



Department
for Education

Accounting Officer System Statement for the Department for Education and Teachers' Pension Scheme (England and Wales)

August 2024

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Scope of the system

Scope of responsibility

I am the Principal Accounting Officer (PAO) for the Department for Education and the Accounting Officer for the Teachers' Pension Scheme (England and Wales) (TPS). This system statement sets out all of the accountability relationships and processes within my Department, making clear who is accountable for what at all levels of the system.

My Department is responsible for children's services and education, including early years, schools, further and higher education policy, apprenticeships and wider skills in England.

The Secretary of State (SoS) for Education and other departmental ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of this department and its agencies. They look to me as the Department's accounting officer to delegate in order to deliver their decisions and to support them in making policy decisions and handling public funds.

As PAO, I am personally responsible for safeguarding the public funds for which I have been given charge through the [Estimates process](#)¹ for both the [Department for Education Group](#)² and the [TPS](#)³. The SoS for Education is also principal regulator for foundation and voluntary schools, academies, sixth form colleges and further education colleges (FE). In addition I am PAO of the Academy Sector and further information is provided in the [Academy Sector Annual Report and Accounts \(SARA\)](#)⁴. Following reclassification to central government of the FE sector on 29 November 2022 I also oversee the accountability framework and the Department is liaising with HM Treasury (HMT) regarding the FE reporting mechanisms.

This system statement covers my core department, its arm's length bodies (ALB) and other arm's length relationships. An overview showing all parts of the system can be found at Figures 1 and 2. It describes accountability for all expenditure of public money through the department's Estimate, all public monies raised as income, and the management of shareholdings, financial investments and other publicly owned assets for which I am responsible. It also enables me to ensure that I am fulfilling my responsibilities as PAO, in accordance with HMT guidance set out in [Managing Public Money \(MPM\)](#)⁵.

¹ <https://www.gov.uk/government/collections/hmt-main-estimates>

² <https://www.gov.uk/government/collections/dfe-annual-reports>

³ <https://www.gov.uk/government/collections/teachers-pension-scheme>

⁴ <https://www.gov.uk/government/collections/academies-sector-annual-reports-and-accounts>

⁵ <https://www.gov.uk/government/publications/managing-public-money>

This system statement describes the accountability system which is in place at the date of this statement, and which will continue to apply until a revised statement is published.

Susan Acland-Hood
Principal Accounting Officer and Permanent Secretary

Figure 1: Overview of all parts of the system

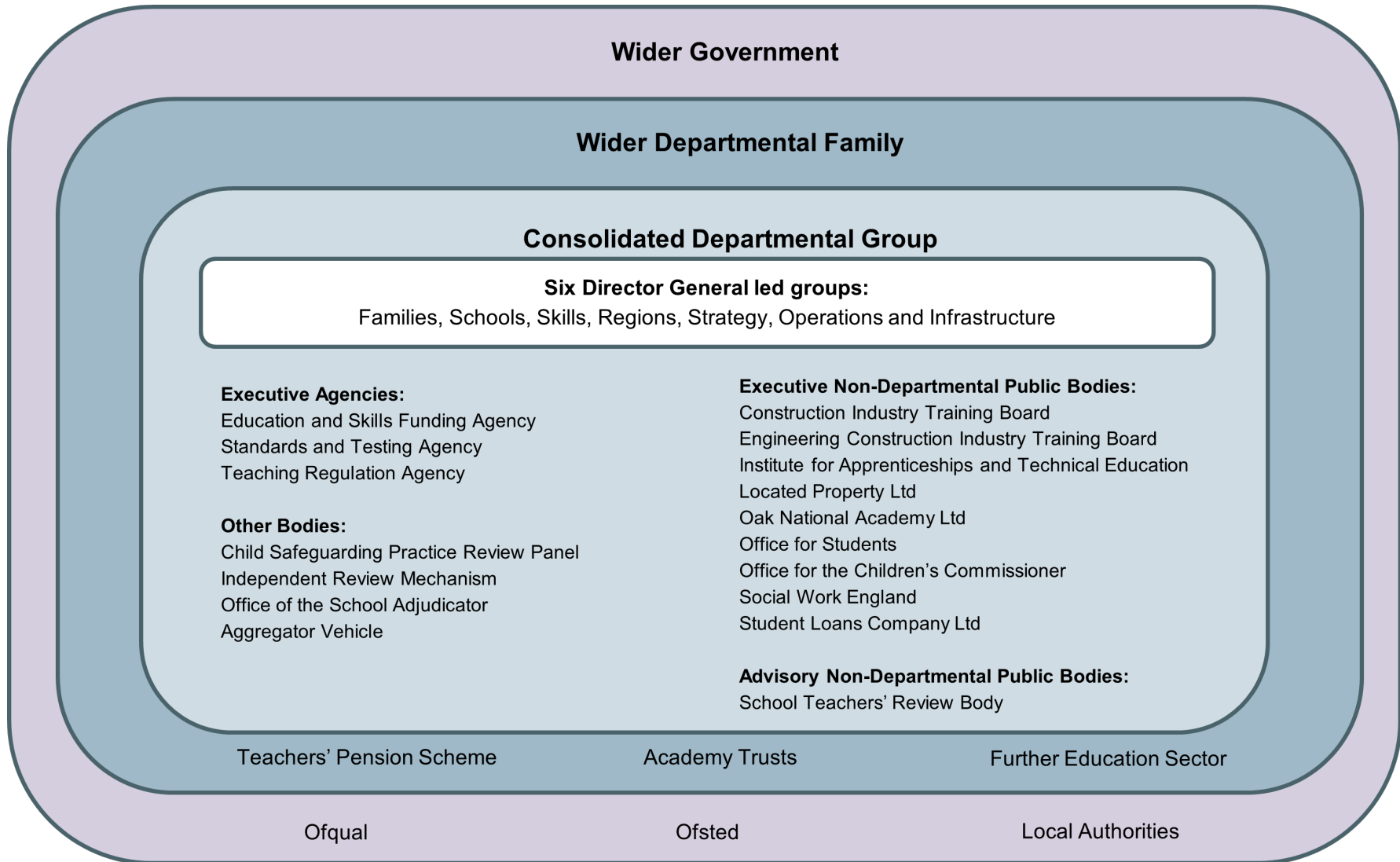
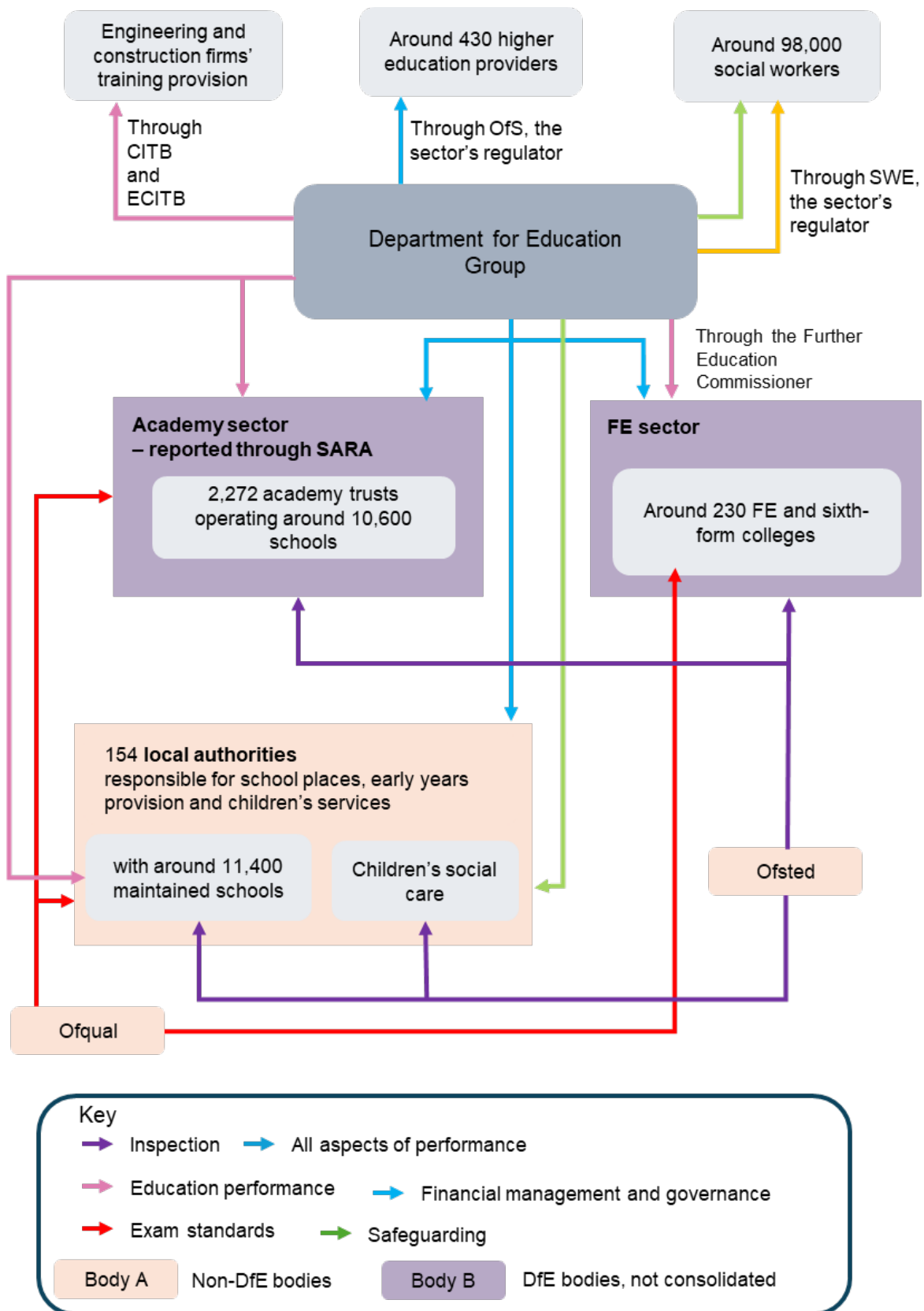


Figure 2: Business model



Responsibilities within the core department

As the lead official and PAO for the Department, I am responsible for the effectiveness of the systems of internal control and am accountable for the stewardship of its funds. I delegate responsibility for this stewardship and, to support the effectiveness of this delegation, I have put in place an operating model backed by effective governance processes and budget allocation arrangements, risk identification and management systems and counter fraud controls.

Operating model

The department is organised into six Directors' General led groups (Families; Schools; Skills; Regions; Strategy; Operations and Infrastructure) which reflect the priorities and the enablers behind them.

HMT issue delegations each year to me as PAO. In turn I delegate authority to Directors' General who can sub delegate within their own areas of the organisation. Delegated authorities and responsibilities are set out in delegation letters to individuals and a record of these is maintained.

