



Department
for Education

Standards and Testing Agency Review

Final report

November 2016

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Standards and Testing Agency Review

Context

1. In April 2016, Minister Nick Gibb announced a 'root and branch' review of the operations of the Standards and Testing Agency (STA), following security breaches during the administration of the 2016 key stage 1 (KS1) and key stage 2 (KS2) tests.
2. An internal investigation into the security breaches by the interim Chief Executive of STA identified specific failings in STA operations, which are being addressed.
3. The STA review took place between 11 July and 2 September 2016. This report summarises the review's key findings and recommendations.
4. STA has been undergoing a period of internal transformation and restructure as a result of senior staff turnover and in response to the security breaches. All of our findings reflect STA at the point in time of the review.

Objectives

5. The primary objective of the STA review was to determine whether STA is fit for purpose. We interpreted this as meaning that, in our best judgement, STA can be relied upon to deliver a robust system for primary assessment, teacher skills and the collection of General Qualifications (GQ) papers.
6. The secondary objective of the review was to identify STA's strengths and areas where we had concerns, and make recommendations to address the latter.
7. Our final objective was to look at the steps that STA has taken to prevent security breaches from occurring again, and make a judgement on whether these are sufficient.

Summary

8. We have concluded that STA is broadly fit for purpose, although there are a number of issues that need to be addressed.

- Our judgement is that STA can continue developing and delivering primary assessment tests, teacher skills tests and the collection of GQ papers to an appropriate standard in the short term.
- However, there are issues with STA's current model that pose a risk to delivery and reduce the resilience, efficiency and value for money of the Agency. These issues increase the probability of an error occurring in the future.
- The risk to delivery stems from a lack of end-to-end strategy, data and oversight; a defensive and silo culture; a shortage of commercial skills and an ineffective assurance process and culture.
- Whilst positive steps have been taken to improve assurance processes, these have not yet addressed underlying cultural issues. Addressing these remaining issues is necessary to minimise the risk of another security breach.

9. The issues we have identified are substantial, but can be addressed and resolved. As an organisation, STA is aware of these issues, and has been making efforts to address them. We have made a series of recommendations, which are listed in [Annex A](#). In summary:

- We recommend developing a constructive, collaborative and corporate culture across STA. The senior management team should reflect and role model these behaviours, supporting all staff to take corporate initiative and ownership, and supporting staff development and morale (R4 and R5).
- We recommend establishing an infrastructure that enables stronger strategic oversight and leadership of the Agency. This requires clear end-to-end oversight and access to meaningful performance data and analysis (R1, R2, R3, R12, R13, R20 and R21).
- We recommend strengthening the commercial and financial capability of STA and establishing a clear value for money framework for the Agency (R17, R18, R19).

10. Our judgement is that STA will need support from the Department for Education (DfE) to deliver these recommendations. In particular:

- STA may need additional resource in the short to medium term to design and drive their transformation, and support delivery of these recommendations
- appropriate governance will be required, to oversee the transformation and hold the Agency to account. This should include periodic internal reviews to check progress

11. Our detailed findings and recommendations are set out below. The methodology used for the investigation is set out in [Annex B](#), and a brief history of STA is provided in [Annex C](#).

12. Our findings have been broadly consistent with previous audit reports and reviews into STA, such as those carried out by the National Audit Office (NAO), (April 2014) and by the Government Internal Audit Agency (various dates).

Detailed findings

Strengths

A. STA's test development process is recognised by various professionals as high-quality and effective for assessment purposes.

13. STA has been scrupulous in designing a test development process that produces high quality and effective tests for assessment processes.

14. The fact that STA staff are able to consistently deliver such an in-depth and complex process – with 3 test cycles running concurrently, and given their resource constraints, is particularly impressive.

15. This strength needs to be balanced against value for money and delivery concerns (Finding M), as well as the need to engage stakeholders and customers (Finding O).

B. STA has been able to consistently deliver test operations and logistics every year, despite resource constraints, difficult contractual relationships, and with staff operating under significant pressure and risk.

