

office for fair access

report & accounts

2012-13

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

offa

office for fair access

Office for Fair Access Annual Report and Accounts 2012-13

Presented to Parliament pursuant to schedule 5 paragraphs 7 (3) and 8 (2) of the Higher Education Act 2004.

Ordered by the House of Commons to be printed on 2 July 2013

© Office for Fair Access 2013

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Office for Fair Access copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this publication should be sent to us at enquiries@offa.org.uk

You can download this publication from www.offa.org.uk/publications.

ISBN: 9780102984217

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2563162

07/13

Printed on paper containing 75% recycled fibre content minimum

contents

	Page
Director's foreword	4
Management commentary	7
OFFA's role and responsibilities	9
Performance and achievements	11
Facts and figures	27
OFFA's future programme of work	31
Financial results for 2012-13	35
Financial commentary	39
Remuneration report	40
Statement of the responsibilities of the Director of Fair Access	42
Governance statement	43
The certificate and report of the Comptroller and Auditor General to the Houses of Parliament	48
Financial statements	50
Statement of comprehensive net expenditure	50
Statement of financial position	51
Statement of cash flows	52
Statement of changes in taxpayers' equity	53
Notes to the accounts	54

Director's foreword

This is OFFA's first annual report since I took up the position of Director of Fair Access to Higher Education in September 2012. In that time, I have made it a priority to engage very actively with the sector.

My objective so far has been, first and foremost, to listen – to find out more about the innovative work that universities and colleges are doing to support people from under-represented groups into higher education and through to successful outcomes; to hear first-hand from individual practitioners about the challenges of widening access and improving student success in a complex, fast-changing environment; and to explore stakeholder concerns and issues.

I have also endeavoured to make it clear that my approach as Director will be firm but reasonable. My increased resources enable me to challenge universities and colleges more robustly – as requested by ministers – but they also enable me to offer greater support to help institutions make the progress they want in achieving a more representative student body. I intend to offer this support to the best of my ability and to continue to protect the student interest and institutions' autonomy, both principles that I hold to be vital to the continued success of our world-class higher education system.

Expectations for 2014-15 access agreements

I will shortly be announcing my decisions on 2014-15 access agreements, the first under my directorship. I hope that, in line with my guidance, these agreements will demonstrate an increasingly strategic approach, with universities and colleges basing their decisions about where to invest on evaluation of their own access activities and other institutions' experience of what works best. I want to see institutions investing more smartly – maximising impact without necessarily spending more.

I also hope to see universities and colleges further rebalancing their expenditure so that they spend more on outreach. My guidance to institutions, which was influenced by Alan Milburn's report on social mobility and access to higher education, asked them to increase their focus on long-term, co-ordinated activities

that reach out to younger age groups and also to potential mature learners through engagement with employers and local communities.

I also asked universities and colleges to increase the collaborative outreach they undertake, to achieve long-term sector-wide improvements in participation as well as improve participation and student success at their particular institution.

The national strategy

OFFA's joint work with the Higher Education Funding Council for England (HEFCE) to develop a national strategy for access and student success has been a key priority for us this year. Development of the strategy is now well underway and we will present our final report to ministers in September. In March, we published an interim report, detailing our progress and examining where the evidence to date is pointing: namely, that sustained, targeted, collaborative outreach plays a vital role in widening participation and fair access, that it is essential to clearly articulate progression pathways for learners with non-traditional or vocational qualifications, and that institutions must foster a sense of belonging to facilitate retention and student success.

As I write, we are in the process of seeking input and evidence from the sector to inform the strategy. OFFA's increased resource, including a new senior member of staff dedicated to developing the strategy, is also enabling us to carry out our own research, and commission research by others (in some cases in conjunction with HEFCE) to inform the strategy. This research includes further analysis of young participation by selectivity of institution, and investigating the feasibility of developing a common evaluation framework for universities and colleges. These and other pieces of research all help to build the evidence base on fair access and widening participation – a key priority for OFFA and an area where I see us playing a stronger role in future. We have therefore increased our analytical capacity accordingly.



Understanding the impact of the new fees and support system

Another priority has been to continue to monitor and seek to understand the impact of the new system of fees and support on demand for higher education. Early data shows that applications from disadvantaged 18 year olds are at record levels. However, the significant downturn in application rates for part-time study is a cause for deep concern, and application rates from mature students for full-time courses have not recovered to the same extent as those from the younger population. HEFCE's *Impact of the 2012 reforms* analysis reports a 40 per cent reduction in students studying part-time since 2010. I am very concerned by the significant decline in part-time and mature numbers as students in these groups are more likely to be from groups under-represented in higher education. If higher education is truly to meet the needs of all those with the talent to benefit from it, it must be flexible enough to support those who choose to study later in life, whether part- or full-time, as well as those who go straight to university from school. It's vital that we understand the reasons for the downturn and I therefore look forward to publication by Universities UK of its review of the decline in part-time numbers.

It's also important that we are not complacent about the impact of the new system on younger students. Data for the 2012-13 academic year, and for the 2013-14 application cycle which is still underway, may not prove to be indicative of longer term trends. This is because it's likely that the students who applied for entry in 2012-13 and 2013-14 had already made up their mind to go to university, perhaps as a result of co-ordinated, collaborative outreach delivered by the now-defunct Aimhigher. In future, we will see students applying whose minds were not yet made up when the new system was introduced, and we cannot be sure how they will respond. This is why we are strongly encouraging greater investment in outreach, as we continue to monitor the impact of the new system on under-represented groups and, alongside others, contribute to the evidence base. This forms part of an ongoing programme of work. For example, we have collected case studies demonstrating good practice on outreach and student success activities, and we are going to look at the impact of financial support under the new system.

Looking ahead

Possibly, one of the biggest challenges we may face over the coming years in ensuring that under-represented students are not deterred from entering higher education is countering the drip, drip of stories to the effect that it's not worth going to university. Students from communities or neighbourhoods where very few go to university may be particularly sensitive to such stories and it's vital that universities and colleges find imaginative new ways of communicating the transforming power of a university education.

If my first seven months in office are anything to go by, the sector will rise to the challenge. One of the things that has most struck me during my many institutional visits is the outstanding work being done by many institutions to raise aspirations and attainment levels among those who may feel that university is not for them. Universities and colleges appreciate that achieving a more representative student body is not only a social duty but also in their direct interests, enabling them to recruit from the widest possible pool of academic talent. As I'm always keen to point out, there is no conflict between fair access and academic excellence, or between growing an applicant pool through sustained outreach and competing for students post-16: quite the reverse, in fact.

Our challenge now is better to capture and share this outstanding work, so leading to a greater focus on what works best and enabling us to address the unacceptably large participation gap that remains at our most selective institutions.



Professor Les Ebdon CBE
Director of Fair Access to Higher Education
14 June 2013

Management commentary

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

OFFA's role and responsibilities

What we do

When Parliament allowed universities and colleges to charge higher tuition fees for higher education from 2006, it did so on the condition that they invest a proportion of their higher fee income in access measures (bursaries, scholarships and outreach work) to attract and support students from low income and other under-represented groups. OFFA¹ was established in October 2004 under Part 3 of the Higher Education Act 2004, to work with institutions to ensure that this condition is met.

Under the latest guidance from ministers, issued in February 2011, our focus has broadened to include the work done by universities and colleges to improve retention and student success and, from 2012-13, part-time undergraduates.

OFFA's role, as defined by the Higher Education Act 2004 and set out in OFFA publication 2009/01, *OFFA's Strategic Plan 2005-10*, 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 and retention work, and financial support).
- Where appropriate, we identify and disseminate analysis, good practice and advice connected with access to and retention in higher education.

Who we are

OFFA is a small, non-departmental public body. At the time of writing we comprise the Director of Fair Access to Higher Education (Professor Les Ebdon) plus 10 full-time and four part-time permanent members of staff². We are sponsored by the Department for Business, Innovation and Skills (BIS), reporting to the Minister for Universities and Science and the Secretary of State for Business, Innovation and Skills. We have an Advisory Group to give expert and impartial advice on strategy and

policy and where necessary, on procedural issues and individual access agreements. In addition, there is an independent reviewer (appointed by BIS) should institutions wish to challenge an OFFA decision.

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 the number and/or proportions of students 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 access and student success measures
- to support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and their advisers.

Now that the new Director of Fair Access to Higher Education is established in post we are developing a new OFFA strategic plan, alongside the development of the national strategy for access and student success. The new OFFA strategic plan will be published later this year, following the development of the national strategy by the autumn of 2013. In the meantime, in this document, the original wording of our strategy has been updated where necessary to reflect policy changes and to include our broadened focus on retention and student success.

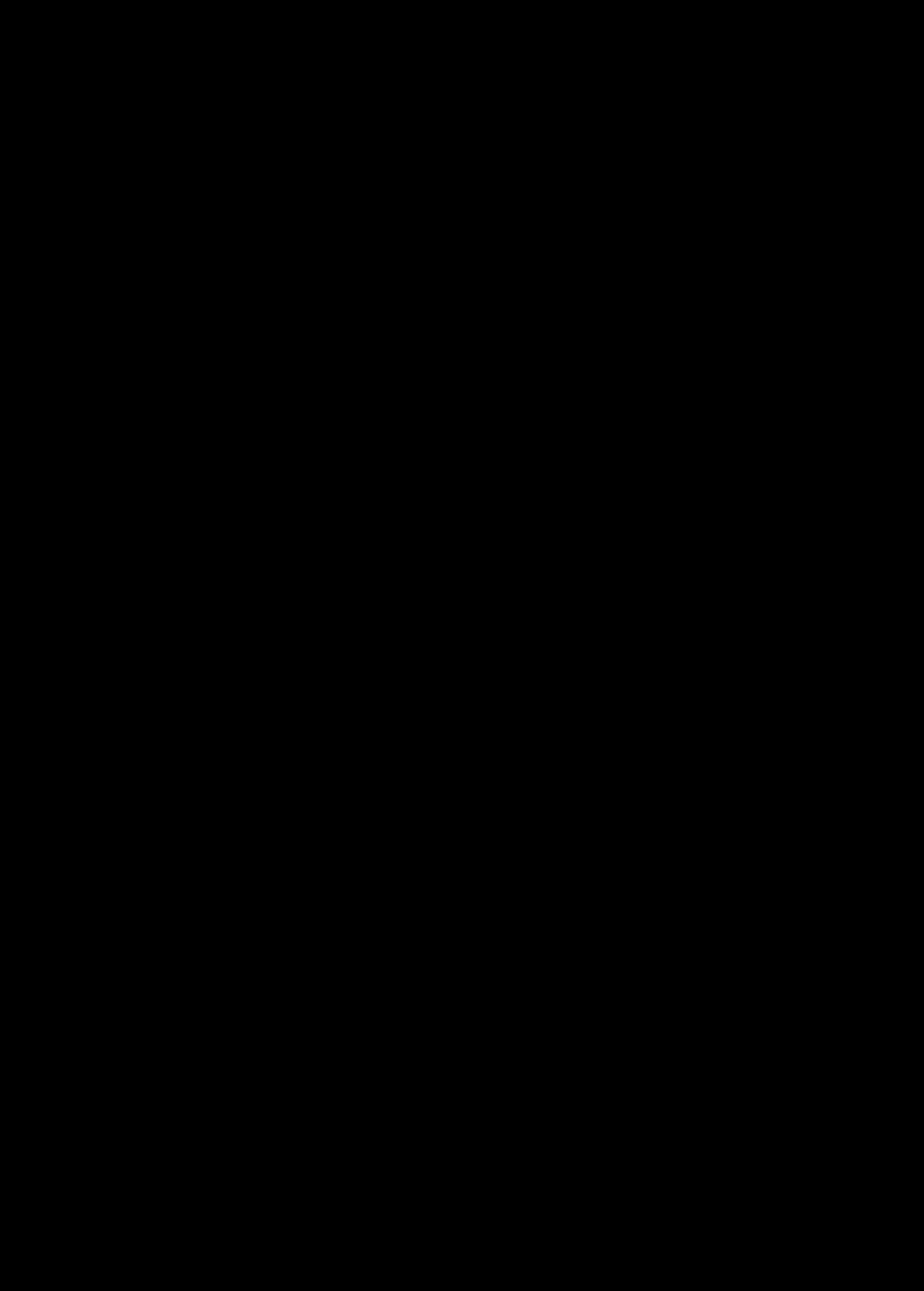
Our mission

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

¹ The Higher Education Act 2004 established the Director of Fair Access to Higher Education and his/her functions and powers. It also allowed the Director to employ staff to support his/her role. For the purposes of this document the Director of Fair Access to Higher Education and the Office for Fair Access are synonymous.

