Office of Qualifications and Examinations Regulation (Ofqual)

Supplementary Estimate 2023 to 2024

Memorandum to the
Education Select Committee
February 2024

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Introduction

1. The Office of Qualifications and Examinations Regulation (Ofqual) is the independent qualifications regulator for England. Each year we undertake a range of activities targeted to the greatest risks to our statutory objectives, with a particular focus on threats to the standards of qualifications and their validity, and impacts on public confidence.

2. In 2023/24, our priorities are:

- Quality and fairness for students and apprentices. Ofqual will focus regulatory activity, research and engagement on ensuring that qualifications and assessments are good quality, as fair as they can be and that they meet the needs of employers and other users of qualifications.

- Clarity, effectiveness, and efficiency in the qualifications market. The qualifications market needs to work well for those that purchase, take and use qualifications and assessments. It should have the right breadth of high-quality qualifications to meet employer needs and to allow students to select the right mix of qualifications to meet their needs.

- Shaping the future of assessment and qualifications. Ofqual has a key role to play in leading, influencing and enabling innovation and transformation in assessment and qualifications. New approaches to assessment, including the use of technology, have the potential to improve quality and fairness for students and apprentices and to strengthen the resilience of how qualifications and assessments are delivered.

- Developing Ofqual as an effective, expert, and inclusive regulator. Underpinning all of Ofqual's work to regulate on behalf of students and apprentices are our people, the data we collect and analyse and the technology and systems we use. We will continue to develop those, so that we strengthen our expertise and so that we are effective and proportionate in our regulation.

3. We will conduct relevant investigation, research and analysis, and undertake engagement and consultation with stakeholders as necessary to enable us to provide assurance that regulated qualifications support good educational and training outcomes.

4. As part of its statutory enforcement powers, Ofqual can impose both monetary penalties and cost recovery orders where we believe that a breach of our General Conditions of Recognition or other regulations have been breached by a recognised awarding organisation. The decision to impose a monetary penalty is taken only where a breach is of a level of severity to warrant this action.

5. Ofqual can provide data capture and analysis to other government departments and our regulatory counterparts, for which the direct cost of provision is recovered. Income may also be recovered from the disposal of computer hardware as a result of continuing IT transformation. Ofqual encourages secondment opportunities as part of staff development, for which costs are recovered from the host department. Ofqual may also recover costs for building related expenditure.

6. More details on our strategic priorities and corporate objectives can be found in our 2022-25 Corporate Plan.

Financial Analysis

Spending controls

7. Ofqual's net spending comprises several different spending totals, for which Parliament's approval is sought.

8. The spending totals that Parliament votes for Ofqual are:

- Resource Departmental Expenditure Limit (**Resource DEL**) - a net limit comprising day-to-day running costs, less income from cost recovery.
- Capital Departmental Expenditure Limit (**Capital DEL**) – investment in digital infrastructure. All Ofqual's capital is classified as programme expenditure.

9. Annually Managed Expenditure (**AME**), which supports the creation and use of provisions, is not required in 2023/24. The sum of Resource DEL and Capital DEL is the Total Managed Expenditure (**TME**) for Ofqual. Parliament also votes a net cash requirement, which covers the elements of the above budgets that require Ofqual to pay out cash in year.

Comparison of net spending totals sought

10. The Main Estimate is based on the Settlement agreed for Ofqual at SR21. In addition, in-year funding has been agreed from the Department for Education (DfE) to support the delivery of vocational and technical qualifications reform.

11. The main driver of change is the need for Ofqual to prepare to move from its current offices in Earlsdon Park, Coventry to alternative premises in Coventry following exercise of a break clause in the current lease by the Government Property Agency (GPA).

12. Table 1 below shows the Net Spending totals sought for Ofqual at the Supplementary Estimate and Main Estimate compared with the previous financial year.

