ofqual

Corporate report

Annual Report and Accounts 2020 to 2021

Updated 20 July 2021

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Chair's foreword

For the past 16 months, the Covid-19 pandemic has disrupted all our lives. Our responsibility to everyone who takes, uses and relies on qualifications has not changed – they need to be confident in the quality and value of those qualifications.

I pay tribute to all those in schools, colleges and training providers whose work has been upended during this period, to parents juggling work with supporting children at home and, most of all, to students and learners whose education has been so disrupted by the pandemic.

A major question for us as a country has been how to award qualifications in the absence of exams, both last summer and this year, and the challenge of the increasing unevenness of the playing field for students and learners, owing to the bumpy impact of the pandemic. Schools and colleges have worked in ways they have never had to work in before so students and learners could be issued with grades.

Exceptional arrangements were made for a wide range of qualifications. Ofqual colleagues worked with stakeholders to set up and deliver the fairest possible system for as many students and learners as possible last summer. In the end, the approach developed for GCSE, AS and A levels did not command public confidence, and Ofqual took the decision that exam boards would award centre assessment grades (CAGs) unless the standardised grade was higher. Changes to some other qualifications, such as BTECs, followed. My predecessor, Roger Taylor, apologised publicly for our part in this and set out lessons learned. Evaluation and research carried out on last summer, have informed our approach to awarding in 2021.

This year, though, has raised some extra challenges. Students' and learners' education and training have been affected differently due to the course of the pandemic. Following the government's decision that it was no longer fair for exams to go ahead as planned, and mindful of the critical importance of securing public confidence, we published national consultations on proposals for awarding in January 2021 jointly with the Department for Education (DfE).

We are grateful to the 100,000-plus people and organisations who responded to our consultations. There was a high degree of consensus around the principles we proposed, which we have used to build the approaches to be taken this year for exam boards and awarding organisations to award results. We have required awarding organisations to provide structured support for teachers, schools and colleges as they determine grades for 2021, and this is accompanied by a robust quality assurance system delivered by exam boards.

To those young people, students and learners affected by the decision that exams and assessments could not go ahead fairly last year, and this year, we are doing all we can to make sure grades are awarded as fairly as is possible to help you move forward to the next stage in your lives.

Ian Bauckham CBE

Chair

8 July 2021

Performance report

Overview

In this section, we outline Ofqual's role and provide an assessment of our performance against our goals and objectives over the reporting period.

Ofqual's role

Ofqual is the independent qualifications regulator for England. At the end of March 2021, we regulated 161 awarding organisations, and nearly 12,000 qualifications for which certificates were issued last year. These include GCSEs, AS and A levels, Functional Skills, technical qualifications in T levels and a wide range of other qualifications. By the end of March 2021, we were providing external quality assurance (EQA) for 100 new apprenticeship assessment standards.

Ofqual has five statutory objectives, which are set out in the Apprenticeships, Skills, Children and Learning Act 2009. They are:

- to secure qualification standards
- to promote National Assessment standards
- to promote public confidence in regulated qualifications and National Assessment arrangements
- to promote awareness of the range and benefits of regulated qualifications
- to secure that regulated qualifications are provided efficiently

On 18 March 2020, the government's announcement that exams in schools and colleges would not take place marked a significant change in the way that we were able to fulfil our role as regulator. In light of the Covid-19 pandemic, we focused on four priorities. These were:

- regulating GCSE, AS and A levels in response to Covid-19
- regulating vocational and technical qualifications in response to Covid-19
- supporting quality in regulated qualifications and assessments
- managing our people, resources and systems

Ofqual is a Non-Ministerial Department and therefore we receive our core funding directly from Her Majesty's Treasury (HM Treasury). Where we regulate to support the government's wide-ranging skills reform programmes, we receive additional funding from the DfE. In 2020 to 2021, our funding was secured through the 2019 Spending Round (SR19). We received funding of £23.6 million, including £4.7 million to deliver key milestones in the following programmes:

- Apprenticeships EQA
- Strengthening non-GCSE performance table qualifications at Key Stage 4
- T levels
- Digital Functional Skills
- Essential Digital Skills
- Review of qualifications at level 3 and below

Regulatory approach

Ofqual has a range of regulatory tools to secure its objectives. Each year we undertake activities targeted at the greatest risks to our statutory objectives. We talk and listen to a wide range of stakeholders so that our work is targeted well and our decisions are properly informed by those they will affect.

Ofqual controls entry to the regulated market, creates rules and provides guidance for awarding organisations to ensure regulated qualifications are fit for purpose, valid and delivered safely. Ofqual monitors qualifications as they are delivered and conducts evaluations of how qualifications function to ensure they are meeting the needs of users and are being delivered safely and efficiently. Where qualifications are not meeting users' and learners' needs, we have a range of enforcement tools at our disposal to make sure the situation is put right.

We monitor how awarding organisations manage incidents which might have an impact on learners, standards or public confidence, and intervene where necessary to mitigate that impact. We gather data and publish statistics to provide transparency on key features of qualifications and the qualifications market. Where appropriate, we use the reform of qualifications as an opportunity to ensure that qualifications are well designed, threats to validity are minimised, and risks to safe delivery are anticipated and mitigated.

We work with and, where possible, align our approach with the regulators in the devolved administrations in order to minimise the burden on those impacted by our regulations.

Summary of key activities

The main focus of our work in 2020 to 2021 has been our response to Covid-19 and the government's decision that it was no longer fair for most exams and assessments to go ahead as planned. In summer 2020, awarding organisations delivered GCSE, AS and A level grades based on centre assessments, rather than exams. This unprecedented approach required a substantial and significantly different programme of work compared to our usual summer exams regulation.

For vocational and technical qualifications, we implemented an Extraordinary Regulatory Framework (ERF) to enable and support the awarding of results to learners in summer and autumn 2020. This gave awarding organisations the appropriate level of flexibility needed to adapt their qualifications in relevant ways considering public health restrictions, or to award grades based on centre assessments.

We continued our priority programmes to secure quality in regulated qualifications in the medium term alongside our immediate responses to Covid-19. We focused our work on three areas: ensuring quality in new and reformed qualifications, addressing systemic risks and promoting an efficient and effective market.

The current programme of reforms is broad, including the introduction of technical qualifications within the T level programme, the continued introduction of End-Point Assessment (EPA), the review of post-16 qualifications at level 3 and below, and developing new higher-level technical qualifications at levels 4 and 5. We are playing an active part in these reforms, working closely with the Institute for Apprenticeships and Technical Education (the Institute), to secure high quality qualifications for those who take, use and rely on them.

The Covid-19 pandemic impacted on the risks to Ofqual achieving its objectives. The pandemic created a heightened and dynamic risk environment which was managed and reported through our Audit, Risk and Assurance Committee. The Board has considered it appropriate to adopt a going concern basis for the preparation of this report.

The United Kingdom's exit from the European Union has had no impact on Ofqual's strategic objectives in 2020 to 2021.

Chief Regulator's review of the year

My first working day at Ofqual was 4 January 2021, as chance would have it, the day that the Prime Minister announced that, in light of new lockdown measures, this summer's exams could not proceed normally. This reflected the reality that much of Ofqual's activity throughout the year from April 2020 to March 2021 has been affected by the need to plan for and respond to the challenges the pandemic has created for the public exam system.

The pandemic has had enormous repercussions in every field of life, not least education. Schools, colleges and training providers have had to move to remote learning and assessment using new technologies and approaches to teaching, a shift that would have taken years in normal times. Students and learners have experienced disruption, loss of learning, missed opportunities for social interaction and development and many have suffered from stress and anxiety as a result. Teachers have faced a significant workload, having to carry out extra tasks and duties.

Last spring, exams did not take place on public health grounds. In light of this and in response to the Secretary of State's Direction, Ofqual put in place measures to award qualifications, seeking to maintain qualification standards for the cohort as a whole so far as possible, and to be as fair as possible to individual students and learners.

Last summer, concerns about the impact of the standardisation model for GCSEs, AS and A levels, about the appeals arrangements and a general sense of lack of student agency led to a feeling that the system was not fair, and to our decision to change the approach. We have carried out and published a wide range of evaluative work on summer 2020 awarding.

In January this year, in response to the government's decision that it was no longer fair for exams to go ahead as planned in 2021, we carried out two wide-ranging public consultations on how qualification results should be derived this year, which we embarked on jointly with the DfE. We published our decisions from those consultations in February and in March we published the regulatory requirements that awarding organisations will be required to meet as they award grades this year. This summer's approach to awarding will see a collective effort involving many people and organisations, many of them working in ways that would have been unfamiliar in pre-Covid times.

Awarding qualifications when exams and assessments cannot take place is in its nature problematic. Awarding last summer and for this academic year happens only with a great deal of input from stakeholders across the education and skills system, including school and college leaders, teachers, students, parents, employers, exam boards, universities, and equality and human rights groups. I thank them all.

I am also grateful to awarding organisations who, after we announced the framework for vocational and technical qualifications last year, worked hard to innovate and make adaptations so that learners could gain the qualifications they need to get work and to get on at work in the context of the pandemic. Our work with the Institute to support the introduction of T levels and the ongoing expansion of our EQA of apprenticeship EPA has continued this year, as well as supporting the DfE's review of post-16 qualifications.

Throughout the year our staff have continued to work remotely; our people and our IT infrastructure have proved remarkably resilient. I am grateful to all Ofqual colleagues for the hard work and dedication they continue to show. Despite the ongoing disruption caused by Covid-19, our financial position at the end of the year was within budget for our net operating expenditure of £22.7 million.

We are now very actively engaged in implementing arrangements for this summer's awarding and, more generally, for a hoped-for return to more normal conditions in the course of 2022 and beyond.

Simon Lebus

Interim Chief Regulator and Accounting Officer

8 July 2021

Performance analysis

Details about how we delivered each of our four organisational priorities in 2020–21 are provided below.

Regulating GCSE, AS and A levels in response to Covid-19

Ofqual is responsible for regulating GCSEs, AS and A levels in England, known as general qualifications. Our aims, based on our statutory objectives and duties, are set out in our Corporate Plan 2020 to 2021.

Our regulation of general qualifications in England takes place in the context of government policy. In recent years, the majority of assessments for these qualifications have been carried out at the end of students' and learners' courses of study. For GCSEs and A levels this usually involves exams at the end of a 2-year course. In summer 2020, due to the pandemic, exams did not take place, therefore Ofqual oversaw arrangements for exam boards to award CAGs for general qualifications.

This changed the nature of our work compared to normal, pre-pandemic years, where our focus would be on monitoring exam delivery or quality of marking and moderation. National Assessments (statutory primary assessments, also known as SATs) did not go ahead in 2020. They were not replaced by any other form of assessments and so we did not monitor or report on National Assessments as we would in a usual year.

In light of the burden on exam boards and awarding organisations, which needed to make very significant changes due to the pandemic, we put on hold work that would have created additional burden. This included work to consult on updates to our regulations, the introduction of new guidance in relation to accessible assessments and changes in how we take regulatory action.

Preparations for summer 2020

On 18 March 2020, the government took the decision that exams in summer 2020 could not go ahead fairly in light of the Covid-19 pandemic. The Secretary of State committed to students and learners that a system would be put in place so that grades would be provided in the absence of exams and assessments for an anticipated 5.3 million GCSE and 0.8 million A level grades.

Following a Direction received from the Secretary of State at the end of March 2020, Ofqual put in place a package of measures, following a consultation launched in mid-April 2020 with over 12,000 responses. The final package of measures consisted of standardised teacher assessments, known as 'calculated grades', an appeals process, a separate complaints process for malpractice or maladministration and the ability for students to subsequently take the exams they had been denied the opportunity to sit when it was safe again to do so. To support this process, centres were asked to provide rank orders of students, along with CAGs. CAGs were intended to represent the grade centres expected students to achieve had exams gone ahead. This package also included the approach to statistical standardisation, access for private candidates and the proposed additional autumn exam series.

To promote equality and fairness, we issued guidance to centres on how to maintain objectivity in making their judgements on ranking and grading. We also confirmed that a student who had evidence of bias or discrimination would be able to raise this with their centre and that an exam board could investigate such evidence as indicating possible malpractice or maladministration. We carried out full equalities impact assessments, and consulted on these, in relation to our proposals. Following a short technical consultation with exam boards, we introduced in early June 2020 our regulatory framework for general qualifications (GQCov), to put the required Conditions and Guidance into place.

We considered the approach to appeals carefully, given the mixed responses to our proposed approach. We provided for appeals to be made on the basis that the standardisation model had used evidence that was not appropriate for a specific centre. The appeals process was confirmed on 6 August 2020. We considered what further changes may be made to the appeals arrangements following the Secretary of State's announcement on 11 August 2020 of a guarantee that results should be no lower than a student's mock exam result. The parts of the appeals process that related to calculated grades (as distinct from errors in the submission of CAGs) was not, in the end, used as had been envisaged. CAGs (or the calculated grade where this was higher) were issued to students and learners, rather than calculated grades.

External Advisory Group and quality assurance

Shortly after the decision by the government that the summer 2020 exams and assessments would not go ahead, Ofqual established an External Advisory Group (EAG) to consider technical matters relating to the awarding of grades in GCSE, AS and A level qualifications in 2020 and to advise the Ofqual Board on the related issues. We appointed 10 independent members from the statistical and assessment communities to the EAG, three of whom were members of the Royal Statistical Society. Two Ofqual Board members were also on the EAG, including Ofqual's Chair.

The EAG considered matters including the principles for grading GCSE, AS and A level qualifications in summer 2020, the approach to testing the most appropriate technical model and quality assurance of outcomes. The model that was chosen performed most accurately using test data from summer 2019. This included testing to ensure that the model did not introduce bias, which it did not.

Exam boards and Ofqual carried out a range of quality assurance processes across different stages of the process, data collection and analysis. Exam boards worked closely together to ensure a consistent approach was taken by each of them. Quality assurance activity included requiring Head of Centre declarations to confirm judgements were accurate and final quality assurance checks at 'Maintenance of Standards' meetings with exam boards, Ofqual and regulators in Wales and Northern Ireland. The provision of an appeals process and the autumn exam series were also important components of the process to support the provision of grades that were as accurate as possible in the circumstances.

To ensure compliance with data protection legislation and relevant guidance from the Information Commissioner's Office (ICO), we completed a Data Protection Impact Assessment, published a privacy notice and engaged directly with the ICO. We subsequently published a privacy impact statement on our website to enable all stakeholders to understand in plain language the processing of personal data that was taking place in relation to 2020 grades. Our communications set out that grades would be awarded using a combination of human judgement (in the form of rankings and, or, CAGs) and statistical standardisation, including the data on which the standardisation process would be based.

Communications and engagement

We carried out a wide range of communications and stakeholder engagement activity to support public and stakeholder understanding of the significant change in arrangements for 2020. This informed our approach and included over 200 meetings with a wide variety of stakeholders and we held focus groups.

Our social media campaign resulted in over 9 million impressions and over 77,000 click-throughs. We also published 23 communications products mailed to over 3,000 schools and colleges, to inform a variety of groups about the approach we were taking and what it meant for them. We published two student guides with over 40,000 and 30,000 downloads respectively, including British Sign Language versions. Our detailed guidance for parents, carers, students and learners was downloaded more than 300,000 times. We published seven blogs on summer awarding with over 100,000 views in total, including one that outlined the data that would be used in the model.

Later in July 2020, we hosted a symposium to provide information about results and feedback on data received and analysed. We provided additional details of the standardisation model, including some of its limitations. We published preliminary findings of our equalities analysis, a fact sheet describing the standardisation process, a video explanation of grading in 2020 and, subsequently, a student guide.

Public confidence and results days

Following the release of Scottish Highers results on 4 August 2020, public concerns about the fairness of results generated without exams grew significantly. On A level results day, 13 August 2020, we issued an interim report on the awarding of GCSE, AS, A level, advanced extension awards and extended project qualifications in summer 2020. This set out the principles behind the decisions made, explicit details of the model used and a summary of the equalities analysis, which confirmed our initial analyses that there was no systematic bias in the process of producing calculated grades.

The exam boards issued centres with information to help centres understand how grades had been calculated for their centre.

Notwithstanding this, concerns about fairness grew significantly following A level results day, including from parents, students, teachers, tutors, schools and college leaders, stakeholders and in public opinion more widely. In response to this lack of confidence in standardised grades, the Ofqual Board took the decision to award students and learners the higher of the CAG or calculated grade for AS and A levels. GCSE results were issued on this basis on 20 August 2020. We recognised that the approach we took in summer 2020 was ultimately not widely accepted and had a detrimental impact on public trust and confidence in qualifications. Our Chair apologised publicly for our part in this and set out lessons learned, which have informed our approach to awarding grades in summer 2021. We quickly put measures in place to increase our public enquiries capacity to make sure that people could contact us, receiving over 7,000 phone calls in August alone.

Outcomes

Reverting to CAGs, or the calculated grades where they were higher, meant that results in GCSE, AS and A levels were significantly higher in summer 2020 than in previous years. Overall, A level A and A* grades were up by 13 percentage points and GCSE grade 4 and above by 9 percentage points.

It is likely that this was due to a combination of factors, including the decision to issue the higher of the CAG or calculated grade, a general tendency for teachers to err on the side of generosity in borderline cases or where exam performance was difficult to predict, and inconsistency in approach between centres.

A summary of the year-on-year trend is set out in the figures below. More information and analysis of summer 2020 outcomes is available at gov.uk '2020 results and analysis'.

Figure 1 A level outcomes: all candidates

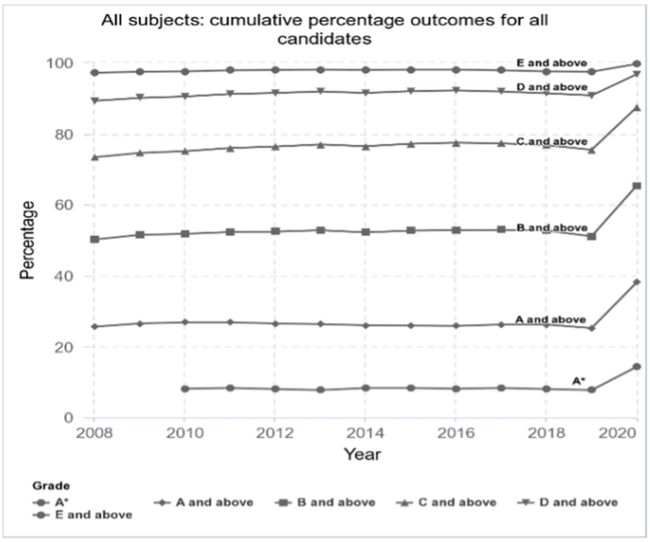
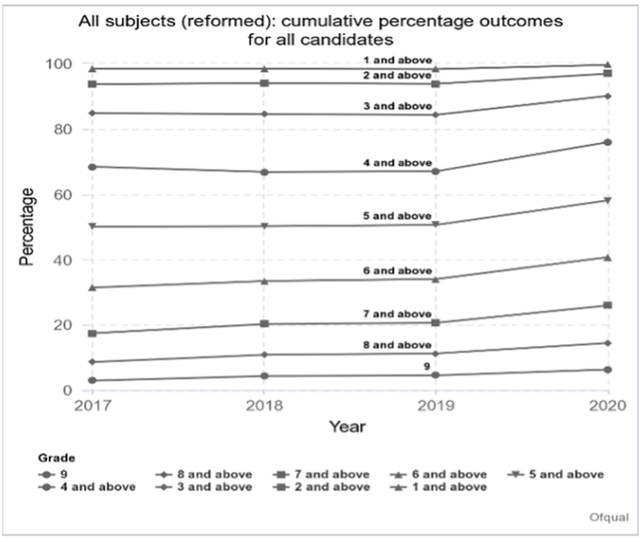


Figure 2 GCSE level outcomes: all candidates



Evaluation

We have carried out and published a wide range of evaluative work on summer 2020 results to promote understanding of the process, support system learning and provide transparency. We published four key reports that were accompanied by interactive visualisations of the summer results:

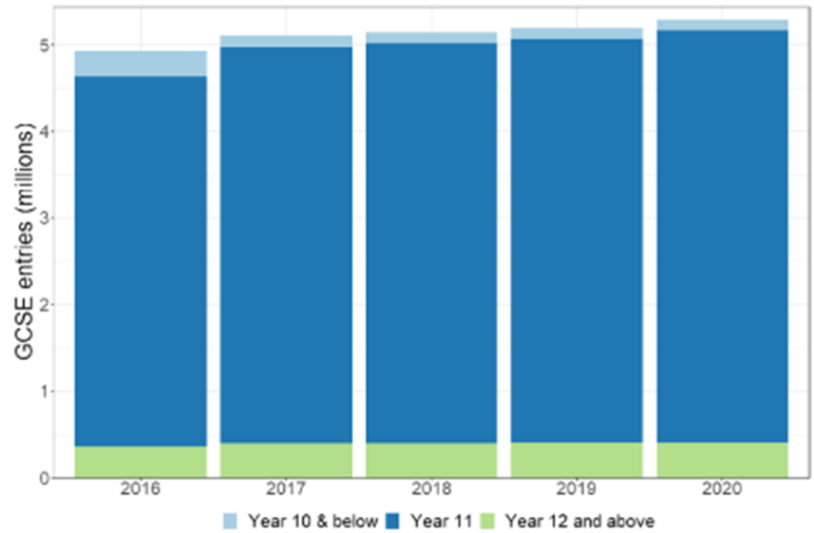
- detailed equalities analysis, confirming the approach did not systemically disadvantage groups of students on the basis of particular protected characteristics or socio-economic status
- summer results analysis, showing the outcomes of the standardisation model including a breakdown of outcomes with CAGs, calculated grades and final grades by centre type
- standardisation of grades in general qualifications in summer 2020, looking at how we sought to identify students and learners where the standardisation model might have been unreliable. We concluded that a post-results appeal process was essential in such cases – though this was not ultimately used after CAGs, or calculated grades where they were higher, were issued
- impact of calculated grades, centre assessment grades and final grades on inter-subject comparability in GCSE and A levels in 2020, setting out a more technical analysis to help contribute to our understanding of grading in 2020, which will be used to support awarding in future years.