² Figure correct at 20 May 2013.

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES



Performance and achievements

Highlights

This year was the seventh year of operation under variable fees and it has been a significant year for OFFA. In particular, Professor Les Ebdon became the new Director of Fair Access to Higher Education from September 2012. Also, we have significantly increased our partnership working with the Higher Education Funding Council for England (HEFCE) and others on the development of the national strategy for access and student success, to be submitted to ministers in autumn 2013, including commissioning research and developing analysis to support this.

Other key activities included: negotiating and approving access agreements for the 2013-14 academic year (the second year under the new fees and financial support arrangements); publishing the outcomes of our monitoring of access agreements for 2010-11; and completing the assessment of monitoring returns for 2011-12 for publication in June 2013. We have also developed and published guidance for 2014-15 access agreements, and sponsored (with Universities UK, GuildHE and the Association of Colleges) the first of a series of widening participation (WP) development workshops with Action on Access focusing on the development of access agreements.

National strategy for access and student success

OFFA and HEFCE are working with higher education organisations and providers to develop a national strategy for access and student success, to be published in autumn 2013. This follows a request from BIS ministers in May 2012.

Our overarching aim in developing the strategy is to ensure that everyone with the potential to benefit from higher education has an equal opportunity to do so, regardless of background, age, ethnicity, disability or gender. The strategy will also help get the greatest possible impact from the effort and investment put into widening participation, access and student success by universities, colleges, the Government, HEFCE and other organisations.

In January 2013, we submitted an interim report to ministers that: outlines how we will develop the national strategy; brings together current knowledge of what works to improve access and student

success; provides an early assessment of how effort and investment in widening participation is helping social mobility and meeting the Government's aims, and how this might be improved; and looks at how HEFCE's and OFFA's processes can be more closely aligned to improve coherence and minimise administration for universities and colleges.

We have been asked to submit a final report to BIS in the autumn, and further information on our forthcoming work in this area is set out in the 'OFFA's future programme of work' section of this annual report and accounts.

Co-ordinating policy

As well as working together to develop the national strategy for access and student success, we have worked increasingly closely with HEFCE and others to ensure that our policies are aligned with good practice and take account of strategy across the education sector. For example, we work closely with HEFCE's Student Opportunity team across access and student success. We also sit on HEFCE's Widening Participation and Student Opportunity Strategic Advisory Committee and HEFCE sits on OFFA's Advisory Group.

Similarly, we have increased the regularity, breadth and depth of our interactions with other key stakeholders, including the National Union of Students (NUS), individual institutions, partnerships and representative bodies including Universities UK, GuildHE and the Association of Colleges, and other sector organisations such as Ucas and Supporting Professionalism in Admissions. We are represented on an increasing number of groups related to regulatory and policy partnership, to ensure better collaboration and alignment around sector-wide shared aims of promoting access and student success – for example, the Regulatory Partnership Group and its sub-groups looking at the regulatory and data landscapes, the National Scholarship Programme Steering and Working Groups, and the Higher Education Statistics Agency (HESA) WP Performance Indicators Steering Group. We have increased our engagement with the social and charitable enterprise sector working in widening participation, including practitioner networks. In our policy decisions we take account of key evidence and research and the recommendations of reports, such as those of the Social Mobility and Child Poverty Commission and the Advocate for Access to Education.

This increased stakeholder activity, enabled by increased resource from BIS, is key to delivering our dual role of both challenging and supporting the sector to improve access and student success outcomes. We have recruited new staff and reorganised our policy team so that each person now has responsibility for specific institutions and specialist policy areas. This also helps us to meet the increased expectations of Government that we better identify and disseminate good practice and undertake national-level analysis.

Improving and aligning our processes

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

We continue to work with HEFCE to ensure that widening participation and fair access policy remains co-ordinated in the light of any changes to funding and support arrangements. In particular, our monitoring of access agreements for 2011-12 has been carried out jointly with HEFCE's monitoring of widening participation strategic assessments and – for the first time – the National Scholarship Programme (NSP), to reduce administrative burden and encourage a co-ordinated response.

As part of our work with HEFCE on the national strategy, we have continued to work on the closer alignment of access agreements and widening participation strategic statements, with the view to bringing these into a single document and integrated process, for which we will issue joint guidance in January 2014. We have also worked closely to align policy between access agreements and the HEFCE-administered NSP.

Approving and maintaining access agreements

OFFA's core role is to approve, maintain and monitor access agreements. From 2012-13 ministers have asked us to review and renew access agreements each academic year (previously agreements could run for up to five years before being renewed) which allows us to review and, if need be, negotiate the content of institutions' agreements more often. Where necessary we update or issue new guidance

to take into account research, evidence, and any developments in policy or changes to fee and support levels announced by the Government.

From May to July 2012 we processed the second set of access agreements under the new arrangements, covering the 2013-14 academic year. In total, we have approved 154 access agreements for 2013-14, comprising 122 higher education institutions (HEIs) and 32 further education colleges (FECs)³. We also shared information on fee levels with the Student Loans Company (SLC) and Ucas.

In our guidance on how to produce an access agreement for 2013-14 we asked institutions to increase their efforts on access and, where appropriate, on retention and student success. We also included an increased emphasis on a number of areas, including consultation with students, collaborative outreach, and equality and diversity, as well as the inclusion of part-time courses. We are pleased that, as the approved 2013-14 access agreements demonstrate, institutions have responded to our guidance. For example, in response to our emphasis on greater student influence in the development of agreements, access agreements in 2013-14 showed an increase of £33.3 million going into 'student choice' financial support (where students can choose between a discount on their tuition fee, or maintenance support such as a bursary or discounted accommodation), and a decrease of £19.6 million in fee waivers where there is no option to receive maintenance support instead. Many institutions provided further detail or strengthened their plans for collaborative work and we saw evidence of better integration between institutions' access plans and their equality and diversity responsibilities.

Following a review of our 2013-14 process we published our guidance on how to produce 2014-15 access agreements earlier in the year (in January 2013) and allowed more time to develop agreements before submission (in April 2013). This guidance built on the experience of the previous two agreement rounds under the new fee and support arrangements as well as evidence and recommendations from Alan Milburn's October 2012 report, *University Challenge: How Higher Education Can Enhance Social Mobility*⁴. Our guidance included an increased focus on evidence and evaluation and a requirement for institutions to demonstrate a

³ We approved 150 access agreements (122 HEIs and 28 FECs) in July 2012. A list of these institutions is in OFFA publication 2012/07, *2013 access agreements institutional expenditure and fee levels*, available at www.offa.org.uk/publications. We have subsequently approved 2013-14 access agreements for four further institutions – Kidderminster College, Reaseheath College, Swindon College and Warwickshire College.

⁴ Available at www.gov.uk/government/publications/independent-reviewer-s-report-on-higher-education.

strategic approach to access agreements. We also outlined that we expect to see institutions go further in rebalancing their access expenditure so that more money is spent on outreach – particularly long-term, co-ordinated schemes with younger age groups, work with communities and employers to engage with potential mature learners, and outreach that is collaborative. These are areas that were highlighted in the Milburn report.

In March 2013, we co-sponsored a workshop on using evidence and evaluation in developing access agreements within the national strategy for access and student success. We are planning a series of further workshops to support practitioners in the coming year.

Our fifth 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 working to make progress towards the milestones they have set themselves. To this end, each year we monitor institutions' progress against their access agreement commitments.

We published the outcomes of our monitoring of access agreements for 2010-11 in July 2012. The report shows that in 2010-11 English universities and colleges increased investment under their access agreements by 5 per cent to £424.2 million (up from £403.7 million in 2009-10).

Of particular note, outreach activity to raise aspirations and attainment among people from lower-income backgrounds and other groups currently under-represented in higher education rose by 15 per cent to £45.7 million (up from £39.6 million in 2009-10), in line with OFFA's encouragement to see more investment in sustained, well-targeted outreach.

In total, 432,000 students from lower income backgrounds and other under-represented groups received a bursary or scholarship in 2010-11 compared to 413,000 in 2009-10. Almost three-quarters of students receiving a bursary or scholarship (74.1 per cent) were in receipt of full state support (up from 67.3 per cent in 2009-10), reflecting our encouragement to institutions that they should concentrate most financial support on those students where it will have most impact.

To ensure greater transparency, we improved the way in which we collect and report institutions' performance data against their milestones and targets in 2010-11. For the first time, we required them to present their data over a number of years so that their annual monitoring reports illustrate recent trends, not just the change across an individual year. We also published, for the first time, institutions' progress against their targets at an institutional level on our website. We are encouraged by the progress institutions have made against their targets, though progress has been flat or slow in the highly selective third of institutions. Institutions have an annual opportunity to review their access agreements and to adjust their plans if necessary. We have seen, in the access agreements approved under the 2012 fee arrangements, substantial increases in outreach investment amongst those institutions that have the furthest to go on access, demonstrating that institutions are following our guidance and addressing issues of access.

At the time of writing, we are analysing monitoring returns for 2011-12 and aim to publish our report summarising the outcomes of this in June 2013.

Sector-level monitoring

Alongside others in the sector, we have continued to monitor the possible impact of the fee and support regime on demand for higher education over the 2012-13 and 2013-14 application cycles. We have also continued to comment on support and access issues more generally.

We have been greatly encouraged by the progress the sector has made in widening participation over recent years and this trend is reflected in HESA's latest sector-level WP performance indicator data, which shows further continued progress for the 2011-12 academic year (the last under the previous system of fees and support) in the proportions of students in full-time higher education from neighbourhoods with low participation.

Under the new fee arrangements, where institutions can charge up to £9,000 per year, there has been a small downturn in 18 year old full-time application rates for 2012-13 entry, suggesting that the increase in fees may have had an impact on demand for that year. However, application rates from the most disadvantaged have been less affected across the sector, and the proportion of the most disadvantaged 18 year old population entering universities with the highest entry requirements increased by 11 per cent

between 2011-12 and 2012-13⁵. We hope that this may be the start of a trend. However, we do need to exercise caution when understanding applicant and institutional behaviour around transitional years, such as the fee increase in 2012-13. Ucas data shows that, following a rise in demand for places in 2011-12 (including a large reduction in deferred acceptances), entry to highly selective universities was easier in 2012-13 than in previous years. OFFA analysis on trends in young participation by selectivity of institution, published in 2010, demonstrated that participation of disadvantaged young people in the most selective institutions was low and had not increased since the mid-1990s. We will wish to see momentum build over the coming years before we are satisfied that these universities are achieving an upward trend in widening participation.

At the time of writing this report, we do not yet know the final full-time entrant numbers for 2013-14. However, we are encouraged by the Ucas application figures for 2013-14 published in January 2013, particularly the increase in applications from 18 year olds living in disadvantaged areas of England. Applications from this group now stand at a record high – disadvantaged 18 year olds are over 80 per cent more likely to apply to higher education than they were nine years ago.

However, we are not complacent because these young people will, to a great extent, have already decided to go into higher education before the current education reforms. It is vital that subsequent cohorts are sufficiently supported by high quality outreach, including information, advice and guidance that increases awareness, aspiration and attainment, so they can make informed decisions about whether to go to higher education, and what and where to study.

