



Standards  
& Testing  
Agency

# Standards and Testing Agency

## Annual Report and Accounts

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For the year ended 31 March 2021

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& Testing  
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# Standards and Testing Agency

## Annual Report and Accounts

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For the year ended 31 March 2021

An executive Agency of the  
Department for Education

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

Annual Report presented to the House of Commons by Command of Her Majesty.

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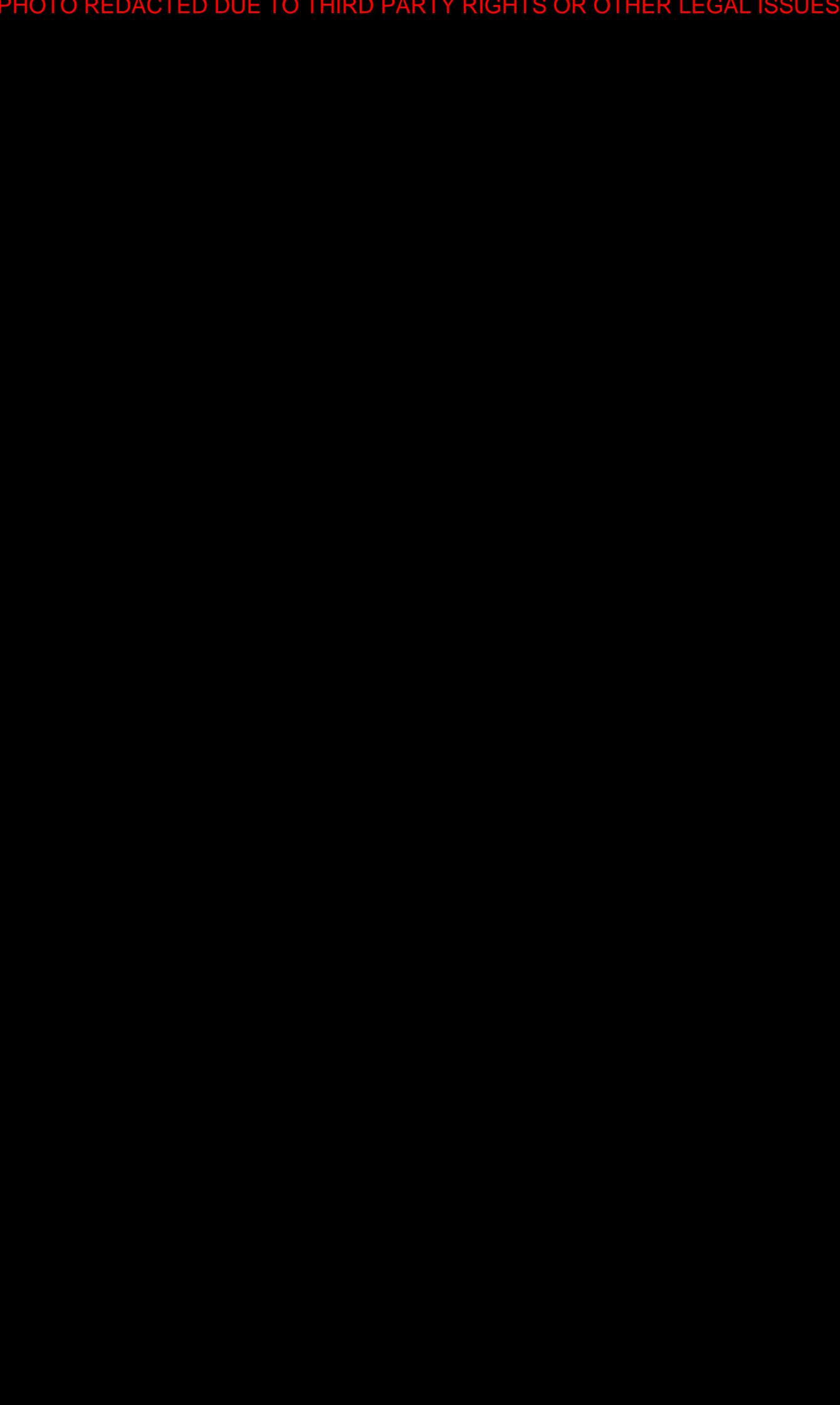
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# Performance Report

# Overview

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This overview sets out at a high level the aims and objectives of the Standards and Testing Agency (STA or the Agency).

## Vision, mission and core principles

This annual report and accounts (ARA) covers the operation of the STA, as an executive Agency of the Department for Education (DfE or the Department), for the year ending 31 March 2021.

The Department's overall vision is to provide world-class education, training and care for everyone, whatever their background. It will make sure that everyone has the chance to reach their potential and live a more fulfilled life. It will also create a more productive economy, so that our country is fit for the future.

STA supports DfE's vision by developing and delivering high-quality statutory assessments that provide reliable and valid data on the achievements of individual pupils and schools for the purposes defined by Ministers.

STA's focus is to provide an effective and robust national testing, assessment and moderation system to measure pupils' attainment at key points from reception to the end of key stage 2 (KS2). The Agency will strive to achieve excellence by consistently delivering high-quality assessments efficiently which promote fairness and trust in the assessment system.

In carrying out its national testing and assessment functions, the Agency is independently regulated by the Office of Qualifications and Examinations Regulation (Ofqual). Ofqual has a duty to keep all aspects of national testing and assessment arrangements under review and will report to the Secretary of State if it appears that there is, or is likely to be, a significant failing in the arrangements. Given the cancellation of national curriculum assessments (NCAs) in this reporting period, there has been no annual report from Ofqual on NCAs in this reporting period.

## Context

During the year NCAs for primary schools have been kept under review and changes were announced at key points as follows:

- In March 2020, the NCAs were cancelled for summer 2020
- In June 2020, it was announced that the reception baseline assessment (RBA) which was due to become statutory from 2020/21, would not become statutory as planned. Instead schools would have the option to take part in an early adopter year and RBA data from this year would not be used to set a baseline for progress measures in future. RBA will now become statutory in September 2021
- In July 2020, it was announced that the intention was to administer most NCAs in 2020/21, but the introduction of the engagement model (for pupils engaged in non-subject specific study) as a statutory assessment would be delayed for one academic year to 2021/22. This would be replaced by a transitional year in 2020/21 where schools could choose to administer either the engagement model or the existing P-scales model. An additional requirement was created to assess year 2 pupils in phonics, using a previous version of the phonics screening check (PSC), during the second half of the autumn term in 2020
- In December 2020, to recognise the difficulties that primary schools were facing in light of the ongoing disruption caused by COVID-19, it was announced that the number of NCAs in summer 2021 would be reduced to focus only on the most important assessments for schools, pupils and parents. At the time of this announcement, the following NCAs were to be administered as statutory assessments in summer 2021:
  - the PSC for year 1 pupils (and year 2 pupils who had not met the expected standard in the autumn administration of the check)
  - Key stage 1 (KS1) teacher assessment in English reading, English writing and mathematics, though these would not be supported by new statutory tests
  - KS2 English reading and mathematics tests
  - KS2 teacher assessment in English writing
- In January 2021, due to the announcement of a new period of restricted attendance in schools, the remaining NCAs for summer 2021 were cancelled for a second year running
- In January 2021, it was announced that the multiplication tables check (MTC) which was due to become statutory from June 2020 but due to COVID-19 had previously been delayed until June 2021, was further delayed until 2021/22. The MTC will operate on an optional basis in June 2021.

## Accounting Officer's review

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The COVID-19 pandemic has inevitably dominated the work of this Agency and at the time of writing, this disruption is ongoing.

As a result of the changing context described in the overview section, many STA staff have been re-deployed to other high priority areas in the Department at various points throughout the year, including the STA's Chief Executive and Accounting Officer, Una Bennett. Una was initially re-deployed between 7 April 2020 and 18 May 2020 and then was re-deployed again from 11 January 2021 until her last day at STA on 26 March 2021. During Una's re-deployments, I became the acting Accounting Officer. Whilst Una officially kept the Accounting Officer responsibilities during her second redeployment, I undertook the day-to-day leadership functions of STA. Una and I met regularly to discuss progress and any issues that arose. I was officially appointed as Accounting Officer with effect from 26 March 2021, following Una's departure.

The cancellation of statutory assessment and testing is not a decision that was taken lightly. The absence of a robust, nationally consistent measures of the attainment of pupils in our primary schools makes it more difficult to determine the impact of lost time in education and which pupils need most help. The Department's estimate and forward plans, therefore, include provision for the Agency's continuation and the resumption of all NCAs in the 2021/2022 academic year. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

The Agency was on track to deliver the full set of primary school NCAs in summer 2021 but, given the cancellations due to COVID-19, delivery against the Agency's objectives for 2020-21 has been significantly affected. During the reporting year, the Agency has delivered the following:

- planning the development and delivery of NCAs to be able to deliver in a COVID-19 context
- securing the future development and delivery of all NCAs to ensure that they can be reintroduced at the appropriate time
- providing effective support to schools to administer NCAs (as appropriate) and to keep them informed of the changes to requirements
- continuing to successfully manage the general qualifications logistics service
- supporting the wider Department to deliver on key priorities by redeploying staff where possible

## Statement of purpose and activities

This section details the Agency's objectives, organisational structure, performance, key issues and risks.

### Objectives

Although disrupted during this reporting period, STA is responsible for the development and delivery of NCAs in England, under statutory instruments, on behalf of the Secretary of State for Education. In carrying out these functions, we:

- develop and implement assessment policy in England in line with ministerial priorities
- develop high-quality and rigorous NCAs in line with government policy
- undertake operational delivery of NCAs (including printing, supporting test administration, distribution, provision of systems, marking and data capture and investigations of maladministration, teacher assessment exemplification and moderation)
- set and maintain test standards, including standards related to marking
- produce test administration guidance for the KS1 and KS2 tests

During a normal year, the scale of our operational delivery includes the following:

- oversight of the printing, distribution, and collection of KS1 and KS2 NCA test materials to/from 16,500 participating schools
- recruitment, training, and ongoing quality assurance of a pool of approximately 4,000 markers for KS2
- arranging the marking of over 3.6 million KS2 test script components in a three week period to ensure the successful return of results
- management of the successful delivery and collection of 860,000 packages of general qualification exam scripts packages from approximately 5,800 exam centres across England.

In response to the global pandemic, our operational delivery in 2020-21 has also included managing the effective cancellation of the test cycles and the redeployment of the staff to assist with COVID-19 response.