My Leadership Team and I receive regular reports which contribute to assurance that Group funds are spent for the purposes voted by Parliament, within the rules of financial propriety and regularity, and with due regard for value for money. These reports include stewardship of risks.

Each Director is required to complete an annual assurance framework record covering risk management, the operation of related controls in their areas of responsibility, and the use of resources allocated to them.

The Departmental Board (the Board) and its committees receive management information covering a variety of disciplines to enable them to monitor the performance of the Group. This includes financial and workforce data, indicators of progress against the Department's priorities and information on risk. The senior executive team, with challenge from other board members, continually monitor the quality of the information supplied to ensure that it is of the right quality to enable decisions to be based on evidence.

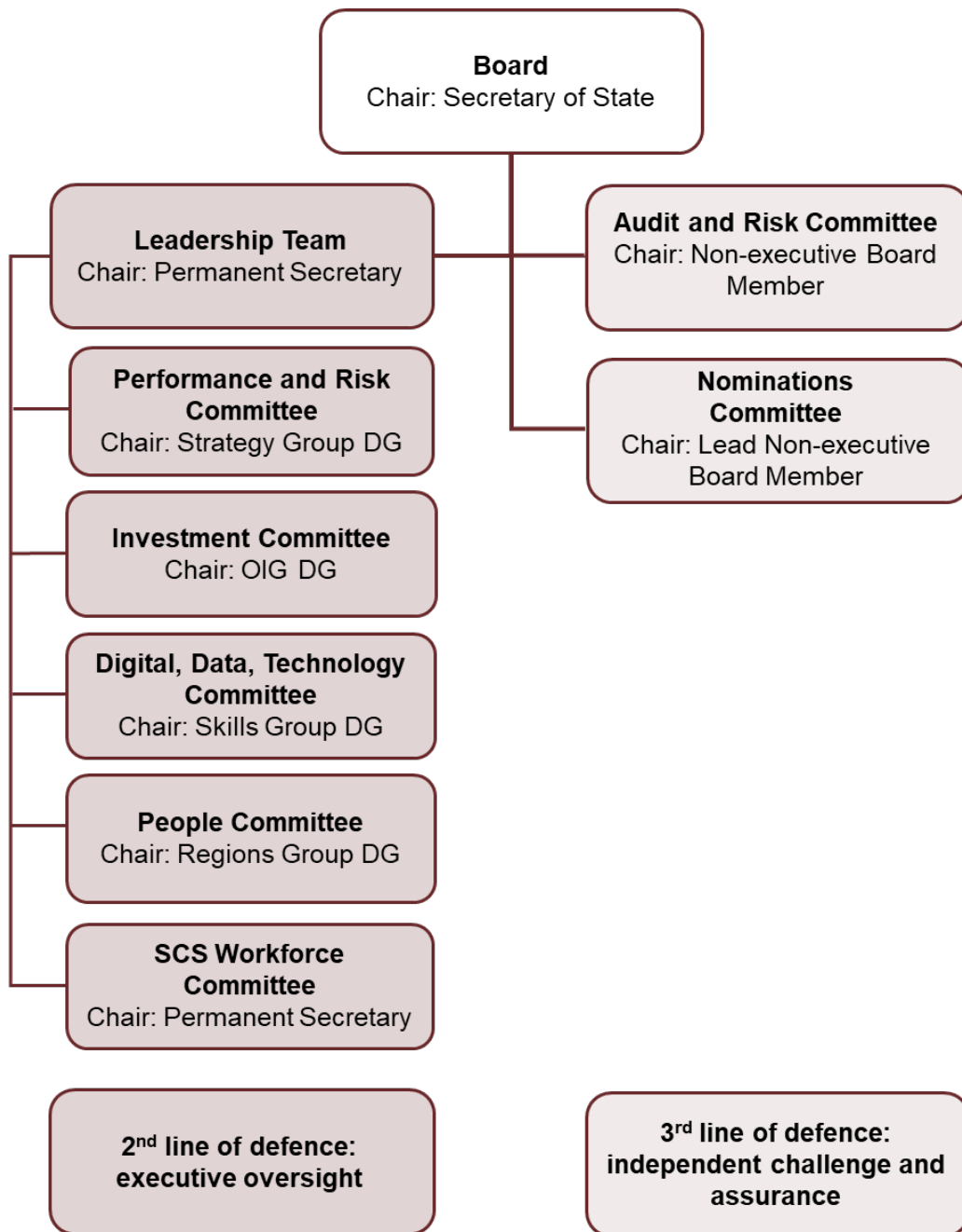
I receive assurance both internally and externally from the Government Internal Audit Agency (GIAA) and National Audit Office (NAO) through their assurance programmes and value for money studies. Other sources of assurance, include but are not limited to Local Authority (LA) Chief Finance Officers, individual academy trust Accounting Officers, Ofsted, and the Accounting Officers of our Agencies and Non-Departmental Public Bodies (NDPBs), and further information can be found in the funding arrangement sections of this document.

Governance framework

I rely on the Board and its supporting committees to bring key risks and issues to my attention and the governance framework has been designed to maintain the existing internal control environment whilst developing and enhancing further controls as appropriate as the Department's risk profile changes and evolves.

The structure of the Board and its committees is described below at Figure 3.

Figure 3: The Department's governance structure – Overview of Board and Committee Arrangements



Overarching responsibilities of the boards

Board	Role / Responsibilities	Attendees
Departmental Board	Provides the collective strategic and operational leadership of the Department, providing advice and challenge on strategy, operations and deliverability of policy	<p>Chair: Secretary of State</p> <p>Membership: Secretary of State, Ministers, Permanent Secretary, Chief Officer, Directors' General Strategy Group and Non-Executive Directors</p>
Leadership Team	Provides day to day executive leadership and management on behalf of the Board, focussing on departmental management, transformation and performance. The Leadership Team is supported by the Investment Committee, Digital, Data, Technology Committee, Performance and Risk Committee, SCS Workforce Committee and People Committee	<p>Chair: Permanent Secretary</p> <p>Membership: Permanent Secretary, Directors' General, ESFA Chief Executive, Director of Human Resources and Director of Strategy</p>
Audit and Risk Committee (ARC)	Supports the Board by providing independent scrutiny and challenge of the Department's governance, risk management and internal controls and assurances and advises me on the adequacy and effectiveness of these arrangements	<p>Chair: Non-Executive Director</p> <p>Membership: Non-Executive Director and independent external members</p>
Nominations Committee	Provides assurance that the Department has the capability to deliver, focussing on strategies and plans for talent management, succession planning and capability building	<p>Chair: Lead Non-Executive Director</p> <p>Membership: Permanent Secretary, Non-Executive Directors and Director of Human Resources</p>

Financial control framework

Parliamentary framework

I am responsible for taxpayers' money (Parliamentary Supply), allocated to the Department by Parliament. I am required to ensure that the Departmental Group does not overspend against its allocated budgets ('control totals') approved through the Estimates process¹. Separate control totals are received for programme (resource and capital) annually managed expenditure (resource and capital) and administrative expenditure. Further controls or ring-fencing are put in place by Parliament if required.

The main estimate, which is prepared and published ahead of the financial year starting, determines the Department's annual budget, together with the legal authority of what the Department can spend its money on and the cash received. Any income obtained outside the ambit must be surrendered to HMT, through the consolidated extra fund process.

The supplementary estimates process provides an opportunity to gain Parliamentary approval for material changes, whether that is expenditure, receipts or ambit of Departmental budget during the year. This, together with the memorandum, is prepared in December and January ahead of presentation to Parliament in February.

If the Department exceeds its budgeted position at the end of the financial year Parliamentary approval must be sought for an "excess vote". In addition, the Department is called to the Public Accounts Committee to explain the position. I, alongside my leadership team take significant steps during the year to ensure this doesn't happen.

The Department also adheres to the principles of MPM and there are policies and processes in place to ensure there is appropriate financial governance and liaises with HMT where approval should be sought.

Departmental framework

Ministers decide how the Department's funding is allocated between priorities, supported by the Departmental Board (the Board) and Leadership Team. I then delegate budgets to my Directors' General in line with those priorities who have responsibility for managing and reporting to me on the use of their allocations in delivering against those priorities. Directors' General delegate budgets to the Department's executive agencies and I delegate budgets for our NDPBs to the Chief Executive Officers of those organisations.

The Department has the following delegation model in place:

Position	Can delegate authority directly to
Permanent Secretary	Directors' General, Directors, Deputy Directors, Spending Managers and Responsible Officers
Directors' General	Directors, Deputy Directors, Spending Managers and Responsible Officers
Directors	Deputy Directors, Spending Managers and Responsible Officers
Deputy Directors	Spending Managers & Responsible Officers
Spending Managers	Further Spending Managers and Responsible Officers
Responsible Officers	Cannot delegate any authorities

Directors' General are each supported by a team of finance business partners as their primary support in financial management.

The monthly financial position is initially reviewed by key finance personnel, who challenge the position before being presented to Leadership Team to ensure the Department is operating within its control totals.

Investment management

A business case, underpinned by HMT's five case model, is required before taking any decision on new spend or changing current processes and there is clear internal guidance explaining requirements and sign off processes, dependent on value.

Risk management

Our risk management approach seeks to devolve accountability to those best placed to effectively manage risks at the right level.