16. The nature of the assessment process requires STA to deliver an error-free, nationwide operation year after year, across a number of tests, incorporating policy changes where appropriate. Staff operate under significant scrutiny and enormous pressure.

17. STA staff face even more pressure from sub-optimal contracts and some difficult contractual relationships (Finding K). In addition, STA has historically carried a high level of vacancies (Finding N).

18. But despite this, STA has generally delivered – a testament to the seriousness with which the Agency has approached the challenge, and the grip it has on its operational processes.

19. However, the intense focus on immediate delivery has led to a lack of focus on strategy and the Agency's future (Finding E).

C. STA staff possess and use strong project and programme management expertise to support delivery across the test cycle.

20. Our investigation found various good examples of strong project management across STA's test cycle. In particular, structured programme management is used to manage the logistics of test operational delivery. The strength of this expertise is a source of pride for the Agency.

21. Whilst we found that staff had strong programme management skills, the use of these was hampered by the lack of clear end-to-end oversight and ownership (Finding I).

22. To some extent, the level of programme management activity undertaken by the Agency is required because its contracts are sub-optimal (Finding K). As a result, STA staff duplicate contractors' activity, imposing their own programme management structures to assure delivery. Improving contract management and procurement may reduce the need for such resource-intensive duplication.

D. STA has skilled, energetic and motivated staff who are dedicated to delivery.

23. We have found many STA staff to be skilled, energetic, motivated and dedicated to delivery. They care about the Agency's objectives and believe in what they do.

24. Harnessing this motivation to address the wider issues flagged below will be crucial to maximising the Agency's future effectiveness.

Areas to improve

E. There is no clear vehicle for providing strategic leadership and vision, and STA's culture mitigates against this.

25. STA is not set up to think about its role in a strategic sense. This means that, for example, nobody was able to give us a clear sense of what STA should look like in the next few years. There are 3 reasons for this.

26. The way STA is currently organised means that the Agency appears to only come together at the Chief Executive level, and they are the only person positioned to think strategically about the Agency as a whole. Although STA has some structures and meetings designed to encourage or enable strategic thinking or challenge, in practice these have been focussed on delivery issues. This issue had been recognised by the Chief Executive and some steps were being taken to address this, but progress had been slow.

27. The Chief Executive does not have the supporting infrastructure they need to enable them to take an evidenced view across STA operations, or to provide a powerful challenge function. This is primarily due to a lack of a strong corporate centre, and a lack of an effective central data or performance reporting mechanism (Finding L) which would allow them to take an alternative view of the Agency.

28. STA culture is almost entirely focussed on developing and delivering tests through each cycle. This means that it is very good at focussing on immediate issues and the following year (Finding B), and at making incremental improvements to its existing model. However, this focus, and the demands of the test cycle, mean it has not had the capacity or capability to think sufficiently about the future, or to challenge its existing delivery model in a more fundamental way.

29. Alternative leadership forums, like the Strategic Performance Review Board (consisting of the Chief Executive, Director General and members of the DfE Board), the Senior Leadership Team (consisting of the Chief Executive and Deputy Directors), and the Senior Management Team (consisting of staff Grade 6 and above) are focussed on short and medium term delivery, and are not currently set up to consider strategic questions. The lack of a central data and performance reporting infrastructure means that they are also not equipped to take a strategic view. There have also been difficult relationships between some members of the Senior Management Team, which have prevented a corporate focus.

30. In order to address these issues, we recommend that:

R1. STA establishes an infrastructure that enables stronger strategic oversight of the Agency. This should include a stronger corporate centre, supported by clearer end-to-end oversight (R12, R13) and access to meaningful performance data and analysis (R20), as well as clarity over the focus of each of its leadership vehicles.

R2. A forum and/or function is established for considering STA strategy and strategic direction. This should include developing a 5 year strategic plan for the Agency.

R3. Mechanisms are established to ensure that all STA staff understand and are engaged in the strategic direction of the Agency and can see how their roles contribute to the Agency's strategy and objectives.