As Chief Executive, I approve:

- the content of NCAs
- the setting and maintenance of standards in NCAs

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

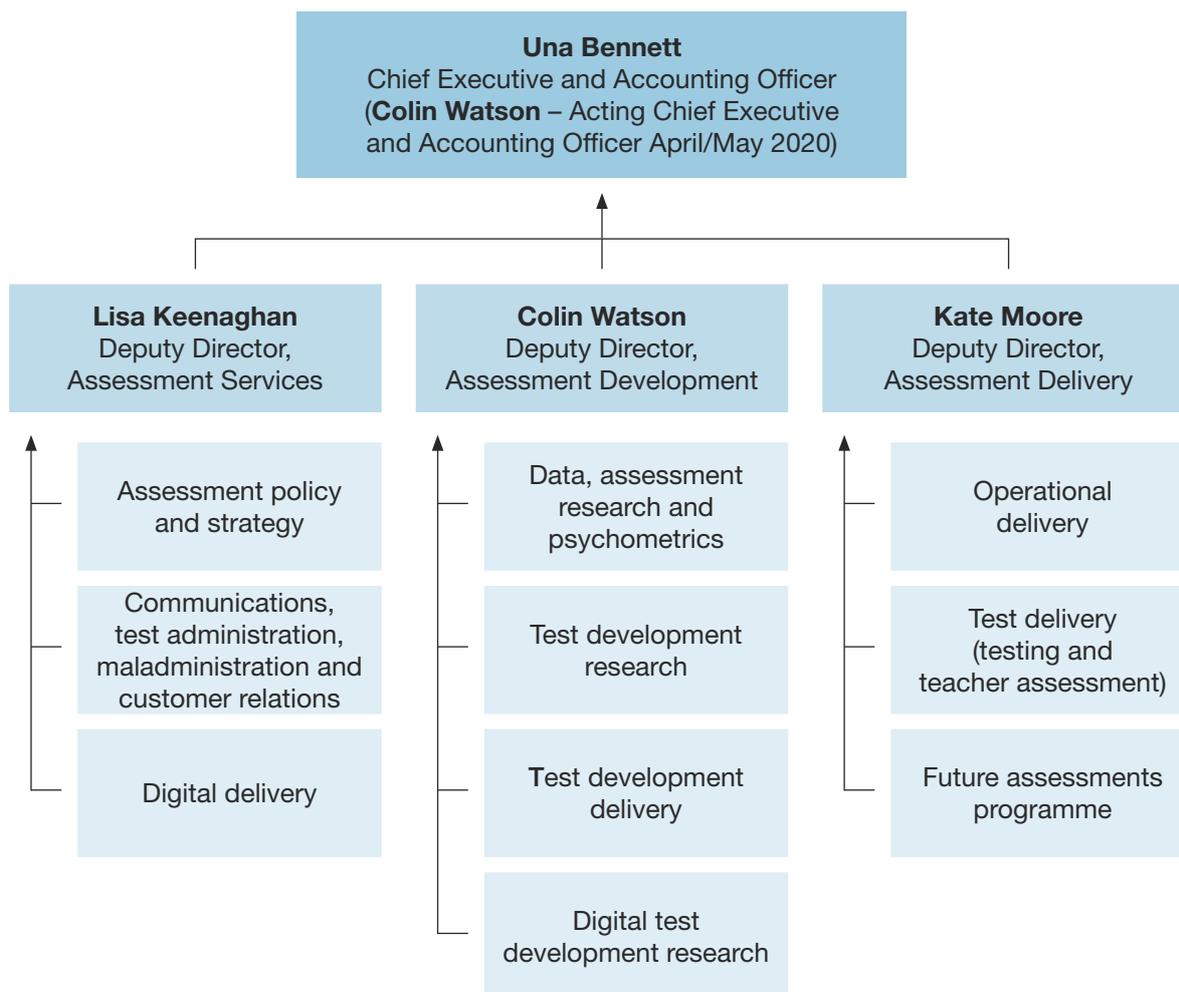
In addition to the development and delivery of NCAs in England, STA is responsible for managing the general qualifications logistics service provided to exam centres and examiners, which collects exam scripts from schools and delivers them to awarding organisations for marking. The full list of qualifications for which the service is offered can be found on GOV.UK.<sup>1</sup>

<sup>1</sup> <https://www.gov.uk/government/publications/dispatch-of-exam-scripts-yellow-label-service>

## Structure of the Agency

STA's three divisions remained the same during most of this accounting period, although in the latter part of the year, whilst large numbers of staff were redeployed (up to two thirds of Agency staff), the divisions were combined into a single structure.

April 2020 – January 2021:



The Assessment Services Division is responsible for:

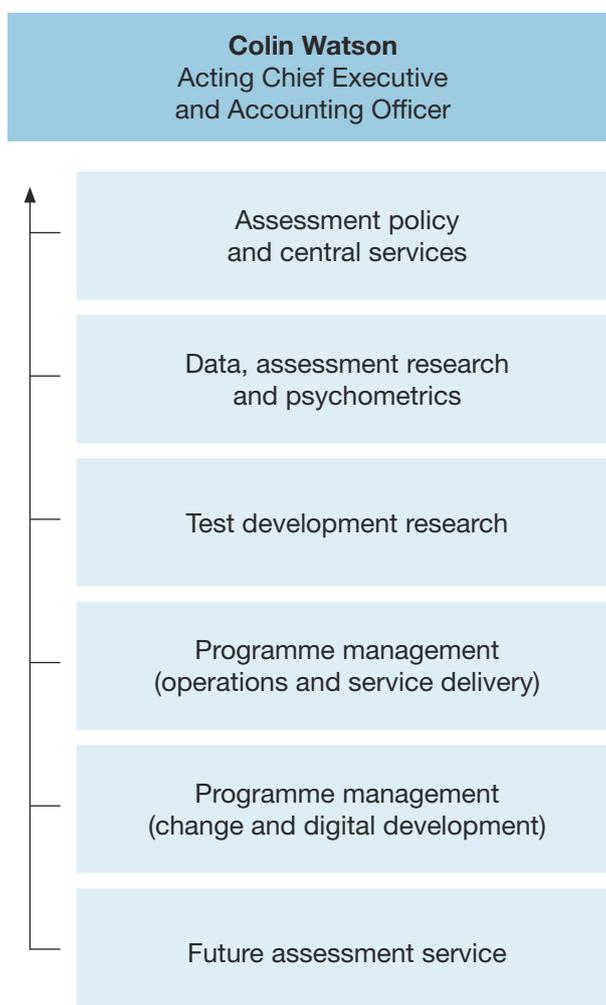
- the Agency's corporate management and future strategy
- leading the development and implementation of government policy on assessment
- supporting schools to administer national curriculum tests
- communications with the Agency's stakeholders and users
- management and delivery of the digital assessment projects

The Assessment Development Division is responsible for:

- developing high quality and rigorous NCA tests in line with government policy
- delivering the RBA

The Assessment Delivery Division is responsible for:

- undertaking operational delivery of tests and assessments
- implementing arrangements for moderation of teacher assessments
- managing the general qualifications logistics service

**February 2021 onwards:**

This structure will be in place until July 2021 when redeployed staff start to return to the Agency. During this period, the Agency is conducting a review of its structure and will implement an updated structure from summer 2021.

## Performance of the Agency

During 2020-21, a key focus for STA was managing the decision to cancel the 2020 NCAs in March 2020 and planning for delivery of the 2021 test cycle in an uncertain environment due to the COVID-19 pandemic. Following the cancellation of the 2021 NCAs in January 2021, STA have focussed on working through implications to secure future NCAs, and have also released resource to support the Departments COVID-19 response. In this planning, the Agency has balanced the needs of schools while maintaining valid assessment outcomes for future years and ensuring value-for-money.

STA was on track to deliver all activities, with all tests developed and the test operations supplier meeting key milestones 1 and 2; however due to the cancellation of the 2020 and 2021 test cycles, STA cannot fully measure performance in all areas.

## Key organisational performance measures

STA has 5 key performance indicators which we use to measure our areas of delivery. These indicators are at the centre of a framework which is used to monitor our performance. Not all indicators can be reported against this year due to the cancellation of the 2020 and 2021 NCA's.

The outcomes are set out below, against our performance indicators.

Area of delivery	Performance indicator	Baseline	Outcomes		
			2020/21	2019/20	2018/19
Provision of KS2 results	Schools assessing pupils must receive a complete set of results data, containing a correct test result (not withstanding any marking or process reviews) for every test taken by a pupil, by an agreed date.	99.9%	N/A	100%	100%
Return of KS2 test scripts to schools	Schools assessing pupils must receive a complete set of test scripts marked on screen through the script return website.	99.9%	N/A	100%	100%
Helpline Service	Enquiries received must be resolved at first contact.	85.0%	90.29%	92.2%	93.6%
Systems to support schools	The school administration system (Primary Assessment Gateway) is accessible to schools at all appropriate times.	99.8%	99.95%	99.8%	99.9%
General qualification logistics	Packages containing completed test scripts are delivered to scanning bureaus by the third working day after collection from examination centres.	99.9%	100%	99.9%	99.9%

Performance relating to test development is not measured through KPIs and can usually be found in the National curriculum test handbook, though given the cancellation of the tests, no new handbook has been produced since 2019<sup>2</sup>.

<sup>2</sup> <https://www.gov.uk/government/publications/2019-national-curriculum-test-handbook>

## Performance in delivery areas

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

### Key stage 1 and 2 tests and teacher assessment

STA develops tests in-house using processes in line with international best practice. As stated in their most recent annual report on NCAs (2019), Ofqual are satisfied that the STA continue to have a strong focus on the validity of each national test produced<sup>3</sup>.

Test development activity begins well in advance of the annual test cycle. Even though the tests were cancelled for 2020 and 2021, much of the test development activity had been successfully completed. STA made the decision to continue to preserve the content of the tests with the intention that these will now be used in 2022. The test cycle was cancelled in 2021 prior to the printing of test papers and all papers relating to the 2020 test cycle which had been printed were securely destroyed. Activities related to future years' tests, including the commissioning, trialling and refining of new items has been paused over this reporting period. Some activities were restarted in autumn 2020, but these were put on hold again once the decision was taken to cancel the 2021 tests.

STA contracts out most of the operational delivery for the tests and teacher assessment. Following the cancellation of the 2020 NCAs, the Agency worked with the suppliers to deliver continuing services, including close down of the 2020 test cycle, whilst also mobilising the next test cycle, which formally commenced in September 2020.

This continued until the 2021 NCAs were cancelled in January 2021. Activities required to deliver the test cycle were on-track up until the point of test cycle cancellation and included:

- Handover of test and check materials for KS1, KS2 and PSC to the supplier
- Initial print-quality activities
- Successful placement of test orders by participating schools
- Recruitment of senior markers
- Development of marker training materials, including the development of a virtual marker training model to enable training to be delivered remotely, in a COVID-secure way
- Preparation of mandatory training of local authority moderators for English writing for the statutory teacher assessment judgements

STA continues to provide helpline services to schools via the Capita Test Operations Services contract. As a result of test cycle cancellation, the helpline calls have reduced considerably and the continued helpdesk now operates to support both any residual NCA queries, or queries associated with the MTC which continues to be delivered as an optional test in June 2021.

Regulations to implement the pre-key stage standards for pupils working below the standards of the NCAs but still engaged in subject-specific study in English and maths (replacing P scales 5 to 8) came into force in August 2020, and were removed following the cancellation of all NCAs. The implementation of the engagement model, designed to assess pupils with severe or profound and multiple learning difficulties working below the standard of the national curriculum tests and not engaged in subject-specific study (replacing P scales 1 to 4), was delayed until the academic year 2021/22. The engagement model guidance was published in March 2020 in anticipation of full statutory implementation in 2020/21 and STA have delivered a training programme for teachers to ensure they are able to implement the model from September 2021<sup>4</sup>.

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/861260/National\\_Assessments\\_regulation\\_report\\_2019\\_2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/861260/National_Assessments_regulation_report_2019_2.pdf)

<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/903458/Engagement\\_Model\\_Guidance\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/903458/Engagement_Model_Guidance_2020.pdf)

### Multiplication tables check

Following the cancellation of NCAs, Ministers decided that MTC will continue this academic year on an optional basis for primary schools. During the reporting period, STA have been working on further development changes following feedback received from stakeholders, schools, pupils and the technical data captured from the MTC pilot in 2019. These have been successfully implemented to allow the optional MTC to take place in summer 2021. MTC will become statutory from the 2021/2022 academic year.

### Reception baseline assessment

In response to the impact of COVID-19 on schools, the statutory implementation of the RBA, originally planned for autumn 2020, was postponed until 2021/22. Schools had the opportunity to take part in an early adopter year in the second half of the 2020 autumn term to familiarise themselves with the assessment and training materials before the RBA becomes statutory. During the summer term 2020, 3,878 schools signed up to receive materials for the early adopter year.