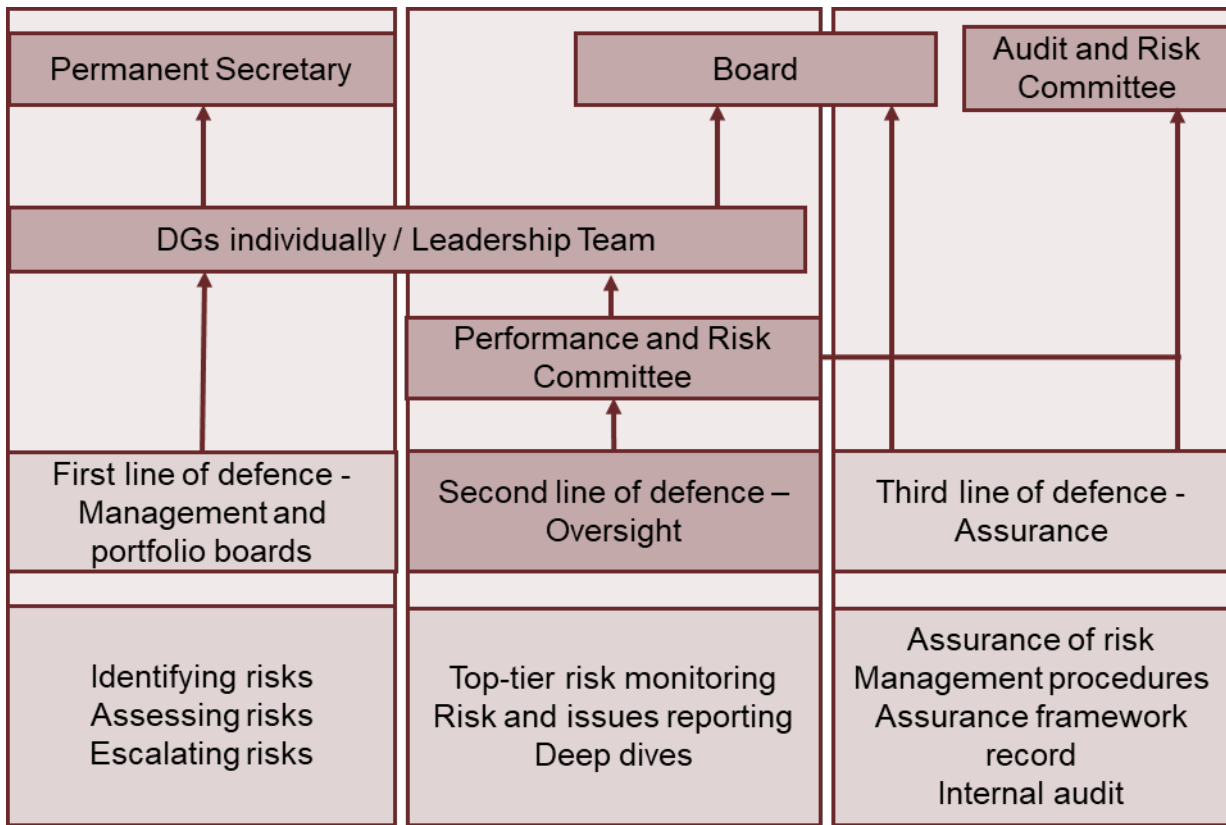
A corporate risk team acts as the central point for advice and guidance on risk management. The team is responsible for the effective implementation of the Department's risk management framework and co-ordinates the Department's top tier risk report. This is the route by which the most significant risks are escalated to the boards and its committees. The team also support setting the Department's risk appetite which is agreed by the board.

The team is also responsible for monitoring and reporting near misses and unexpected issues, ensuring measures are introduced to reduce the likelihood of issues reoccurring.

Everyone in the organisation has some responsibility for risk management. The "three lines model" aligns to provide a simple and effective way to help delegate and coordinate risk management roles and responsibilities within and across the organisation.

The below framework describes the three "lines of defence" model to which the Department operates:

Figure 4: The Department’s risk management framework summary



Risk assurance

Performance and Risk Committee

All top tier risks and near misses and unexpected issues are tabled and discussed at the Performance and Risk Committee as part of the second line assurance.

Audit and Risk Committee

To ensure that our risk management processes and policies are fit for purpose, and that the risks captured are appropriate, the ARC continually reviews these across the Department.

Compliance with the Orange Book

The Department applies the main principles from the Orange Book. Risk management is an integral part of all our activity to support decision-making in achieving objectives. We ensure that risk management is collaborative and informed by the best available information and expertise.

GIAA

The Department’s internal audit function is provided by the GIAA, a cross-government service which undertakes a programme of risk-based internal audits and advisory work to provide assurance to me, ARC and the Departmental Board. The Group Chief Internal Auditor provides an annual report and opinion concluding on the overall adequacy and

effectiveness of the Department's framework of governance, risk management and control. This independent assurance provides a valuable link into my assurance needs.

The Department benefits from other independent assurance processes such as Cabinet Office's Major Project Reviews and NAO financial statement audits and value for money reviews. ESFA assurance teams also undertake studies that target areas of high risk or interest.

Government Major Projects Portfolio

The Department tracks its [major projects](#)⁶ following the prescribed system for project delivery from the Cabinet Office and the Infrastructure and Projects Authority. Each Senior Responsible officer (SRO) is issued with a letter, signed by me, which contains a high-level summary of the project objectives. There is also a requirement on the SRO to provide a biography outlining their experience and any previous project deliveries.

The SRO letter, along with the risk potential assessment and integrated assurance and approvals plan is one of the key evidential sources for ensuring the project is following the Department's approved level of governance.

Counter fraud, error and debt

The Department works with the Public Sector Fraud Authority (PSFA) and across government to leverage and share experience and expertise to reduce fraud and is supportive of its [counter fraud government functional standard](#)⁷ as it develops and continue to evaluate and improve the function against the standard.

The central fraud team provides strategic guidance and co-ordination of counter fraud activity, overseen by a nominated board member every two months. Each of the Department's Agencies and NDPBs have their own counter fraud teams or leads that share best practice via network events organised every two months and chaired by the central fraud team. The Department and related bodies follow a risk-based approach to ensure that available resources and time are focused on the highest risk areas.

Where an allegation of fraud is made, our documented response plan is activated. Where investigation is required a written report is provided detailing both the case and any recommendations for improvement.

Instances of fraud and error, if any in the year, are reported quarterly to the PSFA (who in turn publish their [Fraud Landscape Report](#)⁸) and to ARC through yearly updates.

⁶ <https://www.gov.uk/government/collections/major-projects-data>

⁷ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

⁸ <https://www.gov.uk/government/publications/public-sector-fraud-authority-annual-report-2022-2023>

Fraud risk assessments are in place across each business area and are supported centrally by accredited counter fraud professionals. This allows us to develop control landscapes across spending to prevent fraud and error occurring. The fraud team maintain a cycle of follow ups against fraud risk assessments to ensure they remain 'live' documents and any issues are addressed to mitigate risks promptly.

The Department also engages the GIAA to undertake continual review of payment controls as well as the Cabinet Office run National Fraud Initiative to detect anomalous payments that might represent fraud or error. The Department aims to undertake fraud measurement exercises each year, to detect fraud in high-risk areas where little or nothing is known of fraud.

The counter fraud team analyse the strategic risks and associated control environment for financial operations to assess whether it is fit for purpose. By assessing, testing, and tracking our controls we are able to accurately report against our operational risks.

The debt management team are responsible for improving and enhancing credit control recovery activities. This includes prioritising all debt types based on age and value to reduce overall debts which is reported to HMT on a monthly and annual basis.

We continue to build and maintain relationships with each of the Department's bodies to provide advice and guidance to ensure debts are accurately accounted for and reported correctly. This includes regular communication on liquidations and customers in administration where the debt team struggle on recovery.

The debt management function also works closely with cross-government groups to ensure consistency and best practice across government.

Management assurance

Assurance map

The Department has collated an assurance map to provide confidence in the effectiveness of governance, risk management and control. This brings together information on the various lines of defence, together with a high level assessment of position.

Assurance Framework Record

Our senior staff are accountable for maintaining effective systems and processes across their areas of responsibility to ensure that cross-departmental control frameworks are appropriately upheld and monitored. For me to take assurance that relevant controls have been implemented, every area of the Department is required to complete an assurance framework record on an annual basis, devolved at least to director level. This acts as an area-specific assessment of the effectiveness of our control frameworks. It covers a range of areas including governance, risk management, financial management, business strategy and planning. The department compiles responses, undertakes a validation

exercise to ensure that the overall position is accurate and to identify areas for future improvements.

This enables me to confirm to Parliament, via the Annual Report, that robust systems and governance are in place.

Relationships with Arm's Length Bodies

As PAO I am responsible for appointing the AO of each Departmental ALB. A list of individual AOs is available in the latest [Main Supply Estimates](#)⁹ published by HMT.

The Department works with its ALBs to deliver services, regulation and advice and [framework documents](#)¹⁰ are in place setting out respective roles, responsibilities and accountabilities. These explain the governance arrangements, and the Department applies the Resources, Outputs and outcomes, Check and Challenge model when assessing accountability arrangements.

The Department applies the principles and standards set out in the [Cabinet Office public appointments ALBs](#)¹¹ to its relationships with ALBs. In common with other departments, the Department's ALBs take a number of [different forms](#)¹², which are described in further detail below.

The relationships between the Department and its ALBs' AOs give me the necessary oversight and assurance of use of funds, whilst giving each ALB appropriate autonomy to deliver its agreed priorities. This autonomy is assured because:

- each ALB has its own governance structure. Where this includes having their own, separate ARC, these committees have either a direct or linked membership relationship with the Departmental ARC, and there is an ALB ARC chairs network which meets frequently
- generally, the ALB's chair and board appointments are made by Ministers
- funding for each ALB, is agreed by the Leadership Team and approved by Ministers every year through the Department's business planning process
- each ALB has a Departmental sponsor, normally a named SCS with responsibility for the relevant policy area, to whom I delegate responsibility for

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

¹⁰ <https://www.gov.uk/government/publications/department-for-education-framework-documents>

¹¹ <https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>

¹² <https://www.gov.uk/guidance/public-bodies-reform>

overseeing the relationship and for monitoring the delivery of the ALB's priorities.

The sponsor role is an important one in the Department's assurance regime; sponsors ensure that suitable arrangements are in place to manage their ALBs and they monitor performance and outcomes as specified in the framework document or equivalent. This includes reporting financial performance and ensuring that the ALB is meeting its delivery objectives. The overall aim is that the relationship between the Department and the ALB should be open and transparent, based on a mutual understanding of risk.

Different categories of ALBs follow different practices for publishing ARAs as follows:

- executive agencies and executive NDPBs produce their own ARAs, which are independently audited and their financial results and performance are consolidated in the Department's Group ARA
- the income and expenditure and assets and liabilities for the advisory NDPBs are included as part of the core Department's activities within the Department's Group ARA (as illustrated in Figure 1 at page 5)

Each AO takes personal responsibility for ensuring that the resources under their remit are managed in accordance with the standards and policies set out by in MPM⁵. They support me in fulfilling my responsibilities across the whole Departmental Group, by reporting on assurance in their areas of the business.

The relationship with some other departmental bodies differs from that described above and is summarised against the relevant body.

There are also memoranda of understandings (MoUs), between the Department (or its NDPBs) and other government departments and agencies to ensure there is a suitable framework in place, and these are noted as appropriate.

Executive agencies (EA)

Executive agencies receive their funding direct from the department. Each EA has an AO appointed by me, and a sponsor team in the core department which monitors financial and performance data.

The Department has three executive agencies:

- Education and Skills Funding Agency (ESFA), responsible for funding the education and training sectors, and providing, where necessary, financial support to providers. Along with the framework document in place a delegated authority letter is also issued by myself setting out delegated spending authorities giving authorisation to commit resources or incur expenditure without prior approval from the Department in specific areas and within specific limits. ESFA's ARC chair also sits on the Department's ARC

- Standards and Testing Agency (STA), responsible for assessment of children in education up to the end of key stage 3 and for managing the general qualifications planning service provided to exam centres and examiners
- Teaching Regulation Agency (TRA), responsible for the regulation of the teaching profession, including misconduct hearings, and maintaining the database of qualified teachers

A further agency, Skills England, is being established to oversee the English national skills effort, ensuring we have the skills needed for the future, monitoring skills trends and approving the new training schemes the levy can be spent on. This is being established in phases up to 2025.

