



**Office of Qualifications and  
Examinations Regulation (Ofqual)**

**Main Estimate 2018/19**

Memorandum to the Education Select Committee



**March 2018**

## **Contents**

Introduction .....	3
Key Activities Supported by the Provision .....	3
Departmental Control Totals .....	4
Accounting Policies and Standards .....	5
Ofqual Accounting Officer .....	6

## **Introduction**

1. The purpose of this memorandum is to provide the Education Select Committee with additional information about the 2018/19 Main Estimate for Ofqual. The memorandum includes information on Ofqual's key activities and outlines the changes to budget control totals resulting from the Main Estimate.

## **Key Activities Supported by the Provision**

2. Ofqual continues to deliver a comprehensive programme of work to fulfil our statutory objectives in 2018/19. Ofqual has five statutory objectives, as set out in the Apprenticeships, Skills, Children and Learning Act 2009:
  - (1) To secure qualifications 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.
  - (5) To secure that regulated qualifications are provided efficiently.
3. Our goals and activities underpinning these objectives are summarised below; further details are found in our Corporate Plan 2018-2021.

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

4. We regulate General Qualifications, particularly GCSEs, AS and A levels, so that they are valid, worthy of public confidence, produce fair and reliable results, and to ensure that standards over time are maintained. The second tranche of reformed GCSEs and A levels will be awarded for the first time in 2018, and a key focus is on ensuring that exam boards implement new qualifications effectively and that they are widely understood.

### **Goal 2 Regulate for the validity and safe delivery of vocational qualifications**

5. We monitor the delivery of regulated qualifications drawing on a number of sources including stakeholder intelligence, any complaints we receive, the notifications awarding organisations are required to make to us, and the findings from our regulatory activity and enforcement. We use this information to assess system-wide risks to address in the year ahead. In 2018/19 we intend to focus particularly on awarding organisations' arrangements with centres, and their handling of malpractice.
6. We are engaging fully in the programme of vocational and technical qualifications reform, which includes the introduction of Technical Qualifications within T level programmes, the continued introduction of new apprenticeship end-point assessments, and the reform of functional skills qualifications. In 2018/19, our attention will be focused particularly on ensuring that reformed qualifications are designed and developed well. We will be putting in place the regulatory

requirements to ensure that standards are maintained over time, and we will also be looking closely at the impact that the reforms will have on the broader market.

### **Goal 3 Monitor and evaluate the validity of National Assessments**

7. Our work on National Assessments focuses on promoting validity and public confidence. We do this by providing assurance where effective processes are in place to secure validity, and by raising risks so that these can be addressed by others to contribute to achieving greater validity over time. In 2018/19 we will continue to monitor and report on those processes that are critical to maintaining test validity. We will also look in more detail at the assessment of writing at key stage 2.

### **Goal 4 Develop and manage our people, resources and systems**

8. We will continue to ensure that we have the skills and capacity to deliver our goals. We will continue to make the best use of public money through more effective use of technology and using our risk-based approach to target our activities. We continue to make our data more accessible to others to support system wide learning and improvement.

## **Departmental Control Totals**

9. The Total Managed Expenditure for 2018/19 is £17.5m. The 2015 Spending Review, covering the period 2016 to 2020, set our core administration funding at £15.0m for 2018/19, reduced from £15.3m in 2017/18. Over the 4-year Spending Review period, our level of administration funding will reduce by £1.1m. We continue to actively manage this reduction through efficiency savings and maintaining tight management controls to reduce our expenditure.
10. The Estimate includes transfers from Resource Departmental Expenditure Limit (DEL) to Capital DEL to support digital investment and to Annually Managed Expenditure (AME) to release a provision for office relocation costs anticipated in 2018. The Department for Education has agreed to provide £167,000 in funding in a Supplementary Estimate to support the AME transfer.
11. Ofqual recovers the costs associated with monetary penalties imposed on awarding organisations for breaches of Ofqual's regulations. Costs are also recovered relating to the provision of data and analysis to our regulatory counterparts in Wales and Northern Ireland, and for provision of support relating to IT/digital development, including developments to the register of qualifications and income from the disposal of hardware as part of IT transformation. Ofqual encourages secondment opportunities as part of staff development, for which costs are recovered from the host department. In 2018/19, Ofqual will also recover some office relocation costs from the Department for Education. The income control total will be adjusted at Supplementary Estimates to account for these receipts in full once the total value is confirmed.

12. Specific programme funding reduces from £2.4m in 2017/18 to £2.1m in 2018/19 with the completion of General Qualifications reform. New programme funding of £0.6m to support functional skills reform has been secured from the Department for Education and is included in this Estimate. Further funding to support apprenticeships and 'T' Level reform is under discussion and is anticipated to be included in a Supplementary Estimate later in the year.
13. At the point of preparation, Ofqual has no contingent liabilities.
14. The 2018/19 Main Estimate is summarised below with 2017/18 Final Estimate for comparison:

	<b>2017/18 Final Estimate £m</b>	<b>2018/19 Main Estimate £m</b>	<b>Change £m</b>
Core Activities	15.1	14.9	-0.2
Income	-0.3	-0.1	0.2
Programme Activities:			
National Reference Test	2	2.1	0.1
A Level and GCSE Reform	0.4	-	-0.4
Functional Skills Reform	0.5	0.6	0.1
Apprenticeships Reform	0.2	-	-0.2
Depreciation (ring-fenced)*	0.0	0.0	0.0
<b>Resource DEL</b>	<b>17.9</b>	<b>17.6</b>	<b>-0.3</b>
Digital Infrastructure and Equipment	0.3	0.1	-0.2
<b>Capital DEL</b>	<b>0.3</b>	<b>0.1</b>	<b>-0.2</b>
<b>Total DEL</b>	<b>18.2</b>	<b>17.7</b>	<b>-0.5</b>
Movement in Provisions	0.2	-0.2	-0.4
<b>Total AME</b>	<b>0.2</b>	<b>-0.2</b>	<b>-0.4</b>
<b>Total Managed Expenditure</b>	<b>18.4</b>	<b>17.5</b>	<b>-0.9</b>
<b>Net Cash Requirement</b>	<b>18.1</b>	<b>17.6</b>	<b>-0.5</b>

*\*At £10,000, depreciation is below the rounding threshold for this Memorandum*

## **Accounting Policies and Standards**

15. In 2017/18, Ofqual reviewed the capitalisation threshold in our fixed asset policy, backdated to 1<sup>st</sup> April 2017. The change was accounted for in the transfer from Resource DEL to Capital DEL included in the 2017/18 Supplementary Estimate, and is also accounted for with a similar transfer in this Main Estimate.

16. Ofqual also established a provision for dilapidations in 2017/18 in order to align with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The majority of this provision will be released in 2018/19, offset by the creation of a replacement provision relating to a new building lease.
17. Ofqual does not anticipate amending any other accounting policies during 2018/19.
18. Ofqual has regard to two accounting standards that departments are to adopt in 2018/19:
  - a. IFRS 9 regarding the classification and measurement of financial instruments, the impairment of financial assets and hedge accounting; and,
  - b. IFRS 15 regarding revenue from contracts with customers.
19. Ofqual considers that these standards do not impact on the Estimate.

## **Ofqual Accounting Officer**

20. This memorandum has been prepared with reference to the guidance in the Estimates Manual published by HM Treasury.
21. The Accounting Officer retains personal responsibility for the content of the memorandum. Formal approval has therefore been obtained prior to submission to the Select Committee.