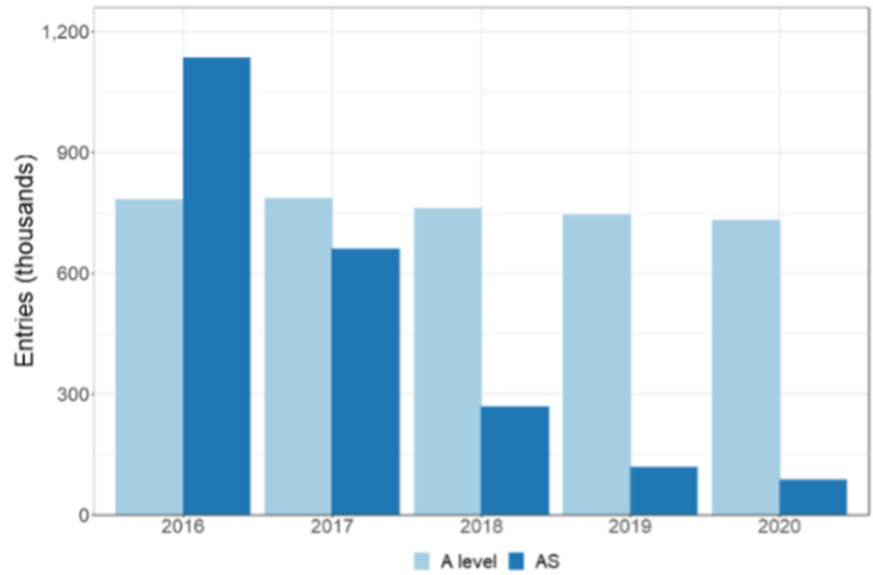
To allow others to review and evaluate Ofqual's approach and support system learning and transparency we also released the computer code developed to support awarding of calculated grades in summer 2020. We initiated a data-sharing project through an independently chaired advisory board with the Deputy Chief National Statistician, the University and Colleges Admission Service, the DfE and the Office for Standards in Education (Ofsted) to give approved researchers greater access to the data used in 2020 awarding and its outcomes.

Entries for summer 2020

Students and learners had largely been entered for qualifications prior to the summer exam series not going ahead. Changes in entry numbers relative to previous years broadly reflected changes in the cohort sizes. For the summer series, GCSE entries increased by 2% to 5,281,745, mostly in entries for English Baccalaureate, or EBacc, subjects. This increase corresponds with an increase of 3% in the size of the 16-year-old cohort in 2020. Entries for the summer 2020 A level exam series decreased by 2% overall compared to 2019 (from 745,585 in 2019 to 731,855 in 2020), in line with a decrease in the size of the 18-year-old cohort, which fell by 3%. The overall entry for AS in summer 2020 decreased by 26% from 117,595 in 2019 to 86,970 in 2020. This is a continuing trend since the decoupling of AS and A levels in 2015.

Figure 3 Exam entries





The largest entries for GCSE subjects were in combined sciences, maths, English language and English literature (each having more than 500,000 entries). The largest entries for A level subjects were maths, psychology, biology and chemistry (each having more than 50,000 entries). Additional information about summer 2020 entries can be found at gov.uk statistics.

Appeals

GCSE, AS and A level grades were finally awarded based on the higher of either the CAG or the calculated grade. Centres could appeal based on any of the following factors: procedural inconsistencies at the exam board, incorrect result issued by the exam board, centre error, incorrect dataset used by the exam board, error introduced by the

exam board into the dataset used, or, for grades changed by the original standardisation model, an exceptional factor that undermined the assumption that using a default data set for statistical standardisation was the most likely to lead to consistent results.

Data from 2020 is not comparable with earlier years as the appeals and awarding process was very different in 2020.

In 2020, overall, 0.5% of the 6 million grades certified for GCSEs, AS and A levels were challenged, compared to 6% of exam grades in the previous year. Of the 27,560 grades challenged, 4,890 (18%) were changed. There were 2,995 appeals upheld. Only a small proportion (3%) of initial reviews progressed to an independent review. The vast majority of appeals in 2020 were made on the basis of centre error, with two-thirds of the appeals for GCSE. This included appeals on the grounds that the centre had submitted the wrong CAG for a student to the exam board as a result of an error.

Malpractice

Conclusions that can be drawn from comparisons with reported malpractice in previous years are limited, as there were no GCSE, AS or A level exams in 2020. New categories of penalty and offence were introduced in 2020 to capture malpractice cases related to the CAG process. These new categories were bias or discrimination, and negligence (types of offences), and referral to Teaching Regulation Agency (type of penalty).

There were 20 penalties issued to students and learners in 2020, representing a very small proportion of the 15,901,075 total entries this year. There were 15 penalties issued to school or college staff in 2020. These involved a very small proportion of the total number of staff in England (nearly 350,000 in state-funded secondary schools alone). There were 15 penalties issued to schools or colleges in 2020, involving less than 0.003% of centres. A small number of cases were not resolved at the point at which these official statistics were gathered.

Access arrangements

While GCSE, AS and A level exams did not go ahead in summer 2020, access arrangements are approved before candidates take an assessment. We have published figures representing access arrangements approved in advance of exams in 2019–20, including the summer exams that subsequently did not go ahead due to the Covid-19 pandemic. Figures reported to Ofqual show that there were 460,750 approved access arrangements, up 13.9% on 2018 to 2019 with arrangements put into place in just over 90% of centres. Two-thirds of those access arrangements related to 25% extra time, a similar share to the previous year. As exams were not taken, and modified papers were not used, data on modified papers was therefore not collected.

Autumn 2020 exam series

We consulted on the approach to the autumn exam series during May and June 2020 and received 3,481 broadly supportive responses. In usual years, there is an autumn series only for GCSE English language and maths, however, for 2020 we required exam boards to provide exams in all GCSE, AS and A level subjects. We set out our decisions at the end of June 2020 that included a need for exam boards to issue replacement certificates for the summer results if students requested this, in order to reflect the best result from either the summer or autumn series.

Overall, entries for the autumn series were low, particularly in comparison to the summer series. For example, for A levels, data shows 20,000 entries for autumn, compared to 700,000+ entries in a typical summer series. Nonetheless, we monitored delivery and oversaw exam boards' compliance with the approach set out in our regulatory framework, as consulted on in May and June 2020.

We had raised issues relating to the security of question papers with exam boards ahead of the autumn 2020 series. Exam boards continued to consider risks and mitigations already identified, for example, by putting in place additional security measures originally planned to be introduced in summer 2020. Due to the small number of entries per subject in many centres, exam boards made greater use of electronic delivery in autumn 2020 and distributed exam papers in smaller batches to avoid the risk of losing multiple small packets.

National Reference Test (NRT)

One of the sources of evidence used in GCSE awarding is statistical predictions based on the prior attainment of the cohort. Each year Ofqual conducts the NRT to provide an additional source of evidence about the performance of year 11 students in English language and maths shortly before they take their GCSE exams. The test results can tell us whether student performance over time has changed because unlike exam papers it does not change from one year to the next.

The NRT 2020 was conducted between 24 February and 6 March 2020 and was largely unaffected by the pandemic. We are grateful to the nearly 13,500 year 11 students from over 330 schools who took part. In August 2020 we published the results of the test – in English, the changes compared to 2017 were not statistically significant while in maths, there was a statistically significant upward change at grade 7 and grade 4, suggesting that student performance had improved slightly. We also published a statement that set out our position in relation to the results.

On 2 February 2021, the Secretary of State determined that the NRT 2021 should be pushed back to the summer term. The outcome of the associated research will provide valuable information on learning loss in English and maths resulting from the pandemic. The 2020 results will provide an important baseline against which to compare the 2021 results. The financial impact on Ofqual of this deferral is explained in the financial review on page 40.

Sawtooth research

In November 2020 we published research and analysis on the 'Sawtooth' effect. This publication was designed to support the effective interpretation of assessment results, and steps that can be taken, before or after awarding, to minimise the likelihood of misinterpretation of results. It provided a comprehensive overview of the maintenance of standards as well as how different approaches are applied so that, for example, candidates are not disadvantaged by being the first cohort to take a newly reformed qualification, when we would naturally expect performance to dip, due to lack of familiarity.

Perceptions survey – 2019 qualifications

Each year we survey a representative sample of students and learners, parents, employers, teachers, headteachers, staff in higher education institutions and the public to help us understand how qualifications are perceived and how well they are understood. Carried out prior to the exceptional arrangements in summer 2020, the survey showed that there was an increase in overall confidence in GCSEs, overall confidence in AS and A levels remained consistent, overall composite confidence was highest for AS and A level qualifications and among employers, there was an increase in confidence in both GCSEs and AS and A levels. Meanwhile, for parents there was an increase in confidence in AS and A levels while among headteachers, confidence in AS and A levels decreased.

Preparations for awarding GCSEs, AS and A levels in 2021

The Secretary of State wrote to Ofqual on 18 June 2020 setting out his policy intentions that exams should be reinstated in 2021 and that he was not minded to specify changes to the content of those qualifications. On 2 July 2020, we opened a consultation on proposed changes to GCSEs, AS and A level assessments for students and learners entering the qualifications in summer 2021. The consultation closed on 16 July and attracted 28,972 responses. On 2 August, we published our decisions, including changes to how content would be assessed in GCSE English literature, history and ancient history to help teachers and students and learners cover that content in appropriate depth, and changes to non-exam assessments and to fieldwork requirements in a number of subjects.

We continued to keep our position on exams and assessments in 2021 under review and to engage with key stakeholders, including teacher, school and college associations. In light of the continuation of the pandemic and its disruptive effects on teaching and learning into the autumn term we considered whether there was more that needed to be done to address ongoing learning loss. On 3 December, we announced our intentions in relation to further adaptations and to grading standards. This included our intention to require exam boards to carry forward the same level of generosity from summer 2020 through to summer 2021, in light of the need to promote fairness between students and learners being awarded qualifications in 2021 and those who had been awarded qualifications in 2020.

On 10 December we opened our consultation on our proposals that students and learners should be given advance information about some of the topics to be covered in the summer exam papers and additional support materials for use in the exam in some subjects. We also published research setting out the benefits and drawbacks of greater predictability and optionality in exams. We advised that we would release detailed information on adaptations for each subject in January 2021. This work was stopped due to the government's decision that it was no longer fair for the summer 2021 exams to go ahead as planned. While decisions were not, therefore, made following this consultation, we nonetheless analysed consultation responses and published this analysis on 8 March 2021.

2021 GCSE, AS and A levels

On 4 January 2021, the Prime Minister announced that exams could not go ahead fairly in 2021, given a new national lockdown and the closure of schools and colleges to all but vulnerable students and children of key workers.

By mid-January 2021 the DfE and Ofqual had launched a joint consultation seeking views on how to award grades in summer 2021 that reflected students and learners' performance and recognised the disruption to their education. The consultation closed at the end of January 2021 and received 100,597 responses. We read and analysed all of the responses to inform decisions about the approach to awarding in summer 2021.

At the end of February 2021 the DfE and Ofqual announced decisions on arrangements. These included that teachers would determine grades by assessing the standard at which students were performing based on a range of evidence gathered throughout their course of study. Students would only be assessed on content they had been taught.

A key element of the system was that private candidates would be able to receive a grade at the same time as other candidates through arrangements supported by the DfE and results days would be earlier than normal to allow more time for students to secure their next destination, including appeals (10 August 2021 for AS and A levels and 12 August 2021 for GCSEs).

On 25 February 2021, we published a technical consultation to enable us to set our regulatory rules so that exam boards would deliver and award qualifications in accordance with the policy decisions set out above. This consultation included draft guidance for heads of centre, heads of department and teachers about how to generate the evidence to be used to determine their students' grades. We also sought views on the proposed rules, and the proposed 'Information for centres about making objective judgements'. We received 242 responses, which we analysed prior to finalising and publishing our regulations and guidance on 24 March 2021. This included our regulatory framework on general qualifications awarding in summer 2021, 'General Qualifications Alternative Awarding Framework' and updated guidance for heads of centre, heads of department and teachers, and updated 'Information for centres about making objective judgements'.

Throughout both planning for exams in 2021 and then for teacher assessed grades (TAGs), we have engaged intensively with stakeholders. As well as engagement with teachers, schools and college associations, we also met with student groups, universities, parent groups and equality and social mobility groups, including experts in teaching students and learners with Special Educational Needs and Disabilities.

Regulating vocational and technical qualifications in response to Covid-19

Regulating vocational and technical qualifications in the context of Covid-19 has been a significant activity this year. The vocational and technical qualifications market is complex with over 160 awarding organisations offering many different qualifications. Regulatory arrangements for this wide variety of qualifications required a flexible approach. While some qualifications could use a similar approach to that established for GCSE, AS and A levels, others required something different. These arrangements provided awarding organisations with the ability to adapt their qualifications appropriately and validly, to enable as many learners as possible to receive qualifications and progress in their lives. We monitor and adapt these arrangements to ensure that we continue to regulate effectively in light of the changing situation.

Following the announcement that the vocational and technical qualification exams and assessments could not go ahead fairly in summer 2020 and the Direction received by us from the Secretary of State on 9 April 2020, we implemented, after consultation, the necessary regulatory framework for vocational and technical qualifications. The overall aim was that students and learners taking qualifications should, wherever possible, receive a result that fairly reflected their level of attainment in line with the approach agreed for GCSE, AS and A levels. However, the Direction also recognised that we would need to adopt different approaches for vocational and technical qualifications due to the diversity of the qualifications in the sector.

Following the consultation, our regulatory framework required awarding organisations to identify their vocational and technical qualifications as being in one of three categories:

- those used for progression to further or higher education
- those signalling occupational competency

- those serving a mixed purpose

ERF

For those qualifications used for progression to further and higher education, learners received a calculated result in the same way as GCSE, AS and A levels. For qualifications signalling occupational competency, the assessments were adapted or delayed to ensure they remained valid and maintained the confidence of employers. If a qualification had a mixed purpose, the awarding organisation decided on the most appropriate approach.

To ensure clarity for learners, parents, providers and stakeholders we worked closely with awarding organisations, teachers and others in the education and skills sectors to help them understand what the ERF meant for them. Our engagement included webinars for stakeholders and we published a wide range of guidance for teachers, learners and parents. This included an interactive qualification explainer tool, which detailed the approach for each qualification. This was accessed37,100 times between May 2020 and February 2021.

We worked with awarding organisations on their categorisation of qualifications throughout the implementation of the ERF and in the run up to summer awarding. We also engaged extensively with other regulators and stakeholders. This collaboration allowed us to develop and implement the ERF in a consistent and informed way at pace.

Despite the robustness of the ERF, the delivery of results by awarding organisations was not as smooth as we would have liked for all learners. Some learners received their final qualification-level results later than they had expected them.

In some cases, this was because the awarding organisations decided to recalculate their results in light of the decision to revert to CAGs for GCSEs, AS and A levels, in order not to disadvantage learners taking comparable vocational and technical qualifications. Recalculation was, in many cases, not a straightforward process because qualification-level results often comprise a number of unit-level results, only some of which used calculated results. In other cases, results were later than expected by learners because awarding organisations did not have all the data they needed from schools or colleges to calculate final results. Where data was available, all results were issued by 28 August 2020.

It is important to consider the delay in the issue of some results in the wider context. Results for many hundreds of thousands of vocational and technical qualifications were issued in the summer, a position achieved through the effective working of the more flexible regulatory framework and the response by awarding organisations to put in place the necessary arrangements and processes.

We worked extensively with awarding organisations to promote as much consistency as possible in the approaches they took to determining results for qualifications that were similar. However, inconsistencies did persist as awarding organisations took their own decisions in their approach. This caused difficulty for centres, who were receivingconfusinginformation about approaches from different awarding organisations. We reflected on this and drew learning from these issues to improve the development of the subsequent Extended ERF and Vocational and Technical Qualifications Contingency Regulatory Framework (VCRF).

Centres also reported that they found the communications from awarding organisations to be confusing and sometimes contradictory, leading to a risk of inconsistency and unfair outcomes. To help resolve this, we formed a joint working group with representatives from awarding organisations, centres and the other regulators to identify where and when additional communications to centres are needed. This was to assist centres in planning and to streamline communications wherever possible. We are in regular contact with these representative organisations and their members, including holding monthly meetings to discuss upcoming requirements.

Monitoring the ERF

Each year we require awarding organisations to provide us with an annual self-assessment of compliance with our rules. We postponed the Statement of Compliance process in 2020 to allow awarding organisations to focus on delivering awarding, in compliance with the ERF, and for us to deal with the immediate priorities relating to this.

We found that the most common adaptations made by awarding organisations, in line with the ERF, were remote invigilation and remote assessment. We brought awarding organisations together to increase their awareness of malpractice risks where innovative approaches to awarding were introduced, to discuss how they might mitigate them and what the key considerations were to maintaining the security and validity of assessments.

We have initiated research to understand more about awarding organisation and learner experiences of these approaches.

As part of our monitoring of the ERF weidentifieda number of awarding organisationsto target for'readiness' checks, to understand the extent of their preparedness for delivery of the ERF in summer 2020. The awarding organisations we selected for the reviews included those that we considered the highest risk if something were to go wrong, for example, those delivering high-stakes qualifications such as performance table qualifications and those with high volumes used for progression.

Eight awarding organisations had a full readiness review. The exercise proved a valuable one in gaining assurance thatthese awarding organisations were sufficientlyprepared to manage and mitigate the risksof Covid-19 and identify potential risks which we fed back to the awarding organisations concerned. These risks included the high level of discretion given to centres on adaptations to assessments, not giving centres sufficient clarityon newor revisedprocesses and deadlinesand not being sufficiently preparedto investigate malpractice and handle appeals.

We also undertook targeted reviews with a further 20awarding organisations on their approach to the ERF. Whilewegained broad assurance across this group of awarding organisations, we identified some issues and risks thatwere escalated andaddressed with those concerned. These included, for example, the potential impact of a large number of calculated results being outstanding from centres very close to the deadline,apparent lack of checks on learner eligibility for adapted assessment,a lack of regard to sector body requirements,anddepleted cash reserves.

We required all awarding organisations to formally submit to us details of the actions they were taking to implement the ERF for their qualifications. We reviewed a sample of this information from awarding organisations and considered whether the actions proposed were sufficient to secure valid awarding in summer 2020. This review also helped us gauge whether the actions taken across awarding organisations were consistent.

Feedback was provided to all awarding organisations on their submissions and most resubmissions left us content with the awarding organisation approach. However a small number raised significant concerns which were dealt with on a case-by-case basis. In two cases where we remained concerned about the approach taken, we issued Technical Advisory Notices to awarding organisations requiring them to take further action to provide us with additional assurance.

Evaluation of the vocational and technical qualifications 2020 outcomes

As results were not issued in the same way as in previous years it was important for us to explore any changes over time to ensure that no particular groups of learners were unfairly advantaged or disadvantaged by the approaches taken this year, relative to previous years. We therefore undertook an analysis of vocational and technical qualifications outcomes in summer 2020, looking specifically at performance table qualifications, other general qualifications and Functional Skills qualifications. We collected data from a representative sample of 33 awarding organisations for 1,008 qualifications. In order to make comparisons over time we also reviewed the outcomes for the same qualifications in 2018 or 2019.

Our analysis showed that the grades awarded to those who completed vocational and technical qualifications in summer 2020 were not substantially different to those from previous years, despite the impact of Covid-19 on the assessment arrangements. The evaluation also found that, in general, attainment gaps between different demographic groups did not increase. This indicates that these grades were not unduly affected by the impact of the pandemic and that no specific groups of learners were treated unfairly.

The analysis also showed that overall grade distributions were similar to those of previous years. There was, however, a notable increase in the number of top grades being awarded for certain types of qualifications. This was largely due to the grades of many vocational and technical qualifications being moved upwards, after they were reissued, following the decision to revert to CAGs for GCSEs, AS and A levels. We will continue to evaluate the impact of Covid-19 on the outcomes in summer 2021.

Implementing the Extended ERF

Due to the ongoing impact of the Covid-19 pandemic, appropriate regulatory arrangements for vocational and technical qualifications assessments due to take place in the remainder of 2020 and 2021 were required. In June 2020 the Secretary of State confirmed his intention that exams should go ahead as planned in the 2020-21 academic year and asked us to consider how assessments could be adapted to take account of the disruption to education caused by the pandemic.

Following a consultation, the Extended ERF was established in October 2020. This gave awarding organisations unprecedented flexibility to adapt their qualifications to free up time for teaching and learning and to mitigate the effect of disruptions to teaching, learning and assessment.

Awarding organisations responded by making assessments as manageable and flexible as possible, to address the impact of compliance with social distancing or other public health guidance and to safeguard against disruption because of lockdowns or closure of facilities. As in normal times, it was for awarding organisations to decide the best action to take in relation to their own qualifications. The new framework gave them important guiderails and limits to work to – so that results remained sufficiently valid and reliable. As we made clear at every stage of our response to the pandemic, fairness for learners was a key priority. We required that learners should not be disadvantaged or advantaged compared with their peers taking GCSEs, AS and A levels.

We developed additional guidance to support the awarding organisations in delivering their 2020 – 2021 approach on adaptations ensuring as far as is possible, that awarding organisations acted consistently, particularly when delivering similar qualifications. We advised awarding organisations of the need to work with professional and sector bodies to ensure that their adaptations and the qualifications learners achieved are acceptable within the relevant sector. We facilitated discussions between 20 different awarding organisation and industry bodies representing specific industries or qualification types. These resulted in greater understanding of adaptations, and alignment on which adaptations would be permitted.

Having learnt from our approach with the ERF, we worked proactively with 15 awarding organisations through a tailored and targeted monitoring programme – focusing on their operating models, capacity, qualification adaptations and safe delivery of specific qualification suites. For the majority of awarding organisations, we put in place a range of engagements through webinars and awarding organisations communications to support compliance and understanding of the Extended ERF.

As with the ERF, we required awarding organisations to maintain a record of their decision making, regarding any adaptations they were intending to make to their qualifications or assessments. In line with our risk-based approach to regulation, we requested and reviewed information and data from awarding organisations for specific high-stakes qualifications, such as performance table qualifications and Functional Skills. Where issues were identified, the awarding organisations were expected to makes suitable revisions to their adaptations. Overall, across the ERF and Extended ERF, we reviewed 159 submissions and 359 records as part of this work.

We continued to work closely with a wide range of stakeholders to understand the impact of the pandemic on learners and centres, and to help reduce disadvantage where possible. Learning lessons from summer 2020, we were conscious that colleges, training providers and schools needed clear, consistent messages, particularly as many vocational and technical qualification assessments are spaced throughout the year. Awarding organisations were required to communicate their plans for assessments from 23 October 2020, and sector representative groups confirmed that there was constructive communication and engagement between awarding organisations and centres.