F. There is a culture of defensiveness, with little sense of corporate ownership or initiative across the Agency. Staff are not always empowered to make decisions, and have little confidence in their own judgement. This means decisions are inappropriately escalated, forcing the senior leadership into the position of arbiters, rather than leaders.

31. STA staff are under enormous pressure to deliver a perfect process, given levels of scrutiny, and the potential reputational impact of a mistake. Staff also feel bruised by recent events and morale is low.

32. Consequently, STA culture is defensive and risk-averse, with too many senior staff not wanting to take initiative, or pick up wider corporate issues that fall strictly outside of their direct responsibilities. Some of the behaviours modelled in the senior management team emphasise this silo focus, and mitigate against a corporate approach.

33. The impact of this culture is exacerbated by the lack of a clear end-to-end process (Finding I), which means that responsibility for some parts of the process (especially hand-offs) is unclear.

34. Staff are not empowered and do not feel confident to take decisions. Decisions are thus escalated to inappropriate levels, forcing the senior leadership team into the position of arbiter, and crowding out their space to be leaders.

35. STA's corporate response to these cultural issues has been to focus on new processes that clarify responsibility across the Agency. While useful, this means underlying strategic and cultural issues have not been addressed.

36. In order to address these issues we recommend that:

R4. STA focuses on building a constructive, collaborative and corporate culture across the Agency. The senior management team should reflect and role model these behaviours, supporting all staff to take corporate initiative and ownership for issues that fall outside of their responsibility.

R5. Staff are engaged in articulating a cultural vision for the Agency, to make sure that everyone understands what is expected of them. This should include a statement of the Agency's risk appetite, and aim to build the confidence and morale of its staff, empowering them to make appropriate decisions.

G. Assurance has been tightened, but is not yet watertight.

37. The investigation into the previous security breaches found that they were caused by human error, compounded by poor quality assurance and cultural issues within STA, specifically a lack of ownership from managers.

38. The tendency to look at processes in isolation (Finding I), combined with a defensive and silo culture (Findings E and F) makes it more likely that mistakes will occur when handing over between processes. When they do happen, they are not picked up quickly.

39. In order to address these issues we recommend that:

R6. STA establishes clear senior level oversight of assurance processes, with named senior managers accountable for specific processes. Senior managers should satisfy themselves that internal controls are adequate and working effectively.

R7. Consistent, comprehensive and proportionate assurance processes are used across the Agency. All processes should be documented, owned and shared across teams in the Agency, in order to improve visibility and oversight, and ensure that assurance processes, particularly those involving hand-offs, are complete and without gaps.

R8. Escalation routes are clear and defined, to allow prompt action to be taken to resolve issues where they arise.

R9. Feedback loops are in place to identify recurring issues and themes for resolution and future prevention. Processes should be continually updated to reflect feedback received. Training is provided to staff so that everyone is aware of the processes in place and how to follow them.

H. The relationship between policy and delivery can be improved.

40. The interface between policy and delivery on primary assessment has become more efficient since STA took responsibility for primary assessment policy. Bringing policy and delivery responsibility together has allowed STA to consider delivery issues in its policy advice and to have a better understanding of policy objectives throughout its delivery.

41. STA still hasn't found the right balance between policy and delivery demands. Significant changes have been made to primary assessment in recent years, and while these have been delivered, there have been consequences that were not anticipated. For example, STA didn't allow sufficient time for customers to familiarise themselves with the 2016 guidance. Some of the consultation and engagement with stakeholders in advance of the changes was also insufficient. (Finding O).

42. Despite having absorbed responsibility for primary assessment policy, the majority of STA remains disconnected from the wider DfE policy community. This has led to a lack of awareness about wider policy changes that impact them, and which they need to act on.

43. In order to address these issues we recommend that:

R10. STA improves the communication and information flow between its policy and delivery functions. It should ensure there are clear structures in place for decision making, allowing delivery and policy impacts to be considered together, and in the context of STA strategy (R2, R3).