Non-Departmental Public Bodies (NDPBs)

NDPBs are neither a government department nor part of one, but instead work within a strategic policy framework set by ministers. An NDPB may be Executive or Advisory. They predominantly receive grant-in-aid from the core department, where they don't this is explained below. Each NDPB has an independent Board, and AO, and a sponsor team in the core department.

Advisory NDPBs

The Department has one Advisory NDPB, the School Teachers' Review Body (STRB), who make recommendations on the pay, professional duties and working time of school teachers in England and reports to the SoS and the Prime Minister.

Executive NDPBs

The Department has the following Executive NDPBs:

- Children’s Commissioner’s office (CCO), which supports the Children’s Commissioner who promotes and protects the rights of children, especially the most vulnerable, and stands up for their views and interests
- Construction Industry Training Board (CITB), responsible for helping the construction industry attract talent and to support skills development in Great Britain. This NDPB receives no funding from the Department, instead it is funded by industry based levies
- Engineering Construction Industry Training Board (ECITB), responsible for working with employers and training providers to give the British engineering construction industry workforce the skills it needs to meet the challenges of the future. This NDPB receives no funding from the Department, instead it is funded by industry based levies
- Institute for Apprenticeships and Technical Education (IfATE), responsible for developing, approving, reviewing and revising apprenticeships and technical qualifications with employers. This includes responsibility for T Levels delivery and implementing an approval process for higher technical qualifications
- Located Property Limited (LocatED), responsible for selecting and developing sites for new schools in England
- Oak National Academy Limited (Oak), responsible for supporting teachers to teach and enable pupils to access a high-quality curriculum whilst also reducing teacher workload
- Office for Students (OfS), the independent regulator of higher education in England which also disburses government funding to the higher education sector. OfS administrative costs are largely self-funded by fee income, where grant-in-aid is provided by the Department to cover grant expenditure. There is a separate [MoU13](#) between Charity Commission and OfS
- Social Work England (SWE), which regulates social workers in England and is committed to raising standards through collaboration with everyone involved in social work. There is an [MoU](#)¹⁴ between SWE and NHS Practitioner Health

¹³ <https://www.gov.uk/government/publications/mou-charity-commission-ccew-and-the-office-for-students-ofs>

¹⁴ <https://www.practitionerhealth.nhs.uk/mou-swe>

- Student Loans Company Limited (SLC), a company limited by shares. The Department is lead sponsor and the majority shareholder with 17 of the 20 issued shares. The other shares are held by the devolved administrations in Scotland, Northern Ireland and Wales and an [MoU](#)¹⁵ is in place to explain the governance responsibilities between the four departments. The organisation administers loans and grants to students in colleges and universities in the UK on behalf of the Department and the Devolved Administrations. SLC's ARC chair also sits on the Department's ARC.

Other public bodies

Other public sector bodies the department has relations with are:

- Aggregator Vehicle PLC (AV PLC) is consolidated into the Departmental Group. It acts as a single source of market funding to support the construction of new buildings for LA maintained schools and academies. AV
- PLC is governed by contract. The Department procured the establishment of the company to support the efficient delivery of privately financed school improvements through acting as a single source of market funding. Funding was derived from its market and not from the Department
- Child Safeguarding Practice Review Panel, an independent panel commissioning reviews of serious child safeguarding cases. The Department provides administrative support
- Independent Review Mechanism, which provides independent panels that review suitability to adopt or foster and other decisions made by adoption and fostering providers
- Office of the Schools Adjudicator, who decides on objections and variations to admission arrangements, appeals from schools directed to admit pupils, significant changes to schools and ownership of school land.

Excluded bodies

The following sectors have been judged by the Office for National Statistics (ONS) to be controlled by the Department and should be consolidated into the Group. However, below I

¹⁵ <https://www.gov.uk/government/publications/student-loans-company-framework-document/student-loans-company-framework-document-annex-a-memorandum-of-understanding>

explain the reasons as to why this has not occurred, but also the oversight that is undertaken in that system.

Academy trusts

The ONS reclassified the academy sector to central government in 2004. From 2011-12 departments were required to produce consolidated ARAs including all their executive agencies and NDPBs; which for the Department included the academy sector. The Department secured agreement from HMT to not consolidate the academy sector for 2011-12. The Department included the sector in its consolidated ARA from 2012-13 to 2015-16.

From August 2016 with HMT and Parliamentary approval, the Department removed the sector from the Group ARA and consolidates the academy sector into its own published Sector ARA⁴ with a year end of 31 August.

The funding arrangements and oversight framework are explained in the funding to academy trusts section.

Further Education colleges

On 29 November 2022, the ONS reclassified the FE sector, including sixth form colleges and specialist designated institutions, from the private sector to the central government following a review of recent legislation and areas of control. The reclassification resulted in FE colleges becoming Group NDPBs, and the Department is working with HMT to agree the consolidation approach and timing.

For 2023-24 and 2024-25, the Department received derogations from HMT concerning the consolidation of the FE sector and as such it is not included in the consolidated ARA as a Group body.

The funding arrangements and oversight framework are explained in the funding to FE colleges section.

Non-Ministerial Departments

The department works alongside the following bodies to achieve joint objectives. These bodies control their own policies and operational activities including Estimates processes, with their own AOs. Whilst these bodies sit within central government, they fall out of a department's accounting boundary and are not consolidated into the departmental Group. These bodies are:

- Ofqual, which regulates qualification, examinations and assessments in England. The Department has a [MoU](#)¹⁶ explaining respective responsibilities, and there is a separate [MoU](#)¹⁷ between Ofqual and IFATE
- Ofsted, is responsible for inspecting and regulating services that care for children and young people, and services providing education and skills for learners of all ages. The Department has a [MoU](#)¹⁸ with Ofsted to ensure the accountability framework serves requirements for governance and financial matters. There is a separate [MoU](#)¹⁹ between Ofsted and CCO.

Funding arrangements

Overview

Outcomes

The Department provides funding to a number of sectors overseeing, but not limited to, education and skills, in line with its vision of realising potential. The purpose of the funding is to improve educational outcomes across the country through delivery of excellent standards of education, training and care. In turn this powers the economy, strengthens society and increases fairness.

Responsibilities

The Department sets the overall framework for funding, including the associated assurance regimes. The individual entities are then responsible for the use of that funding and reporting back to the Department.

The Department has an [MoU](#)²⁰ with the Insolvency Service to ensuring there is an adequate framework in place to ensuring good governance.

¹⁶ <https://www.gov.uk/government/publications/memorandum-of-understanding-ofqual-and-the-department-for-education>

¹⁷ <https://www.gov.uk/government/publications/memorandum-of-understanding-ofqual-and-the-ifa>

¹⁸ <https://www.gov.uk/government/publications/memorandum-of-understanding-between-ofsted-and-dfe/memorandum-of-understanding-between-the-department-for-education-and-ofsted>

¹⁹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/382385/Memorandum_of_understanding_between_Ofsted_and_the_Children_s_Commissioner.pdf

²⁰ <https://www.gov.uk/government/publications/memorandum-of-understanding-dfe-and-the-insolvency-service>

Types of grants

The Department provides a range of grants as follows:

Formula grants

Formula grants are where funding is distributed to a specific class of recipients using a mathematical formula and accounts for the significant majority of the Department's spend. It is based on a set criteria and potential recipients need only demonstrate that they meet these criteria.

The Department receives an overall settlement from HMT for core schools funding (which predominantly encompasses formulaic grants covering mainstream schools and high needs). The Department is then responsible for deciding how this is split between LA areas, and calculates allocations through the [National Funding Formula \(NFF\)](#)²¹(which in turn is used to calculate the Dedicated Schools Grant for LA maintained schools and General Annual Grant for Academy Trusts), and the [pupil-premium](#). Alongside this, [early years funding](#) is provided to LA's to fund providers to deliver the early years entitlements, and post-16 allocations ([16 to 19 funding](#)).

The ESFA are responsible for paying these amounts monthly to local authorities and academy trusts from the start of the financial year (local authorities) or academic year (Academy Trusts).

The Department and ESFA then undertake a robust assurance and monitoring process as described below.

General grants

General grants are given to organisations or individuals by the Department for a particular purpose as follows:

- **Competed** – where potential recipients apply for funding and are selected based on their suitability. The Department predominantly uses this grant for capital expenditure programmes such as the private finance LA and voluntary aided school grant and the condition improvement fund for academies
- **Criteria based** – similar to formula grants there is a list of criteria the recipients have to meet. The Department predominantly uses this type of grant for higher education student support grants

²¹ <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2024-to-2025>

- **Uncompeted** – grants which are awarded directly to a particular organisation, where there is only one entity that can deliver a particular outcome. The Department predominantly uses these for apprenticeship participation (to a range of providers) and the Education Endowment Foundation.

The Department also ensures robust [terms and conditions](#)²² in each grant stream

Grant requirements

Grants functional standards

The Group aims to follow Cabinet Office's [functional standard for grants](#)²³ in the awarding and management of its grant payments. This includes ensuring that every grant has a designated senior responsible officer, confirming that the grant is within the Department's remit and meets its objectives, is covered by legislation and delivers the projected outcomes. As part of our adherence to the standard, the Department takes part in Cabinet Office's independent, cross-government complex grants advice panel. Referral to the panel is mandatory for all new, high risk, high value, novel, contentious or repercussive schemes or manifesto commitments and the panel provides expert advice to support key decisions.

The Group's grant management processes include strategic planning, efficient design, program development, effective tracking, fraud prevention and having sufficient resources to smoothly manage the process, including that robust checks are built-in to protect public funds.

Grants strategy

The Department has developed a grants strategy to ensure it is operating within the correct framework and championing good practice with the grant life cycle. The strategy is overseen by the bi-monthly Grant Management Board, and each work stream is monitored via a monthly working group. The strands have been aligned to the Cabinet Office's Government Grant Management Function strategic pillars.

Find a grant

Cabinet Office has mandated the use of the [find a grant service](#)²⁴ for all eligible government grants, and the Department adheres to these processes.

