

# Annual Report and Accounts 2019 to 2020

HC 412

**ofqual**



Office of Qualifications and  
Examinations Regulation  
(Ofqual)  
Annual Report and Accounts 2019–20  
(For the year ended 31 March 2020)

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

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# Chair's foreword

I would like to begin this report by expressing my gratitude. In the past few months, the COVID-19 pandemic has upended all our lives. On Wednesday 18th March, the Prime Minister announced that schools would close to all but vulnerable children and children of critical workers, and summer 2020's exams would be cancelled; but that grades would still be awarded to support student progression. Schools and colleges have been working in unprecedented circumstances to provide centre assessment grades and rank orders which awarding organisations will standardise so students can be issued with grades for general qualifications such as GCSEs, AS, A levels and national technical and vocational qualifications this summer. Exceptional arrangements have also been made for a wide range of other qualifications. We have been working intensively with stakeholders and experts from across the education and skills system to establish and oversee the fairest possible system for as many students as possible this summer. As I write, work continues apace to ensure this year's awarding works as effectively as possible.

I am grateful to all the people and organisations who have helped us work out the best possible arrangements for this summer – those from across the education, skills and awarding system, students, parents and members of the public who have responded to our consultations, and organisations and individuals who have provided us with advice.

Our gratitude is owed particularly to all those working in and with the teaching profession; from classroom teachers and trainers to heads, leaders and support staff. In the most disrupted of circumstances, they are working tirelessly and in ways never before required, not only to support students, but also to support the effective operation of the qualifications system, upon which young people's futures rely. We are enormously grateful.

This report sets out how we have delivered on our objectives and spent our income for the year from 1 April 2019 to 31 March 2020. It covers the range of our usual regulatory activities, from overseeing summer 2019's exams to delivering key activities as part of the government's skills reform programme, such as accrediting the first new qualifications for T Levels, introducing new Functional Skills qualifications and developing our regulation of apprenticeship assessments. It also sets out the actions we took in response to the COVID-19 pandemic in the final weeks of the 2019-20 year.

To those young people and students affected by the cancellation of exams and assessments this year – we recognise the significant disruption you have faced and we have heard and understood the anxiety this has caused many of you. We want you to know that your needs are at the heart of every decision we make and that we, with others, are doing all we can to make sure grades are awarded fairly this year.



**Roger Taylor**  
Chair  
29 June 2020

## Overview

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

## Ofqual's role

Ofqual is the independent qualifications regulator for England. At the end of March 2020, we regulated 161 awarding organisations, and nearly 15,000 qualifications. These include GCSEs, AS and A levels, Functional Skills, Technical Qualifications in T Levels and a wide range of other qualifications. By the end of March 2020, we were providing external quality assurance (EQA) for 74 new apprenticeship assessment standards.

## Statutory objectives and duties

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

1. to secure qualification standards;
2. to promote National Assessment standards;
3. to promote public confidence in regulated qualifications and National Assessment arrangements;
4. to promote awareness of the range and benefits of regulated qualifications; and
5. to secure that regulated qualifications are provided efficiently.

We have a wide range of other duties and publish separate documents addressing some of these, such as those related to regulatory burden.

## Key activities

Our key activities and outputs for the reporting year included the following:

1. Standards were maintained in the 6.1 million GCSEs, AS and A levels awarded to 1.3 million students in summer 2019; the majority of these qualifications were newly or recently reformed;
2. We accredited the first new Technical Qualifications for T Levels in education and childcare, construction and digital, ready for teaching from September 2020;
3. We completed Functional Skills reform, overseeing successful awarding of the first new Functional Skills English and maths qualifications in early 2020;
4. Public understanding of the 9–1 grading scale for GCSEs continued to improve, with parental understanding up to 85% from 73% in our annual survey;
5. We issued over £0.4m in fines to awarding organisations for serious breaches of our rules, including fining the exam board, AQA, £350,000 for serious breaches of our rules on marking reviews and moderation and requiring them to provide £735,000 compensation to affected schools and colleges;
6. Our regulation of apprenticeship end-point assessments (EPAs) grew to 50% of the market (619 of 1236 EPAs) and the Institute for Apprenticeships and Technical Education (the Institute) proposed to expand our role to cover all EPAs outside of Higher Education;
7. We introduced new rules and guidance to ensure all awarding organisations effectively quality assure centre-based assessment to be as accurate and consistent as possible;
8. We published our first Qualification Price Index report, an annual dataset showing price movements in the regulated qualifications market; and
9. In the last few weeks of the financial year, we worked rapidly to develop an alternative approach to awarding for summer 2020, when exams and assessments were cancelled by the government due to the global COVID-19 pandemic.



## Regulatory approach

We regulate in furtherance of our objectives and in the interest of learners. We ensure our approach is proportionate and has the greatest impact by analysing evidence and evaluating risk to target our activities, and by effectively combining our regulatory tools.

We control entry to the regulated market, so that people can have confidence that regulated awarding organisations have the capacity and competence to comply with our requirements. Our register shows people if a particular awarding organisation or qualification is regulated.

Our rules are set out in our Conditions and we publish guidance to help awarding organisations to meet them. We monitor how awarding organisations manage incidents which might have a negative impact on learners, standards or public confidence, and intervene where necessary. Where awarding organisations fail to comply with our rules, we use a range of enforcement tools so that current and future learners are protected.

Each year we target our activities at the most significant risks to qualification standards, fair outcomes for learners and public confidence. Our work is based on evidence; where evidence is weak or non-existent we carry out and publish research to inform future thinking and stimulate market improvement. We gather data and publish statistics to provide transparency on key aspects of qualifications and the qualifications market.

Where we want to assess how awarding organisations are developing or delivering qualifications, we use monitoring programmes, reviews and audits of awarding organisations' processes and procedures, and carry out technical evaluations of how qualifications function. We sometimes require a qualification (or type of qualification) to be accredited to make sure it is designed to meet our requirements before it is awarded. Where national qualifications are being reformed, we ensure they are well designed, risks to safe delivery are mitigated, and changes are understood by those who will use and rely on them.

We talk to a diverse range of stakeholders so that our work is targeted well and our decisions are properly informed by those they will affect. We pay close attention to the implications of our decisions for teaching and learning, for equality, and for public confidence in qualifications.

We work with and, wherever possible, align our approach with the qualifications regulators in Wales, Northern Ireland and Scotland, in order to minimise burden on those impacted by our regulations.

## Goals and objectives

Ofqual's work in the past financial year was informed by the goals set out in our Corporate Plan 2019 to 2022.

Goal 1: Regulate for the validity and safe delivery of general qualifications;

Goal 2: Regulate for the validity and safe delivery of national technical and vocational qualifications and assessments;

Goal 3: Regulate for the validity and safe delivery of vocational and other regulated qualifications;

Goal 4: Monitor and evaluate the validity of National Assessments;

Goal 5: Promote innovation and an effective and efficient regulated qualifications market; and

Goal 6: Develop and manage our people, resources and systems.

## Chief Regulator's review of the year

Much of Ofqual's activity in the year from April 2019 to March 2020 took place as it had been planned. We continued to build on and improve our regulatory framework, particularly for national technical and vocational qualifications. We expanded our team as we took on the regulation of more apprenticeship assessments and met major milestones in the government's skills reform programmes, accrediting the first three Technical Qualifications for T Levels and overseeing the first awards of reformed Functional Skills qualifications. We continued to monitor National Assessments, providing assurance on key aspects of test validity. In summer 2019, the majority of the 6.1 million GCSEs, AS and A levels awarded in all but a few subjects were new or recently reformed, marking a major milestone towards the end of a programme of reform to general qualifications, begun in 2013.

Preparations for this summer's exams and awarding were soon dominated by contingency planning and responding to the increasing disruption caused by the COVID-19 pandemic. This report sets out the actions we took in response to the government's announcement that exams and assessments this summer would be cancelled but grades would still be awarded to support student progression. Our overriding goal has been to create and oversee an alternative approach to awarding grades that is as fair as possible to students. This work carries on apace; we are continuing to listen closely to stakeholders and provide as much support as we can to schools and colleges this summer.

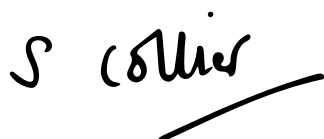
Internally, we reprioritised our work and our risks in response to the impact of COVID-19. We redeployed many of our staff to support our COVID-19 response. This included expanding our public enquiries and communications teams, which fielded an unprecedented number of enquiries from the media and from parents, students and schools seeking further information and reassurance.

During this period all our staff worked remotely; our IT infrastructure and our people proved resilient, with business continuity maintained at all times. We explored

and developed new ways of staying connected while working from our homes and are continuing to ensure our staff are well-supported in delivering this summer's complex and novel arrangements. We are working from a strong base: in 2019 our Civil Service staff engagement score rose to three points above the average of high performing civil service departments. Despite the turbulence caused by COVID-19, our financial position at the end of the year was within budget for our net operating expenditure (plus capital investment) of £19.47 million.

I would like to add my thanks to those of our Chair, to all those, particularly teachers, school and college leaders and support staff, who are helping make this summer's awarding system as good as it can be; and to all our staff. We know how much students, teachers, employers and the public rely on the exams and assessments system. We are overseeing this summer's awarding very closely and our staff are working tirelessly to plan and prepare for exams and awarding for general, vocational, technical and other qualifications through the academic year 2020 – 2021 and beyond.

Working with and listening to teachers, trainers, parents, students and others in schools and colleges will be key to ensuring our exams and awarding system continues to work effectively. We are grateful to all those who have given us their views and we look forward to hearing from you as we continue to develop and consult publicly on future arrangements.

A handwritten signature in black ink that reads "S Collier". The signature is written in a cursive style with a long horizontal stroke underneath the name.

**Sally Collier**  
**Chief Regulator**  
**Accounting Officer for Ofqual**  
**29 June 2020**

# Goal 1: Regulate for the validity and safe delivery of general qualifications

## Context

Ofqual regulates GCSEs, AS and A levels in England within the context of government policy. The majority of these qualifications were reformed by summer 2019 as part of a programme initiated by the government in 2013.

## Regulating general qualifications

Ofqual is responsible for ensuring the maintenance of standards in GCSEs, AS and A levels in England. Our aims are to ensure that:

- exam boards maintain standards year on year;
- exam boards align standards across specifications within a qualification;
- public confidence in the results is secured; and
- learners' interests are protected.

## Preparations for summer 2019

In summer 2019, 25 new GCSEs and 19 reformed A levels were awarded for the first time. This was the last of the three main waves of the reform programme, with only a small number of language qualifications due to be awarded for the first time in 2020 .

Ofqual monitors and reports on the end-to-end delivery of each exam series. Following the completion of each series, we may ask exam boards to investigate any specific events that occurred. Where appropriate, we take regulatory action, as set out later in this report.

Following the 2018 summer series, we raised concerns with exam boards about a number of recurring issues and asked them to tell us how they planned to reduce the risks of such incidents in the future. For example, in 2018 we had seen an increase in the number of incorrect papers being handed out within exam centres and inconsistency in how these were dealt with. Following discussions with us, exam boards strengthened checks required when opening and distributing exam papers and gave instructions to schools and colleges about what to do if the wrong exam papers were handed out.

In early 2019, we assessed each of the four GCSE and A level exam boards' readiness for the 2019 summer exam series. We reviewed the extent to which they had identified and were managing delivery risks, including any risks posed by the potential absence of an EU exit agreement. We identified no serious concerns in exam boards' plans, however, we presented our observations to each exam board and continued to monitor their preparations. As in previous years, we wrote to each exam board ahead of the summer series to set out how we expected them to manage any issues that arose and published these letters as an annex to our summer report.

### **Communications ahead of the summer 2019 series**

Ahead of the summer series, we provided a range of information to help GCSE, AS and A level students and their parents, carers and teachers, understand the assessment, marking and awarding processes, exam rules and to provide general support. This included publications on student anxiety, malpractice, how we maintain standards, the National Reference Test, the quality of marking and understanding reforms. We also partnered with university researchers to develop a guide for students on coping with exam pressure and published associated blogs.

In May 2019, we wrote to Directors of Admissions of Higher Education Institutions, before they used new 9 to 1 graded GCSE results for the first time, to reconfirm how the new grades relate to the previous A\* to G grades, and similar qualifications offered in Wales and Northern Ireland. We also provided guidance on Applied Generals and Tech Levels, and International GCSEs.

We produced films for teachers and students explaining how we seek to achieve fairness in exams and how reviews of marking work. We also provided a summary of how the National Reference Test results would be used for the first time in summer 2019 awarding. And we produced a guide for employers about 9 to 1 GCSE grades and other aspects of the reforms. Our materials can be found on our website, blog and Facebook pages.

Before the summer 2020 exam series was cancelled, we reissued and added to our range of resources to support students and help parents understand and engage

with exams. We continued to promote awareness of the new GCSE grade scale during the reporting year. In February this year, we published a review of the literature on anxiety, bringing together information relating to the causes, symptoms and effects of assessment-related anxiety, to support specialists and practitioners working in this area.

We worked closely with exam boards, schools and colleges on what students should do if they encounter real or hoax assessment material on social media. We also worked with exams officers during the early part of 2019, surveying just under 750 exams officers to inform our work and hosted a webinar joined by 350. We produced a film emphasising the important role that exam officers play in schools and colleges, and a pre-exam checklist for students.

## **2019 Entries**

1.3 million students in England were entered for GCSEs, AS and A levels in summer 2019, with around six million certificates issued. Full details of 2019 entries can be found in the report **Provisional Entries For GCSE, AS and A Level: Summer 2019 Exam Series.**

GCSE entries increased by just under 1%, to 5.2 million, compared to 2018. This reflected a 1% increase in the 16 year old population in England in 2019 compared to 2018. There were increases in entry in most EBacc subjects, particularly combined science, English language and maths. The largest proportional increases were in computing, history and Spanish. Modern foreign language entries increased overall by over 4% (from 288,305 to 301,055), the first significant increase in recent years. By contrast, overall entries in non-EBacc subjects declined by 9%, indicating schools and colleges are continuing to increase their focus on EBacc subjects. Engineering and design & technology saw sharp falls in entry in 2019. However, the largest changes were in subjects which have been discontinued as part of the overall reform process.

Ahead of the entry deadline for the summer 2019 exams, we wrote and published a letter to heads of schools and colleges in which we reiterated the importance of carefully considering tier entry decisions for GCSE science. We confirmed that exceptional arrangements for 2018 (which had allowed students inappropriately entered for the higher tier to receive grades rather than be ungraded) would not be repeated in summer 2019. Our analysis of the entry data ahead of summer 2019 suggested that most schools and colleges responded to the advice provided and made appropriate entry decisions. Just under 4,500 students were ungraded on higher tier combined science in 2019, out of a total entry of over 140,000. This was significantly fewer than the 11,000 students that would have been ungraded in summer 2018 had no action been taken. However, we still considered this to be a relatively high number and in early 2020, prior to the cancellation of summer 2020's exams, we wrote again to all head teachers and heads of science in schools and colleges in England to ask them to think carefully about future entry decisions.



AS entries have fallen substantially since AS qualifications became stand-alone qualifications, separated from A levels (meaning students no longer have to take an AS as part of an A level). Entries fell to just over 118,000 in 2019, a fall of 60% compared to 2018, and around 90% lower than in June 2016, when over one million entries were recorded.

A level entries dropped by 2% in 2019 from 2018, to around 750,000. This follows a similar reduction in 2018 and mirrored the 3% drop in the 18 year old population in 2019 compared to 2018. The change in A level entries was mixed, with some subjects increasing in entry and others showing a decrease. Large percentage decreases were seen in small entry subjects and those which were only available for final re-sits in summer 2019, including general studies, science and ICT. Overall modern foreign language (French, German, Spanish) entries were stable in 2019, and single sciences (biology, chemistry, physics) all showed an increase.

Entries for the November 2019 series for GCSE English language and maths increased by 4%, from 105,000 in 2018 to 109,000. Most of these additional entries were in English language (up 8% to 54,000), continuing the trend seen over the past few years. GCSE maths is a tiered qualification and, as in previous years, most entries (94%) were for the foundation tier.

### **Applications for adjustments to exam arrangements**

Exam boards make adjustments to some exam arrangements for students who would otherwise be unfairly disadvantaged due to a disability, illness or injury at the time of their exams. They refer to these as 'Access Arrangements' and include reasonable adjustments made for disabled students. Individual students may require more than one form of access arrangement.

There were 404,600 approved access arrangements during the academic year 2018-19, up 3.4% on 2017-18. Arrangements for 25% extra time rose by 9.2% compared to the previous academic year and made up 63% of all approved arrangements. While access arrangements are vital to ensure that disabled students can effectively demonstrate their knowledge, skills and understanding, we currently do not have a good explanation for the further increase in the number of students being granted extra time. Prior to the cancellation of the summer 2020 series, we requested that the exam boards provide us with more granular data to help us better understand the extent to which the system is operating as intended. It is helpful that the Independent Commission on Examination Malpractice (see further details below) has similarly identified and made recommendations about how the Joint Council for Qualifications (JCQ), and we, can improve our data collection in this area.

### **Applications for special consideration**

Exam boards may also make post-examination adjustments to a candidate's mark

or grade to reflect temporary illness or injury, or some other event outside their control, which has had, or is reasonably likely to have had, a material effect on their ability to take an assessment or demonstrate their level of attainment in an assessment. These are referred to as 'special considerations'. There were 543,650 approved special consideration requests during the academic year 2018-19, down 5% on 2017-18.

There are two types of special consideration: mark adjustments and qualification awards. Mark adjustments are for candidates who were present for the assessment but disadvantaged in some way at the time of taking the assessment, whereas qualification awards are for candidates who have completed at least 25% of the assessment and were absent with good reason so did not complete one or more of the assessments. Mark adjustment requests continued to account for more than 95% of approved requests during the 2018-19 academic year. The number of approved qualification award requests increased from 16,985 in 2017-18 to 19,520.

### **Security breaches, maladministration and malpractice**

There were 68 reported security breaches associated with GCSEs and A levels in 2019, the same as in 2018. There was a marked decrease in the number relating to schools or colleges opening, or sometimes handing out, the wrong exam paper, falling from 40 cases in 2018 to 25 cases in 2019. This fall follows a campaign by Ofqual and the exam boards to support exam officers and reduce the likelihood of these incidents occurring. Conversely, the number of reported security breaches, either where there was an actual or potential question paper security breach, rose from 14 in 2018 to 24 in 2019. We ensured exam boards took appropriate action to protect the interests of students in those instances where a breach was confirmed and asked them to learn lessons and adapt their processes wherever possible to maintain confidence in their qualifications.

The most significant security breach in 2019 was the leak of a Pearson A level maths paper, which had also been targeted in previous years. Due to additional security steps Pearson had taken in response to previous allegations, it was able to quickly identify the source of the leak and those students who were most likely to have had prior access to the materials. We monitored Pearson's ongoing investigation and the subsequent sanctions it placed on two staff and 21 students. This included disqualifying 16 students (with eight of these being further debarred) and issuing warnings to an additional five. We were satisfied that Pearson took appropriate steps to secure the delivery of the 2019 exam and made sure that students were treated fairly. The police launched a criminal investigation in relation to this incident, which is ongoing at the time of writing this report.

While it is not possible to collect reliable data on the number of hoax leaks of exam papers or associated materials each year, we saw several instances of individuals on social media claiming to have copies of live papers in summer 2019, and in some cases offering them for sale. Exam boards followed up all the posts that



we, and they, identified. Where exam boards were able to identify an individual, they sanctioned those students who had requested or had shared the information. Prior to the cancellation of the summer 2020 series, we had begun to launch a new campaign in March 2020 to raise awareness among students of the potential penalties of sharing real or hoax exam material.

The continued growth of smart devices has increased the opportunity to quickly and discretely capture information and the reach of social media means that materials can be shared quickly, widely and often privately. In September 2019, we called a summit of the exam boards and their representative body, the JCQ, to consider what more could be done to reduce the risks to exam paper security. Exam boards, and JCQ, subsequently developed strategies to address this risk. The first changes were introduced or piloted during the November 2019 exam series, with further changes planned. These include improving the approval process for schools and colleges wishing to deliver exams, improving ongoing monitoring and inspection of exam administration, improving exam paper packaging and tracking information; reducing the amount of time papers are in schools and colleges before exams are taken; and making changes to the exam timetable to ensure secure arrangements can be put in place in a timely and manageable way (for example to allow for 'just in time' delivery of some exam papers). We have also spoken with some of the main social media companies to explore ways they can help to tackle the sale of real or fake papers online.

In 2019, 3,040 penalties in relation to malpractice were issued to students, an increase of 11% from 2018 (2,735), though as a proportion of total entries the figure was unchanged (at 0.02% of entries). The most common type of student malpractice was taking a mobile phone or other communications device into the examination room, as in previous years. A very small proportion of the total number of staff in England (nearly 350k) received penalties (335, down from 650 in 2018), mainly for unintentional maladministration, with breaches of security the second most common issue. We expect exam boards to continue to prioritise the security of exam papers and we will continue to support them in this through future communications with schools and colleges.

We welcomed the final report of JCQ's Independent Commission on Examination Malpractice, published in September 2019 under the chairmanship of Sir John Dunford. The aim of its work was 'to consider the nature, extent and drivers of malpractice in the examinations system and to make recommendations to all stakeholders in the examinations system on improvements that can be made to reduce and deter malpractice.' We supported and had begun work to address many of the Commission's recommendations, for example, we:

- Published a consultation on 20 February 2020 to improve our guidance on malpractice;
- Collected malpractice data for vocational performance table qualifications for future publication;

- Researched barriers to greater use of online and onscreen assessments for future publication;
- Facilitated a workshop between the exam boards, the JCQ and the UK government's National Cyber Security Centre; and
- Collected and analysed detailed data from exam boards on their provision of special considerations and put in place arrangements to collect and analyse detailed from the exam boards on their provision of access arrangements.

## **Quality of marking and moderation**

The responsibility for marking GCSEs, AS and A levels lies with exam boards. Ofqual monitors their recruitment of examiners, examiner training and how exam boards monitor the quality of the marking.

We use a range of information to assess how exam boards are ensuring the quality of their marking. We evaluate marker monitoring data to produce consistency metrics, monitor reviews of marking data and conduct examiner surveys to gain insight into examiner profiles. We share information and metrics with exam boards and highlight areas where we consider there could be room for improvement.

While we know that the quality of marking in England in GCSEs and A levels is generally good and compares well internationally, we are keen to explore opportunities for improvement. To that end, we launched a competition in January 2020, as part of a broader range of exploratory research, to see if artificial intelligence could have a role to play, for example, as part of quality assuring marking and to understand any risks which could arise.

## **Standard setting and results**

Ofqual monitors standard setting in GCSEs, AS and A levels closely. We regulate for very close comparability of grade standards between different exam boards and between different specifications in any one subject.

When any new qualification is awarded for the first time, our aim is to ensure standards are anchored to the legacy qualification so that students are not disadvantaged by being among the first cohorts to sit them. We agreed with exam boards that they would carry forward standards for all new qualifications in summer 2019; they would use a combination of examiner judgement and statistical evidence, in the same way as for those qualifications awarded for the first time in summer 2017 and summer 2018. In the new AS and A levels, this meant using statistical predictions so that, in general, a student who would have achieved a grade A, for example, in the legacy qualification would achieve a grade A in summer 2019. In the new GCSEs graded 9 to 1, this meant using predictions so that the proportions achieving grades 7 (and above), 4 (and above) and 1 (and above) were anchored to the proportions achieving grades A (and above), C (and above) and G (and above) in the legacy qualifications.

For those GCSEs and A levels being awarded for the first or second time in summer 2019, we agreed the basis for making statistical predictions (based on prior attainment of the cohorts) and expected exam boards to meet those predictions as closely as possible, unless they had strong evidence to support an alternative grade boundary mark. Where qualifications were being awarded for the third or fourth time (as was the case for AS qualifications first awarded in 2016), we set tolerances around the statistical predictions, as we had done previously for legacy qualifications. For these qualifications, exam boards were required to provide additional evidence to support any awards that were out of tolerance. We told exam boards that we expected AS predictions based on prior attainment to be less reliable in summer 2019, as has been the case since the first reformed AS awards in summer 2016. The year-on-year decreases in entries meant that predictions for individual specifications were, in many cases, based on relatively small numbers. Additionally, we know that students taking AS levels in summer 2019 might not have been representative of previous cohorts of students, even if their prior attainment profile was similar. We know from qualitative research into school entry policies that we published in July 2018 that individual schools and colleges took different approaches to AS level entry, meaning that in some schools those taking AS levels were those not expected to go on to A level, while others continued to enter all A level students for AS levels. This also varied by subject. Therefore, we expected that exam boards would use examiner judgement of student performance as an important source of evidence in maintaining standards at AS level.

Grade boundaries in reformed A level maths qualifications in 2019 were, in general, substantially lower than in 2018, however, we were confident in the 2019 awards, because the size of the entry (around 85k students) meant that statistical predictions were very reliable and there was plenty of student work to scrutinise. In contrast, in 2018, there had been just over 2,000 students across three exam boards – mostly year 12 students, making statistical evidence for 2018 less reliable. We investigated this further and found a number of interacting causes: first, the move to linear qualifications meant year 13 students could not re-sit AS units at the same time as taking A2 units; second, 2019 papers were, overall, more demanding than 2018 papers.

We considered with the exam boards whether there was a case to re-visit the grade boundaries set in reformed A level maths specifications in 2018. On balance, we believed there was not. Making any changes (to revise grade boundaries downwards) would have introduced an unfair advantage for year 12 students taking reformed A level in maths in 2018 compared to those year 12 students in 2018 who took the legacy specifications (around 1,200 students). We believed that it was right to prioritise comparability of standards for a cohort within a year. We did not therefore ask any of the exam boards to revisit their 2018 awards.

In August 2019, we published a report of our monitoring work, which included details of the way in which we monitored the awarding of new GCSE and A levels in

England; the number of awards and those that were outside the reporting tolerances; or, for reformed qualifications, that did not get as close as possible to predictions. Our view was that in summer 2019, standards were aligned between exam boards in every subject. We reported four specifications with grades out of tolerance in 2019, compared to 13 specifications in 2018. Exam boards provided evidence to support their awards in each case and we did not intervene as we believe that standards were maintained. We did decide, however, to look more closely at the reasons for the systematic and relatively large differences observed in the grade boundaries set in 2018 and 2019 for reformed A level maths specifications, as set out above. Our report on the summer 2019 series provides further details.

