

2017-18 Supplementary Estimate

OFFICE FOR STANDARDS IN EDUCATION, CHILDREN'S SERVICES AND SKILLS

Introduction

HM Treasury requires that an Estimate Memorandum is provided to Departmental Select Committees. These memoranda summarise the formal Estimate, making their purpose more transparent. This document has been prepared in line with HM Treasury's guidance.

Subject to Parliamentary approval of the Supplementary Estimate, the total net budget for 2017-18 for the Office for Standards in Education, Children's Services and Skills (Ofsted) will be £140.6m; of which £132.6m is Resource, and £8m is Capital.

	Main Estimate (Voted)	Supplementary Estimate (Voted)	Change
	£m	£m	£m
Departmental Expenditure Limit (DEL)			
Resource	141.1	131.5	(9.6)
<i>of which:</i>			
Ringfenced Depreciation	3.7	3.7	0.0
Administration Budget	15.0	15.0	0.0
Capital	0	8.0	8.0
Total DEL including depreciation	141.1	139.5	(1.6)
Total DEL excluding depreciation	137.4	135.8	(1.6)
Annually Managed Expenditure			
Resource	(0.5)	1.2	1.6
Capital	0	0	0
Total Net Budget	140.6	140.6	0.0
<i>of which:</i>			
Resource	140.6	132.6	(8.0)
Capital	0	8.0	8.0
Net Cash Requirement	137.3	135.7	(1.6)

Purpose of planned spending

The planned spending is fully in line with Ministerial, Departmental and Ofsted's aims and priorities for raising standards and improving lives.

From childminders to prisons, schools to children's homes, there are thousands of organisations providing education, training and care services in England. Ofsted's role is to make sure that these institutions deliver for children and learners, creating the conditions that allow the next generation to realise its full potential.

Ofsted carries out that role through independent inspection and regulation. Inspection provides an independent assessment of the quality of provision. Regulation determines whether providers are fit to provide services, and we take enforcement action against those that are not.

Ofsted's new strategy, launched in September 2017, is built on the principle that our inspection and regulatory activity should lead to improved outcomes for children, young people and learners.

Specifically that Ofsted exists to be: 'A force for improvement through intelligent, responsible and focused inspection and regulation.'

Intelligent: Our work will be evidence-led and our evaluation tools and frameworks will be valid and reliable.

Responsible: Our frameworks will be fair. We will seek to reduce inspection burdens and make our expectations and findings clear

Focused: We will target our time and resources where they can lead directly to improvement

We fulfil our role by:

- designing and publishing clear, evidence based inspection frameworks which highlight what inspectors look for during inspections and how institutions will be evaluated
- reporting on what we find in a clear and accessible way, recognising good practice and being clear about what providers need to do to improve
- publishing transparent and comprehensive information about the quality of individual providers, local areas and national standards to help inform choice, support governance and target intervention
- listening to those using services, including parents, and acting on their views, alongside other risk assessment tools, in deciding who, when and how to inspect
- collecting first-hand evidence based on what we observe, engaging with senior stakeholders, academics and policy makers to make sure the way Ofsted works is informed by evidence and research
- using a combination of experienced expert inspectors and current serving practitioners who can credibly challenge providers on their performance
- Using our birds eye view of providers to conduct research into the overall state of education and care provision in England.

Inspection

Ofsted inspects the following services: maintained schools and academies, some independent schools, early years and childcare, children's centres, children's homes, family

centres, adoption and fostering services and agencies, Cafcass (Children and Family Court Advisory and Support Service), children's services in local authorities, school improvement services in local authorities, initial teacher education, further education colleges and 14 to 19 provision, a wide range of work-based learning and skills training, adult and community learning, probation services, education and training in prisons and other secure establishments.

Regulation

We regulate a range of early years and children's social care services by checking that people, premises and the services provided are suitable to care for children and young people. We register childcare and children's social care providers that meet the required standards. If we find that providers are not meeting the required standards, we use our enforcement powers to ensure that they make the necessary improvements. If they are unable to meet the required standards, we act in the interests of the children and young people in their care and suspend or cancel their registration.

