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office for fair access

Office for Fair Access Annual Report and Accounts 2010-11

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Photographs for this annual report were taken at Manchester Metropolitan Uni [redacted]

Director's foreword

This has been a year of unprecedented activity for OFFA, culminating in the publication of new guidance on the submission of access agreements for institutions that want to charge fees of more than £6,000 in 2012-13.

Shift in focus

Drawing on the new letter of guidance to me from BIS ministers, we have suggested a significant shift in focus, encouraging universities and colleges to concentrate more on the outcomes of their work, to increase their long-term targeted outreach (if necessary, by reducing their financial support for students once admitted), to set themselves stretching targets including retention where relevant, and to target financial support more clearly at the most disadvantaged. Tight timescales limited our ability to consult as widely as we would have liked, but despite this I am glad to say that the guidance has been generally very well received.

Uncertainty

These significant changes have, of course, been necessitated by the Government's introduction of new tuition fee and support arrangements for 2012-13 and beyond, with an increase in the basic fee to £6,000 and in the upper limit to £9,000. The as yet unknown impact of these new arrangements on student behaviour together with the as yet unpublished (as I write) White Paper on Higher Education mean that the sector faces difficult decisions in the face of considerable uncertainty.

But while we do not know the future shape of higher education policy and how fees of up to £9,000 will affect student demand for higher education, we do know significantly more about how the current arrangements are working than we did a year ago.

Lack of progress at most selective institutions

First, we know that although participation has widened significantly across the sector in the last five years, this has not been the case at the most selective universities. Analysis[1] that we published in May 2010 shows that participation of the least advantaged 40 per cent of young people has remained almost flat at such institutions since the mid-1990s. In my report 'What more can be done to widen access to highly selective universities?', published at the same time, I recommended that to make progress in this area, highly selective institutions need to identify bright but disadvantaged youngsters at an early age and give them sustained support and advice over a number of years.

Second, statistical research[2] that we published in September 2010 shows that disadvantaged young people have not been influenced by the size of bursary on offer when making their university choices. This finding has played a key role in shaping our 2012-13 access agreement guidance to universities on balancing expenditure between outreach and financial support for students.

1 Office for Fair Access (2010/03) Trends in young participation by selectivity of institution, Office for Fair Access, Bristol

2 Office for Fair Access (2010/06), Have bursaries influenced choices between universities, Office for Fair Access, Bristol

Thirdly, our ongoing monitoring of access agreements shows us that institutions' commitment to widening access remains strong, with universities and colleges spending £344 million on access measures in 2008-09, including £304 million on bursaries. Nearly three-quarters of bursary and scholarship money went to the very poorest students, helping more than 230,000 students in receipt of a full state maintenance grant.

Fear of debt may deter disadvantaged students

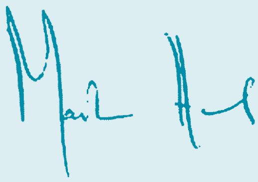
As I write, many universities are announcing their fee levels for 2012-13 (subject to OFFA approval of their access agreement) and already there are signs that fees will cluster towards £9,000 – although fee waivers may reduce this figure for disadvantaged students. However, many speculate that even with fee waivers in place such significantly higher fees will deter disadvantaged students from going to university. Clearly, this is a risk. Another risk is that Government seeks to offset the extra resources spent on student loans by reducing the number of places available, a move that might well prove more damaging to widening participation in the long term.

OFFA is not a price regulator, as I and the Government have already made clear, and cannot prevent institutions who submit a convincing access agreement from charging fees at or near the upper limit. What we can do is make sure that those that do want to charge higher fees put in place a range of access measures including those already shown to succeed, with significantly higher expectations of institutions wanting to charge fees at the top end.

New system must be well communicated

We can – and will – also reiterate the need for prospective students to receive timely, accurate information. Access to higher education (at all universities, not just highly selective ones) is a key force in driving forward social mobility and it is therefore of paramount importance that students are not put off from applying to university simply due to a lack of understanding of the finance package on offer. The Government has explicitly recognised this need for good communication to prospective students and I welcome this.

Sir Martin Harris



Director
Office for Fair Access
19 May 2011

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OFFA's role and responsibilities

Summary

A brief look at who we are and what we do.

Why OFFA was established

When Parliament allowed institutions to charge higher fees from 2006, it did so on the condition that they invest a proportion of their additional fee income in access measures (bursaries and scholarships, and outreach work) to attract students from low income and other under-represented groups. OFFA was established to work with institutions to ensure that this condition is met. Under new guidance from BIS Ministers issued in February 2011 our remit has broadened to include retention and student success measures and, once regulations are in place, part-time undergraduates.

Who we are

OFFA is a small non-departmental public body. At the time of writing we have a Director, Sir Martin Harris; three full-time; and one part-time permanent members of staff. We were established in October 2004 under Part 3 of the Higher Education Act 2004 and are sponsored by the Department for Business, Innovation, and Skills (BIS), reporting to the Minister of State for Higher Education and Intellectual Property and the First Secretary of State. We have a Service Level Agreement with the Higher Education Funding Council for England (HEFCE) which provides us with resources such as accommodation, IT support and HR services. We also have a small Advisory Group of retired heads of institutions available to offer impartial advice on access matters and, if necessary, on individual decisions. In addition, there is an independent review panel (appointed by BIS), should institutions wish to challenge an OFFA decision.

What we do

OFFA's role, as defined by the Higher Education Act 2004 and set out in 'OFFA's Strategic Plan 2005-10' (OFFA 2005/03, updated 2009/01) can be summarised as follows:

- We help safeguard fair access to higher education for low income and other under-represented groups by approving and monitoring access agreements – in which universities and colleges set out their tuition fee limits and the access measures they intend to put in place (for example, outreach work and financial support).
- Where appropriate, we identify and disseminate analysis, good practice and advice connected with access to HE.

Our strategic aims

Our strategic aims are primarily delivered through institutions' access measures as set out in their access agreements and more generally. Our three core aims are:

- to support and encourage improvements in participation rates in higher education from low income and other under-represented groups
- to reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in bursaries and outreach
- to support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and their advisors.

Our current strategic plan was developed for the period 2005-2010. We intend to publish a new strategic plan later in 2011, following publication of the Higher Education White Paper and in light of recent OFFA research and new guidance from Ministers to OFFA.

Our mission

"Working collaboratively we promote fair access to higher education in particular for low income and other under-represented groups."

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Performance and achievements

Summary

This year was the fifth year of operation under variable fees. It has been an exceptional year which has included a change of Government, the conclusion of the Independent Review of Higher Education Funding and Student Finance (the 'Browne Review'), and new guidance to us from BIS Ministers. This has generated significant additional work in addition to our normal business. We have supported the Browne Review, including submitting important evidence in the form of Sir Martin Harris's report to the Minister and the Review, 'What more can be done to widen access to highly selective universities', and two key pieces of analysis. One of these looked at young participation in HE by the selectivity of the institution and the other analysed the impact of bursaries on student decision-making.

In addition we have worked against very tight deadlines to develop new access agreement policy and guidance for the implementation of higher fees in 2012-13. In doing so, we have continued to work closely with BIS, HEFCE, UCAS, SLC and others in the development of policy and processes related to access agreements, and widening participation and access more generally. This has included work on the new National Scholarship Programme, new work with UCAS on supporting widening participation aims through intelligent use and availability of data, and continuing work with HEFCE to ensure a joined-up approach to access agreements and widening participation strategic assessments (WPSAs).

We have also continued to maintain and improve our systems, both in terms of the delivery and evolution of access agreements and in refining our processes and information requirements.

Maintaining access agreements

OFFA's core role is to approve and maintain access agreements. Each year we ask institutions to confirm their fee and bursary levels and, where necessary, revise their access agreements in the light of their experience, OFFA guidance and research and in response to annual Government changes to student support and fee levels. For the 2011-12 academic year we approved nine new agreements and revised 118 agreements as well as confirming fee and bursary levels for all institutions with access agreements. We also shared information on fee levels with the Student Loans Company (SLC).