Introducing the VCRF

Following the announcement that exams and some assessments could not go ahead as planned in 2021, we consulted, jointly with the DfE, to establish the policy and regulatory framework for vocational and technical qualifications. The consultation ran between 15 January and 29 January 2021 and received over 3,200 responses.

The DfE proposed that qualifications most similar to GCSEs, AS and A levels should be in scope for the alternative arrangements, and as a starting point this should include the qualifications that were eligible for calculated results in 2020 under the ERF. They also proposed that for qualifications requiring a practical assessment to demonstrate occupational competency or proficiency, or that operate as a licence to practise, assessments should continue to take place wherever possible, subject to public health guidance.

We set out the proposals that would be needed to implement this policy, so that awarding organisations can issue results to students and learners when exams and other assessments do not take place. The consultation responses were broadly in support of our proposals and in March 2021 we introduced the VCRF. The VCRF applies to all Ofqual-regulated qualifications apart from GCSEs, AS and A levels, apprenticeship EPA, and some other general qualifications.

In the VCRF qualifications are split into two categories: qualifications for which TAGs will not play a part in the awarding and those qualifications for which TAGs will play a part in awarding. Qualifications which will not have TAGs include qualifications which attest to occupational competency or act as a licence to practise, or signal proficiency in specific skills such as performing arts graded exams.

Awardingorganisations are only allowed to award qualifications in this category based on assessments which have been completed by the learner. Provisions from the Extended ERF have been carried forward to allow awarding organisations to adapt assessments so that completion and awarding of qualifications are not automatically delayed. This maintains the confidence in these qualifications while giving learners the best opportunity to complete their assessments.

For qualifications where TAGs will play a part in awarding, there are two groups:

- vocational and technical qualifications and other general qualifications most similar to GCSEs, AS and A level where it is not viable for exams and other assessments to continue as normal
- qualifications for which exams and assessments can continue but may need alternative arrangements where students and learners cannot access them, such as Functional Skills qualifications and English for Speakers of Other Languages

Engagement with stakeholders continues to be important to ensure clarity and consistency within the sector. Many webinars and over 50 individual briefings with stakeholder groups ranging from unions, equalities groups, employer representatives and representative organisations have been undertaken. Alongside this we have shared widely information and resources on our consultation and decisions.

Awarding organisations are required to keep records of the decisions they make in relation to their qualifications, setting out the approach they intend to take in their qualifications as we did in the Extended ERF and we will again be monitoring awarding organisations' approaches including through readiness checks.

Impact of Covid-19 on Functional Skills qualifications

We have addressed several specific issues relating to Functional Skills qualifications since the pandemic began. There are over 200,000 certifications of English and maths Functional Skills qualifications every year. They are important in terms of volume and the role they play for learners. Functional Skills qualifications are taken by a wide range of learners and are a key part of apprenticeships, delivered by a range of providers and centres. Some learners take these qualifications through a college, who tend to deliver the training and invigilate the assessments at their own premises. Work-based learners, including apprentices, may take Functional Skills qualifications through independent training providers who may not have their own training or assessment facilities. Instead delivery of the training is done remotely or via visits, and administering of the assessments in the workplace. These differences have impacted on how learners have been able to access these qualifications.

Functional Skills qualifications in English and maths have recently been reformed and have been available in centres since September 2019. However, many learners are still taking the older Functional Skills qualifications which are referred to as legacy qualifications. The legacy qualifications were due to be withdrawn on 31 August 2020, but due to Covid-19-related disruptions we agreed with the DfE to an extension to 31 December 2020 and then to 31 July 2021 to provide more time for learners to complete their remaining assessments. This means that apprentices have additional time to complete their training and assessment where they are still taking the legacy qualifications.

A variety of arrangements have been permitted over 2020 and entering into 2021 for Functional Skills assessments from the provision of calculated results in the ERF to an expectation that exams and assessments can take place to TAGs where assessments cannot be accessed on public health grounds or remotely. We have encouraged awarding organisations to develop common approaches to determine when learners can access a result through these alternative arrangements.

We are monitoring awarding organisations' approaches to the assessment and delivery, including to apprentices, of Functional Skills qualifications and have published information from each awarding organisation about the forms of Functional Skills assessment delivery it has available. This monitoring includes scrutiny of the awarding organisations' progress to develop flexible arrangements and their rollout of remote invigilation solutions. This monitoring will continue with the expectation that learners can progress quickly to the next stage of their studies or employment this year. It will also ensure that, if they are taking an apprenticeship, they will be able to complete their apprenticeship and progress into permanent employment.

Supporting quality in regulated qualifications and assessments

We are committed to qualifications and assessments that are fair, delivered securely, and that accurately reflect the performance of those who take them. It has therefore been important that, although Covid-19 has impacted on our capacity and activities, we continued work on our priority programmes to secure quality in regulated qualifications in the medium term.

This includes our work on T levels, the EQA of apprenticeship EPA, Higher Technical Qualifications (HTQs), digital Functional Skills qualifications, and our work to support the qualifications review at level 3 and below and the strengthening of qualifications at Key Stage 4.

In some cases, work has been delayed or de-prioritised to enable focus on the Covid-19 response. Where work has been delayed or replaced by other work, this is set out in the specific updates below.

T levels

T levels are new, two-year programmes in their first year of teaching, which are intended to be equivalent to three A levels. The programme provides a mixture of classroom learning with study towards a Technical Qualification, and an industry placement with an employer. The Institute is the lead government body responsible for the T level programme. At Ofqual, our specific role is to assure consistency in assessment and awarding of the Technical Qualifications (TQs) within T levels by:

- requiring organisations that wish to deliver TQs to be recognised by Ofqual to do so
- using our regulatory powers to maintain assessment standards

We have established a quality framework with the Institute that sets out how we are working together to ensure that TQs within T level programmes meet the needs of learners and employers.

In 2020 to 2021, we said we would work with the Institute to support the introduction of TQs within T level programmes, including: reviewing applications for recognition from awarding organisations bidding to offer T levels, submissions for accreditation of the TQs they develop and agreeing joint approaches to these TQs in delivery.

This year we accredited three wave 1 TQs, which went live for first teaching in September 2020, in the following subjects:

- Design, surveying and planning for construction
- Digital production, design and development
- Education and childcare

These new TQs have been impacted by the Covid-19 pandemic and are part of the new VCRF arrangements. For T levels this means that alternative arrangements for awarding the TQs will be put in place. Alternative arrangements will apply to the whole TQ core this summer, so that students and learners can receive their core grades in August as a calculated result. This will give students and learners sufficient time in the second year to prepare for the occupational specialism assessments and to complete their industry placement.

In January 2021 we also completed the accreditation of all the wave 2 TQs. This gives centres the opportunity to familiarise themselves with the content before first teaching in September 2021. These are in the following subjects:

- Building services engineering for construction
- Digital business services

- Digital support and services
- Health
- Healthcare science
- Onsite construction
- Science

For TQs in wave 3, we have recognised the awarding organisations that secured the contract with the Institute to deliver them and are currently reviewing the submissions for accreditation of six TQs in the following subjects:

- Accounting
- Design and development for engineering and manufacturing
- Engineering, manufacturing, processing and control
- Finance
- Maintenance, installation and repair for engineering and manufacturing
- Management and administration

The procurement process for the fourth wave of T levels was launched by the Institute in autumn 2020. Our recognition process for wave 4 is conducted in parallel, with decisions due later in 2021.

In addition to this we have reviewed and provided feedback to the Institute on the outline content for all T levels and have begun the first data collection on T level entries to support effective regulation of these new qualifications.

EQA of apprenticeship EPA

This year our EQA activity has included our established EQA delivery for apprenticeship standards where we are the existing EQA provider and the work we are doing to transition the EQA from other EQA providers to Ofqual.

We are the EQA provider for 202 standards and EQA delivery continues for these standards. By the end of December 2021 this will double to over 400 standards. By the end of phase two of the programme, in autumn 2022, we will be the EQA provider for over 530 standards.

Transition of EQA

In August 2020 the Institute published the outcomes of its consultation on a simplified EQA system in apprenticeships, confirming that EQA would be undertaken by Ofqual, or the Office for Students in the case of integrated degrees. This signalled a significant change in the previous EQA system where Ofqual was one of 21 organisations approved to deliver the EQA of EPAs.

Following this announcement, we have worked with the Institute and the Education and Skills Funding Agency (ESFA) to develop a roadmap to transition EQA of over 400 standards to Ofqual. One of the key requirements of regulation by Ofqual is that all End-Point Assessment Organisations (EPAOs) must be recognised by us as this is the process by which we check organisations have the right resources, capacity and capability to design, develop and deliver quality EPAs.

We agreed with the Institute and ESFA to implement the transition in two phases. The first phase of transition involves the transfer of standards where the Institute is the current EQA provider, and this is due to be completed by December 2021. In phase two we will transition standards from the remaining EQA providers, and this is due to be completed by autumn 2022.

In phase one there are over 300 standards that will transfer to Ofqual, and at the end of March 2021 we had transferred 112 standards. We have engaged with EPAOs as part of our strategy of early engagement to familiarise EPAOs with our recognition process and requirements and encourage good applications. Six EPAOs have successfully achieved Ofqual recognition and we expect many more to secure recognition in the coming months, maximising the opportunity to achieve recognition and protect learners.

We have, of course, been mindful of the impact of Covid-19 on EPAOs and their capacity to engage with the transition process. Considering feedback from EPAOs the Institute confirmed an extension to the deadline to apply for recognition. EPAOs are now aware that they must submit their applications for recognition no later than the 1 July 2021 and must complete the recognition process by the 16 December 2021.

We have published a range of support and guidance materials including videos and webinars to ensure that our process is as transparent and accessible to EPAOs as possible. We have also attended events and webinars hosted by sector partners to support EPAOs wherever possible.

Alongside our work on transition, we have continued to provide EQA for Apprenticeship EPAs currently in delivery. We have now reviewed all assessment plans that have transitioned in to Ofqual regulation. Our regulatory approach includes the technical evaluation of EPA materials. We have published a summary of our findings from technical evaluation to support EPAOs in understanding common issues we see in assessment materials. We also continue to monitor EPAOs through our Statement of Compliance process and our new field team, which has responsibility for undertaking monitoring of EPA in delivery.

The pandemic also affected the industries and sectors in which apprentices are working and the nature of assessments that could be undertaken. Throughout the year we have worked closely with the Institute, EPAOs and employers to enable appropriate flexibilities and adaptations to be implemented. Securing a balance which retains assessment validity, while accommodating of public health and other industry requirements, and meeting employer and apprentice needs has been vital, and has enabled many apprentices to progress within their chosen industry.

HTQs

In July 2020, the government published its plans for the future of higher technical education at level 4 and 5 in England. These plans set out the government's ambition to increase the number of learners at level 4 and 5, and the supply of skills to raise productivity.

We committed to work with the DfE, the Institute and the Office for Students to establish a co-ordinated regulatory approach for new Institute-approved HTQs at levels 4 and 5. The Institute is responsible for approving HTQs. For those that are regulated by Ofqual, we will provide advice on their quality to the Institute as part of their approval process.

The first approval process started in September 2020 and focused on qualifications in the digital route. The first qualifications will be available to learners from September 2022. We are continuing to develop our long-term approach to regulating these qualifications with the Institute and DfE.

Digital Functional Skills qualifications and Essential Digital Skills qualifications

In March 2020 it was expected that the DfE would publish subject content for digital Functional Skills qualifications and we intended to publish our technical consultation on these qualifications alongside this. However, due to the pressures on awarding organisations dealing with Covid-19, both aspects of this work were paused. We are now working with the DfE to agree a revised timeline for the introduction of these new qualifications.

On Essential Digital Skills qualifications, awarding organisations were already working on their submissions for technical evaluation when Covid-19 emerged. As this development was significantly advanced, it was determined to be prudent not to delay this work but to allow awarding organisations to submit their qualifications when ready and we would review them as planned. There are now seven technically evaluated Essential Digital Skills qualifications available to learners. We will review further qualifications as and when awarding organisations submit them. We have published details of the awarding organisations Essential Digital Skills qualifications progress so far on our website.

Review of post-16 qualifications at level 3 and below

The government is reviewing publicly funded qualifications at level 3 and below – with over 4,000 qualifications in scope at level 3 and 8,000 at level 2 and below. This programme aims to help secure the vision set out in the original Sainsbury Review. The goal is to ensure that every qualification approved for public funding has a distinct purpose, is high quality and supports progression to positive outcomes for students and learners, with the emphasis on T levels or A levels as the two preferred options. An explanation of the different qualification levels can be found on the gov.uk website.

We said we would support the DfE in its review of post-16 qualifications at level 3 and below. We formally responded to their consultation in December 2020. In our response we set out our support for ensuring that publicly funded qualifications are high-quality, have a distinct purpose and support successful progression. A key element of our role will be in strengthening our regulatory approach to secure greater assurance of the validity and reliability of qualifications at this level, initially focusing on those used in school and college accountability measures.

In our response we also stated that the system's capacity for handling the change should be a key consideration in the reform and welcomed the DfE's recognition that any reforms should be phased in line with T level rollout to allow for an orderly consolidation of the market. We also cautioned about the need for flexibility in the size of qualifications available. In particular, learners with Special Educational Needs and Disabilities, or those with caring responsibilities, for example, may need to study part-time or more flexibly and so may face difficulty accessing a T level which is equivalent in size to three A levels.

Strengthening Technical Award qualifications at Key Stage 4

In March 2020 the plan to review qualifications at Key Stage 4 (14- to 16-year-olds) used for accountability purposes was paused in light of the pressures on awarding organisations dealing with Covid-19.

We continued to work with the DfE to establish a process for reviewing these qualifications and ensuring that they are of the right standard. A new delivery plan was established in autumn 2020 and the submission window for awarding organisations that wanted to submit qualifications opened in December 2020 and closed on 28 January 2021. We have begun the review of 66 Technical Award qualifications from 12 awarding organisations. Only qualifications that successfully complete the process will be eligible to appear in the DfE's performance tables from 2024.

This is a new process, where we are providing advice to the DfE about the quality of submissions at this level, reflecting particularly on the accountability context in which they will operate.. This programme of work means we are on track to complete evaluation of these qualifications in time to support the DfE's review of performance table qualifications, for publication of the 2024 Performance Table List in September 2021. The decisions themselves about inclusion on KS4 performance tables remain the responsibility of the DfE.

Promoting an efficient and effective market

One of the ways in which we promote an efficient and effective market is by publishing data to help people better understand and navigate it.

To this end, we published new data this year about how qualifications were to be delivered and about the usual functioning of the market. This included two vocational and technical qualification apps for use in 2020 and 2021:

- an Ofqual Qualification Explainer Tool, accessed over 39,000 times in 85 countries, covering 17,000 qualifications, and providing information about which vocational and technical qualifications were being delivered through an adaptation to the usual assessment method, a calculated grade, or were being delayed
- a new Regulated Qualifications Landscape app combining providing information on the breadth of qualifications offered in different segments of the market, the demand for these qualifications, and contrasting the popularity of qualification types

In February 2021 we published our Annual Qualifications Market Report offering an overview of the market in the 2019–20 academic year. For the first time, this included data on international certifications, with additional insights into the international regulated market through an Ofqual blog. Almost 4.9 million certificates were issued for non-UK delivery across the regulated market, with over 100 awarding organisations having at least one qualification certified internationally.

New rules around awarding organisation fee transparency were introduced in January 2021 following consultation alongside Qualifications Wales and CCEA Regulation making it easier for potential purchasers of qualifications to make informed choices about the qualifications available.

Our second Qualification Price Index (QPI) was published in February 2021, covering fees for qualification delivery in 2020 on the basis that the year had gone ahead as normal. The index shows that general qualification fees rose by 3.3%, and vocational and technical qualifications rose 2.9%. Recognising that 2020 was far from a typical year, we published the QPI with a further supplementary analysis of the different activities that were necessary for qualifications to be delivered in light of the pandemic. This focused on both new and saved costs that awarding organisations and centres experienced, including the activities that were no longer required in both general qualifications and vocational and technical qualifications, and the new activities that were introduced in their place.

Prior to the pandemic, we commenced a review of the under-researched operational and regulatory barriers to adoption of online and on-screen assessments in high-stakes qualifications, taken at scale and on a sessional basis. We published our findings in our report 'Online and on-screen assessment in high-stakes, sessional qualifications'. The report, published in December 2020, draws from a literature review, a workshop with a range of stakeholders, and interviews with three international jurisdictions that have successfully moved similar qualifications online. The report identified both the main barriers to moving online qualifications such as GCSEs and A levels, and set out how these could be overcome. The findings from this and other technology and innovation work were presented at the 2020 e-Assessment Question conference.

We paused work on the role artificial intelligence could play in quality assuring marking. The pandemic has, however, catalysed the use of technology in many areas. We have monitored awarding organisations' application of technology and published a blog reviewing the use of remote assessment and invigilation. We are currently researching how remote invigilation works in theory and in practice to enhance our understanding of the risks and opportunities that it presents, and the impact it has on learners. We are keen to continue to hear views and engage in the discussion about the future role that technology will play in improving the validity and the safe, resilient delivery of assessments.

Managing our people, resources and systems

Ofqual achieves its goals through our people working effectively together and with others across the education and training system. Covid-19 meant that we entered the year working remotely and have remained largely doing so throughout the year. Our priority has been, and continues to be, ensuring that our people are safe, working in line with appropriate government Covid-19 policy and advice, and that they have access to the technology and resources to fulfil their role, wherever they may be working. We have continued to make sure that our people have the right skills, expertise, tools and information to achieve our corporate plan objectives, enabling us to achieve good value for public money and making the best use of our resources.

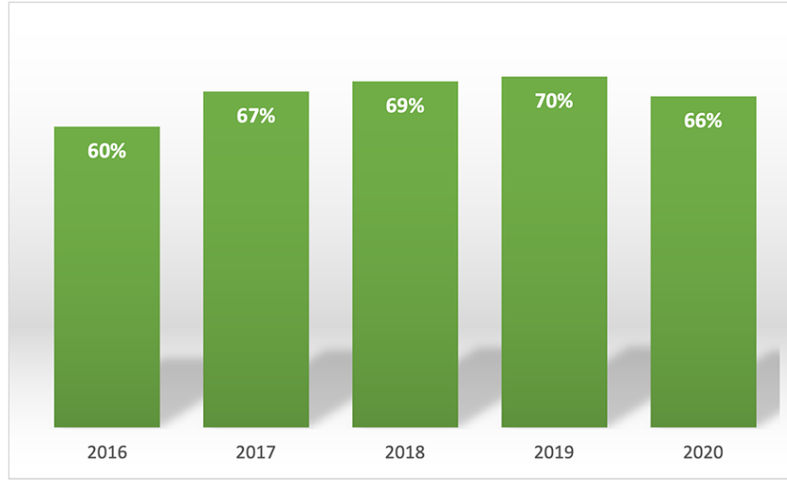
Our people

We take part in the annual Civil Service people survey. Based on feedback from the 2019 survey, we committed to:

- empower our people and encourage innovation
- improve diversity and inclusion, with a particular focus on recruitment
- improve our meetings culture, shortening meetings where possible and better considering necessary attendees

In the context of a demanding 2020, our people engagement index reduced from 70% to 66%. We scored higher than the Civil Service benchmark in a number of areas, including Leadership and Change, Pay and Benefits and Organisational Objectives. Our response rate reduced marginally from 93% to 90%, but remained substantially higher than the overall Civil Service response rate of 66%. We are engaging with staff to develop our approach to areas for improvement.

Figure 4 Civil Service People Survey Engagement Index



The wellbeing of Ofqual staff has been a key focus throughout 2020 in response to Covid-19 and the demands on staff over the summer. As part of home working, colleagues have undertaken individual risk assessments and, where needed, equipment has been provided to support health and safety requirements, which has cost an average of £76 per person.

To support the wellbeing of our staff, we have provided bespoke one-to-one support, as well as resilience training sessions. Our staff have expressed how supported they felt regarding the move to homeworking, with Ofqual reporting the highest scores for home working experience in Leesman's Home Working and the UK Civil Service report, December 2020.

We have developed our induction and training materials so that we can continue to onboard and develop our people remotely, enabling us to maintain the right expertise to deliver our corporate plan priorities.

Our technology

Our remote working over the past year has been fully supported by our technology with no disruption to services. Our digital development work has continued successfully and productively, with the most notable of our improvements this year being the introduction of a digital solution to handle complaints and cases of whistleblowing or malpractice about an exam board, awarding organisation or qualification that is regulated by Ofqual.

A key focus this year has been on completing a project to reduce, and remove where possible, technical debt so that we can continue to build our cloud-native solutions in a sustainable cost-effective way. We continue to work very closely with other parts of government to share and join data in relation to apprenticeships and our increased role in the EQA of EPAs in apprenticeships. The security of our estate remains strong and we have successfully achieved ISO 27001 accreditation as one measure of our security maturity. Our Digital, Data and Technology (DDaT) strategy has been refreshed for the period 2021–2024 and published externally for the first time and can be found on gov.uk.

Our estate

We occupy one dedicated floor in Earlsdon Park with shared facilities on one other. Throughout 2020–21, we have followed the advice and guidance of the government regarding Covid-19 to keep our people safe. Our colleagues have mainly worked from home but, where guidance has allowed and in compliance with full Covid-19 security, we have made our office available to our people with a wellbeing or critical business need.

In common with many other organisations, we are actively considering our future ways of working, learning lessons from our experience over the past 12 months and combining the benefits of greater flexibility with the opportunity to think about how we use our office space in a different way. The views and ideas of our people will be core to shaping that future.

Public enquiries

The unprecedented approach to delivering grades in summer 2020 based on CAGs rather than exams had a significant impact on our public facing services. During the year, we responded to a 195% increase in public enquiries on the previous year, receiving almost 17,000 phone calls and over 10,000 emails. More than half of these enquiries were received in August and September with responses managed through effective redeployment of resource within the organisation as well as through staff loaned to us by Ofsted.

We continued to respond to written enquiries within three days and answered over 90% of the calls we received. Additional capacity for our public enquiries service has been secured to ensure that we are able to continue to meet the public's need with a focus on ensuring information is available to correctly signpost individuals to the right place with their query.

Complaints about awarding organisations

Ofqual aims to acknowledge complaints within three working days and provide a final response within 40 working days in 80% of cases. During the reporting period, we acknowledged 100% of complaints within three working days and provided a final response within 40 days in 97% of cases, which is an increase from 81% in the previous year. The average number of days to close a complaint was 3.6 days, a reduction from 23 days in 2019–20.