²² <https://www.gov.uk/government/publications/grant-funding-agreement-terms-and-conditions>

²³ <https://www.gov.uk/government/publications/grants-standards>

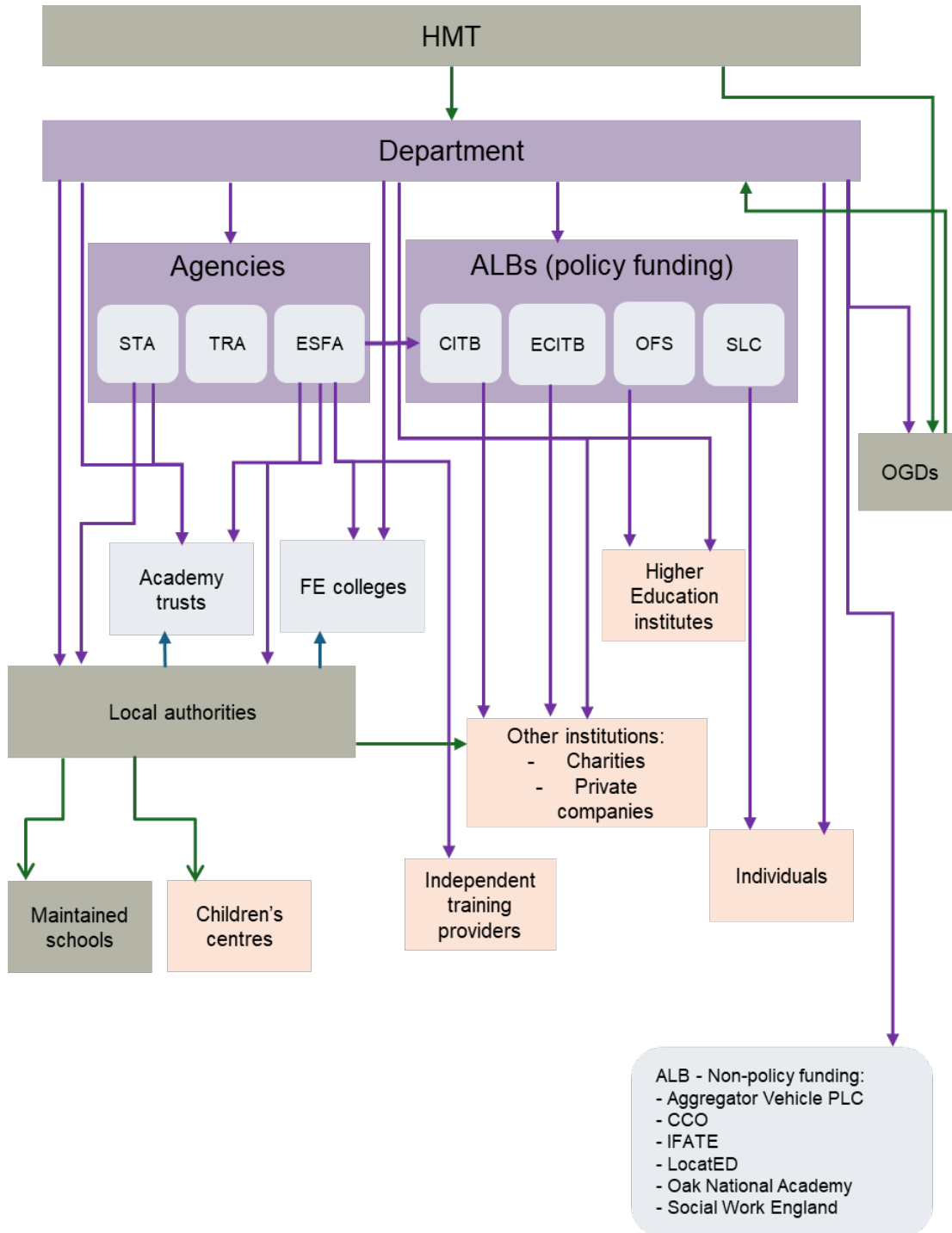
²⁴ <https://www.find-government-grants.service.gov.uk/>

Government Grant Information System

The Department uploads the relevant grant information [Government Grant Information System](#)²⁵ database, to ensure it is fully transparent regarding grant expenditure.

Distribution

Figure 5: The distribution of funding from the Department



²⁵ <https://www.gov.uk/government/collections/government-grants-data-and-statistics>

Government funding arrangements

Funding to local authorities

The Department provides funding directly to LAs for the education and skills system, specifically for supporting children and young people, including for special educational needs and children's social care. LAs then allocate onward to their schools and other education and children's service providers. In some cases, LAs determine individual schools' and providers' allocations by setting local formulae to distribute the total funding available locally; in others, individual allocations for schools and providers are determined by the Department.

The most significant grant stream (known as 'policy funding') is the Dedicated School Grant (DSG), paid via ESFA. LAs' DSG allocations are calculated by reference to the NFF for schools, high needs, early years and central school support. Post 16 providers including schools and further education colleges receive funding through 16-19 national funding formula. Other grants include pupil premium, PE and sports premium, adult education budget, universal infant free school meals (UIFSM), basic needs capital, high needs capital, school condition allocations and devolved formula capital.

Statutory and regulatory framework

Local authorities

The Ministry of Housing, Communities & Local Government, (previously the [Department for Levelling Up, Housing & Communities Accounting Officer](#)²⁶), as lead accounting officer across UK central government with respect to local government, is responsible for the core local government accountability framework for local authorities and for ensuring that it is effective as a national system within which local authorities take their own decisions. In addition to general funding from MHCLG we provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them via [Section 31 payments](#)²⁷.

Within this framework, LAs are responsible and accountable for the legal use of funds. Under Section 151 of the Local Government Act 1972, every LA must appoint an officer (who must be a qualified accountant and is usually the LA's Chief Financial Officer) to be statutorily responsible for ensuring that the LA acts in accordance with its financial framework, and that it has adequate oversight of distributed funds.

LAs are responsible for ensuring that they have adequate oversight of their maintained schools' and adult education centres' financial management and for holding them to

²⁶ <https://www.gov.uk/government/publications/dluhc-accounting-officer-system-statement-2023/dluhc-accounting-officer-system-statement-2023#relationships-with-arms-length-bodies>

²⁷ <https://www.legislation.gov.uk/ukpga/2003/26/section/31>

account, in line with the relevant regulations, statutory guidance and conditions of grant. This can take the form of checking compliance with internal management frameworks, the use of internal auditors and review of schools' financial value standard (SFVS).

The LA must comply with the Department's funding rules, including ensuring data submitted is reliable and complete. This includes requiring the S151 officer to submit an assurance statement annually to ESFA confirming they have a system of audit for schools in place that provides adequate assurance over the standards of financial management and the regularity and propriety of spending.

Maintained schools

The Department's [Governance Handbook](#)²⁸ and [Schools Causing Concern](#)²⁹ guidance set the priorities for effective governance, and reflect the importance attached to LAs understanding and having confidence in the quality of governance in their schools.

Maintained schools must submit their [SFVS](#)³⁰ to their LA annually. The return is a self-assessment covering key governance and assurance areas.

As PAO, I receive assurance from regular briefings and progress reports on our expenditure and the financial and academic performance of all schools.

External scrutiny

Local authorities are required to have an annual external audit, and the certification of the annual accounts by the auditor provides assurance that the totality of their expenditure is within their legal powers. Auditors also assess whether arrangements are in place to ensure that authorities have used their resources effectively and efficiently.

Local accountability

Local authorities are accountable to their local electorate and publish their ARAs.

Transparency

[Planned LA and school expenditure](#)³¹ shows spending plans for education, children's services (including youth justice), early years, and high needs place funding and is based on budget statements submitted to the Department.

28 <https://www.gov.uk/guidance/governance-in-maintained-schools>

29 <https://www.gov.uk/government/publications/schools-causing-concern--2>

30 <https://www.gov.uk/government/publications/schools-financial-value-standard>

31 <https://explore-education-statistics.service.gov.uk/find-statistics/planned-la-and-school-expenditure/data-guidance>

The [LA and school expenditure](#)³² data set contains information on income, expenditure and revenue reserves of LA maintained schools.

In addition the Department publishes the [schools financial benchmarking tool](#)³³ which provides a detailed breakdown of all schools' and academy trusts financial data.

Maintained schools

A maintained school in receipt of pupil premium funding must publish a statement on their website each year detailing the school's use of pupil premium funding, outlining the strategy, how the funding is intending to be spent in the academic year and the outcomes in the last academic year.

Funding to academy trusts

ATs are funded directly by the Department (primarily via ESFA) through General Annual Grant (GAG). AT's GAG allocations are calculated by reference to their funding agreements, and for the most part replicate what the AT would have received, where it a maintained school. Other significant grants include high needs funding (received from the local LA, drawing on funding provided the Department); and the pupil premium, PE and sports premium and UIFSM.

Statutory and regulatory framework

ATs, which operate academy schools, are independent charitable companies limited by guarantee, which means that their directors (who are also their charitable trustees) have statutory duties to act within their powers; exercise care, skill and diligence and avoid conflicts of interest under both company and charity law.

The SoS for Education became the principal regulator for ATs on 1 August 2011, and there is a [MoU](#)³⁴ between the Department and Charity Commission which sets out the responsibility for coordinating regulatory operations and formulating policy.

Each AT has a direct funding agreement with the SoS that set out the conditions on which the trust receives funding, its responsibilities and the SoS's intervention powers. The [Academy Trust Handbook \(ATH\)](#)³⁵ sets out the requirements and expectations on an AT, including that trustees and management must: maintain robust oversight of the academy trust; that trusts must take full responsibility for their financial affairs and stewardship of

³² <https://explore-education-statistics.service.gov.uk/find-statistics/la-and-school-expenditure>

³³ <https://schools-financial-benchmarking.service.gov.uk/>

³⁴ <https://www.gov.uk/government/publications/memorandum-of-understanding-charity-commission-and-the-department-for-education>

³⁵ <https://www.gov.uk/government/publications/academies-financial-handbook>

assets, including their land and buildings; and use resources efficiently to maximise outcomes for pupils..

The Department, through Regions Group and ESFA, acts as follows:

Regions group

Acts as regulators intervening in underperforming schools, approving new 'sponsor' trusts and encouraging suitable organisations in the area to apply and become sponsors. Sponsor trusts are able to support schools subject to intervention. The criteria is set out in the [academy sponsorship guidance](#)³⁶, including the overall vision and plans for growth, educational and financial capacity and governance.

ESFA

I have delegated specific responsibilities to the Chief Executive of ESFA, including funding is administered effectively to ATs and providing assurance. Officials carry out an annual risk-based programme of assurance to review compliance with funding agreements, ATH and the Academies Accounts Direction. The Academies Accounts Direction, published in 2023, clarified that the Accounting Officer's statement on regularity, propriety and compliance encompasses estates safety and management.

Where financial non-compliance or financial oversight failure is identified, the ESFA will look to support the academy trust to improve. In certain circumstances, the ESFA may intervene, in a way that is proportionate to the risk and preserves education provision. They do this working closely with Regions Group.