Our fourth round of institutional monitoring

As a regulator one of our key responsibilities is to ensure that universities and colleges are meeting the commitments set out in their access agreements – in particular that they have met their financial commitments, including those to individual students, and are making progress towards their milestones. To this end, we monitor institutions' progress against their access agreement commitments on an annual basis.

We review our monitoring process each year, with a view to continuous improvement. This year we made some changes to the reporting process, based on feedback from institutions, our own experience of monitoring, and changes to Government policy. The changes we made were designed to increase the robustness and consistency of the information we received and to place a greater emphasis on reporting progress against targets. We also sought to reduce bureaucracy by establishing a joint access agreement and WPSA monitoring return with HEFCE and to develop more transparent and user-friendly processes for institutions.

At the time of writing, we are still analysing monitoring returns for 2009-10 and aim to publish our monitoring report in July 2011.

Bursary take-up

Bursary take-up was a significant issue in the first couple of years of variable fees, but has now largely been addressed. We estimate that take-up among students from the lowest income group improved from around 80 per cent in 2006-07 to 90 per cent in 2007-08 and to 96 per cent in 2008-09, with 96 per cent of HEIs reporting a take-up rate of 90 per cent or more.

Central to this improvement have been institutions' increased efforts to provide information and identify eligible students who have not taken up their bursaries alongside the efforts of the SLC to improve the proportion of students consenting to share their financial information. These efforts include an annual telephone campaign alerting eligible students who have not consented to share their financial information to the benefits of doing so. Crucially, from 2008-09, the student finance application form changed, requiring students and sponsors to opt out of sharing their information, rather than opt in. SLC data indicates that consent to share financial data in 2009-10 remained high (at 97 per cent) and, as most institutions use this information to award their bursaries, this is a solid indicator of bursary take-up. On this basis, we no longer monitor individual institutions' bursary take-up. However, we will continue to follow this up with any institution where we are concerned that take-up might be an issue (for example where SLC data suggests there are more eligible students than the number of students paid a bursary by the institution).

Sector level monitoring

Through regular communication with BIS, HEFCE, UCAS, and the sector we have continued to monitor the possible impact of the fee and support regime on applications to higher education over the 2010 application cycle and have continued to comment on support and access issues more generally. We are also now represented on the HESA Performance Indicators Steering Group.

We are encouraged by the continued high demand for higher education and the continued progress in widening participation to the sector as a whole. However, we are concerned that, as our research on young participation has shown, access has not widened at the most selective third of institutions despite their significant efforts.

We also remain concerned at the low numbers of care leavers who access higher education. However, we are encouraged by the significant number of HEIs (67) that have signed up to the Buttle UK Quality Mark since 2006. We continue to promote Buttle UK's Quality Mark for Care Leavers to encourage institutions to support care leavers into higher education. For 2011-12 there will be 31 institutions with additional financial bursary support for care leavers – up from 27 in 2010-11.

OFFA analysis and reports (submissions to the Browne Review)

This year we published one major report and two key pieces of analysis to inform the debate on the future of higher education and student support. The report, 'What more can be done to widen access to highly selective universities?' (commissioned by the Minister of State and published in May 2010), sets out Sir Martin Harris's recommendations on how the most selective institutions can make progress in access to their own and other highly selective institutions. Supported by stand-alone analysis on 'Trends in young participation by selectivity of institution', it concludes that long term co-ordinated interventions are more likely to improve access than precise amounts of financial support given to students whilst studying higher education. The analysis showed that the most selective third of institutions, despite their efforts, have made no progress in increasing the proportion of students from the most under-represented groups in recent years. In the same period the remaining two-thirds of institutions have made significant improvements in widening participation – indeed the least selective third now recruit roughly equal proportions of students from disadvantaged and advantaged backgrounds.

The other analysis we commissioned, 'Have bursaries influenced choices between universities?' (published in September 2010) looked at UCAS applications and acceptance patterns and showed conclusively that applicants have not been influenced by bursary size when choosing which universities to apply to and attend. This set in context earlier OFFA qualitative research published in 2009[3] that suggested that some students had felt influenced by bursaries when making their application decisions.

These reports and analysis have played an important role in informing the Browne Review (they were submitted as evidence to the Review) and subsequent Government policy thinking, as well as informing OFFA and institutional policy development.

Widening participation strategic assessments

This year we have continued to work closely with HEFCE and the sector on widening participation strategic assessments (WPSAs). In particular, we

[3] Callender, C. (2009) Awareness, take-up and impact of institutional bursaries and scholarships in England: Summary and recommendations, Office for Fair Access, Bristol

developed a joint reporting process for WPSAs and access agreements resulting in the publication in September 2010 of joint guidance on how institutions should complete their monitoring return. We are currently undertaking a joint monitoring exercise with a view to publication of a joint outcomes report in July. We are also working with HEFCE to ensure that the development of access agreements and WPSAs remains co-ordinated in the light of any changes to funding and support arrangements.

As in previous years, we have strived to work collaboratively and transparently with the sector, minimising bureaucracy while at the same time securing a generous set of access agreements for low-income and other under-represented groups.

Achievements in 2010-11

During the year OFFA:

- processed and approved nine new access agreements by Further Education Colleges (FECs)
- processed and approved amendments to agreements for 118 institutions - 69 Higher Education Institutions (HEIs), 35 Further Education Colleges (FECs) and 14 school-centred initial teacher training providers (SCITTs)
- confirmed fee and bursary levels with all institutions requiring access agreements for 2011-12 and revised financial estimates where appropriate
- reviewed and developed our annual monitoring process
- started the fourth annual monitoring of access agreements
- published a report on how highly selective institutions can improve access accompanied by analysis of trends in young participation by selectivity of institution (submitted to the Minister for Universities and Science and also as evidence to the Browne Review)
- published analysis on whether bursaries have influenced choices between universities (submitted as evidence to the Browne Review)
- published (in May 2010 and revised in November 2010 for the next application cycle) a bursary leaflet for schools and college advisors to advise them on bursaries. This leaflet was produced in response to our 2009 research which showed that there was a lack of awareness of some key bursary facts among this group
- developed (in consultation with the sector) new guidance on producing access agreements for 2012-13 when the new fee and support arrangements will come into force
- delivered sector workshops
- worked closely with UCAS on the provision of timely information to prospective applicants and applicants as well as working together on developing uses for UCAS data to support widening participation aims, through providing information to prospective applicants, management data for institutions, and sector level data to inform policy
- worked closely with the SLC to share information on the fee limits set in access agreements, and to discuss and advise on access agreements in relation to operational practicalities regarding fees and bursaries
- worked closely with the Higher Education Bursary and Scholarship Scheme (HEBSS) Steering Group and the SLC to help continuously improve the HEBSS service
- worked closely with BIS and HEFCE to ensure joined-up policy between access agreements and broader widening participation initiatives, including work to design the National Scholarship Programme within the parameters set by Government
- worked closely with HEFCE on the continuing development of widening participation strategic assessments including developing joint monitoring arrangements
- liaised with the sector through day-to-day contacts, meetings, groups and conferences to deliver our core messages and our research and guidance messages
- provided a general enquiry service regarding access agreements and related issues for institutions and the public
- continued to provide advice and guidance and an assessment service to the Department for Employment and Learning Northern Ireland (DELNI) on access agreements and related issues.

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aim one

To support and encourage improvements in the number and/or proportions of students in higher education from low income and other under-represented groups

KPI 1: The number and/or proportions of applications from disadvantaged areas have increased across the planning period[4]

In 2010 the number of accepted young applicants at English institutions living in the most disadvantaged areas (Quintile 1) and the next most disadvantaged areas (Quintile 2) increased by 2.1 per cent and 2.2 per cent respectively.[5] These increases were proportionally greater than the increases for accepted applicants living in more advantaged areas. The increase in accepted applicants for all areas was 1.7 per cent[6].