Overall, we handled 1,329 new complaints, compared to 397 in 2019 to 2020. Of these 908 were about awarding organisations. We found indications that awarding organisations may not have acted in line with our regulatory requirements in relation to 39 (4%) complaints during the year. In each instance, we undertook further investigation to establish whether a complaint related to a breach of our rules.

Where a complainant is unhappy with the outcome of their complaint, they can request an internal review. We carried out internal reviews in nine cases, which related to the way we investigated the original complaint, three of which were upheld.

Complaints about Ofqual

Ofqual received 380 complaints in the reporting period. In the exceptional circumstances of the Covid-19 pandemic in this reporting period, 57% of these complaints related to the results and post-result outcomes achieved by candidates, with the remaining complaints being about external policy.

Where complaints were in relation to issues that were under consultation or about policy decisions, we did not uphold the complaint. This applied to the majority of complaints. In each case, we responded to the concerns and provided a full explanation where appropriate.

Four complaints (1%) were upheld. Apologies were issued in these cases, and steps put in place to avoid a repeat of the issue.

Complaints to the Parliamentary and Health Service Ombudsman

No complaints relating to Ofqual were accepted by the Parliamentary and Health Service Ombudsman in the reporting period.

Whistleblowing disclosures

Ofqual is designated as a prescribed person for whistleblowing and staff can contact Ofqual about matters in relation to which we exercise functions under the Apprenticeships, Skills, Children and Learning Act 2009.

Ofqual received 58 whistleblowing disclosures during the reporting period which we considered were 'qualifying disclosures' and which concerned matters in relation to which we exercise functions under the Act. Of these disclosures 43 related to centres or training providers. All 43 of these disclosures were referred to the relevant awarding organisation for further action. Awarding organisations carried out investigations in all 43 disclosures. Of the submissions investigated: 13 resulted in further action being taken, 17 found no evidence to substantiate the claims, 13 are still ongoing.

The remaining 15 disclosures were relating to awarding organisations. We liaised with the relevant awarding organisations to ensure the concerns were investigated. Of these disclosures: none resulted in further action being taken, and six are ongoing.

We treat all whistleblowing allegations seriously and investigate to identify if awarding organisations have failed to meet our regulatory requirements in how they operate. We then act to address any failures to ensure that learners are protected and standards are maintained. The availability of our whistleblowing function is important in maintaining the public's confidence in regulated qualifications.

Ofqual did not receive notice of any whistleblowing disclosures during the past year which related to Ofqual.

Equalities

As a public body, Ofqual is required by the Equality Act 2010 to meet the Public Sector Equality Duty. We also have a duty under the Apprenticeships, Skills, Children and Learning Act 2009 to have regard for the reasonable requirements of learners who take regulated qualifications and national assessments, including those with special educational needs, as well as the reasonable needs of employers, higher education institutions and the professions.

We must consider our equalities duties alongside our other statutory objectives, including our objectives to maintain qualification and assessment standards. Ofqual publishes a more detailed report annually each summer of our work in this area.

In June 2021, we published a detailed report about how we met our equalities objectives for the period January to December 2020. Here we summarise and extend that report to cover the whole of this reporting year (up to 31 March 2021).

Ofqual is committed to recruiting and retaining expert, engaged people. We aim to make sure we have a diverse and empowered workforce. The Ofqual People Strategy reflects the Civil Service's wider ambition to become the UK's most inclusive employer. It has two specific aims that relate to equality and diversity:

- to build a collaborative, innovative, healthy and safe working environment with a culture that promotes equality and diversity
- to recruit the best people by attracting talented and capable people from a diverse range of sectors and from all walks of life

In light of the pandemic, we have developed a People Plan for 2021 which sets out what we will deliver to achieve our strategic aims. Diversity and inclusion is a key part of this plan, underpinned by our Diversity and Inclusion Strategy. An Executive Director, Michelle Meadows, has been appointed as executive sponsor for diversity and inclusion, and in the future, a steering group will monitor progress towards the plan. The Finance and HR Committee provides governance oversight on behalf of the Board for the delivery of the strategy.

Ofqual has adopted the Equal Merit provision within our approach to recruitment, and Equality, Diversity and Inclusion training is included within colleagues' induction. Clear progress can be demonstrated as follows:

- declarations of staff ethnicity rose to 96% with representation from ethnic minority groups increasing from 15% to 17%
- declarations of Disability information increased by 18% to 75% with a 2% increase in representation to 9%
- of our 42 new joiners, 26% declared their ethnicity as being either Black, Asian or another ethnic minority group
- accreditation as a Disability Confident Employer at level 2
- delivery of further phases of a successful reverse mentoring scheme where open conversations between senior leaders, managers and junior staff about potential workplace barriers to progression and increasing inclusion

When we procure goods or services, we consider how we can promote equality in our approach. We also consider equalities when choosing our suppliers. We follow Crown Commercial Service public procurement policy guidance when procuring goods and services. Wherever possible, we engage with local suppliers, including small and medium-sized enterprises, as part of our pre-market engagement activity. At the end of the year, we had 88 supplier contracts valued over £10k in place, which is an increase of 10% compared to 2019 to 2020.

We reviewed and updated our approach to equalities as a regulator. As part of this, we established new governance arrangements to co-ordinate and quality assure our work on equalities in regulation, our 'Fairness in Assessment' Programme to establish Ofqual as a thought leader in the field of equity and equality in assessment, drove good practice in awarding organisations in relation to fairness and minimising bias in assessments, and promoted and extended the engagement of equality and equity stakeholders in our work.

We monitor how we meet our equality duties in several different ways, including engaging and consulting with stakeholders and undertaking equality impact assessments. We carry out research and evaluation and collect and analyse data which informs our understanding of the potential or actual impact on learners of the qualifications and assessments we regulate. Our monitoring work helps us understand how awarding organisations are complying with the equality-related rules we set. We can take regulatory action to bring about their compliance if necessary.

Awarding organisations are also subject to duties under the Equality Act. Should an awarding organisation be found in breach of its equality duties or legislation, this may render it unsuitable for ongoing Ofqual recognition. Our work has included:

- engaging with stakeholders generally to understand more about equality impacts to inform our regulatory approach, our statutory guidance and approach to research
- improving accessibility, through exam boards updating the Access Consultation Forum and publishing more of our documents in HTML format to make them more accessible to those using assistive technologies
- specific engagement with equalities groups in relation to the arrangements for summer 2020 awarding to inform our guidance
- consideration of equality impact assessments, including mitigations for any risks or issues identified during our 12 consultations which included the exceptional arrangements for exam boards and awarding organisations to issue grades in 2020 and 2021
- research, including the impact of coursework on attainment and optionality in assessments

Financial review

Ofqual's budget for the year 2020 to 2021 was £23.6 million, including £4.8 million additional programme funding from the DfE for vocational qualifications reform in apprenticeships, T levels, strengthening, qualifications review, digital Functional Skills and essential digital skills. This represented a 20.4% increase compared to 2019–20

when the budget was £19.6 million. Ofqual also received £0.7 million capital funding from the DfE to develop its core technology infrastructure.

Net operating expenditure plus capital investment for the year was £22.7 million (£19.4 million in 2019 to 2020), giving an outturn that was £0.9 million, 3.8%, under budget.

The underspend arises from three key factors:

- underlying underspend: there was an underlying underspend on normal operations of £0.5 million, which is 1.8% of budget. The main driver of this was that we secured Ofsted support in the second half of the year to cover 11 executive and non-executive vacancies at nil cost representing staff costs that would otherwise have been incurred. Further details are provided in the staff report.
- NRT: the deferral of the NRT on 2 February 2021 by the Secretary of State means that costs that would have been incurred in the 2020–21 financial year will now fall into 2021–22. The in-year underspend incurred is £0.2 million, or 1% of budget. The costs that will now be incurred in 2021–22 have been agreed to be funded by the DfE within the 2021–22 Supplementary Estimate.
- legal costs contingency: at the start of the Covid-19 pandemic, we set aside contingency funds to manage financial risk in the event of a legal challenge to our response to the decision that exams and assessments could not go ahead in 2020. The contingency was not required for its intended purpose and therefore £0.2 million, 1% of budget, was released in the fourth quarter.

No income (£401k in 2019–20) was received from fines in 2020 to 2021 for return to the Consolidated Fund.

Staff costs for the year are slightly higher than 2019 to 2020 at 73% of total expenditure (72% in 2019–20), as posts that were vacant in the previous year have been successfully recruited. We have also begun to build additional capacity ahead of 2021 awarding using funding agreed with HM Treasury as part of the 2020 Spending Review (SR20). Contract and agency staff accounted for 1.9% of staffing costs during the year, marginally increased from 1.3% in 2019–20. Use of contract and agency staffing is expected to continue during 2021 to 2022 to ensure that Ofqual can continue to deliver its objectives while ensuring that it has sufficient agility.

Ofqual has remained within the spending limits, referred to as control totals, authorised through the Parliamentary vote. The control totals relate to specific elements of the resource budget including income, and to capital and annually managed expenditure, as detailed in the Statement of Parliamentary Supply.

The United Kingdom's exit from the European Union has had no impact on Ofqual's expenditure.

Departmental data reporting tables

Operationally, Ofqual is required to deliver its objectives within three financial targets as agreed with HM Treasury. These are set out in Table 1 below, which illustrates financial performance for the period 2016-17 through to 2020–21 compared to; Resource Departmental Expenditure Limit (RDEL), Capital DEL (CDEL) and Annually Managed Expenditure (AME).

The table shows that 96.6% of Ofqual's expenditure is incurred through its RDEL (£99.1% in 2019-20).

Table 1 Annual Expenditure Trend

Table 1a

Consumption of resources	2016 to 2017 Outturn £000	2017 to 2018 Outturn £000	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 top 2021 Outturn £000	2021 to 2022 Planned £000
Regulation of qualifications	18,922	17,860	18,367	19,241	21,939	25,136

Total RDEL	18,922	17,860	18,367	19,241	21,939	25,136

Table 1b

Resource AME	2016 to 2017 Outturn £000	2017 to 2018 Outturn £000	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Planned £000
Regulation of qualifications	n/a	177	-167	19	0	n/a
Total resource	18,922	18,037	18,200	19,260	21,939	25,136
Total CDEL	n/a	266	100	169	772	400
Total public spending	18,922	18,303	18,300	19,429	22,711	25,536

Parliament provides the legal authority to incur expenditure through the Estimates and Supply procedure. Parliament grants statutory authority both to consume resources and to draw cash from the Consolidated Fund to pay for resources consumed by an annual Appropriation Act and the Consolidated Fund Act.

Funding for 2020 to 2021 was agreed through SR19 and was aligned to planned activity to meet statutory objectives. Following the government's announcement on 18 March 2020 regarding the closure of schools and the decision that it was no longer fair for summer exams and assessments to go ahead due to the Covid-19 pandemic, Ofqual was directed by the Secretary of State to oversee the delivery of calculated grades, and an exam series when schools reopen. This has required Ofqual to fundamentally reprioritise its activity, as detailed in the performance analysis section of this report at page 12.

Ofqual's annual expenditure is classified as either Programme or Administration for the purposes of Central Government Accounting. Table 2 demonstrates that 67% of expenditure was incurred through the Administration classification in 2020 to 2021 (77% in 2019 to 2020). Ofqual continues to work with HM Treasury to ensure that this classification appropriately reflects the activities Ofqual undertakes.

Table 2 Programme and Administration Resource Expenditure

Table 2a

Programme	2016 to 2017 Outturn £000	2017 to 2018 Outturn £000	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Planned £000
Expenditure						
Pay	1,785	1,028	1,318	1,993	4,076	6,271
Other expenditure	3,089	2,331	1,792	2,356	3,072	3,355
Total expenditure	4,874	3,359	3,110	4,349	7,148	9,626
Income	n/a	n/a	n/a	n/a	n/a	n/a
Total net programme expenditure	4,874	3,359	3,110	4,349	7,148	9,626

Table 2b

Administration	2016 to 2017 Outturn £000	2017 to 2018 Outturn £000	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Planned £000
Expenditure						
Pay	10,297	11,042	10,800	11,925	12,507	12,732
Other expenditure	3,786	3,978	5,077	3,049	2,809	2,833
Total expenditure	14,083	15,020	15,877	14,974	14,866	15,565
Income	(35)	(342)	(787)	(63)	(75)	(55)
Total net administration	14,048	14,678	15,090	14,911	14,791	15,510

expenditure						
Total resource expenditure	18,922	18,037	18,200	19,260	21,939	25,136

Programme pay and other expenditure increased significantly in 2020–21 due to work to deliver reform of vocational and technical qualifications, and will increase further in 2021 to 2022 as the scope of Ofqual's reform work expands further. Income was slightly higher than 2019 to 2020.

Administration pay will increase between 2020 to 2021 and 2021 to 2022 due to an increase in headcount to increase capacity in key areas. There are also more staff in post at the end of 2020 to 2021 following successful recruitment to vacancies, the full year effect of which impacts in 2021 to 2022.

Long-term expenditure trends

Table 3 shows expenditure on major qualifications reforms delivered by Ofqual. The vocational and technical qualifications reform budget for 2020 to 2021 included delivery of reforms to apprenticeships, T levels, essential digital skills, digital Functional Skills review of qualifications at level 3 and below and strengthening performance table qualifications. The reform programmes continue in 2021 to 2022, with Ofqual receiving £5.7 million in temporary funding from the DfE to continue our expanded scope to undertake EQA of apprenticeships EPA, and reforms of T levels, digital Functional Skills and strengthening performance table qualifications. At SR20, our base budget was uplifted by £0.8 million to recognise the permanent impact of the reforms. It is anticipated that the long-term financial impact of our apprenticeships EQA work will be incorporated into our base budget from 2022 to 2023. Further information on each programme can be found earlier in the performance analysis section of the performance report.

Table 3 Expenditure on qualifications reform

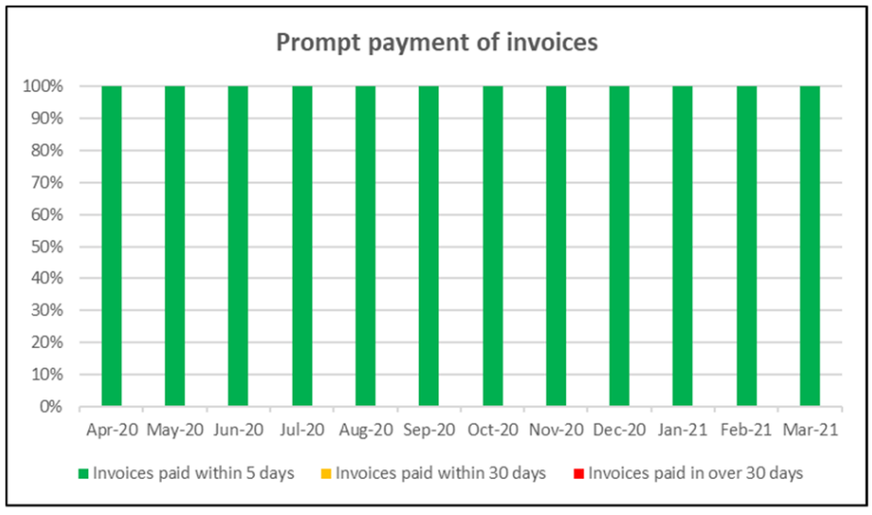
Reform area	2016 to 2017 Outturn £000	2017 to 2018 Outturn £000	2018 to 2019 Outturn £000	2019 to 2020 Outturn £000	2020 to 2021 Outturn £000	2021 to 2022 Planned £000
General qualifications	1,883	404	n/a	n/a	n/a	n/a
Vocational and technical qualifications	144	711	1,266	1,889	4,149	5,660
Total qualifications reform	2,027	1,115	1,266	1,889	4,149	5,660

As part of our SR20 Settlement, Ofqual also secured additional baseline funding of £0.6 million to increase our capacity in key public facing functions, recognising the important role that Ofqual plays in the government's objective to strengthen the UK's economic recovery from Covid-19 by prioritising jobs and skills. SR20 was a one-year Settlement, therefore it is anticipated that funding for 2022 to 2023 onwards will be settled through a further Spending Review, commencing in summer 2021.

Payment of suppliers

Ofqual adheres to the Late Payment of Commercial Debts (Interest) Act 1998 and meets the normal terms of payment for invoices of 30 days from receipt, except where different terms have been agreed with suppliers. As a small organisation, the government's five-day target for small and medium enterprises to receive payment is not mandated, however, during the year Ofqual paid 100% of all invoices within five working days (94% in 2019 to 2020). 100% of invoices were paid within 10 days (97% in 2019 to 2020), and 100% within 30 days (99% in 2019 to 2020). No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (nil in 2019 to 2020).

Figure 5 Payment of suppliers in 2020 to 2021



Sustainability

Ofqual is below the threshold for producing a sustainability report in accordance with the Financial Reporting Manual (FReM). However, sustainability is considered in Ofqual's work. Continuing investment in video conferencing equipment and cloud-native IT infrastructure enables Ofqual colleagues to work flexibly and increase efficiency as staff use the technology to work from locations away from the office. Due to the ongoing pandemic and the government's 'work from home' advice, all staff have worked remotely in 2020 to 2021, with only limited use of our office space as restrictions allowed. This has had a significant impact on travel. Travel is expected to increase gradually throughout 2021 to 2022.

Ofqual shares premises at Earlsdon Park, Coventry, with other government departments. As additional staff are recruited to support our reform programmes and to support our expanded public facing capability, they will be accommodated without growing Ofqual's footprint. As Covid-19 restrictions are lifted, we are giving careful thought to our future ways of working and the flexibilities valued by our staff.

Costs for utilities are included in the overall lease payment and are not available until after the reporting period. We will continue to work with the building management company to obtain timely information to understand our environmental impact, and alternative ways to measure sustainability continue to be explored.

Table 4 Energy costs and consumption

Utility	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020
Total carbon	171	199	123	pending
Electricity ((kWh)	245,536	250,549	277,028	414,270
Electricity (tCO2)	121	134	94	115
Gas ((kWh)	270,001	351,022	158,462	Not applicable
Gas (tCO2)	50	65	29	Not applicable
Water (m3)	1,038	1,033	1,244	885
Waste (tonnes)	pending	pending	pending	29

Table 4 indicates that total carbon emissions from electricity are just below the average of the previous 3 years, and gas usage has been eliminated completely. Ofqual will be working with the building management team and co-tenants to consider opportunities for increasing sustainability as we begin to return to using our office space including a focus on minimising waste and promoting green energy solutions such as power points for electric vehicles in the car park.

Table 5 Business travel costs

Travel method	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021
Rail	136,456	118,314	146,015	119,679	1,294

Hotel	22,694	49,437	40,455	55,062	2,102
Air and Ferry	2,996	5,022	5,843	2,953	200
Total business travel costs	162,146	172,773	192,314	177,694	3,596

Business travel costs were significantly lower in 2020 to 2021 due to the travel restrictions imposed during the pandemic. Only essential travel has taken place, which was conducted within the government guidelines set at the time.

Basis of accounts

The accounts for the year ended 31 March 2021 have been prepared under a Direction issued by HM Treasury in accordance with the Government Resources and Accounts Act 2000.

Ofqual was the sole entity within the departmental accounting boundary during 2020 to 2021, and is not responsible for any bodies outside the departmental accounting boundary.

In common with other government departments, funding for Ofqual will be met in the main by future Grants of Supply to be approved annually by Parliament. The 2015 Spending Review (SR15) reduced Ofqual's core administration funding over the 2016–20 period, which continued into 2020 to 2021 under SR19. SR20 delivered a settlement for 2021 to 2022 that recognises the important role that Ofqual plays in delivering government objectives, with additional baseline budget being provided to support increased capacity for our core business and reformed qualifications. A budget has been set that achieves this objective and continued regulatory intent, and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Covid-19 has had a substantial impact on Ofqual's planned activity in 2020 to 2021, which will continue throughout 2021 to 2022 as Ofqual responds again to the decision by the government that summer exams and assessments will not go ahead. Ofqual actively monitors the sufficiency of Supply to meet the needs of the emerging corporate plan for 2021 to 2022 and maintains regular positive discussions with the DfE and HM Treasury. Therefore Covid-19 is not considered to affect the going concern basis of these accounts.

Pension liabilities

Ofqual's employees are covered by the provisions of the Civil Service Pension Scheme. Information on pension entitlements is provided in the remuneration report section. Information on pension liabilities is provided in the financial statements section of this report.

Events after the reporting period

There have been no events after the reporting period that require an adjustment to the financial statements, nor any non-adjusting events to be reported. Once again, the decision by the government that it was no longer fair for the summer 2021 exams and assessments to go ahead due to the Covid-19 pandemic has had a significant impact on Ofqual's regulatory work. It has not, however, required an adjustment to Ofqual's financial statements.

Auditor

The Government Resources and Accounts Act 2000 appointed the Comptroller and Auditor General as Ofqual's auditor. He has retained the £48,500 charge for the audit in 2020–21.

Future priorities

The funding agreed for Ofqual at the SR20 for 2021 to 2022 is intended to deliver four key priorities in response to Covid-19 set out earlier in this report.

The impact of Covid-19 on exams and assessments for both general (GCSE, AS and A level) and vocational qualifications is significant.

For the second successive year, Ofqual is re-planning large elements of the programme of work for 2021 to 2022 as it responds to the decision that the summer exam series could not go ahead fairly and the Directions of the Secretary of State with regard to General Qualifications and Vocational and Technical Qualifications. Ofqual will prioritise activities to protect the interests of students, apprentices and other learners through this challenging period and therefore will continue to review how the budget is redeployed in 2021 to 2022 to meet the following objectives:

- regulating GCSE, AS and A levels in response to Covid-19
- regulating vocational and technical qualifications in response to Covid-19
- reporting quality in regulated qualifications and assessments
- managing our people, resources and systems

Simon Lebus

Interim Chief Regulator and Accounting Officer

8 July 2021

Accountability report

The accountability report contains the following three sections:

- corporate governance report
- remuneration and staff report
- parliamentary accountability and audit report

The purpose of each of these sections is outlined below.

The corporate governance report is divided into three parts: the directors' report, the statement of Accounting Officer's responsibilities, and the governance statement. The report explains the composition and organisation of Ofqual's governance structures and how they support the achievement of our objectives. It includes information regarding Ofqual's directors and their significant interests, confirms the Accounting Officer's responsibilities and how they have been assured, and outlines Ofqual's governance framework, including the Board's committee structure, its attendance, and coverage of its work. The report also assesses the risks to Ofqual.