In rare cases, the ESFA may issue a trust with a Notice to Improve (Ntl), in conjunction with Regions Group, which sets out what the trust must do to address the Department's concerns. Failure to comply with the Ntl is a breach of the funding agreement and could result in termination of that agreement.

External scrutiny

Academy trusts must report on their finances to give assurance to Parliament and the public about the use of resources. An ARA must be prepared and audited by an external auditor, giving a true and fair view of the financial performance and position.

The external auditor, as reporting accountant, must also provide a conclusion on regularity under a tri-partite agreement between the SoS, the AT and the reporting accountant.

As the Department's overall assurance framework is informed by the work of external auditors / reporting accountants it works closely with the sector to improve quality and understanding of requirements, including publishing a framework and supporting guide.

³⁶ <https://www.gov.uk/government/collections/academy-sponsorship>

The Department also oversees an auditor working group and attends conferences and accountancy institute events to discuss assurance findings and reporting updates.

Local accountability

Primary responsibility for the oversight of ATs rests with the ATs themselves. As a government body, each AT must have its own AO whose responsibilities are set out in the ATH and the Department provides additional guidance for [governance](#)³⁷ and [financial management and internal scrutiny](#)³⁸.

Transparency

ATs must publish their ARA on their website by 31 January, following the 31 August year end and file with Companies House by 31 May.

A consolidated picture of the sector is available through the Academy Trust ARA⁴.

Similar to maintained schools, academy trusts must publish a pupil premium strategy statement if they are in receipt of pupil premium funding.

Funding to Further Education colleges

FE Sector funding is more complex than academy trusts and maintained schools, as they are funded through several funding streams. Whilst funding is predominantly from the Department (via ESFA), the LA and devolved mayoral authorities provide high need, apprenticeship and adult education budget funding, Ministry of Justice provides funding for Offender Learning, with the private and overseas sector providing commercial and external income.

Statutory and regulatory framework

FE college corporations, which operate FE and sixth form colleges, are statutory corporations and exempt charities established under the Further and Higher Education Act 1992.

The SoS for Education became the principal regulator for FE colleges on 9 November 2016, and there is a [MoU](#)³⁴ between the Department and Charity Commission which sets out the responsibility for coordinating regulatory operations and formulating policy.

The Department publishes the [College Financial Handbook](#)³⁹ and [College Accounts Direction](#)⁴⁰ to explain the governance and reporting requirements. In addition it has

³⁷ <https://www.gov.uk/government/collections/academy-trusts-governance>

³⁸ <https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides>

³⁹ <https://www.gov.uk/guidance/college-financial-handbook>

⁴⁰ <https://www.gov.uk/government/publications/college-accounts-direction>

created a series of [bite-size guides to define MPM requirements](#)⁴¹, following reclassification to central government in 2022.

In addition, the [FE Commissioner](#)⁴² has a key role in working with all FE Colleges and LAs delivering FE to improve the quality of leadership and reduce the risk of intervention. This is supported by the Department's [College oversight: support and intervention](#)⁴³ policy and the [statutory intervention powers](#)⁴⁴ to ensure there is adequate support.

External scrutiny

FE colleges have a statutory obligation to prepare and publish their ARA to give assurance to Parliament and the public about the use of resources. This must be prepared by the college, giving a true and fair view of the financial performance and position, and audited by external auditors who also provide a regularity assurance conclusion. The [Post-16 Audit Code of Practice](#)⁴⁵ sets out a common standard for the provision of assurance in relation to the funding of post-16 providers, in which FE colleges fall.

Like academy trusts the Department also liaises with college auditors, through working groups and conferences to promote good practice.

Local accountability

Primary responsibility for the oversight of FE Colleges rests with the FE College. As a government body, each FE College must have its own AO whose responsibilities are set out in the Colleges Financial Handbook and the Department provides additional guidance for governance.

Transparency

FE colleges must publish their ARA on their website by 31 January, following the 31 July year end and file with Companies House by 31 May.

Any colleges registered with OfS for the provision of higher education are required to publish their audited ARA on their website by 5 months after the end of the financial year to which they relate.

⁴¹ <https://www.gov.uk/government/publications/bite-size-guides-to-aid-colleges-in-meeting-new-requirements-following-reclassification>

⁴² <https://www.gov.uk/government/organisations/further-education-commissioner/about>

⁴³ <https://www.gov.uk/government/publications/college-oversight-support-and-intervention>

⁴⁴ <https://www.gov.uk/government/publications/statutory-intervention-powers-for-the-fe-sector>

⁴⁵ https://assets.publishing.service.gov.uk/media/6602a26af1d3a0666832ad56/Post-16_Audit_Code_of_Practice_2023_to_2024_FINAL.pdf

Departmental assurance on local funding arrangements

The Department maintains significant oversight and assurance on local funding arrangements through the following ways.

Department

The Department has a regularity assurance framework in place which is risk-based approach, including sampling a series of grants each year to inform the governance statement in the ARA.

ESFA

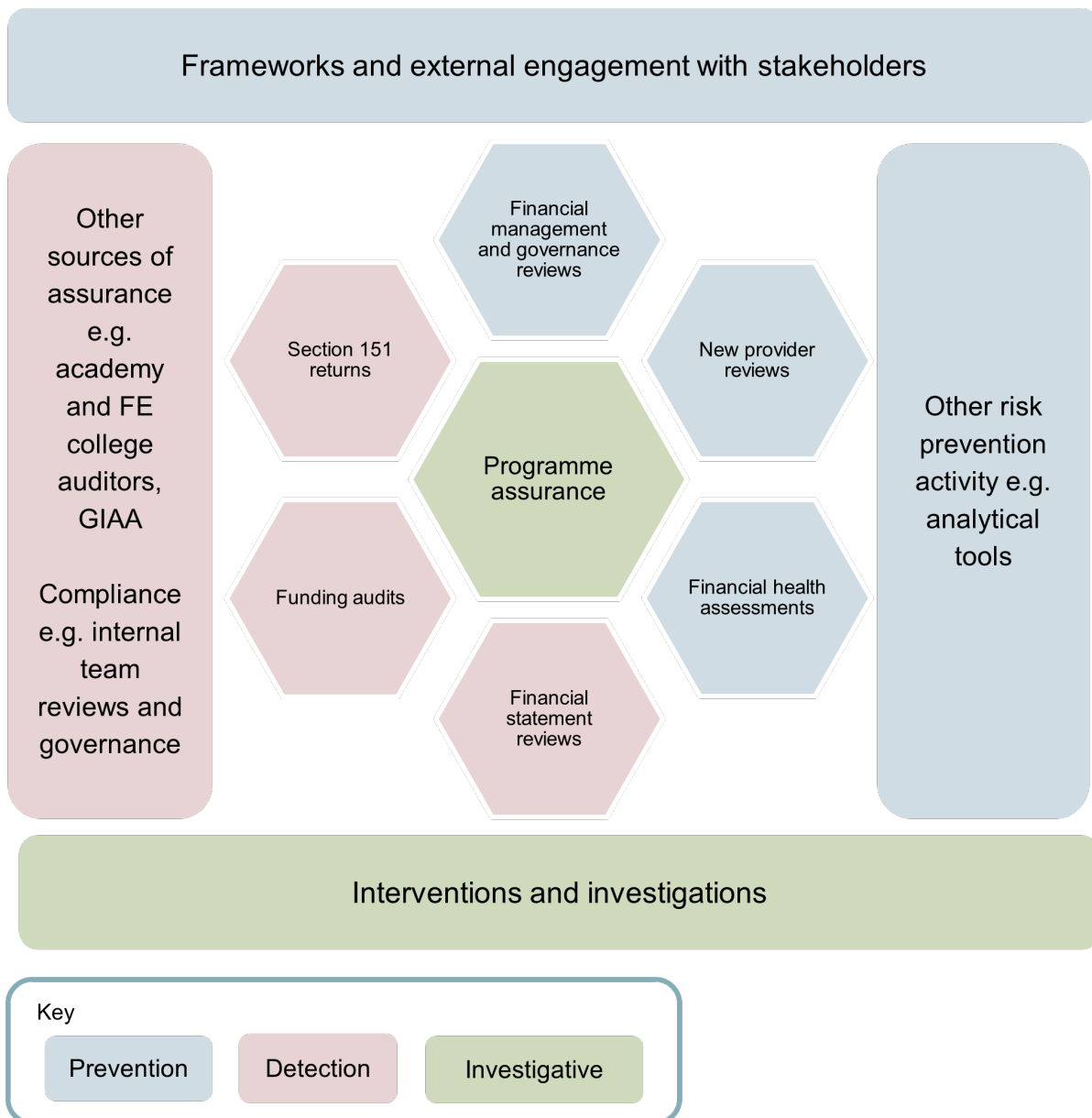
ESFA assurance teams play a key role in providing assurance over the use of funds by LAs, ATs, colleges and other education providers, such as independent training providers.

Undertaking a wide range of planned and reactive assurance and other work, they provide assurance on the funds distributed, intervention support and investigations as detailed in their [ARA](#)⁴⁶. As mentioned before, in supporting the provision of assurance the agency maintains the accountability framework, working with sectors to improve and update guidance on a cyclical basis.

Figure 6 below illustrates the assurance framework, using the three-stage Prevent, Detect, Investigation/Intervention approach.

⁴⁶ <https://www.gov.uk/government/publications/education-and-skills-funding-agency-esfa-annual-report-and-accounts-2022-to-2023>

Figure 6: ESFA assurance framework



LA

Work undertaken includes:

- reviewing external audit reports on each LA’s own annual report and accounts
- reviewing internal audit reports, Audit Committee and other Council meetings that provide evidence of internal control arrangements
- reviewing the annual LA assurance statement, provided by the LA chief financial/Section 151 officer, covering its distribution of funds to schools and the expenditure thereof; and the section 251 returns by the LA on planned and actual spending for the financial year ahead

ATs

Work undertaken includes:

- reviewing independent auditors' opinions of the accuracy and regularity of an AT's annual financial statements
- reviewing auditors' conclusions on whether any matters of irregularity have come to their attention, and on each AT's level of compliance with accounting practices and governance arrangements across the sector
- undertaking funding audits
- validation of financial management and governance self-assessment forms by new ATs

FE Colleges

I receive assurance through the audited ARA, including a conclusion on regularity which is reviewed by ESFA, monitoring and validation of data submitted by providers, funding assurance reviews, financial health assessments and targeted work on any identified concerns.

Ofsted

I receive regular, independent assessments from Ofsted for inspections on schools, early years providers and children's social care, where the impact of funding, the quality of provision, the effectiveness of the school's pupil premium strategy progress and the attainment of disadvantaged pupils are key factors in inspection outcomes.