Reporting on our findings and disseminating good practice

We analyse the findings from our inspection and regulatory work and publish reports to highlight areas of strength and weakness across the different sectors in order to inform future policy development. We collect evidence in different ways, including statistical analysis, surveys and thematic inspections on specific areas of interest.

We publish sector-specific annual reports that summarise our findings throughout the year. Periodically, we publish in-depth reports on specific topics over the past twelve months this has included, Improving school governance; Do two inspectors inspecting the same school make consistent decisions; Helping disadvantaged young children: how good are local authorities and early years providers; Joint inspections of child sexual exploitation and missing children: February to August 2016 and The Prevent duty in further education and skills providers.

Where we identify good practice, we publish case studies and disseminate these findings to providers such that they can learn from them.

Expected outcomes

Ofsted exists to ensure that children, young people and older learners receive the excellent care and education the public has every right to expect. As an independent inspectorate, we report without fear or favour on what we find. Ofsted, like those that it inspects, is the public's servant and stands accountable to them through Parliament.

Changes to the 2017-18 Resource

The Resource Departmental Expenditure Limit (RDEL) has decreased by £9.6m resulting from:

A voted transfer from RDEL to Capital DEL (CDEL) to fund Ofsted's capital programme of £8m.

Like all public sector organisations, Ofsted faces the challenge of doing more with less. This challenge can be met, in part, through greater efficiency. However, it also demands choices in terms of our focus; about 'doing better with less'. If Ofsted exists to be a force for improvement, we must continue to invest in our infrastructure.

Ofsted is investing in new IT infrastructure and software to improve the way in which it interacts with customers and delivery partners, as well as improving the efficiency of internal operations. There are also capital costs associated with relocating to a government building in London, and costs of a research programme which meet the criteria to be accounted for as a CDEL cost.

A voted transfer of £1.6m from RDEL to Annually Managed Expenditure (AME)

This transfer to AME will cover potential future liabilities that are both uncertain in terms of timing and amount.

To help reduce future inspection costs, Ofsted is engaged in a restructure of its Early Years Inspection function. A small number of staff will be affected by the restructure. The AME transfer is to cover staff who will leave under a voluntary arrangement, and also to cover pension liabilities associated with the TUPE transfer into Ofsted. The transfer to AME will also cover future potential property liabilities across the estate, and other staffing related costs.

Other changes

Further amendments to resource have been made in the Supplementary Estimate but do not affect the RDEL control total. Ofsted's income limit has been increased by £1.2m to take account of income received from other Government Departments to undertake inspection activity.

The Net Cash Requirement has reduced by £1.6m as a consequence of the transfer to AME.

Departmental Accounting Officer

The Departmental Accounting Officer has personal responsibility for the content in the above memorandum. Formal approval of the memorandum has, therefore, been obtained prior to its submission to the Select Committee.

Appendix 1

Budgetary Limits 2014-15 to 2019-20

£m	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Plans	2018-19 Plans	2019-20 Plans
Departmental Expenditure Limit (DEL)						
Resource	157.2	134.1	141.7	131.5	132.8	127.1
of which:						
Ringfenced Depreciation	0.9	2.1	2.4	3.7	3.5	3.6
Administration Budget	16.1	16.0	15.4	15.0	14.8	14.4
Capital	3.7	2.2	3.8	8.0	0.0	0.0
Total DEL including depreciation	160.9	136.3	145.5	139.5	132.8	127.1
Total DEL excluding depreciation	160.0	134.2	143.1	135.8	129.3	123.5
Annually Managed Expenditure						
Resource	(1.7)	(2.3)	(0.6)	1.2	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0
Total Net Budget	159.2	134.0	144.8	140.6	132.8	127.1
of which:						
Resource	155.5	131.8	141.1	132.6	132.8	127.1
Capital	3.7	2.2	3.8	8.0	0.0	0.0
Net Cash Requirement	159.2	134.2	140.9	135.7	129.3	123.5