The remuneration and staff report sets out Ofqual's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors and the link between performance and remuneration. It includes information on the cost and composition of staff and related activities.

The parliamentary accountability and audit report brings together the key parliamentary accountability documents within the annual report and accounts. It comprises the Statement of Parliamentary Supply and supporting notes regarding the financial outturn and information on costs; regularity of expenditure; parliamentary accountability disclosures and the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

Corporate governance report

Directors' Report

Ofqual's executive leadership team, the Senior Management Group (SMG), included the following Executive Directors in 2020 to 2021:

- Sally Collier, Chief Regulator and Accounting Officer to 25 August 2020
- Dame Glenys Stacey, Interim Chief Regulator and Accounting Officer from 25 August 2020 to 31 December 2020
- Simon Lebus, Interim Chief Regulator and Accounting Officer from 1 January 2021
- Sean Pearce, Chief Operating Officer
- Dr Michelle Meadows, Deputy Chief Regulator and Executive Director Strategy, Risk and Research
- Julie Swan, Executive Director General Qualifications
- Phil Beach CBE, Executive Director Vocational and Technical Qualifications to 18 September 2020
- Lorna Fitzjohn, Interim Executive Director Vocational and Technical Qualifications from 7 September 2020 to 28 February 2021
- Catherine Large, Executive Director Vocational and Technical Qualifications acting from 1 January 2021, substantive from 1 March 2021

The current SMG is:

- Simon Lebus, Interim Chief Regulator and Accounting Officer
- Sean Pearce, Chief Operating Officer
- Dr Michelle Meadows, Deputy Chief Regulator and Executive Director Strategy, Risk and Research
- Julie Swan, Executive Director General Qualifications
- Catherine Large, Executive Director Vocational and Technical Qualifications

The directorships and other significant interests of all who were members of the executive team in 2020 to 2021 is shown in Table 6 below.

Table 6 Executive team directorships and other significant interests

Name	Directorships and other significant interests in 2020 to 2021
Sally Collier	Fellow, Chartered Institute of Purchasing & Supply
Dame Glenys Stacey	Member of the Ministry of Justice's Challenge Panel Board member CDEI. Dame Glenys recused herself from the Board while Acting Chief Regulator at Ofqual
Simon Lebus	Chairman, Sparx Ltd; Chairman, Pamoja Education; Director, Common Marketing Ltd; Governor, Rugby School; Governor, Perse School; Member, Advisory Board of Open Classrooms; Bye-Fellow, Emmanuel College Cambridge
Sean Pearce	Member of the Chartered Institute for Public Finance and Accountancy (CIPFA); Board Member and Non-Executive Director, GreensquareAccord Housing Group
Dr Michelle Meadows	Honorary Research Fellow, Oxford University
Julie Swan	Fellow, University of Worcester; Governor, Christopher Whitehead Language College, Worcester
Phil Beach	Director, Independent Schools' Inspectorate
Lorna Fitzjohn	None
Catherine Large	Governor, Manland Primary School

Board Members

- Simon Lebus
- Ian Bauckham CBE
- Hywel Jones
- Dame Christine Ryan
- Frances Wadsworth
- Delroy Beverley
- Lesley Davies
- Mike Thompson
- Susan Barratt
- Matt Tee
- Dr Catherine McClellan

The appointment dates, directorships and other significant interests of all who were members of the Board in 2020 to 2021 is shown in Table 7 below.

Table 7 Board member appointments, directorships and other significant interests

Name	Date of appointment	Term of appointment, including extensions and departures	Directorships and other significant interests in 2020 to 2021
Susan Barratt	1 September 2019	Three years until 31 August 2022	Trustee, Nuffield Oxford Hospitals Fund; Trustee, Eastleigh Youth & Community Trust (and director of wholly owned subsidiary) Trustee, Lime Walk Methodist Church; Member of Management Committee, Great Milton Community Pub Ltd; Independent Member, Audit & Risk Assurance Committee, Ministry of Housing,

			Communities and Local Government
Ian Bauckham	1 March 2018	Three years until 28 February 2021 as ordinary Board member. Interim Chair from 1 January 2021	CEO and Director, Tenax Schools Trust; Trustee, Sabre Education; Trustee, Association of School and College Leaders; Advisor, DfE, Ofsted Inspector and National Leader of Education; Board Member, Confederation of Schools Trusts (CST); Chair, Project Board Oak National Academy (from April 2020); Trustee, National Foundation for Educational Research (until 31 December 2020); Interim Board Member, Association for Language Learning (until 31 December 2020) Board Member, CST Professional Development (a wholly owned subsidiary of CST) (until 31 December 2020)
Delroy Beverley	1 April 2018	Three years until 31 March 2021 9-month extension until 31 December 2021	Managing Director, York Teaching Hospitals Facilities Management LLP; Non-Executive Director/Trustee, The British Library; Chair, Regional Board for Chartered Management Institute; Chair, Regional Board, Institute of Directors; Council Member, The University of Huddersfield (from 1 August 2020)
Sally Collier	25 April 2016	Original appointment date and term: 25 April 2016 (5 years) Resigned: 25 August 2020	Fellow, Chartered Institute of Purchasing & Supply
Dr Mike Cresswell	1 October 2013	Three years until 30 September 2016. Reappointments and extensions to 30 September 2020 Term of office ended 30 September 2020	None
Lesley Davies	1 April 2018	Three years until 31 March 2021 9-month extension until 31 December 2021	Merger Director, Trafford College (until 1 March 2021); Managing Director, Seymour Place Associates (from September 2020); Interim Chair, Hull College Group (from 1 February 2021); Chair, UK Skills Partnership; Chair, Royal British Legion in Cheshire; Member, Education Advisory Group British Council; Trustee, CVQO Board Member, Liverpool; John Moores University (from March 2020); Trustee, Helena Kennedy Foundation (until February 2021); CEO and Principal, The Trafford College Group (until July 2020)
Hywel Jones	1 April 2017	Three years until 31 March 2020 9-month extension until 31 December 2020. Appointment expires 31 March 2022 (2 years)	Interim Director, Secondary Schools, Astrea Academy Trust (from September 2020); Deputy Director, Education, Astrea Academy Trust (until September 2020); Principal, Longsands Academy (until September 2020); Founding Member of Parents and Teachers for Excellence
Simon Lebus	1 January 2021	17 September 2021	Chairman, Sparx Ltd; Chairman, Pamoja Education; Director, Common Marketing Ltd; Governor, Rugby School; Governor, Perse School; Member of Advisory Board of Open Classrooms; Bye-Fellow, Emmanuel College Cambridge
Dr Catherine McClellan	1 June 2020	Three years until 31 May 2023	Deputy CEO (Assessment), Australian Council for Educational Research; Member, Board of Directors, ACER Indonesia (from 1 October 2020); Director, Assessment and Psychometric Research, Australian Council for Educational Research; Member, Board of Directors, ACER Indonesia (until September 2020); Member, Measurement Advisory Group, Australian Curriculum, Assessment and Reporting Authority; Technical Advisor, American Institutes for Research, Institute of Education Sciences; Member, American Educational Research Association; Member, National Council on Measurement in Education Society for Research on Educational Effectiveness; Psychometric Society
Dame Christine Ryan	1 April 2017	Three years until 31 March 2020, Nine-month extension until 31 December 2020. Appointment expires 31 March 2023 (3 years)	Chair, Talent ED (Charity;) Founding Partner, Ryan and Grunsell Ltd; Chair, Ofsted (from 1 August 2020); Fellow, Royal Society of Biology; Member, Institute of Directors
Dame Glenys Stacey	26 August 2020	31 December 2020	Member, Ministry of Justice's Challenge Panel; Board member CDEI. Dame Glenys recused herself from the Board while Acting Chief Regulator at Ofqual
Roger Taylor	1 April 2012 as ordinary Board member	Three years until 31 March 2015; Re-appointed 1 April 2015 for three years until 31 March 2018 Appointed Chair on 1 April 2017	Owner and Director, Hatmatrix Ltd; Chair, Centre for Data Ethics and Innovation; Fellow, Royal Society of Arts (RSA) Trustee, Open Public Services Network RSA; Director, Gloucester Rain LLP

		Reappointments and extensions to 31 December 2022 Resigned 31 December 2020	
Matt Tee	1 September 2019	Three years until 31 August 2022	Executive Director Integration, Guy's and St Thomas' NHS Foundation Trust (from September 2020); Interim Strategic Director of Communications, NHS England (April – September 2020); Fellow, Chartered Institute of Public Relations
Mike Thompson	1 September 2019	Three years until 31 August 2022	Director & Owner, Sustain HR Ltd; Director & Owner, Generation Healthy Minds Ltd
Frances Wadsworth	1 April 2017	Three years until 31 March 2020 9-month extension until 31 December 2020. Appointment expires 31 March 2022 (2 years)	Lay Advisor, Thames Valley Area Magistracy; Deputy FE Commissioner (until 31 March 2021;) FE Commissioner (Interim) (from 1 April 2021); Fellow, Royal Society of Arts

Personal data-related incidents reported to the Information Commissioner's Office

There have been no incidents to report to the Information Commissioner's Office during the year.

Summary of other personal data-related incidents

There have been 10 non-reportable incidents during this period. The Audit and Risk Assurance Committee (ARAC) received four reports in the year to provide assurance on the process and actions taken against themes identified. All incidents were resolved and appropriate controls were put in place where necessary.

Recruitment

The Civil Service Order in Council 1995 provides the legal basis for Ofqual's recruitment policies, and the Civil Service Commission sets mandatory principles for recruitment.

In 2020 to 2021 an average of 236.89 whole-time equivalent staff were employed (215.77 in 2019 to 2020). In addition, there have been an average of three agency members of staff to cover vacancies, maternity leave and long-term sick leave (three in 2019 to 2020), with seven employed as at 31 March 2020. Ofqual continues to be recognised as a Disability Confident employer, having achieved accreditation at level 2 in February 2020.

Simon Lebus

Interim Chief Regulator and Accounting Officer

8 July 2021

Statement of Accounting Officer's responsibilities

Under the Resources and Accounts Act 2000, HM Treasury has directed Ofqual to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Ofqual and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government

Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the Interim Chief Regulator as Accounting Officer of Ofqual. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Ofqual's assets, are set out in Managing Public Money published by HM Treasury.

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

Simon Lebus

Interim Chief Regulator and Accounting Officer

8 July 2021

Governance statement

Scope of responsibility

As Accounting Officer, the Chief Regulator is responsible for maintaining a sound system of internal control that supports the achievement of Ofqual's policies, aims and objectives, while safeguarding the public funds and our assets for which they are personally responsible, in accordance with the responsibilities assigned in Managing Public Money. This governance statement describes how these duties have been carried out by the Accounting Officer and the supporting structure in the 2020 to 2021 financial year.

Overview

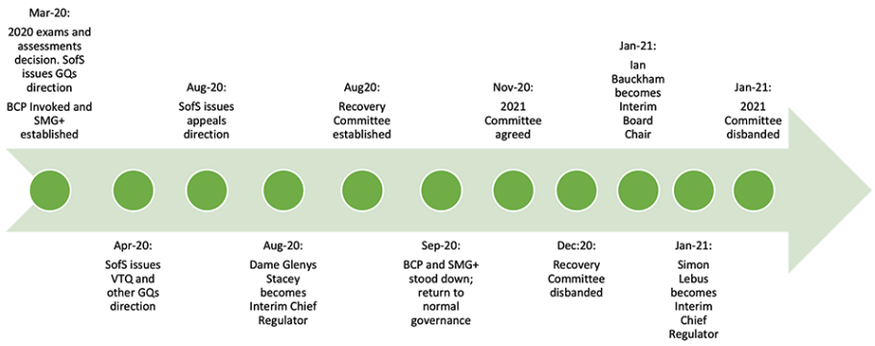
The Ofqual Board is the legal authority responsible for the regulation of qualifications, exams and assessments. The Board provides leadership and direction, setting our strategic aims, values and standards. Its work is governed by the 'Ofqual Governance Framework', available on gov.uk. The Chief Regulator has delegated responsibility from the Board for leading the organisation on a day-to-day basis through Ofqual's executive team, the SMG. Further details about the members and activities of the Board, its sub-committees and SMG are provided from page 58 onwards.

The Ofqual executive team invoked the Business Continuity plan on 16 March 2020 in response to Covid-19 and the government's instruction that people should work from home where possible. Further information is in the Managing our people, resources and systems section of this report on page 34. This section notes that we experienced low levels of Covid-19-related staff absence and therefore no new governance arrangements or controls needed to be applied to bridge this specific risk.

The decision by the government that most exams and assessments could not go ahead fairly in 2020 led to a substantial and significantly different programme of work compared to our usual summer exams regulation. As the situation developed, our approach needed to evolve with it, requiring agile and fast-paced decision-making. Ofqual was professional and proactive in ensuring that strong governance was maintained throughout this extraordinary period, particularly given the demands of receiving three Directions from the Secretary of State, having three Chief Regulators, two Board Chairs and being without a permanent Executive Director for Vocational and Technical Qualifications for six months of the year.

Following the suspension of Ofsted inspections by the Secretary of State, we secured support from Ofsted in both executive and non-executive roles, which enabled us to strengthen our governance further within our established framework. In particular, Ofsted provided us with temporary support in the Executive Director for Vocational and Technical Qualifications role and in the Chair of the temporarily established Recovery Committee, which is explained further below. We were not recharged by Ofsted for the support that we received, and the impact of this is explained in the financial review on page 40. The timeline of key events is shown in Figure 6 below.

Figure 6 Key governance timeline



Secretary of State Directions

The Secretary of State issued three Directions to Ofqual regarding 2020 awarding, as follows:

- 31 March 2020: regarding the government's policy on GCSE, AS and A levels that students and learners should be issued with calculated results based on their exam centres' judgements of their ability, and that, to mitigate the risk to standards, the approach should be standardised across centres
- 9 April 2020: regarding the government's policy on vocational and technical qualifications, and other general qualifications, that a flexible framework be developed to handle awarding across the wide range of qualifications in this group in a pragmatic and fair way
- 13 August 2020: regarding the government's policy on appeals relating to GCSEs, AS and A levels in the context of calculated results

Ofqual is subject to a number of statutory duties, and one such duty is contained at section 129(6) of the Apprenticeships, Skills, Children and Learning Act 2009. That section sets out that in performing its functions, Ofqual 'must also have regard to such aspects of government policy as the Secretary of State may direct'.

The Ofqual Board consciously considered the above Directions and the implications of them when making decisions in 2020 in furtherance of our statutory objectives, mindful of the Secretary of State making it clear that students and learners who would have sat their exams that summer should not be disadvantaged, should still be able to progress, and should be awarded with a grade that reflected their abilities in the subjects they studied.

Board and executive team response

Between March and October 2020, 25 emergency Board meetings were convened to develop our response to the changing situation. The detailed actions and decisions are available in the Board minutes available on gov.uk. The meetings were conducted in accordance with the Ofqual Governance Framework.

On 23 August 2020, the Board discussed and agreed contingency arrangements to ensure maintenance of leadership. The Board agreed it would need to act swiftly to prevent the loss of senior skilled staff, to strengthen the organisation's capabilities and to rebuild Ofqual's reputation. It was agreed that a Recovery Committee would be established on a temporary basis, including two members of Ofqual's Board and chaired by Amanda Spielman, HM Chief Inspector at Ofsted and former Chair of Ofqual's Board. The aim of the Committee was to support the Board with the increased demands of responding to events resulting from the impact of Covid-19 on assessments, exams and qualifications.

The Board delegated significant statutory responsibility to the Recovery Committee within the bounds of the Ofqual Governance Framework. However, in order to maintain transparency and strength of governance, the Committee chose to refer material decisions, such as the SR20 submission, to the Board.

Leadership changes

On 25 August 2020, Sally Collier resigned as Chief Regulator. She was immediately succeeded by former Chief Regulator Dame Glenys Stacey on an interim basis until 31 December 2020 while the DfE secured an alternative Interim Chief Regulator to take up post from 1 January 2021. The DfE then began the formal recruitment into the substantive role, which is currently in progress. Dame Glenys Stacey's appointment was confirmed, effective from 25 August 2020, by the Permanent Secretary on 7 September 2020. Dame Glenys Stacey remained in post as planned until 31 December 2020. Simon Lebus, former Chief Executive of Cambridge Assessment, was recruited by the DfE as Interim Chief Regulator effective from 1 January 2021, as confirmed by the Permanent Secretary on 19 January 2021.

Following the resignation of Roger Taylor as Board Chair on 16 December 2020, Ian Bauckham was appointed as Interim Chair for a 12-month period pending recruitment of a substantive Chair.

Throughout this period, we adhered to our control framework to maintain effective governance. This ensured a seamless transition between each of the Accounting Officers, as confirmed in the Accounting Officer's System Statement.

Return to standard governance

On 15 September 2020, formal business continuity was stepped down and Ofqual returned to normal governance controls. Further information is in the SMG section on page 61.

The Recovery Committee remained in place until December 2020 as planned. It was replaced, effective from January 2021, by the 2021 Committee, which was established to oversee the delivery of exams and assessments in 2021. The Board appointed Dame Glenys Stacey to Chair the Committee. However, in January 2021 the government announced that it was no longer fair for many exams and assessments to go ahead in 2021, and therefore the arrangements that the 2021 Committee was convened to oversee were no longer being implemented. The Board agreed, at the recommendation of Dame Glenys Stacey, that, in light of the change in circumstances, it would directly oversee the alternative arrangements for 2021 as they were developed and implemented. The 2021 Committee therefore only met on two occasions.

The appointment of the Interim Chair and the establishment of the Recovery Committee and the 2021 Committee were in accordance with the Ofqual Governance Framework. The appointment of both the Interim Chief Regulators was in line with Civil Service guidelines for Chief Executive appointments.

Ofqual's going concern status is explained in detail in the Basis of Accounts and the Accounting Policies sections of this report on pages 45 and 89 respectively. Ofqual actively monitors the sufficiency of Supply to meet the needs of the corporate plan and maintains regular positive discussions with the DfE and HM Treasury. Therefore it is considered appropriate to adopt a going concern basis for the preparation of this report.

Ofqual Board

Ofqual adheres to the Corporate Governance Code for central government bodies, and central standards of good governance practice for government boards where appropriate.

During 2020–21 the Board consisted of a Chair, between nine and 12 ordinary members (one as Deputy Chair) and the Chief Regulator. Ordinary members are appointed by the Secretary of State for Education for terms no longer than five years. Board members may be reappointed as their terms expire, but there is no automatic right to this. During 2020–21, one Board member, Mike Cresswell, had his term extended to September 2020 to support the response to Covid-19. One new member, Dr Catherine McClellan, was appointed to the Ofqual Board in 2020. Ofqual runs a thorough induction programme for new Board members.

Board membership and terms of appointment are detailed in Table 7 in the Directors' report. Information about the Committees on which Board members served is provided in Table 8 below.

Table 8 Board members and the Committees on which they served in 2020 to 2021 (including % attendance)

Name	Board (routine) 6 meetings	Board (non-routine) 29 meetings	Audit & Risk Assurance Committee 6 meetings	Finance & HR Committee 5 meetings	Technical Committee 0 meetings	Standards Advisory Group 5 meetings	Recovery Committee 12 meetings	2021 Committee 2 meetings
Susan Barratt	100%	100%	n/a	100%	n/a	n/a	n/a	n/a

Ian Bauckham (Chair from 1 January 2021)	100%	93%	100% (By invitation as Chair of the Board)	n/a	n/a	60% (chair) (Chair from 1 January 2021)	100%	100%
Delroy Beverley	100%	93%	n/a	100%	n/a	n/a	n/a	n/a
Sally Collier (attendance until 25 August 2020)	100% (of those held while in post, 1 meeting)	100% (of those held while in post, 23 meetings)	100% (of those held while in post, 3 meetings)	100% (of those held while in post, 3 meetings)	n/a	0% (of those held while in post, 1 meeting)	n/a	n/a
Dr Mike Cresswell (until 30 September 2020)	100%	92% (of those held while in post, 23 of 25 meetings)	n/a	n/a	n/a	50%	n/a	n/a
Lesley Davies	100%	86%	100%	n/a	n/a	n/a	92%	n/a
Hywel Jones	100%	97%	n/a	80%	n/a	n/a	n/a	n/a
Simon Lebus (Attendance from 1 January 2021)	100%	100%	n/a	100%	n/a	50%	n/a	100%
Dr Catherine McClellan (from 1 June 20)	100%	87% (of those held while in post, 20 of 23 meetings)	n/a	n/a	n/a	80%	n/a	100%
Dame Christine Ryan	100%	83%	83%	n/a	n/a	n/a	n/a	n/a
Dame Glenys Stacey (Attendance for 26 August 20 to 31 December 20)	100%	100% (of those held while in post, 3 meetings)	100%	100%	n/a	n/a	100%	100% (chair)
Roger Taylor (Attendance and Chair until 31 December 20)	100%	100% (of those held while in post, 26 meetings)	20% (by invitation as Chair of the Board while in post)	n/a	n/a	60% (chair) (Chair until 31 December 20)	n/a	n/a
Matt Tee	100%	93%	n/a	n/a	n/a	n/a	n/a	100%
Mike Thompson	67%	90%	n/a	n/a	n/a	n/a	n/a	n/a
Frances Wadsworth	100%	93%	100% (chair)	n/a	n/a	n/a	n/a	50%

The Chair of the Board is not a member of ARAC or the Finance and HR Committee, but can be specifically invited to join the meetings. During the year, the Chair attended two ARAC meetings.

Executive Directors are invited to attend all Board meetings and relevant Committee meetings. Each Committee reports on its work at the Board meeting following the Committee meeting.

Board and Committee members are required to declare potential conflicts of interest on appointment and at the beginning of each meeting they attend. They must confirm annually that the register of their interests is up to date. Where actual or potential conflicts of interests are identified, Board members take no part in any discussion and are not involved in any decisions that relate to those interests. The Register of Interests is open to the public, and requests for information may be made in writing addressed to the Board Secretary. The appointments, directorships and other significant interests of Board members are in Table 7 of this report.

In 2020 to 2021, there were 29 emergency Board meetings to consider Ofqual's response to the government's decision that exams and assessments could not go ahead fairly in summer 2020 and 2021, including reviewing changes to Ofqual's strategic risks. The Board has adapted to virtual meetings which has enabled it to be more agile and flexible to meeting at short notice. The increased meeting frequency ensured Board members were up to date with information as it was being received. The Board has also had to balance its responsibilities of overseeing business as usual and focusing on Ofqual's response to Covid-19.