KPI 2: The number/proportions of students entering HE from low income groups have increased across the planning period

There has been little change in the proportions of students entering HE from low income groups. Student Loans Company provisional data for maintenance grant awards shows that in the academic year 2009-10, of the 334,700 applicants who entered higher education under the 2009 arrangements and who were eligible to receive a maintenance grant, 40 per cent were awarded full maintenance grant support, compared to 42 per cent of the applicants in 2008/09 who entered under the 2008 arrangements. There was no change to the income threshold for entitlement to the full grant between these years. So far in the academic year 2010-11 (i.e. by mid-November 2010), 35 per cent of the students who applied for support under the 2009 and 2010 maintenance grant arrangements have been awarded a full maintenance grant. This is 2 per cent higher than the position published in November 2009 after which the proportion receiving a full grant increased to 40 per cent[7].

KPI 3: Guidance, advice and good practice is provided to institutions where necessary

This year we have produced major analysis and guidance to institutions on the impact of bursaries, participation by selectivity of institutions, and what additional activities highly selective institutions can do to improve access. We have also produced and updated a quick bursary guide for schools and college advisors which has proved very popular amongst practitioners. We have also produced major new guidance on producing access agreements for 2012-13 and significantly increased the Q&A facility on our website.

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4 This KPI used to be measured by applications from lower socio-economic groups. However, in 2009 UCAS changed from using the National Statistics' Socio-economic classification (NS-SEC) to using the area-based POLAR2 methodology. We believe that POLAR2 is a more reliable measure and have adjusted our KPI to reflect this

5 The POLAR2 (Participation of Local Areas 2) classification groups small areas across the UK into five quintile groups according to their rate of young participation in higher education in the early 2000s. In quintile 1 less than 1 in 5 young people enter higher education compared to well over half in quintile 5. Each quintile represents around 20 percent of the young population. Further information on the POLAR2 classification can be found on the HEFCE website (www.hefce.ac.uk/widen/polar/polar2/).

6 Source: UCAS data request, Acceptances at Institutions in England by POLAR2 Quintile (UK Domiciled Applicants Aged 19 and Under).

7 Student Support for Higher Education in England: Academic Year 2010-11(Provisional) Published on 25th November 2010; www.slc.co.uk/statistics/newnationalstatistics1_page.html

aim two

To reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in bursaries and outreach

KPI 4: Annual returns from institutions demonstrate that the levels of investment are broadly maintained at the levels committed to in access agreements, recognising that the levels set out in agreements are estimates

The outcomes of our monitoring for 2008-09 showed that in total HEIs spent 22.8 per cent of their additional fee income on bursaries and scholarships for lower income students and other under-represented groups. This was up from 21.8 per cent in 2007-08. Expenditure on additional outreach in 2008-09 was £37m – an increase of £9.7m from the previous year. Total HEI expenditure on access agreements was 25.8 per cent, up from 25.0 per cent in 2007-08.

The outcomes of our monitoring for 2009-10 will be published in 2011.

KPI 5: Revisions to access agreements are normally processed and communicated within a three-week period. No complaints were received from institutions regarding process and service

Due to the late announcement of 2011-12 fee and support arrangements, which then meant that the updating of agreements clashed with our work on 2009-10 monitoring and work for the new arrangements for 2012-13 access agreements, we have not been able to meet the three week deadline for the great majority of amendments.

No complaints were received from institutions regarding process or service.

We will review our processes and targets for next year. Processes from 2012-13 will change as all institutions will be expected to review and renew their access agreements each year (at least in the first few years under the new arrangements). For 2012-13 access agreements submitted by the deadline of 19 April 2011 we aim to announce all approvals by 11 July (12 weeks), provided information is clear and that any negotiations are complete.

KPI 6: There are high levels and improvements in bursary take-up

We estimate that bursary take-up increased from around 80 per cent in 2006-07 to around 90 per cent in 2007-08 and around 96 per cent in 2008-09. We think that the improvements are due to a combination of awareness raising by institutions and the Student Loans Company, and a change to the student finance application form. From 2008-09 this required students to opt out of sharing their financial information with their institution, rather than opting in.

Nearly all HEIs now subscribe to the Higher Education Bursary and Scholarship Scheme's (HEBSS) full administration service enabling their students to be paid bursaries directly by the SLC. As a result, we are content to relax our monitoring on bursary take-up and will use central data to monitor this area in future years. However, where we identify a take-up issue at a particular institution we will look at this more closely and seek to address it. If central data suggests that take-up is becoming a sector-wide issue we would increase our monitoring accordingly.

aim three

To support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and advisors

KPI 7: No justified complaints are received from students and applicants regarding the clarity and accessibility of information provided by institutions on the bursaries available or the fees to be charged

The Office of the Independent Adjudicator (OIA) is responsible for handling any complaints made by students regarding any service provided by their higher education institution, including the provision of bursaries. We have received no complaints from students to pass on to the OIA and the OIA have received no direct complaints regarding the communication of institutions' financial information.

KPI 8: No justified complaints are received from students over eligibility for bursaries or the amounts awarded

The OIA received no justified complaints regarding eligibility for bursaries or the amounts awarded.

KPI 9: An annual exercise is undertaken with institutions to update fee, bursary and eligibility thresholds and access agreements more generally, allowing the correct information to be available to students early in the application cycle

We undertook our usual annual revisions process (starting in November 2010), approving amended access agreements and updating information on fees and bursaries. This process started late due to the late confirmation of fee and support levels by the Government. However, we are satisfied that institutions provided clear and timely information to applicants and have received no complaints about any delays regarding fee and support information.

KPI 10: There is liaison and input into external information sources on bursary messages

We continue to actively support and influence bursary messages communicated nationally by Student Finance England, Aimhigher and others. Where asked, we also check and provide information on bursaries for a variety of centrally produced handbooks on student finance.

In April 2010 we produced a bursary information leaflet for schools and college HE advisors for 2010-11 entry which was well received. We updated this leaflet for 2011-12 in November 2010.

Our website contains information pages for prospective students as well as for institutions and includes good practice on how to provide clear online financial information.

KPI 11: Guidance and good practice is provided to institutions where necessary

We have produced two major pieces of analysis and a report in the last year which have been influential in informing national policy making and have provided institutions with evidence to inform the development of their access agreements. In May 2010 we published 'What more can be done to widen access to selective universities', which included a stand-alone report 'Trends in young participation by selectivity of institution'. In September we published 'Have bursaries influenced choices between institutions?'

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Facts and figures

Summary

Facts and figures on fee levels, expenditure on access measures, bursary eligibility thresholds and changes to access agreements for 2011-12.

Existing access agreements

In the 2011-12 academic year, there will be 235 institutions with live access agreements comprising:

- 123 higher education institutions (HEIs)
- 66 further education colleges (FECs)
- 46 school-centred initial teacher training providers (SCITTs).

State support levels in 2011-12[8]

In 2011-12:

- the full Higher Education Maintenance Grant will be £2,906, payable to students with an assessed residual household income of up to £25,000
- partial grants will be payable to students with an assessed household income of up to £50,020.

Fee levels in 2011-12

For 2011-12 the maximum fee limit has been increased for inflation to £3,375.

HEIs

- All HEIs with full-time undergraduate students have submitted access agreements and have agreed the maximum fee limit of £3,375.

FECs

- 66 out of 124 directly funded FECs (53 per cent) have an access agreement for 2011-12. Of these, 28 have agreed the maximum fee limit of £3,375 (though in practice two of these have chosen not to charge above the standard fee) and 38 have agreed a lower fee.

SCITTs

- 46 out of 59 SCITTs (78 per cent) have an access agreement for 2011-12. Of these, 22 have agreed the maximum fee limit of £3,375 and 24 have agreed a lower fee.

All institutions

- Institutions estimate that their additional fee income in 2011-12 (income from fees above the basic fee level of £1,345) will be approximately £1.65bn.
- Those FECs and SCITTs that have not submitted access agreements will not be charging over the basic amount of £1,345 for any of their directly funded courses in 2011-12.