Through Ofsted's reports, the Department monitors educational standards and trigger intervention as required.

Ofqual

Ofqual publish their own corporate plan and annual delivery report. However, substantive discussions between Ofqual and the Department on qualifications and assessments are regularly held at senior level and with Ministers to provide assurance of outcomes.

In addition to regular meetings and discussions with the Department's SRO and Schools Director General, I hold regular meetings with Ofqual's Chief Regulator to ensure that I am updated on key developments and any emerging risks. In line with Cabinet Office guidance, I also monitor the Chair's performance through an annual performance review.

Local Authorities

In addition to the work undertaken by ESFA I also draw assurance from:

- information received by LAs from schools' forum meeting and governing bodies; head teachers; early years providers; comments or concerns raised by parents or other members of the local community
- reports from the Department's advisors and commissioners, where LAs are in intervention as a result of poor children's social care inspection results

- School Performance Tables, which enable schools, parents and the wider public to make comparisons of education performance between schools. Both maintained schools and ATs use the tables to consider their efficiency and to identify areas where they could achieve greater value for money
- information received by Voluntary and Community Sector project partners.

If not satisfied by some or all of these assurance providers, the Department will challenge the relevant LA or AT, so as to understand the issues better and seek appropriate additional assurances.

Third party delivery partnerships

School building programmes

Capital funding is provided for new school buildings and improvements to the school estate. Like other grant managers, capital programme SROs and spending managers ensure that MPM and Cabinet Office's Grant Standards are adhered to. Bid-based policy funding is frequently reviewed to ensure capital expenditure is in line with agreed terms and conditions. GIAA provides independent review of that expenditure and approach.

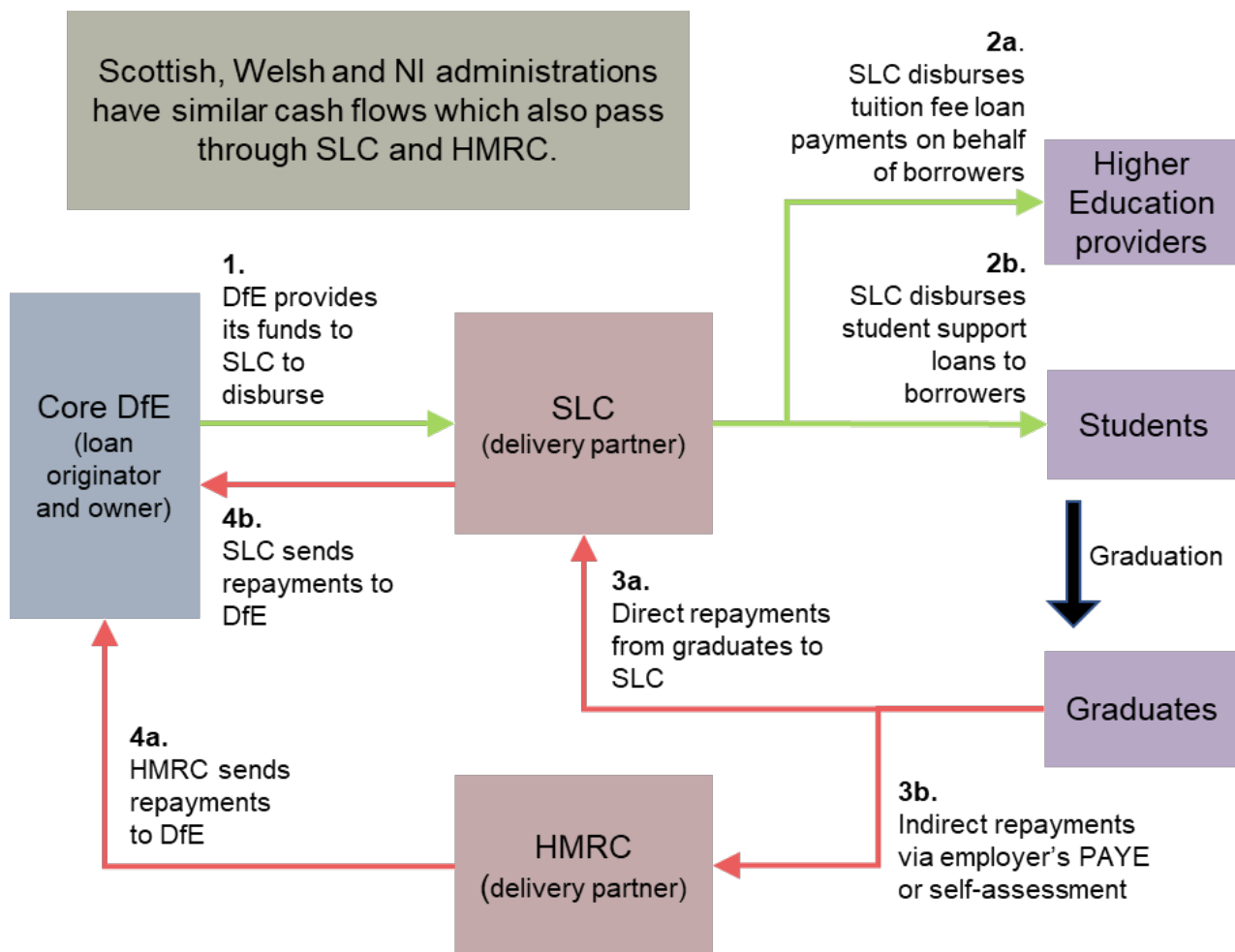
Grants to private and voluntary sector bodies

Student loans

The Department has overall responsibility and accountability for student support policy. It delegates the day-to-day role of administering payments, repayments and account maintenance to SLC, whilst the student loan book is retained by the Department.

Maintenance grants or loans are paid via SLC directly to students, but are funded by the relevant administrations. Each of the four administrations recognise loans for students attending universities in their territories, the Department recognises only student loans for English providers. Loans to students covering tuition fees are paid directly to higher and further education institutions on behalf of the student. Student loans are recovered by HM Revenue and Customs, post-graduation, for borrowers earning above the relevant income thresholds.

Figure 7: Student loans distribution model



The HE Funding Board is the Department's senior governance body for English HE student funding. It provides oversight of its funding for student support in higher education and for loans for tuition fee funding for students in higher and further education.

SLC's Board and ARC has specific responsibilities for ensuring the accurate and efficient stewardship of loans and grant funding. The Department also runs a number of other governance and scrutiny boards, including quarterly shareholder meetings with finance colleagues, SLC and the Devolved Administrations.

I receive assurance for SLC operations through:

- the annual audit of their annual report and accounts
- regular meetings between SLC's AO and the Department
- annual NAO audit of the student support budget
- Department officials' attendance at SLC Board meetings

Higher education providers

The Department provides funding to higher education institutions through OfS.

The OfS has statutory duties in respect of the allocation of grant funding awarded by the Department to eligible providers for the purposes of education and/or the provision of facilities and other activities in connection with education as well as for assuring the quality of the provision it funds. The OfS ensures a rigorous test of a provider's readiness to enter the sector and OfS's [operating framework](#)⁴⁷ sets out how higher education providers are held to account and regulated in England. The OfS has also published [guides](#)⁴⁸ on how it allocates its funding and its accountability framework for higher education institutions and related bodies.

Alternative providers of higher education

All registered English providers of higher education (including Alternative Providers) are regulated by the OfS under its regulatory framework.

Data about the outcomes of alternative providers is gathered via the Higher Education A graphic showing the cash flows generated by student loans, split between outflows from the Department to borrowers and Higher Education providers via SLC; and inflows from borrowers via HRMC or SLC. Statistical Authority (HESA) and includes non-continuation rates (i.e. drop-out rates). Student number controls are also used to grow high quality provision, and to prevent poor quality provision from expanding, according to the outcomes achieved.

Throughout the year, the Department's Alternative Provider Intelligence Unit engages with providers and gathers intelligence, to identify risks and inform sanctions to be taken, in the interest of protecting value for money.

The Unit raises concerns identified with the provider through regular engagement, and escalates as appropriate. Improvement notices and other sanctions may be used and, ultimately, providers can be removed if the concerns are severe.

Independent training providers

Independent training providers (ITPs) receive funding, under contract, from the Department to deliver vocational education and skills training. From 1 August 2024 ITPs are required to comply with the [Financial Handbook for Independent Training](#)

47 <https://www.officeforstudents.org.uk/media/189e6e2a-65eb-4cc5-9ad3-bfb149185b69/ofs-framework-document-review-2019.pdf>

48 <https://www.officeforstudents.org.uk/publications/guide-to-funding-2020-21/>

[Providers](#). The Department monitors the financial health of ITPs and will consider appropriate action in the event of financial management issues to protect the use of public funds.

Funding to other bodies

The Department has well-defined processes for awarding general grants to other bodies, such as voluntary and charitable organisations and private sector organisations. These are often non-formulaic and are usually competed using a similar approach to a commercial tendering process, or criteria based.

Grant managers are responsible for day-to-day grant management and administration throughout its duration, including overseeing an effective monitoring process.

Similarly, the Department also uses contracts to fund the delivery of services and achieve value for money, where these are seen to deliver the most effective utilisation of funds. On a day-to-day basis, designated contract managers manage each contract; SCS are responsible for effective and compliant spend.

Major contracts and outsourced services

The Chief Commercial Director is accountable for procurement of all contracts delegated to 'Commercial Directorate' and is responsible for the oversight of the Department's procurement and contract management activity.

The Commercial Directorate lead on all commercial projects that are:

- worth over £100,000 (excluding VAT) including discretionary single and multi-year general grants whose single or aggregate value exceeds £100,000
- worth below £100,000 (excluding VAT) but have been identified as medium or high risk through the Procurement Risk Assessment Tool

Commercial delegated authority for these projects (including the signing of contracts and new single and multi-year discretionary general grants) sits with the Commercial Directorate.

Policy and operational teams hold the accountability for commercial decision making and authority to sign contracts and general grants (including annual Grant Agreement Letters) for commercial projects, contracts and general grants whose single or aggregate (multi-year) value is under £100,000 and low risk.

The Department has robust processes in place for entering into major contracts. These have been assessed against the [Commercial Continuous Improvement Assessment](#)

[Framework](#) ⁴⁹, which cover the procurement lifecycle from identifying the need, through procurement and contracting to subsequent management. The framework drives continuous improvement in our commercial practices, including ensuring value for money is achieved, third party risk is managed and that the appropriately qualified staff manage the Department's Gold and Silver tiered contracts.

All of the department's senior procurement staff are employees of the Government Commercial Organisation's (GCO). They are required to undertake the GCO Assessment and Development Centre and maintain accreditation through completion of Continuous Professional Development.