Staff wellbeing and mental health have been of express concern for the Board during the pandemic and these issues have been discussed in great detail by both the ARAC and the Finance and HR Committee.

Committees of the Board

During 2020–21, there were seven Committees of the Board.

The ARAC provides advice and assurance to the Board, including the Chief Regulator as Accounting Officer, on the adequacy and effectiveness of internal controls, risk management processes and governance arrangements, and ensuring value for money. It also oversees internal and external audit arrangements covering both financial and non-financial systems.

During 2020 to 2021 the Committee reviewed the findings of internal audit reports on a range of operational areas, which are shown in Table 9. A key focus for the Committee in 2020 to 2021 has been to maintain assurance about the effective operation of Ofqual's risk framework at a time of dynamic risk management. With the support of the internal auditors, the Committee reviewed a refreshed risk assurance map and agreed that it continued to provide effective assurance that our strategic risk register properly reflects our risks.

The Finance and HR Committee considers and advises the Board on strategic financial and HR matters. In 2020 to 2021, it received key metrics on financial and people resources, reviewed the management accounts and SR20 submission, and monitored implementation of the equality, diversity and inclusion strategy.

The Technical Committee provides technical and strategic advice in relation to the development of policy and technical proposals for regulated qualifications and the regulated qualifications market. Given the exceptional circumstances of summer 2020, the Committee did not meet in 2020 to 2021, as all matters relating to policy were considered by the Board.

The Standards Advisory Group advises the Board about general qualifications, vocational and technical qualifications, and national assessments. Typical issues raised concern the comparability of standards between regulated qualifications, international comparisons, and the validity and reliability of assessments. The group has a NRT sub-group to support Ofqual's work in that area.

As noted above, the Board established two temporary Committees during 2020 to 2021 – the Recovery Committee and the 2021 Committee – to support the increased demands of responding to events resulting from Covid-19 and its impact on assessments, exams and qualifications.

The Chief Regulator has the power to establish an Enforcement Committee to determine whether enforcement action should be taken against an awarding organisation. The Committee met once in 2020 to 2021 to consider a case but no decision has yet been published.

Management control activities

The Chief Regulator has delegated responsibility from the Board for leading the organisation on a day-to-day basis. The Chief Regulator determines which duties are discharged through members of the executive team individually through line management arrangements, and which are discharged collectively through the executive governance groups. Management control is governed by SMG. Financial approval is delegated through the Scheme of Financial Delegation, which is published in the Ofqual Governance Framework.

SMG

The SMG is attended by the Chief Regulator and the Executive Directors. Details of the Executive Directors that served on the SMG are detailed in the Directors' report on page 48.

The agenda includes the regular review of strategic risks, setting and monitoring delivery against organisational priorities, and other topics for strategic discussion, direction-setting or decision-making. In 2020 to 2021, particular focus has been given to the awarding arrangements for 2020 and 2021, as set out in the Performance section of this report, and to staff wellbeing in the face of the demands and challenges presented by Covid-19.

The SMG reviews key organisational performance indicators, including finance, legal, information technology, regulatory compliance and strategic human resources matters on a monthly basis.

On 16 March 2020, the SMG formally invoked the Business Continuity Plan in response to the impact of Covid-19 on summer exams and assessments. An SMG+ group was introduced, chaired by the Chief Operating Officer, and including members of the SMG and key support personnel. Meetings were increased to daily to implement the incident response and moved back to twice weekly and then weekly as the remote working arrangements were embedded in how we work. This included management of staff welfare and support to remote working alongside activity prioritisation, resource management and developing plans for enabling calculated grades. SMG+ was incorporated into the normal SMG meeting during the summer of 2020 and SMG+ was stepped down on 15 September 2020 and the Business Continuity Plan process was removed.

Following the government's announcement on 6 January 2021 that exams and assessments due to take place in summer 2021 will not go ahead, the SMG established a 2021 incident to manage our immediate response. The Performance section of this report outlines the decisions made regarding 2021 awarding. The incident was closed on 24 February 2021.

Risk Management

Ofqual manages regulatory and corporate risks to its objectives and delivery. Our approach to managing regulatory risks is outlined in the published Regulatory Risk Framework.

Risks that may have a direct impact on statutory objectives or put at risk delivery of the corporate plan are escalated to the strategic risk register. These risks are actively monitored and have comprehensive programmes of activity in place to mitigate their impact or reduce their likelihood.

The SMG and the Board regularly review the strategic risk register. The ARAC scrutinises the register including through regular deep dives of the risk management approach for each risk, and escalates matters to the Board as necessary. Scrutiny by the SMG and Board is more frequent at certain times of the academic year, and in response to a heightened risk environment. This approach maintains active monitoring of key risks, and the effectiveness of mitigations.

The Covid-19 pandemic has impacted significantly on Ofqual's work, and the risks to Ofqual's objectives. The pandemic created a heightened and dynamic risk environment, and many of the risks under management were new, and required distinctly different mitigation approaches. In this high-risk context, and with a larger number of risks materialising beyond our risk appetite, it was important to drive a focus towards the most significant risks to Ofqual. Therefore, the most critical risks were narrowed down for strategic review. As events unfolded, new risks were identified that, following management actions, were subsequently able to be de-escalated or closed. The year also saw a number of risks crystallise as issues, both related to Ofqual's regulation of qualifications, and corporately.

The risks that have been managed as issues for at least one reporting cycle were:

Failure to maintain the standard of GCSE, AS and A levels. This is important to public confidence in qualifications and the comparability of attainment by students and learners in different years. The modelling and technical approaches successfully used to mitigate this risk in a normal year were not possible in the absence of exams.

Public confidence in GCSEs, AS, A levels and qualifications in school and college performance tables is compromised. The use of the standardisation model did not command public confidence, leading to a change in the basis on which those qualifications were awarded in 2020.

The cumulative demands of adapting qualifications during a pandemic, and vocational and technical qualifications reform. Awarding organisations were subject to a high demand of change during the year, heightening risks to safe delivery and quality of qualifications. Extensive consultation and engagement took place to enable the development of solutions.

Ofqual's capacity to deliver Ofqual's strategy or plan, as a result of peak and unexpected points of pressure in the delivery of Ofqual's work programme, and the impact of Covid-19. In 2020–21 additional resource was secured, including secondees from Ofsted to meet the increased demand.

Other important areas of risk reported through the strategic risk register included:

Failures in delivery of awarding processes for GCSE, AS and **A levels and qualifications in school and college performance tables, putting at risk students and learners receiving timely, accurate and fair results. In 2020 to 2021 alternative arrangements for awarding qualifications were introduced following the decision that most exams could not go ahead fairly, resulting in different risks to delivery. We maintained oversight of and closely monitored delivery through an extensive system of controls.

Significant failings in the quality or delivery of regulated apprenticeship EPAs, putting at risk the validity of assessment outcomes, and the value of an apprenticeship to meet the needs of their employers. Ofqual has an established regulatory approach to EQA of apprenticeship EPAs working closely with the Institute. The full range of Ofqual's regulatory powers and tools are available to mitigate in particular through evaluation of the capacity and capability of applicants to deliver EPAs, and detailed technical evaluation of both assessment plans and EPAs.

Failure of the programme to deliver technical qualifications in T levels, leading to qualifications of low quality which do not meet the expectations of employers. Ofqual works closely with the Institute to monitor and mitigate risks to the validity and quality of technical qualifications being developed for use within T level programmes.

New approaches to awarding qualifications adversely impacts students and learners with particular protected or other characteristics, leading to particular groups receiving unfair results. We actively engage with equalities bodies through our consultation and stakeholder engagement to inform our approach and decisions. A programme of research and evaluation monitors the equalities impact of our regulation.

Compromise of cyber and information security leading to unauthorised information and data being in the public domain, or limiting Ofqual's ability to function. Ofqual actively develops and improves its approach to mitigating cyber and information security risks in a continually evolving threat environment. Mitigations include an extensive schedule of planned improvements to technical controls, continually improving the resilience of incident responses and ensuring a good understanding of risks amongst our staff.

Internal Audit

ARAC agreed the 2020 to 2021 internal audit plan on 4 March 2020. As the government's response to the Covid-19 pandemic escalated, Ofqual reviewed delivery of the plan with the internal auditors, Mazars LLP, in light of both the reprioritisation of Ofqual's objectives and the move to remote working. A review of financial controls under remote working was added to the plan in quarter one to provide assurance that no additional risk of fraud or error was being introduced through the new ways of working. A review of IT controls was also brought forward and rescoped to consider the impact of Covid-19. Both reviews provided a substantial assurance that effective controls were being maintained while working remotely.

Effectiveness of the internal control framework

Ofqual works well with both the internal and external audit teams. Our proactive engagement has enabled the successful completion of the 2020 to 2021 internal audit plan and the external audits relating to both the 2019 to 2020 and 2020 to 2021 accounts entirely remotely.

The Annual Report of the internal auditor for 2020 to 2021 assessed our framework of governance, risk management, and control as Substantial in its overall adequacy and effectiveness for a second year. The individual audits and their ratings are provided in Table 9 below.

Table 9 Internal Audit report ratings

Audit title	Report rating
Financial Controls under Remote Working	Substantial
Procurement and Contract Management	Adequate
IT Controls	Substantial
Payroll	Substantial

Spending Review Planning and Submission	Substantial
External Quality Assurance Transition Plan	Substantial
Cyber Security	Substantial

In addition, the internal auditors carried out an advisory review of our business response to Covid-19, highlighting many strengths in our arrangements. The learnings from this review have been incorporated into our refreshed Business Continuity Plan. The annual Follow Up audit was also completed, which noted that 54 of 55 recommendations from prior year audits had been implemented, with the one low-risk outstanding action delayed due to Covid-19.

There are three opinion rating levels awarded for internal audits – substantial, adequate and limited. Figure 7 below shows the number of audit opinions received at each level since 2017. Figure 8 shows the percentage of audit opinions at each rating in each year, indicating the increasing trend in the strength of the assurance in Ofqual's control framework.

Figure 7 Number of audit review opinions in each year

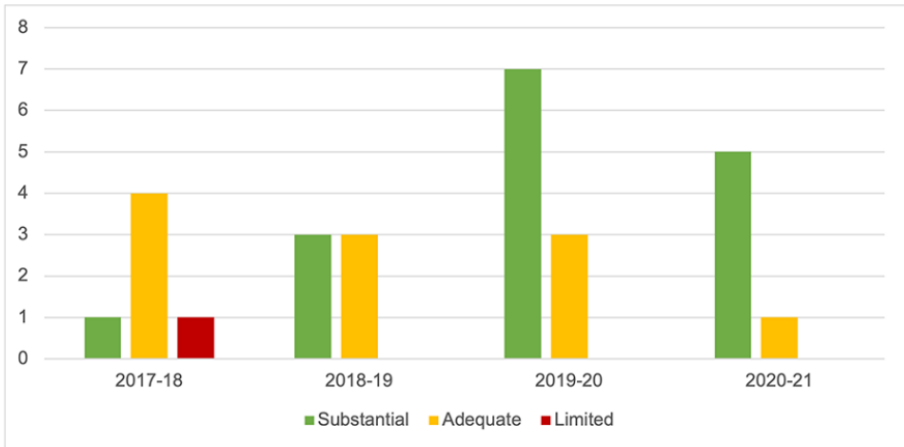
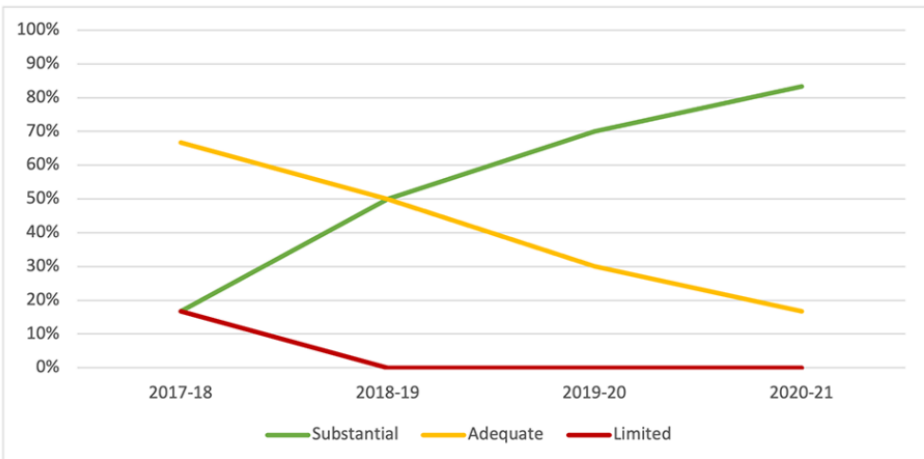


Figure 8 Percentage of audit review opinions in each year



At 31 March 2021, just two audit actions remained in progress, which is the lowest number in recent years. These are low-risk housekeeping recommendations identified in the fourth quarter of 2020 to 2021 and both are on track for completion by the agreed deadline.

Table 10 Internal Audit actions in progress at the year end

Audit rating	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021
Fundamental	n/a	n/a	n/a	n/a
Significant	n/a	5	4	n/a
Housekeeping	9	16	5	2
Total	9	21	9	2

Unless otherwise stated, these systems and controls have been in place for 2020–21, and up to the date of approval of the annual report and accounts.

Accounting Officer System Statement

As Accounting Officer of Ofqual, the Chief Regulator, substantive or interim, is personally responsible for safeguarding the public funds for which they have been given charge in the Ofqual Estimate. To support the Accounting Officer in discharging their responsibilities, the Ofqual Governance Framework sets out the scheme of delegation under which we operate.

As well as the opinion provided to the Accounting Officer by our internal auditor, each Executive Director and appropriate Associate Directors have been required to review the controls that they have in place to manage governance, risk and control arrangements and to report by way of written assurance at the end of the financial year that these controls were effective. This supplements the regular reporting to the SMG on the stewardship of finances and risks.

These letters of assurance support the preparation of this governance statement. No control failures or additional risks have been identified from these letters of assurance.

All the evidence that supports this governance statement has been considered and I am assured, as Accounting Officer, that Ofqual has strong governance, risk and internal control arrangements that support the delivery of our aims and objectives.

Simon Lebus

Interim Chief Regulator and Accounting Officer

8 July 2021

Remuneration and staff report

Remuneration report

Ofqual is a non-ministerial government department with no ministerial remuneration to report.

The Chair and other non-executive Board members are appointed by the Secretary of State for Education for renewable terms of not more than five years. The Queen-in-Council, on the advice of the Secretary of State for Education, appoints the Chief Regulator, including the Interim Chief Regulator, for a fixed term.

All other permanent staff are civil servants, appointed in accordance with the Civil Service Recruitment Code, which requires appointments to be made on merit on the basis of fair and open competition, except in specified circumstances.

Unless otherwise stated, the staff covered by this report hold Civil Service appointments.

Further information about the work of the Civil Service Commission is available at: www.civilservicecommission.org.uk.

The Chief Regulator, Board members and directors are covered by the Civil Service

Management Code, and potential and actual conflicts of interest are managed in accordance with this code. The Directors' report includes a list of the directorships and other significant interests held by these individuals. Ofqual maintains a Register of Interests that is open to the public and accessible by written request for information addressed to the Board Secretary.

Directors are paid in accordance with the Civil Service pay structure. Any change to directors' remuneration for the current and future years will reflect the work and recommendations of the Senior Salaries Review Body.

Remuneration (including salary and benefits in kind)

This section is subject to audit.

Table 11 and Table 12 show the gross salary and other taxable allowances for Ofqual's Board members and senior executives. Full-year salary equivalents for those who served part of the year are shown in brackets.

Table 11 Salary of Board Members for year ending 31 March 2021

Board Members	Salary 2020 to 2021 £000	Salary 2019 to 2020 £000	Performance Related Awards 2020 to 2021 £000	Performance Related Awards 2019 to 20 £000	Pension Benefits 2020 to 2021 £000	Pension Benefits 2019 to 2020 £000	Total 2020 to 2021 £000	Total 2019 to 2020 £000
Roger Taylor (Chair)	30-35 (40-45)	40-45	n/a	n/a	n/a	n/a	30-35 (40-45)	40-45
Mike Cresswell (until 30 September 2020)	0-5 (5-10)	5-10	n/a	n/a	n/a	n/a	0-5 (5-10)	5-10
Dame Christine Ryan	5-10	5-10	n/a	n/a	n/a	n/a	5-10	5-10
Hywel Jones	5-10	5-10	n/a	n/a	n/a	n/a	5-10	5-10
Frances Wadsworth	5-10	5-10	n/a	n/a	n/a	n/a	5-10	5-10
Ian Bauckham (Acting Chair from 1 January 2021)	15-20	5-10	n/a	n/a	n/a	n/a	15-20	5-10
Delroy Beverley	5-10	5-10	n/a	n/a	n/a	n/a	5-10	5-10
Lesley Davies	5-10	5-10	n/a	n/a	n/a	n/a	5-10	5-10
Susan Barratt	5-10	0-5 (5-10)	n/a	n/a	n/a	n/a	5-10	0-5 (5-10)
Mike Thompson	5-10	0-5 (5-10)	n/a	n/a	n/a	n/a	5-10	0-5 (5-10)
Matt Tee	5-10	0-5 (5-10)	n/a	n/a	n/a	n/a	5-10	0-5 (5-10)
Catherine McClellan (appointed 1 June 2020)	5-10	n/a	n/a	n/a	n/a	-	5-10	n/a
Dame Glenys Stacey (from 1 to 28 January 2021)	5-10 (60-65)	n/a	n/a	n/a	n/a	n/a	5-10 (60-65)	n/a

Note to Table 11: The Chief Regulator is also a member of the Board. The salary of those holding the office of Chief Regulator during 2020-21 are in Table 12 below.

Table 12 Salary of Senior Executives for year ending 31 March 2021

Senior Executive	Salary 2020 to 2021 £000	Salary 2019 to 2020 £000	Performance Related Awards 2020 to 2021 £000	Performance Related Awards 2019 to 2020 £000	Pension Benefits 2020 to 2021 £000	Pension Benefits 2019 to 2020 £000	Total 2020 to 2021 £000	Total 2019 to 2020 £000
Sally Collier Chief Regulator to	110-	155-	n/a	n/a	21	52	135-	205-

25 August 2020	115 (155-160)	160					140 (175–180)	210
Dame Glenys Stacey Interim Chief Regulator from 25 August 2020 to 31 December 2020	55-60 (155-160)	n/a	n/a	n/a	n/a	n/a	55–60 (155–160)	n/a
Simon Lebus Interim Chief Regulator from 1 January 2021	35-40 (175-180)	n/a	n/a	n/a	n/a	n/a	35-40 (175 -180)	n/a
Sean Pearce Chief Operating Officer	120-125	120-125	0-5	0-5	49	48	170-175	165-170
Michelle Meadows Executive Director, Strategy, Risk and Research and Deputy Chief Regulator	115-120	115-120	0-5	0-5	47	46	160-165	160-165
Julie Swan Executive Director, General Qualifications	100-105	95-100	0-5	0-5	40	39	140 - 145	135-140
Phil Beach Executive Director, Vocational and Technical Qualifications to 18 September 2021	50-55 (100-105)	100-105	0-5	0-5	19	40	70-75 (140–145)	140-145
Catherine Large Executive Director, Vocational and Technical Qualifications acting from 15 January 2021, substantive from 1 March 2021	15-20 (95-100)	n/a	n/a	n/a	8	n/a	20-25 (100–105)	n/a

Notes to Table 12:Salaries are shown as Whole Time Equivalent. Simon Lebus is 0.8 of Whole Time Equivalent. Lorna Fitzjohn was interim Executive Director, Vocational and Technical Qualifications from 7 September 2020 to 28 February 2021 on loan from Ofsted. Ofsted did not recharge Ofqual for her costs and therefore they are not included in this table.

Pension Benefits

This section is subject to audit.

The information for the increases in pension, total accrued pension and cash equivalent transfer value (CETV) is provided by My Civil Service Pensions (MyCSP) in accordance with calculations and in the format determined by MyCSP and the Cabinet Office.

Non-executive Board appointments are non-pensionable, so Board members other than the Chief Regulator are excluded from this table.

Table 13 Pension Benefits of Senior Executives for year ending 31 March 202

Senior Executive	Accrued pension at pension age as at 31 March 2021 and related lump sum £000	Real increase in pension and relate lump sum at pension age £000	CETV at 31 March 2021 £000	CETV at 31 March 2020 £000	Real Increase in CETV £000
Sally Collier	50 – 55 plus a lump sum of 110 - 115	0 – 2.5 plus a lump sum of 0	967	926	10
Dame Glenys Stacey	n/a	n/a	n/a	n/a	n/a
Simon Lebus	n/a	n/a	n/a	n/a	n/a
Sean Pearce	5 - 10	2.5 – 5	70	37	22
Michelle Meadows	15 – 20	2.5 – 5	239	196	26
Julie Swan	25 – 30	0 – 2.5	387	341	26
Phil Beach	10 - 15	0 – 2.5	206	181	14
Catherine Large	5 - 10	0 – 2.5	90	70	11

Fair pay in the public sector

This section is subject to audit.

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

The banded remuneration of the highest-paid director in Ofqual in the financial year 2020 to 2021 was £175,000 to £180,000 (2019 to 2020: £155,000 to £160,000) annual equivalent salary. This was 4.3 times the median remuneration of the workforce, which was £40,576 (2019 to 2020: 4 times, £41,412). The marginal change is due to a small increase in the upper remuneration.

In 2020 to 2021 no employees received remuneration in excess of the highest-paid director, (2019 to 2020: nil). Remuneration ranged from £3,000 to £180,000 (2019-20: £5,000 to £160,000). The range starts at £3,000 due to payments made to the Non-Executive Directors. For permanent employees the range starts at £16,680.

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

Cash equivalent transfer value (CETV)

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

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

No compensation for loss of office was paid to senior members of staff included in the remuneration report in 2020 to 2021, (2019 to 2020: nil). Exit payments to other staff are included in Table 17 on Reporting of Civil Service and other compensation schemes – exit packages. There were no additional departures agreed in 2020 to 2021.

Pension costs

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as "alpha" – are unfunded multi-employer defined benefit schemes but Ofqual is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservicepensionscheme.org.uk/about-us/resource-accounts.

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.