Expenditure on bursaries, scholarships and outreach

In the third year of the current fee and support regime (2008-09):

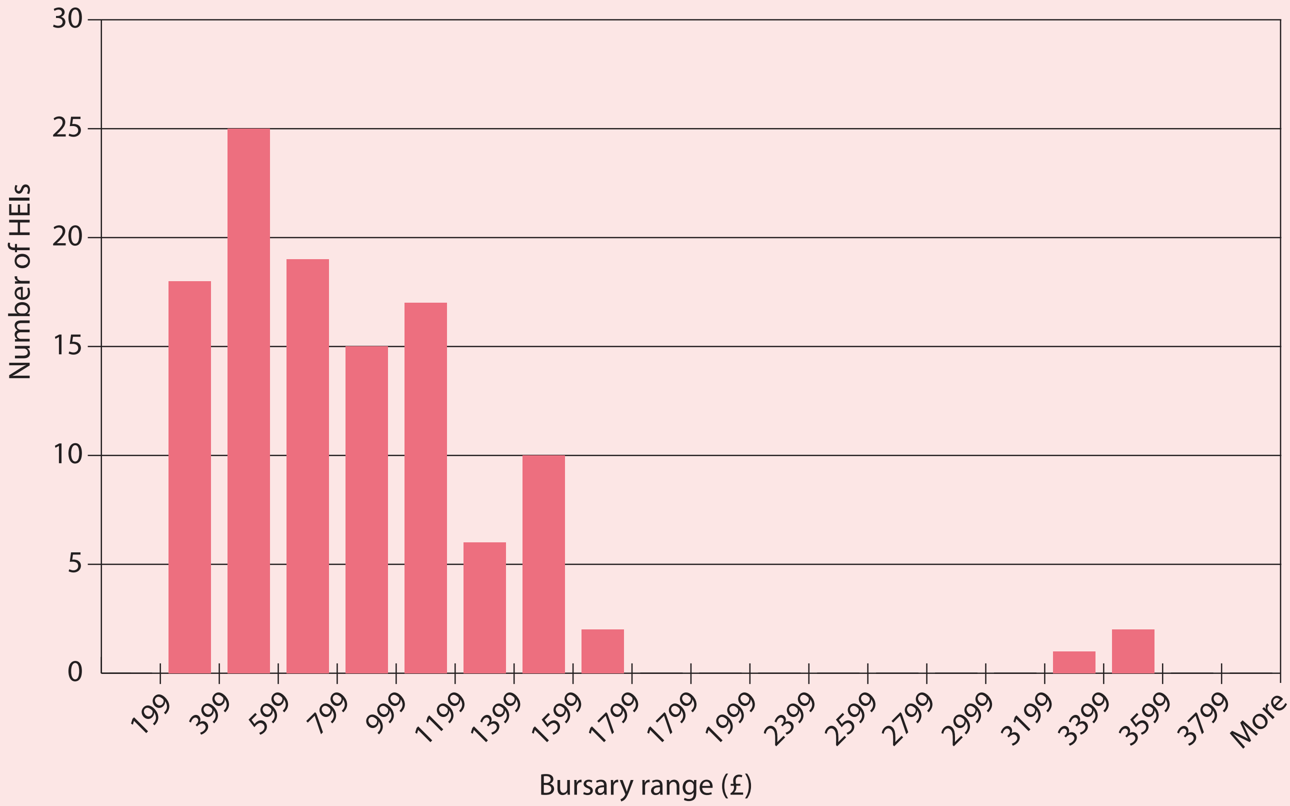
- 23 per cent of additional fee income was spent on bursaries and scholarships for the first three intakes of students, representing £312m
- institutions spent a further £38m on additional outreach activity
- taken together, the overall expenditure on bursaries, scholarships and outreach was 26 per cent of additional fee income.

Our 2009-10 monitoring round is currently in progress. It is the first to be co-ordinated with HEFCE's WPSAs, with joint returns being submitted by institutions. We will publish our usual monitoring outcomes report in July 2011, providing further commentary on this in the 2011-12 annual report.

Institutions have estimated that by the time all students are under the current fee regime they will be spending approximately £355m of their additional fee income per year on bursaries and scholarships

[8] The thresholds for full and partial grants have been unchanged since 2009-10. For earlier years see www.offa.org.uk/universities-and-colleges/guidance-and-useful-information/

Bursaries for students in receipt of full state support 2011-12



for low income students or other under-represented groups and £40m on additional outreach. This represents around 26 per cent of estimated additional fee income.

Key bursary facts

In 2011-12 the annual bursary that HEIs are offering for students on full state support ranges from £338 to £3,500. The chart above shows the number of HEIs offering different levels of bursary for students on full state support.

- 110 HEIs (89 per cent) offer bursaries for students on full state support that are above the statutory level of £338
- 79 HEIs (64 per cent) offer bursaries to students beyond the full state support threshold, of which
  - 54 HEIs have a top threshold somewhere between £25,001 and £50,019
  - 18 HEIs offer a bursary up to the partial state support threshold of £50,020
  - six HEIs offer a bursary above the partial state support threshold, or offer a non-means tested bursary to all of their students.[9]

The three basic types of core bursary are:

- a fixed bursary – e.g. an institution gives a £1,000 bursary to students on full state support and a £500 bursary to students on partial state support or at a level determined by the institution
- a bursary calculated on a sliding scale – e.g. an institution provides a bursary of between £50 and £1,000 depending on the student's family income
- a bursary linked to the level of state support provided. This is as a 'match' or percentage – e.g. an institution provides a bursary equal to 50 per cent of the state support received by the student.

[9] OFFA only counts expenditure on financial support for students up to the partial state support threshold

Non means-tested bursaries and scholarships

In addition to core means-tested bursaries, the majority of HEIs offer additional financial support with additional or separate criteria. (Note: due to changes in the way we have collected this data over time it is not possible to make direct comparisons with previous years.)

- A total of 88 HEIs (72 per cent) have reported additional OFFA countable awards.
- Typically, institutions offer two to three additional awards, which, on average, range from £728 to £2477[10]. Institutions reported having one or more awards relating to:
  - income (39 institutions, 32 per cent)
  - merit on entry to university (31 institutions, 25 per cent)
  - academic achievement, or progression, while studying at university (ten institutions, eight per cent)
  - progression from a partner institution, such as a school or college (19 institutions, 15 per cent)
  - location, such as a low participation neighbourhood (11 institutions, nine per cent)
  - subject studied, including PGCE (14 institutions, 11 per cent)
  - students with disabilities (four institutions, three per cent)
  - students from care backgrounds (20 institutions, 16 per cent).

Changes to access agreements for 2011-12

In September 2010, we published analysis showing that the size of bursaries has not influenced applicants' choice of institution. In view of this, we reiterated our belief that the precise amount of financial support offered to students on their course is unlikely to influence participation as much as long term targeted and co-ordinated outreach work. We therefore made it clear that we would be happy to see the balance of access agreement expenditure start to move more towards outreach. While we have seen some changes in 2011-12 access agreements, many institutions have delayed a thorough review of their access agreement in anticipation of the new arrangements and guidance for 2012-13.

The changes to access agreements for 2011-12 entrants on full state support are summarised as follows:

- 87 HEIs have left their bursaries unchanged, or increased them by inflation
- 11 HEIs have increased their bursary support
- 25 HEIs have reduced their bursary support.

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10 Some institutions offer awards based on multiple eligibility criteria. Not all scholarships are paid per annum

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OFFA's future programme of work

Summary

A brief look at our programme of work in the year ahead and future challenges.

Transition

This year is very much a transitional year. We have a new Government and Parliament has voted to increase the basic and higher fee amounts. Accordingly, BIS Ministers have written to us with new guidance on 2012-13 access agreements setting out their expectations of progress on widening participation and fair access and, for the first time, retention and student success. Once regulations are published, part-time students will also come under our remit. We also have the new National Scholarship Programme which requires institutions to match the Government's funding on scholarships for students from the most disadvantaged backgrounds.

From April to July we will be assessing institutions' access agreements for 2012-13. However, at the time of writing we do not yet have a White Paper setting out the Government's Higher Education policy. To some extent the White Paper will be informed by the response of institutions to the new fee levels and we have been asked to report to Ministers on our experience of the first round of access agreements under the new system. All of this means that there remains some uncertainty about the final details of the new system.

