)
Cash and cash equivalents at beginning of year		826	1,300
Cash and cash equivalents at end of year		2,046	826

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 2023

	Note	General Fund £000
Balance as at 31 March 2021		4,770
Net Parliamentary funding – drawn down		18,751
Comprehensive expenditure for the year	SoCNE	(27,336)
Non-cash adjustments		
Intra-Group transactions		2,706
Auditor's remuneration	5	52
Notional shared service recharges	5	1,949
Balance at 31 March 2022		892
Net Parliamentary funding – drawn down		46,054
Comprehensive expenditure for the year	SoCNE	(46,876)
Non-cash adjustments		
Intra-Group transactions		674
Auditor's remuneration	5	61
Notional shared service recharges	5	2,441
Balance at 31 March 2023		3,246

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 2022-23 government FReM issued by HMT. This is set out in a statutory Accounts Direction issued pursuant to section 7(1), (2) and (5) of the *Government Resources and Accounts Act 2000*.

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 2022-23 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 2 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 2023-24 alongside confirmation of support from DfE for the remaining 12 months' going concern period beyond March 2024 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.

Management has specifically made such judgements on:

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.

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.

1.3 Adoption of FReM amendments

There have been no significant amendments to FReM for 2022-23 that effect these financial statements. The Agency has leases or lease type arrangements so the adoption of IFRS 16 Leases has had no effect on these financial statements.

1.4 Early adoption

The Agency has not early adopted any accounting standards in 2022-23.

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 is one standard in issue but not effective:

- *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 IFRS 17, to assess its impact on its accounting policies and treatment. The full impact of the IFRS 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, or where it does, input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of intangible assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

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 10. 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 2022-23

	Assessment Operations and Services	Assessment Research and Development	Admin and Shared Services	Total
	£000	£000	£000	£000
Gross expenditure	32,811	8,290	3,273	44,374
Income				
Expenditure before notional charges	32,811	8,290	3,244	44,374
Notional charges				
Shared service recharge	-	-	2,441	2,441
Auditor's remuneration	-	-	61	61
Total notional charges	-	-	2,502	2,502
Net expenditure	32,811	8,290	5,775	46,876

2.2 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
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

3. Staff costs

Disclosures relating to staff numbers and costs are detailed within the Remuneration and Staff Report page 49.

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 activities to carry out moderation of teacher assessment at Key Stage 2 and the phonics screening check.

	2022-23	2021-22
	£000	£000
Grants to Local Authorities	1,834	1,883
Grants to Academy Trusts	734	1,029
	2,568	2,912

5. Operating expenditure

	2022-23	2021-22
	£000	£000
Print, logistics and system maintenance	5,530	829
Test delivery	21,760	10,429
Test research and development	5,205	1,967
Reception baseline assessment	136	2,429
Other expenditure	389	457
	33,020	16,111
Non-cash items		
Amortisation	1,095	1,092
Impairments	(4)	38
Auditor's remuneration	61	52
Shared service recharges	2,441	1,949
	3,593	3,131
	36,613	19,242

6. Intangible assets

	2022-23			2021-22		
	Software	AuC	Total	Software	AuC	Total
	£000	£000	£000	£000	£000	£000
Cost						
1 April	5,378	4,756	10,134	-	8,855	8,855
Additions	-	3,737	3,737	-	1,279	1,279
Reclassification	-	-	-	5,378	(5,378)	-
At 31 March	5,378	8,493	13,871	5,378	4,756	10,134
Amortisation						
1 April	(1,092)	-	(1,092)	-	-	-
Charged in year	(1,095)	-	(1,095)	(1,092)	-	(1,092)
At 31 March	(2,187)	-	(2,187)	(1,092)	-	(1,092)
Carrying value as at 31 March	3,191	8,493	11,684	4,286	4,756	9,042

Development on the RBA platform continued during the year, so the asset remained within AuC.