R11. STA improves its information flow with the wider DfE policy, strategy and delivery community - ensuring STA delivery constraints are reflected in wider thinking, and that wider strategic and policy trends are recognised and acted upon by STA where appropriate.

I. There is no end to end view of processes, which leads to sub-optimal efficiency, poor value for money and increased delivery risks.

44. Processes are well defined within each division, but there is no end to end oversight of processes across the Agency. There is no single end-to-end process map, and nobody owns the entire process or is empowered to think about it strategically.

45. This means:

- nobody is equipped or empowered to spot enterprise-level issues or opportunities

- hand-offs between processes are not effective, increasing delivery risks
- value for money judgements are difficult to make – as each decision is considered in isolation, rather than in the context of the Agency as a whole

46. The lack of an end-to-end view is a function of STA silo culture but also contributes to it, and results in incremental thinking and inflexibility (Finding E). As staff cannot look at their processes on a strategic basis, they think incrementally, and get stuck in a particular way of thinking.

47. In order to address these issues we recommend that:

R12. One senior leader is appointed to take responsibility for end to end oversight across STA operations, from policy to test delivery. That individual should be supported in facilitating strategic thinking and discussion about STA processes, and empowered to provide a challenge function to the rest of the business: championing value for money and highlighting enterprise-level issues and opportunities.

R13. A single end-to-end process map should be developed and maintained. This discipline may help to highlight enterprise-level issues, risks and opportunities. It should also help to ensure that risks that fall between teams are identified and allocated.

J. There is insufficient contingency built into STA processes, and risk management can be improved.

48. STA processes are designed to deliver exactly what is required. STA staff and contractors work to tight timescales, and there is little contingency built into the process.

49. In our investigation we found that, while STA manages and mitigates issues effectively when they arise, there was widespread concern that the Agency may not be able to respond effectively to emergencies.

50. This might be due to a lack of operational capacity (Finding N) or strategic planning (Finding E), and STA staff recognised the need to build more resilience into the operating model.

51. We also found that STA risk management procedures could be improved. Although there is a risk management forum and process, these are not as effective as they could be. We found that staff did not always escalate risks appropriately, and the risk register did not show a complete picture of risk. Staff did not discuss risks openly and constructively, partly due to the Agency's defensive culture (Finding F).

52. In order to address these issues we recommend that:

R14. STA identifies its biggest delivery risks, and makes an assessment about the risks it can and cannot mitigate under current structures. Contingency plans should be owned, prepared and documented for each scenario.

R15. STA considers options for building more resilience into their operating model, balancing their risk appetite against value for money.

R16. The effectiveness of existing governance and accountability structures should be considered. There should be an effective forum for risk discussion to provide scrutiny and challenge of STA strategic risks. Senior managers should have clear oversight of risks, and receive sufficient assurance that the risk management process is adequate and working effectively. There should be clear structures to systematically and promptly escalate risk to the right level to enable action to be taken.

53. The implementation of these recommendations should be supported by a better end to end view of STA processes (R12, R13).

K. There is insufficient expertise in contract or financial management, leading to poor value for money outcomes.

54. STA employs a number of specialists, including psychometricians, test developers, data analysts and project managers. However it has very few professional contract managers or negotiators, despite contracts representing a significant proportion of its business.

55. STA has a forecast programme budget (mostly contractual spend) of around £55m for 2016 to 2017, compared to an administrative budget of £4m. There are 63 live contracts as of 1 August 2016, worth around £122m over their lifetimes. Many of the key activities that STA undertakes through the test cycle are delivered by outsourced suppliers.

56. We found some serious concerns with STA's approach to contract management.

- Contract management is devolved to particular contract managers, with little strategic oversight. There are 18 separate contract managers, 10 budget holders and 3 budget managers as of 1 August 2016. However, there is no governance group where STA contracts are considered as a whole.
- There is no single register of all STA contracts or variations, and no clear oversight of expenditure against budget at contract level.
- There is no strategic renegotiation plan – each contract is renegotiated as required, often at a local level. There is no core procurement team that can verify value for money across the whole agency.