Best possible access agreements

Our focus in 2011-12 is therefore very much on ensuring that the transitional arrangements work as smoothly as possible, advising and negotiating with institutions to deliver the best possible set of access agreements. At the same time we recognise that, as some of the details are not yet in place, there may be elements of access agreements that are provisional or in development and that these might change once the landscape becomes clearer. As the new system requires institutions (and us) to review and update access agreements annually, this should not be problematic. At the same time as implementing the new agreements, we will continue to monitor the commitment of institutions to students that entered under the current arrangements. Our monitoring round remains a core part of our work and we will continue to work closely with HEFCE on joint monitoring returns for access agreements and WPSAs.

Will be working to increase outreach

What we now know unequivocally is that the fee rises in 2006 did not damage participation; participation to the sector as a whole has grown significantly over the last five years and in particular from the most disadvantaged groups. However, the new fee limits are significantly higher than before and we do not know how potential applicants will respond to the level of fees that institutions decide to charge. Our key objective is to protect access and we believe that this is best achieved by increasing targeted, sustained, co-ordinated outreach work. We will therefore work to increase the amount of such work, including outreach work delivered collaboratively by groups of institutions working within regions or nationally. However, we will also work to ensure that institutions' financial support packages are well targeted at the most disadvantaged and fit to understand how these fit best with the new NSP awards.

Close collaboration

It is clear that the transitional arrangements will require us to work even more closely with sector bodies such as HEFCE, UCAS and the SLC to understand where we share areas of interest and how we can collaborate to ensure that our processes and data requirements are aligned wherever possible. One key area in this respect will be to understand what data will give us an early understanding of student demand under the new fees, including from under-represented groups. UCAS data will be particularly important in this and we will be working closely with them.

A key challenge will be to deliver clear information about the benefits and costs of higher education so that potential applicants and applicants can make well informed choices about whether and where to study. We will continue to work closely with our sector partners and institutions to this end.

Understanding and mitigating risks

Our key risks for the coming year derive from our strategic aims which focus on successfully supporting the sector to maintain and deliver access agreements in the context of their widening participation strategic assessments and the changes to the external environment. We will continue to work closely with institutions and sector colleagues, in particular the SLC, the HEBSS steering group and BIS, in understanding and mitigating our risks and achieving our aims. Moving forward, we will continue to work as collaboratively as possible with institutions, sector and student bodies to achieve our shared aims of widening participation and improving access.

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Financial results for 2010-11

The accounts cover the year 1 April 2010 to 31 March 2011. The accounts have been prepared in accordance with the direction given by the Secretary of State for Business, Innovation and Skills (BIS), with the approval of the Treasury, in accordance with Schedule 5 (section 8) of the Higher Education Act 2004. The accounts are also produced in accordance with the Financial Memorandum with BIS.

Income

OFFA's total revenue for the year was £15,000 (2009-10: £15,000). This figure does not include grant in aid from BIS as this is treated as financing. This means that the £484,000 grant in aid received this year (2009-10: £476,000) is taken to the Statement of Changes in Taxpayers' Equity rather than shown as revenue in the Statement of Comprehensive Net Expenditure. All of this funding was provided for administrative running costs of the organisation.

Expenditure

Total expenditure was £491,061 (2009-10: £464,261). Of this amount £361,418 (2009-10: £313,004) was paid to HEFCE for services provided through a Service Level Agreement (further details in section below). Taking into account the revenue received during the year, OFFA had net expenditure of £476,061 for the year (2009-10: £449,261) which was transferred to general reserves. Reserves at year end totalled £55,173 (2009-10: £47,234).

Cash balance

Our Financial Memorandum (FM) with BIS recognises that it may not always be possible to match receipts with payments exactly within each year. In the Financial Memorandum with BIS, the Department considers a level of £40,000 to be a suitable guideline level for cash balances. At 31 March 2011 our cash balance was £66,631 (2009-10: £45,108). The additional cost of developing new access agreements for 2012-13 was unknown creating considerable uncertainty late in the financial year. Therefore BIS agreed a higher resource and cash balance.

In accordance with the Government Financial Reporting Manual (FReM), the accounts for 2010-11 no longer include the notional cost of capital. Note 2 provides further explanation in relation to this change.

Service Level Agreement with HEFCE

OFFA has a Service Level Agreement with HEFCE for the provision of various services including accommodation, finance, IT and Human Resource support, internal audit and general administrative activities. During the year ending 31 March 2011 OFFA paid HEFCE £361,418 including VAT (2009-10: £313,004) for the services provided through the Service Level Agreement including the costs of directly seconded staff.

Payment of creditors

OFFA is fully committed to the prompt payment of its suppliers' invoices and supports the Better Payment Practice Code. OFFA aims to pay invoices in accordance with agreed contractual conditions or, where no such conditions exist, as soon as possible. All suppliers have been notified of this commitment, through HEFCE, and have been given clear guidelines to help OFFA achieve this aim. Throughout the year HEFCE monitors actual performance against the 30-day target. During the year ending 31 March 2011 the target was met for 99 per cent of invoices (2009-10: 99 per cent) for OFFA.

In November 2008, as a direct response to the risk of business failure arising from late payment, the Prime Minister committed all Government Departments to pay suppliers as soon as possible, and within 10 days. Following this, Non-Departmental Public Bodies (NDPBs) were asked to examine and review existing payment practices and performance, and to sustain or move as closely as possible to the 10-day payment commitment set for Government Departments wherever practical. OFFA's performance against this new prompt payment target of 80 per cent was 92 per cent in 2010-11 (72 per cent in 2009-10). During 2011-12 we will look to sustain and improve on this performance, with the aim of moving towards a 5-day payment target (currently 67 per cent), balancing this against the impact on our resources and the need to maintain effective internal controls. OFFA pays relatively few invoices in total.

A copy of the prompt payment code can be found at http://www.promptpaymentcode.org.uk

How our accounts are audited

The accounts are audited by the Comptroller and Auditor General, who is appointed by Statute. The audit fee is £9,400 (2009-10: £9,400 with an additional charge in 2009-10 of £2,000 in relation to audit work on preparation for the migration to International Financial Reporting Standards IFRS). The Comptroller and Auditor General did not provide any non-audit services during 2010-11.

External audit information

So far as the Accounting Officer is aware, there is no relevant audit information of which OFFA's auditors are unaware. The Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that OFFA's auditors are aware of that information.

Diversity and equality

OFFA, through its Service Level Agreement with HEFCE, follows HEFCE's policy on diversity and equal opportunities in line with its Equality Scheme (published in January 2007). OFFA, through HEFCE, is committed to making equality and fair treatment – irrespective of race, gender, disability, sexual orientation, age, religion or belief – a core element in the way services are delivered and in the way the organisation is managed.

How we consult employees

OFFA, through HEFCE, recognises the Public and Commercial Services (PCS) union as specified in their partnership agreement and regularly consults with all staff and the PCS union on changes concerning employee relations within the organisations, taking into account the differing views and opinions of colleagues.

Health, safety and welfare at work

OFFA, through its Service Level Agreement with HEFCE, follows HEFCE's Health and Safety at Work policy. HEFCE's aim is to have a clear and comprehensive framework to ensure, as far as reasonably possible, the health and safety of colleagues and others who may at any time be on their premises. The policy recognises the statutory responsibilities for providing a safe and healthy working environment for all members of staff and visitors to HEFCE's offices.

Sickness absence rate

HEFCE monitors sickness absence, including for those staff seconded to OFFA. For individuals the aim is to get early warning of any issues and to be able to support colleagues in dealing with chronic health problems or returning to work after extended periods of sick leave. At the organisational level we believe that sickness is a useful indication of staff satisfaction and wellbeing. Absence due to sickness at HEFCE is very low compared to other organisations: an estimated average of 5.6 working days were lost for HEFCE in 2010-11 (2009-10: 5.6). The most recent available comparatives are for 2009-10 when the public sector median was 6.5 and the other sector median was 6.4.

Environmental indicators

Using advice and guidance from UK Government sources HEFCE has produced a set of environmental performance indicators. The indicators include data on carbon dioxide emissions, energy usage, water usage, waste disposal to landfill and recycled paper. The performance indicators will be updated annually and are available on the web at www.hefce.ac.uk under 'About us'. As OFFA use the HEFCE offices, the performance indicators include OFFA.