In contrast to the encouraging application data for young full-time students from disadvantaged backgrounds, application rates for part-time students and mature full-time students are a cause for concern. Mature full-time application rates declined in 2012-13 and, although so far they have not declined further in 2013-14, they have not yet started to recover as in the young population. We are particularly concerned by the significant decline in part-time students, because this population includes larger numbers of students

from mature and disadvantaged backgrounds. HEFCE reports that the number of part-time undergraduate entrants has fallen by 105,000 (40 per cent) between 2010-11 and 2012-13⁶, and more work needs to be done to understand the reasons for this. We are pleased that Universities UK is already undertaking a review of part-time higher education, and part-time will be a core consideration of the national strategy for access and student success that we are developing with HEFCE.

We continue to be interested to understand institutions' performance at a more detailed level. In particular we will be looking to do our own research, and to work with others, to better understand institutions' access and retention performance under the 2012 reforms. To this end, we have recently increased our analytical function with an additional dedicated analyst.

Through significant efforts, good progress has been made in providing support for former care leavers, but the proportions who access higher education remain much lower than even the most disadvantaged in the young population as a whole – in 2012, only 7 per cent of children who were looked after when aged 16 years were in higher education by the age of 19⁷. Care leavers face cumulative and significant barriers to entering higher education including lower attainment, lack of positive role models, low expectations from carers and advisers, low aspirations and a lack of confidence in the affordability of higher education. We are encouraged by the significant number of higher education institutions (71) in England that now have the Buttle UK Quality Mark for Care Leavers. We continue to promote the Quality Mark to encourage institutions to support care leavers into higher education. Around four-fifths of institutions included care leavers in their 2013-14 access agreements (compared to three-fifths for 2012-13) and our latest guidance aims to provide further impetus. At our request, from 2013-14 the HESA record will include a Care Leaver identifier which will help to improve analysis, research and evaluation, which in turn will inform the annual cycle of review and negotiation of access agreements. OFFA's work to support care leavers forms part of the developing national strategy for access and student success.

⁵ Source: Ucas *End of Cycle report 2012*, figure 56, available at www.ucas.ac.uk/documents/End_of_Cycle_Report_12_12_2012.pdf.

⁶ Source: HEFCE publication 2013/03, *Higher education in England: impact of the 2012 reforms*, available at www.hefce.ac.uk/pubs.

⁷ Department for Education, National Statistics, *Children looked after by local authorities in England, including adoption*, National Reports, Table F1 available at www.gov.uk/government/publications/children-looked-after-by-local-authorities-in-england-including-adoption.

Achievements in 2012-13

During the year, OFFA:

- worked to develop a national strategy for access and student success with HEFCE. This has included:
 - an interim report to ministers in January 2013 outlining how we will develop the national strategy and bringing together current knowledge of what works to improve access and student success
 - a call for evidence from institutions
 - development of in-house and commissioned analysis to inform the evidence base around what works
 - development of the final national strategy report that will go to ministers in September 2013
 - development of the integration of access agreements and widening participation strategic statements
- processed and approved 2013-14 access agreements for 122 HEIs and 32 FECs
- developed and published (in consultation with the higher education sector) new guidance on producing access agreements for 2014-15
- published the outcomes of our annual monitoring of access agreements for 2010-11
- started the monitoring of access agreements for 2011-12 for publication in June 2013
- monitored access agreements with school-centred initial teacher training providers for the 2009-10, 2010-11 and 2011-12 academic years
- worked closely with Ucas on the provision of timely information to prospective applicants and applicants, especially in relation to changing fee levels for courses. We continue to work together on developing uses for Ucas data, ranging from publishing analysis that forms a sector-level evidence base through to developing data and information to meet the future needs of institutions and applicants
- 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 institutional financial support
- 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 ongoing work on the NSP
- worked closely with HEFCE on the continuing development of widening participation strategic assessments/statements, including continuous review and development of 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. We now have significantly more representation at external events by OFFA staff, and an increase in Director visits to institutions
- provided a general enquiry service regarding access agreements and related issues for institutions and the public
- recruited three new members of staff, taking the total number (at time of writing) to 13.3 FTE in order to meet Government expectations that we will provide both greater challenge and support to the sector on delivering against their access agreements
- expanded our Advisory Group from three to 12 members (effective appointment dates of the new members are in 2013-14), to provide the Director with access to a broader range of expert and impartial advice on strategy, policy issues, procedures and, where necessary, individual access agreements
- increased our representation on external groups, such as the Regulatory Partnership Group and HEFCE's Widening Participation and Student Opportunity strategic advisory committee.

Key performance indicators

Our key performance indicators (KPIs) help us assess how well we are achieving our three core aims. Here we look at our performance against these KPIs⁸.

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

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

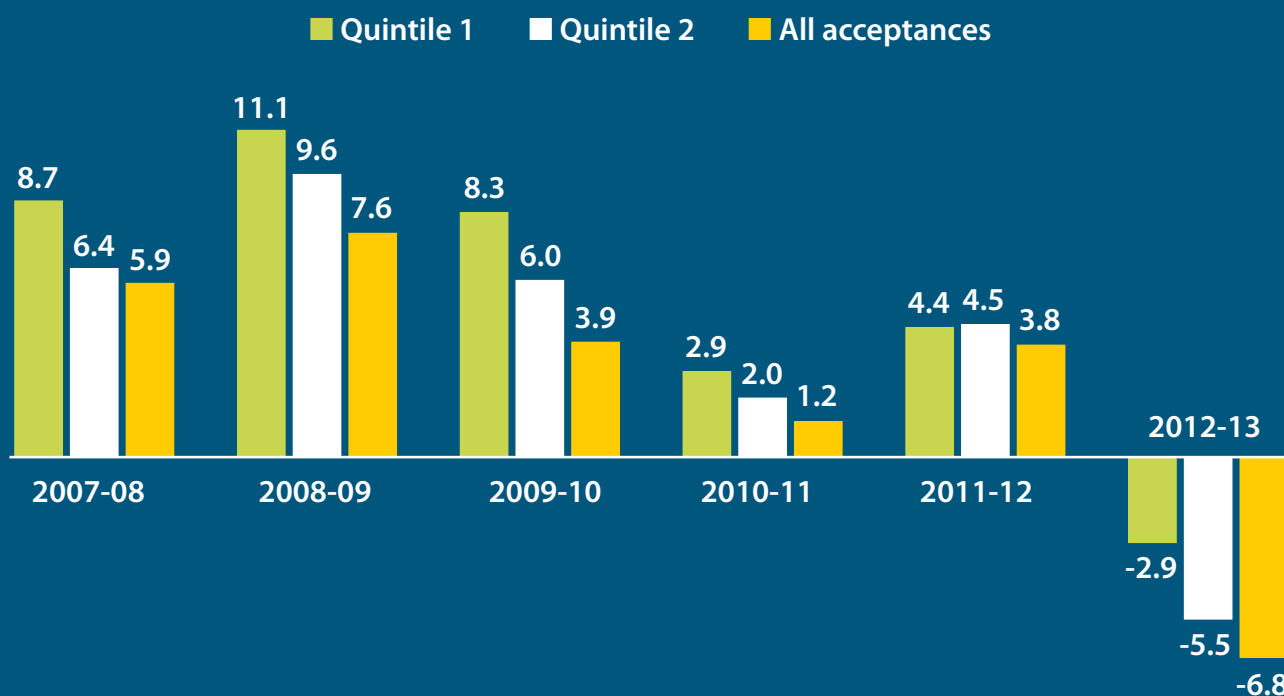
KPI 1: The number and/or proportions of applications from disadvantaged areas have increased across the planning period⁹

In 2012 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) decreased by 3.0 per cent and 5.5 per cent respectively¹⁰. These decreases were proportionally less than the decreases for accepted

applicants living in more advantaged areas. The decrease in accepted applicants for all areas was 6.8 per cent¹¹.

Ucas has recently moved to reporting both the numbers of applications and entrants as well as the rates of applications and entrants. These rates adjust for the background population of young people in the UK.

Acceptances at institutions in England by POLAR2 quintile (UK domiciled applicants aged 19 and under): yearly percentage change



⁸ We are currently reviewing our KPIs as part of our new OFFA strategy to be published in autumn 2013.

⁹ 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 to using the area-based Participation of Local Areas 2 (POLAR2) method. We believe that POLAR2 is a more reliable measure and have adjusted our KPI to reflect this.

¹⁰ The POLAR2 classification groups small areas across the UK into five groups (quintiles) according to their rate of young participation in higher education in the 2000-01 to 2005-06 academic years. Each quintile represents around 20 per cent of the young population. In quintile 1 less than one in five young people enter higher education, compared to well over half in quintile 5. Further information on the POLAR2 classification can be found at www.hefce.ac.uk/whatwedo/wp/.

¹¹ Source: Ucas data request, *Acceptances at Institutions in England by POLAR2 Quintile (UK Domiciled Applicants Aged 19 and Under)*, March 2013. 3

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

In academic year 2011-12, of the 845,900 Maintenance Grant-eligible applicants who entered higher education under the 2009 arrangements, 41 per cent were awarded full Maintenance Grant support, the same percentage as in 2010-11. There was no change to the income threshold for entitlement to the full grant between these years.

By mid-November 2012, 40 per cent of the applicants who applied for support under the 2012 Maintenance Grant arrangements had been awarded a full Maintenance Grant, and 14 per cent of applicants had been awarded a partial grant. The proportion receiving a partial grant is expected to be smaller for this cohort following changes to the income assessment threshold¹².

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

Following a review of the access agreements we received for the 2012-13 academic year, we produced new guidance on how to produce an access agreement for 2013-14.

We have also provided specific support and guidance to institutions on policy and technical matters as they have arisen throughout the year. For example, we provided guidance notes on 'Inflationary increases to fees and fees for Erasmus/study year abroad and sandwich placement years' in August 2012 and 'Fee caps and inflationary increases for 2014-15 (HEIs and FECs)' in March 2013.

OFFA and HEFCE are working with higher education organisations and providers to develop a national strategy for access and student success. This follows a request from BIS ministers in May 2012.

We are consulting with the higher education sector and analysing evidence of what works best to widen participation and ensure student success, both in the UK and abroad. OFFA and HEFCE will submit our strategy, including our conclusions, and recommendations on where the sector should focus its efforts, to BIS in September 2013.

As part of the national strategy the following work is either underway or planned:

- submitted an interim report to ministers in January 2013
- issued a call for evidence in March 2013
- research and analysis to support final document.

We now have a larger policy team in which individual team members take responsibility for specific institutions and policy areas. This enables us build deeper, more constructive, relationships with institutions, including more frequent visits and ongoing, year-round dialogue, and to be more closely involved in discussions with the sector.

¹² For old system students (i.e. those starting their courses before September 2012), the threshold for a partial Maintenance Grant is a household income of £50,020. For new system students starting their courses from September 2012 onwards, the threshold for a partial Maintenance Grant is £42,600.