There is now a single set of contribution rates across Civil Service Pensions, regardless of whether members are in classic, classic plus, premium, nuvos or alpha. Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members. Benefits in classic accrue at the rate of one–eightieth of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of one–sixtieth of final pensionable earnings for each year of service. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

For 2020 to 2021, employers' contributions of £2.95 million were payable to MyCSP (2019 to 2020: £2.59 million) at 1 of 4 rates in the range 26.6% to 30.3% (2019 to 2020: 26.6% to 30%) of pensionable pay, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020 to 2021 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions of £14,354 (2019 to 2020: £17,446) were paid to one of the panel of appointed stakeholder pension providers. Contributions due to the partnership pension providers at the reporting period date were £1,219. Contributions prepaid at that date were nil.

There were no ill-health retirements during the year funded by Ofqual.

Staff Report

The following section is subject to audit.

Gross Staff costs for 2020 to 2021 were £16.13 million (£13.92 million in 2019–20) of which £0.31 million (£0.18 million in 2019 to 2020) related to agency staff. Net staff costs, after recoveries relating to outward secondments for 2020 to 2021 were £16.11 million (£13.92 million in 2019 to 2020). Further details are shown in Note 3 of the accounts on page 95.

Table 14 Staff Costs

Cost type	2020 to 2021 Permanently employed staff £000	2020 to 2021 Others £000	2020 to 2021 Total staff costs £000	2019 to 2020 Total staff costs £000
Wages and salaries	11,626	306	11,932	10,234
Social security costs	1,252	n/a	1,252	1,092
Other pension costs	2,949	n/a	2,949	2,592

Sub total	15,827	306	16,133	13,918
Less recoveries in respect of outward secondments	(19)	n/a	(19)	n/a
Total net costs	15,808	n/a	16,114	13,918
Of which:	Charged to Administration budgets £000	Charged to Programme budgets £000	Charged to capital budgets £000	2020-21 Total staff costs £000
Total net costs	12,038	4,076	n/a	16,114

The tables below include both permanent and fixed term contract (FTC) staff. FTC staff provide cover for substantive posts and new short-term posts funded from project resources. Table 15 shows the average number of whole time equivalent (WTE) staff that were employed during the year.

Table 15 Average number of persons employed

Activity	2020 to 2021 Permanently employed staff WTE	2020 to 2021 Others WTE	2020 to 2021 Total persons employed WTE	2019 to 2020 Total persons employed WTE
Resource activities	236.89	0.4	237.29	215.77
Capital activities	n/a	n/a	n/a	n/a
Total	236.89	0.4	237.29	215.77
Of which core department	236.89	0.4	237.29	215.77
Total	236.89	0.4	237.29	215.77

The average headcount for the year is shown in Table 16, including by payband for senior civil servants.

Table 16 Average headcount employed

Pay band	2020 to 2021 Headcount	2019 to 2020 Headcount
Senior Civil Service Payband 3	1	1
Senior Civil Service Payband 2	2	1
Senior Civil Service Payband 1	18	18
Total Senior Civil Servants	21	20
Civil Servants – other grades	224	203
Total Civil Servants	245	223
Agency staff	3	3
Total headcount	248	226

No consultants were employed in 2020 to 2021 (nil in 2019-20).

Table 17 Reporting of Civil Service & other compensation schemes – exit packages

Exit package cost band	2020 to 2021 Number of compulsory redundancies	2020 to 2021 Number of other departures agreed	2020 to 2021 Total number of exit packages by cost band	2019 to 2020 Number of compulsory redundancies	2019 to 2020 Number of other departures agreed	2019 to 2020 Total number of exit packages by cost band
<£10,000	1	n/a	1	n/a	n/a	n/a
£10,000-£25,000	n/a	n/a	n/a	n/a	1	1
£25,000-£50,000	n/a	n/a	n/a	n/a	n/a	n/a
£50,000-£100,000	n/a	n/a	n/a	n/a	n/a	n/a
£100,000-	n/a	n/a	n/a	n/a	n/a	n/a

£150,000						
£150,000-£200,000	n/a	n/a	n/a	n/a	n/a	n/a
Total number of exit packages	1	n/a	1	n/a	1	1
Total cost (£000)	9	n/a	9	n/a	15	15

Other staff information

The following sections are not subject to audit unless otherwise stated.

Staff on loan

During the second half of 2020 to 2021, 11 staff were loaned to Ofqual from Ofsted. The estimated value, which was not recharged, was £0.4 million. The breakdown of the staff loaned by grade was:

- 2 EO
- 3 HEO
- 1 SEO
- 3 G7
- 2 SCS

The average duration of loan was 140 days.

Off-Payroll Appointments

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their highly paid and, or, senior off-payroll engagements.

Table 18 Off-payroll engagements as at 31 March 2021, for more than £245 per day

Description	Number of engagements
Number of existing engagements at 31 March 2021	6
Of which:	n/a
Number that have existed for less than one year at time of reporting	5
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between two and three years at time of reporting	Nil
Number that have existed for between three and four years at time of reporting	Nil
Number that have existed for four or more years at time of reporting	Nil

Government departments are required to obtain assurances from individuals on contracts of more than six months' duration, where the annual cost is greater than £63,700, that tax due on contract payments will be paid. As at 31 March 2021, all such contractors engaged by Ofqual met these conditions.

Ofqual holds contracts with the agency not the individual. The agencies are asked to seek assurances from the individuals before they are engaged by Ofqual. The agencies have provided evidence of clauses included within the agency contract with the individual stating the individual should ensure they correctly account for their tax and NI liability.

Table 19 New off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day

Description	Number of engagements
Number of new engagements between 1 April 2020 and 31 March 2021	1
Of which:	n/a
Number assessed as caught by IR35	1
Number assessed as not caught by IR35	n/a

Number engaged directly (via PSC contracted to department) and are on the departmental payroll	n/a
Number of engagements reassessed for consistency or assurance purposes during the year	n/a
Number of engagements that saw a change to IR35 status following the consistency review	n/a

Table 20 Off-payroll engagements of Board members, and, or, senior officials, with significant financial responsibility, between 1 April 2020 and 31 March 2021

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

The Accounting Officer is identified as having significant financial responsibility in the year. During 2020-21, there were three Chief Regulators, therefore three Accounting Officers are recorded in Table 20 above.

The Trade Union Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires public authorities to publish information in relation to facility time taken by trade union officials.

Table 21 Relevant union officials

Number of employees who were relevant union officials during the period	WTE equivalent
2	2

Table 22 Facility time

Percentage of time spent on facility time	Headcount
0%	n/a
1% - 50%	2
51% - 99%	n/a
100%	n/a

Table 23 Cost of facility time

Cost of facility time	£000
Total cost of facility time	n/a
Total pay bill	15,827
Facility time as a percentage of the total pay bill	0%

Total hours allowed between union officials is nine hours per week for facility time, but

Total hours allowed between union officials is nine hours per week for facility time, but as the time spent is usually negligible, it is not recorded, therefore, Ofqual does not record the cost of facility time separately.

Table 24 Paid trade union activities

Cost of facility time	£000
Cost of time spent on paid trade union activities as a percentage of total paid facility time hours	0%

Sickness Absence

In 2020 to 2021, 468 days were lost to sickness absence (1,361 days in 2019 to 2020), representing 0.8% of available staff working days. This is an average of 1.89 days per employee (6.02 days per employee in 2019 to 2020). This was due to a decrease in staff who were long term sick (average of 0.9 staff) who accounted for 159 days of absence (2019 to 2020: 836). Covid-19 had a minimal impact on sickness absence in 2020 to 2021.

Health, safety and wellbeing

Ofqual is committed to providing a safe and healthy working environment for staff. This includes involvement in a Health & Safety Forum for all government bodies represented in Earlsdon Park and developing relationships with the local police to ensure staff safety is maintained. All employees have access to a confidential twenty–four seven Employee Assistance Programme and are offered the opportunity to take part in a variety of health screening and workplace wellness programmes, including mental health awareness sessions and flu vaccinations. Due to remote working during the Covid-19 pandemic, all staff were offered flu vaccination vouchers in 2020 to 2021.

Equality, diversity and inclusion

Ofqual promotes equality for all regardless of status, including age, disability, gender status, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. Ofqual launched a new Diversity and Inclusion Strategy in January 2020, which embeds the commitment to enable all staff to realise their potential and for Ofqual to be an organisation that represents the diversity of the qualifications community we regulate and the Midlands community where we are based. Progress against this strategy is reported into the Finance and Human Resources Committee on a quarterly basis and was reported to the Board in September 2020 and April 2021. The gender breakdown of staff (which includes both permanent and fixed term contracts) as at 31 March 2021 was 154 women and 105 men (137 and 92 respectively in 2019 to 2020).

Table 25 Staff gender breakdown

Staff grade	2020 to 2021 Women	2020 to 2021 Men	2019 to 2020 Women	2019 to 2020 Men
Senior Civil Servants	10	10	10	10
Civil Servants – other grades	144	95	127	82
Total	154	105	137	92

At 31 March 2021, 9.3% of staff identified as disabled (9.1% in 2019 to 2020), with 24.7% not declaring their disability status (32.8% in 2019 to 2020). 16.5% classified themselves as from an ethnic minority group (14.2% in 2019 to 2020), with a further 3.8% undeclared (6.5% in 2019-20).

The gender pay gap has been calculated based on the mean and median hourly wage across the organisation, with a mean gap of 11.9% (8.7% in 2019 to 2020) and median of 15.3% (10.9% in 2019-20). Table 26 below shows how the percentage of women has changed in each earning quartile over the last 12 months. A driver of the change has been the impact of a small number of senior female colleagues leaving their roles in-year, with increases occurring in the lower middle roles in particular. The gap is expected to reduce following more recent appointments of females into senior roles. We continue to compare favourably to benchmarks of similar organisations.

Table 26 Gender pay gap

Pay quartile	2021 - % of Women	2020 - % of Women

Top	48%	51%
Upper middle	58%	63%
Lower middle	60%	53%
Lower	71%	72%
Total	59%	60%

At 31 March 2021, Ofqual had 30 more staff than at 31 March 2020, of which 17 were women. Their distribution across the quartiles, being mainly concentrated in the upper middle and lower quartiles, is reflected in the change in the gender pay gap. While there has been a marked increase in women in the lower middle quartile the percentage of women in the top and lower quartiles is relatively unchanged. Ofqual has increased the transparency of its Pay and Resourcing policies, ensuring that recruitment shortlisting and panels are more diverse and include skills-based assessments and an increase in senior sponsorship of individuals. These actions are cited by the Government Equalities Commission as being actions that will have a positive impact on improving the gender pay gap.

Ofqual had 1% of total pay costs available for performance pay in 2020–21. Staff are eligible for performance pay if they are not in their probationary period, therefore the performance pay gap can be affected by the relative number of male and female staff on probation. The performance pay gap for the year has increased slightly from 11% in 2019 to 2020 to 11.8% in 2020 to 2021 on mean performance pay, and has remained at 0% on median performance pay. 97% of male employees and 98% of female employees received performance pay in the year.

Simon Lebus

Interim Chief Regulator and Accounting Officer

8 July 2021

Parliamentary Accountability and Audit Report

Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government FReM requires Ofqual to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how Ofqual has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for Ofqual to use. The Estimate details Supply and is voted on by Parliament at the start of the financial year.

Should Ofqual exceed the limits set by their Supply Estimate, called control totals, the accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contains a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (Note 1)
- a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOPS to the financial statements (Note 2)
- a reconciliation of net resource outturn to net cash requirement (Note 3)
- an analysis of income payable to the Consolidated Fund (Note 4)

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided in the financial review section of the performance report on page 40. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review on page 40 also provides a summarised discussion of outturn against Estimate and functions as an introduction to the SOPS disclosures.

Table 27 Summary table – amounts approved in accordance with Parliamentary expenditure limits

Table 27a

Type of spend	SOPS Note	2020 to 2021 Outturn voted £000	2020 to 2021 Outturn non-voted £000	2020 to 2021 Outturn total £000	2020 to 2021 Estimate voted £000	2020 to 2021 Estimate non-voted £000	2020 to 2021 Estimate total £000	2020 to 2021 Voted outturn compared to Estimate: saving or (excess) £000	2019 to 2020 Outturn total £000
DEL:	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Resource	1.1	21,939	n/a	21,939	22,826	n/a	22,826	887	19,241
Capital	1.2	772	n/a	772	781	n/a	781	9	169
Total DEL	n/a	22,711	n/a	22,711	23,607	n/a	23,607	896	19,410

Table 27b

Type of spend	SOPS Note	2020 to 2021 Outturn voted £000	2020 to 2021 Outturn non-voted £000	2020 to 2021 Outturn total £000	2020 to 2021 Estimate voted £000	2020 to 2021 Estimate non-voted £000	2020 to 2021 Estimate total £000	2020 to 2021 Voted outturn compared to Estimate: saving or (excess) £000	2019 to 2020 Outturn total £000
AME:	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Resource	1.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19
Capital	1.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total AME	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19

Table 27c

Type of spend	SOPS Note	2020 to 2021 Outturn voted £000	2020 to 2021 Outturn non-voted £000	2020 to 2021 Outturn total £000	2020 to 2021 Estimate voted £000	2020 to 2021 Estimate non-voted £000	2020 to 2021 Estimate total £000	2020 to 2021 Voted outturn compared to Estimate: saving or (excess) £000	2019 to 2020 Outturn total £000
Total budget:	n/a	n/a	n/a		n/a	n/a	n/a	n/a	n/a
Resource	1.1	21,939	n/a	21,939	22,826	n/a	22,826	887	19,260
Capital	1.2	772	n/a	772	781	n/a	781	9	169
Total budget	n/a	22,711	n/a	22,711	23,607	n/a	23,607	896	19,429
Non-budget	1.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total budget & non-budget	n/a	22,711	n/a	22,711	23,607	n/a	23,607	896	19,429

Ofqual requests resources to undertake our statutory duties as the regulator of qualifications, exams and statutory assessments. The figures described as Voted in Table 27 are totals subject to Parliamentary control. The Supply Estimates guidance manual, available on gov.uk, contains further detail about the control limits voted by

Parliament.

Explanations of variances between Estimate and outturn are given in SOPS Note 1.1. Departmental expenditure limits cover all programme and administration costs.

The Net Cash Requirement is the amount of cash that Ofqual requires to support expenditure. It excludes non-cash items such as depreciation and notional charges.

Table 28 Net cash requirement

Item	SOPS note	2020 to 2021 Outturn £000	2020 to 2021 Estimate £000	2020 to 2021 Outturn compared to Estimate: saving or (excess) £000	2019 to 2020 Outturn £000
Net cash requirement	3	23,717	23,836	119	19,400

In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Table 29 Administration costs

Item	SOPS note	2020 to 2021 Outturn £000	2020 to 2021 Estimate £000	2020 to 2021 Outturn compared to Estimate: saving or (excess) £000	2019 to 2020 Outturn £000
Net cash requirement	1.1	14,791	14,971	180	14,911

Ofqual has had no Prior Period Adjustments in 2020 to 2021.

Notes to the Statement of Outturn against Parliamentary Supply

SOPS Note 1: Outturn detail, by Estimate line

SOPS 1.1 Analysis of resource outturn by Estimate line

Type of spend (Resource)	2020 to 2021 Resource Outturn Admin Gross £000	2020 to 2021 Resource Outturn Admin Income £000	2020 to 2021 Resource Outturn Admin Net £000	2020 to 2021 Resource Outturn Prog Gross £000	2020 to 2021 Resource Outturn Prog Income £000	2020 to 2021 Resource Outturn Prog Net £000	2020 to 2021 Outturn compared to Estimate: saving or (excess) £000	2019 to 2020 Outturn £000
Spending in DEL - Voted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A. Regulation of qualifications and statutory assessments	14,866	(75)	14,791	7,148	n/a	7,148	887	155
Spending in AME - Voted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Provision for dilapidations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11
Total Voted expenditure	n/a	n/a	n/a	n/a	n/a	n/a	n/a	166
Non-Voted expenditure	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total resource	14,866	(75)	14,791	7,148	n/a	n/a	n/a	n/a

An explanation of the outturn compared to Estimate is provided in the Financial Review on page 40.

Ofqual continues to have a £29k provision for AME relating to office dilapidations at

Earlsdon Park (2019 to 2020: £29k). A thorough review of the provision in 2020 to 2021 confirmed that the existing provision was deemed sufficient to settle any future dilapidation costs, particularly given that we have not occupied the office for much of the year due to Covid-19 restrictions. The estimate of the provision will be revised if circumstances change that could have a major impact on the cost.

SOPS 1.2 Analysis of capital outturn by Estimate line

Type of spend (Resource)	2020 to 2021 Capital Outturn Admin Gross £000	2020 to 2021 Capital Outturn Admin Income £000	2020 to 2021 Capital Outturn Admin Net £000	2020 to 2021 Capital Outturn Prog Gross £000	2020 to 2021 Capital Outturn Prog Income £000	2020 to 2021 Capital Outturn Prog Net £000	2020 to 2021 Capital compared to Estimate: saving or (excess) £000	2019 to 2020 Outturn £000
Spending in DEL - Voted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A. Regulation of qualifications and statutory assessments	n/a	n/a	n/a	772	n/a	772	9	169
Spending in AME - Voted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Voted expenditure	n/a	n/a	n/a	772	n/a	772	9	169
Non-Voted expenditure	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Capital	n/a	n/a	n/a	772	n/a	772	9	169

SOPS Note 2: Reconciliation of resource outturn to net operating expenditure

Item	SOPS Note	2020 to 2021 Outturn £000	2019 to 2020 Outturn £000
Total resource outturn	1.1	21,939	19,260
Less: income payable to the Consolidated Fund	4.1	n/a	n/a
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SOCNE	21,939	19,260

As noted in the introduction to the SOPS above, the Estimates and outturn are compiled using the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

SOPS Note 3: Reconciliation of net resource outturn to net cash requirement

Item	SOPS Note or Reference	2020 to 2021 Outturn £000	2020 to 2021 Estimate £000	2020 to 2021 Outturn compared to Estimate: saving or (excess) £000
Resource outturn	1.1	21,939	22,826	887
Capital outturn	1.2	772	781	9
Adjustments to remove non-cash items:	n/a	n/a	n/a	n/a
Depreciation	n/a	-161	-171	-10
Adjustments for provisions	n/a	n/a	n/a	n/a
Other non-cash items	n/a	-49	-50	-1
Adjustments to reflect movements in working balances:	n/a	n/a	n/a	n/a
Increase or (decrease) in receivables	n/a	7	450	443
(Increase) or decrease in payables	n/a	1,209	n/a	-1,209
Use of provisions	n/a	n/a	n/a	n/a

Net cash requirement	Table 28	23,717	23,836	119

SOPS Note 4: Analysis of income due to the Consolidated Fund

SOPS 4.1 Analysis of income payable to the Consolidated Fund

Item	2020 to 2021 Outturn Accruals Basis £000	2020 to 2021 Outturn Cash Basis £000	2019 to 2020 Outturn Accruals Basis £000	2019 to 2020 Outturn Cash Basis £000
Income outside the ambit of the Estimate	n/a	n/a	n/a	n/a
Excess cash surrenderable to the Consolidated Fund	n/a	n/a	n/a	n/a
Total amount payable to the Consolidated Fund	n/a	n/a	n/a	n/a

Consolidated fund income shown in SOPS Note 4.1 above does not include any amounts collected by Ofqual where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund, which are otherwise excluded from the financial statements, are shown in SOPS Note 4.2 below.

SOPS 4.2 Consolidated Fund Income

Item	2020 to 2021 Outturn £000	2019 to 2020 Outturn £000
Fines and penalties	n/a	401
Other income	n/a	n/a
Amount payable to the Consolidated Fund		401
Balance held at the start of the year	401	57
Payments into the Consolidated Fund	-401	-57
Balance held on trust at the end of the year	n/a	401

In 2020 to 2021 Ofqual did not collect any income from fines and penalties (2019-20: £434k). £401k received from two awarding organisations in 2019-20 was paid into the Consolidated Fund in 2020 to 2021.

Parliamentary Accountability Disclosures

Losses and special payments

The following sections are subject to audit.

Losses

During 2020 to 2021, Ofqual incurred no material losses (nil in 2019 to 2020). In 2019 to 2020, Ofqual had incurred fruitless payments of £20k as a result of Covid-19 relating to irrecoverable costs of conference venues and travel arrangements; no fruitless payments were incurred in 2020 to 2021.

Table 31 Losses statement

Item	2020 to 2021 £000	2019 to 2020 £000
Fruitless payments	n/a	20

Special Payments

During 2020 to 2021, Ofqual did not incur any special severance payments (one in 2019 to 2020).

Gifts

No material gifts were received during 2020 to 2021 (nil in 2019-20).

Fees and Charges

This section is subject to audit.

No material fees and charges income was received during 2020 to 2021 (nil in 2019 to 2020).

Remote contingent liabilities

This section is subject to audit.

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, Ofqual also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. Ofqual has no contingent liabilities, remote or otherwise, that require disclosure under Parliamentary Reporting requirements.

Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Qualifications and Examinations Regulation (Ofqual) for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the Statement of Parliamentary Supply and the related notes, and information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Ofqual's affairs as at 31 March 2021 and of Ofqual's net operating costs for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom' . My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of Ofqual in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Ofqual's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Ofqual's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other Information

The other information comprises information included in the Performance Report and Accountability Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the Ofqual and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and accountability report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or – certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or

- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Ofqual's policies and procedures relating to: – identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; – detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and – the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Ofqual's controls relating to Government Resources and Accounts Act 2000 and Skills, and the Children and Learning Act 2009.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and manipulation of the Statement of Parliamentary Supply.
- obtaining an understanding of Ofqual's framework of authority as well as other legal and regulatory frameworks that Ofqual operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Ofqual. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000 and Skills, Children and Learning Act 2009, Managing Public Money, Employment Law and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

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

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

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

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

National Audit Office

12 July 2021

157-197 Buckingham Palace Road

Victoria

London, SW1W 9SP

The Financial Statements

The notes on pages 89 to 100 form part of these accounts.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

Item	Note (if material)	2020 to 2021 £000	2019 to 2020 £000
Other operating income	6	-75	-63
Total operating income	n/a	-75	-63
Staff costs	3	16,133	13,918
Purchase of goods and services	4, 5	4,059	3,409
Depreciation and impairment charges	7, 8	161	120
Other operating expenditure	4, 5	1,662	1,876
Total operating expenditure	n/a	22,014	19,323
Net operating expenditure	n/a	21,939	19,260
Net expenditure for the year	n/a	21,939	19,260
Other comprehensive net expenditure	n/a	n/a	n/a
Comprehensive net expenditure for the year	n/a	21,939	19,260

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure.