In September 2019, exam boards reported to us that they had discovered an error in their joint prediction matrices for 2019's AS awards; ungraded results in 9 to 1 GCSEs had not been included. This meant that the average GCSE grade of just under 4,000 students (out of a total of nearly 600k) was inappropriately excluded from the statistical model. We discussed the implications of this error with them. Exam boards did not believe that there was sufficient evidence to re-open the summer 2019 awards and we agreed with this position. The impact on predictions for summer 2019 AS awards varied between exam boards and subjects but was minimal. Generally, changes were very small and would not have changed the boundary mark that was presented to senior examiners. It was also the case that declining entries in the reformed AS subjects meant exam boards were already placing greater weight on the judgements of their senior examiners and less weight on statistical predictions when setting boundaries. Since results had already been issued, we would have needed to be persuaded that those results already issued were wrong. Given the known unreliability of the predictions for AS, and the fact that senior examiners were content with the awards in the summer, there was no evidence to suggest that this was the case. We have monitored the work that exam boards are doing to improve their processes for checking the complex technical work required to generate predictions, to avoid a recurrence of this issue or related issues.

New GCSEs, AS and A levels were developed to meet different requirements of the regulators in England, Wales and Northern Ireland (Ofqual, Qualifications Wales and Council for the Curriculum, Examinations & Assessment (CCEA) Regulation). The three regulators' aim is that the different qualifications should retain the same value, regardless of the qualification taken and those who rely on these qualifications can still make broad comparisons between them. To that end, the three regulators continue to work together to keep their respective approaches to maintaining standards under review.

## **Unconditional offers**

During the reporting period we analysed data from the Universities and Colleges Admissions Service (UCAS), alongside our own data, to consider whether

unconditional offers have any effect on the maintenance of standards at A level. This is in the light of suggestions that students who accept an unconditional offer may be less motivated to do well and achieve lower grades. We intend to publish our research in the coming months.

## **National Reference Test**

In February/March 2019, 13,500 year 11 students from over 330 schools took the third annual National Reference Test in English and maths. The tests are designed to provide evidence on the performance of 16-year-old students in English language and maths and contribute an additional source of evidence in awarding GCSEs in these subjects. Summer 2019 was the first year that evidence from the National Reference Test was considered in awarding. In considering the evidence from the test, our aims were to ensure that our decisions are consistent over time and between subjects, regardless of the direction of any change; that we take account of contextual evidence from the student survey and other sources, and act cautiously in making any adjustments to grade standards; and that we document and publish the reasons for our decisions.

We discussed the results with exam boards in June 2019. We considered the results carefully, which showed a small but statistically significant downward change at grade 4 for English and a small but statistically significant upward change at grade 7 for maths. The change in maths was already accounted for; we had expected to see an improvement in performance in the first years, as teachers get more familiar with the requirements of the new GCSEs. We therefore concluded that there was not a sufficiently strong case for making any adjustment in maths. We believed that there could be a case for making a small downward adjustment to grade standards (which would tend to mean slightly higher grade boundaries) at grade 4 in GCSE English. However, the result was unexpected and we could not be confident that we were not at risk of interpreting statistical noise and/or some other behavioural change as a real change in anticipated GCSE performance. For GCSE English, we also found a reduction in motivation of pupils completing the NRT. We decided, therefore, not to make any adjustment to grading standards in English in summer 2019. The rationale for our decisions was set out in more detail in our Annual Statement, published in August 2019.

To contextualise the annual test results, we collect data about participants' motivation and preparation, alongside characteristics of National Reference Test participants, in particular, their key stage 2 prior attainment profile. After summer awarding, we examine the relationship between NRT participants' test performance and their subsequent attainment at GCSE, to understand how well the National Reference Test results function as an indicator of anticipated GCSE performance. We published our latest analysis in December 2019.

The fourth National Reference Test was successfully completed in February/March



2020, shortly before the cancellation of the summer 2020 exam series. As the transition to reformed qualifications is largely complete, we are keen to ensure exam boards are able to detect any changes in student performance over time. While, for GCSE English language and maths, we have evidence from the National Reference Test, we have also been working with exam boards to research different approaches for all subjects. To this end we carried out some experimental work in 2018 and 2019 to explore the feasibility and manageability of using comparative judgement and/or rank ordering techniques to collect examiners' judgement in ways that are independent of statistical evidence and less prone to bias. Comparative judgement is a well-researched technique involving comparing two or more objects on the basis of a single attribute (for example, quality). Repeated comparisons of different pairs among a set of objects allows the construction of a single trait scale and the location of each object on that scale. We reviewed evidence from pilots we had carried out in 2018 and in summer 2019 ran a further pilot in GCSE English language. Overall, results suggest that comparative judgement methods are promising for capturing expert judgement for the purpose of setting grade boundaries to maintain standards from one year to the next; exam boards plan to pilot these methods further.

## **Reviews of marking and moderation, and appeals**

We expect exam boards to mark all assessments accurately and issue results which reflect the performance of each student. However, it is possible for errors to be made, and so it is important that schools, colleges, on behalf of their students can ask for individual results to be reviewed and, if necessary, appeal.

We consulted in late 2018 on minor changes to our rules about how exam boards must conduct reviews of marking, reviews of moderation and appeals in relation to GCSEs, AS and A levels. The changes responded to issues we had seen in the first two years of their operation and also brought them in to line with a version of the rules we had introduced for Technical Qualifications. The changes included simplifying the wording of our Conditions to make them easier to follow and use; making it clearer that private candidates can apply directly to exam boards for both reviews and appeals; and removing some requirements about data exam boards need to publish to avoid duplication with Official Statistics we publish and reduce burden. These changes came into effect for the summer 2019 exam series.

Of the 6.1 million GCSE, AS and A level grades issued in summer 2019, 344k were challenged. In the majority of cases (63%) the review resulted in no mark change, the same as in 2018. Fewer than 5% of reviews resulted in a mark change of five marks or more, compared to 6% in 2018. We concluded from these results that there appeared to be a more consistent application of the revised rules around reviews by exam boards than in 2016 or 2017.

Exam boards are required to ensure that reviews of marking or moderation are not carried out by the same person who conducted the initial marking or moderation. We became aware in September 2018, through a review of AQA's appeals process that AQA had not always complied with this requirement in 2016, 2017 and 2018, which affected an estimated 53,166 reviews. This occurred as a result of failings in AQA's online marking system, the limited availability of reviewers in low entry qualifications, and the relatively small size of some marking and review panels. We also became aware through an event notification in September 2018, that OCR had not always complied with this requirement in 2017 and 2018, which affected 268 learners. This arose due to an unanticipated shortfall in examiner capacity.

We took action in response, with both exam boards providing an Undertaking and Action Plan to ensure that their arrangements for reviews of marking and moderation in 2019 were compliant with our Conditions. In addition, in January 2020, Ofqual's Enforcement Committee formally issued AQA with a monetary penalty of £350k for its non-compliance. As part of an agreed settlement, AQA also compensated schools and colleges with credit notes to the sum of £735,570 and agreed to pay Ofqual's costs. Ofqual also issued AQA with a Notice of Monetary Penalty of £50k relating to the delivery of its GCE French qualification in 2018, and recovered the associated costs. OCR agreed to compensate schools and colleges with credit notes in the sum of £14,674.25 and Ofqual's Chief Regulator issued OCR with a Letter of Concern. The compensation payments to schools and colleges resulting from our enforcement action have therefore passed over £750,000 back directly to the sector in addition to the fine.

In summer 2019, we adopted some small changes to our Exam Procedures Review Service, which considers applications in relation to results, and decisions around reasonable adjustments and special consideration, from centres and private candidates who have completed the relevant awarding organisation's internal appeal procedures. These are detailed in Consultation Decisions: Reform of the Exam Procedures Review Service.

## **Question paper errors**

Ofqual expects exam boards to produce assessment materials that are free from error. Where we are notified of an error, including those found after papers have been sent to centres but before exams are taken, we monitor how the exam board makes sure they consider and address, as far as possible, any disadvantage to students. We followed up on each of the 90 errors that occurred in 2018 with the exam boards concerned. We required each exam board to tell us the cause of the error(s) and the steps they were taking to prevent reoccurrence. While we were pleased to see a 21% reduction in errors in 2019, it was still disappointing to see 71 errors identified in question papers, non-exam assessments and materials. However, we did not consider the impact of the errors mitigated in 2019 to be significant.

## Evaluating reformed qualifications

We check that reformed assessments are functioning as anticipated, that the level of difficulty of qualifications is similar to accredited sample materials and between exam boards, and that other subject-specific intentions are achieved. Our reform evaluation programme also looks for any unintended consequences of our rules that come to light following assessment and awarding.

In April 2019, we published the findings of a three-year joint research project on the impact of modular and linear exam structures at GCSE. The research found that modular and linear GCSEs led to similar outcomes overall and there was no evidence that modular or linear exams tended to favour male or female students, nor that the different approaches affected the outcomes of students from low and high socio-economic backgrounds differently. Many teachers reflected positively that student performance could be assessed with greater fairness and validity through linear GCSEs. Some teachers expressed concerns about the potential impact of linearity on the wellbeing of students requiring additional support, others thought the elimination of the continual testing associated with modular GCSEs may reduce stress for some students. More information about the research and conclusions can be found [here](#).

In December 2019, we published our findings about the degree to which reformed GCSEs in maths and English literature prepare students for A level study in these subjects (one of the policy aims of reform programme). The majority of maths teachers interviewed as part of the research said that the reformed maths GCSE prepares students for A level study as well as, or better than the legacy GCSE. Teachers' perceptions of the reformed English literature GCSE were more mixed, but of those that commented on students' general preparedness for English literature at A level, the majority believed students were equally or better prepared having studied the reformed GCSE.

In November 2019, as in previous years, we held a series of workshops involving around 135 teachers to get their feedback on a range of reformed qualifications that were awarded for the first time in 2019, including GCSE and A level Chinese, design & technology, film studies, media studies and statistics. Teachers tended to focus on the things that were causing them concern such as the volume of content to be covered. We passed on feedback about subject content to the Department for Education, who is responsible for this area. Teachers generally commented positively about GCSE students being better prepared for post-16 study, and that concerns were reducing as they become more familiar with the reformed qualifications.

In April 2019 we published the conclusions of working groups looking at the assessment of mathematical skills in reformed AS/A level business and AS/A level psychology qualifications, and of practical skills in AS/A level biology, chemistry and



physics. Broadly speaking the assessment of these skills is working as intended. We will incorporate the general principles of good practice developed for both practical and mathematical skills into statutory guidance in the future.

## **Science practical skills**

In April 2019, we published research which endorsed findings from earlier research on the impact of changes to the way practical science is assessed at A level on the practical skills of students moving into higher education. The intention of this aspect of reform was to support an increase in the amount of practical work undertaken by students; the attainment of these skills is now reported as a separate grade. Our research found that for biology, post-reform students outperformed pre-reform students (with both 2018 and 2017 cohorts outperforming the 2016 cohort), whereas practical skills for chemistry and physics remained stable. The research also indicated that students were doing more practical work in the classroom. Reformed qualifications are still relatively new and it is possible that the teaching and delivery may evolve, so it will remain important for us to understand this, as well as monitor exam board arrangements for assessing practical scientific skills in written examinations.

## **Inter-subject comparability**

The perception that some qualifications are more severely graded than others has the potential to undermine confidence and reduce take-up of some subjects. Following our work on inter-subject comparability for A level modern foreign languages (French, German and Spanish) and the sciences (biology, chemistry and physics), we committed to working with exam boards to ensure that these subjects did not become statistically more severely graded in the future. Exam boards were expected to ensure that their awards in summer 2019 were above the statistical predictions at grades A\* and A in these A level subjects and all exam boards adhered to this expectation.

After completing our work at A level, we looked at grading standards in GCSE modern foreign language subjects (French, German and Spanish) in an equally comprehensive way, given stakeholder concerns that they were more severely graded than other GCSE subjects. We published detailed findings in November 2019, based on an analysis of evidence against a set of criteria to determine whether there was a 'compelling case' to adjust grading standards in each subject. We concluded that grading standards in French and German, but not Spanish, should be adjusted. As a result, grading standards in GCSE French and German will over time be brought into line with GCSE Spanish. We have agreed with exam boards that they will adjust national predictions each year by increasing the predicted percentage of students achieving grade 4 and above by one percentage point; and by increasing the predicted percentage of students achieving grade 7 and above by two percentage points. The decision was broadly welcomed by stakeholders and concluded our planned work on inter-subject comparability, nonetheless, we are committed

to keeping the evidence under review. We are working with the exam boards so that, even in the exceptional circumstances this summer, we can still make this adjustment at national level.

## **Perceptions of qualifications**

Each year we survey a representative sample of parents, employers, teachers, headteachers and the public to help us understand how qualifications are perceived and how well they are understood. In April 2019, we published our 17th annual survey covering general qualifications. This showed increased proportions of teachers reporting knowledge of the system of reviews of marking, moderation and appeals for general qualifications (up to 83% from 58% for teachers) and increases in those reporting the system is fair (up to 50% from 38% for GCSEs and up to 49% from 39% for A levels). We also saw further improvement in levels of understanding of the new 9 to 1 GCSE grading scale: the proportion of parents correctly identifying 9 as the best grade rose to 85% from 73% in the previous year; and seven out of ten (69%) of employers correctly identified this, compared to 64% the previous year.

Levels of overall confidence remain high, with seven in 10 stakeholders agreeing that GCSEs 'are a trusted qualification'. Overall perceptions of marking accuracy were stable, at 36% for GCSEs and 41% for AS and A levels. Similarly, perceptions of standards maintenance remained stable, with 40% for GCSEs and 49% for AS and A levels agreeing that standards were maintained. Evidence and analysis from this survey continues to inform our regulation and communications, as set out above.

## **COVID-19 planning and response; preparations for summer 2020 awarding**

On 30 January 2020, we advised a regular meeting of Ofqual's Board that we had begun to consider the potential impact of COVID-19 on the summer exam series. At that point little was known about the outbreak which, at that time, appeared confined to East Asia. Nonetheless, we included this risk in our summer planning and began considering possible mitigations. Our planning increased as the government raised the threat level (from low to moderate as our Board was meeting on 30 January) and announced a national plan (26 February). During this period, we discussed possible risks and contingencies with exam boards. On 28 February we issued a public statement advising that we were working closely with awarding organisations and the Department for Education to consider how to manage any particular risks to the smooth running of exams and assessments should there be a widespread outbreak of COVID-19. On 2 March, we issued our regular letter to school and college heads, advising that we were considering the impact of COVID-19 as part of regular planning processes and would keep them informed, and updating our guidance to schools, colleges and other centres about how to deal with serious disruption to exams and assessments. We issued a further statement on 6 March advising that our priorities were fairness to students and minimising possible disruption, and that we would issue updated guidance as necessary. Our planning at this point focused on how to best manage any risks that may have been caused by increased illness, such as:

- greater numbers of students being unable to sit some or all of their exams;
- insufficient markers being available to mark scripts;
- possible supply chain capacity risks for exam boards (e.g. relating to printing, distribution, scanning); and
- affected schools closing during the exam window.

We considered and explored a wide range of contingencies in the event that such risks materialised, including:

- working with exam boards to ensure they were prepared to deal with additional special considerations and more students who may need estimated marks for papers they may not have been able to take;
- working with exam boards to consider their level of contingency in marker capacity and recruitment;
- allowing students to take exams in different centres to those where they were registered;
- extending the exam window, for example, spacing out the different exams for each subject to minimise the impact on students in two-week isolation; and
- moving the exam window back by three weeks in the event that the outbreak peaked before and during the early part of the exam window.

Over time our planning work intensified and we ran a two-day workshop that included representatives from each of the exam boards, the JCQ, the Department for Education, UCAS and qualifications regulators from Northern Ireland, Scotland and Wales. As part of this we considered possible contingency approaches for scenarios including where the normal exam timetable became highly disrupted or where it would not be possible for exams to take place. We maintained regular contact with teacher associations and other key stakeholders over this period.

On Wednesday 18 March, the government announced that schools would be closing due to COVID-19 to all but vulnerable children and children of key workers and that exams and assessments would be cancelled. The government also announced that qualifications would still be awarded, giving further details about this on Friday 20 March and indicating that there would be an opportunity for students who did not feel their summer results reflected their ability to take exams in an additional sitting early in the next academic year.

From 18 March, we worked intensively to develop an approach, based on a contingency that we had been considering, that could be used to give students grades in the absence of exams. We issued short statements on both 18 and 20 March confirming this and opened our public enquiries line that weekend so that we could respond to a much large number of calls and emails.

Our aim was to develop an approach that would be as fair as possible given the unprecedented circumstances. In the immediate days between the government's announcement and publication of the key elements of the approach, we consulted over 50 organisations and stakeholders, including teacher and headteacher

associations, university, college and student groups, exam boards and other government bodies and regulators. We also contacted a range of overseas government assessment bodies and established an 'External Advisory Group on Exam Grading', chaired by Dr Mike Cresswell, an Ofqual Board member, to inform our approach to the statistical standardisation of general qualifications in summer 2020. Membership and terms of reference for this group can be found at Annex C of our consultation on 2020 awarding.

We received a formal letter from the Secretary of State for Education on 31 March (published on 3 April), directing us to enable grades to be awarded in the absence of exams, in order that students could progress to further study and employment. The issuing of the direction is the statutory mechanism that enables Ofqual to act in furtherance of government policy. Without the direction being issued, we would not have been able to act within our statutory objectives, therefore the direction enabled us to do so. On Wednesday 1 April, an emergency meeting of Ofqual's Board decided that we should give considerable weight to the Secretary of State's direction and take the necessary steps to implement a consultation on an approach to achieve the policies set out in the Secretary of State's letter.

Key elements of the approach developed in March and published on 3 April were that:

- Exam boards would ask each centre (school or college) to generate grades for each student in each subject and rank order students within each grade wherever sufficient evidence was available;
- Centre assessment grades submitted to exam boards should be a fair, reasonable and carefully considered judgement of the most likely grade a student would have achieved had they taken their exams this summer and completed any non-exam assessment, using a range of suggested evidence; and
- Exam boards, using a model developed with Ofqual, would use a statistical model to standardise grades across centres in each subject.

We published information for Heads of Centres about how to generate and submit centre assessment grades; guidance on the process for teachers, students, parents and carers; and an open letter to students explaining how grades would be calculated and aiming to answer some of their most important questions. We published this information as soon as possible, to give students certainty about the arrangements, and so that schools and colleges could begin to gather the appropriate information and exam boards could develop their IT systems to support this process. On 15 April we published for consultation how we proposed the arrangements would work for the summer, together with our equalities impact assessment of the proposals we were developing and, as part of this, our literature review of research into bias in teacher generated assessments.

We are continuing to work at pace to ensure that the awarding process for 2020 is as fair as possible. We are committed to continuing to consult and communicate as the process develops and provide as much support as we can so that awarding for 2020 and future exam series are as effective and consistent as possible.

## **Goal 2: Regulate for the validity and safe delivery of national technical and vocational qualifications and assessments**

### **Context**

National technical and vocational qualifications and assessments attest to the skills, knowledge and understanding of learners, in particular 14-19 year olds, and support progression into work, further or higher education. By 'National technical and vocational qualifications' we mean all vocational qualifications currently used in school and college performance tables, the new qualifications the government is introducing as part of its reform of technical education, functional skills, and end-point assessments for apprenticeships developed to new employer-set standards.

### **Regulating to support the reform of National technical and vocational qualifications**

The government has initiated a wide-ranging skills reform programme, including the introduction of Technical Qualifications within T Level programmes, the continued growth of new apprenticeship end-point assessments, the development of new Essential Digital Skills qualifications and Digital Functional Skills qualifications (to sit alongside newly-introduced Functional Skills qualifications in English and maths) and the development of a new approval process for higher technical qualifications at levels 4 and 5. The government is also now reviewing government-funded qualifications offered post-16 at Level 3 and below. We increased our resourcing to this area, to support and deliver key milestones in this ambitious reform programme. We continued to work closely with the Department for Education, the Institute, awarding organisations and the wider sector to secure high quality reformed qualifications for those who take, use and rely on them.



## **Delivery of performance table qualifications**

The safe delivery of vocational and technical qualifications in the Department for Education's performance tables (Technical Awards, Technical Certificates, Applied Generals, and Tech Levels) is a high priority. These qualifications are widely taken by young people in schools and colleges and are important for their progression; they are also used to measure school and college performance.

Qualifications in performance tables are usually made up of a combination of external and internal assessment. External assessments are set and marked by awarding organisations, while internal assessments are marked or assessed by centres and externally moderated by awarding organisations. Awarding organisations have had to meet the Department for Education's requirements for the proportion of external assessment (ranging from 25-40%) in these qualifications since 2018.

## **Preparations for spring and summer 2019**

We met a sample of awarding organisations in early 2019 to assess their readiness to deliver performance table qualifications that year. Our sample was determined by our risk assessment of the awarding organisations and their qualifications, including whether an awarding organisation was new to awarding qualifications using external assessment. We looked at general and specific areas of risk to safe delivery and awarding and at the steps taken by awarding organisations to address any issues that had occurred the previous year. We identified no serious concerns, however, we presented our observations to each awarding organisation and continued to monitor their preparations. We wrote to individual awarding organisations to set out how we expected them to manage any issues that arose during delivery and outlined the types of issues about which we expected to be notified. As part of our monitoring, we also observed a number of key processes to check they were being carried out effectively and achieving their purposes, including examiner standardisation and awarding meetings. These observations informed our approach to monitoring standardisation and awarding in early 2020.

## **Assessment material errors**

We expect awarding organisations to produce assessment materials that are clear, appropriate and free from error. Assessment materials for performance table qualifications take different forms, for example, some are paper-based while others are taken on a computer.

Over the course of the academic year 2018-19 28 errors were reported to us, fewer than in 2017-18 (35). Awarding organisations used a range of measures to mitigate the effects of these errors. In some cases, erratum notices were issued to notify centres of corrections to assessments before they were taken. In other

instances, mark schemes were adjusted to take into account different possible responses, or affected questions were discounted and the total marks available reduced accordingly. We monitored the awarding organisations closely, queried their approaches where we had concerns and ensured that they took reasonable steps to mitigate any impact on learners in each case.

Given the volume of errors reported, we carried out a programme of audits in late 2019 and early 2020 to look at the strategies that some awarding organisations had used to mitigate the effects of assessment material errors. We required awarding organisations to provide action plans to address areas of weakness identified by our audits. Common areas of weakness included: limited use of statistical methods such as item analyses and learner performance data to check for potential errors after assessments are taken; insufficient record-keeping of potential adverse effects arising from the errors; and a lack of evidence of learning lessons to inform decisions about mitigations in the future.

## **Security breaches, maladministration and malpractice**

There were 13 security breaches associated with performance table qualifications reported to us in 2018-19, compared with eight in 2017-18. Overall, a leak of materials, either by learners or centre staff, was the most common type of security breach in both years (15 cases in total). In 10 of these 15 cases, the leaks involved the sharing or discussion of confidential assessment material over social media forums. In most cases, awarding organisations found no evidence, following reviews of learner performance, of widespread malpractice as a result of the leaks. In two cases, awarding organisations identified evidence of malpractice and sanctioned the learners and centres responsible.

There were 17 cases of malpractice reported to us by awarding organisations over the academic year 2018-19, compared with 11 cases in 2017-18. The most common type was centre malpractice, with improper assistance to learners the most common type of malpractice within this. Other cases included instances of learner malpractice, such as attempts to circumvent online assessment security systems. In most cases, the awarding organisations imposed appropriate sanctions against those responsible for the malpractice. Where we identified system weaknesses, we addressed this directly with the relevant awarding organisations, using this evidence to inform our ongoing monitoring regime.

## **Delivery issues**

There were 22 delivery issues reported in 2018-19, compared with 12 in 2017-18. This increase represents only a tiny fraction of the half a million national technical and vocational qualifications taken annually and may be due, in part, to increased levels of reporting as a result of our closer engagement with these awarding organisations. The most prevalent type of delivery issue in both periods was human

error, featuring in 16 out of 22 cases in 2018-19. This included errors in setting up IT systems leading to delays in the issue of results, learners taking the wrong exam, or not being able to take the exam. It also included centre errors in administering assessments, and errors made by awarding organisation staff or third-party contractors. We monitored how awarding organisations mitigated any adverse effects arising from the errors, and found no significant concerns. We also required awarding organisations to tell us their plans to prevent similar errors from occurring in future.

## **Standard setting and results**

Ofqual monitors standard setting in vocational and technical qualifications that appear in performance tables.

Several awarding organisations introduced new or revised Applied General and Tech Level qualifications for first teaching in September 2016. These new qualifications were revised to meet a Department for Education requirement for at least 40% (Applied Generals) or 30% (Tech Levels) of the qualification to be externally assessed. These qualifications are different from GCSEs and A levels in that there is no common specified content. However, there is potential for considerable overlap between the content covered by some qualifications in the same subject area. We carried out a range of research during the reporting period to look at the content coverage and comparability of standards across a range of qualifications provided by different awarding organisations with a view to reporting on and, if necessary improving, the alignment of awarding between awarding organisations within a subject. This is especially important when grades are used interchangeably by UCAS and higher education institutions for selection purposes, as well as for school and college accountability purposes.

Our research identified some evidence of misalignment of grade standards. In response, we created a new national prediction matrix for use in summer 2019. Where there was evidence of misalignment, awarding organisations agreed that they would move closer to the national standard, balancing the need to align standards with the need to maintain standards over time.

We monitored summer 2019 awards and collected data on how far each awarding organisation had moved towards the national standard. We also collected additional data following the issue of results, so that we could evaluate the impact of the use of predictions based on national outcomes. The analysis showed that, in three of the four subjects, there was better alignment between awarding organisations in summer 2019 than summer 2018. In the fourth subject, there had been reasonable alignment already, and that continued. We used these results to inform the use of predictions in the January 2020 unit awards, and more broadly in other subjects. Prior to the cancellation of examinations in summer 2020, we had committed to decide whether to extend the approach used in these level 3 awards for level 1/2 qualifications. This decision will now be taken at a later date. Our summer 2019



report can be found here and we will report further on the detail of our research and findings later in 2020.

Incorrect results can occur as a result of a processing error, incorrect adding up of marks or an assessor's unreasonable exercise of judgement. Incorrect results of which we were notified in 2017-18 and 2018-19 were all due to administrative error. Over the two years, the main types reported included cases of human error in the recording of learners' marks or grades, IT system errors and cases where results were released in error before validation checks had been carried out. In each case we were satisfied that awarding organisations acted appropriately to protect the interests of learners, identified root causes and put in place sufficient steps to prevent recurrence.