Procurement

The Department's policy is that all contracts over £100,000 must be competed and awarded either through advertised competition or through a pre competed form of agreement including Frameworks or Dynamic Purchasing Systems. Procurements for contracts above £100,000 (including VAT) must be undertaken through the Department's Commercial Directorate or with their agreement through Crown Commercial Service as an assisted procurement. All contracts above £100,000 (including VAT) must be approved and signed by a member of Commercial Directorate staff holding appropriate delegation from the Commercial Director.

Once signed, contracts are managed through their lifecycle by the budget holder teams who sit across the department. The Commercial Directorate provides commercial support to these contract managers.

Contract management

The Department has a number of contracts and grants that represent a material proportion of the Department's third party spend. The 'Strategic Contract Portfolio' is a portfolio of high risk, high spend and high complexity contracts and grants managed by the Departments Commercial Contract and Supplier Management team. The team follow best practice Cabinet Office processes and controls for managing contracts and grants, with the application of the [Commercial Government Functional Standard](#)⁵⁰.

The following contracts and grants under management of the team are as follows:

- Adult Education Budget 2023

⁴⁹ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government/commercial-continuous-improvement-assessment-framework-cciaf-peer-review-guidance-v22-html>

⁵⁰ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

- Apprenticeships Workforce Development
- Early Career Framework
- Fast-Track Social Work Programme
- Government Funded Careers Support for Young People in Schools and Colleges
- Institute of Teaching
- Leadership and Governance Continuous Professional Development in the Further Education Sector
- National Careers Service
- National Professional Qualifications
- Skills Bootcamps
- T-Levels Professional Development
- Test Operations Services (TOpS)
- Turing Scheme Administration Services
- UK NARIC/ENIC

Teachers' Pension Scheme

TPS is a statutory, unfunded, multi-employer defined benefit occupational pension scheme. The TPS has a separate funding agreement with HMT and accordingly is not funded as part of the Department's Supply funding, and I am also the AO for the TPS.

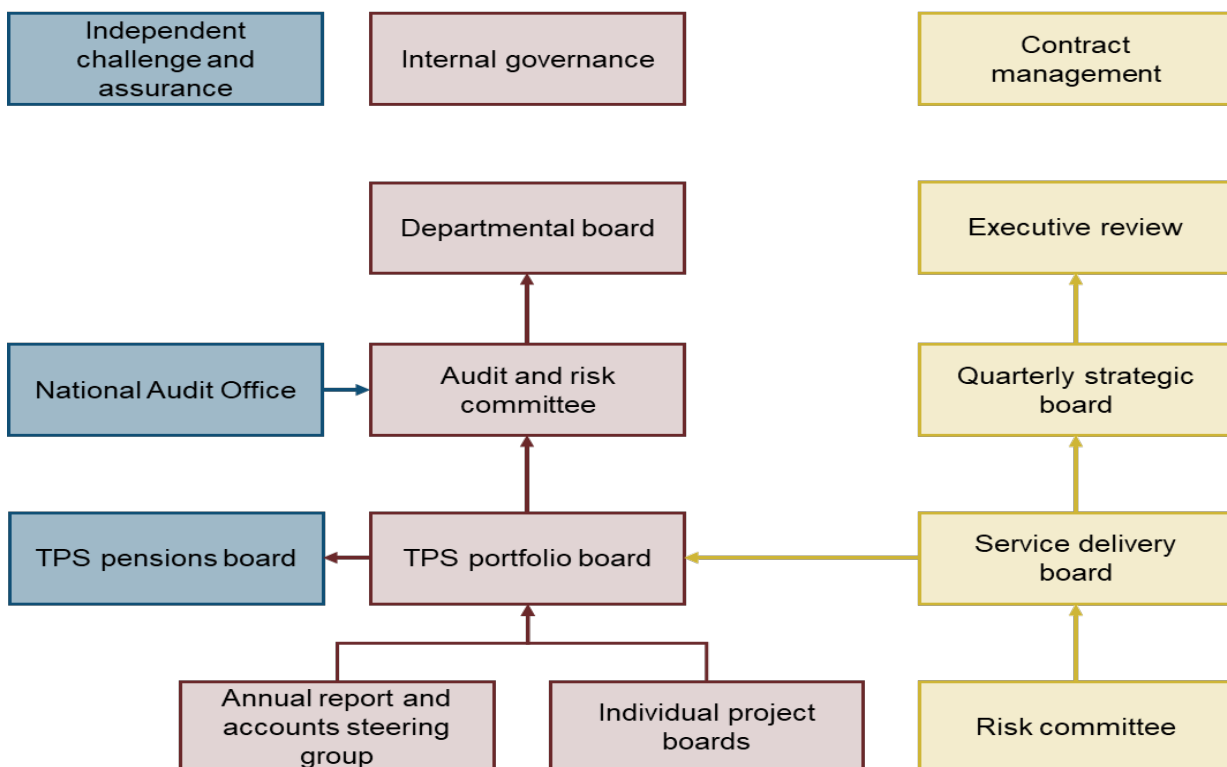
The TPS has its own governance arrangements but adopts the same approach to risk management as the Department, i.e. to devolve accountability to those best placed to manage it and through using a "three lines of defence" approach to manage, oversee and provide assurance on risks. The core details of those arrangements are summarised below, with full details described in TPS' annual report and accounts³.

The Scheme is currently administered under contract by Capita Business Services Ltd until September 2025. A procurement process secured Tata Consultancy Services to administer TPS services until September 2035. The Department manages the contract with the administrator, who liaises at working and strategic levels with Departmental officials in order to discharge its duties under the contract.

I have responsibility for ensuring that the administrator is managing the risks effectively and for reviewing the effectiveness of the administrator's systems of internal control.

Figure 8 illustrates the governance arrangements in place.

Figure 8: TPS key governance arrangements



The TPS is governed at the following three levels

- management and monitoring: The management and monitoring of contract, delivery and emerging risks is delivered by the Service Delivery Board which meets monthly and is chaired by the Department's TPS senior contract manager. The board is also the hub for managing core pension administration delivery and performance against service level agreements and determines any points of escalation
- oversight: The Quarterly Strategic Board is chaired by a Departmental official (the Head of Planning and Assurance) and determines the strategic direction of the administration services, and reviews delivery progress. The work of the Service Delivery and Strategy Boards are in turn overseen by the Department's pension teams' Programme Management Board
- assurance: The Teacher's Pension Scheme Portfolio Board (TPS PrB), a Departmental board and chaired by the SCS in the Department responsible for the TPS, meets monthly. This receives reports from the Service Delivery Board on contract related issues and from individual project boards within the programme, including the ARA Steering Group on finance and accounts related issues. It also considers input from expert partners and assurance bodies involved in securing the successful delivery of the TPS, such as GIAA and the NAO. Where appropriate, issues are escalated for further consideration through the governance structure, ultimately to the Department Board if needed.

The TPS Pension Board (TPSPB) meets quarterly, and consists primarily of member and employer representatives, as well as two senior departmental officials, and an independent pensions specialist. The TPSPB provides assurance through scrutiny of quarterly reporting setting out key financial, operational and risk management information, as well as reports it has commissioned on key aspects of the Scheme. The board also provides direct challenge to the administrator and the Department on those reports and any aspect of administration or delivery, this feedback considered by and acted upon, as appropriate, by the TPS PrB. The Board provides an annual report on its work to the SoS, an annual statement on the governance arrangements which forms part of the Scheme's ARA, and can raise issues with the departmental board, or Ministers directly, at any point if it feels the need to do so.

In addition, the Department's ARC provides assurance to me as the AO via oversight of the TPS governance model, challenge to the TPS annual report and accounts production project and the associated audit by the National Audit Office.

In summary I receive assurance for the TPS operations through:

- the arrangements whereby the Department's pensions team reports to all three "lines of defence" of the Department's governance arrangements e.g. to the Director General for Schools Group at the management level; to the Performance and Risk

Committee and ultimately the Departmental Board at the oversight level; and to the ARC and the Departmental Board at the assurance level

- the audit of the ARA undertaken by the NAO
- the Department's ARC's oversight of TPS's ARA³ process
- the additional independent assurance provided by the TPS Pension Board and other external bodies such as The Pension Regulator.

Contract management

The following TPS contracts are managed under the Department's 'Strategic Contract Portfolio' noted above:

- TPS Administration Services Contract
- Teachers' Pension Scheme Administration 2023-2035
- Teachers' Pension Scheme Medical Services

Glossary

Abbreviation	Narrative
Academies	All schools operated by academy trusts encompassing academies, free schools, university technical colleges and studio schools
AO	Accounting Officer
ATH	Academies Trust Handbook
ALB	Arm's length body, another term for a non-departmental public body
ARA	Annual report and accounts
ARC	Audit and Risk Committee
AT	Academy trusts: the charitable companies that operate all types of academy schools
CCO	Children's Commissioner's Office, an NDPB of the Department
CITB	Construction Industry Training Board, an NDPB of the Department
Department / DfE	Department for Education
DSG	Dedicated Schools Grant
EA	Executive agency
ECITB	Engineering Construction Industry Training Board, an NDPB of the Department
ESFA	Education and Skills Funding Agency, an executive agency of the Department
FE	Further Education
FPMO	Financial Provider Market Oversight
GAG	General Annual Grant
GIAA	Government Internal Audit Agency
HESA	Higher Education Statistical Authority
HMT	His Majesty's Treasury
IFATE	Institute for Apprenticeships and Technical Education, an NDPB of the Department
ITP	Independent training provider
LA	Local authority
LocatED	Located Property Limited, an NDPB of the Department
MPM	Managing Public Money
MoU	Memorandum of understanding
NAO	National Audit Office
NDPB	Non-departmental public body
NFF	National funding formula
Oak	Oak National Academy Limited, an NDPB of the Department
Ofqual	Office of Qualifications and Examinations Regulation
OfS	Office for Students, and NDPB of the Department

Abbreviation	Narrative
Ofsted	Office of Standards in Education, Children's Services and Skills
ONS	Office for National Statistics
PAO	Principal Accounting Officer
PSFA	Public Sector Fraud Authority
SARA	Sector annual report and accounts, the standalone annual report and accounts for the academy sector
SCS	Senior Civil Servant
SFVS	Schools' financial value standard
SLC	Student Loans Company, an NDPB of the Department
SoS	Secretary of State [for education]
SRO	Senior Responsible Owner
STA	Standards and Testing Agency, an executive agency of the Department
STRB	School Teachers' Review Body, an advisory NDPB of the Department
SWE	Social Work England, an NDPB of the Department
TPS	Teachers' Pension Scheme (England and Wales)
TPSPB	Teachers' Pension Scheme Pension Board
TPS PrB	Teachers' Pension Scheme Portfolio Board
TRA	Teaching Regulation Agency, an executive agency of the Department
UIFSM	Universal Infant Free School Meals



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