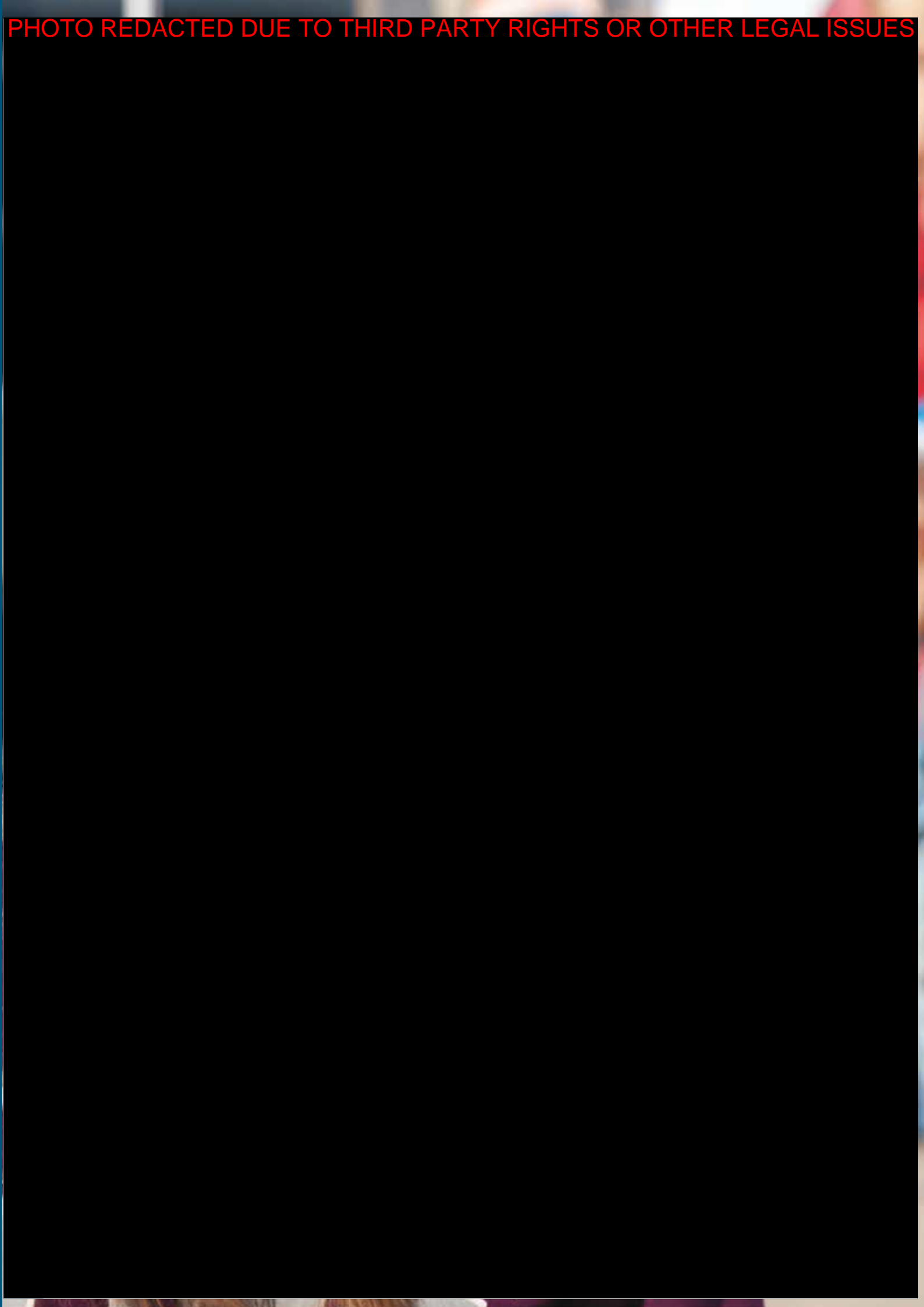


PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

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 access measures

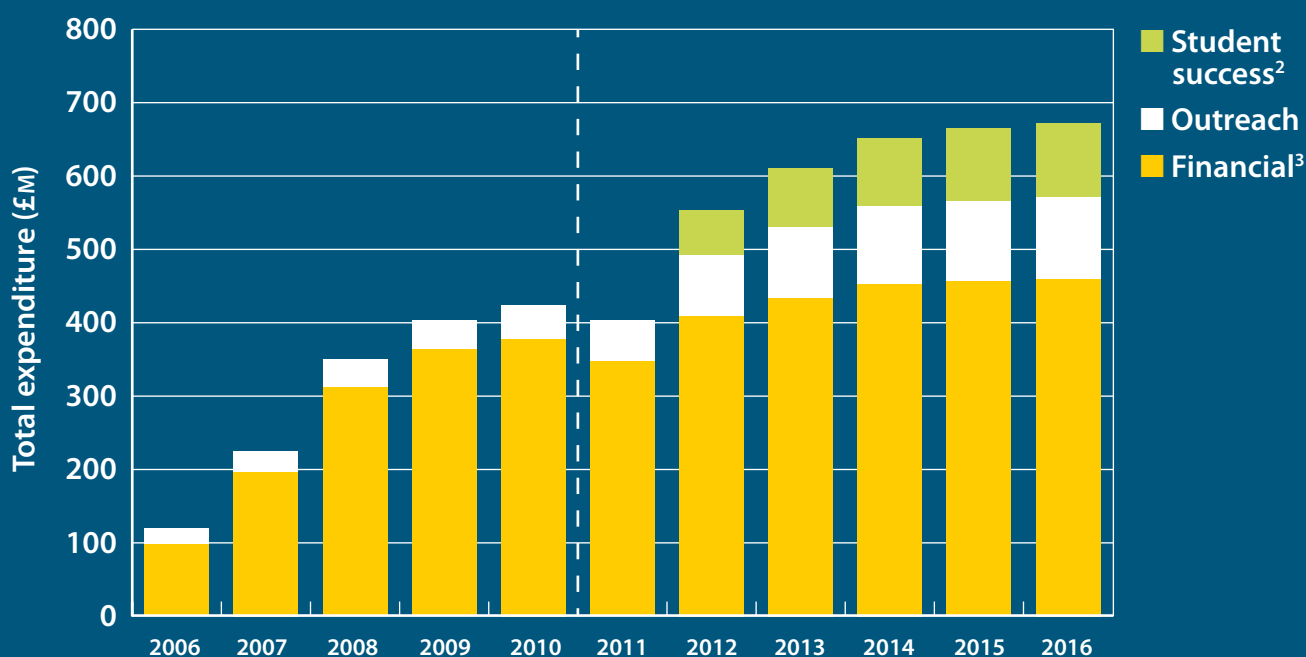
KPI 4: Annual returns from institutions demonstrate that the levels of investment are broadly maintained at the levels committed to in access agreements, recognising that the levels set out in agreements are estimates

The outcomes of our monitoring showed that HEIs and FECs spent £424.2 million (24.4 per cent of higher fee income) under their access agreements in 2010-11, compared to £403.7 million (25.3 per cent of higher fee income) in 2009-10. This comprised £378.3 million (21.8 per cent) on bursaries and scholarships for lower income students and other under-represented groups, and £45.9 million (2.6 per cent) on outreach. So although OFFA-countable spend on bursaries and

scholarships and outreach increased in cash terms, these figures represent slight decreases as a proportion of higher fee income. This is not of concern to us because institutions have significantly exceeded our expectations of the overall percentage spend.

The outcomes of our monitoring for 2011-12 will be published in June 2013, and at the time of writing this report we anticipate that HEIs and FECs will have spent 23-24 per cent of higher fee income under their 2011-12 access agreements. Under the latest access agreements for 2013-14, institutions estimate that their total access agreement expenditure will be £671.8 million (26.7 per cent of higher fee income) by 2016-17.

Estimated access agreement expenditure¹ (excluding Government NSP allocation) 2006-07 to 2016-17: HEIs and FECs



Notes:

¹Actual expenditure (left of dashed line: 2006-07 to 2010-11) and projected expenditure (right of dashed line: 2011-12 to 2016-17).

²'Student success expenditure' includes access agreement spend on retention, improving attainment, and increasing graduate employment.

³'Financial support expenditure' includes access agreement spend on bursaries, fee waivers and other institutional discounts.

KPI 5: Revisions to access agreements are normally processed and communicated within published timeframes

We delivered decisions by our deadline of 31 July to all institutions that submitted a complete access agreement by our submission deadline of 31 May. Five institutions' decisions were published after this date; in some cases, because we were awaiting information material to our decision and in other cases because they submitted their agreements outside our core access agreement process.

No complaints were received from institutions regarding process or service.

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 SLC, 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 HEBSS full administration service, enabling their students to be paid bursaries directly by the SLC. The SLC reports that in 2011-12, around 98 per cent of means-tested applicants for student finance gave their consent for the SLC to share their data with their institution. This means that eligible students can receive bursaries automatically without having to apply separately to their institutions.

PHOTO REDACTEDDUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

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 has 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

Neither OFFA nor the OIA received any 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

From 2012-13 access agreements are updated annually and therefore, as we have undertaken a full review of access agreements for 2013-14 entry, a separate update exercise was not necessary. We continue to work closely with Ucas and SLC so that student-facing processes are up to date and accurate. In our guidance we require an explicit commitment from institutions to provide such timely information to Ucas and SLC as they reasonably require, enabling them to populate their applicant-facing web services.

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

As a condition of charging higher fees, all universities and colleges with access agreements are required to

publish clear and accessible information for existing and prospective students on the fees they are charging and any financial support that they offer.

They are also required to provide timely, accurate information to Ucas (for courses that receive applications through Ucas) and the SLC so these organisations can populate their course databases in good time to inform applications.

We continue actively to support and influence messages around institutional financial support (including bursaries, fee waivers and other awards) communicated nationally by Student Finance England and others. Where asked, we also check and provide information on institutional financial support for a variety of centrally produced handbooks on student finance.

Our website, though not intended as a primary information source for students, contains information pages and links for prospective students as well as for institutions, and includes good practice on how to provide clear online financial information.

We contributed to the consultation on the Key Information Sets. We feed into conversations across the sector with public and private organisations that have interest or a role in providing information on financial support to students. We have a member on the NSP steering and working groups.

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

As well as our good practice on providing clear financial information to students, we continue to support institutions to deliver clear, accessible and timely information on financial support through our guidance and individual advice.

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

Facts and figures

Information on fee levels, expenditure on access measures, bursary eligibility thresholds and changes to access agreements for 2013-14.

Existing access agreements

In the 2013-14 academic year, there will be 154 institutions with live access agreements comprising:

- 122 higher education institutions (HEIs)
- 32 further education colleges (FECs).

Fee levels in 2013-14

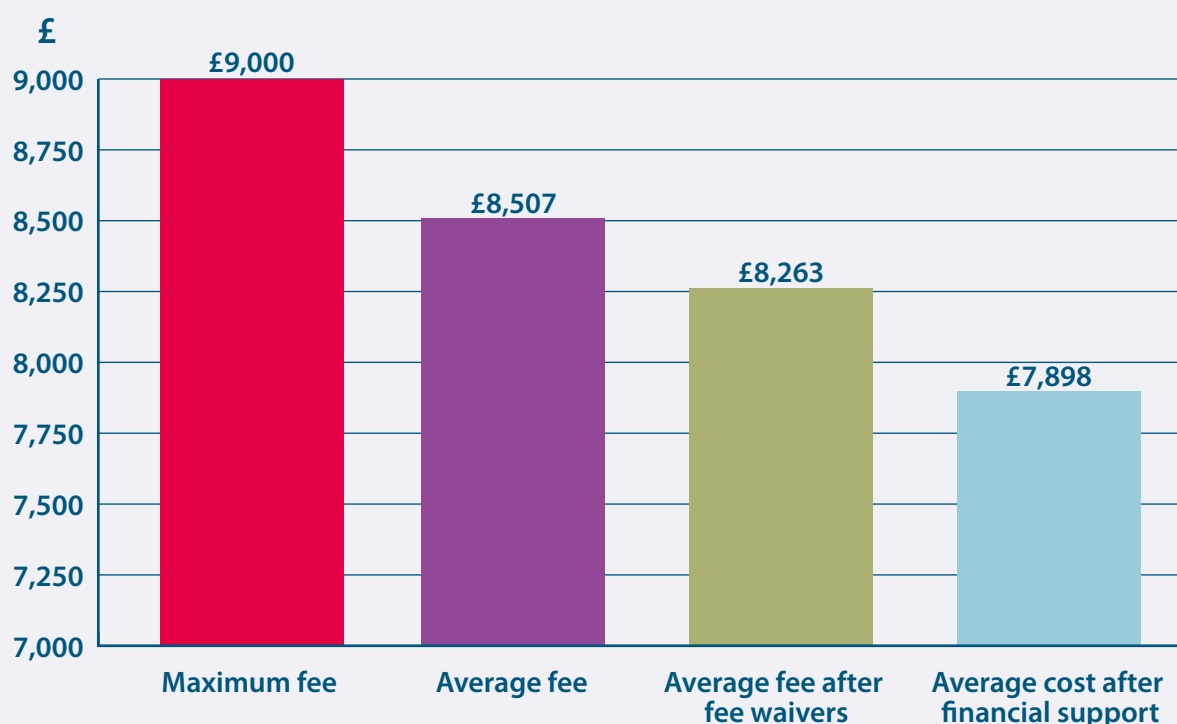
For 2013-14, the maximum tuition fee for full-time entrants is £9,000 for institutions with an access agreement and £6,000 for institutions without an access agreement. The maximum tuition fee for eligible entrants on part-time courses in 2014-15 is £6,750 for institutions with an access agreement and £4,500 for institutions without an access agreement.