In August 2019, Pearson contacted schools and colleges to let them know about a change to grade points thresholds for the first awards of new BTEC Level 1/2 Tech Awards. Pearson made this change in order to maintain standards. We issued a statement to make clear that we thought the action taken by Pearson was appropriate, although it was regrettable that Pearson had published grading points in its specification. Pearson subsequently said it would calculate estimated results for externally-assessed units that students had chosen not to re-sit because they were not aware that the grade points thresholds would change. In our view, it was appropriate to take account, as far as possible, of the likelihood that some students who did not re-sit in summer 2019 might have done so, had they been aware of the revised grade points thresholds. We said we would reflect in the autumn on the lessons to be learned from this issue. It is important that awarding organisations are able to take action to maintain standards, but that should be balanced with the expectations of schools, colleges, students and others. To make this clear, we wrote to all awarding organisations to ask them to review the wording on their websites and/or in their specifications and make sure that any statements about the use of grade points thresholds made clear the possibility that these might be changed if there was evidence to support such a change.

## **Assessment functioning of external assessments in performance table qualifications**

In 2019 we published research to investigate the quality of 20 external assessments in Level 3 Applied Generals and Tech Levels. This followed similar research carried out in 2017. As we found in earlier research, the majority of the tests were found to have functioned well or reasonably well. The nature of the test items, their targeted level, and the sources of difficulty within the items and overall tests were considered to be broadly appropriate. Where issues were identified, we required awarding organisations to tell us how and by when each issue would be addressed. As a result, awarding organisations have made a number of changes to their assessment materials and their development processes, including improving the training of question writers.

## **Enhanced rules and guidance for performance table qualifications**

In February 2020 we confirmed a new set of Qualification Level Conditions for Technical Awards. Technical Awards are designed to be taken by 14-16 year-olds and are included in Key Stage 4 school performance tables; in 2018-19 approximately 350,000 were taken. Our new rules were the culmination of work with the Department for Education and mark a significant change in the regulatory approach to performance table qualifications. As part of this, we will provide the government with assurance through a review process we will run alongside the Department for Education's approvals process for qualifications. This had been planned for qualifications included in 2023's performance tables, but due to the impact of COVID-19 is now planned for qualifications to be included in 2024 Key Stage 4 performance tables and beyond.

Our rules aim to improve the validity of Technical Awards and include:

- requiring awarding organisations to develop an assessment strategy for each qualification they intend to submit to the Department for Education's Technical Awards approvals process, to demonstrate to us the validity of their qualifications;
- requiring at least 40% of the marks to be made available through assessment that must be set and marked by the awarding organisation, and that this be taken in the assessment series immediately prior to certificating for the qualification;
- ensuring that the remaining marks made available through non-exam assessment are achieved under conditions set by awarding organisations that ensure authenticity and confidence in the results;
- ensuring that the approaches awarding organisations use to set standards; and
- promote consistency over time and with other qualifications in similar subject areas.

Decisions about which qualifications should be included on performance tables will continue to rest with the Secretary of State for Education. Only those qualifications that are approved for inclusion on performance tables will become subject to our Qualification Level Conditions, and will remain subject to them for as long as they are included on performance tables. We will put in place a programme of ongoing work to monitor the performance of the qualifications under our rules, including specifically monitoring standards maintenance.

## **Functional Skills qualifications in English and maths**

Functional Skills qualifications in English and maths are taken primarily by apprentices and young people and adults who have not secured a grade 3 or above in GCSE English or maths. These qualifications have been reformed to better meet employers' needs and provide greater assurance of the knowledge and skills that learners achieve. The new qualifications began to be taught from September 2019 and were first awarded in early 2020. Before the first teaching of the reformed

qualifications, we conducted a technical evaluation process to check upfront the quality of the assessments and review awarding organisations' approaches.

In August 2019, we wrote to all awarding organisations setting out how we expected them to set and maintain standards in reformed Functional Skills qualifications. As with new GCSEs, AS and A levels, we are prioritising comparable outcomes in the early awards of the reformed qualifications. This means that any dips in performance in the early awards, as a result of teachers and students being less familiar with the requirements, are compensated for. We also said that grade descriptors would be used to ensure that a common standard can be set and maintained between qualifications offered by different awarding organisations and over time. In addition, we are working to ensure awarding organisations have in place suitable, and consistent, approaches to aspects of delivery such as invigilation.

The last date for registration of unreformed Functional Skills qualifications was 31 August 2019. The last certification date for these was due to be 31 August 2020. However, this was extended in light of the COVID-19 pandemic until 31 December 2020, in order to allow learners the opportunity to complete their qualification.

## **Apprenticeships**

New apprenticeship standards are developed by Trailblazer groups of employers. The Institute has oversight over the apprenticeship system and assures apprenticeship standards, including the approval of assessment plans. Standards are assessed through EPAs, which must be delivered by an Education and Skills Funding Agency approved End-Point Assessment Organisation (EPAO). The assessment is intended to make sure the apprentice meets the standard set by employers and is fully competent in the occupation. EPAs must be quality assured by an independent organisation. This process is called EQA.

At the end of February 2020, Ofqual was one of 21 organisations approved to deliver EQA of EPAs; with others including professional bodies and the Institute. With a goal of simplifying and strengthening EQA, and bringing the benefits of wider regulation to apprentices and their employers, the Institute launched a consultation in February 2020 that would mean that all EQA would be delivered by Ofqual or, for integrated degree apprenticeships, the Office for Students. We welcomed the Institute's proposals and have prepared to bring existing EPAOs into our regulation, which would necessitate a significant expansion in our staffing.

By the end of March 2020, we had already agreed to provide EQA for 74 assessment standards and there were 113 EPAs on our Register available to learners (recognised awarding organisations also produce EPAs under other EQA providers). By the same date, Ofqual regulated EPAOs accounted for 50% of the potential EPAs from 548 approved standards (619 of a potential 1236 EPAs).

An effective EPA gives employers and apprentices confidence that it is designed and delivered to certify occupational competence. Our EQA activity seeks to assure this; we technically evaluate both EPA design documents and assessment instruments and consider reliability, consistency and manageability of delivery. Evidence from our experience to date has shown that the design of the assessment plan and the capacity and capability of Awarding Organisations are fundamental to securing consistent results and fair outcomes for all apprentices wherever and whenever EPAs are taken.

<b>Standards</b>	<b>Approved Standards</b>	<b>EPAOs</b>	<b>EPAs</b>
Overall market	548	280	1236
Ofqual EQA	74	24	113
Ofqual Regulated EPAOs	270	56	619

## **T Levels**

T Levels are new two-year programmes that follow GCSEs and are intended to be equivalent to three A levels. The programme provides a mixture of classroom learning, with study towards a Technical Qualification, and an industry placement with an employer. Learners must also achieve a minimum standard in maths and English if they have not already done so. The Institute is the lead government body responsible for the T Level programme. Our specific role is to assure consistency in assessment and awarding of Technical Qualifications within T Levels by:

- requiring organisations that wish to deliver Technical Qualifications to be recognised by Ofqual to do so;
- setting an accreditation requirement as part of the Institute's overall approvals process; and
- using our regulatory powers to maintain assessment standards.

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

The first wave of new T Level programmes is due to be taught from September 2020, including Technical Qualifications in the education and childcare, construction and digital sectors. We reviewed submissions from awarding organisations for the first wave at three formal points during the qualification development process. Following each review we provided detailed feedback to awarding organisations to enable them to address potential risks as early as possible. In February 2020 we received final submissions from the awarding organisations for each of these three qualifications. We subjected these qualifications to a thorough accreditation process

reviewing the specification and sample assessments against detailed criteria to determine whether we had confidence that the qualification would be sufficiently valid and capable of meeting our ongoing requirements. We were pleased to be able to accredit all three Technical Qualifications ready for first teaching in September. We are continuing this work and by the end of the reporting year we had begun to review materials for the next wave of seven Technical Qualifications, which is set to include further qualifications in construction and digital, and in health and science, all to be taught from September 2021.

## **Reviews of post-16 qualifications and Higher Technical Education**

The Department for Education initiated a review of post-16 qualifications at level 3 and below in England in early summer 2019. We welcomed the review, recognising that its success will be in ensuring a clearer publicly-funded qualification offer, with qualifications that are high quality, necessary, have a distinct purpose and support progression to successful outcomes. We advised in our response that there is a diverse range of learner needs and circumstances that this qualifications market needs to meet and highlighted the importance of providing equality of opportunity. We also advised that independent regulation is a critical feature of an effective qualifications market. As this review has progressed, we have provided data analysis and continue to provide advice to the Department for Education.

The Department for Education initiated a separate consultation in July 2019 covering higher technical education provision in England. We have continued to work with the Department for Education and the Institute through this reporting period on developing an approach to approving high quality higher technical qualifications – occupation-specific qualifications at levels 4 and 5 that are regulated either by Ofqual (where they are designed by awarding organisations) or the Office for Students (where they are designed by higher education institutions). The Department for Education set out a proposed approach to creating a system of employer-led national standards and steps to stimulate demand for these qualifications. We welcomed the proposals and have been working with the Department for Education and the Institute to further develop the policy position and potential implementation plan, with a focus in particular on the national approvals process for the approval of qualifications. We have also been considering our regulatory approach to these qualifications in this context.

## **User perceptions**

We published the results from our annual survey of perceptions of vocational and technical qualifications (VTQs) in July 2019. The survey of more than 3,000 employers, learners and training providers was the second wave of a longitudinal study designed to measure changes in levels of understanding and perceived value of VTQs available for study in England over time. The results indicated a general improvement in knowledge and understanding of qualifications among respondents.



The survey complements our long-running survey of perceptions of GCSEs, A levels and other qualifications.

The survey demonstrated that employers' understanding of Functional Skills qualifications had improved between waves 1 and 2, with levels of knowledge increasing with organisation size. It also suggested that larger businesses and training providers are more likely to hold positive perceptions of Functional Skills qualifications. The proportion of learners in wave 2 who said that they valued Functional Skills qualifications (78%) was similar to wave 1.

For apprenticeship EPAs, our survey suggested that the understanding and perceived value of EPAs has improved across training providers and learners in wave 2, while the picture for employers is more mixed. It also suggested that larger employers and training providers are more likely to understand the difference between apprenticeship frameworks and new apprenticeship standards. The proportion of learners who said that they value EPAs was highest among those that had experience of the workplace (76%).

For VTQs as a whole, the survey suggested that employers, training providers and learners continue to hold very positive views of VTQs regardless of whether the qualifications are pursued within apprenticeships, or as standalone qualifications. Amongst training providers, levels of agreement that learners/parents understood the purpose of VTQs increased markedly (from 54% to 70%). The proportion of learners in wave 2 who said that VTQs prepare them well for the workplace (77%) was similar to wave 1.

Evidence and analysis from this survey continues to inform our regulation as set out above, and also in Goal 3 below.

### **COVID-19 response, including awarding in spring and summer 2020**

We began considering the effect of the COVID-19 on vocational, technical and other qualifications from the end of February. In early March we decided to cancel our annual conference for Ofqual regulated awarding organisations, due to be held in central London on 19 March 2020. Over following weeks we held meetings and workshops with regulators in Wales, Northern Ireland and Scotland, and key stakeholders including the Institute, the Department for Education, the Education and Skills Funding Agency, the Association of Colleges, Sixth Form Colleges Association, Association of Education and Learning Providers (AELP), HOLEX (representing adult and community learning providers), teaching unions, groups representing employers and learners, and professional bodies. We also engaged with the Federation of Awarding Bodies. We issued guidance and responses to 'Frequently Asked Questions' to awarding organisations, including guidance specifically for Ofqual-regulated end-point assessment organisations. We also ran a number of webinars for all members of the regulated community, including meetings and workshops for subsections of the community (for example, awarding

organisations offering Functional Skills qualifications) and participated in Institute-led engagements with EPAOs.

A number of the announcements we made over February and March, set out in the General Qualifications section above (page 28), included general and vocational, technical and other qualifications, such as our statement on 28 February and updated guidance to centres on 6 March.

National technical and vocational qualifications, and other qualifications Ofqual regulates, are assessed using a wide variety of methods, including portfolios, practical assessments, and examined modules. This variation meant we were considering a wide range of new risks, the key of which were:

- learners not being able to complete some or all modules of their qualification, or being unable to take some or all of their assessments;
- assessors not being available or able to carry out face-to-face assessments of learners, for example for practical skills;
- schools, colleges, training providers being closed, so completed assessments could not be marked or moderated;
- employers being closed or otherwise unable to offer work-based assessments;
- possible supply chain capacity risks (eg relating to printing, distribution and scanning for examined modules); and
- lack of capacity and capability in awarding organisations to implement contingency approaches in line with government policy.

Following the government's announcement on 18 March that schools and colleges should close and that exams and assessments were cancelled (as set out above in our General Qualifications section on page 28), our planning and response work for vocational, technical and other qualifications intensified and coalesced around three options. As for general qualifications, our focus was on developing an approach that would be as fair as possible given the unprecedented circumstances. Unlike for general qualifications, which use similar approaches to assessment and rely in the main on linear exams at the end of a period of study, we were clear that a single approach, such as calculated grades, would not be appropriate in all circumstances for the wide variety of assessment arrangements used for vocational, technical and other qualifications. We developed proposals for all qualifications used for progression to higher or further education or to employment, setting out that, depending on the qualifications' purpose, awarding organisations should:

- issue calculated grades (in a similar way to general qualifications) – where progression was an immediate requirement, information was available and adaptations would present unjustifiable risks to validity;
- adapt assessments – for example, where assessments may be able to continue if adapted, such as moving online, without presenting undue risks to validity; and
- delay assessments – for example, where adaptations were not possible or would present unjustifiable risks to validity or for qualifications where progression was not an immediate requirement.

During this period, we consulted further with awarding organisations and stakeholders to develop our proposals and constituted a number of new advisory groups. For example, we established a VTQ COVID-19 response Oversight Board including awarding organisations and other government bodies which first met (informally) on 22 March. We also established an expert 'VTQ Summer Advisory Group' made up of representatives of our Board and technical experts from our Standards Advisory Group. On 25 March we issued a public statement indicating the three contingency arrangements we were developing and that we were working with the Department for Education and other regulators to provide further details as soon as possible.

Also on 25 March, our Board discussed our developing approach to the awarding of VTQ grades and, on 9 April, we received a formal letter from the Secretary of State for Education confirming government policy was that assessments for VTQs for spring and summer 2020 should not proceed. The letter directed us to enable results to be issued where needed in order that students in the same cohort as those taking GCSEs, AS and A levels could progress to further study and employment. It also directed us to consider and provide advice to the Secretary of State about which other qualifications could have calculated grades issued, and which could not, so where adaptations or delaying results may be required.

We published our response to the direction on 9 April, setting out our broad approach and confirming that we would work up the detail of the proposals urgently, including elements on which we would need to publicly consult. On 15 April, an emergency meeting of Ofqual's Board agreed that we should draw up a consultation document on proposed implementation of the approach that we had prepared in previous days and weeks. A further emergency Board meeting on 22 April agreed to publication of the consultation document.

We published a detailed combined policy and technical consultation on 24 April. This included proposals for an extraordinary VTQ COVID-19 regulatory framework with an equalities impact assessment and a regulatory impact assessment. We are continuing to work at pace with stakeholders to ensure that the awarding process for 2020 is as fair as possible. We are committed to continuing to consult and communicate as the process develops and provide as much support as we can so that awarding for 2020 and beyond is as effective and valid as possible.

We are also monitoring the capacity and capability of all awarding organisations during the current outbreak. We are aware that many have seen income and capacity affected. We will be continuing to monitor this closely over coming weeks and months aiming to ensure that learners' interests are protected throughout.



## Goal 3: Regulate for the validity and safe delivery of vocational and other regulated qualifications

### Context

There is a wide range of VTQs available to learners in schools, colleges and the workplace, in addition to those taken predominantly by 14-19 year olds. These can be the gateway for individuals to work in a particular industry, can give employers and consumers assurance on safety and competence, or may be a mark of a learner's achievement in an area of interest.

Many of these qualifications are funded by employers or learners. They are developed and delivered by awarding organisations ranging from niche professional bodies to large national corporations.

We monitor the delivery of these regulated qualifications by drawing on a number of sources of intelligence including stakeholder feedback, complaints we receive, the event notifications awarding organisations are required to make to us, and findings from our regulatory activity. We use this information to assess and address the greatest threats to our statutory objectives, with programmes designed to mitigate risks in all VTQs, wherever they are awarded.

## Awarding organisation controls

Our rules allow awarding organisations to devolve some responsibility for assessments to schools, colleges and training centres (centres). This practice has become central to the way many different qualifications function. We have been carrying out a detailed review of aspects of these arrangements as it was unclear whether standards were being applied by some awarding organisations as accurately and consistently as possible, despite us having specific rules around such practices in place. We found that in many cases our rules were not being met, and if they were to be, some VTQs would no longer be deliverable. To address this, we consulted on new rules and confirmed in September 2019 how awarding organisations would in future be expected to scrutinise the assessment judgements of centres offering their qualifications. As part of gathering feedback, we hosted a well-attended consultation event, published a podcast and held discussions with industry bodies and other regulators. Our decisions and proposed regulations were well-received, for example, 61 of 88 respondents supported our approach to providing separate definitions for moderation and verification and 56 of 77 respondents supported our proposal to require an awarding organisation to set out its moderation and verification approach as part of a centre-assurance strategy.

The new rules strike a balance between ensuring an appropriate level of awarding organisation control over centres while ensuring that qualification delivery meets the needs of users. As a result, all awarding organisations will be required to introduce 'Centre Assessment Standards Scrutiny' processes by no later than September 2021. Through these, awarding organisations will be able to design the most effective controls for their qualifications in the context of the centres that deliver them, subject to minimum requirements.

Some qualifications – including GCSEs, A levels and Technical Qualifications that will sit within the new T Level programmes – will continue to be subject to a process of moderation. This is a particular form of scrutiny, and requires awarding organisations to check the results for each group of learners, and make any adjustments they consider necessary, before they are issued. Where it is not possible to carry out such checks, or where other controls are more effective for ensuring the standards of centre assessment judgements, we decided to require awarding organisations to put alternative controls in place as part of their Centre Assessment Standards Scrutiny. These checks will provide a different level of control to moderation, but they will still be expected to scrutinise the standards of centre assessment judgements.

In November 2019, the BBC reported that an undercover investigation it had conducted had found that some learners had obtained vocationally-related qualifications and Private Hire Vehicle driver licences through malpractice. We established that one of the root causes of the malpractice was poor centre controls. We managed this incident in conjunction with Transport for London, ensuring

that learners who had obtained their qualifications and licences legitimately were not disadvantaged. We also assessed the risks of similar malpractice and fraudulent activity happening at other training providers, or involving other awarding organisations offering similar gateway qualifications. Our investigation was ongoing at the end of this reporting period. We will consider whether any further regulatory action is required depending on its outcome.

## **Internal assessment research**

Internal assessment is widely used in VTQs to assess practical skills and competencies which are traditionally more difficult to assess through an external exam. We carried out an exploratory qualitative study of internal assessment practices in 2019 to develop a more contextualised understanding of how the internal assessment system works as a whole.

The findings included suggestions that the frequency of qualification reform made it harder for assessors to internalise assessment criteria and requirements. In contrast, others, who had seen more stability, believed qualifications had not kept pace with practice in fast-moving industries. Other findings indicated that although awarding organisations are responsible for the standards of VTQs, many decisions underpinning standards were being devolved to centres. In some cases assessors were being trusted to make important decisions about task setting, task taking, assessment criteria application and ensuring quality. This places considerable trust in the knowledge and integrity of assessors. While this might be viewed as a strength of the system, is also likely to be a vulnerability. Vulnerabilities doubling as strengths was a consistent theme of the research.

While one aim of the study was to identify such vulnerabilities, it was challenging to reconcile them into a straightforward set of recommendations as the sector is diverse, complex and dynamic. Nonetheless, there are aspects of the system that we believe warrant further exploration, including:

- the level of support given to learners by assessors as they undertake summative tasks – assessors delivering the same course often had different views on what was permissible in terms of learner support, a source of variability which may have implications for standards; and
- the quality assurance of centre-based assessment decisions – there was often a conflation of capacity building and standardisation, on the one hand, and quality control on the other.

This research has provided further evidence in support of our work on Centre Assessment Standards Scrutiny (see above). In addition, we are using these findings to support further study into internal assessment in the sector.

## Updating our rules and guidance

Ofqual regulates qualifications that are provided in England, but also taken in other countries around the world, according to our General Conditions of Recognition (and other qualification level conditions). Qualifications Wales and CCEA Regulation (Northern Ireland) are the regulators for qualifications and assessments in Wales and Northern Ireland respectively, and each has its own rule book. Historically, the rules of the three regulators have been largely the same and the three regulators recognise that deviations, while sometimes necessary, can create additional burden for awarding organisations that operate in more than one jurisdiction.

As a newly established regulator in 2015, Qualifications Wales announced a review of its Regulatory Framework and Approach, including its Conditions. Its review concluded that:

- awarding organisations wished to see changes across its Conditions;
- awarding organisations preferred for these changes to be aligned across the three regulators as much as reasonably possible; and
- whilst changes were suggested across the Conditions, the review also highlighted that in some cases other forms of clarification or guidance and support would be helpful.

Following the publication of Qualifications Wales's review, we committed to working together to consider the findings, at the same time bringing each regulator's own views, analyses and perspectives on where it would be appropriate to propose changes to respective Conditions. The three regulators each published updated rulebooks in February 2020, reflecting stakeholder feedback. The regulators all adopted three substantive changes:

- That all regulated awarding organisations must publish on their website fee information about their qualifications in a standard format that is easily accessible to potential purchasers in England, Wales and Northern Ireland (see page 56). Ofqual has retained its existing requirement that awarding organisations must provide fee information to purchasers in markets outside England upon request;
- That all regulated awarding organisations must publish a policy that makes clear to users of qualifications whether or not they recognise prior learning. Each awarding organisation will have the flexibility to determine its own approach to producing its policy; and
- The introduction of an explicit new rule that the regulators can use to instruct awarding organisations not to issue results. This change will make sure the regulators can act quickly in the rare cases where it is necessary to secure a delay in the issuing of results.

The first two changes are due to be introduced on 1 October 2020, to align with the need for awarding organisations to state compliance with each regulators' rules on an annual basis. The third change was due to be made in March this year; we delayed introducing this during the period of disruption caused by the COVID-19 pandemic, and are now intending to bring this in later this year. A number of other changes were also adopted to improve awarding organisations' understanding of the rules and keep them up-to-date. These are currently due to take effect from 1 October 2020.

Alongside confirming the changes to our rules, Ofqual published a consultation seeking views on proposed new guidance to help awarding organisations understand how to comply with our rules in relation to malpractice and maladministration. The proposed changes were informed by a review of suspected and proven incidents of malpractice and maladministration and other relevant information, including the Report of the JCQ's Independent Commission on Examination Malpractice.

The new guidance is designed, among other things, to help awarding organisations to better appreciate:

- the differences between malpractice and maladministration, and the implications of this;
- how they might act to prevent malpractice and maladministration;
- the factors they might wish to consider when deciding who should investigate alleged malpractice and maladministration;
- the considerations they should have in mind when deciding what action to take once malpractice and maladministration has been established; and
- how several Conditions might interact in relation to malpractice and maladministration.

The consultation was due to close in late March 2020, but following the COVID-19 outbreak the closing date has been extended to mid-May to allow organisations and individuals longer to respond. New guidance will be published once consultation results have been analysed.

## **Risk-based approach**

Ofqual regulates VTQs so that they are sufficiently valid and worthy of public confidence. We take a risk-based approach to ensure that our resources are targeted effectively. We monitor the delivery of regulated qualifications drawing on stakeholder intelligence, whistleblowers, complaints we receive, the findings from our regulatory activity and enforcement, and notifications awarding organisations are required to make to us. We analyse risk across individual, or groups of, qualifications, awarding organisations or the system more widely. Our approach is outlined in our Regulatory Risk Framework.

During the reporting period, we were asked by the Construction Industry Training Board (CITB), the professional body for skills in the construction industry, to support their review of industry qualifications to tackle fraud and malpractice. The CITB had evidence of certificate fraud in the Level 1 Award in Health and Safety in a Construction Environment, a pre-requisite for the Construction Skills Certification Scheme (CSCS) labourer card which provides proof of appropriate training and qualifications for workers on construction sites. The CITB told us its efforts to strengthen the Level 1 Award were being impeded by some awarding organisations who were selectively interpreting our rules, and not consistently following guidance set by CITB. The CITB provided us with its relevant policy and assessment documents, and we are analysing this evidence to support us in considering how best we may strengthen our regulatory approach to better meet the needs of this sector.

We require awarding organisations to provide us annually with a self-assessment of compliance with our rules (which are categorised A-J), and confirmation that their qualifications are sufficiently valid. Each awarding organisation is required to declare current and future compliance or non-compliance as part of its return. If an awarding organisation declares any non-compliance, it is required to provide details of how it intends to address these issues, and the associated timeline. To minimise regulatory burden, we use the same submission window as the CCEA Regulation (Northern Ireland) and Qualifications Wales.

Between June and September 2019, 154 of the 156 awarding organisations that we regulated at that time submitted a Statement of Compliance. One awarding organisation did not submit a Statement because it had Special Conditions in place which disapplied Condition B2 (to submit an annual statement of compliance), and another withdrew its recognition by Ofqual during the submission window.

55% (84) of awarding organisations declared current compliance and future compliance. This was 24 points lower than in 2018, and was driven principally by guidance we issued ahead of the submission window regarding declarations against Condition H2. We advised that if an awarding organisation had a quality assurance process for centre assessment decisions in place, but which did not include the essential elements of moderation, then it should indicate non-compliance with Condition H2. 45 awarding organisations stated current non-compliance, and 11 stated future non-compliance against this Condition. This work is part of, and continues to inform, our work on improving centre controls.

## **Declarations of non-compliance in 2019**

Overall, declarations of non-compliance in 2019 were spread across 34 of our Conditions, similar to in 2018 (32 conditions). There was a decrease in declarations against Condition A8 (malpractice and maladministration), dropping from nine



in 2018 to four in 2019. The thematic audit findings from our malpractice and maladministration audits were published in June 2018, which may have prompted awarding organisations to subsequently evaluate their compliance with the Condition.