Personal data related incidents

OFFA does not hold any personal data and we have not had any personal data related incidents.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access
19 May 2011

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Remuneration report for 2010-11

Part 1: Unaudited information

Director of Fair Access

The Director of Fair Access is appointed by the Secretary of State for Business, Innovation and Skills. BIS invoices OFFA the cost of the Director's salary and national insurance contributions. The remuneration of the Director is determined by the Secretary of State for Business, Innovation and Skills.

Sir Martin Harris was appointed as the first Director of Fair Access on 15 October 2004. The Director's role is a part-time position, and was originally equivalent to a 0.5 full time equivalent post. From 14 October 2006 the post became equivalent to 0.4 full time equivalent (i.e. two days a week). The post does not offer any pension entitlements. The appointment was originally for a fixed term of three years, but this has since been extended until October 2011. Other than the possibility of payment in lieu of notice, there are no explicit contractual provisions for compensation for early termination of this period. The leave accrual which applies under IFRS to other members of OFFA staff does not therefore apply to Sir Martin Harris.

Part 2: Audited information

Salary and pension entitlements for senior employees

Salary details are given for Sir Martin Harris. Figures shown are full year values unless otherwise stated.

	Year ended 31 March 2011 £	**Year ended 31 March 2010 £**
Sir Martin Harris, Director	**40-45**	**40-45**

Remuneration shown above is salary. Salary includes gross salary; performance pay or bonuses; and any other taxable allowances or payments. The monetary value of benefits in kind covers any benefit provided by the employer and is treated by the HM Revenue & Customs as a taxable emolument. Sir Martin did not receive any benefits in kind or bonuses in 2010-11.

Civil Service pensions

The Civil Service pension is an unfunded multi-employer defined benefit scheme notionally backed by the Government. As a result OFFA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

Pension benefits

OFFA does not directly contribute to any pension scheme. However during the year it paid HEFCE £34,132 including VAT (2009-10: £30,549 including VAT) towards the cost of contributions to the Principal Civil Service Pension Scheme. This payment relates to the employer contributions of staff directly seconded to OFFA.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access
19 May 2011

Statement of the responsibilities of the Director of Fair Access

Under section 8 of schedule 5 to the Higher Education Act 2004, the Director of Fair Access is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Business, Innovation and Skills, with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of OFFA's state of affairs at the year end and of its revenue and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Director of Fair Access as 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 the Secretary of State for Business, Innovation and Skills, 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 have been followed and disclose and explain material departures in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for BIS has designated the Director as the Accounting Officer for OFFA. His relevant responsibilities as OFFA Accounting Officer, including his responsibilities for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers' Memorandum, issued by the Treasury and published in 'Managing Public Money'.

Statement by the Director on internal control

Scope of responsibility

As Accounting Officer, accountable to the Secretary of State for the Department for Business, Innovation and Skills (BIS), I have responsibility for maintaining a sound system of internal control that supports the achievement of OFFA's policies, aims and objectives, while safeguarding the public funds for which I am personally responsible, in accordance with the responsibilities assigned to me in the Treasury guidance 'Managing Public Money'.

The system of internal control relies partly on my monitoring of the effectiveness of the Service Level Agreement with the Higher Education Funding Council for England which includes the provision of financial management, information management and internal audit services.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to: identify and prioritise the risks to the achievement of OFFA's strategic aims, policies, and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in OFFA for the year ended 31 March 2011 and up to the date of the approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

OFFA's approach to risk management, explained in our Assurance Framework, is designed to identify the significant strategic and operational risks to achieving our strategic aims and business objectives, to evaluate the nature and extent of these risks, and to manage them effectively, efficiently and economically.

The Assurance Framework is appropriate for the level of risks faced by the organisation. OFFA's risks are clearly set out and defined and their management is assigned to the relevant people within the organisation as appropriate to their authority and duties. The allocation of roles and responsibilities within OFFA in respect of risk management has ensured that OFFA's risk management activities remain effective. While I am ultimately responsible for ensuring that the system of internal control is effective in managing OFFA's risks I am supported in this process by my Assistant Director and the rest of the OFFA team. As a very small organisation with a limited remit, we understand our risks well across the organisation and risk management is embedded into our operational planning. To support the management of both our strategic and operational risks, all staff have access to HEFCE's intranet-based tools and guidance, as well as training in risk management, partly through the project management approach and through the internal audit team, acting in its advisory role.

Small size

Due to our size, we place significant reliance on HEFCE systems and services, including internal audit services and assurance advice. This includes reliance on HEFCE's information management arrangements. We rely on HEFCE information management services to work towards the expectations of the Cabinet Office HMG Security Policy Framework. HEFCE reported that 'the pace of work in this area has significantly slowed down as a result of the previous postholder leaving us in September 2010 and this position not being filled in light of the recruitment controls'. However, I am aware of no immediate material risks in relation to this area of work. We have experienced no losses of personal data in this period. OFFA works with HEFCE and BIS to ensure that HEFCE's arrangements and services are appropriate for OFFA.

Due to its small size, OFFA is not required by BIS to have an audit committee. External auditors are able to raise issues with the sponsoring team in

BIS and subsequently the BIS audit committee. The internal auditors' terms of reference include a clear reporting line for the Head of Internal Audit to the BIS Accounting Officer and Head of Internal Audit. No such matters were raised in 2010-11.

The Independent Review of Higher Education Funding and Student Finance and subsequent policy development and implementation, including the increase in the basic and higher tuition fee caps and new Ministerial guidance to OFFA, have resulted in significant additional expectations of OFFA. They have also meant a significant increase in work in addition to our normal business. This will continue next year as the expectations on regulation have increased and the Government wishes to see increased scrutiny and reporting in the initial years of the new arrangements. I have also been asked to submit an additional report to Ministers on how well institutions have responded to the new arrangements and whether the approach could usefully be strengthened.

Future challenges

There will be challenges in the year ahead for widening participation, both in how well we manage to secure funding to increase outreach work (including collaborative outreach work in light of the end of Aimhigher funding) and in the number of HE places that the system is able to deliver within the budget Treasury can afford. The size and shape of the sector have been key factors in increasing participation in recent years. It would be particularly challenging to increase participation from disadvantaged groups if there is no growth in student numbers and more challenging still if we were to see a reduction in places. Equally, there is a risk to widened participation if prospective students, particularly from low income or disadvantaged backgrounds are put off HE by higher fees. There is a big challenge for everyone in the education sector to ensure that the benefits of HE (financial and other) and the student finance package (including the repayment terms for student loans) are well understood so that prospective students are able to make informed choices and not ones dominated by the headline figures of the student loans. OFFA's strategic risks have been adapted to focus on these issues.

Increased responsibilities

During the year OFFA's capacity to function as an effective organisation which meets the expectations of its stakeholders was at increased risk due to provisional reductions in our budget and constraints placed on us by Government spending controls (for example, restrictions on using agency staff during peak workloads). However, in view of the increased work and responsibilities connected with delivering new access agreements for 2012-13 (the guidance and consultation for which was delivered in 2010-11), OFFA's budget was increased for 2010-11 in order to deliver the immediate expectations placed upon us. Our 2011-12 budget has also been increased to allow us to recruit two additional fixed-term, full-time staff and interim plans are in place to continue with our current business, including delivery of the transitional arrangements.

Difficult to plan long term

OFFA currently has a limited ability to plan beyond the short term as there remains a high level of uncertainty around Government policy on HE funding (the White Paper is still in development and the Government is waiting to see how institutions respond to the new fee and access arrangements). The outcomes of the White Paper will directly impact on the role and remit of OFFA and therefore on our strategic resource and operational planning. We expect to have discussions with the Department about our role and resource needs at a suitable point during 2011-12. OFFA continues to keep abreast of and to support the Government's strategy development in access and widening participation and the new arrangements for HE funding through our close relations with the Department and HEFCE.