Full-time fee levels in 2013-14

OFFA's analysis of 2013-14 access agreements, published in July 2012¹³, shows that in 2013-14 (when two cohorts of students will be paying fees of up to £9,000):

- the estimated sector average fee is £8,507 (£8,385 in 2012-13)
- this reduces to £8,263 when fee waivers are included (£8,123 in 2012-13)
- when all financial support from universities and colleges including NSP is taken into account, the estimated average fee cost is £7,898 (£7,789 in £2012-13).

Estimated fees and costs for new entrants in 2013-14: HEIs and FECs (includes those without access agreements)



¹³ The figures in this facts and figures section are based on the 150 access agreements (122 HEIs and 28 FECs) that we approved and published in July 2012, and do not include the four further education colleges with access agreements that have been approved subsequently. We will publish revised 2013-14 data in July 2013, at the same time that we publish the approved 2014-15 access agreements and associated data.

HEIs

Ninety-four HEIs (77 per cent) with full-time undergraduate students have agreed the maximum fee limit of £9,000 for at least some of their courses.

Forty-two HEIs (34 per cent) with full-time undergraduate students have agreed a fee of £9,000 for all of their courses (although most of these are offering fee waivers to some students as part of their access agreements). Ten universities will charge an average fee of £9,000 i.e. all their fees are £9,000 and will not be reduced by fee waivers, although all institutions with access agreements offer some form of financial support to attract and support students from low income and other under-represented groups. (The amounts and eligibility criteria vary.)

FECs

Twenty-eight directly HEFCE-funded FECs had an access agreement approved for 2013-14 in July 2012. Of these, three agreed the maximum fee limit of £9,000 and 25 agreed a lower maximum fee.

Those FECs that have not submitted access agreements will not be charging over the basic amount of £6,000 for any of their directly funded courses in 2013-14.

All institutions

Institutions estimate that their higher fee income in 2013-14 (income from fees above the basic fee) will be approximately £2.3 billion.

Overall expenditure on financial support, outreach, and retention and student success

Including expenditure being invested in the NSP, HEIs and FECs estimate they will invest £707 million on access agreements in 2013-14. This comprises:

- £530 million on financial support for students
- £96 million on additional outreach activity
- £81 million on retention and student success.

Because 2013-14 is the second year of the new higher fees, there will be only two cohorts of students under the new system of fees and support. HEIs have estimated that in 2016-17, when all students will be under the new regime, they will be

investing £810 million via access agreements. This comprises:

- £597 million on financial support for students
- £111 million on additional outreach activity
- £102 million on retention and student success.

If the Government's contribution to the NSP is excluded, institutions will be investing £672 million in 2016-17 on access measures through their access agreements. This is equivalent to around 27 per cent of estimated higher fee income.

Key facts on financial support for students

NSP awards

Under the NSP, institutions are obliged to offer all recipients a minimum of £3,000 in their first year of study, but may offer more generous support if they wish. To be eligible to receive NSP, students must have a household income of £25,000 or below, but institutions may use additional targeting criteria for NSP awards if necessary.

The Government has provided a 'menu' of options from which institutions may choose how to offer their scholarships.

These are:

- a fee waiver or fee discount
- a free foundation year
- discounted accommodation or other similar institutional service
- a financial scholarship or bursary, capped as a cash award at £1,000.

NSP support ranges from the statutory level of £3,000 in the first year of study, to £8,450. Forty HEIs (33 per cent) offer NSP awards based solely on household income, of which

- 30 have a top threshold of £25,000
- four have a threshold between £10,000 and £24,999
- six have thresholds of £9,999 or below.

Non-NSP awards

Our analysis of 2013-14 access agreements indicates that 109 HEIs (89 per cent) are offering additional non-NSP, OFFA-countable¹⁴, financial support. Awards range from £150 to £9,000 in a single academic year. Institutions have reported having one or more awards relating to:

- income (79 HEIs, 65 per cent)
- students from care backgrounds (40 institutions, 33 per cent)
- location, for example, some universities and colleges give awards to students who live locally or in areas classed as having relative deprivation (16 institutions, 13 per cent)
- students with disabilities (six institutions, 5 per cent)
- age (six institutions, 5 per cent)
- students with a refugee status (five institutions, 5 per cent)
- ethnicity (three institutions, 2 per cent).

¹⁴ OFFA only counts institutional financial support that benefits students from low income households and other under-represented groups. The OFFA threshold for low income households varies slightly depending on the level of partial state Maintenance Grant for a given cohort. The household income thresholds for new and old system students in 2013-14 are £42,611 and £50,706 respectively.

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

OFFA's future programme of work

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

Transition

The new fee and support arrangements for public providers of higher education will be firmly in place by 2013-14 with a second cohort of students entering higher education under these arrangements.

Regulations were put in place for access agreements to cover part-time entrants from 2012-13, and we now know more about the approaches institutions are taking to part-time students in their access agreements. However, this remains a small part of most institutions' agreements and we will look to increase our understanding further when we assess the 2014-15 agreements. This is particularly important at a time when demand for part-time places is significantly down under the new arrangements compared to previous years. From April to July we will be assessing institutions' access agreements for 2014-15.

National strategy for access and student success

The 'Performance and achievement' section of this report highlights the work we have taken forward with HEFCE and others to develop a national strategy for access and student success, following a request from BIS ministers in May 2012.

Our overarching aim in developing the strategy is to ensure that all those with the potential to participate and succeed in higher education have an equal opportunity to do so, and can expect equality of outcomes in terms of attainment and onward progression into suitable employment or further study.

We submitted an interim report to ministers in January which gives an early assessment of how investment in widening participation is meeting, and might be used in future to meet, the Government's aims and objectives including its commitment to social mobility. It also examines how OFFA's and

HEFCE's processes can be more closely aligned to improve coherence and minimise the administrative burden on universities and colleges.

To inform our approach, we are engaging with the higher education sector and analysing evidence of what works best to widen participation and ensure student success, both in the UK and abroad. We will present our conclusions and recommendations on where the sector should focus its efforts, to BIS ministers in September 2013. There will then be an ongoing programme of work to implement the strategy and ensure that it is reviewed and responds to the developing evidence base.

Research and analysis

A range of in-house and commissioned research and analysis is underway to inform the development of the national strategy. The strategy will also draw on existing knowledge, research and evidence of what works to widen participation and improve access and student success.

Some work can be delivered in the coming months to support the development of the strategy, such as our analysis of the effect of institutional bursaries on retention before the introduction of higher fees. However, some analysis can only be delivered over a longer timescale because it will rely on a sufficient time series of data being available under the new arrangements. For example, our in-house analysis will include the impact of institutional financial support under the new system of fees and student finance, including whether different types of support – bursaries, fee waivers, and maintenance support in kind (such as accommodation discounts, or credit for materials that support learning) – have different impacts on either access or retention, and this will require at least two or three years of data under the new system to establish trends. We will also undertake, periodically, further analysis of participation by selectivity of institution as well as working with Ucas to better understand how Ucas data can further contribute to the sector-level evidence base.

The commissioned research and analysis covers a number of areas including: the uses and impact of access agreements, and of HEFCE funding for widening participation; the international evidence of what works to widen participation in other countries; the feasibility of developing a common evaluation framework for institutions to assess the targeting and impact of their access and student success work; a literature review of existing research into widening participation and related subject matter; and the formative evaluation of the National Scholarship Programme¹⁵.

Integrating access agreements and widening participation strategic statements

A key strand of the work to develop the national strategy for access and student success is better to align access agreements with the widening participation strategic statements required by HEFCE. To achieve this, OFFA and HEFCE are looking to integrate the two documents into one submission that meets the requirements of both organisations, is useful to institutions in developing their thinking around widening participation, and reduces administrative burden.

While recognising the different roles and remits OFFA and HEFCE, the integrated document will create a single, coherent framework through which institutions are able to set out their strategies, commitments and targets for widening access and student success, both in relation to HEFCE funding and additional spend and commitments against their access agreements. Within this framework, institutions will be able to demonstrate the evidence base for their strategy and approach, and provide evidence of their total work and commitment to access and student success, including the balance and effectiveness of their activities, in a more holistic way than under the current separate documents. This added coherence will also enable OFFA and HEFCE more effectively to monitor and evaluate institutional and sector-wide approaches and progress against our shared aims to improve access and student success.

The integrated document will initially cover OFFA requirements for 2015-16 and HEFCE requirements for 2014-17. The document will be designed to allow for a flexible process of renewal and review by

institutions of particular sections of the integrated document beyond the initial submission. This should allow for annual revisions and in-year revisions which occasionally take place.

The guidance for the integrated document will be developed in parallel with and informed by the national strategy and will be issued in January 2014. We will work in partnership with institutions and other key sector stakeholders to ensure that the new document, and the processes surrounding it are useful and developmental for institutions. Our aim is to support institutions to develop clearly articulated strategies and plans which provide a basis for robust evaluation and monitoring within institutions and across the sector.

OFFA strategy

We are currently developing a new strategy for OFFA that will be published in autumn 2013, alongside the national strategy. The new strategic plan will review and update our aims and objectives from which we will develop a new set of key performance indicators.

Increasing outreach, collaboration and understanding of what works

Research to date, including our own analysis on the impact of bursaries on applicant choice, and the interim report on the national strategy for access and student success (submitted to BIS by HEFCE and OFFA in January 2012), supports the view that outreach is crucial to improving access to higher education.

Our key objective remains protecting access and current evidence indicates that this is best achieved by increasingly targeted, sustained, co-ordinated outreach work by universities and colleges. We will therefore continue to work to increase this, including collaborative initiatives delivered by regional or national groups of institutions.

We will also strive to ensure that institutions' financial support packages are well targeted at the most disadvantaged, and fit appropriately with NSP awards. And we will continue to encourage institutions to evaluate what they do, in their approach to access and student success, including their key activities and the effectiveness of their

¹⁵ The full programme of commissioned and in-house research and analysis work to support the strategy is published on our website at www.offa.org.uk/national-strategy-for-access-and-student-success/research-and-analysis/.

financial support. This includes expecting institutions to ensure that they have appropriate evaluation plans in place at the start of significant initiatives, where existing evidence of impact is not sufficient to provide confidence in the value of their programmes. Should research indicate that a national framework for evaluation is feasible, we will explore how our guidance to institutions can best support this and how evidence and good practice can be shared across the sector most effectively.

Close collaboration

We are already liaising very closely with other sector bodies such as HEFCE, institutions, representative bodies and others on developing OFFA policy under the new arrangements and this will increase in 2013-14. For example, we will continue collaborating with the NUS better to understand student union involvement in developing access agreements – close communication with NUS has already helped us to improve our guidance for 2014-15, including a requirement to report on how students were consulted in drafting agreements.

We will also continue to develop our partnerships with analysts in other organisations to further explore the evidence base around access and retention, and ensure that our processes and data requirements are aligned wherever possible. In particular, we will continue to collaborate with Ucas better to understand how their data provides an early indication of student demand, including from under-represented groups, under the new fees and how Ucas data might provide different ways of measuring performance in widening access both at sector level for use by central bodies, and to institutions in their access agreements.

The delivery of clear information about the benefits and costs of higher education is an equally key challenge, because it helps potential applicants and applicants to 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. We will work to support any efforts to raise awareness among potential students: highest priority will be those aimed at mature students and flexible provision, such as part-time study.

Access agreement submissions and monitoring

Our annual processes of access agreement negotiations and monitoring continue to be our core mechanism for delivering our aims and represent the largest proportion of our work. During 2013-14 we will advise and negotiate with institutions to deliver the best possible set of access agreements for 2014-15, based on the latest policy, guidance and experience.