## Interventions

Our regulation of VTQs takes a significant amount of our operational focus. We record those interventions that we make public on our website. The table summarises the interventions we have made over the reporting period for all awarding organisations, including those offering general, vocational, technical and other qualifications.

### Table of interventions

Date	AO	Action	Published
29-Jan-20	AQA	Notice of Monetary Penalty x 2	29-Jan-20
29-Jan-20	AQA	Notice of Costs Recovery x 2	29-Jan-20
05-Nov-19	OCR	Letter of Concern	05-Nov-19
05-Nov-19	OCR	Undertaking	05-Nov-19
31-Oct-19	UAL	Closure of Undertaking made on 2 November 2018	31-Oct-19
31-Oct-19	Signature	Closure of Undertaking made on 27 September 2018	31-Oct-19
31-Oct-19	CILEx	Notice of Monetary Penalty	05-Nov-19
31-Oct-19	CILEx	Notice of Costs Recovery	05-Nov-19
15-Oct-19	AQA	Notice of Intention to impose Monetary Penalty x 2	15-Oct-19
15-Oct-19	AQA	Letter of concern	15-Oct-19
15-Oct-19	AOFAQ	Removal of Special Conditions imposed on 28 February 2019	31-Oct-19
17-Sep-19	OCR	Closure of Undertaking made on 8 June 2018	17-Sep-19

Date	AO	Action	Published
01-Aug-19	BWYQ	Closure of Undertaking made on 19 December 2018	01-Aug-19
31-Jul-19	AQA	Undertaking	15-Oct-19
12-Jul-19	OCR	Undertaking	05-Nov-19

As well as the published interventions, we imposed additional conditions of recognition, known as Special Conditions on 19 occasions through the year. We use Special Conditions in a variety of ways, including to support our investigations and to manage risks we have identified. We imposed Special Conditions on existing awarding organisations and also on seven organisations newly or recently recognised. Many of the Special Conditions we impose are not published, often because to do so could increase the risks which those conditions are intended to manage. We keep under review the possibility of publishing such interventions at a later date.

We also accepted an additional four Undertakings from awarding organisations and issued one Notice of Intention to impose a Direction to secure future compliance with the Conditions of Recognition. These interventions have not yet been published, as the cases remain active, but will be published at a later date.

## Essential Digital Skills qualifications

The government announced in January 2018 that funding would be made available for a 'Digital Skills Entitlement' from entry level 3 and level 1 for adult learners from 2020. The first of the new qualifications associated with this entitlement are due to be available for teaching from September 2020. We launched a combined policy and technical consultation on our proposed Conditions and guidance for Essential Digital Skills qualifications in November 2018 and announced our decisions in April 2019. We also set out the evidence we would expect awarding organisations to rely on when setting standards and awarding their qualifications. At the same time, the Department for Education published the national standards for Essential Digital Skills which awarding organisations must use to develop their qualifications.

We are subjecting all new Essential Digital Skills qualifications to a technical evaluation before they are made available for delivery. This is to ensure that the qualifications are valid and fit for purpose. Our evaluation requires subject and assessment experts to review the specification and the sample assessments submitted by each awarding organisation against our rules. We consider issues such as their level of demand, coverage of the Department for Education's national standards, and the quality of the questions and the associated mark schemes. We also review the awarding organisation's assessment strategy, the key document in which they explain the approach they are proposing to the design and delivery of their qualification.

## **Digital Functional Skills qualifications**

In January 2019 we received a Ministerial steer related to the development of new Digital Functional Skills qualifications at entry level and level 1. These are being developed for first teaching in 2021 and will replace existing Functional Skills qualifications in ICT at entry level 1 to level 2. The Department for Education consulted on the subject content for Digital Functional Skills qualifications in summer 2019; its response has been delayed, partly due to COVID-19. We held a consultation on the design, delivery, awarding and maintenance of standards of these qualifications from May to July 2019. A second consultation, covering our detailed rules and guidance, will be published alongside the Department for Education's response.

## **European Qualifications Framework**

The European Qualifications Framework acts as a reference point that allows comparisons to be made between the levels of qualifications in different national frameworks. This in turn aids the transferability of qualifications and the mobility of students and workers.

We carried out an exercise ahead of the original planned date for the UK's exit from the European Union to re-reference our Regulated Qualifications Framework to the European framework. The timing was consistent with the EU's expectation that national frameworks are reviewed every five years. We submitted a report, written and presented jointly with CCEA Regulation (Northern Ireland), to the EU Advisory Committee in October 2019. This report was accepted in full by the EU Advisory Committee. Levels of qualifications in England, as set out in the Regulated Qualifications Framework, remain referenced to the same levels of EQF that they were previously.

## Goal 4: Monitor and evaluate the validity of National Assessments

### Context

Ofqual regulates statutory early years foundation stage profile assessments and statutory national curriculum assessments (some of which are also known as 'SATs'), which together we refer to as 'national assessments.' We meet our statutory objectives to promote standards and public confidence in national assessments by taking a risk-based approach. We focused on key aspects of validity and high-stakes assessments, such as those relied upon within school accountability measures. Our regulation also seeks to provide independent assurance as to whether evidence suggests that processes are robust.

National Curriculum Assessments are designed and delivered by the Standards and Testing Agency (STA), which is an executive agency within the Department for Education. We signed a Memorandum of Understanding with the STA in July 2019 to provide greater clarity and transparency about our role in national assessments and working relationship with STA. Other organisations also have responsibilities for aspects of national assessments, including local authorities and schools.

Our priorities in 2019 were to:

- monitor processes supporting the validity of summer 2019 tests, in particular test development, marking and maintenance of standards;
- publish research on international approaches to writing assessment at the end of the primary stage, monitoring the STA's ongoing response to previous research and beginning work to explore the impact of increasing test familiarity on outcomes; and
- continue to monitor the introduction of our revised regulatory framework for national assessments, new assessments in development and preparations for a new test operations supplier for possible impacts on assessment validity.

We published our annual report on our regulation of National Assessments in January 2020. It provides a comprehensive summary of our work and conclusions in respect to these objectives.

## **Monitoring test development, marking and maintenance of standards**

### **Test development**

During the reporting period, we observed test development meetings across key stages 1 and 2 for a range of subjects (reading, maths and grammar, punctuation and spelling (GPS)). Our observations of test development meetings continue to suggest a strong focus within STA on the validity of each national test produced, for example, we noted careful checking to ensure questions reflected curriculum requirements, and that items were targeting the required skills. We also observed good use of statistical evidence to support judgements about the validity of the items, and the STA test developers were keen to ensure that test items reflected and would support good practice in the classroom.

### **Marking quality**

Key stage 1 tests are marked by teachers, to inform teacher judgements, while key stage 2 tests are externally marked. As in previous years, we observed key stage 2 marker training for reading, maths and GPS tests. We continued to see a high quality of marker training and our detailed analysis of STA's marking data indicates that marking is highly reliable across all subjects. We concluded that the quality assurance measures currently in place for key stage 2 marking remain effective.

### **Maintenance of standards**

2019 was the fourth year of reformed key stage 1 and 2 assessments in English and maths, based on the primary national curriculum introduced in 2014. The process

for maintaining test standards in 2019 was based on the same assumptions and professionally recognised techniques as in the previous two years. We observed standards maintenance meetings for both key stage 1 and key stage 2 tests in 2019. We were satisfied that STA took an appropriate approach to making sure that the new standards set in 2016 were effectively maintained through 2017 and 2018 to 2019.

## **Results at key stages 1 and 2**

After a new test is introduced, we would expect to see results rise in subsequent years. This improvement is normally due to pupils and teachers becoming more familiar with the content and style of the new tests, but it is uncertain how long these types of effect remain active. At key stage 2, 79% of pupils met the expected standard in maths, which represented an increase of three percentage points from 2018. The proportion of pupils meeting the expected standard in the GPS test was unchanged from 2018, at 78%, while the proportion meeting the expected standard in reading fell by two percentage points, to 73% in 2019.

2019 was the second year of revised teacher assessment frameworks for writing at key stage 1 and key stage 2. The national proportion of pupils reported to have reached the expected standard at key stage 2 was 78% in both 2018 and 2019. Revised teacher assessment frameworks for reading, maths and science were introduced at key stage 1, and for science at key stage 2, in 2019. These changes mean that the 2019 results for reading, maths and science are not comparable to previous years. The combined figure for pupils achieving the expected standard in reading, writing and maths at key stage 2 in 2019 was 65%. In science, 83% of pupils were reported to have met the expected standard, based on unmoderated teacher assessments.

Alongside these data, additional results were reported from the key stage 2 sample science test taken in 2018. We noted a difference between the percentage of pupils reaching the expected standard for science in 2018 according to teachers' assessments (82%) and the percentage reaching the expected standard for science that same year according to the sample test (21.2%). We reported that the disparity between these two figures made it difficult to draw reliable conclusions about key stage 2 science attainment, and that we felt this area would benefit from further investigation. The STA has since committed to making it clear in both the key stage 2 results released and the science sampling results publication that it is anticipated that results from the two assessment approaches will be different because they are measuring different things in different ways and that, as a result, the 'expected standard' for teacher assessments and tests are different. The STA will also make clear that teacher assessment results are unmoderated.

Key stage 1 outcomes are teacher assessed, informed by externally set, but internally marked tests in reading and mathematics. 75% of pupils were reported to have met the expected standard for reading and 76% in maths. Changes made



to the 2018-19 KS1 reading, mathematics and science teacher assessment frameworks mean that 2019's results in these subjects are not directly comparable to those made in previous years. Writing is teacher assessed but not informed by an externally set test, and 69% of pupils were reported to have reached the expected standard in 2019 (compared to 70% in 2018). Under the new teacher assessment framework for science, 82% of pupils were reported to have reached the expected standard.

## **Research and reviews**

### **Moderation**

During 2019 we continued to monitor moderation processes and STA's response to research we had carried out over previous years. This research was based on small-scale observations of the moderation of key stage 2 writing in summer 2017 and as a result, we had recommended that STA take steps to reduce the risk of inconsistency both between local authorities and individual moderators. Having made improvements to guidance and communications for 2018, STA focused on further developing moderator training in 2019 and made some improvements to administrative processes. STA also committed to focus further on the quality of support and training for moderators. We continued to recommend that the STA consider what more may be done to improve moderation and keep under review the approach taken to the assessment of writing.

### **Malpractice**

The number of maladministration, including malpractice, complaints made to the STA represents only a very small fraction of assessments taken. Nonetheless, maladministration, whether deliberate or not, can lead to test results that do not accurately reflect the unaided work of the pupils and can have a significant impact on public confidence.

We carried out a review of documentation relating to STA's approach to malpractice prevention and detection in 2018. We subsequently recommended areas which we felt had the potential to be strengthened, including in relation to test administration and independent monitoring, teacher assessment, safeguarding of confidential assessment materials and the use of special considerations and access arrangements.

We continued to monitor STA's response and commitments made in respect of our review during the current reporting period. STA has made a number of improvements, including updating its test administration guidance and strengthening its investigation process, by making provision for schools to make written representations in response to investigation findings, prior to a final determination being made. However, we explained in our National Assessments annual report that

STA had not made significant improvements in response to other aspects of our review. For example, on the need to improve data monitoring, which was reduced in 2019 due to unplanned resourcing constraints. STA has committed to focusing on the detection and prevention of maladministration.

## **Monitoring previous research**

During 2019 we continued to monitor STA's response to research we carried out in 2017, including our review of evidence about the accessibility of the 2016 reading test. In response to our review, the STA committed to a number of actions, the majority of which were either on track or completed. However, we noted in our annual report that while STA remains committed to researching data to understand more about why the 2016 reading test was not finished by 25% of pupils, regrettably, it has not yet been able to carry this out due to lack of sufficient expert resource. We will continue to monitor and report on STA's progress towards this commitment.

## **Exploring test familiarity**

During 2019-20 we have been exploring the wider phenomenon of the impact of the 'test familiarity' effect, where outcomes change in response to significant changes, such as to the syllabus or curriculum being tested. This work is looking broadly at the effect in a number of contexts, not just in relation to national testing, but more widely in relation to qualifications and examinations. It considers how the impact of such changes can be effectively managed, and what might be done to minimise the likelihood of results being misinterpreted following changes. We look forward to publishing this work later in 2020 to aid stakeholders' understanding of how test outcomes can be interpreted following change.

## **New and reformed assessments**

We have continued to engage productively with STA on issues of validity in relation to the reception baseline assessment, originally due for introduction in autumn 2020, and the multiplication tables check, which had been due to be introduced in the summer of 2020 for pupils in year 4. We have also provided feedback, and formally responded to a consultation, on the Department for Education's work on revisions to the early years foundation stage profile assessment criteria. We will be continuing to monitor and report on these areas as the new assessments are introduced over coming years.

## **Change in test delivery supplier**

STA contracted with a new test operations supplier for the 2020 assessment cycle. While we are not responsible for quality assuring test delivery, as this rests with the Secretary of State for Education, we are interested in the validity of assessment

under the new operational arrangements. To that end, in 2019 we began to monitor the STA's approach for potential risks to validity. Our focus was, and will continue to be in future, on the quality of marking carried out by the new supplier. To find out more about our approach to regulating through this period of supplier change, please see our exchange of letters with the Secretary of State and the Chair of the Education Select Committee, published in September 2018.

## **COVID-19 response**

On 18 March, the Secretary of State for Education announced that national assessments would be cancelled for summer 2020 due to the COVID-19 pandemic, alongside announcements that schools would be closed and exams cancelled. We were consulted on the statutory instruments that gave this decision legal effect; these passed through parliament in April 2020. At the end of March we began to scale back our regulation as STA activity diminished. However, we maintained ongoing oversight of key STA activity, including in relation to assessments yet to be introduced and preparations for the following academic year.

## **Goal 5: Promote innovation and an effective and efficient regulated qualifications market**

### **Fee transparency**

In July 2018, we published a call for evidence focused on the availability of information about qualification fees in the regulated market. Our work informed a joint consultation we conducted with Qualifications Wales and CCEA Regulation (Northern Ireland) on making the qualifications market work more effectively. The three regulators announced in February 2020 a new requirement for all regulated awarding organisations to publish fee information about their qualifications in a standard format that is easily accessible to potential purchasers in England, Wales and Northern Ireland. We also launched a consultation on guidance to support this change. Our new rules and guidance are due to come into force on 1 October 2020.

## **Qualification Price Index**

We published our first Qualification Price Index in September 2019. It uses a representative 'basket' of qualifications to track price movements, in a similar way to how the Consumer Price Index tracks the price of consumer goods. The basket of general qualifications includes all GCSE, AS and A levels with 3,000 or more certificates in England, and accounts for more than 90% of GCSEs and 80% of AS & A level certificates. The basket of VTQs qualifications covers a representative sample of 255 qualifications, and accounts for around a third of all certificates issued. The Index recorded an overall price increase of 4.5% in 2019, with vocational & technical qualifications increasing on average by 3.3% and general qualifications rising by 5.6%. The Consumer Price Index for the 12 months to September 2019 was 1.7%. We intend to collect and publish this data on an annual basis to support schools, colleges and others to make informed decisions when buying qualifications.

## **International delivery of qualifications**

Qualifications are regulated by Ofqual only where there are, or the awarding organisation reasonably expects there will be, some learners who are assessed wholly or mainly in England.

In January 2020 we began to require all awarding organisations to submit data to us on a quarterly basis about international certifications of regulated qualifications in the same way as data about qualifications awarded in England. Until that point, many awarding organisations had voluntarily provided us with data about the number of certificates issued outside the UK each year. However, we found the absence of a comprehensive record made it more challenging for us to assess whether the risks for international delivery were being properly managed. We also considered that it was important for potential purchasers to know whether they might be able to purchase an Ofqual regulated qualification for the international market and to use our register to do so. We explored options with the Federation of Awarding Bodies, the Department for International Trade, and a number of awarding organisations at a workshop and during seminars at our Ofqual Conference in March 2019 and confirmed our intention by letter in May 2019. A new field on our register reporting an awarding organisations' 'willingness to offer' particular qualifications internationally went live in September 2019. This allows potential purchasers to find regulated qualifications that awarding organisations are willing to offer internationally more easily.

## **Drivers of choice for vocational and technical qualifications**

Previous research carried out by Ofqual and others has suggested that schools, colleges and other centres tend to be focused on the quality of the qualification and whether it meets learners' needs rather than factors such as fees. However, the

market for VTQs has generally been less well-researched.

We commissioned a survey from YouGov during 2019 to collect data about how and why VTQs and awarding organisations offering these qualifications are chosen. We analysed the survey's 500 responses from across England and results indicated that centres take a broad view when it comes to making choices about the VTQs they offer. The factors influencing their choices can be categorised broadly as: students' needs; the capacity or facilities of the educational establishment itself; and the needs of employers. We found that centres often appear to be balancing factors from all three groups when making choices, but seem particularly committed to meeting learners' needs. More generally, provision within centres appears to be dynamic, with centres reporting that they actively manage their offering. We are planning to conduct further work to understand the drivers of qualification choice from learners' perspectives.

## **Promoting Ofqual regulation**

Awarding organisations can choose to be regulated by Ofqual. We produced a range of videos and other resources in 2019 to help organisations to understand the benefits of, and process for seeking, Ofqual-recognition. We had 261 expressions of interest in becoming a regulated awarding organisation or EPAO during this reporting period. Of these, 44 submitted applications, two of which were withdrawn and have not yet been resubmitted. Five of these went on to become recognised and we recognised a further three organisations who had submitted during the previous year. 17 organisations are still in the process of seeking recognition. We provided detailed feedback to all those organisations who did not succeed.

This included feedback on areas of weakness in applications, including:

- effectiveness of governance and decision-making processes, including management of conflicts of interest, such as in relation to training provider functions or financial interests;
- competence to develop, deliver and award valid qualifications and assessments;
- effectiveness of systems and processes to allow compliance with our Conditions, for example, processes for dealing with malpractice, complaints and appeals; and
- adequacy of financial resources and facilities, such as lack of capacity, capability or a meaningful business plan.



## Goal 6: Develop and manage our people, resources and systems

### Context

Ofqual makes the best use of its resources and skills, including the public money that funds its work.

### Capability

We take part in the annual Civil Service staff survey. Following a review of the comments made in 2018 we committed to:

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

Our 2019 staff engagement results improved for the third year in a row, up to 70% (up one percentage point from our score in 2018). This score also puts Ofqual three points higher than the average of high performing Civil Service departments. Our response rate increased to 93%, which was two points higher than in 2018, and substantially higher than the overall Civil Service response rate of 66%.

### Civil Service People Survey Ofqual's Engagement Index

Year	Percentage
2016	60%
2017	67%
2018	69%
2019	70%

We made good progress in promoting diversity in our organisation over the past year. More details can be found on page 69. This included adopting our first Diversity and Inclusion Strategy in January 2020, aligned with our Corporate Plan and People Strategy.

## **Ofqual logo**

We used our change in accommodation in October 2018 as an opportunity to update our corporate brand and, in particular, adopt a new logo. Our existing logo did not work well at the small sizes needed for social media and we wanted to use colours that would improve its accessibility. The rebrand was carried out in-house at no external cost. We wrote to awarding organisations in March 2019 to explain our expectations regarding the use of the new logo on certificates and to consult on phasing out use of the old logo. We confirmed in June 2019 that any qualification taken on or after 1 May 2020 would need to include our new logo on certificates.

## **Information management**

We made further improvements to our regulatory Portal, through which we communicate with awarding organisations, during this reporting period. This included embedding 'PowerBI' so awarding organisations can now view their own data. We also developed a new, more efficient process for recruiting and training subject experts. Our investment in digital development work during the latter part of the reporting period focused on delivering a digital solution to support the anticipated expansion in our EQA role for EPAs in apprenticeships and ensuring that awarding organisations have an improved ability to interact with Ofqual through its portal.

We secured Cyber Essentials+ accreditation for the second year running. We also applied for accreditation on ISO 27001, which provides additional assurance about our systems, as well as providing external assurance to partners, both current and future ones, where services such as data collection are shared. Our audit was completed in early May and we expect to achieve accreditation in the coming months.

Due to the COVID-19 pandemic, from Tuesday 17 March all Ofqual staff, except a small number of key support staff, began working from home. This followed the government's announcement on Monday 16 March that all those who could work from home should do so. Following a further government announcement on 23 March, working from home was extended to all Ofqual staff from the following day. We moved seamlessly to remote working for all staff and made use of our investment in technology to support some of the most fundamental changes that Ofqual has needed to consider since its launch in 2010. Business continuity has been maintained throughout, using and extending remote technology already in place with key links maintained with all stakeholders.

Due to the effects of COVID-19, we reprioritised our activities; initiating significant new programmes of work, while delaying or stopping others. At peak, our organisational capacity was reduced by around 15%-20%, due to caring responsibilities as a result of COVID-19. We have redeployed around 20 staff to key areas of the business including public enquiries. During this period, we also set and agreed our budget and managed the external audit process to enable us to lay our Accounts and Annual Report before Parliament prior to summer 2020 recess. Our Human Resources team responded quickly to review and, where appropriate, revise our policies to ensure that our staff have been well supported through this challenging time.

## **Complaints and whistleblowing**

### **Whistleblowing disclosures**

Ofqual is designated as a prescribed person for whistleblowing and workers can contact Ofqual about matters in relation to which we exercise functions under the Apprenticeships, Skills, Children and Learning Act 2009. The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 (the Regulations) require prescribed persons to produce an annual report on whistleblowing disclosures made to them by workers. This reporting period is for the period 1 April 2019 to 31 March 2020.

Ofqual received 35 whistleblowing disclosures during the reporting period which we considered were 'qualifying disclosures' and which concerned matters in relation to which we exercise functions under the Act. Of these disclosures 28 related to centres or training providers. All 28 of these disclosures were referred to the relevant awarding organisation for further action. Awarding organisations carried out investigations in all 28 disclosures. Of the submissions investigated: two resulted in further action being taken, 15 found no evidence to substantiate the claims and 13 are still ongoing. The remaining seven disclosures related to awarding organisations. We liaised with the relevant awarding organisations to ensure the concerns were investigated. Of these disclosures, five resulted in further action being taken and two are ongoing. We did not receive notice of any whistleblowing disclosures during the past year which related to Ofqual. The disclosures received provided us with information and intelligence to support standards in regulated qualifications and allow us to discharge our statutory obligations.

### **Complaints**

#### **Complaints about awarding organisations**

Ofqual aims to acknowledge complaints within three working days and provide a final response within 40 working days in 80% of cases.

During the reporting period, we acknowledged 100% of complaints within three working days and provided a final response within 40 days in 81% of cases, up from 73% the previous year. The average number of days to close a complaint in this year was 23 days, also improved from 31 days the previous year.

Overall, we handled 397 complaints about awarding organisations. Where there were indications of non-compliance we classified our outcome as either 'Not Assured' or 'Partly Assured'. We were not assured or partly assured in relation to 22 complaints about awarding organisations during the year. These awarding organisations were referred to our relevant Standards teams for further consideration of potential non-compliance, which fed into our monitoring and regulatory activity as set out in Goals 1, 2 and 3 above.

Where a complainant is unhappy with the outcome of their complaint, they can request an internal review. We carried out internal reviews in 12 cases, which related to the way we investigated the original complaint, two of which were upheld.

## **Complaints about Ofqual**

Ofqual was the subject of two complaints in the reporting period. One complaint related to Ofqual's handling of a complaint, specifically the length of time taken to respond. We apologised to the complainant and made changes to our processes to improve how we manage complaints submitted to us. The other complaint related to the recruitment process followed by Ofqual. This complaint was not upheld.

## **Complaints to the Parliamentary Ombudsman**

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

## **Public enquiries**

During the year 2019-20 we received 5,132 phone calls to our public enquiries team and logged 4,086 instances of email correspondence. We aim to respond to all email enquiries within three days, and to answer 90% of calls received. Enquiry numbers began to rise in March as a result of COVID-19, following the announcement by the government that this summer's exams and assessments would be cancelled. We received 704 telephone calls and 522 email enquiries in total in March, approximately double what we would usually receive in a normal month. Despite this increase, we maintained our response times at three days and 90% of calls answered by redeploying staff to increase our capacity.

## Equalities

As a public body, Ofqual is required by the Equality Act 2010 to meet the Public Sector Equality Duty (PSED), which requires us to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and persons who do not share it. We are required under The Equality Act 2010 (Specific Duties) Regulations 2011 to publish one or more equality objectives at least every four years. We also have a duty under the Apprenticeships, Skills, Children and Learning Act 2009 to have regard to the reasonable requirements of learners who take regulated qualifications and national assessments, including those with special educational needs, as well as to the reasonable needs of employers, higher education institutions and the professions. We must consider our equalities duties alongside our other statutory objectives, including our objectives to maintain qualification and assessment standards.

## **Our objectives**

The objectives we have set ourselves to help us meet the PSED are to:

- regulate to promote good practice in the way qualifications are designed, delivered and assessed;
- promote equality in recruiting and employing members of staff; and
- promote equality when we procure goods and services.

In early 2020 we published a detailed report about how we met our equalities objectives for the period April 2015 to December 2019. This section summarises and extends that report to cover the whole of this reporting year (up to 31 March 2020). We monitor how we meet our equality duties in several different ways, including engaging and consulting with stakeholders and undertaking equality impact assessments. We carry out research and evaluation and collect and analyse data which informs our understanding of the potential or actual impact on learners of the qualifications and assessments we regulate. Our audit, monitoring and investigatory work helps us understand how awarding organisations are complying with the equality-related rules we set and we can take regulatory action to bring about their compliance if necessary. Awarding organisations are also subject to duties under the Equality Act. Should an awarding organisation be found in breach of its equality duties or legislation, this may render it unsuitable for ongoing Ofqual recognition.

## **Regulating to promote good practice in the way qualifications are designed, delivered and assessed**

### **Stakeholder engagement**

We engage with stakeholders about our work to promote equality for those taking the qualifications and assessments we regulate. Such engagement helps us to understand features of qualifications and assessments, and the reasonable adjustments made to them for disabled learners, that have an impact on their accessibility for learners who share particular protected characteristics. This understanding informs our regulatory approach, including the statutory guidance we publish, the research we undertake and the nature of the specifications we publish.

Our stakeholder engagements include:

- meeting with groups that represent the interests of, or teach, disabled learners;
- meeting colleagues in other government departments to discuss areas of overlap and/or mutual interest that concern the accessibility of qualifications and assessments to learners;
- working with the other UK qualifications regulators to help ensure consistency in



- approach, wherever appropriate, and to minimise burden on those we regulate;
- visiting schools, colleges and other centres to meet with teachers and learners; and
- exchanging information with awarding organisations.