In the autumn, a total of 2,980 schools logged into the Baseline ePortal and 2,731 carried out assessments with their pupils. In total, 88,947 pupils successfully completed the assessment.

STA continue to finalise plans for statutory delivery from September 2021.

### General qualifications logistics service

STA managed the successful collection and delivery of 113,620 packages of general qualification exam scripts from approximately 5,500 exam centres across England during the Autumn 2020, and Spring 2021 examination series, and the through-year On Demand Functional Skills examinations. For comparison, the same period from 2019-20 saw 860,000 packages collected from 5,800 centres.

The Summer 2020 series was cancelled as a result of the COVID-19 counter measures introduced in March 2020.



STA managed the successful collection and delivery of

# 113,620

packages of general qualification exam scripts from approximately 5,500 exam centres across England

### Test operations services transition programme

The test operations services transition programme was established to manage the transition to a new delivery model for the delivery of test operations services.

The focus of the programme during 2020/21 was to establish benefit baselines, profiles, and realisation plans. The original benefits plan had to be reconsidered in light of cancellation of the 2020 assessments. We are currently in the process of reviewing the benefits position again following the cancellation of the 2021 assessments. Apart from continuing to track whether benefits are on course to be realised by the end of the contract, work on this programme has been completed with the contract now in its operational phase.

### Key issue summary – COVID-19

The Agency is working with the unprecedented challenges of the COVID-19 global pandemic. Along with the cancellation of the 2020 NCAs announced in the previous reporting year, 2021 NCAs were also cancelled. STA is currently working with suppliers to minimise the financial impact as far as possible and to preserve the content of the assessments for future years.

STA staff continue to work from home throughout the pandemic, though some access to offices is available to staff where necessary and staff continue to perform to a high standard.

To support the wider Government response, several staff, including the Accounting Officer, were seconded to other Government Departments (OGDs) and roles within the Department. Remaining staff were asked to continue to support the business of the Agency as required. Ongoing redeployments pose a risk through loss of skills and knowledge. This risk is being mitigated to some extent through the retention of key staff and storage of key documents.

Along with the rest of Government, the Agency is supporting the economy by working with its supply chain to ensure that payments are maintained and fair and equitable positions are reached in respect of work carried out in anticipation of future milestone delivery. STA is varying contracts where necessary to reflect the cancellation of 2021 live and trial assessments.

### Key risk summary

STA is responsible for the Department's top tier risk relating to primary school assessment: primary level tests are not delivered on time and/or are not of sufficient quality, leading to concerns over the validity of assessment outcomes for individual pupils, schools or the whole English primary education system.

There are a number of component parts (sub risks) relating to this risk. They include:

- development of poor-quality test content which raises concerns over the validity of the tests
- compromised security of the tests
- NCA test materials print, collation and logistics supply chain failure
- KS2 marking quality and marking service capacity
- public confidence in the statutory assessment system
- STA staff capacity and capability

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

- Validity of the tests is ensured through the implementation of the test development process, assessed by Ofqual to compare favourably with international best practice, involving internal and external (teacher/relevant expert) review; extensive trialling with large and representative samples; and stringent sign-off procedures
- The STA supply chain's handling of, and approach to, test materials security and information risk handling, is managed through a rigorous and defined security checking process in line with best practice. It is reviewed by the Agency's and Department's security experts before sign-off

Regarding staff capacity and capability, STA actively manages the prioritisation of work and utilises flexible resourcing to support critical work areas. Throughout the year staff have worked flexibly to support the Department in the response to the global pandemic, by either being redeployed to other areas across the Whitehall estate, or providing additional support to the business of the Agency. Training for staff is provided to ensure they have the skills and knowledge to deliver effectively.

The risk was updated three times in the year; in July, October and December 2020.

The Agency has robust governance arrangements in place to ensure the timely resolution of any challenges as well as the delivery of routine work. Details of the governance arrangements can be found in the governance section on page 27.

### Going concern

The Departmental Estimate and forward plans include provision for the Agency's continuation. The Agency were required, by statute, to cancel the tests for 2020 and 2021. This was a specific piece of legislation in relation to those years only and we are working with the Department to resume statutory testing in 2021. Cancellation of future tests would also be driven by statute. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

# Financial review of the year

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## Introduction

Due to COVID-19 the work of the Agency in 2020-21 has been heavily disrupted and as a result there has been an impact on expenditure due to cancellations of both the 2020 and 2021 NCA test cycles. The lower expenditure has also impacted the financial position as creditors at the year end were lower than in the prior year.

## Significant events

### EU Exit

The United Kingdom left the European Union on 31 January 2020 and entered a transition period that ended on 31 December 2020. There has been no financial impact on the agency caused by the end of the transition period.

## COVID-19

Education has been significantly impacted by the pandemic with school closures in both 2019/20 and 2020/21 academic years with NCA test cycles cancelled in both years as a result. Consequently, several contracts have been impacted with significant savings to the agency in both assessment development and delivery.

Due to the reduced workload within the Agency because of the cancellations, significant numbers of staff have been redeployed to OGDs and to roles within the Department to assist in priority areas. To ensure that the accounts accurately reflect the cost of the work conducted within the Agency itself, costs of redeployed staff have been recharged to the Department.

Savings have also resulted from the cancellation of the summer 2020 General Qualifications (GQ) and Vocational & Technical Qualifications (VTQ) and the reduced logistics requirements of the spring 2021 VTQ exams.

## Trends in Outturn

The table and graph below represent a five-year summary of the movements in the Agency's outturn.

Type of spend	2020-21 Outturn	2019-20 Outturn	2018-19 Outturn	2017-18 Outturn	2016-17 Outturn
	£000	£000	£000	£000	£000
<b>Comprehensive Net Expenditure</b>	<b>24,072</b>	<b>59,678</b>	<b>65,028</b>	<b>54,209</b>	<b>54,661</b>



### Movements in outturn

Spending has fluctuated over the last few years. 2018-19 saw an increase in costs due to the overlap in delivery from the previous assessment supply chain and the transformation costs associated with the new Capita delivery through the Test Operations Service (TOpS).

In 2019-20 the remaining transformation costs were met along with the cancellation costs incurred in relation to the 2020 test cycle which was cancelled in March 2020. This resulted in increased expenditure in 2019-20 of £5 million due to the earlier recognition of costs in line with accounting principles.

In 2020-21 costs have been significantly impacted by both the cancellation of the 2020 and 2021 test cycles. The early recognition of costs in 2019-20 (£5 million) for the 2020 test cycle reduced expenditure in 2020-21 but was offset by the early recognition of costs for the 2021 test cycle.

Savings of £17m have occurred due to the NCA cancellations in 2020-21 along with further savings of £4m from reduced logistics costs relating to GQ and VTQ cancellations in Summer 2020 and Spring 2021. Further savings of £6 million, compared to 2019-20, were due to the completion and transformation to the new delivery model.

Additional savings of £2m are due to the redeployment of staff into OGDs and other areas of the Department, or through vacancies within the Agency. Due to the reduction in headcount there has been an associated reduction in the the shared service recharge from the Department.

In April 2020 the STA was allocated its own bank account, which is managed by the Department as part of the shared service agreement. Funds are transferred by the Department in line with budgetary requirements.

## Future plans

It is anticipated that the 2020/21 academic year assessments will resume, with the statutory implementation of reception baseline assessment commencing in the Autumn. Costs are therefore anticipated to return to levels seen in previous years with all staff returning to the Agency for the commencement of the new academic year.

## Performance in other matters

STA is aligned with the Department on the following matters.

### Sustainability

In response to the COVID-19 pandemic, HM Treasury (HMT) have reduced the sustainability reporting requirement for departmental ARAs. As well as disclosure in ARAs Defra publish a cross-government report on sustainability each year – Greening Government Commitments (GGC)<sup>5</sup>. Owing to the reporting duplication HMT has allowed departments to dispense with disclosing GGC for 2020-21.

### Social matters

The Agency adopts Department's policies relating to social matters, which are published in their annual report and accounts.

The Department launched a five-year Diversity and Inclusion Strategy in 2018, which has the ambition of making the Department the most inclusive department and focuses on creating an environment where everyone is able to bring their whole self to work and where honesty, challenge and innovation are encouraged and valued. The strategy builds on the Civil Service Diversity and Inclusion Strategy launched in 2017.

In 2020, the Department has featured 15th in the Social Mobility Employer Index and is a Stonewall champion. The Department has 12 active diversity and inclusion employee networks involved in the delivery of the strategy. Employees are encouraged to volunteer to support a range of social causes at local and national level.

The Department actively promotes volunteering and has agreed to introduce 12 days of special leave for people who volunteer to be special constables. We have a good employment offer of up to eight days paid special leave for volunteering. Employees are encouraged to volunteer to support a range of social causes at local and national level.



The Agency as part of the Department, values human rights and equality and diversity are central components of its activities and societal objectives.

### Respect for human rights

The Agency as part of the Department, values human rights and equality and diversity are central components of its activities and societal objectives.

This includes compliance with obligations established by the Equality Act 2006 in the context of employment, in which:

- people's ability to achieve their potential is not limited by prejudice or discrimination
- there is respect for and protection of each individual's human rights
- there is respect for the dignity and worth of each individual
- each individual has an equal opportunity to participate in society
- there is mutual respect between groups based on understanding and valuing diversity, and on shared respect for equality and human rights

<sup>5</sup> <https://www.gov.uk/government/publications/greening-government-commitments-2016-to-2020>

## Modern slavery

On 26 March 2020 the government published a Modern Slavery Statement which set goals for ministerial departments to achieve in 2020-21<sup>6</sup>. As part of the Department, we are committed to implementing these goals and are taking measures to identify, mitigate and manage modern slavery risks in our supply chains. Claire Benham, Commercial Director has been appointed as the Department's Anti-slavery Advocate to provide senior level oversight on progress and collaborate across government to share best practice.

We have utilised Cabinet Office advice to develop tools and guidance to support commercial delivery staff to take a proportionate, risk-based approach throughout the end-to-end procurement process. Commercial staff have undergone training to identify, mitigate and manage modern slavery risks and will participate in on-going training developed by Crown Commercial Service, Cabinet Office and Home Office.

Key performance indicators will be developed and applied across high-risk categories to measure success and areas for improvement. By 30 September 2021 the Department will publish a modern slavery statement for 2020-21 which will describe the implementation of the goals set by government.

## Anti-corruption and anti-bribery matters

The Agency, as part of the Department is committed to upholding high standards of honesty and integrity in all its activities. We operate a zero-tolerance approach to bribery and corrupt activities and mandate employee training to highlight personal responsibilities to tackle bribery and corruption in accordance with the (Bribery Act 2010). The Department has a Standards of Behaviour Policy, which establishes clear expectations for employee conduct and behaviour. This covers bribery, fraud and theft.

We have adopted a Raising a Concern approach to dispute resolution which makes it clearer to employees what processes they need to follow if they have an issue they want to be heard. This encourages the reporting of any suspicions of wrongdoings in cases of bribery, fraud and theft to ensure that they are reported and fully investigated using this more robust, transparent approach.

Support for whistleblowing has remained a high priority in the Department.

## Forward look

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

- securely close down activity related to the cancelled 2021 test cycle, including ensuring stable supply chains for all aspects of STA's operations in future years
- successfully deliver the MTC as an optional assessment in June 2021
- finalise and publish assessment arrangements for the academic year 2021/22
- remobilise the agency to deliver all required assessments in the academic year 2021/22, including statutory roll out of the RBA, MTC and engagement model
- develop tests for future years
- plan for changes to assessment delivery in future years to increase efficiency and provide a better experience for schools.