7. Receivables

	2023	2022
	£000	£000
Sums falling due within one year		
Other receivables	80	1
Prepayments	6	12
Accrued recharges	-	105
VAT	170	331
	256	449

8. Cash and cash equivalents

	2023	2022
	£000	£000
Balance at 1 April	826	1,300
Net changes in cash balance	1,220	(474)
Balance at 31 March	2,046	826
The following balances at 31 March were held as cash at bank and in hand		
Government Banking Service	2,046	826
Balance at 31 March	2,046	826

9. Current payables

	2023	2022
	£000	£000
Other taxation and social security	189	140
Trade payables	68	23
Other payables	131	128
Accruals	10,352	9,134
	10,740	9,425

10. Capital and other financial commitments

10.1 Capital commitments

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

	2023	2022
	£000	£000
Intangible assets	4,054	316
	4,054	316

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:

	2023	2022
	£000	£000
Non-cancellable contracts:		
No later than one year	35,036	26,075
Later than one year and not later than five years	37,526	51,439
Later than five years	-	-
	72,562	77,514

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, PCSPS and CSOPS.

The Agency had no other relationships which would be considered as related parties in 2022-23.

12. Events after the reporting period

12.1 Cost of living payment

A payment to all staff of grades EA to G6 has been announced in recognition of the cost of living pressures faced by staff in 2022-23. This payment will be made in 2023-24 to all staff who were in post on 31 March 23 and remain employed at the payment date.

12.2 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 (not subject to audit)

Annex A – Glossary of terms

Abbreviation or term	Description
STA, or Agency	Standards and Testing Agency
AFR	Assurance framework record
ARA	Annual Report and Accounts
ARC	Audit and Risk Committee
AOS	Assessment Operations and Services division
ARD	Assessment Research and Development division
AuC	Assets under Construction
BCP	Business Continuity Plan
BTEC	Business and Technology Education Council
Capita	Capita Business Services
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
DDaT	Digital, Data and Technology
DfE, Department	Department for Education
EMB	Executive Management Board
ESFA	Education and Skills Funding Agency, an executive agency of the Department
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
GCE	General Certificate of Education
GCSE	General Certificate of Secondary Education
GDS	Government Digital Service
GQ	General Qualification
GIAA	Government Internal Audit Agency
HMRC	His Majesty's Revenue and Customs
HMT	His Majesty's Treasury
ICO	Information Commissioners Office
IT	Information Technology
KPI	Key Performance Indicator
KS1	Key stage one
KS2	Key stage two

Abbreviation or term	Description
MTC	Multiplication tables check
NAO	National Audit Office
ODPO	Office of the Data Protection Officer
Ofqual	Office of Qualifications and Examinations Regulation
PAG	Primary Assessment Gateway
PCSPS	Principal Civil Service Pension Scheme
PPM	Programme and Project Management
PRRC	Performance, Risk and Resourcing Committee
PSC	Phonics screening check
RaSC	Risk and Security Committee
RBA	Reception baseline assessment
SCS	Senior Civil Servant
SIRO	Senior Information Risk Owner
SPR	Strategic Performance Review
STA	Standards and Testing Agency
T Level	Technical Level
TOpS	Test Operation Service
VTQ	Vocational Technical Qualification
2021-22 and 2022-23	Financial years, ending on 31 March
2021/22 and 2022/23	Academic years, ended on 31 August
2021 and 2022	Year in which assessments are carried out

Annex B – Sustainability reporting

Background

The Agency adopts the Department's policies on sustainability which are managed by Departmental teams owing to the level of shared workspaces across the Department and its executive agencies. This is the first year detailed Agency-level information has been available to present here.

The Agency recognises its responsibilities to the Greening Government Commitments (GGCs), 25 Year Environment Plan, and forthcoming Environmental Principles – and we are incorporating climate change considerations in our operational delivery and policy development. The GGCs affect how we operate as an organisation and our ways of working. We have plans of how the Agency staff can support us in ensuring we meet these centrally mandated targets, along with the close support of Department staff.

The Department set up a Sustainability and Climate Change Unit in April 2021 to embed sustainability across the education system as well as into the Department's operations and education policies, which included the Agency's operations.

In April 2022, the Department launched the [Sustainability and climate change: a strategy for the education and children's services systems](#).²² This set out how the Department would support education settings so that the UK's education sector can become world-leading in sustainability and climate change by 2030. However, importantly, it also included a commitment to launch a Corporate Sustainability Strategy. This was published in March 2023, outlining our commitments up to 2025 to align with our corporate plans to achieve the GGCs.

We aspire to lead our organisation towards a more sustainable future, as well as being active contributors to cross-government priority outcomes, strategies and programmes.

More sustainability reporting can be found in the Department's consolidated ARA; which also includes commentary on how the Department, supported by its executive agencies, is working to improve sustainability over the education sectors.