Statement of Financial Position as at 31 March 2021

This statement presents the financial position of Ofqual at the end of the financial year. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

Statement of Financial Position Table 1a

Item	Note (if material)	31-Mar-21 £000	31-Mar-20 £000
Non-Current Assets:	n/a	n/a	n/a
Property, plant and equipment	7	273	337
Intangible assets	8	676	-
Total Non-Current Assets	n/a	949	337

Statement of Financial Position Table 1b

Item	Note (if material)	31-Mar-21 £000	31-Mar-20 £000
Current assets:	n/a	n/a	n/a
Trade and other receivables	10	431	423
Cash and cash equivalents	9	1	2
Total current assets	n/a	432	425
Total Assets	n/a	1,381	762
Current liabilities			
Trade and other payables	11	-2,053	-3,263
Provisions	14	-29	-29
Total current liabilities	n/a	-2,082	-3,292
Total assets less current liabilities	n/a	-701	-2,530
Non-current liabilities	n/a	n/a	n/a
Total assets less total liabilities	n/a	-701	-2,530

Statement of Financial Position Table 1c

Item	Note (if material)	31-Mar-21 £000	31-Mar-20 £000
Taxpayers' equity and other reserves:	n/a	n/a	n/a
General Fund	n/a	-701	-2,530
Total equity	n/a	-701	-2,530

Simon Lebus

Interim Chief Regulator and Accounting Officer

8 July 2021

Statement of Cash Flows for year ended 31 March 2021

The Statement of Cash Flows shows the changes in cash and cash equivalents of Ofqual during the reporting period. The statement shows how Ofqual generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by Ofqual. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to Ofqual's future public service delivery.

Statement of Cash Flows Table 1a

Item	Note (if material)	2020 to 2021 £000	2019 to 2020 £000

Cash flows from operating activities:	n/a	n/a	n/a
Net operating expenditure	n/a	-21,939	-19,260
Adjustment for non-cash transactions	4, 5	210	186
(Increase) or decrease in trade and other receivables	10	-7	-259
Increase or (decrease) in trade and other payables	11	-1,210	-151
Less movements in payables relating to items not passing through the SOCNE	n/a	n/a	250
Net cash inflow or (outflow) from operating activities	n/a	-22,946	-19,234

Statement of Cash Flows Table 1b

Item	Note (if material)	2020 to 2021 £000	2019 to 2020 £000
Cashflows from investing activities:	n/a	n/a	n/a
Purchase of property, plant and equipment	7	-96	-169
Purchase of intangible assets	8	-676	
Net cash inflow or (outflow) from investing activities	n/a	-772	-169

Statement of Cash Flows Table 1c

Item	Note (if material)	2020 to 2021 £000	2019 to 2020 £000
Cash flows from financing activities:	n/a	n/a	n/a
From the Consolidated Fund (Supply) – current year	n/a	23,717	19,153
Net financing	n/a	23,717	19,153
Net increase or (decrease) in cash and cash equivalents in the period (no adjustments are required for payments to the Consolidated Fund)	n/a	-1	-250
Cash and cash equivalents at the start of the period	9	2	252
Cash and cash equivalents at the end of the period	9	1	2

Statement of Changes in Taxpayers' Equityfor year ended 31 March 2021

Notes to the Accounts

Note 1 – Statement of accounting policies

These financial statements have been prepared in accordance with the 2020–21 Government FReM issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of Ofqual for the purpose of giving a true and fair view has been selected. The particular policies adopted by Ofqual are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires Ofqual to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes showing outturn against Parliamentary Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention. Ofqual has a small asset base, and property, plant, equipment and intangible assets are held at depreciated historic cost as a proxy for current value, as permitted by the 2020–21 FReM. No revaluation adjustments have been made in these accounts.

1.2 Accounting policies

1.2.1 Going Concern

In common with other government departments, funding for Ofqual will be met in the main by future Grants of Supply to be approved annually by Parliament. SR15 reduced Ofqual's core administration funding over the 2016 to 2020 period, which continued into 2020 to 2021 with SR19. The budget for 2021 to 2022, set through SR20, delivers an increase in our baseline Supply following HM Treasury investment in Ofqual's core objectives. A budget has been set that achieves this continued regulatory intent and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Covid-19 has had a substantial impact on Ofqual's planned activity in 2020 to 2021, and moving into 2021 to 2022 as Ofqual responds to the decision by the government that summer exams and assessments cannot go ahead fairly for a second year. Ofqual actively monitors the sufficiency of Supply to meet the needs of the emerging corporate plan for 2021 to 2022 and maintains regular positive discussions with the DfE and HM Treasury. Our management of associated risks is outlined in the governance statement section of this report and Ofqual's continued existence remains a matter of policy. Therefore Covid-19 is not considered to affect the going concern basis of these accounts.

1.2.2 Valuation of non-current assets

Property, plant, equipment and purchased software licences are capitalised if they are intended for use on a continuous basis for more than one year, and are held at depreciated historic cost. The threshold for capitalising non-current assets is £5,000 on an individual basis. When purchasing groups of assets that individually are valued at between £1,000 and £5,000 but taken together form a single collective asset, and are equal to or greater than £10,000, these are capitalised.

1.2.3 Depreciation and amortisation

Depreciation and amortisation are provided on all non-current assets on a straight-line basis to write off cost (less any estimated residual value) evenly over the asset's anticipated useful life.

Asset lives are in the following ranges:

- information technology (hardware) – 3 to 5 years
- purchased computer software – 5 years

1.2.4 Operating and other income

Operating and other income includes costs recovered by Ofqual on its directly provided services, on a full-cost basis. Operating income is stated net of VAT. Further detail is provided in Note 6.

Income is recognised with regard to the five-step process required by IFRS 15 Revenue from Contracts with Customers.

All fine and penalty income received in 2019-20 has now been paid over to the Consolidated Fund as shown in SOPS 4.2 in line with the Consolidated Budgeting Guidance 2020–21. IFRS 15 does not apply to fines and penalties.

1.2.5 Administration and programme expenditure

Costs have been separated between programme and administration. Programme costs are chiefly the costs associated with Ofqual's delivery of frontline reform activities and include certain staff and information systems costs. Administration costs are the costs incurred in running Ofqual.

1.2.6 Pensions

Past and present employees are covered by a mixture of the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS). Both schemes are unfunded multi-employer defined benefit schemes. Ofqual accounts for its participation in the schemes as if it were a defined contribution scheme. Annual contributions payable to the scheme are recognised in the Statement of Comprehensive Net Expenditure. Further pension details are contained in the Remuneration Report and Staff Report.

1.2.7 Leases

All leases are accounted for in accordance with the IAS 17 Leases. Classification is made at the inception of the relevant lease.

Leases are regarded as operating leases, and the rentals are charged to the Statement of Comprehensive Net Expenditure over the term of the lease. Ofqual has two major categories of operating lease which relate to the payment of rent on property and machine hire.

IAS 17 has been replaced by IFRS 16, which will apply to Ofqual from 1 April 2022, as explained at Note 1.3 below.

1.2.8 Financial instruments

Financial Instruments are recognised at fair value and charged to SOCNE in line with IFRS 9 Financial Instruments and Note 1.2.9 below. Ofqual does not have any complex financial instruments. Ofqual determines the classification of its financial instruments at initial recognition.

1.2.9 Financial Assets

Ofqual holds the following financial assets:

- cash and cash equivalents
- trade receivables – current

Cash and cash equivalents comprise Ofqual's closing bank account balance and are recognised in the Statement of Financial Position and Statement of Cashflow at fair value and charged to SOCNE

Trade and other receivables have fixed or determinable amounts that are not quoted on an open market. Trade and other receivables do not carry any interest and are recognised at fair value and charged to SOCNE in the Statement of Financial Position.

Financial assets are recognised when a contractual provision arises, and derecognised when the contractual rights to the cash flows from the financial asset expire.

1.2.10 Financial Liabilities

Trade and other payables including accruals are generally not interest bearing and are recognised in the Statement of Financial Position at fair value and charged to SOCNE on initial recognition.

Financial liabilities are recognised when a contractual provision arises and are derecognised when the obligation specified in the contract has been discharged, cancelled or has expired.

1.2.11 Value Added Tax

Many of Ofqual's activities are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is often not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are recorded net of VAT.

1.2.12 Contingent liabilities and contingent assets

In addition to contingent liabilities disclosed in accordance with IAS 37, Ofqual discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities, which are required to be disclosed under IAS 37, are stated as discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament and included in the Parliamentary and Accountability Report.

1.3 Impending application of newly issued accounting standards not yet effective

In accordance with IAS 8, Ofqual has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable.

Ofqual has considered the updates to the IFRS 16 Leases. The new standard replaces IAS 17 Leases and introduces a new single accounting approach for lessees for all leases, with limited exceptions. As a result, there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Ofqual has not adopted early and has assessed the impact on the financial statements. One property is leased for use as office space which is currently classified as an operating lease, and there is a minor lease for office machinery. Due to the consequences of Covid-19, HM Treasury has agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 in central government in

2020–21. This represents a two-year deferral from the initial effective date of 1 April 2020.

There is no financial impact arising from IAS 8 considerations in this report.

1.4 Judgements and Estimates

The preparation of financial statements requires Ofqual to make estimates and assumptions relating to uninvoiced goods or services that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Where judgement of material work in progress of goods and services has been required, these have been agreed with the supplier.

Ofqual has judged that Covid-19 does not affect the going concern basis of these accounts. In doing so, the financial impact of the substantial changes to planned activity in 2021 to 2022 in response to the decision by the government that it was no longer fair for summer exams and assessments to go ahead has been carefully reviewed and will continue to be monitored to ensure that the Supply is sufficient to meet the changing demand. Covid-19-related risks have been raised and effective mitigations have been agreed with the Board. Ofqual maintains regular positive discussions with the DfE and HM Treasury regarding priorities to mitigate financial risks. Further information is provided in Note 1.2.1..

During the second half of 2020 to 2021, Ofqual received support from Ofsted to cover executive and non-executive vacancies. 11 staff were loaned to Ofqual over the period without charge. Ofsted's Chief Inspector, Amanda Spielman, acted as Chair of the Recovery Committee, as noted on page 81; she was not remunerated for this role. The value of the saving to Ofqual is estimated at £0.4 million, based on the comparative grade, salary and tenure, representing the costs that would have otherwise been incurred by Ofqual.

There were several external and internal investigations and inquiries into Ofqual's approach to awarding in summer 2020 that had the potential to give rise to additional costs. An Inquiries and Investigations Oversight Board was established in October 2020 to oversee the strategic approach to each of these and to manage risk effectively. Ofqual maintained a contingency budget to mitigate the financial risk. The risk, and therefore the financial risk, associated with the inquiries has substantially diminished and the Inquiries and Investigations Oversight Board was dissolved in April 2021. On this basis, Ofqual does not hold any provisions for investigations.

Ofqual moved to its office in Earlsdon Park, Coventry, in October 2018. In accordance with the Memorandum of Terms of Occupation, Ofqual is liable for the dilapidations cost relating to the occupied area at the end of the term. Ofqual has therefore recognised a non-material provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. A full review of the provision took place in 2020 to 2021 and the existing provision was deemed sufficient to settle any future dilapidation costs. The estimate of the provision will be revised if, and when, circumstances change that could have a major impact on the cost.

Note 2 – Statement of operating costs by operating segment

Item	**2020 to 2021 General Qualifications £000**	**2020 to 2021 Vocational & Technical Qualifications £000**	**2020 to 2021 Strategy, Risk & Research £000**	**2020 to 2021 National Reference Test £000**	**2020 to 2021 Regulatory Compliance £000**	**2020 to 2021 Corporate Services £000**	**2020 to 2021Total £000**
Gross expenditure	2,487	5,478	4,698	1,596	746	6,848	21,853
Income	0	0	0	0	0	-75	-75
Depreciation	0	0	0	0	0	161	161
Net expenditure	2,487	5,478	4,698	1,596	746	6,934	21,939
Item	2019-20 General Qualifications £000	2019-20 Vocational and Technical Qualifications £000	2019-20 Strategy, Risk and Research £0	2019-20 National Reference Test £0	2019-20 Regulatory Compliance £0	2019-20 Corporate Services £0	2019-20 Total £0

Gross expenditure	2,407	3,861	4,059	1,825	714	6,337	19,203
Income	n/a	n/a	-32	n/a	n/a	-31	-63
Depreciation	n/a	n/a	n/a	n/a	n/a	120	120
Net expenditure	2,407	3,861	4,027	1,825	714	6,426	19,260

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of an organisation that are regularly reviewed by the Chief Operating Decision Maker, which is the Chief Executive in Ofqual, in order to allocate resources to the segments and to assess their performance.

The following table presents gross expenditure, income, depreciation and net expenditure regarding the operating segments, regulation, standards and other directorates, based on management information produced in accordance with IFRS 8. Assets and liabilities are not reported separately to the Chief Operating Decision Maker, and so are not disclosed separately by operating segment.

Ofqual has four directorates:

- General Qualifications: provides dedicated resources for this specific qualification area
- Vocational and Technical Qualifications: provides dedicated resources for this specific qualification area – as in previous years, additional programme funding was received in 2020 to 2021 for delivery of the expanded reform programme of vocational and technical qualifications
- Strategy, Risk and Research: responsible for strategic planning, research and analysis functions to underpin the regulatory approach, and the legal and complaints teams
- Regulatory and Corporate Services: responsible for the NRT, collecting evidence and intelligence from awarding organisations and auditing their compliance with Ofqual's regulations, as well as business support services including finance, HR, information management, communications and customer services

Additional income relates to the provision of data and analysis to regulatory counterparts.

Note 3 – Staff costs

Description	2020 to 2021 Permanently Employed Staff £000	2020 to 2021 Others £000	2020 to 2021 Total £000	2020 to 2021 Total £000
Wages and salaries	11,626	306	11,932	10,234
Social security costs	1,252	0	1,252	1,092
Other pension costs	2,949	0	2,949	2,592
Sub total	15,827	306	16,133	13,918
Less recoveries for outward secondments	-19	n/a	-19	n/a
Total net costs	15,808	306	16,114	13,918
Of which:	2020-21 Charged to administration budgets £000	2020-21 Charged to programme budgets £000	2020-21 Charged to capital budgets £000	2020-21 Total £000

Core departments	12,038	4,076	n/a	16,114
Total	12,038	4,076	n/a	16,114

Note 4 – Other Administration costs

Note 4a

Non-cash items	2020 to 2021 Core Department £000	2020 to 2021 Core Department £000
Auditor's remuneration	49	46
Total non-cash items	49	46

Note 4b

Other expenditure	2020 to 2021 Core Department £000	2020 to 2021 Core Department £000
Direct operational expenditure	567	1,060
Rent and accommodation	936	934
IT	970	698
Recruitment, training and staff-related	284	307
Finance and governance	3	4
Total other expenditure	2,760	3,003

Note 5 – Other Programme costs

Note 5a

Non-cash items	2020 to 2021 Core Department £000	2019 to 2020 Core Department £000
Depreciation	161	120
Provision for dilapidations	0	19
Total non-cash items	161	139

Note 5b

Other expenditure	2020 to 2021 Core Department £000	2019 to 2020 Core Department £000
Direct operational expenditure	2,266	1,785
Rent and accommodation	0	4
IT	561	412
Recruitment, training and staff-related	84	16
Total other expenditure	2,911	2,217
Total other Programme costs	3,072	2,356

The continuing increase in the programme cost base is due to the ongoing focus on the delivery of reforms to vocational and technical qualifications, including investment in supporting digital and data systems to underpin Ofqual's regulatory decisions and actions.

Note 6 – Income

Source	2020 to 2021 Core Department £000	2019 to 2020 Core Department £000
DfE	12	34
Qualifications Wales	n/a	15
Council for Curriculum,Examinations and Assessment	37	37
Institute for Apprenticeships and Technical Education	n/a	-1
Department for Business, Energy and Industrial Strategy (recoveries for outward secondments also shown in Note 3)	19	n/a
Other income	7	22
Total	75	63

Overall, income remained at a similar level to 2019 to 2020.

Fines and penalties are collected as an agent for HM Treasury, and so are disclosed in SOPS 4.2 Consolidated Fund Income.

Note 7 – Property, plant and equipment

Note 7a

Cost or valuation	2020 to 2021 Information Technology £000	2020 to 2021 Total £000
At 1 April 2020	575	575
Additions	96	96
Disposals	n/a	n/a
At 31 March 2021	671	671

Note 7b

Depreciation	2020 to 2021 Information Technology £000	2020 to 2021 Total £000
At 1 April 2020	238	238
Charged in year	161	161
Disposals		n/a
At 31 March 2021	398	398
Carrying amount at 31 March 2021	273	273
Carrying amount at 1 April 2020	337	337

Note 7c

Asset financing	2020 to 2021 Information Technology £000	2020 to 2021 Total £000
Owned	273	273
Carrying amount at 31 March 2021	273	273

Note 7d

Cost or valuation	2020 to 2021 Information Technology £000	2020 to 2021 Total £000
At 1 April 2019	406	406
Additions	169	169
Disposals	n/a	n/a
At 31 March 2020	575	575

Note 7e

Depreciation	2020 to 2021 Information Technology £000	2020 to 2021 Total £000
At 1 April 2019	118	118
Charged in year	120	120
Disposals	n/a	n/a
At 31 March 2020	238	238
Carrying amount at 31 March 2020	337	337
Carrying amount at 1 April 2019	288	288

Note 7f

Asset financing	2020 to 2021 Information Technology £000	2020 to 2021 Total £000
Owned	337	337
Carrying amount at 31 March 2020	337	337

Note 8 – Intangible assets

Note 8a

Cost or valuation	2020 to 2021 Software Licenses £000	2020 to 2021 Total £000
At 1 April 2020	0	0
Additions	676	676
Disposals	0	0
At 31 March 2021	676	676

Note 8b

Amortisation	2020 to 2021 Software Licenses £000	2020 to 2021 Total £000
At 1 April 2020	0	0
Charged in year	0	0
Disposals	0	0
At 31 March 2021	0	0
Carrying amount at 31 March 2021	676	676
Carrying amount at 1 April 2020	0	0

Note 8c

Asset financing	2020 to 2021 Software Licenses £000	2020 to 2021 Total £000
Owned	676	676
Carrying amount at 31 March 2021	676	676

Ofqual's intangible assets were nil in 2019 to 2020. In 2020 to 2021, Ofqual secured additional funding from the DfE to invest in the development of our legacy technology to deliver improved digital solutions and reduce our ongoing maintenance and operating costs.

Note 9 – Cash and cash equivalents

Description	2020 to 2021 £000	2019 to 2020 £000
Balance at 1 April	2	252
Net change in cash and cash equivalents	-1	-250
Balance at 31 March	1	2
The following balances at 31 March were held at:		
Government Banking Service	1	2
Balance at 31 March	1	2

Note 10 – Trade receivables

Amounts falling due within 1 year	2020 to 2021 £000	2019 to 2020 £000
Trade receivables	15	n/a
Other receivables	n/a	n/a
Prepayments	271	342
Accrued income	4	n/a
VAT	140	81
Total at 31 March	431	423

Note 11 – Trade payables, financials and other liabilities

Amounts falling due within 1 year	2020 to 2021 £000	2019 to 2020 £000
Other taxation and social security	343	306
Trade payables	331	341
Other payables	n/a	282
Accruals	1,375	1,928
Deferred income	3	3
Amounts issued from the Consolidated Fund for supply but not spent at the year end	1	2
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	n/a	n/a
- received	n/a	401
- receivable	n/a	n/a
Total at 31 March	2,053	3,263

Note 12 – Leases

Note 12a

Buildings	2020 to 2021 £000	2019 to 2020 £000
Not later than one year	899	899
Later than one year and not later than five years	3,596	3,596
Later than five years	2,923	3,822
Total	7,418	8,317

Note 12b

Other	2020 to 2021 £000	2019 to 2020 £000
Not later than one year	16	22
Later than one year and not later than five years	3	16
Later than five years	n/a	n/a
Total	19	38
Total at 31 March	2,053	3,263

The total future minimum operating lease payments are given in the table below for each of the following periods.

Other leases relate to the franking machine lease, which was renewed in 2016 to 2017, and the multifunctional devices lease, which commenced in May 2017.

Note 13 – Financial risks

As Ofqual's cash requirements are met through the Estimates process, Ofqual's exposure to credit, liquidity or market risk is minimal. Financial instruments do not have a role in creating and managing risk that they would for a non-public sector organisation of a similar size. Ofqual actively engages with the DfE and HM Treasury to mitigate any financial risks that may emerge as a result of the Covid-19 pandemic.

Note 14 – Provisions for liabilities and charges

Ofqual held a provision of £29k for dilapidations on the Earlsdon Park office in 2020 to 2021 (£29k in 2019-20). It has been assessed that there is no requirement to change the provision in 2020 to 2021.

Note 15 – Contingent liabilities

Ofqual has not entered into unquantifiable contingent liabilities by offering guarantees or indemnities or by giving letters of comfort.

Note 16 – Related-party transactions

Ofqual had payment transactions with the following government departments and other central government bodies and organisations during the year:

- Government Legal Department
- Ministry of Justice
- Department for Work and Pensions
- Office of Gas and Electricity Markets
- Gambling Commission
- Government Property Agency
- Cabinet Office

Income was received from the following government departments and other central government bodies and organisations during the year:

- DfE
- Department for Business, Energy and Industrial Strategy
- Council for the Curriculum, Examinations and Assessment

No Board member, key management staff or other related party has undertaken any material transactions with the department during the year. The Remuneration Report (Table 10) lists all members of the management board having authority or responsibility for directing or controlling the major activities of the entity during the year.

The costs associated with the staff that were loaned to Ofqual from Ofsted during the second half of 2020 to 2021 were not recharged to Ofqual by Ofsted.

Note 17 – Entities within the department boundary

Ofqual is the only body within its department boundary.

Note 18 – Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date that the Annual Report and Accounts were authorised for issue of certification by the Comptroller and Auditor General. There have been no events after the reporting period requiring an adjustment to the financial statements, or to be reported. The decision by the government that exams and assessments will not go ahead in 2021 due to the Covid-19 pandemic has had a significant impact on Ofqual's regulatory work, however it has not required an adjustment to Ofqual's financial statements.

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