**Colin Watson**  
Accounting Officer  
30 June 2021

<sup>6</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/875800/UK\\_Government\\_Modern\\_Slavery\\_Statement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875800/UK_Government_Modern_Slavery_Statement.pdf)



# Accountability report

# Corporate governance report

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

## Directors' report

### Directors

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

Director	Position
Una Bennett	Chief Executive (1 April 2020 to 7 April 2020 and 19 May 2020 to 10 January 2021)
Colin Watson	Acting Chief Executive (8 April 2020 to 18 May 2020 and 11 January 2021 to 31 March 2021) Deputy Director, Assessment Development (from 1 April 2020 to 7 April 2020, 19 May 2020 to 29 May 2020 and 19 October 2020 to 10 January 2021)
Lisa Keenaghan	Deputy Director, Assessment Services (1 April 2020 to 19 April 2020 and 8 June 2020 to 31 December 2020)
Kate Moore	Deputy Director, Assessment Delivery (1 April 2020 to 31 January 2021)
Alex Ashcroft	Grade 6, Programme Manager (change and digital development) (11 January 2021 to 31 March 2021)
Anne Counsell	Grade 6, Head of Test Development Research (11 January 2021 to 31 March 2021)
Barbara Donahue	Grade 6, Head of Assessment Research, Data and Psychometrics (11 January 2021 to 31 March 2021)
Michelle Kent	Grade 6, Programme Manager (operations and service delivery) (11 January 2021 to 31 March 2021)
David Malcolm	Grade 6, Head of Policy and Central Services (11 January 2021 to 31 March 2021)

Lisa Keenaghan's last working day with STA was 31 December 2020. Due to the current reduced size of the Agency, her post remains vacant.

Una Bennett's last working day in STA was 26 March 2021, when her responsibilities were officially handed over to Colin Watson.

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

### Report on personal information breaches

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

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

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

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

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

### Complaints to the Parliamentary and Health Service Ombudsman

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

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

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

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

## Statement of Accounting Officer's responsibilities

Under the *Government Resources and Accounts Act 2000*, HM Treasury has directed the Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, 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 (FReM), 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 FReM have been followed, and disclose and explain any material departures in the accounts,
- prepare the accounts on a going concern basis
- confirm that the 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

The Accounting Officer of the Department for Education, has designated the Acting Chief Executive as the Accounting Officer of the Agency. 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 the Agency's assets, are set out in *Managing Public Money* published by the 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 the Agency'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.

## Governance statement

### Scope of responsibility

Due to the Government's ongoing COVID-19 response, Una Bennett and I have alternated the Chief Executive role throughout the year, as noted on page 24.

Upon taking office, I took assurance from her that there was a sound system of internal control during the periods when she was Chief Executive.

As Accounting Officer, I have personal responsibility for:

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

### Governance, internal control and risk management

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

I have reviewed the effectiveness of governance, internal control, and risk management arrangements in operation within my area of responsibility. I consider them to be fit for purpose. My conclusion is informed by:

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

As a senior civil servant (SCS), and as the Acting Chief Executive, I am required to complete an assurance framework record (AFR) to record a structured assessment of the risk and control environment in STA. The AFR for this year was completed following consultation with the

Agency's three deputy directors, two of whom each completed their own AFR, the third was redeployed at the time and therefore did not complete a written AFR. As an additional level of assurance, all AFRs returned by Agency staff are reviewed by a director within our Departmental sponsoring business group – Early Years and Schools Group.

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

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

With respect to 2020-21, Una Bennett has provided me with written assurance for the period where she was Accounting Officer which enables me, as Accounting Officer to provide the Department's management committee and ministers with assurance that we have managed our agenda well, given the significant temporary changes to our remit and will continue to do so, while delivering efficiencies. We maintain financial information on the delivery of all programmes.

I am confident that I have necessary arrangements in place for good corporate governance – these include a strong and effective senior leadership team, seeking regular challenge, scrutiny and expert support from both inside and outside of STA, oversight from the Department's governance arrangements, clear and honest reporting, and robust risk management processes. I will review these arrangements regularly to ensure they comply with the Corporate governance code for central Departments<sup>7</sup>. In this year, I reviewed the different levels of governance, including the scope of reporting and attendees to ensure these are appropriate and cover the full range of activity. I have not identified any departures from the code.

<sup>7</sup> <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

### Governance at Departmental level

As Accounting Officer, I am accountable to the Secretary of State for the Agency's:

- performance
- leadership
- day-to-day management

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

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

- Departmental objectives
- the Agency's business plan
- requirements for compliance with *Managing Public Money*

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

### Strategic performance review

Throughout the year, the Director General for EYSG, held three strategic performance reviews (SPR) to review and challenge STA's:

- progress
- financial management
- management of risks

Richard Pennycook, the Department's lead non-executive director, acted as a link between the Departmental board and the Agency. Una Bennett and I met with Richard on a number of occasions to seek advice and he was invited to the SPR meetings in an advisory capacity.

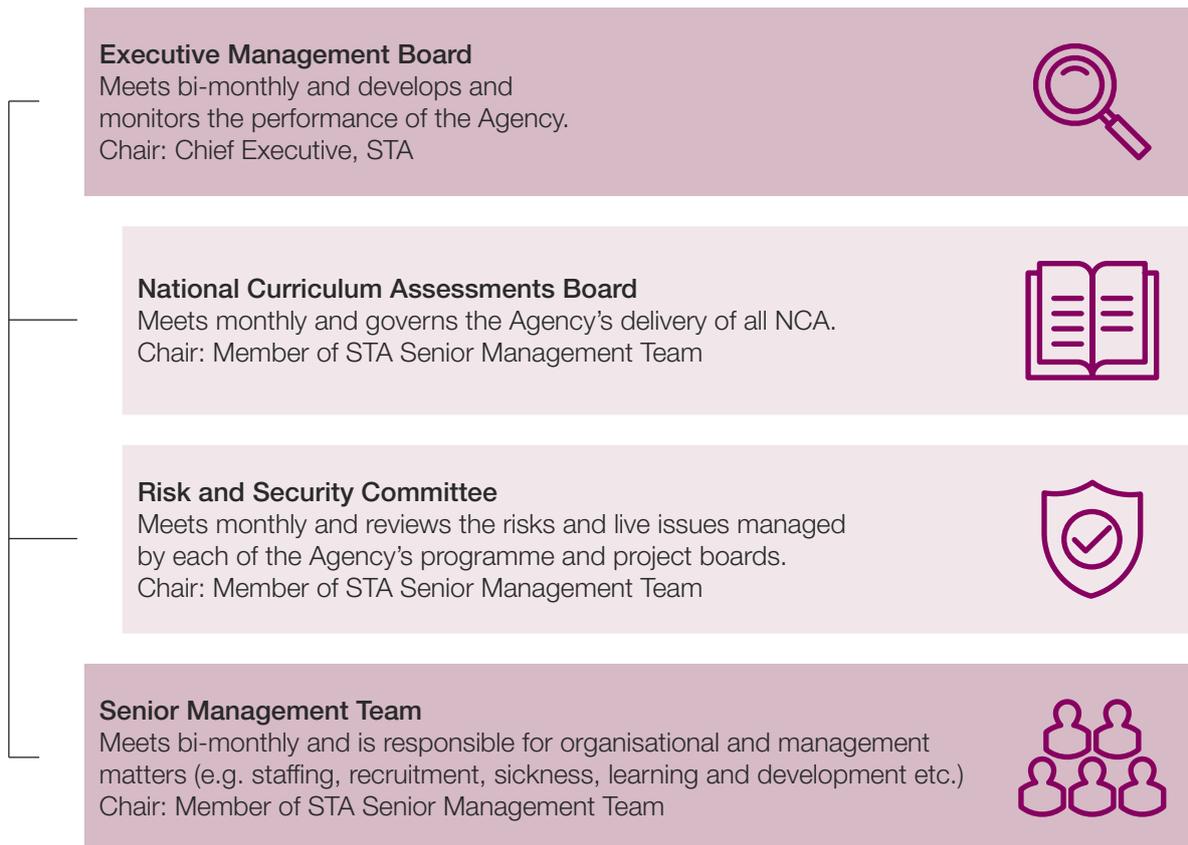
The three SPR meetings took place in May 2020, September 2020, January 2021. Attendees are shown in the table below:

Member	Position	Meetings eligible to attend	Meetings attended
Andrew McCully	Director General, EYSG (Chair)	3	3
Una Bennett	Chief Executive	1	1
Colin Watson	Acting Chief Executive	2	2

## Governance at Agency level

STA has a number of boards which all feed into the EMB.

The below chart shows the governance structure for April 2020 – January 2021:



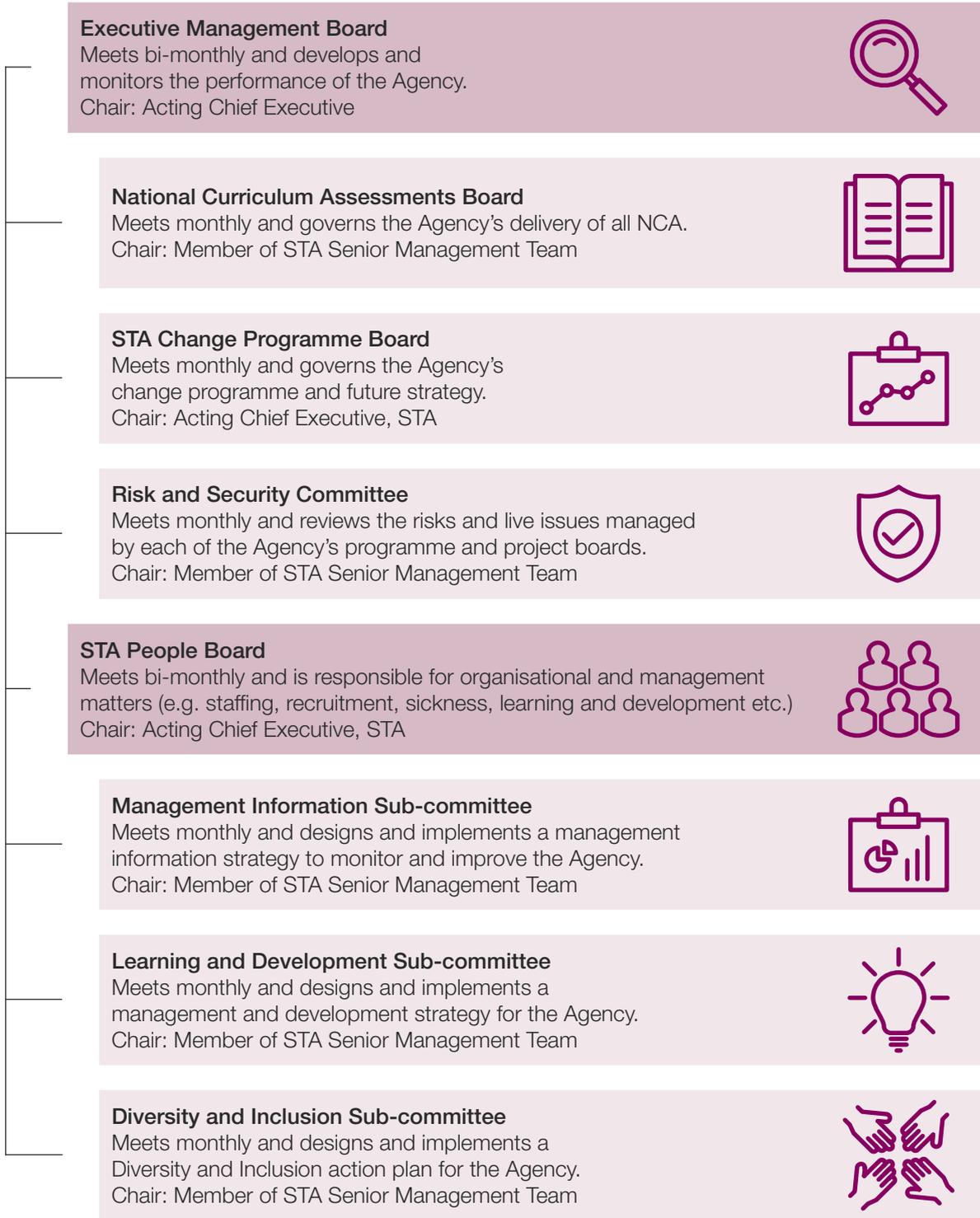
Key changes to governance arrangements from the previous financial year were:

- The closure of the Test Operations Services Transition programme board following the completion of the programme.
- The programme has also been closed on Government's Major Project Portfolio (GMPP)
- The closure of the Assessments Policy Board with this work now being overseen by the National Curriculum Assessments board

Following the cancellation of the 2021 test cycle, STA reviewed the governance structure and implemented a new approach, in order to align it with the revised organisation structure and work the Agency is continuing for the rest of the 2020-21 academic year.