We organise and host the Access Consultation Forum (ACF) in partnership with the other UK qualification regulators (Qualifications Wales for Wales, CCEA Regulation (Northern Ireland), and the Scottish Qualifications Authority (SQA) for Scotland). The Forum brings together awarding organisations and bodies who represent the interests of disabled learners, to consider and discuss issues which affect the accessibility to disabled learners of the qualifications and assessments we regulate. We routinely discuss a wide variety of matters, including proposed qualification and assessment design features of new or reformed qualifications, and ask ACF members to respond to and help to raise awareness of our consultations. In 2019, we heard presentations from group members on access to exams for British Sign Language users, online accessibility standards and schools' experiences of organising access arrangements. We sought the group's views on our research on assistive technology and held a workshop with ACF members to inform the development of accessibility guidance for awarding organisations. In 2019 we also reviewed and updated the Forum's Terms of Reference.

## **Equality impact assessments**

We consult before we introduce new rules, or amend or disapply existing rules. We consider the possible equality impacts of the options before we consult and we seek views on our equality impact analysis of our proposals during our consultations. Equality impact analyses helps us to determine any likely positive or negative impacts of a policy option on people who share a particular protected characteristic. They also help us to consider how we can mitigate or eliminate any negative impacts, promote opportunities for ensuring equality, and decide what future action to take. Between 1 April 2019 and 31 March 2020 we published nine consultations, each of which contained a specific equality impact assessment and/or asked respondents to provide information about potential impacts of our proposals on people with protected characteristics.

## **Exceptional arrangements for summer 2020**

In the last few days of the financial year (18 and 20 March), government announced that this summer's exams and assessments would be cancelled, but that qualifications would still be awarded to support student progression, based on grades submitted by centres and standardised nationally. Our work on this is described in sections above and is ongoing at the time of publishing this report.

One of our key aims in developing the exceptional arrangements needed to deliver qualification results this summer was to make sure that they should be as fair as

possible for all students. We recognised from the start that we needed to consider possible impacts on different groups of students, including those with protected characteristics, particularly given that arrangements would be new and untested. We wanted to ensure that our approach to promoting equality and fairness was based on the best available evidence and we needed to work very quickly to provide information that would allow schools to produce judgements and awarding organisations to establish processes for national standardisation. So in March we began an equality impact assessment of our proposals and, as part of this, worked at speed to complete a review of the research literature to consider the likely nature and extent of any bias that could arise. Our rapid review of the available literature focused on bias in teachers' estimated or predicted grades compared to those actually achieved by students from different groups, and of teacher assessment in the round. This concluded that research evidence is mixed. Some studies identified bias in teachers' predictions of exam success by protected characteristics and broad measures of disadvantage, however the differences tended to be small and were not always consistent. The size of such effects had not been properly estimated and they did not always survive more sophisticated analyses controlling for the impact of other potentially confounding variables.

We were clear in information provided to centres on 3 April that when centres made grading judgements, they should assume that any reasonable adjustments that would have been sought for a disabled student, would have been in place had exams taken place. We also proposed ways to protect the integrity of centre assessment grades and the rank ordering from influence or pressure exerted by, or on behalf of, individual students to reduce the risk that certain students' grades or position in the rank order would be unfairly inflated to the detriment of others. We aimed to further promote objectivity by proposing that centre assessed grades should be the responsibility of more than one teacher (one of whom should be the head of department or subject lead), and that grading decisions and rank orders should also be signed off by the Head of Centre. We published our equality impact assessment and our literature review on 15 April as part of our consultation on the summer's arrangements. Following this consultation, we issued further information for centres, based on a review of the available evidence about how to minimise bias in assessment judgements, to support centres to maximise objectivity in their grading and ranking decisions.

## **Monitoring awarding organisations**

We monitor awarding organisations to consider the extent to which they are complying with our rules and to identify areas of good practice and where there is room for improvement. In 2019, we carried out readiness reviews of a number of awarding organisations that offer National VTQs (included in Department for Education's performance tables). This included reviewing awarding organisations' arrangements for reasonable adjustments. We completed a desk-based review sampling other awarding organisations' reasonable adjustment policies. Based on this we are collecting further information to inform future monitoring activities.

## **The accessibility of exam papers and other assessments**

A qualification's exams or assessments should not feature unnecessary or inappropriate barriers that could stop a learner demonstrating the knowledge, skills and/or understanding that underpins the qualification. During this reporting period we have continued to support The Bell Foundation with its project to analyse the language content of GCSE exams in geography, mathematics and combined science. The aim of the project is to identify any barriers to the accessibility of the qualifications for learners for whom English is an additional language and to identify good practice.

Although most GCSE, AS and A level exam papers are printed in black and white, parts of questions (for example, maps or charts) in some subjects, such as geography, are sometimes printed in colour. We invited the organisation Colour Blind Awareness to present to the ACF in October 2018 on how exam materials can be made accessible for colour blind learners. Since then each of the exam boards has had direct contact with Colour Blind Awareness with a view to ensuring their assessments are as accessible as possible, and has continued to update the ACF on progress. During the reporting year we used the findings from this work and further engagement with a range of awarding organisations and stakeholder groups to inform new statutory guidance on designing accessible exams and assessments. We had expected to consult on this new guidance at the end of the reporting year, but delayed this due to COVID-19 and expect to consult later this year instead.

### **Modified exam papers for blind and partially-sighted learners**

Some learners need exam papers to be modified, as they cannot access questions in the standard format. This is a form of reasonable adjustment and exam boards commonly provide modified papers for blind or visually impaired learners. The papers are presented in larger print than is used for the standard papers; braille versions are also produced.

In June 2019, we commissioned the Royal National Institute of Blind People (RNIB) to put together a panel of expert reviewers to review a sample of GCSE exam papers from 2018 which the exam boards had modified for blind or partially-sighted learners taking into account relevant sources of best practice, including minimum accessibility standards and guidance produced by the UK Association for Accessible Formats. We wanted to gain some insights into the quality of papers more recently modified. RNIB reviewers gave us views on:

- any issues which might cause undue difficulty for a blind or partially-sighted learner taking the assessment;
- how well the modified paper was likely to have met the needs of a blind or partially-sighted learner;
- whether the modified paper was likely to have been sufficiently accessible for those learners; and
- any other issues with the quality of the assessments.

RNIB reviewers looked at a total of 17 modified large-print papers. Reviewers found one paper that exemplified best practice, another one was considered excellent and a further seven were found broadly to meet the needs of learners. Of the 19 braille papers that were reviewed, nine were found to meet the needs of learners, with a further two considered broadly accessible. The reviewers found scope for improvement in most of the braille papers. The suggested improvements mostly related to how specific graphs, diagrams and images were presented. The overarching issue was that the modified versions of the graphs and diagrams could be unclear to the learners for whom they were produced, either through being too small, too detailed or indistinct.

Exam boards have each considered the feedback on their respective papers. We expect exam boards to have regard to the findings of the review and we will continue to monitor them. We will also consider the reviewers' feedback as we write guidance for awarding organisations on how to maximise the accessibility of regulated assessments.

Learners often also make use of past exam papers to help them prepare for their exams. Exam boards have traditionally provided modified versions of past papers on request. Some modified papers can be downloaded from the exam boards' websites. In some cases, however, and particularly for braille papers, exam boards do not have a modified version of a particular past paper available, including because the quality of braille papers declines over time. While exam boards have usually arranged for modified versions to be produced, the costs of newly modifying a past paper have in the past been passed on to the learner's school or college.

In 2019, we asked each of the four exam boards to consider who should carry the costs of making past papers available to learners in braille. During 2019 all of the exam boards changed their approach, and they now absorb costs themselves. On 17 February 2020 we hosted a roundtable meeting with representative from each of the four exam boards, exam boards' paper modifiers and the RNIB. The information shared at the meeting demonstrated that all the exam boards had worked to improve the quality and provision of modified papers. For example, improving quality assurance arrangements for modified papers and increasing training of exam board staff to raise awareness of accessibility with those developing assessments. The exam boards welcomed the constructive feedback from the RNIB review of papers and committed to using it to inform further improvements.

## **Assistive technology**

Following a gradual increase in the use of assistive technology (for which exam board approval was originally required), there was a small reduction in approvals for reasonable adjustments using technology in 2017-18. Such a change is likely to be explained by the exam boards' decision to allow students to use some forms of

technology-enabled reasonable adjustments without their school or college needing to make an application. For example, a student can now use a reading pen in an exam that does not test reading skills without needing to apply to the exam board to do so. As more disabled learners use assistive technology in their exams we want to improve our understanding of their experiences of doing so, and of any barriers to its use. During 2019, we carried out a research project to explore this further which we will be publish later this year.

## **Promoting equality in recruiting and employing members of staff**

Ofqual is committed to recruiting and retaining expert, engaged people. We aim to make sure we have a diverse and empowered workforce.

### **People Strategy**

The Ofqual People Strategy reflects the Civil Service's wider ambition to become the UK's most inclusive employer. It has two specific aims that relate to equality and diversity:

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

### **Diversity and Inclusion Strategy**

In early 2018, we established a Diversity and Inclusion Working Group to discuss the diversity and inclusion agenda, ways of promoting equality and diversity within Ofqual, and diversity and inclusion issues in relation to staff. During 2019, this group helped us develop our first Diversity and Inclusion Strategy aligned with our Corporate Plan and People Strategy.

The new strategy aims to ensure that we are providing as much opportunity as we can for all our staff to realise their potential and that we have an organisation that represents the diversity of the qualifications community we regulate and the Midlands community where we are based. Our objectives have been grouped into three areas: inclusion, representation and monitoring. Our initial focus is on creating opportunities to increase Black, Asian and minority ethnic (BAME) representation at senior levels in Ofqual and creating a culture where our people feel comfortable in declaring disabilities so that we can readily provide support. A key aim is to embed diversity related management information into our decision-making, by allocating specific investment to support our activities and providing transparent information on for our Board to consider.



We celebrated the adoption of the strategy with our Chair, Roger Taylor, officially launching the strategy at the end of January, followed by a week of activities supported by Ofqual Board sponsors. We also hosted external speakers from the wider Civil Service and beyond, and interactive learning and drop-in sessions focused on themes including attracting and developing diverse talent, bringing your authentic self to work, unconscious bias, mental health and mentoring. We supported the launch with diversity and inclusion 'market stalls', blog posts on accessible technology, volunteering and reverse mentoring, and a celebration of world foods.

We used the launch week to encourage employees to complete diversity information for our records so that we can analyse our progress. Following this, declarations of staff ethnicity rose to 95% and there was an 11% increase in staff completing disability information.

## **Recruitment**

We have been encouraging more diversity in our recruitment processes by advertising our vacancies on diversity job boards. Ofqual is now a 'Proud partner of LGBTJobs.co.uk', and also advertises posts on Coventry-Live and The Diversity Dashboard ([diversitydashboard.co.uk](https://diversitydashboard.co.uk)). We also now have systems capacity to analyse attrition rates during the recruitment process so we can see any differences in the characteristics of those who apply and those who are appointed. In response to the COVID-19 pandemic, we have moved to a fully virtual interview and induction process.

## **Disability confident**

In 2017, Ofqual was accredited as a Disability Confident Committed employer. The Disability Confident scheme supports employers in:

- benefiting from the talents people with disabilities can bring to the workplace;
- recruiting and retaining great people;
- drawing from the widest possible pool of talent;
- securing high quality staff who are skilled, loyal and hard-working;
- improving employee morale and commitment by demonstrating that all employees are treated fairly; and
- demonstrating commitment to workplace equality.

In February 2020, Ofqual moved from being accredited as Disability Confident Committed (level 1) to the next stage, being accredited as a Disability Confident Employer (level 2).

## **Training and support for staff**

Our induction programme for new starters includes a focus on equality and diversity. We incorporated unconscious bias training into our induction programme in 2019 and also rolled out these sessions for existing staff. We provided mental health and



wellbeing training for all employees, to increase awareness of mental health issues affecting life in (and outside of) the workplace, including sessions specifically for our leadership team. Eight employees were trained as Mental Health First Aiders, and given the tools to help them recognise concerns and confidently discuss mental health issues with colleagues.

In April 2019 we began to pilot a reverse mentoring scheme, designed to:

- open up conversations between senior leaders/managers and more junior staff about potential workplace barriers to progression;
- help senior leaders reflect upon and challenge attitudes to inclusion and take appropriate action within the organisation; and
- help shape Ofqual to become a more diverse and inclusive place to work.

The pilot scheme was open to everyone but we sought expressions of interest particularly from BAME, disabled, and lesbian, gay, bisexual, and transgender staff). Following positive feedback from all participants, the scheme has now been extended. Up to the end of March, 14 mentor/ mentee pairs had participated, including our Chief Executive and all Executive Directors.

## **Promoting equality when we procure goods and services**

When we procure goods or services we consider how we can promote equality in our approach. We also consider equalities when choosing our suppliers. We follow Crown Commercial Service Public procurement policy guidance when procuring goods and services. This sets out an over-riding requirement that all public procurement must be based on value for money, and should be achieved through competition, unless there are compelling reasons to the contrary. Wherever possible, we engage with local suppliers, including small and medium-sized enterprises, as part of our pre-market engagement activity. At the end of the year, we had 80 supplier contracts valued over £10k in place, which is an increase of 17% compared to 2018-19, and we extended our largest contract, which is with NFER to deliver the National Reference Test.

## **Subject experts**

We invite people to join us as external experts to support our work to ensure the qualifications we regulate are fit for purpose, in areas including accrediting new qualifications, supporting our national assessments monitoring and in developing new qualification-level Conditions. We recruit people from a wide range of backgrounds and are keen to use a diverse range of experts. We currently have contracts with over 400 experts in a variety of specialisms. Our application process to become an external expert includes an optional anonymous equality and diversity form for all applicants to complete. Through the reporting year, we continued to promote information, guidance and our video about how to become an Ofqual expert, aiming to reach a wide and diverse audience.

## Financial review

Ofqual's budget for the year 2019–20 was £19.60 million, including £2.6 million additional programme funding from the Department for Education for vocational qualifications reform in apprenticeships, T Levels, basic digital skills, functional skills (digital) and functional skills (English and maths). This represented a 5.4% increase compared to 2018-19 when the budget was £18.58 million. Ofqual's budget in each year included £2 million programme funding to deliver the National Reference Test (NRT).

Net operating expenditure plus capital investment for the year was £19.43 million (£18.30 million in 2019-20), giving an outturn that was £167k (0.9%) under budget.

Income of £401k (2018-19: £50k) was received in the year from the fines element of monetary penalties raised, and this was returned to the Consolidated Fund in the year. It therefore has no impact on the outturn.

Staff costs for the year are slightly higher than 2018-19 at 72% of total expenditure (65% in 2018-19), as posts that were vacant in the previous year have been successfully recruited. Contract and agency staff accounted for 1.3% of staffing costs during the year, down from 5.8% in 2018-19. Use of contract and agency staffing is expected to continue during 2020-21 to ensure that Ofqual can continue to deliver its objectives whilst ensuring that it has sufficient agility. In line with government expectations that the COVID-19 furlough scheme will not be used by public sector organisations, Ofqual has not furloughed any staff as a result of the pandemic.

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

## Departmental data reporting tables

Operationally Ofqual is required to deliver its objectives within three financial targets as agreed with Her Majesty's Treasury (HM Treasury). These are set out in Table 1 which illustrates financial performance for the period 2015-16 through to 2019-20 against:

- a) Ofqual's Resource Departmental Expenditure Limit (RDEL)
- b) Capital DEL (CDEL)
- c) Annually Managed Expenditure (AME) in 2018-19

**Table 1 illustrates that 99.1% of Ofqual's expenditure is incurred through its Resource Departmental Expenditure limit.**

**Table 1: Annual expenditure trend**

	2015-16 Outturn £000	2016-17 Outturn £000	2017-18 Outturn £000	2018-19 Outturn £000	2019-20 Outturn £000	2020-21 Planned £000
<b>Consumption of resources</b>						
Regulation of qualifications	22,432	18,922	17,860	18,367	19,241	22,926
<b>Total resource DEL*</b>	<b>22,432</b>	<b>18,922</b>	<b>17,860</b>	<b>18,367</b>	<b>19,241</b>	<b>22,926</b>
<b>Resource AME**</b>						
Regulation of qualifications	-	-	177	-167	19	-
<b>Total resource</b>	<b>22,432</b>	<b>18,922</b>	<b>18,037</b>	<b>18,200</b>	<b>19,260</b>	<b>22,926</b>
<b>Total capital DEL*</b>	<b>35</b>	<b>-</b>	<b>266</b>	<b>100</b>	<b>169</b>	<b>100</b>
<b>Total public spending</b>	<b>22,467</b>	<b>18,922</b>	<b>18,303</b>	<b>18,300</b>	<b>19,429</b>	<b>23,026</b>

\* DEL – Departmental Expenditure Limit

\*\*AME – Annually Managed Expenditure

### Notes:

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

Funding for 2020-21 was agreed through the 2019 Spending Round and was aligned to planned activity to meet statutory objectives. Following the closure of schools and the cancellation of summer examinations and assessments due to the COVID-19 pandemic, Ofqual was directed by the

Secretary of State to oversee the delivery of calculated grades, and an exam series when schools reopen. This has required Ofqual to fundamentally reprioritise its activity, which continues to be assessed as the situation evolves. Ofqual engages regularly with the Department for Education and HM Treasury to mitigate any financial pressures should they emerge.

Ofqual's annual expenditure is classified as either Programme or Administration for the purposes of Central Government Accounting. Table 2 demonstrates that 77% (2018-19: 82%) of its expenditure was incurred through the Administration classification in 2019-20. Ofqual continues to work with the Department for Education and HM Treasury to ensure that this classification appropriately reflects the activities Ofqual undertakes.

**Table 2: Programme and Administration Resource Expenditure**

	2015-16 Outturn £000	2016-17 Outturn £000	2017-18 Outturn £000	2018-19 Outturn £000	2019-20 Outturn £000	2020-21 Planned £000
<b>Programme:</b>						
<b>Expenditure</b>						
Pay	1,754	1,785	1,028	1,318	1,993	4,121
Other expenditure	7,206	3,089	2,331	1,792	2,356	3,834
<b>Total expenditure</b>	<b>8,960</b>	<b>4,874</b>	<b>3,359</b>	<b>3,110</b>	<b>4,349</b>	<b>7,955</b>
Income	(75)	-	-	-	-	-
<b>Total programme expenditure and budgeted</b>	<b>8,885</b>	<b>4,874</b>	<b>3,359</b>	<b>3,110</b>	<b>4,349</b>	<b>7,955</b>
<b>Administration:</b>						
<b>Expenditure</b>						
Pay	9,802	10,297	11,042	10,800	11,925	12,193
Other expenditure	4,147	3,786	3,978	5,077	3,049	2,833
<b>Total expenditure</b>	<b>13,949</b>	<b>14,083</b>	<b>15,020</b>	<b>15,877</b>	<b>14,974</b>	<b>15,026</b>
Income	(402)	(35)	(342)	(787)	(63)	(55)
<b>Total administrative expenditure</b>	<b>13,547</b>	<b>14,048</b>	<b>14,678</b>	<b>15,090</b>	<b>14,911</b>	<b>14,971</b>
<b>Grand total</b>	<b>22,432</b>	<b>18,922</b>	<b>18,037</b>	<b>18,200</b>	<b>19,260</b>	<b>22,926</b>

Programme pay and other expenditure increased in 2019-20 due to work to deliver reform of VTQs, and will increase further in 2020-21 as the scope of Ofqual's reform work expands. Income was lower in 2019-20 because the 2018-19 income total included reimbursement of costs from Ofqual's office move as part of the plan to reduce the overall government estate.

Administration pay will increase between 2019-20 and 2020-21 due to the 2% pay settlement. There are also more staff in post at the end of 2019-20 following successful recruitment to vacancies, the full year effect of which impacts in 2020-21.

## Long-term expenditure trends

Table 3 shows funding for major reforms that Ofqual is delivering. The VTQ Reform budget for 2019-20 included delivery of reforms to apprenticeships, T Levels, basic digital skills, functional skills (digital) and functional skills (English and maths). The Apprenticeships and T Levels reform programmes continue in 2020-21, with Ofqual receiving additional funding to expand its scope to undertake EQA of apprenticeships, excluding integrated degree apprenticeships. Key drivers of the cost relate to recognition of EPAOs, delivering monitoring and evaluation activity and building and embedding new digital solutions. This temporary funding is partly supporting new permanent costs, as agreed with the Department for Education and HM Treasury. Funding beyond 2020-21 is dependent on the outcome of the 2020 Comprehensive Spending Review, therefore Ofqual's Comprehensive Spending Review submission will include the permanent transfer of this funding. As the impact on Ofqual's financial position due to COVID-19 emerges, any impact beyond 2020-21 will also be considered at the 2020 Comprehensive Spending Review.

Further information on each programme can be found earlier in the Performance Analysis section of the Performance Report.

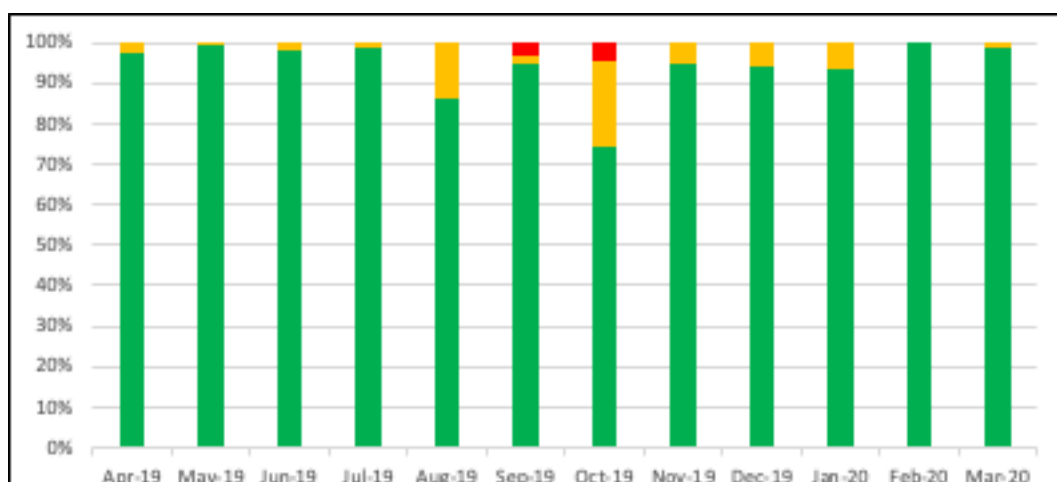
**Table 3: Expenditure on major reforms**

Programme	2015-16 Outturn £000	2016-17 Outturn £000	2017-18 Outturn £000	2018-19 Outturn £000	2019-20 Outturn £000	2020-21 Planned £000
National Reference Test	3,317	1,768	2,051	1,724	1,825	1,950
GQ Reform	1,459	1,883	404	-	-	-
VQ Reform	-	144	711	1,266	1,889	4,882
IT Infrastructure	1,415	595	-	-	-	-
<b>TOTAL</b>	<b>6,191</b>	<b>4,390</b>	<b>3,166</b>	<b>2,990</b>	<b>3,714</b>	<b>6,832</b>

## Payment of suppliers

Ofqual adheres to the Late Payment of Commercial Debts (Interest) Act 1998 and meets the normal terms of payment for invoices of 30 days from receipt, except where different terms have been agreed with suppliers. As a small organisation, the government's five-day target for small and medium enterprises to receive payment is not mandated, however, during the year Ofqual paid 94% of all invoices within five working days (85% in 2018-19). 97% of invoices were paid within 10 days (94% in 2018-19), and 99% within 30 days (99% in 2018-19). No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (2018-19: £0).

Figure 1: Payment of Suppliers



## Sustainability

Ofqual is below the threshold for producing a sustainability report in accordance with the Financial Reporting Manual (FRM). However, sustainability is considered in Ofqual's work.

Continuing investment in video conferencing equipment enables Ofqual to work flexibly and increase efficiency as staff use the technology to work from locations away from the office, in alignment with the The Way We Work (TW3) government guidelines for smarter working. This enabled Ofqual to make a seamless transition to remote working as part of the government's response to COVID-19. Investment in technology has reduced the number of home to office journeys, and the need for some travel to meetings in other locations. This has reduced travel overall.

In October 2018, Ofqual moved from the office at Spring Place, Coventry to share premises at Earlsdon Park, Coventry with other government departments, releasing 1,861 square metres of government estate and associated energy consumption. Ofqual occupies 1,540 square metres at Earlsdon Park plus shared areas. As additional staff are recruited to support Ofqual's reform programmes, they will be accommodated without expanding Ofqual's footprint. Energy consumption figures have been obtained for the first six months of Ofqual's occupation at Earlsdon Park (October 2018 to March 2019). However, information on energy consumption for 2019-20 is not yet available, and utilities costs are not separable from the total lease payment. Therefore we continue to work with the building management company to obtain timely information to understand our environmental impact, and alternative ways to measure sustainability continue to be explored.



## Table 4: Sustainability

### Costs

	2015-16	2016-17	2017-18	2018-19*
<b>Electricity</b>	45,561	34,582	38,192	24,504
<b>Gas</b>	11,480	11,008	11,939	7,275
<b>Water</b>	4,924	-8,724	2,726	1,006
<b>Waste Management</b>	1,743	120	262	1,048

### Consumption

	2015-16	2016-17	2017-18	2018-19*	2018-19**
<b>Total Carbon</b>	186	171	199	88	35
<b>Elec (kWh)</b>	251,583	245,536	250,549	164,295	112,733
<b>Elec (tCO2)</b>	124	121	134	59	35
<b>Gas (kWh)</b>	331,492	270,001	351,022	158,462	0
<b>Gas (tCO2)</b>	61	50	65	29	0
<b>Water (m³)</b>	1,155	1,038	1,033	789	455
<b>Waste (tonnes)</b>	31	0	0	0	17

\* to October 2018

\*\* October 2018 TO March 2019

The part-year figures for Earlsdon Park indicate a significantly lower level of consumption in 2018-19 than in previous years at Spring Place, with total carbon reduced by more than half. Ofqual is now working with the building management team and co-tenants to consider opportunities for increasing sustainability, including continuing to reduce the amount of waste produced and increasing the proportion of waste that is recycled through waste separation at disposal point as well as green energy solutions such as power points for electric vehicles in the car park.