- There are few commercial specialists involved in day to day management of contracts. While this is common across DfE, it is sub-optimal in an agency with such significant delivery contracts.
- Some STA frameworks have only one supplier listed, fostering unhealthy power dynamics in the supplier's favour.
- In some cases, STA divides the management of a single contract between multiple contract managers. From the suppliers' perspective, this can lead to conflicting and confusing responses – as well as diluting STA's overall bargaining power. Close monitoring of suppliers has also led to some challenging relationships.

57. To some extent, these issues are the result of a strategic decision by DfE in 2014 to move to a 'shared services' approach, where commercial expertise is held centrally, and deployed where required.

58. In practice, since the move to a 'shared services' approach, STA has struggled to get hold of suitable commercial expertise and advice. Where STA has had access to central commercial support from the wider DfE, the experience has been mixed. STA leaders felt they got general advice, but needed a commercial specialist to take leadership and accountability for specific complex negotiations.

59. The lack of a structured, strategic approach and insufficient commercial expertise means that STA is unlikely to be getting best value for money from current outsourcing – both in terms of negotiation and day-to-day management.

60. STA is aware of these issues, and has been working with commercial support from DfE to strengthen commercial skills.

61. More broadly, there is a sense that contract management is not given the same importance as the technical work carried out by STA. Stronger contract management support is vital for getting the best out of STA's business model.

62. In order to address these issues we recommend that:

R17. STA establishes clear oversight of all procurement, contracts, grants, the commercial pipeline and financial information. STA should ensure it has a central, up-to-date and complete source of all contract and grant information, including tracking of procurement, contract variations and contract information at budget level, consistent with DfE operational tools. Budget monitoring should be performed at contract level, with clear oversight of how contracts fit with financial year budgets.

R18. STA has appropriate access to skilled commercial and financial experts to support contract procurement, negotiation and management – whether this is provided centrally or locally. STA should establish proactive training to upskill staff where required.

R19. STA defines a clear value for money framework, and uses this to assess and monitor existing and future contracts, ensuring that these represent best value.

63. STA requirements should be considered as part of DfE's wider review into the roles of commercial and financial business partners.

L. STA does not make sufficient use of performance data and management information in strategic decision-making, which makes it difficult to judge value for money.

64. STA makes good use of performance data for managing specific operational processes, especially on the test operations side (Finding B).

65. However, STA does not use data to measure or manage its performance outcomes on an enterprise level. In particular, it does not have a clear sense of its key performance metrics, lacks a central data 'hub' accessible to everyone, and it is not clear that anyone is empowered to look at performance data across piece. This makes it difficult for the leadership team to make evidence-based judgements about the performance of the Agency as a whole, to spot pressure points, or to provide an effective challenge to the business.

66. A lack of data also impedes value for money optimisation, with operational decisions being taken on the basis of other factors. In particular, the lack of data has made it easier for a sense of professional perfectionism to trump value for money considerations (Finding M).

67. In order to address these issues we recommend that:

R20. STA establishes a central performance analysis team. This team should be responsible for putting together a central performance 'hub' that brings together all relevant performance data and metrics into one accessible place. The team should be responsible for and empowered to look at and analyse performance data across the Agency. They should spot strategic and specific local level issues, and facilitate conversations so that senior managers and leaders understand the issues and are able to develop solutions.

R21. STA identifies a set of key performance indicators to help monitor and assess its own performance. These are communicated to all staff, to build corporate ownership

M. STA culture often focusses on professional perfectionism, rather than considering the best balance between competing objectives, such as delivery concerns and value for money.