As a result, a Change Programme Board was introduced to oversee the future assessment service project and the digital transformation work. In addition, the Senior Management Team was renamed the STA People Board and three new sub-committees were introduced.

The governance structure implemented from February 2021 is shown below:



## Executive management board

The EMB provides the Chief Executive with the opportunity to hold the deputy directors / grade 6s and their programmes to account. The EMB is responsible for:

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

The EMB meets every second month and is chaired by the Chief Executive. Until and including the meeting in November 2020, STA's deputy directors made up the membership and the STA's grade 6's attended in an advisory capacity only. For the February (delayed from January due to the significant organisational changes in January) and March meetings in 2021, the STA's grade 6's who were not redeployed attended as members. The Department's finance and commercial business partnering teams provide Departmental representation and advice. Other members of staff attend to report on the following, as required:

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

The chairs of the boards below EMB provide the following:

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

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

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

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

**STA people board (formerly senior management team)**

Member	Position	Meetings eligible to attend	Meetings attended
Una Bennett	Chief Executive	6	4 redeployed for meetings held in January and March 2021, assurance gained through acting CEO
Colin Watson	Deputy Director, Assessment Development Acting Chief Executive	3	3 redeployed for meetings held in May, July and September 2020
Lisa Keenaghan	Deputy Director, Assessment Services	2	2 redeployed for meetings held in May and July 2020 Left the Agency in January 2021
Kate Moore	Deputy Director, Assessment Delivery	4	4 redeployed for meetings held in January and March 2021
Alex Ashcroft	Programme manager (change)	2	2
Anne Counsell	Head of test development research	2	2
Barbara Donahue	Head of data, assessment research and psychometrics	2	2
Michelle Kent	Programme manager (operations)	2	2
David Malcolm	Head of policy and central services	2	2

The senior management team (SMT) met monthly and was responsible for organisational and management matters which concern the STA as a whole. The SMT did not generally focus on operational matters, except where they have an organisational or strategic impact.

The SMT agenda covered the following matters:

- topical issues – such as COVID-19 and redeployments
- people – recruitment approvals, resourcing and/or absence issues, performance management, learning and development, and progress in relation to staff survey action plans
- state of the Agency – management information pack highlighting staffing levels, sickness absence, performance management data, correspondence performance, instant reward and in-year award budgets

Significant items discussed by the board included:

- People Survey results
- approach to internal communications
- recruitment review

In February 2021, SMT was revised and renamed the STA People Board, though its remit remained broadly similar. The board meets every second month and has three subcommittees:

- management information subcommittee
- learning and development subcommittee
- diversity and inclusion subcommittee

The STA people board members are the Acting Chief Executive and the grade 6's who were not redeployed. The Agency's grade 7's who were not redeployed also attend and are members of the subcommittees.

### Risk and Security Committee

The role of STA's Risk and Security Committee (RaSC) is to:

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

The RaSC meets monthly. Its objectives are:

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

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

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

The Agency has successfully managed all risks in the reporting period.

### Department level assurance

STA has received oversight from the full suite of sub-board committees: Department's Audit and Risk Committee (ARC), Performance and Risk Committee (PRC), Implementation Committee and Investment Committee.

ARC advises the Permanent Secretary (as Principal Accounting Officer) and the Department's Board on the adequacy and effectiveness of governance, risk management and internal controls across both the Department and STA, these arrangements and on the reliability and integrity of assurances used to inform this Governance Statement. The ARC also advises the Permanent Secretary and me, as Accounting Officer, on the structure and presentation of the Agency's annual report and accounts. A non-executive director of the Department acts as the link member between ARC and STA and meets with the Chief Executive to discuss risks and comment on the ARA.

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

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

The Agency is scrutinised about its governance and control through:

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

## Assurance

STA receives internal audit and assurance services from the Government Internal Audit Agency (GIAA).

GIAA produced and delivered a full audit plan for the Department as a whole for 2020-21 although there were amendments to the original plan resulting from the impact of COVID-19.

The GIAA risk-based audit plan for STA for 2020-21 was agreed with the STA Accounting Officer/Chief Executive by assessing key delivery activities in 2020-21.

The TOpS programme has been included as part of the Government Major Projects Portfolio. This has also undergone regular assurance reviews by the Infrastructure and Projects Authority, and the Agency is working to address recommendations from those reviews.

## Internal audit

COVID-19 has impacted significantly on the STA, with testing in schools suspended for the 2020/21 academic year, and many STA staff consequently redeployed and scheduled to return during 2021/22. The overarching STA governance structure has, however, continued to operate across the six main formal groups, which have set purposes, coverage of business functions, appropriate membership and frequency of meetings; these include the overarching SPR Group which GIAA attends, where there is discussion and management of issues, stakeholder input, oversight and challenge. Staff redeployment due to COVID-19 has resulted in the grades in attendance at all groups being appropriately modified. Escalation to DfE is through the quarterly SPR, bilateral meetings with the EYSG Director General, or through the DfE Board and Audit and Risk Committee as required.

Our overall opinion for 2020/21 is 'Moderate'. This is based on an advisory review of the STA COVID-19 response, and an audit of TOpS Contract Risk Management and continuous improvement, which had a 'Moderate' opinion. It is also based on GIAA's wider involvement and communications with the STA CEO and senior management team and GIAA's attendance at, and participation in, all quarterly SPR meetings during 2020/21. The planned audit of RBA has, however, been delayed by the pandemic until quarter one of 2021/22.

An advisory review of STA COVID-19 Response was completed in quarter four, and whilst no formal audit opinion was issued the review provided a largely favourable opinion of STA processes and controls. There was scope to strengthen internal control over the newly approved Return Project, whose purpose is developing and implementing appropriate plans to facilitate the return of the Agency to full strength and to a new business as usual.

An audit of TOpS Contract Risk Management and Continuous Improvement was also undertaken in quarter four which provided a 'Moderate' opinion. It found that whilst progress had been made with developing and embedding risk management and continuous improvement arrangements for the TOpS contract, further work was needed in several areas to ensure that a robust framework of governance, risk management and control was in place to support successful delivery of the 2022 statutory assessment tests, and to support the effective on-going application of continuous improvement processes.

During 2020-21 the Agency was included in the scope of cross-cutting DfE Corporate Audit of Continuous Payments and, as part of this wider review, STA was provided a 'Substantial' opinion on the robust and effective internal controls it had in place.

## Risk management

STA has an established risk management framework. The Chief Executive's office, who act as secretariat for RaSC, maintain and oversee this framework, which is based upon:

- The Department's strategic risk framework
- HM Treasury's *Orange Book Management of Risk – Principles and Concepts*<sup>8</sup>
- *UK Government Management of Risk: Guidance for Practitioners* risk management standards

The Agency's risk appetite statement was reviewed in February 2021 alongside the Department's own updated statement. In line with the high reputational risk from failure of the NCA testing agenda, the Agency's appetite for risk is low (risk averse).

## Shared services

The Department provides a shared service arrangement to its executive agencies for provision of:

- certain areas of internal finance
- human resources
- procurement transactional processes

This arrangement has been in place since 2013. Further details can be found in the financial review of the year on page 19.

## Business continuity

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

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

Alongside the Agency's BCP, we continue to:

- review live NCA risk contingencies
- trial delivery operations risk contingencies
- review BCPs for specific business areas with changes feeding back into the main BCP

Throughout 2020, the Agency continued to review risks and contingency plans in response to the increasing threat of COVID-19, considering the impacts this may have on the operational delivery of primary assessments for the 2021 test cycle, following the cancellation of primary assessments in the 2020 test cycle. In January 2021, alongside the announcement of restricted school attendance, the Secretary of State for Education announced that primary assessments would not go ahead in the 2020-21 test cycle, and as such, the BCP was mobilised to support the various actions needed to cancel the 2021 test cycle and ensure continuity for future years.

<sup>8</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/866117/6.6266\\_HMT\\_Orange\\_Book\\_Update\\_v6\\_WEB.PDF](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866117/6.6266_HMT_Orange_Book_Update_v6_WEB.PDF)

### Operational policy development and delivery

We worked in partnership with the relevant Departmental policy team (for example curriculum and accountability) to embed clear protocols defining effective joint working to develop policy in relation to the cancellation of the 2019/20 tests and the reduced assessment approach that was originally agreed for 2020/21 prior to the full cancellation. Stakeholder consultation practice reflected strong skills and working relationships in this area.

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

### Programme and project management

STA has established programme and project management (PPM) practices, based on the UK government's best management practice programmes, Agile and Projects in Controlled Environments (PRINCE2)<sup>9</sup>. These methodologies comprise recognised principles for managing programmes and projects.

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

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

These are reviewed and agreed by the relevant board meetings.

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

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

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

Governance for projects that have both agile and PPM components is still evolving with more training for staff to ensure both approaches can be accommodated in working to a successful outcome.

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

<sup>9</sup> <https://www.gov.uk/government/publications/best-management-practice-portfolio/about-the-office-of-government-commerce>

## Financial management

The Agency is subject to public expenditure controls. It adheres to the rules and policies laid down by the Department and by HMT in *Managing Public Money, Consolidated Budgeting Guidance*, FReM and other accounting instructions, where applicable. Monthly financial management reports are provided to the STA as part of shared services provision by the Department. Monthly discussions are held with me, Deputy Directors (when not redeployed) and financial business partners, to ensure that forecasts are accurate, funds are spent appropriately, and risks are appropriately managed. Financial shared services and processes are also reviewed particularly to ensure that there are appropriate controls and division of responsibilities.

In 2020-21, a focus has been on a number of changes resulting from the Department's shared service transformation. For STA, this has included the set-up of a separate bank account to that of the Department. There have also been some significant reductions to STA's forecast spend in 2020-21 and 2021-22 due to cancellation of assessments in 2020 and 2021.

As part of shared services provision, the Department's finance team prepares the annual report and accounts in accordance with the guidance and accounting policy set out by the Cabinet Office and HMT.

## Delivery arrangements and achievements against business plan

STA's business plan sets out<sup>10</sup>:

- performance indicators
- programme delivery milestones
- objectives

The Agency's achievement against the business plan is monitored through the EMB and assured by the SPR process. All of our performance indicators:

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

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

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

Service delivery arrangements with third-party partners are reviewed regularly in line with the commitments in the Agency's business plan. Last year, we held lessons learned exercises with each of our major delivery partners, following the cancellation of the annual test cycle. Results of these exercises were agreed between the Agency and its partners and recorded in a 'lessons learned log'. These will be used to inform planning for the 2022 test cycle.