### Business travel

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Rail</b>	83,051	136,456	118,314	146,015	119,679
<b>Hotel</b>	25,523	22,694	49,437	40,455	55,062
<b>Air/Ferry</b>	15,924	2,996	5,022	5,843	2,953
<b>TOTAL</b>	124,498	162,146	172,773	192,314	177,694

After an increase in 2018-19, rail costs have returned to the level of the previous year. Hotel costs are higher than in previous years due to increased networking and collaboration opportunities. Air travel has also decreased in the year, giving an overall reduction in business travel costs. By being located in Coventry, with excellent transport connections to London and elsewhere, the cost of travel is substantially lower than the building and pay costs that would be incurred by being based in London.

## **Basis of accounts**

The accounts for the year ended 31 March 2020 have been prepared under a direction issued by HM Treasury in accordance with the Government Resources and Accounts Act 2000.

Ofqual was the sole entity within the departmental accounting boundary during 2019–20, and is not responsible for any bodies outside the departmental accounting boundary.

In common with other government departments, funding for Ofqual will be met in the main by future Grants of Supply to be approved annually by Parliament. The 2015 Spending Review reduced Ofqual's core administration funding over the 2016–20 period, which continues into 2020-21 under the 2019 Spending Round. A budget has been set that achieves this objective and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

COVID-19 has had a substantial impact on Ofqual's planned activity in the last quarter of 2019-20, which will increase throughout 2020-21 as Ofqual responds to the cancellation of summer examinations and assessments by the Secretary of State. Ofqual actively monitors the sufficiency of Supply to meet the needs of the emerging corporate plan for 2020-21 and maintains regular positive discussions with the Department for Education and HM Treasury. Therefore COVID-19 is not considered to affect the going concern basis of these accounts.

## **Pension liabilities**

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

## **Events after the reporting period**

There have been no events after the reporting period that require an adjustment to the financial statements, nor any non-adjusting events to be reported. The cancellation of summer 2020 examinations and assessments by the Secretary of State due to the COVID-19 pandemic has had a significant impact on Ofqual's regulatory work; however, it has not required an adjustment to Ofqual's financial statements.

## Auditor

The Government Resources and Accounts Act 2000 appointed the Comptroller and Auditor General as Ofqual's auditor. He has retained the £48,500 charge for the audit in 2019–20.

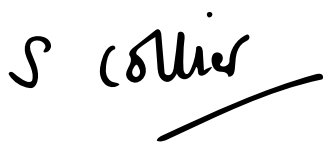
## Future priorities

The funding agreed for Ofqual at the 2019 Spending Round (SR19) for 2020 to 2021 was intended for the continuing delivery of the six core objectives set out earlier in this report.

However, the impact of COVID-19 on examinations and assessments for both general (GCSE, AS and A-Level) and vocational qualifications is significant.

Ofqual is re-planning large elements of the programme of work for 2020-21 as it responds to the cancellation of the summer examinations series and the Directions of the Secretary of State with regard to General Qualifications and Vocational and Technical Qualifications. Ofqual is prioritising activities to protect the interests of students, apprentices and other learners through this challenging period and therefore will be fundamentally reviewing how the budget is redeployed in 2020-21 to meet the following objectives:

- Regulating GCSE, AS and A levels in response to COVID-19;
- Regulating vocational and technical qualifications in response to COVID-19;
- Reporting quality in regulated qualifications and assessments; and
- Managing our people, resources and systems.



**Sally Collier**  
Chief Regulator, Accounting Officer for Ofqual  
29 June 2020

# Accountability Report

The Accountability Report contains the following three sections:

- Corporate Governance Report
- Remuneration and Staff Report
- Parliamentary Accountability and Audit Report

The Corporate Governance Report consists of three main sections: the Directors' Report, the Statement of Accounting Officer's Responsibilities, and the Governance Statement. It explains the composition and organisation of the entity's governance structures and how they support the achievement of the entity's objectives. It includes information regarding Ofqual's directors and their significant interests, confirms the Accounting Officer's responsibilities, and how they have been assured, and outlines the governance framework of the organisation, including the Board's committee structure, its attendance, and coverage of its work. It also assesses the risks to the organisation.

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

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

# Corporate Governance Report

The Corporate Governance Report comprises three sections:

- a) The Directors' Report
- b) The Statement of Accounting Officer's Responsibilities
- c) The Governance Statement

## The Directors' Report

Ofqual's executive leadership team, the Senior Management Group, includes the following directors:

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**Sally Collier**  
Chief Regulator and  
Accounting Officer

**Sean Pearce**  
Chief Operating Officer

**Dr Michelle Meadows**  
Deputy Chief Regulator  
and Executive Director  
Strategy, Risk & Research

**Phil Beach CBE**  
Executive Director,  
Vocational and  
Technical Qualifications

**Julie Swan**  
Executive Director,  
General Qualifications

**Table 5: Senior Management Group directorships and other significant interests**

Name	Directorships and other significant interests during 2019-20
Sally Collier Chief Regulator and Accounting Officer	Fellow, Chartered Institute of Purchasing & Supply
Sean Pearce Chief Operating Officer	<p>Board Member and Non-Executive Director, Accord Housing Group (January 2020 onwards)</p> <p>Independent Member of the Finance, Risk and Audit Committee, Accord Housing Group May 2019 to January 2020</p> <p>Member of the Chartered Institute for Public Finance and Accountancy (CIPFA)</p> <p>Member, CIPFA Council (until July 2019)</p> <p>Chair of the CIPFA Standards and Financial Reporting Board (until July 2019)</p>
Michelle Meadows Deputy Chief Regulator and Executive Director Strategy, Risk & Research	Honorary Research Fellow, Oxford University
Phil Beach Executive Director, Vocational and Technical Qualifications	Director, Independent Schools' Inspectorate
Julie Swan Executive Director, General Qualifications	Fellow, University of Worcester Governor, Christopher Whitehead Language College, Worcester



## Board Members

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**Roger Taylor**  
Chair

**Sally Collier**  
Chief Regulator and  
Accounting Officer

**Mike Cresswell**

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

**Christine Ryan**

**Hywel Jones**

**David Wakefield**

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**Frances Wadsworth**

**Ian Bauckham**

**Delroy Beverley**

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**Lesley Davies**

**Jo Saxton**

**Susan Barratt**

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**Matt Tee**

**Mike Thompson**

Name	Board directorships and other significant interests during 2019-20	Notes [Indicating where they have departed or been extended]
Susan Barratt	Trustee, Nuffield Oxford Hospitals Fund Trustee, Eastleigh Youth & Community Trust (and director of wholly owned subsidiary) Trustee, Lime Walk Methodist Church Member of Management Committee, Great Milton Community Pub Ltd Independent Member, Audit and Risk Assurance Committee, Ministry of Housing, Communities and Local Governemnt.	Original appointment date and term: 01 September 2019 (3 years) Appointment expires: 31 August 2022.
Ian Bauckham	CEO and Director, Tenax Schools Trust Trustee, National Foundation for Educational Research Trustee, Sabre Education Trustee, Association of School and College Leaders Interim Board Member, Association for Language Learning (ALL) Advisor, Department for Education Ofsted inspector National Leader of Education (NLE) Board Member, Confederation of Schools Trusts (CST) Board Member, CST Professional Development (a wholly owned subsidiary of CST)	Original appointment date and term: 1 March 2018 (3 years) Appointment expires: 28 February 2021
Delroy Beverley	Managing Director, York Teaching Hospital NHS Partnership Non-Executive Director/Trustee, The British Library Chair, Regional Board, Chartered Management Institute Chair, Regional Board, Institute of Directors Companion, Chartered Management Institute	Original appointment date and term: 1 April 2018 (3 years) Appointment expires: 31 March 2021
Sally Collier	Fellow, Chartered Institute of Purchasing and Supply	Original appointment date and term: 25 April 2016 (5 years) Appointment expires: 24 April 2021
Mike Cresswell	No board directorships or other significant interests	Original appointment date and term: 1 October 2013 (3 years) 1st re-appointment date and term: 1 October 2016 (3 years) Extension date and term: 30 September 2019 (6 months) Extension date and term: 1 April 2020 (6 months) Appointment expires: 30 September 2020
Lesley Davies	CEO and Principal, The Trafford College Group Chair, UK Skills Partnership Member, Education Advisory Group British Council Chair, Royal British Legion in Cheshire Trustee, CVQO Trustee, Helena Kennedy Foundation	Original appointment date and term: 1 April 2018 (3 years) Appointment expires: 31 March 2021
Hywel Jones	Deputy Director of Education, Astrea Academy Trust Principal, Longsands Academy, Astrea Academy Trust Founding Member, Parents and Teachers for Excellence	Original appointment date and term: 1 April 2017 (3 years) Extension date and term: 1 April 2020 (9 months) Appointment expires: 31 December 2020

Name	Board directorships and other significant interests during 2019-20	Notes [Indicating where they have departed or been extended]
Dame Christine Ryan	Chair, Talent ED (charity) Founding Partner, Ryan and Grunsell Ltd Fellow, Royal Society of Biology Member, Institute of Directors	Original appointment date and term: 1 April 2017 (3 yrs) Extension date and term: 1 April 2020 Appointment expires: 31 December 2020
Jo Saxton	Chief Executive and Director, Turner Schools	Original appointment date and term: 1 April 2018 (3 yrs) Resigned 22 March 2020
Roger Taylor, Chair	Chair, Centre for Data Ethics and Innovation Director and Owner, Hatmatrix Ltd Fellow, Royal Society of Arts	Original appointment date: 1 April 2012 Appointed as Chair: 1 January 2017 1st re-appointment date and term: 01 January 2020 (3 years) Appointment expires: 31 December 2022
Mike Thompson	Director and Owner, Sustain HR Ltd Director and Owner, Generation Healthy Minds Ltd	Original appointment date and term: 1 September 2019 (3 years) Appointment expires: 31 August 2022
Matt Tee	Chief Executive, Independent Press Standards Organisation (to April 2020) Fellow, Chartered Institute of Public Relations	Original appointment date and term: 1 September 2019 (3 years) Appointment expires: 31 August 2022
Frances Wadsworth	FE Deputy Commissioner Lay Advisor to Thames Valley Area Magistracy Fellow, Royal Society of Arts	Original appointment date and term: 1 April 2017 (3 years) Extension date and term: 1 April 2020 (9 months) Appointment expires: 31 December 2020
David Wakefield	Non-Executive Chair of Bolton NHS Non-Executive member of Crown Commercial Services Non-Executive Chair of University Hospitals, North Midlands NHS Trust Fellow, Chartered Institute of Management Chair of Leverhulme Academy Trust	Original appointment date and term: 1 April 2017 (3 years) Appointment expired: 31 March 2020

## Protected personal data related incidents reported to the Information Commissioner's Office

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

## Summary of other protected personal data related incidents

There have been two non-reportable incidents during this period. All incidents were resolved and appropriate controls were put in place where necessary.

## Recruitment

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

In 2019-20 an average of 215.77 whole-time equivalent staff were employed (192.24 in 2018-19). This includes an average of 3 temporary members of staff (including agency staff and contractors) to cover vacancies, maternity leave and long-term sick

leave (10 in 2018-19), with seven employed as at 31 March 2020. Ofqual continues to be recognised as a Disability Confident employer, and achieved accreditation at Level 2 in February 2020.

A handwritten signature in black ink that reads "S Collier". The signature is written in a cursive style with a long horizontal stroke extending from the end of the name.

**Sally Collier**  
**Chief Regulator, Accounting Officer for Ofqual**  
**29 June 2020**

# Statement of Accounting Officer's responsibilities

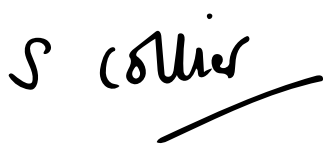
Under the Government Resources and Accounts Act 2000, HM Treasury directs Ofqual to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Ofqual and of its net resource outturn, application of resources, changes in the taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government FReM have been followed, and disclose and explain any material departures in the financial statements; and,
- prepare the financial statements on a going-concern basis

HM Treasury has appointed the Chief Regulator as Accounting Officer for Ofqual. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Ofqual's assets, are set out in Managing Public Money published by HM Treasury. I confirm that as far as I am aware, there is no relevant audit information of which Ofqual's auditors are not aware. As Accounting Officer, I have taken all steps necessary and have sought assurance from the Ofqual management team that I have been made aware of any relevant audit information and to establish that Ofqual's auditors are also made aware of that information.

I have reviewed the assurances provided by the Ofqual management team and confirm that the annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility based on the written assurances provided to me, for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



**Sally Collier**  
**Chief Regulator, Accounting Officer for Ofqual**  
**29 June 2020**

# Governance Statement

## Scope of responsibility

As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives, whilst safeguarding the public funds and our assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. This governance statement describes how these duties have been carried out by the Accounting Officer and the supporting structure in the 2019-20 financial year.

## Ofqual Board

During 2019-20 the Board consisted of a Chair, 12 ordinary members (one as Deputy Chair) and the Chief Regulator. Ordinary members are appointed by the Secretary of State for Education for terms no longer than five years. Board members may be reappointed as their terms expire, but there is no automatic right to this. During 2019-20, one Board member, Mike Cresswell, had his term extended at expiry, initially for six months to 31 March 2020. This was subsequently extended for a further six months to September 2020 to support the response to COVID-19.



**Table 7: Board members and the Committees on which they served on, during the year ending 31 March 2020**

Name	Date of appointment	Term of appointment	Board (routinely scheduled) – 6 meetings	Audit & Risk Assurance Committee (ARAC) – 5 meetings	"Finance and HR Committee (Fin) – 5 meetings"	Reform Committee – 2 meetings**	Technical Committee – 2 meetings**	Standards Advisory Group (SAG) – 2 meetings
			100%	-	100%	-	-	-
Susan Barratt	01-Sep-19	3 years, to 31 August 2022	83%	-	-	0%	100%	100%
Ian Bauckham	01-Mar-18	"3 years, to 28 February 2021"	100%	-	100%	-	-	-
Delroy Beverley	01-Apr-18	3 years, to 31 March 2021	100%	100%	100%	100%	100%	100%
Sally Collier	25-Apr-16	5 years, to 24 April 2021	100%	-	-	100%	100%	50%
Mike Cresswell	"Reappointed 1 October 2016"	"3 years, to 30 September 2019 Reappointment to 30 March 2020; subsequent reappointment to 30 September 2020"	83%	80%	-	100%	100%	-
Lesley Davies	01-Apr-18	31-Mar-21	100%	-	100%	-	-	-
Hywel Jones	01-Apr-17	"3 years, to 31 March 2020 Reappointment to 31 December 2020"	100%	80%	-	50%	50%	-
Dame Christine Ryan	01-Apr-17	"3 years, to 31 March 2020 Reappointment to 31 December 2020"	100%	100%	-	-	-	50%
Jo Saxton	01-Apr-18	"3 years, to 31 March 2021 Resigned 22 March 2020"	100% *	-	-	100%*	100%*	100%*
"Roger Taylor (Chair)"	"Re-appointed as Chair 1 January 2020"	"3 years, to 31 December 2023"	83%	-	-	-	-	-
Matt Tee	01-Sep-19	3 years, to 31 August 2022	83%	-	-	-	100%	-
Mike Thompson	01-Sep-19	3 years, to 31 August 2022	83%	100% *	-	50%	50%	-
"Frances Wadsworth (Deputy Chair from 31 January 2018)"	01-Apr-17	"3 years, to 31 March 2020 9 month extension to 31 December 2020"	83%	-	100% *	-	-	-
David Wakefield	01-Apr-17	"3 years, to 31 March 2020"						

## Notes to Table 7

\* denotes Chair of Committee

\*\*The Reform Committee was superseded by the Technical Committee following the revision of the Ofqual Governance Framework in November 2019. The terms of reference of the Technical Committee provide that relevant expertise may be drawn from across the Board as necessary to consider technical items of business, and as such some Board members may only attend the committee when requested.

As Chair of the Board, Roger Taylor is not a member of the ARAC or the Finance and HR Committee, but he can be specifically invited to join the meetings. During the year he did not attend any meetings of the ARAC or Finance and HR Committee.

Executive directors are invited to attend all board meetings and relevant Committee meetings.

Board and Committee members are required to declare potential conflicts of interest on appointment and at the beginning of each meeting they attend. They must confirm annually that the register of their interests is up to date. Where actual or potential conflicts of interests are identified, board members take no part in any discussion and are not involved in any decisions that relate to those interests.

The Register of Interests is open to the public, and requests for information may be made in writing addressed to the Board Secretary.

The Board included the following committees during the year ended 31 March 2020.

### **Audit and Risk Assurance Committee**

The Audit and Risk Assurance Committee provides advice and assurance to the Board and to me, as Accounting Officer, on the adequacy and effectiveness of internal controls, risk management processes and governance arrangements, and ensuring value for money. It also oversees internal and external audit arrangements covering both financial and non-financial systems. The Committee normally meets four times a year, although the Committee Chair may call additional meetings as necessary.

The Committee consists of up to four members of the Board and an independent financially qualified member. Nick Payne has served as the independent financially qualified member since September 2017. Attendance of the independent member is not recorded in the Board member attendance in Table 7, but the independent member attended 80% of the Audit and Risk Assurance Committee meetings that he was eligible to attend in the year.

As Accounting Officer, I attend meetings of the Committee together with the Chief Operating Officer. The internal auditors and the National Audit Office also attend.

Other members of Ofqual staff attend where appropriate.

The Committee considers all aspects of internal control including risk management (strategic and systemic), information security and counter-fraud, supported by reports from the internal and external auditors. During 2019-20 the Committee reviewed the findings of audit reports on a range of operational areas, which are shown in Table 8.

## **Finance and HR Committee**

The Finance and HR Committee considers and advises the Board on strategic financial and HR matters, receiving key metrics on financial and people resources at each meeting. It is authorised to seek any information it requires from any Committee of the Board, or directly from any board member or member of staff.

The Committee meets at least three times a year and consists of up to four members of the Board. Members of the Committee are not members of the Audit and Risk Assurance Committee.

I attend meetings as Accounting Officer, together with the Chief Operating Officer, and the Associate Director of Finance and Commercial and the Associate Director of Human Resources.

## **Standards Advisory Group**

The Standards Advisory Group advises the Board about general qualifications, vocational and technical qualifications, and national assessments. Typical issues raised concern the comparability of standards between regulated qualifications, international comparisons, and the validity and reliability of assessments.

The Group met twice during the year. In that time, membership included myself, four members of the Board and 13 independent members who are appointed to bring specific expertise to the Group. Meetings are chaired by the Ofqual Board Chair, and are attended by relevant senior members of Ofqual's Strategy, Risk and Research Directorate plus other members of staff as appropriate.

The Group has a National Reference Test Sub Group to support Ofqual's work in that area. The Sub Group met once this year. Its membership comprises one member of the Board and three independent members.

During 2019-20, the independent members of the Standards Advisory Group were:

- Professor Rebecca Allen, Independent Consultant, formerly of the Institute of Education, University College London
- Professor Jo-Anne Baird, Director of the Department of Education, University of Oxford

- Tom Bramley, Director, Research Division, Cambridge Assessment
- Professor Robert Coe, Independent Consultant, formerly of the School of Education, Durham University
- Norman Gealy, Consultant in assessment, former Chair and current Vice-Chair of the Assessment Committee of the Institute of Chartered Accountants in England and Wales
- Professor Caroline Gipps, Emeritus Professor, former Vice Chancellor, University of Wolverhampton
- Professor Prue Huddleston, Emeritus Professor, Centre for Education Studies, University of Warwick
- Dr Tina Isaacs, Honorary Senior Lecturer in Educational Assessment, Institute of Education, University College London
- Professor Barnaby Lenon, School of Education, Buckingham University
- Professor Daniel Mujis, Head of Research, Ofsted
- Dr Alastair Pollitt, Director, Cambridge Exam Research
- Professor Gordon Stobart, Institute of Education, University College London
- Isabel Sutcliffe, Independent Consultant & formerly Pearson's International Standards & Quality Director

The group may invite other individuals to attend meetings, for example to hear a particular stakeholder's point of view on a matter.

## **Committees reporting to the Board**

Each Committee reports on its work at the Board meeting following the Committee meeting. Principal items of Committee business in 2019-20 were:

### Finance and HR Committee

- reviewing the 2018-19 Annual Report and Accounts;
- monitoring Ofqual's management accounts;
- reviewing the 2020-21 business planning and budget process;
- reviewing the development and implementation of the Diversity and Inclusion Strategy and the People Strategy;
- reviewing HR strategy and key people metrics; and
- considering the emerging financial and people risks regarding COVID-19.

## **Standards Advisory Group**

Providing advice to Ofqual on:

- grading vocational and technical qualifications;
- the quality of marking;
- inter-subject comparability; and
- the National Reference Test.

## **Audit and Risk Assurance Committee**

- reviewing the 2018-19 Annual Report and Accounts for recommendation to the Board for approval;
- reviewing internal audit reports and monitoring the implementation of audit recommendations;
- overseeing risk management;
- monitoring progress of the 2019-20 Internal Audit plan;
- agreeing the 2020-21 Internal Audit plan;
- reviewing the 2018-19 external audit completion report;
- reviewing the 2019-20 external audit plan;
- considering information management and cyber security issues; and
- considering the emerging COVID-19 threat and the impact on strategic risks.

## **Management control activities**

The Chief Regulator has delegated responsibility from the Board for leading the organisation on a day-to-day basis. They determine which duties are discharged through members of the executive team individually through line management arrangements, and which are discharged collectively through the executive governance groups. Management control is governed by a Senior Management Group.

## **Senior Management Group**

The Senior Management Group normally meets weekly and is attended by the Chief Regulator and the executive directors. The Director of Legal, Director of Strategy and Markets, Director of Communications and Private Secretary to the Chief Regulator also attend. Other staff attend by invitation.

The agenda includes regular review of strategic risks, setting and monitoring delivery against organisational priorities, and one off and recurring topics for strategic discussion, direction setting or decision making. Specific areas of focus for the group include:

- developing the strategic direction for Ofqual, including priorities, business and corporate plans;
- considering issues related to staff including recruitment and prioritisation, talent management and developments in staff engagement;
- developing and implementing Ofqual's new Diversity and Inclusion Strategy;
- monitoring progress against the corporate, business and financial plans;
- advising the Chief Regulator on matters delegated to her by the Board or escalated by any of its sub-groups;
- approving the setup of significant new programmes of work or other activities that impact on the resources of the organisation;
- overseeing use of financial resources and people, with a particular focus on effi-

ciency and effectiveness;

- conducting 'horizon scanning' of external factors affecting the organisation, including in regulated bodies, government and other stakeholders; and
- overseeing the Strategic Risk Register and Business Plan tracker.

The Senior Management Group reviews key organisational performance indicators, including finance, legal, information technology, regulatory compliance and strategic human resources matters on a monthly basis. In quarter four of 2019-20, the Senior Management Group focused on Ofqual's response to the impact of COVID-19 on summer examinations and assessments. The Senior Management Group formally invoked the Business Continuity Plan on Monday 16 March 2020 and all staff moved immediately to remote working. The Senior Management Group was expanded to include key support personnel and meetings were increased to daily to implement the incident response. This included management of staff welfare and support to remote working alongside activity prioritisation, resource management and developing plans for enabling calculated grades.

During the year to 31 March 2020 the executive management team on the Group were:

- Sally Collier – Chief Regulator
- Sean Pearce – Chief Operating Officer
- Dr Michelle Meadows – Executive Director, Strategy, Risk and Research, Deputy Chief Regulator
- Phil Beach – Executive Director, Vocational and Technical Qualifications
- Julie Swan – Executive Director, General Qualifications

## **Board performance**

Ofqual adheres to the Corporate Governance Code for central government bodies, and central standards of good governance practice for government boards where appropriate. The Ofqual Governance Framework was last reviewed and updated in September 2019. Three new members of the Ofqual Board were appointed in 2019. Ofqual runs a thorough induction programme for new Board members.

In January 2019, Ofqual commissioned an independent, external review of Board effectiveness from Weva Ltd – a specialist Board and leadership consultancy – in line with the Corporate Governance in Central Government Departments Code of Good Practice 2017 and, where relevant, the Financial Reporting Council's UK Corporate Governance Code and Guidance on Board Effectiveness 2018.

The review highlighted areas of particular Board strength, including key stakeholder engagement and the capability and commitment of Board members. It also proposed some areas for further Board development including further discussion about the inherent tension and relative weightings between Ofqual's statutory objectives,



continuing to build the Board as a high performing team, and developing a long-term vision of success for Ofqual.

The Board agreed an action plan which included extending its Board development programme and carrying out a review of its meetings and sub-committee structure. Following this review in November 2019 the Technical Committee was established which superseded the Reform Committee. The Technical Committee will consider a broad range of technical assessment and policy matters and can draw on expertise from across the Board as required. The Board also agreed to meet quarterly and to meet a further three times a year to consider matters of strategy. The timing of the Board sub-committees will be aligned in 2020-21 to support this new quarterly structure.

Since the outbreak of the COVID-19 pandemic, there have been eight emergency Board meetings to consider Ofqual's response to the cancellation of summer examinations and assessments, including reviewing changes to Ofqual's strategic risks.

## **Risk management**

Ofqual manages regulatory and corporate risks to its objectives and delivery. Ofqual's approach to managing regulatory risks is outlined in the published Regulatory Risk Framework. The Corporate Risk Framework was reviewed and approved by the Audit and Risk Assurance Committee during the year.

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

The strategic risk register is reviewed regularly by the Senior Management Group and the Board. It is scrutinised in detail by the Audit and Risk Assurance Committee of the Board, including through regular deep dives of the risk management approach for each risk. This maintains active monitoring of key risks, and the effectiveness of mitigations. During the year, Internal Audit's report on Ofqual's risk management gave a 'substantial' assurance on Ofqual's approach.

Risks monitored through the strategic risk register varied during the year. Risks rated as 'high' for at least one reporting period during the year were:

**Inability to maintain the standard of GCSE, AS & A levels** impacts on fair outcomes for students and reduces public confidence in the qualifications. A range of modelling and technical approaches are used to mitigate this risk, alongside a broad range of controls implemented through our regulatory framework. In 2019-20, programmes of work to seek improvements to these approaches continued, including through use of the National Reference Test which was used for the first time in awarding GCSE English and mathematics.