68. There is a sense within STA that their primary objective is to develop a testing regime that is as near to professionally perfect as possible. This was apparent in a number of areas, such as:

- In contract management where STA has made a number of contract changes to improve tests. Stakeholders suggested that some requirements go beyond industry or international benchmarks, and amount to 'gold-plating'.
- In conversations with stakeholders, where the perception is that STA has sometimes taken an adversarial tone, and has been unwilling to consider compromises which impinge on its perceived professional purity, even when these would allow end users (such as schools) to handle the process better.
- In operational terms, where the drive to ensure that tests are perfect has sometimes compressed delivery timetables, putting staff under more pressure and increasing the risk of errors.

69. The lack of performance data (Finding L) and defensive culture (Finding F) mean the Agency has had difficulty in pushing back on some of these tendencies.

70. In order to address these issues we recommend that:

R22. STA considers the balance it wants to strike between quality and value for money in its operations. In particular, it should consider the extent to which it wants to 'gold plate' some of its development methodology, and ensure that value for money analyses form a standard part of its decision-making.

N. Resourcing and knowledge management are problems, reducing operational resilience, and increasing the risk of errors.

71. STA had been carrying a high rate of vacancies (around 15% last year) across its business. The vacancy rate is particularly acute for STA specialists, such as for psychometricians.

72. STA has taken steps to address the issue of specialist skills shortages. But these do not go far enough, and are generally incremental in nature, rather than considering fundamentally different recruitment models. For example, rather than focussing only on recruiting fully-trained psychometricians, STA could consider recruiting skilled graduates, and instituting structured training programmes to build the skills they need. This would mean accepting a performance J-curve, but could be a more sustainable model in the medium-long term. The Agency might also consider a closer working relationship with the DfE analytical community, to support professional development.

73. There is no systematic approach to knowledge management. STA staff expressed concerns that knowledge is concentrated in key individuals, and that there are no structured mechanisms to ensure that knowledge was shared effectively.

74. Together with the high vacancy rate, this means there is an over-reliance on individuals for business delivery. This is unhealthy for the individuals, and risks a significant loss of knowledge when they go. The business may be at risk if a few key people leave in quick succession.

75. The high vacancy rate also means that STA are often reliant on the goodwill of their staff, who work extremely hard, including overtime, to make up the shortfall and ensure delivery. Whilst we found staff to be dedicated and supportive of the Agency's aims (Finding D), this is not a sustainable solution.

76. We found little evidence of strategic succession plans or a reconsideration of the business model in order to reduce reliance on scarce resources.

77. In order to address these issues, we recommend that:

R23. STA establishes a forward-looking resource plan that aligns with the strategic plan (R2) and addresses issues of retention, succession planning, recruitment and predicted skills requirements.

R24. STA considers alternative recruitment models for some of its specialists, and builds closer links to the wider DfE analytical community.

R25. STA ensures that effective knowledge management mechanisms are in place across the Agency, to ensure knowledge and skills transfers where necessary.

O. STA needs to be more focussed on the needs of its customers, and improve its approach to strategic communications and stakeholder engagement

78. STA is good at running technical processes, and customer feedback shows appreciation for the Agency's professionalism and dependable rhythm.

79. STA is less adept at thinking about its customers in its process design. Feedback from STA external stakeholders and customers reflected a perception that STA thinks about tests as the outcome, rather than considering the impact and implications for the classroom.

80. We found that STA stakeholder management could be improved. STA stakeholders expressed a desire for improved engagement and frustration at a lack of effective communication. This is partially due to the Agency's lacking strategic capability (Finding E). It also reflects a lack of stakeholder management skills within the Agency.

81. In 2016 STA relied heavily on expertise brought in from the wider department to deliver its strategic communications. Building a better sense of customer requirements into STA processes, and bringing in more stakeholder management capability will enable the Agency to deliver more effectively, and in a way that is more sensitive to customer needs.

82. In order to address these issues we recommend that:

R26. STA ensures that its processes are customer-centric, and its delivery is designed with the customer in mind.

R27. STA establishes a strategic and constructive approach to stakeholder engagement and communication. This should involve bringing in the appropriate skills, thinking strategically about stakeholder consultation and communications, and putting in place appropriate structures to deliver this.