Concurrently, we will complete our monitoring of institutions' agreements for students who entered under previous funding arrangements, and start monitoring 2012-13 access agreements, the first under the current fee levels. We will review the way in which we report monitoring outcomes, to provide more focus on sector- and sub-sector-level outcomes.

Sector-level monitoring

We know that the fee rises in 2006 did not damage participation to the sector as a whole; it has grown significantly in recent years, particularly for the most disadvantaged groups. However, while we are starting to develop a greater knowledge of how potential applicants are responding to the new system of fees and student support from 2012-13, it will take longer to understand whether the current data indicate longer term trends. Therefore, in 2013-14 and the years to come, we will continue to monitor demand for higher education very carefully and adjust our guidance to institutions where necessary.

Understanding and mitigating risks

Our key risks for 2013-14 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 statements and the ongoing changes to the higher education environment. As mentioned above, we are currently developing a new OFFA strategy and as part of this we will develop a new set of strategic risks. Our continued collaboration with institutions and sector bodies, including student organisations, will enable us to understand and mitigate our risks as well as to achieve our shared aims of widening participation and improving access, retention and student success.

Financial results for 2012-13

These financial statements cover the year 1 April 2012 to 31 March 2013. They have been prepared in accordance with the Government Financial Reporting Manual 2012-13 and by the direction given by the Secretary of State for Business, Innovation and Skills in accordance with Schedule 5 (section 8) of the Higher Education Act 2004 as set out in Section 4 of the Framework Document (2013) between the Department for Business, Innovation and Skills (BIS) and the Office for Fair Access (OFFA).

Income

The grant in aid received this year from BIS was £954,795 (2011-12: £670,000). Non-departmental public bodies (NDPBs) must regard grant in aid as a contribution from a controlling party giving rise to a financial interest in the residual interest of the body. They should therefore account for it as financing by crediting it to the income and expenditure reserve. For this reason income from grant in aid is taken to the Statement of changes in taxpayers' equity rather than shown as revenue in the Statement of comprehensive net expenditure. OFFA's income and expenditure is classified entirely as Administration.

Expenditure

Total expenditure was £973,304 (2011-12: £706,575). Of this amount £485,234 (2011-12: £538,012) was paid to the Higher Education Funding Council for England (HEFCE) for services provided through a Service Level Agreement (further details in section below). No revenue was received during the year, so OFFA had net expenditure of £973,304 for the year (2011-12: £706,575) which was transferred to general reserves. Reserves at year end totalled £89 (2011-12: £18,598).

Cash balance

On the principle that there is no payment in advance of need, cash balances accumulated by NDPBs during the course of the year from grant in aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the organisation. At 31 March 2013 OFFA's cash balance was £138,761 (2011-12: £48,598). The high cash balance reflects a large payables balance of £142,552 (2011-12: £30,960) which included the

final quarterly instalment of the annual Service Level Agreement to HEFCE, payment of which was delayed till after the year end.

Going concern assessment

The Government has signalled in the Higher Education White Paper and elsewhere that funding is being granted to support the expansion of OFFA. The indicative administration budgets for 2013-14 and 2014-15 have been agreed with BIS. The Director's assessment of going concern for 2012-13 takes into account this information and the ability of OFFA to mitigate financial business and operational risks.

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 resources support, internal audit and general administrative activities.

During the year ending 31 March 2013 OFFA paid HEFCE £268,055 payroll cost plus £217,179 indirect costs, totalling £485,234 including VAT (2011-12 VAT-inclusive total: £538,012) for the services provided through the Service Level Agreement. The reduction in the charge for 2012-13 relates to the movement of a number of seconded staff to the OFFA payroll. Apart from the four staff who are still on secondment from HEFCE, all other staff are OFFA employees. All remaining seconded staff will be transferred to OFFA's payroll in the coming financial year.

Payment of creditors

In line with Government guidance, including the Late Payment of Commercial Debt Regulations which applied from 18 March 2013, 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 a 30-day target. During the year ending 31 March 2013 the target was met for 100 per cent of invoices (2011-12: 100 per cent) for OFFA.

HEFCE also monitors performance against a 10-day payment measure and aims to sustain or move as closely as possible to this measure wherever possible. OFFA's performance against this prompt payment target of 80 per cent was 95 per cent in 2012-13 (96 per cent in 2011-12). During 2012-13 our performance against a five-day payment target was 79 per cent (92 per cent in 2011-12), the decline in performance reflecting the fact that OFFA processed 88 per cent more invoices in 2012-13 than in the previous year. OFFA is putting in place measures to accelerate its invoice approval process.

A copy of the prompt payment code can be found at 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 £11,000 (2011-12: £10,500). The Comptroller and Auditor General did not provide any non-audit services during 2012-13.

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 (HEFCE publication 2012/03, *HEFCE Equality and Diversity Scheme 2012-2014*). OFFA, directly and 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, directly and 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 organisation, 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 its 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 and those directly employed by 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 5.7 working days per staff year was lost for HEFCE in 2012-13 (2011-12: 5.2). The most recent available comparatives are for 2011-12 when the Government public service bodies average was 7.6 per staff year (6.8 per person) and the private sector services average was 7.1 per person. It has previously been deemed inappropriate to report absence due to sickness for the staff employed by OFFA directly for data protection reasons due to the small number of staff which OFFA employs. This policy has been reconsidered now that there has been significant growth in the average annual FTE. A separate analysis of staff sickness absence data for OFFA indicates that an estimated average of 5.7 working days per staff year including HEFCE secondees (4.3 working days per staff year excluding HEFCE secondees) was lost in 2012-13.

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 are updated annually and are available at www.hefce.ac.uk/about/howweoperate/corporatesocialresponsibility. OFFA uses the HEFCE offices, so 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.

Professor Les Ebdon CBE

A handwritten signature in blue ink, appearing to read 'L. Ebdon', with a stylized flourish at the end.

Director of Fair Access to Higher Education
and Accounting Officer

Office for Fair Access

14 June 2013

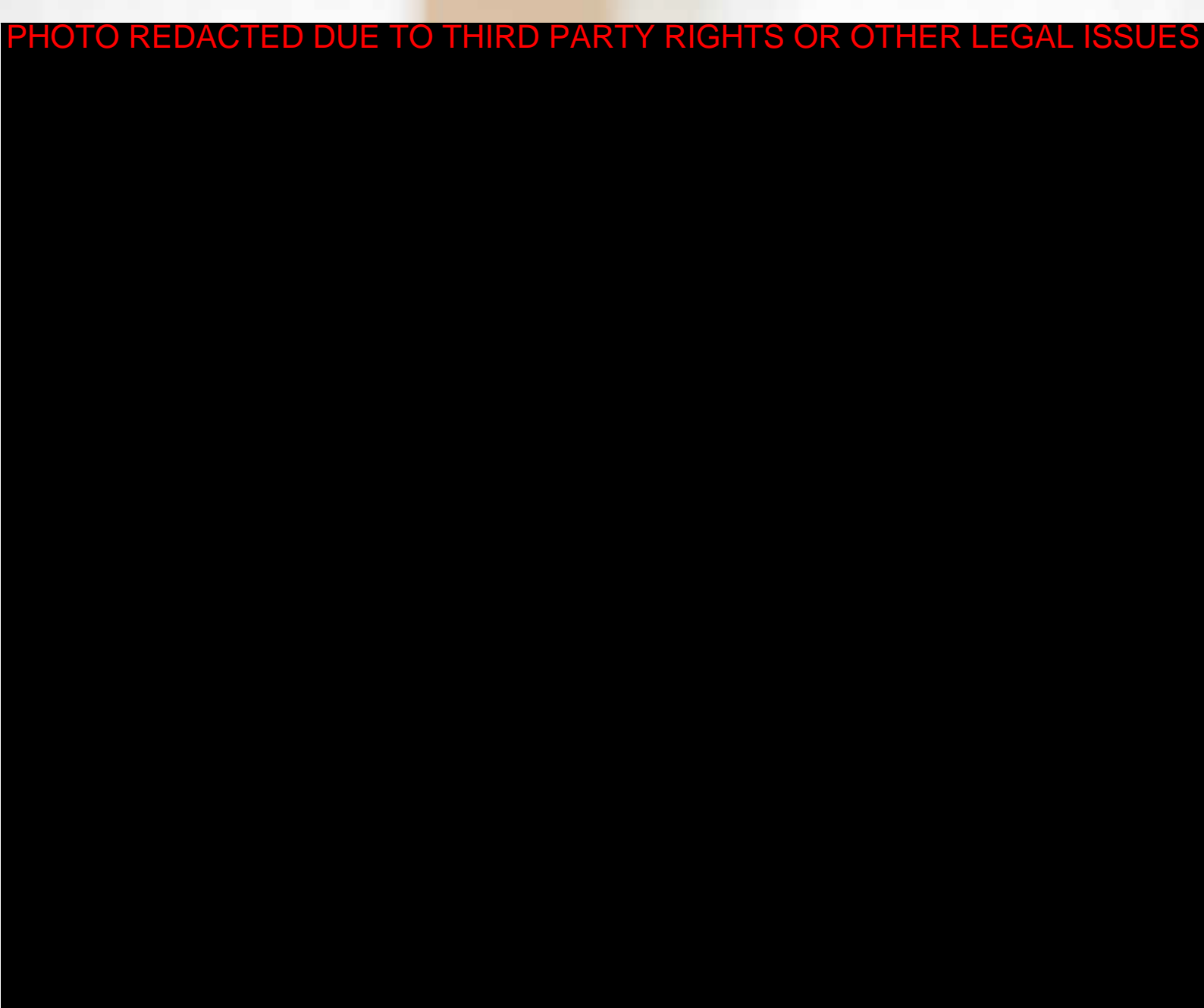


PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES



financial commentary



PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

Remuneration report for 2012-13

Part 1: Unaudited information

Director of Fair Access to Higher Education

The Director of Fair Access to Higher Education ('the Director') is appointed by the Secretary of State for Business, Innovation and Skills. 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 0.5 full time equivalent (FTE). Since May 2011 the post became 0.6 FTE (i.e. three days a week). Sir Martin continued in post (apart from 28 May to 2 September 2011, during which period Sir Graeme Davies served as Interim Director while Sir Martin was ill) until 31 August 2012 when the new Director, Professor Les Ebdon, took office.

Until 31 August 2012, the Director was on the payroll of BIS, which invoiced OFFA the cost of the Director's salary and National Insurance contributions. On 1 September 2012, when Professor Ebdon took up his post, the Director became employed under contract by OFFA and was included on OFFA's payroll.

Part 2: Audited information

Salary and pension entitlements for the Director

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

	Year ended 31 March 2013	Year ended 31 March 2012
Professor Les Ebdon, Director, September 2012- March 2013 (3 days per week) (£000)	45-50	
Sir Martin Harris, Director, April - August 2012 (3 days per week) (£000)	25-30	
Sir Martin Harris, Director, April - May 2011 (2 days per week) (£000)		5-10
Sir Graeme Davies, Interim Director, June - August 2011 (3 days per week) (£000)		20-25
Sir Martin Harris, Director, September 2011- March 2012 (3 days per week) (£000)		35-40
Total (£000)	70-75	65-70
Band of highest paid Director (full-time equivalent)		
Total remuneration (£000)	125-130	110-115
Median total remuneration (£)	£33,757	£28,798
Remuneration ratio	3.8	3.8

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. Neither Sir Martin nor Professor Ebdon received any benefits in kind or bonuses in 2012-13, neither did their contracts attract any pension benefits. Professor Ebdon received an initial three-year fixed-term of appointment from 1 September 2012, subject to review before 31 August 2015. His remuneration will be reviewed by BIS on an annual basis in line with that of the heads of other non-departmental public bodies.

As part of central Government's commitment to increase transparency and accountability, OFFA is reporting the median earnings of its workforce and the ratio between this and the earnings of its Director.

The disclosure will also allow some comparability over time and across the public sector and private sector, where similar disclosures of senior employees remuneration and pay multiples are made.