**A compromise in the security of confidential assessment materials** impacts the fairness and accuracy of GCSE, AS or A level results. An extensive programme of mitigating work, alongside exam boards, was developed in 2019-20 including pilots of new arrangements for the safe delivery of examination papers to centres.

**Insufficiently reliable marking and moderation of GCSE, AS and A levels** compromises the validity of general qualifications and risks public confidence in qualification results. A long-term and extensive programme of research monitors the quality of marking and seeks to identify opportunities for systemic improvement. The full range of Ofqual's regulatory tools are used to identify and mitigate specific risks and to require improvements from exam boards where necessary.

**Public confidence in GCSEs, AS, A levels and qualifications in school and college performance tables is compromised**, leading to reduced currency of qualifications taken by students, and reduced use of qualifications for progression. A longitudinal survey of public perceptions is used to measure public confidence in these qualifications. Ofqual works with stakeholders to support public confidence through an improved understanding of key issues and an extensive communication programme is in place including blogs, publications and other materials, and use of social and visual media channels. In 2019-20 these focused on issues such as deterring malpractice, how student anxiety might be managed, marking quality, maintaining standards and the differences between reformed and unreformed applied general qualifications.

**Failings in the standard of national technical and vocations qualifications taken in schools and colleges** result in qualifications which do not meet their purpose or are not comparable between awarding organisations and over time. Ofqual has evidence that the structure and design of this suite of qualifications, and the controls available to awarding organisations in the context in which they are delivered in schools and colleges, creates risks to awarding organisations' ability to secure the standard of these qualifications over time. In mitigation, monitoring, data collection, and technical evaluation of these qualifications increased, pilots of additional ways to monitor and mitigate risks to standards were undertaken, and revised rules for qualifications at key stage 4 were announced to strengthen their design.

**Significant failings in the standard or delivery of regulated apprenticeship end-point assessments** leads to invalid assessment outcomes, and apprentices who do not meet the needs of their employers. Ofqual has an established regulatory approach to external quality assurance of apprenticeship end-point assessments where Ofqual is invited to do so by employer trailblazer groups. Ofqual works closely with the Institute for Apprenticeships and Technical Education using the range of regulatory powers and tools to mitigate risks to validity and standards and to protect learners, in particular through evaluation of the capacity and capability of applicants to deliver end-point assessments, and detailed technical evaluation of both assessment plans and end-point assessments. In 2019-20, additional programmes were established to manage risks from any transition of a greater proportion of end-point

assessments into regulation in line with the simplified model announced for consultation by the Institute for Apprenticeships and Technical Education.

**Failure of the programme to deliver technical qualifications in T levels** leads to qualifications of low quality which do not meet the expectations of employers. Ofqual works closely with the Institute for Apprenticeships and Technical Education to monitor and mitigate risks to the validity and quality of technical qualifications being developed for use within T level programmes. In 2019-20, key activities to mitigate risks included evaluation of the capacity and capability of awarding bodies seeking to offer the qualifications through review of their applications for recognition, and using Ofqual's accreditation powers to evaluate the new qualifications designed against the specific rules put in place for technical qualifications in Wave 1 T Levels.

**Vocational and technical education reforms do not meet the needs of learners and employers.** Ofqual is playing an active part in the government's reforms to vocational and technical qualifications, using its expertise and regulatory capabilities so that risks to qualification standards and public confidence are mitigated, and so that qualifications meet the needs of employers and other qualification users.

**Failings in vocational awarding organisations' quality assurance of centres** leads to delivery and awarding failures, and increased opportunities for malpractice. Ofqual continues to gather evidence of and address instances of malpractice, incorrect awarding and fraud where the quality assurance and other arrangements awarding organisations have in place with centres are not effective. In 2019-20 revised rules to better manage these risks were announced after an extensive period of evidence gathering and consultation.

**Inability to provide assurance on the validity of National Assessments** damages confidence in the assessments. Ofqual's focus is on risks to validity, rather than delivery, in National Assessments, through oversight of the Standards and Testing Agency (an agency of the Department for Education), which manages the contract with the delivery partner. Monitoring takes place through observation and evaluation, raising risks where necessary so these can be addressed by responsible bodies. Areas of focus include the validity of new assessment arrangements such as the reception baseline and multiplication tables check, and monitoring for any potential risks to validity from changes to test delivery and marking arrangements due in 2020.

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

**Failures in delivery of examination and awarding processes for GCSE, AS & A levels and qualifications in school and college performance tables** impact on students receiving timely, accurate and fair results. Ofqual has oversight of and closely monitors a wide range of risks to delivery, including risks to the timetable for results that

may affect progression or employment opportunities for students, errors in question papers and risks related to malpractice. Extensive controls are in place to mitigate, and a range of preventative and reactive activity is undertaken to mitigate.

**Insufficient capacity and capability** of resources or people compromises delivery of Ofqual's strategy or plan. Allocation of resources is actively prioritised to ensure public money is used well and that priorities are delivered within the agreed year-on-year reductions to budget. In 2019-20 improvements to medium-term planning, including planning for efficiencies, were made to mitigate resourcing risks into the future. A new diversity and inclusion strategy was launched, to ensure risks to the recruitment, development and retention of the best available experts were mitigated. The annual Civil Service People Survey continues to be used to monitor engagement risks, and showed a further improvement during the year.

**A compromise of cyber and information security** leads to unauthorised information and data being in the public domain, or impacts Ofqual's ability to work. Ofqual actively develops and improves its approach to mitigating cyber and information security risks in a continually evolving threat environment. Mitigations include an extensive schedule of planned improvements to technical controls, continually improving the resilience of incident responses and ensuring good understanding of risks for staff. Ofqual assesses the maturity of controls against established industry health checks and standards, such as the National Security Centre's cyber essentials plus, and is working towards ISO27001 accreditation.

New risks were escalated to the strategic register in respect of:

**Ofqual's inability to fulfil its statutory objectives as the qualifications landscape is under review.** Ofqual works collaboratively and constructively with all those involved in the quality assurance of qualifications and assessments across government, employers, schools, colleges and all qualifications users. In 2019-20, the nature of the qualifications landscape and also some of the arrangements for quality assurance, including those related to external quality assurance of apprenticeships, have been reviewed. Ofqual has supported those reviews, identifying and mitigating risks that any revisions might impact Ofqual's ability to secure its statutory objectives.

Towards the end of the year, the implications of COVID-19 across each of these areas of risk were becoming clear, and fundamental reprioritisation of resources and the redesign of the qualifications framework for 2020 began to take place, in which additional areas of risk were identified. The Business Continuity Plan, including the Pandemic Plan, was formally invoked by the Senior Management Group on Monday 16 March 2020 and remains in place at the time that the Accounting Officer signed the Annual Report and Accounts. The risk register, and the effectiveness of mitigation approaches was reviewed and scrutinised by Audit and Risk Assurance Committee and the Board, with a number of amendments made subsequent to the year-end. In the post balance sheet period, the Audit and Risk Assurance Committee accepted 11 new COVID-19-related risks and agreed to the mitigating actions

proposed by management, and the rating of a number of further risks was increased to high.

## Internal audit

Ofqual’s governance arrangements and risk management processes are supported by an internal audit function that reviews procedures and controls; during 2019-20 this was performed by Mazars LLP. An annual audit programme focuses on areas assessed as significant internal risks. Both the Senior Management Group and the Audit and Risk Assurance Committee agree the annual audit programme and review the individual reports and recommendations.

Internal Audit works to the Public Sector Internal Audit Standards. All audit reports include the Head of Internal Audit’s independent opinion on the adequacy and effectiveness of Ofqual’s system of internal control for that work area together with any recommendations for improvement. Where weaknesses in controls are identified, action is taken to strengthen the controls.

## Effectiveness of the internal control framework

As Accounting Officer, I review the effectiveness of the system of internal control annually. This review is informed by the work of the internal auditors, by feedback from senior managers who have responsibility for the development and maintenance of the internal control framework, and by comments made by the National Audit Office in their Audit Completion Report and other reports. Any relevant feedback made by the Education Select Committee is also taken into account.

The Audit and Risk Assurance Committee advises on the implications of internal audit reviews and monitors progress against the plan to tackle any identified weaknesses so that the system of internal control is continuously improved. The internal auditors provide an annual, independent and objective assessment as to whether there are adequate and effective corporate governance, risk management and internal controls processes. A substantial assurance opinion was given for these by the Head of Internal Audit in 2019-20, increased from adequate in 2018-19.

The twelve internal audit reviews conducted in the past 12 months included coverage across a range of strategic, core operational, and financial risks, and were of mixed assurance as detailed in the table below.

**Table 8: Internal audit – report ratings**

Audit	Report Rating
Data Collection and Handling	Substantial
Technical Qualifications Accreditation	Substantial
Recruitment and Retention	Adequate
Health & Safety	Adequate
Duplicate Payments	Substantial



Audit	Report Rating
National Reference Test – Project Governance	Substantial
National Reference Test - Supplier Review	Advisory review – rating not applicable
Recognition	Substantial
Risk Management	Substantial
Incident Management	Adequate
Cyber Security	Substantial
Follow Up Audit	Review of the implementation of 2018-19 actions – rating not applicable

The internal auditors made 45 recommendations from these audits during the year, comprising of no fundamental, nine significant and 36 housekeeping actions. At 31 March 2020, five of the significant actions and 31 of the housekeeping actions have been completed, with plans in place to implement the remaining nine recommendations in accordance with their originally intended timelines or revised through agreement with Audit and Risk Assurance Committee.

Ofqual has put in place appropriate measures to address the areas for improvement identified by internal audit during the year and will monitor the application of those measures to assess their effectiveness in achieving the desired outcomes.

Progress in implementing these recommendations is reported to the Audit and Risk Assurance Committee, which reviews progress when it meets and receives updates by correspondence between meetings where necessary. In addition to the individual reviews, Internal Audit undertakes a Follow Up Review of all closed audit actions in the prior year to assess whether there is sufficient evidence to justify the closure. In 2019-20, the review confirmed that all of the recommendations made in 2018-19 had been closed appropriately.

**Table 9: Internal audit – outstanding actions at year end**

Finding Rating	2015-16	2016-17	2017-18	2018-19	2019-20
Fundamental	-	-	-	-	-
Significant	-	-	-	5	4
Housekeeping	4	3	9	16	5
<b>Total</b>	<b>4</b>	<b>3</b>	<b>9</b>	<b>21</b>	<b>9</b>

There are four outstanding actions at the year end that were rated as significant. three of these were actions from audits that reported in the final quarter and were implemented by the end of April 2020. Implementation of the remaining significant action has been delayed by COVID-19; it is partially complete but requires an on-site technical intervention to finalise it and will therefore be completed when staff are able to return to the office building. The outstanding element of this action is considered to be low risk.




## Accounting Officer System Statement

As Accounting Officer of Ofqual, I am personally responsible for safeguarding the public funds for which I have been given charge as the Ofqual Estimate. To support me in discharging my responsibilities in this area, the Ofqual Governance Framework sets out the scheme of delegation under which we operate.

As well as the opinion provided to me by internal audit, each executive director and appropriate associate directors have been required to review the controls that they have in place to manage governance, risk and control arrangements and to report by way of written assurance to me at the end of the financial year that these controls were effective. This supplements the regular reporting to the Senior Management Group on the stewardship of finances and risks.

These letters of assurance support the preparation of this Governance Statement. I identified no additional risks from these letters of assurance.

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

A handwritten signature in black ink that reads "S Collier". The signature is written in a cursive style with a long horizontal stroke underneath the name.

**Sally Collier**  
**Chief Regulator, Accounting Officer for Ofqual**  
**29 June 2020**

# Remuneration and staff report

## Remuneration Report

### Ministers

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

### Ofqual

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

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

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

Further information about the work of the Civil Service Commission is available at: [www.civil-servicecommission.org.uk](http://www.civil-servicecommission.org.uk).

The Chief Regulator, board members and directors are covered by the Civil Service Management Code, and potential and actual conflicts of interest are managed in accordance with this code. The Directors' Report includes a list of the directorships and other significant interests held by these individuals.

Ofqual maintains a Register of Interests that is open to the public and accessible by written request for information addressed to the Board Secretary.

### Directors Remuneration policy

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

## Remuneration (including salary and benefits in kind)

This section is subject to audit.

### Table 10: Salary entitlements of the most senior members of Ofqual for year ending 31 March 2020

Table 10 shows gross salary and other taxable allowances. Full-year salary equivalents for those who served part of the year are shown in brackets.

Board members	Salary 2019-20	Salary 2018-19	Performance Related Awards 2019-20	Performance Related Awards 2018-19	Pension Benefits 2019-20	Pension Benefits 2018-19	Total 2019-20	Total 2018-19
	£000	£000	£000	£000	£000	£000	£000	£000
Roger Taylor (Chair)	40-45	40-45	-	-	-	-	40-45	40-45
Mike Cresswell	5-10	5-10	-	-	-	-	5-10	5-10
Neil Watts	-	5-10	-	-	-	-	-	5-10
Dame Christine Ryan	5-10	5-10	-	-	-	-	5-10	5-10
Hywel Jones	5-10	5-10	-	-	-	-	5-10	5-10
David Wakefield	5-10	5-10	-	-	-	-	5-10	5-10
Frances Wadsworth	5-10	5-10	-	-	-	-	5-10	5-10
Ian Bauckham	5-10	5-10	-	-	-	-	5-10	5-10
Delroy Beverley	5-10	5-10	-	-	-	-	5-10	5-10
Lesley Davies	5-10	5-10	-	-	-	-	5-10	5-10
Jo Saxton	5-10	5-10	-	-	-	-	5-10	5-10
Susan Barratt (appointed 01/09/2019)	"0-5 (5-10)"	-	-	-	-	-	0-5	-
Mike Thompson (appointed 01/09/2019)	"0-5 (5-10)"	-	-	-	-	-	0-5	-
Matt Tee (appointed 01/09/2019)	"0-5 (5-10)"	-	-	-	-	-	0-5	-

Senior staff	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000
Sally Collier Chief Regulator	155-160	155-160	-	-	52	52	205-210	205-210
Sean Pearce Chief Operating Officer	120-125	25-30 (120- 125)	0-5	-	48	11	165-170	"35-40 (130-135)"
Michelle Meadows Deputy Chief Regulator, and Executive Director, Strategy, Risk and Research	115-120	115-120	0-5	0-5	46	45	160-165	165-170
Phil Beach Executive Director, Vocational and Technical Qualifications	100-105	100-105	0-5	0-5	40	40	140-145	145-150
Julie Swan Executive Director, General Qualifications	95-100	95-100	0-5	0-5	39	39	135-140	135-140

## Notes:

Figures in brackets are annual equivalent salaries.

## Pension benefits

This section is subject to audit.

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

**Table 11: Pension benefits of the most senior members of Ofqual for the year ending 31 March 2020**

	Accrued pension at pension age as at 31 March 2020 and related lump sum £000	Real increase in pension and relate lump sum at pension age £000	CETV at 31 March 2020 £000	CETV at 31 March 2019 £000	Real Increase in CETV £000
Sally Collier	50-55 plus a lump sum of 110 - 115	0-2.5 plus a lump sum of 0	926	866	15
Sean Pearce	0-5	2.5-5	37	7	21
Michelle Meadows	15-20	2.5-5	196	156	25
Phil Beach	10-15	0-2.5	181	138	28
Julie Swan	20-25	0-2.5	341	295	24

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

## Fair pay in the public sector

This section is subject to audit.

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

The banded remuneration of the highest-paid director in Ofqual in the financial year 2019-20 was £155,000–£160,000 (2018–19: £155,000–£160,000 (annual equivalent salary)). This was 3.79 times the median remuneration of the workforce, which was £41,412 (2018-19: 3.91 times, £38,956).

In 2019-20 no employees received remuneration in excess of the highest-paid director, (2018–19: nil). Remuneration ranged from £5,000 to £160,000 (2018-19: £5,000 to £160,000). The range starts at £5,000 due to payments made to the non-executive directors; for permanent employees the range starts at £13,703.

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

## **Cash equivalent transfer value (CETV)**

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

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

## **Real increase in CETV**

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

## **Compensation for loss of office**

No compensation for loss of office was paid to senior members of staff included in the remuneration report in 2019-20, (2018-19: nil). Exit payments to other staff are included in Table 15 on Reporting of Civil Service and other compensation schemes – exit packages. There were no new departures agreed in 2019-20.

## **Pension costs**

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but Ofqual is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2019. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk/about-us/resource-accounts/](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)).



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

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

There is now a single set of contribution rates across Civil Service Pensions, regardless of whether members are in classic, classic plus, premium, nuvos or alpha. Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

For 2019–20, employers' contributions of £2.59 million were payable to MyCSP (2018–19 £1.77 million) at one of four rates in the range 26.6% to 30.3% (2018–19: 20.0% to 24.5%) of pensionable pay, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019–20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions of £17,446 (£20,520 in 2018–19) were paid to one of the panel of appointed stakeholder pension providers. Contributions due to the partnership pension providers at the reporting period date were £1,112. Contributions prepaid at that date were nil.

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

## **Staff Report**

### **Staff costs**

The following section is subject to audit.

Gross Staff costs for 2019-20 were £13.90 million (2018–19: £12.12 million) of which £0.18 million (2018–19: £0.69 million) related to agency/contract staff. Net staff costs, after recoveries relating to outward secondments for 2019-20 were £13.90 million (2018-19: £11.91 million). Further details are shown in Note 3 of the accounts.

**Table 12: Staff Costs**

	Permanently employed staff £000	2019-20 Others £000	Total £000	2018-19 Total £000
Wages and salaries	10,059	175	10,234	9,385
Social security costs	1,092	-	1,092	950
Other pension costs	2,592	-	2,592	1,783
<b>Sub Total</b>	<b>13,743</b>	<b>175</b>	<b>13,918</b>	<b>12,118</b>
Less recoveries in respect of outward secondments	-	-	-	(206)
<b>Total net costs</b>	<b>13,743</b>	<b>175</b>	<b>13,918</b>	<b>11,912</b>
of which:	Charged to Administration budgets	Charged to Programme budgets	Charged to capital budgets	2019-20 Total
Core departments	11,925	1,993	-	13,918
<b>Total</b>	<b>11,925</b>	<b>1,993</b>	<b>-</b>	<b>13,918</b>

No staff costs have been charged to capital in the year.

The tables below include both permanent and fixed term contract staff. Fixed term contracts include cover for substantive posts and new posts funded from additional project resources.

**Table 13: Average number of persons employed**

The average number of whole-time equivalent (WTE) persons employed during the year was as follows:

Activity	2019-20 Permanently employed staff WTE	Others WTE	Total WTE	2018-19 Total WTE
Resource activities	215.37	0.4	215.77	192.24
<b>Total</b>	<b>215.37</b>	<b>0.4</b>	<b>215.77</b>	<b>192.24</b>
Of which:				
Core Department	215.37	0.4	215.77	192.24
<b>Total</b>	<b>215.37</b>	<b>0.4</b>	<b>215.77</b>	<b>192.24</b>

**Table 14: Average headcount employed during the year**

The following table shows the average headcount for the year, by payband for senior civil servants.

	2019-20 Headcount	2018-19 Headcount
Senior Civil Service Payband 3	1	1
Payband 2	1	-
Payband 1	18	16
<b>Total SCS</b>	20	17
Civil Servants	203	182
<b>Total Civil Servants</b>	223	199
Temporary Staff	3	10
<b>TOTAL</b>	<b>226</b>	<b>209</b>

In the year to 31 March 2020 £175k (2018–19: £689k) was spent on temporary agency and contractor staff and £0k on consultants (2018–19: £0k).

**Table 15: Reporting of Civil Service and other compensation schemes – exit packages**

The following section is subject to audit.

Exit Package Cost Band	2019-20			2018-19		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	-	-
£10,000 –£25,000	-	1	1	-	-	-
£25,000 – £50,000	-	-	-	-	-	-
£50,000 – £100,000	-	-	-	-	-	-
£100,000 – £150,000	-	-	-	-	-	-
£150,000 – £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	-	1	1	-	-	-
<b>Total cost / £000</b>	-	15	15	-	-	-

## Other staff information:

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

### Off-payroll appointments

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

**Table 16: Off-payroll engagements as at 31 March 2020, for more than £245 per day and that last for longer than six months**

	Main Department
<b>No. of existing engagements as of 31 March 2020</b>	<b>2</b>
Of which:	
No. that have existed for less than one year at time of reporting	2
No. that have existed for between one and two years at time of reporting.	Nil
No. that have existed for between two and three years at time of reporting.	Nil
No. that have existed for between three and four years at time of reporting.	Nil
No. that have existed for four or more years at time of reporting.	Nil

### Note:

Government departments are required to obtain assurances from individuals on contracts of more than six months' duration, where the annual cost is greater than £63,700, that tax due on contract payments will be paid. As at 31 March 2020 all such contractors engaged by Ofqual met these conditions.

**Table 17: New off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months**

	Main Department
<b>No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020</b>	<b>1</b>
<b>Of which</b>	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	-
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	-
No. of engagements reassessed for consistency / assurance purposes during the year	-
No. of engagements that saw a change to IR35 status following the consistency review	-

**Note:**

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

**Table 18: Off-payroll engagements of board members, and/or senior officials, with significant financial responsibility, between 1 April 2019 and 31 March 2020**

	Main Department
No of off payroll engagements of board members, and/or senior officials, with significant financial responsibility, during the financial year	-
Total no. of individuals on payroll and off-payroll who have been deemed 'board members and/or senior officials, with significant financial responsibility', during the financial year. This figure should include both on payroll and off-payroll engagements	-

**The Trade Union Regulations 2017**

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



**Table 19: Relevant Union Officials**

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
1	0.6

**Table 20: Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1% - 50%	1
51% - 99%	-
100%	-

**Table 21: Percentage of pay bill spent on facility time Cost £000**

	Cost £000
Total cost of facility time	-
Total pay bill	13,743
Percentage of the total pay bill spent on facility time 100 %	0%

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

**Table 22: Paid trade union activities**

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

## Sickness absence

In 2019-20 1,361 days were lost to sickness absence (2018-19: 1,267 days), representing 2.4% of available staff working days. This is an average of 6.02 days per employee (2018-19: 6.06 days per employee). This was due to an increase in staff who were long term sick (average of 3.9 staff) who accounted for 836 days of absence (2018-19: 757). COVID-19 had a minimal impact on sickness absence in 2019-20.

## Health, safety and wellbeing

Ofqual is committed to providing a safe and healthy working environment for staff. This includes involvement in a Health & Safety Forum for all government bodies represented in Earlsdon Park and developing relationships with the local police to ensure staff safety is maintained. All employees have access to a confidential 24/7 Employee Assistance Programme and are offered the opportunity to take part in a variety of health screening and workplace wellness programmes, including mental health awareness sessions and flu vaccinations.

## Diversity and equality

Ofqual promotes equality for all regardless of status, including age, disability, gender status, marriage/civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. Ofqual launched a new Diversity and Inclusion Strategy in 2019-20, which embeds the commitment to enable all staff to realise their potential and for Ofqual to be an organisation that represents the diversity of the qualifications community we regulate and the Midlands community where we are based. The gender breakdown of staff (which includes both permanent and fixed term contracts) as at 31 March 2020 was 137 women and 92 men.

**Table 23: Staff Diversity**

	Women	Man
Senior civil servants	10	10
Delegated grades	127	82
<b>TOTAL</b>	<b>137</b>	<b>92</b>

At 31 March 2020, 9.1% of staff members identified as disabled, with 32.8% not declaring their disability status. 14.2% classified themselves to be ethnic minority, with a further 6.5% undeclared.

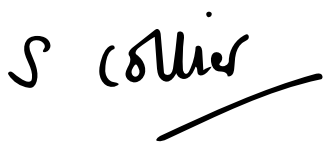
The gender pay gap has been calculated based on the mean and median hourly wage across the organisation, with a mean gap of 8.7% (2018-19 4.8%) and median of 10.9% (2018-19 8.7%). The table below which shows how the percentage of women has changed in each earning quartile over the last 12 months.

**Table 24: Gender Pay Gap**

Pay quartile	2020 (% of women)	2019 (% of women)
Top	51%	54%
Upper middle	63%	55%
Lower middle	53%	59%
Lower	72%	70%
<b>Total</b>	<b>60%</b>	<b>60%</b>

At 31 March 2020, Ofqual had 23 more staff than at 31 March 2019, of which 13 were women. Their distribution across the quartiles, being mainly concentrated in the upper middle and lower quartiles, is reflected in the change in the gender pay gap. The percentage of women in the top quartile remains above 50%. Ofqual has increased the transparency of the Pay and Resourcing policies, ensuring that recruitment shortlisting and panels are diverse and include skills-based assessments and an increase in senior sponsorship of individuals. These actions are cited by the Government Equalities Commission as being actions that will have a positive impact on improving the gender pay gap.

Ofqual had 1% of total pay costs available for performance pay in 2019-20. Staff are eligible for performance pay if they are not in their probationary period, therefore the performance pay gap can be affected by the relative number of male and female staff on probation. The performance pay gap for the year has reduced from 19% in 2018-19 to 11.0% in 2019-20 on mean performance pay, and has remained at 0% on median performance pay. 75% of male employees and 72% of female employees received performance pay in the year.



**Sally Collier**  
**Chief Regulator, Accounting Officer for Ofqual**  
**29 June 2020**

# Parliamentary accountability and audit report

## Statement of Parliamentary Supply

This whole section is subject to audit, unless otherwise stated.

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government FReM requires Ofqual to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament in respect of each budgetary control limit.

## Summary of Resource and Capital Outturn 2019–20

**Table 25: Amounts approved in 2019–20 in accordance with parliamentary expenditure limits**

SoPS Note	2019-20 £000 Estimate Voted	2019-20 £000 Estimate Non-Voted	2019-20 £000 Estimate Total	2019-20 £000 Outturn Voted	2019-20 £000 Outturn Non-Voted	2019-20 £000 Outturn Total	2019-20 £000 Voted outturn compared with estimate: saving/ (excess)	2018-19 £000 Outturn Total
<b>Departmental expenditure limit</b>								
- Resource 1.1	19,396	-	19,396	19,241	-	19,241	155	18,367
- Capital 1.2	170	-	170	169	-	169	1	100
Annually managed expenditure								
- Resource 1.1	30	-	30	19	-	19	11	(167)
- Capital 1.2		-			-		-	-
<b>Total Budget</b>	<b>19,596</b>	<b>-</b>	<b>19,596</b>	<b>19,429</b>	<b>-</b>	<b>19,429</b>	<b>167</b>	<b>18,300</b>
<b>Non-budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>19,596</b>	<b>-</b>	<b>19,596</b>	<b>19,429</b>	<b>-</b>	<b>19,429</b>	<b>167</b>	<b>18,300</b>
Total Resource	19,426	-	19,426	19,260	-	19,260	166	18,200
Total Capital	170	-	170	169	-	169	1	100
<b>Total</b>	<b>19,596</b>	<b>-</b>	<b>19,596</b>	<b>19,429</b>	<b>-</b>	<b>19,429</b>	<b>167</b>	<b>18,300</b>

Resources are requested to undertake Ofqual's statutory duties as the regulator of qualifications, examinations and statutory assessments.