R28. Feedback loops are established, so that STA can listen to its customers and stakeholders and adapt to feedback accordingly.

Annex A

List of recommendations

Strategic direction

R1. STA establishes an infrastructure that enables stronger strategic oversight of the Agency. This should include a stronger corporate centre, supported by clearer end-to-end oversight (R12, R13) and access to meaningful performance data and analysis (R20), as well as clarity over the focus of each of its leadership vehicles.

R2. A forum and/or function is established for considering STA strategy and strategic direction. This should include developing a 5 year strategic plan for the Agency.

R3. Mechanisms are established to ensure that all STA staff understand and are engaged in the strategic direction of the Agency and can see how their roles contribute to the Agency's strategy and objectives.

Culture

R4. STA focuses on building a constructive, collaborative and corporate culture across the Agency. The senior management team should reflect and role model these behaviours, supporting all staff to take corporate initiative and ownership for issues that fall outside of their responsibility.

R5. Staff are engaged in articulating a cultural vision for the Agency, to make sure that staff understand what is expected of them. This should include a statement of the Agency's risk appetite, and aim to build the confidence and morale of its staff, empowering them to make appropriate decisions.

Assurance processes and culture

R6. STA establishes clear senior level oversight of assurance processes, with named senior managers accountable for specific processes. Senior managers should satisfy themselves that internal controls are adequate and working effectively.

R7. Consistent, comprehensive and proportionate assurance processes are used across the Agency. All processes should be documented, owned and shared across teams in the Agency, in order to improve visibility and oversight, and ensure that assurance processes, particularly those involving hand-offs, are complete and without gaps.

R8. Escalation routes are clear and defined, to allow prompt remedial action to be taken to resolve issues where they arise.

R9. Feedback loops are in place to identify recurring issues and themes for resolution and future prevention. Processes should be continually updated to reflect feedback received. Training is provided to staff so that everyone is aware of the processes in place and how to follow them.

Policy and delivery

R10. STA should improve the communication and information flow between its policy and delivery functions. It should ensure there are clear structures in place for decision making, allowing delivery and policy impacts to be considered together, and considered in the context of STA strategy (R2, R3).

R11. STA improve its information flow with the wider DfE policy, strategy and delivery community - ensuring STA delivery constraints are reflected in wider thinking, and that wider strategic and policy trends are recognised and acted upon by STA where appropriate.

End to end oversight

R12. One senior leader is appointed to take responsibility for end to end oversight across STA operations, from policy to test delivery. This individual should be supported in facilitating strategic thinking and discussion about STA processes, and empowered to provide a challenge function to the rest of the business: championing value for money and highlighting enterprise-level issues and opportunities.

R13. A single end-to-end process map is developed and maintained. This discipline may help to highlight enterprise-level issues, risks and opportunities. It should also help to ensure that risks that fall between teams are identified and allocated.

Risk

R14. STA identifies its biggest delivery risks, and makes an assessment about the risks it can and cannot mitigate under current structures. Contingency plans should be owned, prepared and documented for each scenario.

R15. STA considers options for building more resilience into their operating model, balancing their risk appetite against value for money.

R16. The effectiveness of existing governance and accountability structures should be considered. There should be an effective forum for risk discussion to provide scrutiny and challenge of STA strategic risks. Senior managers should have clear oversight of the most significant risks facing the Agency, and receive sufficient assurance that the risk management process is adequate and working effectively. There should be clear structures to systematically and promptly escalate risk to the right level to enable action to be taken.

Procurement and contract management

R17. STA establishes clear oversight of all procurement, contracts, grants, the commercial pipeline and financial information. STA should ensure it has a central, up-to-date and complete source of all contract and grant information, including tracking of procurement and contract variations and contract information at budget level, which is consistent with DfE operational tools. Budget monitoring should be performed at contract level, with clear oversight of how contracts fit with the financial year budgets.

R18. STA has appropriate access to skilled commercial and financial experts to support contract procurement, negotiation and management – whether this is provided centrally or locally. STA should establish proactive training to upskill staff where required.