Scope of the following disclosures

This annex has been prepared in accordance with HMT's Sustainability Reporting Guidance 2022-23 and covers

Greening Government Commitments – quantified disclosures along with policy statements relating to the Agency's own activities.

GGC information is collected centrally by the Department as the tenant to the buildings occupied by the Department and its three executive agencies.

Greening Government Commitments

For the first time the Agency is reporting against the 2017-18 baseline to meet our GGCs, and we have effectively reduced utilities usage and waste across the whole estate. The Agency, through the Department, has developed an operational estates sustainability management plan, which outlines our values and intended interventions required to reach the GGC targets.

On behalf of the Agency, the Department has developed a corporate office Estates Sustainability Strategy which comprehensively outlines our Net Zero road map for the next three years and the strategy required to meet the GGCs targets set out by 2025.

²² <https://www.gov.uk/government/publications/sustainability-and-climate-change-strategy/sustainability-and-climate-change-a-strategy-for-the-education-and-childrens-services-systems>

The Department recruited sustainability expertise and a corporate office Estates Sustainability Manager to bring focus to ensure our office estate, operations, and policies support resilience and adaptation.

We have continued to implement a range of practical interventions in the education estate which will drive forward knowledge of how to achieve sustainable outcomes economically and efficiently whilst supporting the overall aim of productive learning environments.

Corporate Sustainability and Climate Change Strategy

The Department's Corporate Sustainability and Climate Change Strategy demonstrates how we will embed sustainability across everything we do – from how we maintain and use our office estate, to our decision-making and business processes, policy development and training our people.

It sets out how the Agency will:

- embed environmental considerations into policy development and delivery, including preparations to comply with the Environmental Principles legal duty coming into force in November 2023
- protect and enhance the environment in the Agency's operations as an organisation, including our offices, business travel and use of ICT, in line with the GGCs

As part of this, climate literacy training is now available to staff. This is accredited by the [Carbon Literacy Project](https://carbonliteracy.com/)²³ and includes the science of climate change, how this links with education policy and disadvantage, and how to comply with the Environmental Principles.

Greening Government Commitments reporting

The Agency is committed to a number of targets including the mandatory GGCs for reducing energy, water, paper, travel emissions and waste management. These targets were updated during 2021-22 with a new target period to 2025. The greenhouse gas emissions target for the Department is a reduction of 56% in total emissions, 36% in direct emissions and to reduce water consumption compared to the 2017-18 baseline. Waste targets are less than 5% sent to landfill and at least 70% sent to be recycled.

Governance and data validation

The Government Property Agency (GPA) was responsible for managing the property portfolio for the Department and its executive agencies in 2022-23. However, overall responsibility for sustainability remains with the Agency. Internal data validation checks are carried out by Avieco, who are retained by our landlord (GPA) to monitor performance. In order to report the greenhouse gas emissions associated with activities, 'activity' data such as distance travelled, litres of fuel used, or tonnes of waste disposed has been converted into carbon emissions. The greenhouse gas conversion factors used in this report can be found in the [government environmental impact reporting requirements for business](https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting).²⁴

Governance

On behalf of the Agency, the Department undertakes a stringent monitoring regime in relation to GGC performance management working closely with the GPA as property asset managers and our NDPBs.

This is supplemented by periodic audits conducted by the GIAA, reported to the Accounting Officer via the Department's finance function.

²³ <https://carbonliteracy.com/>

²⁴ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Internal and cross-governance arrangements are also in place for the phases of development and delivery of initiatives set out within the Department's Sustainability and Climate Change Strategy for the education and children's services systems. These are regularly reviewed by the GIAA.

In addition to the internal governance process, external audits are also undertaken to assure processes and systems including methodologies for recording, analysing and verifying data, as well as the calculations for quarterly GGC returns. These external validation audits are carried out on Defra's behalf by Carbon Smart. The vast majority of this report has been compiled using accurately measured data, verified through internal controls. This includes checking samples of automatically generated meter-reading data with manual meter reads. Where complete data sets have not been available, (for example through lack of detail, or due to landlord service charges), internal benchmark figures have been applied based on known parameters and data sets.

Summary of GGC performance

It has not been possible to disaggregate some of the performance metrics at Agency level. A summary of performance against the GGC quantitative targets for the Group is disclosed in the Department's published consolidated ARA.