Figures in the areas outlined in bold in Table 25 are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

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

## Net cash requirement 2019–20

**Table 26: Net cash requirement 2019-20**

	SoPS Note	2019-20 £000 Estimate	2019-20 £000 Outturn	Outturn compared with Estimate: saving / (excess)	2018-19 £000 Outturn
Net Cash Requirement	3	19,400	19,400	-	17,387

## Administration costs 2019–20

**Table 27: Administration costs 2019–20**

	2019-20 £000 Estimate	2019-20 £000 Outturn	Outturn compared with Estimate: saving / (excess)	2018-19 £000 Outturn
Administration Costs	15,020	14,911	109	15,090

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the government FReM issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2019–20 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.



# Notes to the Statement of Parliamentary Supply

## SoPS 1: Net outturn

### SoPS 1.1: Analysis of net resource outturn by section

	2019-20 £000 Outturn Administration Gross Expenditure	2019-20 £000 Outturn Administration Income	2019-20 £000 Outturn Administration Net Expenditure	2019-20 £000 Outturn Programme Gross Expenditure	2019-20 £000 Outturn Programme Income	2019-20 £000 Outturn Programme Net Expenditure	2019-20 £000 Outturn Total Net Expenditure	2019-20 £000 Estimate Total Net Expenditure	2019-20 Net total outturn compared with Estimate	2018-19 £000 Outturn Total
<b>Spending in Departmental Expenditure Limit</b>										
Voted:										
A Regulation of qualifications and statutory assessments	14,974	(63)	14,911	4,330	-	4,330	19,241	19,396	155	18,367
<b>Spending in Annually Managed Expenditure</b>										
Voted:										
	-	-	-	19	-	19	19	30	11	(167)
<b>B AME Provision for Dilapidations</b>										
<b>Total Budget</b>	<b>14,974</b>	<b>(63)</b>	<b>14,911</b>	<b>4,349</b>	<b>-</b>	<b>4,349</b>	<b>19,260</b>	<b>19,426</b>	<b>166</b>	<b>18,200</b>
<b>Total</b>	<b>14,974</b>	<b>(63)</b>	<b>14,911</b>	<b>4,349</b>	<b>-</b>	<b>4,349</b>	<b>19,260</b>	<b>19,426</b>	<b>166</b>	<b>18,200</b>

The underspend of £166k (excluding capital) against the resource estimate of £19.426 million is 0.9% of the budget, which is attributable to in-year efficiencies and short-term vacancies.

Ofqual had £29k of AME in 2019-20 relating to a provision for office dilapidations costs at Earlsdon Park (2018-19: £10k).

## SoPS 1.2: Analysis of net capital outturn by section

	2019–20 £000 Outturn Gross expenditure	2019–20 £000 Outturn Income	2019–20 £000 Outturn Net expenditure	2019–20 £000 Estimate Net expenditure	Estimate Net total outturn compared with Estimate	2018–19 £000 Outturn Net expenditure
<b>Spending in Departmental Expenditure Limit</b>						
Voted:						
A. Additions	169	-	169	170	1	100
<b>Total</b>	169	-	169	170	1	100

## SoPS 2: Reconciliation of outturn to net operating expenditure

	SOPS Note	2019–20 £000 Outturn	2018–19 £000 Outturn
<b>Total resource outturn in Statement of Parliamentary Supply</b>			
Budget	1.1	19,260	18,200
Less: Income payable to Consolidated Fund	4.1	-	-
<b>Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>		19,260	18,200

## SoPS 3: Reconciliation of Net Resource Outturn to Net Cash Requirement

	SOPS Note	2019-20 Estimate £000	2019-20 Outturn £000	Net total outturn compared with Estimate £000
Resource Outturn	1.1	19,426	19,260	166
Capital Outturn	1.2	170	169	1
<b>Accruals to cash adjustments:</b>				
<b>Adjustments to remove non-cash items:</b>				
Depreciation		(120)	(120)	-
AME Provision		(30)	(19)	(11)
Other non-cash items		(46)	(47)	1
<b>Adjustments to reflect movements in working balances:</b>				
Increase/(decrease) in receivables		-	257	(257)
(Increase)/decrease in payables		-	(100)	100
Use of provisions				
<b>Net cash requirement</b>		<b>19,400</b>	<b>19,400</b>	<b>-</b>

## SoPS 4: Income payable to the consolidated Fund

### SoPS 4.1: Analysis of income payable to the Consolidated Fund

In addition to income retained by Ofqual, there was no income is payable to the Consolidated Fund.

	Outturn 2019–20 £000 Income	Outturn 2019–20 £000 Reciepts	Outturn 2018–19 £000 Income	Outturn 2018-19 £000 Reciepts
Income outside the ambit of the Estimate	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
<b>Total Amount Payable to the Consolidated Fund</b>	-	-	-	-

### SoPS 4.2 Consolidated Fund income

Consolidated fund income shown in note 4.1 above does not include any amounts collected by the department where it was acting as agent for the consolidated fund rather than as principal. The amounts collected as agent for the consolidated fund (which are otherwise excluded from these financial statements) were:

	2019–20 £000	2018–19 £000
Fines & Penalties	401	57
Other Income	-	-
Amount payable to the Consolidated Fund	<b>401</b>	57
Balance held at start of year	57	-
Payments into the Consolidated Fund	<b>(57)</b>	(57)
<b>Balance held at the end of the year</b>	401	-

In 2019-20 Ofqual received £434k receipts from two awarding organisations as proceeds from regulatory control, comprising a £401k monetary penalty, and £33k of cost recovery. Ofqual retained the £33k of cost recovery, and is due to pay the monetary penalty amount of £401k to the Consolidated Fund.

## Losses and special payments

This section is subject to audit.

During 2019-20 Ofqual incurred no material losses (2018-19: Nil). Fruitless payments as a result of COVID-19 totalled £20k due to irrecoverable costs of conference venues and travel arrangements.

**Table 28: Losses and special payments 2019–20**

	2019–20	2018–19
	£000	£000
Fruitless payments	20	-

## Special payments

This section is subject to audit.

During 2019-20 Ofqual accrued for one special severance payment (2018-19 None).

## Gifts

No material gifts were received during 2019-20 (2018-19 Nil).

## Fees and Charges

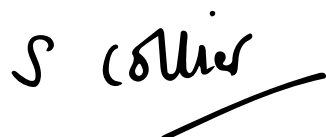
This section is subject to audit.

No material fees and charges income was received during 2019-20 (2018-19 Nil).

## Remote contingent liabilities

This section is subject to audit.

Ofqual has no contingent liabilities that need to be disclosed under Parliamentary Reporting requirements.



**Sally Collier**  
Chief Regulator, Accounting Officer for Ofqual  
29 June 2020

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

## Opinion on financial statements

I certify that I have audited the financial statements of the Office of Qualifications and Examinations Regulation (Ofqual) for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

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

In my opinion:

- the financial statements give a true and fair view of the state of Ofqual's affairs as at 31 March 2020 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Ofqual in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- Ofqual's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- Ofqual have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Ofqual's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ofqual's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of Ofqual's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ofqual's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Ofqual to cease to continue as a going concern.



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

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

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of Ofqual and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or

- 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.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date**

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

# Financial Statements

For the Year ended 31 March  
2020

## Statement of Comprehensive Net Expenditure For the Year ended 31 March 2020

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

	Note (if Material)	2019-20 Total £000	2018-19 Total £000
Other Operating Income	6	(63)	(787)
<b>Total operating income</b>		<b>(63)</b>	<b>(787)</b>
Staff Costs	3	13,918	12,118
Purchase of goods and services	4, 5	3,409	3,778
Depreciation and impairment charges	7, 8	120	91
Other operating expenditure	4, 5	<b>1,876</b>	3,000
<b>Total operating expenditure</b>		<b>19,323</b>	18,987
<b>Net operating expenditure</b>		<b>19,260</b>	18,200
<b>Net expenditure for the year</b>		19,260	18,200
Other comprehensive net expenditure		-	-
<b>Comprehensive net expenditure for the year</b>		<b>19,260</b>	18,200

The notes on pages 133 to 145 form part of these accounts

# Statement of financial position

## As at 31 March 2020

	Note	31 March 2020 £000	31 March 2020 £000	31 March 2019 £000	31 March 2019 £000
<b>Non-current assets</b>					
Property, plant & equipment	7, 8		337	288	
<b>Total non-current assets</b>			<b>337</b>		<b>288</b>
<b>Current assets</b>					
Trade & other receivables	10	423		164	
Cash & cash equivalents	9	2		252	
<b>Total current assets</b>			<b>425</b>		<b>416</b>
<b>Total assets</b>			<b>762</b>		<b>704</b>
<b>Current liabilities</b>					
Trade & other payables	11	(3,263)		(3,414)	
Provisions	16	(29)		(10)	
<b>Total current liabilities</b>			<b>(3,292)</b>		<b>(3,424)</b>
<b>Total non-current liabilities</b>			-		-
<b>Total assets less current liabilities</b>			<b>(2,530)</b>		<b>(2,720)</b>
<b>Taxpayers' equity and other reserves:</b>			<b>(2,530)</b>		<b>(2,720)</b>
General fund					
<b>Total equity</b>			<b>(2,530)</b>		<b>(2,720)</b>

*S Collier*

Sally Collier  
Chief Regulator,  
Accounting Officer  
29 June 2020

The notes on pages 133 to 145 form part of these accounts

# Statement of Cash Flows

## For year ended 31 March 2020

	Note (if material)	2019-20 £000	2018-19 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(19,260)	(18,200)
Adjustment for non-cash transactions	4, 5	186	(26)
(Increase)/Decrease in trade and other receivables	10	(259)	131
Increase/(Decrease) in trade and other payables	11	(153)	1,038
Less: Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		250	(229)
<b>Net cash outflow from operating activities</b>		<b>(19,236)</b>	<b>(17,286)</b>
<b>Cash flows from Investing activities</b>			
Purchase of property, plant & equipment	7	(169)	(100)
<b>Net cash outflow from investing activities</b>		<b>(169)</b>	<b>(100)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		<b>19,153</b>	17,617
<b>Net Financing</b>		<b>19,153</b>	17,617
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund</b>			
		(250)	231
<b>Cash and cash equivalents at the beginning of the period</b>	9	252	21
<b>Cash and cash equivalents at the end of the period</b>	9	2	252

## Statement of Changes in Taxpayers' Equity For year ended 31 March 2020

		General Fund £000	Total Reserves £000
<b>Balance at 31 March 2018</b>		(1,956)	(1,956)
Net Parliamentary Funding – drawn down		17,617	17,617
Comprehensive net expenditure for the year	SOCNE	(18,200)	(18,200)
Auditors remuneration	4	50	50
Supply Payable Adjustment		(230)	(230)
CFERS payable to the Consolidated Fund		-	-
<b>Balance at 31 March 2019</b>		(2,719)	(2,719)
Net Parliamentary Funding – drawn down		19,153	19,153
Comprehensive net expenditure for the year	SOCNE	(19,260)	(19,260)
Auditors remuneration	4	46	46
Supply Payable Adjustment		250	250
CFERS payable to the Consolidated Fund		-	-
<b>Balance at 31 March 2020</b>		(2,530)	(2,530)



# Notes to the accounts

## 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government FReM issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of Ofqual for the purpose of giving a true and fair view has been selected. The particular policies adopted by Ofqual are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

### 1.1 Accounting convention

These financial statements have been prepared under the historical cost convention. Ofqual has a small asset base, and property, plant, equipment and intangible assets are held at depreciated historic cost as a proxy for current value, as permitted by the 2019–20 FReM. No revaluation adjustments have been made in these accounts.

### 1.2 Accounting policies

#### 1.2.1 Going Concern

In common with other government departments, funding for Ofqual will be met in the main by future Grants of Supply to be approved annually by Parliament. The 2015 Spending Review reduces Ofqual's core administration funding over the 2016–20 period, which continues into 2020-21 under the 2019 Spending Round. A budget has been set that achieves this objective and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

COVID-19 has had a substantial impact on Ofqual's planned activity in the last quarter of 2019-20, which will increase throughout 2020-21 as Ofqual responds to the cancellation of summer examinations and assessments by the Secretary of State. Ofqual actively monitors the sufficiency of Supply to meet the needs of the emerging corporate plan for 2020-21 and maintains regular positive discussions with the Department for Education and HM Treasury. Therefore COVID-19 is not considered to affect the going concern basis of these accounts.

### **1.2.2 Valuation of non-current assets**

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

### **1.2.3 Depreciation and amortisation**

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

Asset lives are in the following ranges:

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

### **1.2.4 Operating and other income**

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

Income is recognised with regard to IFRS 15 Revenue from Contracts with Customers. Under IFRS 15, income is recognised by applying the following five steps:

1. identifying the contract(s) with a customer.
2. identifying the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
3. determining the transaction price.
4. allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
5. recognising revenue when a performance obligation is satisfied by transferring a promised good or service to a customer, which is when the customer obtains control of that good or service. A performance obligation may be satisfied at a point in time or over time. For a performance obligation satisfied over time, an appropriate measure of progress is selected to determine how much revenue should be recognised as the performance obligation is satisfied.

There is no material impact on the amount by which each financial statement line item is affected in 2019-20 by the application of this Standard as compared to IAS 18 and related Interpretations that were in effect before the change.

In 2019-20, Ofqual received income relating to administering financial penalties and the provision of data and analysis to regulatory counterparts. The income is reflected

as income in the Statement of Parliamentary Supply and the Financial Statements. However, these arrangements are outside the scope of IFRS 15. In 2019-20 Ofqual also received income from fines and penalties, for which Ofqual is acting as an agent in the collection of the fines and penalties and therefore the income is not included in the Statement of Parliamentary Supply and the Financial Statements. All fine and penalty income received has been paid over to the consolidated fund as shown in SoPS4.2 in line with consolidated budgeting guidance 2019-20. IFRS 15 does not apply to fines and penalties.

### **1.2.5 Administration and programme expenditure**

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

### **1.2.6 Pensions**

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

### **1.2.7 Leases**

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

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

IAS 17 has been replaced by IFRS 16, which will apply to Ofqual from 1 April 2021, as explained at note 1.3 below.

### **1.2.8 Financial instruments**

Financial Instruments are recognised at fair value through profit and loss in line with IFRS 9 Financial Instruments and note 1.2.9. Ofqual does not have any complex financial instruments. Ofqual determines the classification of its financial instruments at initial recognition.

### **1.2.9 Financial Assets**

Ofqual holds the following financial assets:

- cash and cash equivalents; and,
- trade receivables – current

Cash and cash equivalents comprise Ofqual's closing bank account balance and are recognised in the Statement of Financial Position and Statement of Cashflow at fair value through profit and loss.

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

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

### **1.2.10 Financial Liabilities**

- trade and other payables – current

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

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

### **1.2.11 Value Added Tax**

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

### **1.2.12 Contingent liabilities and contingent assets**

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

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

## **1.3 Impending application of newly issued accounting standards not yet effective**

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

Ofqual has considered the updates to the following accounting standards:

- IFRS 16 Leases. The new standard replaces IAS 17 Leases and introduces a new single accounting approach for lessees for all leases, with limited exceptions. As a result, there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset
- representing the right to use the underlying asset during the lease term. Ofqual has not adopted early and has assessed the impact on the financial statements. One property is leased for use as office space which is currently classified as an operating lease, and there is a minor lease for office machinery. Due to the consequences of COVID-19, HM Treasury has agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 in central government until 1 April 2021. This represents a one-year deferral from the initial effective date of 1 April 2020.

#### **1.4 Judgment and Estimates**

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

Ofqual has judged that COVID-19 does not affect the going concern basis of these accounts. In doing so, the financial impact of the substantial changes to planned activity in 2020-21 in response to the cancellation of summer examinations and assessments by the Secretary of State has been carefully reviewed and will continue to be monitored to ensure that the Supply is sufficient to meet the changing demand. COVID-19-related risks have been raised and effective mitigations have been agreed with the Board. Ofqual maintains regular positive discussions with the Department for Education and HM Treasury regarding priorities to mitigate financial risks.

Ofqual moved to its office in Earlsdon Park, Coventry, in October 2018. In accordance with the Memorandum of Terms of Occupation, Ofqual is liable for the dilapidations cost relating to the occupied area at the end of the term. Ofqual has therefore recognised a non-material provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The calculation has been based on the actual cost of the dilapidations incurred at Ofqual's former office, Spring Place, which was settled in July 2019, and is considered to be a reasonable estimate at this early stage in the lease term. As the repairs are anticipated to be largely decorative, this represents the value of the provision recognised at present, rather than a building up of the provision over the lease term. There are no additional significant works that would be undertaken to materially affect this estimate.

#### **2. Statement of operating costs by operating segment**

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

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

	2019-20 National Reference Test £000	General Qualifications £000	Vocational and Technical Qualifications £000	Strategy Risk & Research £000	Regulatory Compliance £000	Corporate Services £000	Total £000
Gross Expenditure	1,825	2,407	3,861	4,059	714	6,337	19,203
Income	-	-	-	(32)	-	(31)	(63)
Depreciation	-	-	-	-	-	120	120
<b>Net Expenditure</b>	<b>1,825</b>	<b>2,407</b>	<b>3,861</b>	<b>4,027</b>	<b>714</b>	<b>6,426</b>	<b>19,260</b>

	2018-19 National Reference Test £000	General Qualifications £000	Vocational and Technical Qualifications £000	Strategy Risk & Research £000	Regulatory Compliance £000	Corporate Services £000	Total £000
Gross Expenditure	1,724	2,048	2,960	3,634	883	7,647	18,896
Income	-	-	-	(176)	-	(611)	(787)
Depreciation	-	-	-	-	-	91	91
<b>Net Expenditure</b>	<b>1,724</b>	<b>2,048</b>	<b>2,960</b>	<b>3,458</b>	<b>883</b>	<b>7,127</b>	<b>18,200</b>

Ofqual has four distinct directorates:

1. Strategy, Risk and Research: responsible for overall strategy and strategic planning; research and analysis functions to underpin the regulatory approach; and the legal and complaints teams.
2. General Qualifications: provides dedicated resources for this specific qualification area.
3. Vocational and Technical Qualifications: provides dedicated resources for this specific qualification area. As in 2018-19, additional programme funding was received in 2019-20 for delivery of the expanded reform programme of vocational and technical qualifications.
4. Regulatory and Corporate Services: responsible for NRT, collecting evidence and intelligence from and auditing awarding organisations' compliance with Ofqual's regulations, as well as business support services including finance, HR, Information Management, communications and customer services.



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

### 3. Staff costs comprise:

	2019-20 Permanently employed staff £000	Others £000	Total £000	2018-19 Total £000
Wages and salaries	10,059	175	10,234	9,385
Social security costs	1,092	-	1,092	950
Other pension costs	2,592	-	2,592	1,783
<b>Sub Total</b>	<b>13,743</b>	<b>175</b>	<b>13,918</b>	<b>12,118</b>
Less recoveries in respect of outward secondments	-	-	-	-206
<b>Total net costs</b>	<b>13,743</b>	<b>175</b>	<b>13,918</b>	<b>11,912</b>
<b>of Which:</b>	<b>Charged to Administration budgets</b>	<b>Charged to Programme budgets</b>	<b>Charged to capital budgets</b>	<b>2019-20 Total</b>
Core departments	11,925	1,993	-	13,918
<b>Total</b>	<b>11,925</b>	<b>1,993</b>	<b>-</b>	<b>13,918</b>

No staff costs have been charged to capital in the year.

### 4. Other administration costs

	2019-20 Core Department £000	2018-19 Core Department £000
<b>Non-cash items</b>		
Auditors remuneration	46	50
Total non-cash items	<b>46</b>	50
<b>Other expenditure</b>		
Direct Operational Expenditure	1,060	1,403
Rent and Accommodation	934	1,816
IT	698	1,391
Recruitment, Training and Staff Related	307	428
Finance and Governance	4	(11)
Total other expenditure	<b>3,003</b>	5,027
<b>Total</b>	<b>3,049</b>	5,077



## 5. Programme costs

	2019-20 Core Department £000	2018-19 Core Department £000
<b>Non-cash items</b>		
Depreciation	120	91
Provision for Dilapidations	19	(167)
	<b>139</b>	<b>(76)</b>
<b>Other expenditure</b>		
Direct Operational Expenditure	1,785	1,839
Rent and Accommodation	4	-
IT	412	27
Recruitment Training and Staff Related	16	1
	<b>2,217</b>	<b>1,867</b>
<b>Total</b>	<b>2,356</b>	<b>1,792</b>

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

## 6. Income

Description	2019-20 £000	2018-19 £000
Department for Education	34	390
Qualifications Wales	15	58
Council for Curriculum, Examinations & Assessment	37	-
GCHQ	-	8
Ministry of Justice	-	22
DEFRA	-	80
Institute for Apprenticeships and Technical Education*	-1	10
Office for National Statistics	-	35
Other income*	-22	184
<b>Total</b>	<b>63</b>	<b>787</b>

\* Ofqual reviewed its outstanding debtors during 2019-20, particularly relating to the recovery of salaries for secondments, and issued debit notes where actual costs had differed from the invoice issued. These are not material balances.

Income decreased significantly in the year because 2018-19 included the recovery of costs from the Department for Education relating to the office move.

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

## 7. Property, plant and equipment

	Information Technology	2019-20 Total
<b>Cost or valuation</b>	<b>£000</b>	<b>£000</b>
At 1 April 2019	406	406
Additions	169	169
Disposals	-	-
<b>At 31 March 2020</b>	<b>575</b>	<b>575</b>
<b>Depreciation</b>		
At 1 April 2019	118	118
Charged in year	120	120
Disposals	-	-
<b>At 31 March 2020</b>	<b>238</b>	<b>238</b>
<b>Carrying amount at 31 March 2020</b>	<b>337</b>	<b>337</b>
Carrying amount at 1 April 2019	288	288
<b>Asset financing</b>		
Owned	337	337
<b>Carrying amount at 31 March 2020</b>	<b>337</b>	<b>337</b>
	Information Technology	2019-20 Total
<b>Cost or valuation</b>	<b>£000</b>	<b>£000</b>
At 1 April 2018	306	306
Additions	100	100
Disposals	-	-
<b>At 31 March 2019</b>	<b>406</b>	<b>406</b>
<b>Depreciation</b>		
At 1 April 2018	26	26
Charged in year	92	92
Disposals	-	-
<b>At 31 March 2019</b>	<b>118</b>	<b>118</b>
<b>Carrying amount at 31 March 2019</b>	<b>288</b>	<b>288</b>
Carrying amount at 1 April 2018	279	279
<b>Asset financing</b>		
Owned	288	288
<b>Carrying amount at 31 March 2019</b>	<b>288</b>	<b>288</b>

## 8. Intangible assets

Ofqual does not hold any intangible assets (2018-19: nil).

## 9. Cash and cash equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April 2019	252	21
Net change in cash and cash equivalent balances	(250)	231
<b>Balance at 31 March 2020</b>	<b>2</b>	<b>252</b>

The following balances at 31 March 2020 were held at:

Government Banking Service	2	252
<b>Balance at 31 March 2020</b>	<b>2</b>	<b>252</b>

## 10. Trade receivables

	2019-20 £000	2018-19 £000
<b>Amounts falling due within one year</b>		
Trade receivables	-	32
Other receivables	-	3
Prepayments	342	34
Accrued income	-	94
VAT	81	1
<b>Total at 31 March 2020</b>	<b>423</b>	<b>164</b>

## 11. Trade payables, financial and other liabilities

	2019-20 £000	2018-19 £000
<b>Amounts falling due within one year</b>		
Other taxation and social security	306	260
Trade payables	341	68
Other payables	282	196
Accruals	1,928	2,581
Deferred income	3	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	2	252
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
- received		
- receivable	401	57
	-	-
<b>Total at 31 March 2020</b>	<b>3,263</b>	<b>3,414</b>

## 12. Leases

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

	2019-20 £000	2018-19 £000
<b>Buildings</b>		
Not later than one year	899	899
Later than one year and not later than five years	3,596	3,596
Later than five years	3,822	4,723
<b>Total</b>	<b>8,317</b>	<b>9,218</b>
<b>Other</b>		
Not later than one year	22	21
Later than one year and not later than five years	16	20
Later than five years	-	-
Total	38	41
	-	-
<b>Total at 31 March 2020</b>	<b>3,263</b>	<b>3,414</b>

Other leases relate to the franking machine lease, which was renewed in 2016–17, and the multifunctional devices lease, which commenced in May 2017.

### **13. Financial risks**

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

### **14. Investments in other public sector bodies**

Ofqual has no investments in other public sector bodies.

### **15. Impairments**

There were no impairments in 2019–20 (2018–19 £nil).

### **16. Provisions for liabilities and charges**

Ofqual held a provision of £29k for dilapidations on the Earlsdon Park office in 2019-20 (2018-19: £10k).

### **17. Contingent liabilities**

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

### **18. Related-party transactions**

#### **18.1 Other government transactions**

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

- Government Legal Department;
- Ministry of Justice;
- HM Treasury Group;
- Department for Education;
- Department for Work and Pensions;
- Department for Business, Energy and Industrial Strategy;
- Local Government Association;
- Office of Gas and Electricity Markets;
- Qualification Wales; and,

- Cabinet Office

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

- Department for Education;
- Qualification Wales; and,
- Council for the Curriculum, Examinations and Assessment

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

### **19. Third-party assets**

Ofqual holds no third-party assets.

### **20. Entities within the department boundary**

Ofqual is the only body within its department boundary.

### **21. Events after the reporting period**

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date that the Annual Report and Accounts were authorised for issue of certification by the Comptroller and Auditor General. There have been no events after the reporting period requiring an adjustment to the financial statements, or to be reported. The cancellation of summer 2020 examinations and assessments by the Secretary of State due to the COVID-19 pandemic has had a significant impact on Ofqual's regulatory work; however, it has not required an adjustment to Ofqual's financial statements.

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