Professor Les Ebdon CBE



Director of Fair Access to Higher Education
and Accounting Officer
Office for Fair Access
14 June 2013

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 to Higher Education 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 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, and for safeguarding OFFA's assets, are set out in the NDPBs Accounting Officers' Memorandum, issued by the Treasury and published in Managing Public Money.

Office for Fair Access governance statement 2012-13

Scope of responsibility

As Accounting Officer, accountable to the Secretary of State for Business, Innovation and Skills and the Permanent Secretary of BIS as its Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OFFA's policies, aims and objectives, whilst 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*. I am also responsible for using the public funds assigned to OFFA economically, efficiently and effectively.

The purpose of the Governance Statement

The Governance Statement, for which I take personal responsibility, aims to give a clear understanding of the dynamics of the business and control structure. The Statement supplements the financial statements by recording the stewardship of the organisation, providing a sense of the organisation's performance and of how successfully it has coped with the challenges it faces. It aims to provide an insight into the business and how I have used resources, made informed decisions about progress against business plans and steered performance back on track where necessary. It explains how I have complied with the principles of good governance.

The Governance Framework for the Office for Fair Access

The Office for Fair Access was established in October 2004 under Part 3 of the Higher Education Act 2004. This legislation established the post of the Director of Fair Access to Higher Education ('the Director') who is appointed by the Secretary of State. The powers and duties under the Act are invested in the Director. For administrative purposes the Director of Fair Access to Higher Education is classified as an executive non-departmental public body, which is commonly known as the Office for Fair Access (OFFA). I as Director must perform my duties in such a way as to promote and safeguard

fair access to higher education. I have a duty to protect academic freedom, including in particular the freedom of institutions in relation to course content and admission decisions. I may identify good practice in relation to equality of opportunity (for example on outreach, financial support for students, and retention and student success) and may give advice about such practice to publicly funded institutions.

I am responsible solely to the Secretary of State. I am independent from Government, but must have regard to any advice given to me by the Secretary of State. Any reports required of me by the Secretary of State must also be laid before Parliament. I maintain regular interaction with BIS ministers and officials in performing my duties. From time to time I receive letters of guidance from ministers setting out key Government policy direction. For this reason, there is no Board or governing body in respect of the Office for Fair Access. Similarly there are no sub-committees or Audit Committee.

My financial authority has been delegated to me by the BIS Accounting Officer. The practicalities of financial management (budgeting and management accounting, preparation of accounts, payment of invoices, receipt of grant in aid, management of the bank account and so forth) are undertaken on my behalf under a Service Level Agreement (SLA) by the Higher Education Funding Council for England (HEFCE), with whom my staff share an office.

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 by the Assistant Director, other OFFA staff and a small number of HEFCE staff who support OFFA under the SLA. The system of internal control relies partly on monitoring the effectiveness of the Service Level Agreement with HEFCE.

An internal audit service is also provided under the SLA (as are other office services and facilities, such as human resources, office accommodation and IT support). In the absence of an Audit Committee, I have agreed that the OFFA Head of Internal Audit has the right of direct access to the BIS Head of Internal Audit and/or BIS Accounting Officer. This

right of access is routinely used to provide the internal audit annual report to BIS for information, but there has never been cause to use it in relation to any control weaknesses in respect of OFFA.

I observe the relevant policy, procedure and guidance issued by BIS and its ministers, and by other relevant Government departments, such as Treasury and Cabinet Office, with regard to all financial matters including accounting, budgeting, estimates, commercial matters relating to contracting, procurement, purchasing and sales, and matters of corporate governance, fraud avoidance and risk management. I also carry out an annual review of the internal controls, financial or otherwise. This statement represents the outcome of that review.

Financial forecasting is also undertaken by the Assistant Director using expenditure to date and costed budget plans (where these are changing). The most significant items of expenditure in 2012-13 are pay, which follows from agreed structures, and the SLA with HEFCE, which is reviewed at least annually.

The Assistant Director monitors grant draw-down, administration expenditure and cash management against the rolling budget every month, and variances against the master budget at the end of each quarter in line with the requirements of BIS and discusses any material findings with me. Any plans to change staffing structure or budget would be discussed between me and the Assistant Director, and, wherever necessary, with the sponsor team in BIS.

OFFA publishes the Annual Report and Accounts to provide a transparent account of the use to which public funds have been put. As part of the Government's transparency agenda, we post an organogram, together with details of financial transactions above £25,000, on OFFA's website at www.offa.org.uk/about/transparency-data. In 2012-13 the only non-pay invoices exceeding £25,000 relate to the quarterly charge for the SLA with HEFCE.

I have unlimited authority to spend in relation to agreed budgets, except ICT (£1 million), marketing and advertising (£100,000), property-related (£100,000) and consultancy (£20,000). These spending limits have not been breached in 2012-13.

Value for money

Value for money principles are embedded in our processes and activities, our corporate structure, and through the appraisal of staff and management performance. They are subject to challenge on a

regular basis through the review of OFFA's control framework by the Head of Internal Audit. The Director gains additional assurance about value for money through the annual renegotiation of our Service Level Agreement with HEFCE, which is delegated to the Assistant Director.

Policy advice

I have access, where I consider it useful or necessary, to an Advisory Group whose purpose is to assist me by providing expert and impartial advice on policy issues, procedures and individual access agreements. Members of the group are entitled to a fee for meetings attended and work completed.

The Advisory Group, consisting of Dr John Selby (Chair), Dr Lee Elliot Major and Aaron Porter, met twice during 2012-13. In 2012-13 OFFA reviewed the terms of reference, size and membership of the Group. Accordingly I have increased the Advisory Group to a membership of 12 to provide a broader range of expertise. The new members of the group are to be formally appointed early in 2013-14. The group's updated membership can be found at www.offa.org.uk/about/offa-advisory-group.

The Risk and Internal Control Framework

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 a continuing process designed to: identify and prioritise the risks to the achievement of OFFA's strategic aims, policies and objectives; evaluate the likelihood of those risks being realised; and manage them efficiently, effectively and economically. The system of internal control has been in place for OFFA for the year ended 31 March 2013 and up to the date of the approval of the annual report and accounts, and accords with Treasury guidance.

Approach to risk management

Risks are identified and managed throughout the course of the year. Their identification and management is documented and reviewed in a risk register that is both high level and operational. The risk register is formally reviewed at least once a year, including at year end in a meeting specifically for that purpose. Risks are identified and classified according to their probability, business implications

and mitigations, and contingencies are explored. Some high level risks relate to Government policy and, where this is the case, OFFA is unable to determine its own risk appetite in respect of these risks. We aim to manage our identified risks as effectively as possible, recognising that we may have limited influence in mitigating some of these, as we are delivering Government policy through our interactions with universities and colleges and other higher education stakeholders.

OFFA's high level risk register currently recognises our eight most significant risks. This has reduced from 10 risks last year. This reduction reflects an amalgamation of two risks and a downgrading of one risk to the operational level. The risks have also been updated and refocused where necessary. The risks cover the following areas: budget and resource; staffing and structure; progress in widening participation, including access agreements' contribution to this; growth in long-term and collaborative outreach; capacity to engage with BIS and other key organisations in continued development of the new arrangements; ensuring buy-in to OFFA's strategy; OFFA's reputation and key messages; dispute and regulatory failure. Our high level risks reflect some of the uncertainties of operating in a period of continuing transition and policy development that need to be managed in the context of the continuing development and implementation of the new regulatory framework; including the implementation of the key policy changes and relationships with other stakeholders, the development of a national strategy for access and student success, and the growth of OFFA to meet increased expectation.

As well as our ongoing internal dialogue around risks, key risks are also discussed with our Advisory Group where necessary. A key aspect of our approach to mitigating risk is to ensure, as far as possible, that policy development and implementation is discussed with key stakeholders, consulted upon, and conducted in a transparent and well-documented manner. This includes the involvement of the Minister, key senior civil servants and other stakeholders.

Significant risks and issues connected to our control this year include:

- OFFA has been allocated significant additional budget for administration, allowing it to grow staff and activity to meet the increased

expectations of Government. Staff increased from 7.6 FTE in 2011-12 to 12.9 FTE (annual average full-time equivalent, including the Director and agency staff) in 2012-13. The budget for 2013-14 has been agreed with BIS, subject to mid-year review, which will take into account the detailed plans of the programme of work and staffing requirements for the coming year. This includes a further increase in FTE staff and a significant increase in research activity to support the development of the national strategy for access and student success.

- To help us manage and mitigate risk around the growth of the organisation, we commissioned an internal audit report to review our governance and management arrangements. This report has informed our developing organisational structure and the growth of the Director's expert Advisory Group.
- Due to the rapidly changing policy environment and the delay in the appointment of a new Director we had postponed updating our strategic plan. A new Director of Fair Access to Higher Education was appointed in September 2012. We originally intended to publish a new strategic statement in the winter of 2012-2013, but we have delayed this until autumn 2013 in order to ensure that our plan will be closely aligned to the national strategy for access and student success.
- Under the new system of higher education funding and support there is significantly increased expenditure through access agreements. There is a risk that this expenditure does not lead to an increase in performance against the aims set out in institutions' access agreements. In order to improve the potential impact of access agreements, alongside increasing our capacity to support institutions, we have given them longer in which to develop their access agreements. We will also continue to work with institutions and other sector bodies better to understand what activities and investments work best. In doing so, in line with current evidence, we will look to protect and increase the level of investment in outreach, including co-ordinated, long term activities with students from an early age and collaborative work with other institutions. This work will be informed by the national strategy.

- One of the key risks facing OFFA relates to the smooth running of the access agreement process, so that institutions can develop their access agreements and applicants are certain of the financial package (fee charged and financial support available) relating to each course before the application process opens in September. Institutions' ability to devise their response to OFFA access agreement guidance with adequate certainty depends upon key elements of Government policy, such as fee and support levels and student number controls (SNC) being in place in good time. Fee and support levels were announced in March 2012 a month in advance of the April deadline for access agreement submission. However, the SNC for 2013-14 is being consulted on in May and the outcome will not be confirmed before September. Institutions have had to take account of this uncertainty in their planning, but this does represent an increased risk that if some institutions are significantly affected by the new SNC they may seek to re-negotiate their access agreements.

Ministerial directions

We have received no formal ministerial directions this year (our key guidance letter for the new fee and funding arrangements was issued in February 2011). However, in May 2012 we were commissioned by the Secretary of State and Minister to develop, in partnership with HEFCE, a national strategy for access and student success. This is to be submitted to ministers by autumn 2013.

Data security

There have been no reportable losses of personal data in this period.

Internal audit

Under the terms of the Service Level Agreement, the Head of HEFCE's Internal Audit Service also provides a service to OFFA. The Internal Audit Service carries out work designed to assess the quality of OFFA's governance, management and risk assessment and control. The internal audit opinion to the Director of Fair Access to Higher Education for 2012-13 is as follows:

On the basis of the work carried out, we conclude that OFFA has an effective framework of risk management, internal control and corporate governance. The Accounting Officer may place

reasonable reliance on this framework in preparing and considering the 2012-13 Governance Statement, the draft of which we confirm is consistent with our knowledge of OFFA's systems. OFFA has satisfactory arrangements in place to pursue the achievement of economy, efficiency and effectiveness.

Review of effectiveness

As Accounting Officer I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. This review is informed by the work of my Assistant Director, other managers and internal audit and takes account of comments made by the external auditors in their management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the Governance Framework, risk management and internal control.

Apart from the issues discussed above in connection to OFFA's resources and key risks, the most significant issues affecting OFFA during 2012-13 have been:

- Managing the change in the Director of Fair Access to Higher Education and meeting the increased expectations of ministers on OFFA to provide greater challenge and support to institutions. OFFA is part-way through a re-organisation to better align its resources to meet these aims. It has been supported in this by increased resource from Government, which allowed the average full-time equivalent staff to increase from 7.6 to 12.9, enabling us to engage more fully with institutions and other sector bodies.
- Ensuring we have the right resource and expertise to develop, and subsequently implement, the national strategy for access and student success. This has included employing a Policy and Good Practice Manager to lead on the national strategy and an additional analyst.