The risk and control framework

OFFA's approach to risk management is based on a process designed to identify the significant risks to achieving our strategic aims and objectives, to evaluate the nature and extent of these risks, and to manage them effectively, efficiently and economically. In addition to managing strategic risks, there are arrangements in place to manage ongoing operational risks including those pertaining to information. OFFA's Assurance Framework sets out our risk management policy more fully.

As a public body under the sponsorship of the Department of Business, Innovation and Skills (BIS), our strategic risk appetite is aligned to the government's priorities and objectives for higher education. We are also largely reliant on the HE sector (universities, colleges and other organisations) to help us deliver our objectives. This means that our strategic risks are to a large extent subject to external factors and therefore often relatively high, though our risk appetite for many of our operational risks is relatively low, reflecting our desire to protect our credibility as a regulator and enhance our effectiveness as an organisation. We work closely with key stakeholders to communicate our risks and to work on solutions.

Our risk register comprises our strategic risks as well as our more significant operational risks. The risk register is comprehensively reviewed annually by the whole OFFA team and more regularly by the Assistant Director and team members as appropriate. Any significant risks are brought to my attention when they arise.

Our strategic plan 2005 to 2010, originally published in December 2005 and updated in February 2009 to take account of our experience of the first three years of operation of the new fee and support arrangements, will be comprehensively reviewed when the future role of OFFA is clear in the light of the outcomes of the White Paper and subsequent government policy direction.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by:

- regular discussions with OFFA managers regarding OFFA's strategic direction and business and operational plans. This includes identification of risks and agreement on ensuring that appropriate control measures are being taken
- reports from OFFA management who have responsibility for the development and maintenance of the internal control framework including risk management
- reports from the internal audit service provided by HEFCE under the Service Level Agreement
- an annual report from the Head of Internal Audit, provided under the Service Level Agreement, which includes an opinion on the effectiveness of the risk management process and adequacy of internal controls
- comments made by the external auditors in their management letter and other reports
- reports related to reviews of OFFA's work or operations.

This information provides the basis for continual review and improvement of the effectiveness of OFFA's risk management. I have been advised on the implications of the results of my review of the effectiveness of the system of internal controls by my senior managers and no significant internal control issues have been identified which have affected the achievement of OFFA's objectives or goals.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access
19 May 2011

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Office for Fair Access (OFFA) for the year ended 31 March 2011 under the Higher Education Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Director for Fair Access and auditor

As explained more fully in the Statement of the responsibilities of the Director of Fair Access, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Higher Education Act 2004. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to OFFA's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by OFFA; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of OFFA's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Higher Education Act 2004 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued by the Secretary of State under the Higher Education Act 2004; and
- the information given in the sections entitled OFFA's role and responsibilities and Financial results for 2010-11 within the Management

Commentary of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

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

26 May 2011

Financial Statements

Statement of Comprehensive Net Expenditure for the year ending 31 March 2011

	Note	**Year ended 31 March 2011 £**	**Year ended 31 March 2010 £**
Expenditure			
Staff costs	3	**320,104**	**295,139**
Other expenditures	4	**170,957**	**169,122**
Total expenditure		**491,061**	**464,261**
Revenue			
Revenue from activities	5	**15,000**	**15,000**
Total revenue		**15,000**	**15,000**
Net expenditure for the year transferred to general reserve		**476,061**	**449,261**

There were no gains or losses other than the net expenditure for the year.

All OFFA operations are continuing.

The notes on pages 45 to 50 form part of these accounts.

Statement of Financial Position as at 31 March 2011

	Note	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Current assets			
Trade receivables and other current assets	7	**15,000**	**31,250**
Cash	8	**66,631**	**45,108**
		81,631	**76,358**
Current liabilities			
Trade payables and other current liabilities	9	**(26,458)**	**(29,124)**
Non-current assets plus net current assets		**55,173**	**47,234**
Assets less liabilities		**55,173**	**47,234**
Taxpayers' equity			
General reserve		**55,173**	**47,234**
		55,173	**47,234**

Sir Martin Harris
Director and Accounting Officer
Office for Fair Access
19 May 2011

The notes on pages 45 to 50 form part of these accounts.

Statement of Cash Flows for the year to 31 March 2011

	Note	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Cash flows from operating activities			
Net expenditure		**(476,061)**	**(449,261)**
(Increase)/decrease in trade receivables and other current assets	7	**16,250**	**(11,348)**
Increase/(decrease) in trade payables and other current liabilities	9	**(2,666)**	**15,090**
Net cash inflow/(outflow) from operating activities		**(462,477)**	**(445,519)**
Cash flows from financing activities			
Grants from parent department		**484,000**	**476,000**
Net cash inflow from financing activities		**484,000**	**476,000**
Net financing			
Net increase in cash for the year	8	**21,523**	**30,481**
Cash at beginning of period	8	**45,108**	**14,627**
Cash at end of period	8	**66,631**	**45,108**

The notes on pages 45 to 50 form part of these accounts.

Statement of Changes in Taxpayers Equity for the year ended 31 March 2011

	General Reserve Year ended 31 March 2011 £
Balance as at 1 April 2009	**20,495**
Changes in reserves 2009-10	
Grant from parent department	**476,000**
Net expenditure transferred in the year	**(449,261)**
Balance as at 31 March 2010	**47,234**
Changes in reserves 2010-11	
Grant from parent department	**484,000**
Net expenditure transferred in the year	**(476,061)**
Balance as at 31 March 2011	**55,173**

The notes on pages 45 to 50 form part of these accounts.

Notes to the accounts for the year to 31 March 2011

1 IFRS accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FreM apply International Financial Reporting Standards 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 the most appropriate to the particular circumstances of the Office of Fair Access for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Office for Fair Access are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting convention

The accounts are prepared under the historical cost convention.

Standards, interpretations and amendments to published standards which are not yet effective

The IASB and IFRIC issued the following standards and interpretations (see below) with an effective date after the date of these financial statements. Where the changes are relevant to OFFA's circumstances they will be adopted at the effective date. They have not been adopted early and their adoption is not expected to have a material impact on OFFA's reported income or net assets in the period of adoption.

Going concern

The net expenditure shown on the Statement of Comprehensive Net Expenditure is fully funded by BIS through running cost grant-in-aid. This funding is taken directly to reserves (Statement of Changes in Taxpayers Equity). Funding for 2011-12 has already been included in the Department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future parliamentary approval

Standards and interpretations		Effective date
IFRS 9	Financial instruments Simplifies the classification and measurement of financial assets.	1 January 2013
IAS 1	Presentation of Financial Statements Minor amendment allowing items of other comprehensive income for respective elements of equity to be presented in the notes rather than in the SOCTE.	1 January 2011
IAS 24	Related Party Disclosures Simplifies and clarifies definition.	1 January 2011
FReM	Revises the departmental resource accounting boundary to include non-departmental public bodies and other bodies classified to central government by the Office for National Statistics. The FReM also interprets IAS 27 in relation to the consolidation boundaries.	1 April 2011

The impacts of the above have not been quantified and are not expected to be material. Other standards issued but not yet effective were not judged to be relevant to OFFA's circumstances.

will not be forthcoming. It has accordingly been considered appropriate to prepare these financial statements on a ‘going concern’ basis. However, it should be noted that the Government’s policy development on Higher Education, including on access regulation, is ongoing and that the forthcoming Higher Education White Paper and subsequent decisions are likely to have an impact on the work of OFFA in the future. We will be able to plan beyond the short term, including our structural and resource requirements, once the Government’s future expectations of OFFA are known.

Operating segments

OFFA is a very small body with the overall objective of supporting widening participation and fair access within higher education institutions. The Accounting Officer reviews reports on OFFA as an entity with costs analysed in a similar way to that shown in the financial statements. OFFA receives revenue from the Department of Employment and Learning Northern Ireland (DELNI). The activities OFFA provides for DELNI are the same as those it provides in England, except that due to different legislative arrangements any guidance is formally issued by that Department. The Accounting Officer therefore considers that under IFRS 8 Operating Segments OFFA activities comprise one operating segment.

Financial instruments

Assets and liabilities that meet the definition of financial instruments are accounted for in compliance with IFRS 7 and International Accounting Policy Standards 33 and 39 where material. Receivables and payables falling due within one year are measured at cost on the basis that this is a reasonable approximation of fair value.