Table 1: Comparison of net spending totals

Amounts sought in the Supplementary Estimate 2023/24		**Compared to the Main Estimate 2023/24**		**Compared to the Final Budget at SE 2022/23**	
	£m	**£m**	**%**	**£m**	**%**
Resource DEL	30.697	29.822	3%	28.432	8%
Capital DEL	0.805	0.637	26%	0.742	9%
AME	-	-	-	-	-
TME	**31.502**	**30.459**	**3%**	**29.174**	**8%**

13. Changes requested at the Supplementary Estimate (SE) are:

a) £0.626 million administration expenditure to reinstate the over-removal of the rental costs of our offices at the Main Estimate to adjust for the introduction of IFRS16; and

b) £0.144 million administration expenditure in relation to the unplanned office move; and

c) £0.105 million programme depreciation in relation to the unplanned office move, a non-cash item; and

d) £0.168 million capital expenditure in relation to the unplanned office move; and

e) £0.938 million in net cash requirement of which £0.626 million is in relation to the

IFRS adjustment and £0.312 million is in relation to the unplanned office move.

14. The above adjustments increase the Resource DEL limit by £0.875 million and Capital DEL by £0.168 million; TME being increased by £1.043 million.

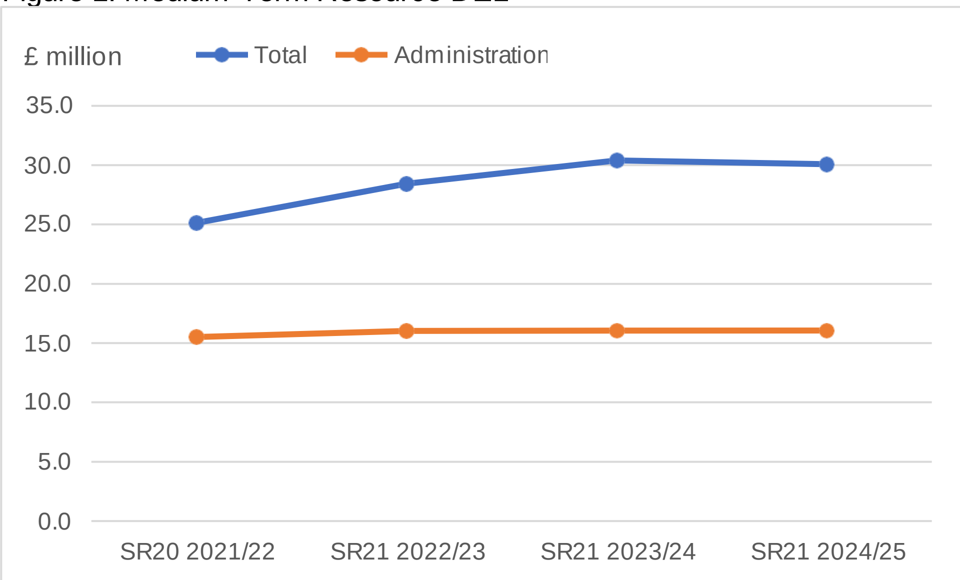
Ambit changes

15. We have not made any amendments to our ambit.

Expenditure drivers and trends

16. The SR21 Settlement has enabled Ofqual to develop a medium-term financial strategy to underpin its three-year corporate plan. Figure 1 below shows the SR20 together with the three years of the SR21.

Figure 1: Medium-Term Resource DEL



Ringfenced budgets

17. The total resource DEL includes a ringfenced element for depreciation, originally of £0.623 million increased to £0.728 million at the Supplementary Estimate, from which any underspends may not be used to fund pressures in other budgets.

Contingent liabilities

18. Ofqual currently has no contingent liabilities.

Priorities and performance

19. Ofqual's Annual Report and Accounts will set out progress in delivering the commitments in our corporate plan, a summary of the regulatory activity we have undertaken, and the impact of our actions. Each year we also undertake a range of targeted evaluations and reviews to assess the impact of our work.

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 this memorandum. The Accounting Officer for Ofqual is the Chief Regulator.