As a very small organisation, OFFA has not hitherto considered it worthwhile carrying out a self-assessment of the effectiveness of governance, as is recommended good practice. In the light of the increasing resources provided to OFFA, we have revisited this decision during 2012-13 and concluded that our governance arrangements remain sufficient for the size of the organisation. Before the year end I undertook, with my senior management team, a formal review of governance effectiveness. This meeting covered a comprehensive assessment of the

governance and internal control environment and suggested areas to be covered in the coming year's audit plan.

In the meantime, and on the basis of the evidence in relation to my own knowledge of the organisation, and information provided to me by internal and external audit, my conclusion is that the governance and internal control structures for the Office for Fair Access have been appropriate for OFFA's business and working satisfactorily throughout 2012-13.

Professor Les Ebdon CBE



Director of Fair Access to Higher Education
and Accounting Officer
Office for Fair Access
14 June 2013

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 2013 under the Higher Education Act 2004. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Accounting Officer 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 the 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.

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

Opinion on regularity

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

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 2013 and of the 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 for Business, Innovation and Skills under the Higher Education Act 2004; and

- the information given in the sections entitled OFFA's role and responsibilities, Key Performance Indicators and Financial results for 2012-13 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; 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.

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 SW1W 9SP

18 June 2013

Financial statements

Statement of comprehensive net expenditure for the year ending 31 March 2013

	Note	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Expenditure			
Staff costs	2	673,897	487,554
Other expenditures	3	299,407	219,021
Total expenditure		973,304	706,575
Income			
Income from activities		0	0
Total revenue		0	0
Net expenditure for the year transferred to general reserve		973,304	706,575

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

All OFFA operations are continuing.

The notes on pages 54 to 60 form part of these accounts.

Statement of financial position as at 31 March 2013

	Note	As at 31 March 2013 £	As at 31 March 2012 £
Current assets			
Trade and other receivables	6	3,880	960
Cash	7	138,761	48,598
		142,641	49,558
Current liabilities			
Trade and other payables	8	-142,552	-30,960
Non-current assets plus net current assets		89	18,598
Assets less liabilities		89	18,598
Taxpayers' equity			
General reserve		89	18,598
		89	18,598

Professor Les Ebdon CBE



Director of Fair Access to Higher Education
and Accounting Officer
Office for Fair Access
14 June 2013

The notes on pages 54 to 60 form part of these accounts.

Statement of cash flows for the year to 31 March 2013

	Note	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Cash flows from operating activities			
Net expenditure		-973,304	-706,575
Increase/(decrease) in trade and other receivables	6	-2,920	14,040
Increase in trade and other payables	8	111,592	4,502
Net cash outflow from operating activities		-864,632	-688,033
Cash flows from financing activities			
Grants from parent department		954,795	670,000
Net cash inflow from financing activities		954,795	670,000
Net financing			
Net increase in cash for the year	7	90,163	-18,033
Cash at beginning of period	7	48,598	66,631
Cash at end of period	7	138,761	48,598

The notes on pages 54 to 60 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2013

	General Reserve Year ended 31 March 2013 £
Balance as at 1 April 2011	55,173
Changes in reserves 2011-12	
Grant from parent department	670,000
Net expenditure transferred in the year	-706,575
Balance as at 31 March 2012	18,598
Changes in reserves 2012-13	
Grant from parent department	954,795
Net expenditure transferred in the year	-973,304
Balance as at 31 March 2013	89

The notes on pages 54 to 60 form part of these accounts.

Notes to the accounts for the year to 31 March 2013

1 IFRS accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the 2012-13 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 (OFFA) 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 2013-14 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 will not be forthcoming. It has accordingly been considered appropriate to prepare these financial statements on a 'going concern' basis. With regard to its commitment in the Higher Education White Paper of 2011 and elsewhere, Government announced indicative funding to 2014-15 to support the expansion of OFFA's resources. OFFA has already agreed a budget for 2013-14 with the Department for Business, Innovation and Skills (BIS), including provision for its commitment to the national strategy for access and student success.

Standards and interpretations		Effective date
IAS 1	Amendments relating to Other Comprehensive Income interpreted (for terminology) and requiring a single Statement of comprehensive net expenditure rather than separate Other comprehensive expenditure.	1 July 2012
IAS 19	Post-employment benefits The amendment introduces a number of changes relating to recognition, presentation and disclosures and also modifies accounting for termination benefits.	1 January 2013
IFRS 13	Prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS.	1 January 2013
IFRS 7	Amended disclosures requiring information about all recognised financial instruments that are set off in accordance with IAS32.	1 January 2013

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.

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. 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) as well as for staff directly employed by OFFA 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. The same applies to staff directly employed by OFFA, in line with the HEFCE terms and conditions. In addition to costs payable under the SLA or directly, 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 for the seconded staff and to PCSPS for the staff employed directly, 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

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

OFFA generated no revenues in 2012-13.

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 2013.

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. No VAT is charged on staff costs for staff directly employed on OFFA's own payroll.

2 Staff numbers and related costs

Staff costs

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Staff employed by OFFA (including the Director and directly seconded staff)		
Salaries	461,160	323,647
Social security costs	40,518	29,900
Other pension costs	68,573	46,519
	570,251	400,066
Value Added Tax	44,676	61,287
Costs of employing contract, agency and temporary staff*	58,970	26,201
	673,897	487,554

*This line includes the payments to the advisory group members, as detailed below.

Value Added Tax is paid on staff employed by OFFA who are seconded from HEFCE under the SLA.

Average numbers of persons employed

	Year ended 31 March 2013	Year ended 31 March 2012
The average actual number of full-time equivalent persons employed during the year, including the Director, was:		
Directly employed	11.1	6.4
Average number of contract, agency and temporary staff	1.8	1.2
	12.9	7.6

Reclassification of comparative information

In 2012-13 we have chosen for reasons of increased transparency to separately disclose the value of Value Added Tax (VAT) applied to the recharge costs of the salaries of staff seconded by HEFCE to OFFA under the Service Level Agreement between the two organisations. Accordingly, we have reclassified the comparatives separating out VAT.

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. No VAT is charged for directly employed staff on OFFA's payroll. Annual pay awards are awarded from 1 August each year for HEFCE seconded staff. This will apply for the directly

employed staff as well, in line with HEFCE terms and conditions which apply to staff on OFFA's payroll.

The Director of Fair Access to Higher Education was employed three days per week (0.6 FTE) for the duration of the year. An annual pay award for the Director is determined by BIS and is awarded with effect from 15 October each year. There was no Director's pay award in 2012-13 but the Director's salary was renegotiated on the appointment of the new Director, Professor Les Ebdon, in September 2012.

Exit packages

No Civil Service exit packages were awarded in 2012-13.

Advisory Group

OFFA has maintained an Advisory Group since 2005 to provide the Director of Fair Access to Higher Education and OFFA with expert and impartial advice on policy issues, procedures and individual access agreements. The Group did not meet in the years 2007-08 to 2011-12 and therefore no fees were payable to Group members for these years. The term of office for the first members of the Group (Dr Michael Goldstein, Professor Norman Gower and Dr John Rea) came to an end in 2011-12.

The group currently has three members: Dr John Selby (Chair), Dr Lee Elliot Major and Aaron Porter. This group met twice in 2012-13, with a third meeting being postponed until after the year end.

Further details of the group and the members are provided on the OFFA website at www.offa.org.uk/about/offa-advisory-group. Advisory Group members are entitled to a fee (paid at a rate of £250 a day) for attendance at meetings, or for work by correspondence, as agreed with OFFA. The fee is not pensionable. Members are also entitled to reasonable travel and subsistence expenses, payable on the same terms and conditions as OFFA staff. Details of payments are shown below.

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 under 'Governance and Rules' on the Civil Service Pensions website (www.civilservice.gov.uk/pensions).

Pension benefits

OFFA's directly employed staff, and staff seconded from HEFCE to OFFA, were in receipt of benefits under the Principal Civil Service Pension Scheme (PCSPS), to which OFFA made contributions in 2012-13 directly or indirectly via recharge by HEFCE (the latter payment in respect of seconded staff being subject to VAT). The Director of Fair Access to Higher Education does not receive benefits under the scheme.

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Dr John Selby ¹	0	0
Dr Lee Elliot Major	600	500
Aaron Porter	500	500
Total	1,100	1000

¹Fee waived.

3 Other expenditure

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
External audit fee	11,000	10,500
Consultancy and legal fees	27,194	9,912
General administrative payments	11,928	4,079
Publications, printing, publicity	2,454	2,265
Recruitment and training	4,813	5,355
Service Level Agreement with HEFCE:		
– Accommodation and housing services	75,312	63,652
– IT, finance, governance and HR services	120,593	72,351
– Budget management and assurance services	4,655	13,500
– Other general expenses	16,619	20,524
Travel and subsistence for staff	24,839	16,883
	299,407	219,021

Reclassification of comparative information

In 2012-13 we have chosen to include the cost of internal audit services, a component of the budget of the HEFCE's governance function in a Service Level Agreement category of 'IT, finance, governance and HR services'. Accordingly, we have reclassified the comparatives to include the internal audit costs under the 'IT, finance, governance and HR services' category.

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.

Director's office accommodation

The current Director of Fair Access to Higher Education, Professor Les Ebdon, rents an office from the University of Bedfordshire. The rental cost in 2012-13 was £1,176. Professor Ebdon has no paid links with the university but is a member of the University Court and an Emeritus Professor by virtue of his previous appointment.

4 Revenue

OFFA had no independent sources of revenue in 2012-13.

5 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.

6 Trade and other receivables

All amounts falling due within one year:

	As at 31 March 2013 £	As at 31 March 2012 £
(a) analysis by type		
Trade receivables	72	0
Prepayments	3,808	960
	3,880	960
(b) analysis by source		
Other central Government bodies	72	0
Bodies external to Government	3,808	960
	3,880	960

7 Cash and cash equivalents

	As at 31 March 2013 £	As at 31 March 2012 £
Balance at 1 April	48,598	66,631
Net change in cash and cash equivalent balances	90,163	-18,033
Balance at 31 March	138,761	48,598
The following balances at 31 March were held at:		
Government Banking Service	138,761	48,598
Balance at 31 March	138,761	48,598

8 Trade and other payables

All amounts falling due within one year:

	As at 31 March 2013 £	As at 31 March 2012 £
(a) analysis by type		
Trade payables	92,325	4,186
Accruals	49,378	26,761
Other payables	849	13
	142,552	30,960
(b) analysis by source		
Other central Government bodies	91,029	4,186
Bodies external to Government	51,523	26,774
	142,552	30,960

Reclassification of comparative information

In 2012-13 we have chosen to separate the payables and accruals figures for reasons of increased transparency and restated the comparatives accordingly.

9 Contingent liabilities disclosed under IAS 37

OFFA had no contingent liabilities at 31 March 2013.

10 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 £485,234 (2011-12: £538,012) for the services provided through the SLA including the costs of directly seconded staff. Of this amount £268,055 (2011-12: £367,985) relates to staff costs.

The previous Director, who is President of Clare Hall, Cambridge, received office accommodation and used admin support from the Hall. In 2012-13 OFFA paid Clare Hall £3,600 (2011-12: £10,800). Details of relationships are held in OFFA's register of interests, which is available on request.

11 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.

Office for Fair Access

Northavon House
Coldharbour Lane

BRISTOL

BS16 1QD

tel 0117 931 7171

fax 0117 931 7083

www.offa.org.uk



Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, telephone, fax and email

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/general enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

Email: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Houses of Parliament Shop

12 Bridge Street, Parliament Square, London SW1A 2JX

Telephone orders/general enquiries: 020 7219 3890

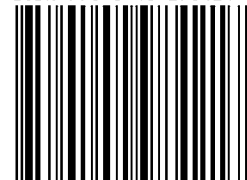
Fax orders: 020 7219 3866

Email: shop@parliament.uk

Internet: <http://www.shop.parliament.uk>

TSO@Blackwell and other accredited agents

ISBN 978-0-10-298421-7



9 780102 984217