R19. STA defines a clear value for money framework, and uses this to assess and monitor existing and future contracts, ensuring that these represent best value.

Central performance analysis

R20. STA establishes a central performance analysis team. This team should be responsible for putting together a central performance ‘hub’ that brings together all relevant performance data and metrics into one accessible place. The team should be responsible for and empowered to look at and analyse performance data across the Agency. They should spot strategic and specific local level issues, and facilitate conversations so that senior managers and leaders understand the issues and are able to develop solutions.

R21. STA identifies a set of key performance indicators to help monitor and assess its own performance. These are communicated to all staff, to build corporate ownership.

R22. STA considers the balance it wants to strike between quality and value for money in its operations. In particular, it should consider the extent to which it wants to ‘gold plate’ some of its development methodology, and ensure that value for money analyses form a standard part of its decision-making.

Resourcing

R23. STA establishes a forward-looking resource plan that aligns with the strategic plan (R2) and addresses issues of retention, succession planning, recruitment and predicted skills requirements.

R24. STA considers alternative recruitment models for some of its specialists, and builds closer links to the wider DfE analytical community.

R25. STA ensures that effective knowledge management mechanisms are in place across the Agency, to ensure knowledge and skills transfers where necessary.

Stakeholder management

R26. STA ensures that its processes are customer-centric, and its delivery is designed with the customer in mind.

R27. STA establishes a strategic and constructive approach to stakeholder engagement and communication. This should involve bringing in the appropriate skills, thinking strategically about stakeholder consultation and communications, and putting in place appropriate structures to deliver this.

R28. Feedback loops are established, so that STA can listen to its customers and stakeholders and adapt to feedback accordingly.

Annex B

Methodology

1. We used 3 key approaches in our investigation.
2. First, we used a series of structured interviews. We carried out over 55 structured interviews so far. This covered:
 - the entire STA senior management team
 - further selected members of STA staff
 - key stakeholders within DfE
 - key external stakeholders – including Ofqual, schools, local authorities, teaching representatives, testing experts and suppliers
3. Second, we used a series of structured workshops. These covered a further 59 STA staff, primarily at middle to more junior grades. We used qualitative analytical techniques to maximise the value of these workshops. Key features included:
 - using facilitators that were independent to the review team, to avoid potentially biasing outcomes
 - structuring workshops such that all outcomes were unattributable – to encourage openness and honesty from participants
 - using an independent non-DfE social research professional to peer review the structure and outcomes of the workshops, to assure analytical validity
4. Third, we used desk research. We reviewed significant numbers of internal STA and DfE documentation, alongside previous reviews and audit material. The NAO and GIAA have carried out recent audits and reviews into STA.
5. We have been mindful of the need for a clear audit trail, and for structured knowledge management to support follow-up by STA and DfE. We have therefore taken the following steps:
 - all review evidence has been documented and archived
 - we have a structured evidence log, which maps our evidence to each of our findings, showing the basis on which each finding was made
 - our structures and conclusions have been reviewed by a professional auditor, to ensure that they meet appropriate audit standards

Annex C

STA background

1. The Qualifications and Curriculum Authority (QCA) was formed on 1 October 1997, with the remit to maintain and develop the National Curriculum and associated assessments, tests and examinations, and to regulate all external qualifications in England. QCA's regulatory role was transferred to Ofqual in 2010. In the same year, the QCA was abolished and a new Executive Agency was established as part of DfE.
2. STA was established in 2011 with the remit to develop and deliver statutory national curriculum assessments. Since then STA's remit has been extended; STA now set the tests to assess children in education from early years to the end of key stage 2, develop the professional skills tests for trainee teachers, and manage the collection of general qualification papers. As an executive Agency, STA sits within DfE.
3. Ian Todd became Chief Executive Officer with the creation of STA in 2011. He was replaced by Claire Burton at the start of 2015. The STA had an interim Chief Executive, Jennifer Coupland, providing maternity cover between February and October 2016.



Department
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