Due to the cancellation of 2020 and 2021 NCAs, STA has not been able to deliver its normal business objectives of delivering primary assessments. STA's business continuity plan was triggered to enact the 2020 assessments cancellation and then de-scoping and subsequent cancellation of 2021 assessments. STA has securely closed down the 2020 test cycle and is in the process of closing the 2021 test cycle. This has included securely destroying the printed material relating to the 2020 cancellation, 2021 had not been printed, and data where appropriate, retaining the content of prepared assessments so they can be used in future years.

<sup>10</sup> <https://www.gov.uk/government/publications/standards-and-testing-agency-business-plan-2019-to-2024>

Not all of STA's work for 2020-21 FY was cancelled. STA ran a version of the PSC in autumn 2020, rolled out training for use of the engagement model (for some pupils with special educational needs and disability (SEND)) and operated an early adopter year for the RBA. Where appropriate, contracts have been or are being terminated, paused or changed as appropriate to stop activity for the 2020 and 2021 test cycles. Where activity is required to continue, including safeguarding future test cycles, contracts remain in place with external suppliers and scope has been reviewed to ensure that it provides value-for-money.

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

### Information: ICT management and data safeguarding

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

Following the publication of the Executive Summary of the Department for Education audit report by the Information Commissioner's Office (ICO), the STA swiftly mobilised a working group to assure the Agency's compliance with data protection legislation<sup>11</sup>. Working alongside the Department's Data Protection Team, a Record of Processing Activity (ROPA) was established, and a full review of all Data Protection Impact Assessments and Privacy Notices commenced. The compliance project will continue into the next reporting period.

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

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

Business continuity arrangements are regularly reviewed by the senior managers across the Agency, facilitated by the security adviser. The most recent review was in March 2020.

STA had no protected personal data related incidents which were judged significant enough to be formally notified to the ICO in 2020-21. (2019-20: nil).

STA had no protected personal data related incidents reported in 2020-21 which did not fall within the criteria for reporting to the ICO, but which were significant enough to be recorded centrally at Department level. Smaller, localised incidents are not included.

### Information risk management

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

<sup>11</sup> <https://ico.org.uk/action-weve-taken/audits-and-overview-reports/department-for-education/>

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

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

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

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

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

STA recognises that a key risk to the security of its information assets is the lack of understanding of information security within the Agency and third parties who may access our data for their work. To mitigate this, all new members of staff receive an STA-specific security induction briefing, and regular briefings are provided throughout the year to remind all staff of their security obligations. Another risk in this area is the potential loss or corruption of its information assets by suppliers and delivery partners. Therefore, Agency contract managers are responsible for ensuring that those suppliers are fully compliant with current Department and wider government information assurance and security policies.

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

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

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

We report all security incidents leading to breaches of information to the EMB, along with the action taken and detail of steps taken to close the incident. Any significant losses are reported to the Information Commissioner's Office; there were none in this year. I am satisfied that all of the Agency's procurement and current contracts, where suppliers are responsible for handling Agency information or data, are compliant with the Cabinet Office's security policy framework<sup>12</sup>.

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

### Overall assessment

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

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

The Agency reacted quickly to the COVID-19 risk, enacting contingency plans both before and after the decision to cancel the 2020 and 2021 assessments. This cancellation poses some risks to future years including the significant but temporary release of staff to work on other government priorities related to COVID-19 impacts. Continued careful planning will be needed both to operate within a reduced funding envelope and to build up the STA organisation and re-engage fully with suppliers from summer 2021 to deliver 2022 and future test cycles. There remains a risk that skilled staff do not return following redeployment and it will take time to re-induct returning staff and to recruit and train new staff. I am satisfied that these risks are manageable and that the arrangements that are being put in place are appropriate and robust.

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

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<sup>12</sup> <https://www.gov.uk/government/publications/security-policy-framework>

# Remuneration and staff report

## Overview

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

In addition, the report provides details on remuneration and staff that Parliament and other users see as key to accountability.

## Remuneration part A: unaudited

### Accounting Officer and executive management board members' remuneration policy

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

The SCS Pay Committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the Senior Salaries Review Body<sup>13</sup>.

As staff employed by an executive agency of the Department, the Senior Management Team's performance management and contractual terms are as described in the Department's ARA. As such, the Department manages performance management and non-consolidated performance award for members of the SCS within the framework set by the Cabinet Office. The contractual terms of the Senior Management Team also comply with requirements set centrally by the Cabinet Office. More on the Cabinet Office's framework and standards can be found on the civil service website<sup>14</sup>.

<sup>13</sup> <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

<sup>14</sup> <https://www.gov.uk/government/organisations/civil-service>

## Service contracts

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

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

Further information about the work of the Civil Service Commission can be found at their website<sup>15</sup>.

## Remuneration part B: audited

### Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. board members) of the Agency.

	Salary		Bonus payments		Benefits-in-kind		Pension benefits			Total
	20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20	20-21	19-20
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Chief Executive</b>										
Una Bennett	95-100	100-105	0-5	0-5	-	-	37	37	140-145	140-145
Colin Watson	80-85	90-95	0-5	5-10	-	-	30	46	110-115	150-155
<b>Deputy Director</b>										
Kate Moore	70-75	70-75	0-5	0-5	-	-	37	30	110-115	100-105
Lisa Keenaghan <sup>1</sup>	55-60 (75-80)	45-50 (65-70)	0-5	-	-	-	63	58	120-125 (140-145)	100-105 (65-70)

<sup>1</sup> Left the Agency on 31 December 2020

Figures in (brackets) are full year equivalent values.

### Salary

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

<sup>15</sup> <https://civilservicecommission.independent.gov.uk>

### Benefits-in-kind

The monetary value of benefits-in-kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as taxable emolument. Disclosed to the nearest £100 in the above table.

During the year no board member received a benefit-in-kind (2019-20: one).

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2020-21 relate to performance in 2020-21 and the comparative bonuses reported for 2019-20 relate to the performance in 2019-20.

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

### Pay multiples

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

The banded remuneration of the highest-paid director in the Agency in the financial year 2020-21 was £95,000-£100,000 (2019-20: £100,000-£105,000). This was 2.3 (2019-20: 2.7) times the median remuneration of the workforce. The change is due to a reduction in the remuneration of the highest paid director. The median remuneration of the workforce, was £42,112 (2019-20: £38,000). This increase is due to an increased numbers of staff at higher grades.

In 2020-21, no employees (2019-20: none) received remuneration in excess of the highest-paid director. Remuneration ranged from £25,000 to £100,000 (2019-20: £24,000-£105,000).

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

	2020-21	2019-20	2018-19
Band of highest paid director's remuneration (£000)	95-100	105-110	100-105
Median (£000)	42	38	37
Range (£000)	25-100	24-100	23-105
Remuneration Ratio	2.3	2.7	2.8

## Pension benefits

### Civil service pensions

As an executive Agency of the Department, the Agency's staff are members of the Principal Civil Service Pension Scheme (PSCPS) and Civil Servants and Other Pension Scheme (CSOPS) that provides pension benefits. Readers can find details on the scheme at the Civil Service Pensions website<sup>16</sup>.

### Officials

	Accrued pension and related lump sum at pension age as at 31 March 2021	Real increase in pension and related lump sum at pension age	CETV at 31 March 2021	CETV at 31 March 2020	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Una Bennett	25-30	0-2.5	396	351	23	-
Colin Watson	25-30	0-2.5	341	310	14	-
Kate Moore	25-30 plus a lump sum of 5-10	0-2.5 plus a lump sum of 0-2.5	402	365	21	-
Lisa Keenaghan	25-30 plus a lump sum of 60-65	2.5-5 plus a lump sum of 5-7.5	574	503	53	-

### Civil service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below)

<sup>16</sup> <https://www.civilservicepensionscheme.org.uk/>

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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

## Partnership pension

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

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

Further details about the Civil Service pension arrangements can be found at the website<sup>17</sup>.

<sup>17</sup> <https://www.civilservicepensionscheme.org.uk>

## Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

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

## Real increase in CETV

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

# Staff report part A: audited

## Staff costs

The staff costs for the Agency were £5.9 million (2019-20: £8.0 million). The average number of full-time equivalent staff (FTE) employed during the year was 124 (2019-20: 148).

	Permanently employed staff	Others	2020-21	2019-20
			Total	Total
	£000	£000	£000	£000
Wages and salaries	5,135	245	5,380	5,940
Social security costs	581	-	581	603
Pension costs	1,345	-	1,345	1,471
	<b>7,061</b>	<b>245</b>	<b>7,306</b>	<b>8,014</b>
Less recoveries in respect of outward secondments	(1,422)	-	(1,422)	(19)
	<b>5,639</b>	<b>245</b>	<b>5,884</b>	<b>7,995</b>

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

During 2020-21 staff were redeployed across the Department and wider Government to support the COVID-19 work. Costs relating to these staff have been recovered from the Department. Further details can be found on page 54.

## Average number of persons employed

The average number of the full-time equivalent persons employed during the year is as follows:

	Permanently employed staff	Others	2020-21	2019-20
			Total	Total
	Number	Number	Number	Number
Directly employed	123	1	124	135
Other	-	-	-	13
	<b>123</b>	<b>1</b>	<b>124</b>	<b>148</b>

## Civil service pensions

The Principal Civil Service Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” are unfunded multi-employer defined benefit scheme but STA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation on their website.

For 2020-21, employers’ contributions of £1,341,570 (2019-20: £1,470,322) were payable to the PCSPS and CSOPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2019-2023 and will remain unchanged until 2024. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

## Partnership pension accounts

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. In 2020-21 employers’ contributions of £3,322 (2019-20: £1,081) were paid to the appointed stakeholder pension provider.

Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earning from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £151 (2019-20: £49), 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS and CSOPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date £277 (2019-20: £270). Contributions prepaid at that date were £nil (2019-20: £nil).

## Ill-health retirement

No persons (2019-20: no persons) retired early on ill-health grounds.

## Reporting of Civil Service and other compensation schemes

The Agency had no compulsory redundancies or other agreed departures in 2020-21 (2019-20: nil).

# Staff report part B: unaudited

## Analysis of staff policies and statistics

### Staff by grade and gender

Our staff are a mix of civil servants and contractors. Our civil servants are employed by the Department on its terms and conditions. Responsibility has been delegated to me as Accounting Officer for the recruitment of staff within the parameters provided by the Department's policies and procedures. The headcount for permanent staff as at 31 March 2021 is as follows:

Grade	2021			2020		
	Male	Female	Total	Male	Female	Total
<b>SCS</b>						
Director	-	-	-	-	1	1
Deputy Director	2	2	4	1	2	3
<b>Non SCS</b>						
Grade 6	3	9	12	1	8	9
Grade 7	10	15	25	11	13	24
Senior executive officer	9	31	40	8	29	37
Higher executive officer	11	22	33	11	27	38
Executive officer	7	6	13	10	10	20
	<b>42</b>	<b>85</b>	<b>127</b>	<b>42</b>	<b>90</b>	<b>132</b>

### Review of tax arrangements of public sector appointees

As part of the *Review of the Tax Arrangements of Public Sector Appointees* published by the Chief Secretary to the Treasury on 23 May 2012, departments were directed to publish: information pertaining to the number of off-payroll engagements at a cost of over £58,200 that were in place on, or after, 31 January 2012; and any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during 2020-21.

The tables on the following pages set out this information.