Performance indicators relate to the previous GGC targets.²⁵

Overall GGC performance

Emission scopes

The [emission scopes](#)²⁶ can be explained as:

- Scope 1 (direct GHG emissions) – these occur from sources owned or controlled by an organisation. Examples include emissions as a result of combustion in boilers owned or controlled by the organisation and emissions from organisation-owned fleet vehicles

- Scope 2 (energy indirect emissions) – these are emissions a body makes indirectly, like when the electricity or energy it buys for heating and cooling buildings, as a result of electricity consumed which is supplied by another party. For example, electricity supply in buildings or outstations; also includes other purchased indirect emission source such as heat, steam and cooling
- Scope 3 (other indirect GHG emissions) – all other emissions which occur as a consequence of activity, but which are not owned or controlled by the accounting entity, this is primarily business travel emissions

Operational activities

It is worth noting that travel emissions were heavily reduced during periods of COVID-19 restrictions.

Consumer single use plastics

Within our office estate, the Agency remains committed to removing consumer (avoidable) single use plastics from its office estate in line with the government's pledge in the 25-year environmental plan. Considerable success has already been achieved across the Agency office estate, where possible we have made every effort to remove plastic cutlery, cups, straws and to improve the recyclability of takeaway containers. Other initiatives included the introduction of "bring your own" policies so that reusable coffee cups, containers and cutlery is used over other disposable or recyclable alternatives. The Agency plans to expand on these initiatives to further reduce plastics as well as work more closely with NDPBs and reach out to landlords and their caterers, where facilities are indirectly managed, to make stakeholders aware of the elimination scheme and encourage their participation.

²⁵ <https://www.gov.uk/government/publications/greening-government-commitments-2016-to-2020>

²⁶ <https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance>

ICT waste

The Agency continues to utilise technology to improve our overall environmental impact. Recent initiatives include replacing desk phones with softphones (software for making telephone calls over the internet) and encouraging the use of softphones over mobiles further supports a reduction in our physical impact and footprint. In addition, improvements to our videoconferencing provision seeks to aid and enable effective hybrid working, reducing the need for travel.

More broadly, sustainable ICT solutions will be integrated into new build schools as standard, via sustainable procurement, design, implementation, and management.

Accounting for shared, offset, renewable and sequestered carbon

The Agency does not purchase or utilise carbon credits at all across the office estate.

Adapting to climate change

The Agency's own offices will be adapted to the effects of climate change in line with the activities of other departments, the Agency through the Department:

- has begun the process of assessing climate risk across its own buildings and operations
- is making use of a new climate risk assessment tool, commissioned by the GPA, to screen for priority risks

Sustainable procurement

Within the Agency we take account of social value in the award of central government contracts. Procurement Policy Note 06/20 is applied to all new in scope procurements from January 2021, with at least one of five social value themes being assessed in the procurement and subsequent contract with suppliers. Themes are selected which are most relevant to the subject matter of the contract and one of the themes is fighting climate change. In addition, new contracts require that suppliers meet the Government Buying Standards on sustainability. We have implemented Procurement Policy Note 06/21: Taking account of carbon reduction plans in the procurement of major government contracts, which came into effect on 30 September 2021 for all in scope

procurements. Commercial staff involved in letting and managing contracts undertake Chartered Institute of Procurement & Supply ethics e-learning which covers three key pillars of the ethical procurement and supply profession, one of which is environmental procurement.

More broadly, by 2023 we will ensure sustainability is part of the assessment and validation criteria for including suppliers on procurement frameworks that the Agency signposts via its Get Help Buying for Schools service, to support sustainable purchasing of products and services in schools. We will also support schools to purchase from procurement frameworks that offer sustainable goods and services via this service, although schools still retain their full autonomy in their contracting decisions.

Procurement of food and catering services

Using both the Department and GPA supply chain, food provided in catering outlets is local and in season, where possible. The Department buys food from farming systems that minimise harm to the environment, such as produce certified by LEAF (Linking Environment and Farming), the Soil Association or Marine Stewardship Council. Fairly traded and ethically sourced products are also available. The amount of food of animal origin eaten is being reduced, as livestock farming is one of the most significant contributors to climate change, and caterers ensure that meat, dairy products, and eggs purchased are produced to high environmental and animal welfare standards. The amount of palm oil used is also being reduced.

More broadly, we will encourage and support education settings to gather data and take action on food waste and to share their evidence-based best practice for sustainable waste prevention and management. We will also work with Defra and the Waste and Resources Action Programme to share resources for schools and children that support food waste prevention.



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