Employee benefits

Short term employee benefits comprising salaries, social security contributions and paid annual and sick leave for staff seconded to OFFA under the Service Level Agreement (SLA) are recognised in the year in which the related service is performed. The exception to this is that any staff bonus awarded by HEFCE to seconded staff is recognised in the year in which a reliable estimate of the obligation can be made, which is when the decision to pay a specified bonus is made. In addition to costs payable under the SLA the cost of any untaken annual leave days is accrued at the year end, and the in year movement is taken to the Net Expenditure Account.

OFFA’s post employment benefits liability under the Principle Civil Service Pension Scheme (PCSPS) is limited to the pension contributions paid to HEFCE under the SLA and is recognised in the year in which the related service is performed. PCSPS is described in more detail in the remuneration report.

Property, plant and equipment

OFFA has no property, plant or equipment other than that which is provided by HEFCE under a Service Level Agreement.

Grants from the Department of Business, Innovation and Skills (BIS)

All grant from the parent department (BIS) is treated as financing as it is a contribution from controlling parties giving rise to a financial interest. It is recorded as financing in the cash flow statement and credited to the general reserve.

Revenue

Revenue is received from the Department for Employment and Learning Northern Ireland (DELNI) in respect of services provided under a Service Level Agreement covering advice on access agreements in Northern Ireland. Miscellaneous revenue is also received from other organisations. Revenue is accounted for on an accruals basis.

Cash and cash equivalents

All revenue is held as cash. OFFA does not hold cash equivalents.

Accounting for Service Level Agreement with HEFCE

The costs of staff seconded to OFFA under the Service Level Agreement with HEFCE are included in staff costs. The cost of central support functions provided under the agreement, including the costs of staff performing these activities, are included within other administration costs.

Provisions for liabilities and charges

Provisions are recognised when OFFA has a present legal or constructive obligation as a result of a past event; it is probable that a transfer of economic benefit will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. OFFA has no provisions for the year ending 31 March 2011.

Taxation

OFFA does not trade and hence is not liable for Corporation Tax. Also OFFA has insufficient chargeable output to warrant registration for VAT. Costs are shown inclusive of VAT where applicable, including staff costs, which are provided as a service by HEFCE.

2 Elimination of notional cost of capital

The 2010-11 FReM no longer requires NDPBs to include a notional cost of capital charge. For the financial year 2010-11 this change has no effect on the Statement of Comprehensive Net Expenditure as the notional costs were subject to a reversal, and therefore the net expenditure for the year transferred to general reserve was unaffected. The change does not affect the Statement of Financial Position either, so no third Statement of Financial Position has been produced.

3 Staff numbers and related costs

Staff costs

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Staff employed by OFFA (including the Director and directly seconded staff)		
Salaries	229,243	211,286
Social security costs	19,929	18,091
Other pension costs	34,132	30,549
	283,304	259,926
Costs of employing contract, agency and temporary staff	36,800	35,213
	320,104	295,139

Average numbers of persons employed

	Year ended 31 March 2011	Year ended 31 March 2010
The average actual number of whole time equivalent persons employed during the year, including the Director, was:		
Directly employed	3.9	3.9
Average number of contract, agency and temporary staff	0.9	0.9
	4.8	4.8

Salaries

Salary includes gross salary, overtime, pay rises, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. HEFCE invoice OFFA for the staff costs plus VAT. Annual settlements are awarded from 1 August each year for HEFCE seconded staff.

The Director of OFFA is employed for 2 days per week (0.4 full time equivalent) directly by BIS. An annual pay increase for the Director of OFFA is determined by BIS and is awarded with effect from 15 October each year. There was no pay increase in 2010-11. None of OFFA's staff are employed on capital projects.

Exit packages

No Civil Service exit packages were awarded in 2010-11.

Advisory group

The purpose of the group is to assist the Director of Fair Access and OFFA by providing independent advice where necessary on individual access agreements, and on matters of fair access and OFFA policy and procedures. The Members of the Group are Dr Michael Goldstein, Professor Norman Gowler and Dr John Rea. Members of the group are paid a fee for the work completed but have not done any work for OFFA in 2010-11 or the previous two years.

4 Other expenditure

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
External audit fee*	9,400	11,400
Consultancy and legal fees	20,928	34,179
General administrative payments	1,069	1,113
Publications, printing, publicity	5,734	5,233
Recruitment and training	14,514	6,363
Service Level Agreement with HEFCE:		
– Accommodation and housing services	30,606	26,653
– IT, Finance and HR services	52,354	47,303
– Budget Management and Assurance services	10,622	11,847
– Other general expenses	10,429	10,703
– Internal Audit – provided by HEFCE	3,966	5,404
Travel and subsistence for staff	11,335	8,924
	170,957	169,122

*The external auditors received no remuneration for non-audit services. The audit fee is £9,400 (2009-10: £9,400 with an additional charge of £2,000 in relation to audit work on preparation for the migration to International Financial Reporting Standards IFRS).

HEFCE provides internal audit services to OFFA as part of the Service Level Agreement. These services can be performed either by HEFCE's own staff or outsourced at the Head of Internal Audit's discretion. These costs are classified as other administration to aid comparison of total internal audit costs between years.

5 Revenue

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Revenue		
Revenue from activities	15,000	15,000
Total revenue	15,000	15,000

This amount (£15,000) is in relation to revenue from the Department of Employment and Learning Northern Ireland in respect of services provided under a Service Level Agreement. The financial objective of such an arrangement is to recover contributions against costs, rather than to generate additional revenue.

6 Financial instrument risks

Financial instruments are not significant in respect of OFFA's financial position and performance.

IFRS 7 and International Accounting Standards (IAS) 32 and 39 require an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance and on the extent of its risk profile. As a non-departmental public body (NDPB) funded by the Government, OFFA is not exposed to credit, liquidity, market or interest rate risks arising from any of its normal operations. OFFA has no overseas operations or foreign currency bank accounts; and therefore no currency risks arise.

The organisation has no fixed assets and therefore objectives, policies and processes relate principally to cash management.

7 Trade receivables and other current assets

All amounts falling due within one year:	As at 31 March 2011 £	As at 31 March 2010 £
(a) analysis by type		
Trade receivables and other current assets	15,000	15,000
Prepayments	0	16,250
	15,000	31,250
(b) analysis by source		
Other central government bodies	15,000	15,000
Bodies external to government	0	16,250
	15,000	31,250

8 Cash and cash equivalents

	As at 31 March 2011 £	As at 31 March 2010 £
Balance at 1 April	**45,108**	**14,627**
Net change in cash and cash equivalent balances	**21,523**	**30,481**
Balance at 31 March	**66,631**	**45,108**
The following balances at 31 March were held at:		
Government Banking Service	**66,631**	**45,108**
Balance at 31 March	**66,631**	**45,108**

9 Trade payables and other current liabilities

All amounts falling due within one year:	As at 31 March 2011 £	As at 31 March 2010 £
(a) analysis by type		
Accruals and deferred revenue	**26,458**	**29,124**
	26,458	**29,124**
(b) analysis by source		
Other central government bodies	**0**	**4,102**
Bodies external to government	**26,458**	**25,022**
	26,458	**29,124**

10 Contingent liabilities disclosed under IAS 37

OFFA had no contingent liabilities at 31 March 2011.

11 Related party transactions

OFFA is a non-departmental public body sponsored by its parent department BIS, and therefore BIS is regarded as a related party.

OFFA has a Service Level Agreement (SLA) with HEFCE, through which HEFCE provides a number of services to OFFA. During the year OFFA paid HEFCE £361,418 (2009-10: £313,004) for the services provided through the SLA including the costs of directly seconded staff. Of this amount £253,441 (2009-10: £211,094) relates to staff costs.

OFFA uses admin support from Clare Hall, whose President is Director of Fair Access. In 2010-11 OFFA paid Clare Hall £14,175 (2009-10: £13,875).

Details of relationships are held in OFFA's register of interests, which is available on request.

12 Events after the balance sheet date

There have been no events after the balance sheet date and up to the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

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