**For all off-payroll engagements as of 31 March 2021, for more than £245 per day**

	Number
<b>Number of existing engagements as at 31 March 2021</b>	-
Of which:	
less than one year at time of reporting	-
between one and two years at time of reporting	-
between two and three years at time of reporting	-
between three and four years at time of reporting	-
four or more years at time of reporting	-
	-

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

	Number
Number of off-payroll workers engaged during the year ended 31 March 2021	-
Of which:	
number determined as in-scope of IR35	-
number determined as out-of-scope of IR35	-
number of engagements reassessed for consistency or assurance purposes during the year.	-
number of engagements where the status was disputed under provisions in the off-payroll legislation	-
number of engagements that saw a change to IR35 status following review	-
	-

**Off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021**

	Number
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	-
Total number of individuals on- and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year. This figure should include both on- and off-payroll engagements	4

**Expenditure on consultancy**

We employ contractors who are professionally qualified and employed on short-term contracts.

It is the responsibility of the hiring managers to ensure that all contractors comply with their tax obligations.

The framework contracts for contingent workers that the Agency has placed, or draws upon as part of the Department, include provision for workers supplied by these companies to meet their obligations. The cost of contingent labour in 2020-21 was £248,298 (2019-20: £254,069).

## Analysis of staff policies and statistics

### Our people

#### Recruitment practice

The Agency has a duty to ensure it is fully compliant with the Civil Service Commissioners' recruitment principles. The Agency's approach to recruitment reflects its commitment to equal and fair opportunity for all. All recruitment processes comply with the Equality Act 2010. Details can be found in the Department ARA which will be published in November 2021.

#### Sickness absence

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

	2020-21	2019-20	2018-19
Sickness absence days per FTE	8.9	4.9	3.8

The figures disclosed above are marginally higher compared with the latest published figures across the Civil Service for 2019-20 of 7.4 working days lost per FTEs (linked), which does not include the impact of COVID-19 on sickness rates<sup>18</sup>.

#### Staff turnover

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

	2020-21
Civil Service turnover	5%
Agency turnover	2%

#### Commitment to improving diversity

The Agency as part of the Department will be revising the 2018 diversity and inclusion strategy – '5 years to create lasting change'. We will be working with staff and networks to develop and evolve our diversity and inclusion plan to ensure that we achieve our ambitious target of being the most inclusive Civil Service department.

Our assessment at the beginning of 2018 was that we had made steady progress, with some incremental improvements, but that we now wanted to see truly transformative change.

Now, three years in, we need to take stock, benchmark our progress and agree on our priorities and focus for the next year.

<sup>18</sup> <https://www.gov.uk/government/publications/civil-service-sickness-absence>

The following success measures show how we are looking to improve our diversity scores

Success measures			
<b>1. Leaders who reflect our society and who role model inclusive behaviour</b>	Meet flow targets and increase BAME and disabled staff in SCS. A representative workforce at higher grades.	Increased People Survey scores on leadership.	
<b>2. Everyone able to achieve their full potential</b>	Talent data reflects diversity of workforce.	Success of talent scheme participants for progression.	Improved performance on gender pay gap.
<b>3. Inclusive Culture and Behaviours</b>	Increased People Survey scores on diversity and inclusion.	Improved People Survey scores on My Manager.	Decrease in bullying, harassment and discrimination scores.
<b>4. Attracting and recruiting a workforce that reflects the society we serve</b>	Increased diversity of applicants and successful appointments to reflect the public we serve.	Increased diversity of workforce by socio-economic background.	
<b>5. Transparency at our core</b>	Increased declaration rates across all diversity groups.	Improved progress against external benchmarks.	Improved diversity outcomes for recruitment and management.

The 2020 People Survey saw the Department's positive score for inclusion and fair treatment rise to 86% from 85%. People Survey scores on 'My Manager' have increased to 78% from 77%. The overall engagement score was 69%, which is 3% above the Civil Service Benchmark for 2020.

The representation of BAME and disabled employees in our SCS ranks has continued to be a priority. In December 2020, 90.1% of SCS provided information about their disability status, and 92.1% about their ethnicity. Disabled SCS representation was 10.1% and BAME SCS representation was 9%. We have agreed targets for BAME and disabled representation in our SCS for 2023, and we are working towards achieving them.

As at December 2020, 88.3% had provided information about their ethnicity, 80% about their sexual orientation, and 86.8% about their disability status.

In 2020, the Department placed 15th of top 75 employers in the Social Mobility Employer Index, after placing 19th in 2019. The Department is the fourth highest ranked government department listed in the Index. The Agency is working towards meeting the goals of the Civil Service equality work stream<sup>19</sup>.

We are seeing more diverse fields of candidates, with evidence that using skills and experience in success profiles results in better diversity outcomes than using behaviours.

The Department now has a way of measuring socio-economic background which will allow us to monitor progress on social mobility. The care leaver internships programme and developing schools outreach work in opportunity areas and socio-economic cold spots in each of our locations is supporting us to increase the socio-economic diversity of the workforce.

<sup>19</sup> <https://www.gov.uk/government/organisations/civil-service/about/equality-and-diversity>

Our overall assessment of diversity and inclusion is that:

- we have made really good progress against many of the success measures in the strategy
- we are having more open discussions around diversity and inclusion and we have seen an increase in network membership. We are focused on improving the wellbeing of colleagues across the Group. We have developed a wellbeing strategy and action plan to support staff. This has resulted in numerous wellbeing initiatives being rolled out across the Department which are accompanied by a robust measurement strategy.
- we are transparent with diversity data and use it to inform evidence-based decision making and to help with accountability
- we have yet to see real traction in some areas, and we are some way from seeing the transformative change that was our aim
- we need to focus on BAME SCS and Disability SCS representation to be on track to achieve our 2023 target, and we have achieved our 2020 target
- We have developed a bullying, harassment and discrimination (BHD) strategy and action plan based on the experiences of users (in particular under-represented groups). It includes implementing activities which are intended to raise awareness of BHD, increase confidence in the reporting system, and promote a more inclusive culture

### Staff policies for disabled persons

The Department gained Disability Confident Leader Level 3 status in 2017. This means it is seen as a champion for disability confidence, with a role in supporting other employers to become disability confident, particularly its NDPBs.

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

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

### Engagement with employees

The Department and Agencies work with our trade unions, both formally and informally, engaging with them to promote an open and constructive relationship. We aim to promote a positive employee relations environment where staff and the trade unions can contribute constructively to our objectives.

The Department has developed a Strategic Workforce Plan 2017-20 which aims to improve the experience and outcomes for all our staff, ensuring our talented workforce is diverse and inclusive and that we create an attractive place to work. We are currently working on the next iteration of the strategy which has been delayed due to COVID-19. We plan to publish the new workplace plan in Autumn this year.

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

	2020-21	2019-20	2018-19	2017-18
Response rate	91%	91%	91%	88%
Engagement index	69%	69%	65%	63%

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

### Health and safety at work

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

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

### Trade Union facility time

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

### Staff Redeployment

	DfE (less than 6 months)	DfE (more than 6 months)	Other Government Departments (less than 6 months)	Other Government Departments (more than 6 months)	2021 Total
<b>SCS</b>					
Director	0.2	-	-	-	0.2
Deputy Director	0.9	-	-	-	0.9
<b>Non-SCS</b>					
Grade 6	3.6	-	-	-	3.6
Grade 7	3.3	2.4	-	-	5.7
Senior executive officer	7.2	10.1	-	-	17.3
Higher executive officer	6.1	3.7	-	-	9.8
Executive officer	2.6	2.1	-	0.7	5.4
	<b>23.9</b>	<b>18.3</b>	-	<b>0.7</b>	<b>42.9</b>

The average duration of staff redeployments as at 31 March 2021 was 140 days.

All redeployed staff were recharged to the Department and there was no cost to the Agency in 2020-21.

# Parliamentary accountability and audit report

## Overview

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

## Parliamentary accountability disclosures: audited

### A1 Losses statement

	2020-21	2019-20
Number of cases	6	33
<b>Value</b>	<b>£000</b>	<b>£000</b>
Cash losses	-	1
Fruitless payments and constructive losses	2,391	2,718
Claims waived or abandoned	-	9
	<b>2,391</b>	<b>2,728</b>

### Cases over £300,000

#### Constructive loss

Reportable losses totalled £2,390,000 (to the nearest thousand).

As a result of COVID-19, the 2021 test cycle has been cancelled. Work done with some of the subcontractors with respect to printing, collation and logistics will need to be redone in 2021-22. The work performed to date has no future value and therefore all associated costs need to be written off.

As a result of COVID-19, the 2021 test cycle including associated trialling has been cancelled. There is no potential to extend the trialling activity to future years and as a result the contracts have been terminated. The work performed to date has no future value and therefore all associated costs need to be written off.

#### A2 Special payments

There were no special payments made in the year (2019-20: nil).

#### A3 Contingent and remote contingent liabilities

There were no contingent or remote contingent liabilities in the year 31 March 2021 (2020: £nil).

**Colin Watson**  
Accounting Officer  
30 June 2021

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

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## Opinion on financial statements

I certify that I have audited the financial statements of the Standards and Testing Agency for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: 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 accounting standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the 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 the Standards and Testing Agency's affairs as at 31 March 2021 and of the Standards and Testing Agency's net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (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 the Standards and Testing Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

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

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

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

### Other Information

The other information comprises information included in the Annual Report but does not include the 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 and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

In the light of the knowledge and understanding of the Standards and Testing Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept 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
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Responsibilities of the Accounting Officer for the financial statements**

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

- 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 statement to be free from material misstatement, whether due to fraud or error.
- assessing the Standards and Testing Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Standards and Testing Agency will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

My procedures included the following:

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

- obtaining an understanding of Standards and Testing Agency's framework of authority as well as other legal and regulatory frameworks that the Standards and Testing Agency 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 the Standards and Testing Agency. The key laws and regulations I considered in this context included the Education (National Curriculum Assessment Arrangements) Orders and those subsequent Amendment Orders cancelling the statutory assessments that the Standards and Testing Agency is responsible for delivering. We also considered compliance with the Government Resource & Accounts Act 2000, Managing Public Money, tax legislation and general employment law.

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 and Risk 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;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

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

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
Comptroller and Auditor General  
6 July 2021

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



# Financial Statements

# Financial Statements

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

	Note	2020-21	2019-20
		£000	£000
Income	2	-	(25)
Total income		-	(25)
Staff costs	4	5,884	7,995
Grant expenditure	5	2,625	2,893
Operating expenditure	6	15,562	48,815
<b>Total operating expenditure</b>		<b>24,071</b>	<b>59,703</b>
Finance expense	7	1	-
<b>Net expenditure</b>		<b>24,072</b>	<b>59,678</b>
<b>Comprehensive net expenditure for the year</b>		<b>24,072</b>	<b>59,678</b>

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

The notes on page 66 to page 75 form part of these accounts.

## Statement of Financial Position

As at 31 March 2021

	Note	2020 £000	2019 £000
<b>Non-current assets</b>			
Intangible assets	8	8,855	6,772
<b>Total non-current assets</b>		<b>8,855</b>	<b>6,772</b>
<b>Current assets</b>			
Receivables	9	251	82
Cash and cash equivalents	10	1,300	-
<b>Total current assets</b>		<b>1,551</b>	<b>82</b>
<b>Total assets</b>		<b>10,406</b>	<b>6,854</b>
<b>Current liabilities</b>			
Payables	11	(5,636)	(12,471)
<b>Total current liabilities</b>		<b>(5,636)</b>	<b>(12,471)</b>
<b>Total assets less total liabilities</b>		<b>4,770</b>	<b>(5,617)</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		4,770	(5,617)
<b>Total taxpayers' equity</b>		<b>4,770</b>	<b>(5,617)</b>

The notes on page 66 to page 75 form part of these accounts.

Colin Watson  
Accounting Officer  
30 June 2021

## Statement of Cash Flows

For the year ended 31 March 2021

		2020-21	2019-20
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating cost	SoCNE	(24,071)	(59,678)
Adjustments for non-cash transactions	SoCTE	4,146	2,882
Finance Cost	7	(1)	-
(Increase)/Decrease in receivables	9	(169)	6
(Decrease)/Increase in payables	11	(6,835)	1,821
<b>Net cash outflow from operating activities</b>		<b>(26,930)</b>	<b>(55,029)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	8	(2,083)	(2,773)
<b>Net cash outflow from investing activities</b>		<b>(2,083)</b>	<b>(2,773)</b>
<b>Cash flows from financing activities</b>			
Draw down of supply from sponsor Department		30,313	57,802
<b>Net cash inflow from financing activities</b>		<b>30,313</b>	<b>57,802</b>
<b>Net (decrease)/ increase in cash and cash equivalents in the period</b>		<b>1,300</b>	<b>-</b>
Cash and cash equivalents at beginning of year		-	-
<b>Cash and cash equivalents at end of year</b>		<b>1,300</b>	<b>-</b>

On 1 April 2020 the Agency was allocated its own bank account from which the Department administers Agency payments and receipts. Prior to this all payments and receipts were processed via the Department's bank account and therefore the Agency had no cash or cash equivalents before 1 April 2020.

The notes on page 66 to page 75 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	Note	General Fund £000
<b>Balance as at 1 April 2019</b>		<b>(6,563)</b>
Net Parliamentary Funding—drawn down		57,802
Comprehensive expenditure for the year	3.2	(59,678)
<b>Non-cash adjustments</b>		
Auditor's remuneration	6	45
Notional shared service recharges	6	2,777
<b>Balance at 31 March 2020</b>		<b>(5,617)</b>
Net Parliamentary Funding —drawn down		30,313
Comprehensive expenditure for the year	3.1	(24,072)
<b>Non-cash adjustments</b>		
Grants paid out by ESFA		2,625
Other intragroup transactions		(569)
Auditor's remuneration	6	45
Notional shared service recharges	6	2,045
<b>Balance at 31 March 2021</b>		<b>4,770</b>

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

The notes on page 66 to page 75 form part of these accounts.

# Notes to the accounts

## 1. Statement of accounting policies

These accounts have been prepared in accordance with the 2020-21 government FReM issued by HM Treasury. This is set out in a statutory Accounts Direction issued pursuant to section 5(2) of the *Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2020*.

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

The particular policies adopted by the Agency for 2020-21 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention.

### 1.1 Going concern

The Departmental Estimate and forward plans include provision for the Agency's continuation. We are working with the Department to resume testing in 2022. The prior year and current year tests were cancelled by statute, but only for a single year each time. It is therefore appropriate to prepare the Agency's accounts on a going concern basis.

## 1.2 Critical accounting judgements and key sources of estimation uncertainty

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

### 1.2.1 Intangible assets

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

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

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

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

### 1.3 Adoption of FReM amendments

There have been no significant amendments to FReM for 2020-21.

### 1.4 Early adoption

The Agency has not early adopted any accounting standards in 2020-21.

### 1.5 IFRSs in issue but not yet effective

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

- *IFRS16 Leases*, delayed by one year to annual periods beginning on or after 1 January 2022, 2022-23
- *IFRS17 Insurance Contracts*, annual periods beginning on or after 1 January 2023, FReM application unknown

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

### 1.6 Segmental reporting

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

See note 2 for operational disclosures.

### 1.7 Draw down of Supply from the sponsoring Department

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

### 1.8 Grants payable

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

#### 1.8.1 Recoveries

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

## 1.9 Pensions

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

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

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

## 1.10 Financial instruments

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

### 1.10.1 Financial assets

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

All of the Agency's financial assets fall under the IFRS9 category of amortised cost for the purposes of subsequent measure.

#### Amortised cost

Financial assets classified as amortised cost include:

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

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

### 1.10.2 Financial liabilities

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

#### Trade and other payables

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

### 1.11 Intangible assets

Assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Intangible assets are initially valued at cost, then carried at fair value. Where there is no active market, we use depreciated replacement cost as a proxy fair value. Assets are amortised over their estimated useful economic lives. Assets under construction are not amortised but are assessed for impairment annually.

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

### 1.12 Value added tax

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

### 1.13 Shared services

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

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

The accounts include a notional recharge from the Department to the Agency to reflect the costs of these shared services. The Department makes direct charges in relation to these services that can be directly apportioned to the Agency.

The remainder of the Department's recharge to the Agency is an apportionment of costs. The Department calculates the apportionment as a cost per full time equivalent employee within the Departmental group multiplied by the number of the Agency's full time equivalent employees.

## 2. Income

	2020-21	2019-20
	£000	£000
Other Income	-	25

Income for 2019-20 relates to a recharge for the cost of test papers. In 2020-21 no test papers were printed or shared with any other organisation.

## 3. Statement of operating costs by operating segment

The Agency was split into three divisions for reporting purposes for most of the financial year, although in February 2021 this was combined into two due to redeployment of staff due to COVID-19. Details of which can be found under the structure of the Agency on page 12. Administrative costs are split between the divisions at a higher level. Additionally, administration and shared services are identified as a reporting segment for the analysis required by IFRS 8.

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

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

### 3.1 2020-21

	Assessment Services	Assessment Development	Assessment Delivery	Admin and Shared Service	Total
	£000	£000	£000	£000	£000
Gross expenditure	1,517	5,577	12,658	2,230	21,982
<b>Expenditure before notional charges</b>	<b>1,517</b>	<b>5,577</b>	<b>12,658</b>	<b>2,230</b>	<b>21,982</b>
<b>Notional charges</b>					
Shared service recharge	-	-	-	2,045	2,045
Auditor's remuneration	-	-	-	45	45
<b>Total notional charges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,090</b>	<b>2,090</b>
<b>Net expenditure</b>	<b>1,517</b>	<b>5,577</b>	<b>12,658</b>	<b>4,320</b>	<b>24,072</b>

### 3.2 2019-20

	Assessment Services	Assessment Development	Assessment Delivery	Admin and Shared Service	Total
	£000	£000	£000	£000	£000
Gross expenditure	2,093	10,860	40,723	3,205	56,881
Income	-	-	(25)	-	(25)
<b>Expenditure before notional recharges</b>	<b>2,093</b>	<b>10,860</b>	<b>40,698</b>	<b>3,205</b>	<b>56,856</b>
<b>Notional charges</b>					
Shared service recharge	-	-	-	2,777	2,777
Auditor's remuneration	-	-	-	45	45
<b>Total notional charges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,822</b>	<b>2,822</b>
<b>Net expenditure</b>	<b>2,093</b>	<b>10,860</b>	<b>40,698</b>	<b>6,027</b>	<b>59,678</b>

### 4. Staff costs

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

### 5. Grant expenditure

	2020-21	2019-20
	£000	£000
Grants to Local Authorities	1,917	1,990
Grants to Academies	708	903
	<b>2,625</b>	<b>2,893</b>

## 6. Operating expenditure

	2020-21	2019-20
	£000	£000
Marking	-	16,741
Print, logistics and system maintenance	971	6,374
Test delivery	8,925	-
Test research and development	621	18,387
Reception baseline assessment	2,790	2,799
Teachers skills test	-	16
Other expenditure	165	1,676
	<b>13,472</b>	<b>45,993</b>
<b>Non-cash items:</b>		
Auditor's remuneration	45	45
Shared service recharges	2,045	2,777
	<b>2,090</b>	<b>2,822</b>
	<b>15,562</b>	<b>48,815</b>

During 2019-20 a new contract for test operations services came into force. This contract aligned marking, printing and logistics into one cost which cannot be separated to show comparative data for the previous year, these costs are now shown within test delivery. For future years these costs will be shown against test delivery. The original contract for these services was in force for the majority of 2019-20 and as such this note reflects the changes in contract expenditure.

Due to the cancellation of the 2020 and 2021 test cycles there have been significant savings to the Agency in both Assessment development and Delivery. For further details see the Financial review of the year on page 18.

The costs in 2019-20 include the cost of developing the 2020 national curriculum assessments which were cancelled due to COVID-19.

## 7. Finance cost

	2020-21	2019-20
	£000	£000
Bank charges	1	-
<b>Total</b>	<b>1</b>	<b>-</b>

Prior to 2020-21, the Agency transacted through the Department's banking arrangements. In 2020-21, the Agency started using its own bank account.

## 8. Intangible assets

	2021			2020		
	MTC	RBA	Total	MTC	RBA	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
1 April	5,199	1,573	6,772	3,999	-	3,999
Additions	179	1,904	2,053	1,200	1,573	2,773
Disposals	-	-	-	-	-	-
<b>At 31 March</b>	<b>5,378</b>	<b>3,477</b>	<b>8,855</b>	<b>5,199</b>	<b>1,573</b>	<b>6,772</b>
<b>Amortisation</b>						
1 April	-	-	-	-	-	-
Charged in year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value as at 31 March</b>	<b>5,378</b>	<b>3,477</b>	<b>8,855</b>	<b>5,199</b>	<b>1,573</b>	<b>6,772</b>

All intangible asset expenditure is classed as assets under construction, and therefore not amortised.

## 9. Receivables

	2021	2020
	£000	£000
<b>Sums falling due within 1 year</b>		
Trade receivables	39	29
Other receivables <sup>1</sup>	(2)	53
Prepayments	25	-
Accrued recharges	48	-
VAT	141	-
	<b>251</b>	<b>82</b>

<sup>1</sup> Other receivables in 2021 relate to staff debt where the debt is held within the Department's accounts but repayments have been received by the Agency. Work is ongoing to reconcile the account.

## 10. Cash and cash equivalents

	2021	2020
	£000	£000
Balance at 1 April	-	-
Net change in cash balances	1,300	-
<b>Balance at 31 March</b>	<b>1,300</b>	<b>-</b>
<b>The following balances at 31 March were held at:</b>		
<b>Cash at bank and in hand:</b>		
Government Banking Service	1,300	-
<b>Balance at 31 March</b>	<b>1,300</b>	<b>-</b>

## 11. Current payables

	2021	2020
	£000	£000
Other taxation and social security	143	157
Trade payables	21	121
Other payables	128	144
Accruals	5,344	12,049
	<b>5,636</b>	<b>12,471</b>

## 12. Capital and other financial commitments

### 12.1 Capital commitments

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

	2021	2020
	£000	£000
Intangible assets	834	338
	<b>834</b>	<b>338</b>

## 12.2 Other commitments

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

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

	2021	2020
	£000	£000
<b>Non-cancellable contracts:</b>		
No later than one year	13,564	19,716
Later than one year and not later than five years	54,469	70,724
Later than five years	-	-
<b>Total commitments</b>	<b>68,033</b>	<b>90,440</b>

## 13. Related party transactions

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

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

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

The Agency had no other relationships which would be considered as related parties in 2020-21.

## 14. Events after the reporting period

There have been no events between the Statement of Financial Position date and the date the accounts were authorised for issue requiring an adjustment to the accounts.

### 14.1 Authorisation

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

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# Annex

## Annex A – Glossary of terms

Abbreviation or term	Description
Agency, STA	Standards and Testing Agency
ARA	Annual Report and Accounts
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
DfE, Department	Department for Education
EMB	Executive Management Board
FReM	Financial Reporting Manual
HMT	Her Majesty's Treasury
IAO	Information Asset Owner
KS	Key Stage
LA	Local Authority
NAO	National Audit Office
PCSPS	Principal Civil Service Pension Scheme
SPR	Strategic Performance Review
SRO	Senior Responsible Owner
2019-20 and 2020-21	Financial years, ending on 31 March
2019/20 and 2020/21	Academic years, ended on 31 August

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Standards  
& Testing  
Agency