

Ofsted Supplementary Estimate 2020-21: Estimates Memorandum

1 Overview

1.1 Objectives

Ofsted is the Office for Standards in Education, Children’s Services and Skills. It is a non-ministerial government department. Our principal objective when carrying out our functions is to make sure that organisations providing education, training and care services in England do so to a high standard for children and students. There are thousands of these organisations and they create the conditions that allow the next generation to realise its full potential.

We carry out our role through independent inspection and regulation. Inspection provides an independent assessment of the quality of provision. Regulation allows us to determine whether certain providers are fit to provide services. We take enforcement action against those that are not.

Our strategy sets out our ambition to be a force for improvement through inspection and regulation. The judgements we give through inspection and the minimum standards we report against in regulation should contribute to improved standards across the country. Our bird’s-eye view across the system puts us in a unique position to aggregate and report on what does and does not work well in education and care, allowing us to inform both practitioners and policymakers.

1.2 Spending controls

Ofsted’s net spending is broken down into a several different control totals, for which Parliament’s approval is sought.

The control totals which Parliament votes are:

- Resource Departmental Expenditure Limit (“**Resource DEL**”) - a net limit comprising day to day running costs, less income
- Capital Departmental Expenditure Limit (“**Capital DEL**”) - investment in capital equipment mainly comprising IT and digital related systems, and research related costs
- Annually Managed Expenditure (“**AME**”) – new or movements of accounting provisions

In addition, Parliament votes a net cash requirement, designed to cover the elements of the budget which require Ofsted to pay out cash in year.

1.3 Comparison of net spending totals sought

The table below shows how the net spending totals sought for Ofsted compares with the Main Estimate:

| Voted control total | 2019-20 Outturn | Main Estimate 2020-21 | Amounts sought in this Supplementary Estimate | Movement in Estimate |
|---------------------------------|--------------------|--------------------------|--|-------------------------|
| | £m | £m | £m | £m |
| RDEL | 130.8 | 135.8 | 133.6 | -2.2 |
| CDEL | 3.8 | 3.5 | 5.3 | 1.8 |
| Net DEL | 134.6 | 139.3 | 138.9 | -0.4 |
| AME | -0.3 | -0.1 | 0.4 | 0.4 |
| Total | 134.3 | 139.2 | 139.2 | 0 |
| Net cash requirement | 131.9 | 134.4 | 134.0 | -0.4 |

Reasons for the movement in Estimate are explained in section 1.4.

A breakdown of spending and income within the net total is shown in section 2.1

1.4 Key drivers of spending changes since the Main Estimate

The net **RDEL** is decreasing by £2.2m. This decrease is due to:

- A transfer of £1.8m from RDEL to CDEL for investment in IT and digital related systems and research related costs
- A transfer of £0.4m from RDEL to AME to provide capacity for new provisions.

CDEL is increasing by £1.8m due to the transfer from RDEL. Ofsted is investing in IT and digital related systems to replace older legacy systems that will improve the way we work and how we provide services to customers. Ofsted also undertakes research which is treated as a CDEL cost.

AME is increasing by £0.4m, this relates to potential new provisions that may be required under the relevant accounting standard for liabilities that are probable but are uncertain in both timing and amount.

Net cash requirement is decreasing by £0.4m, this is due to the transfer from RDEL to non-cash AME.

1.5 New policies, programmes and ambit changes

On 17 March 2020, the Secretary of State announced that Ofsted was to temporarily suspend routine inspections of schools, colleges, early years settings, children's social care providers and local authorities.

To enable Ofsted to support the national response to the pandemic, a change to the ambit was made at the Main Estimate stage to allow the temporary deployment of Ofsted staff to providers of the services we inspect or regulate and other government departments and their agencies during the period where routine inspection has temporarily paused.

In the Supplementary Estimate, a further amendment has been made to the ambit to ensure that Ofsted has the flexibility to continue to provide support to the wider government response when the temporary pause in routine inspection ends.

Throughout the year, the aim has been to ensure Ofsted continues to use its employed workforce as effectively as possible, striking the right balance between value for money and returning to routine inspection at the right time. Regulatory activity and essential demand led inspections have continued remotely or on-site where it was appropriate to do so.

Around 700 Ofsted staff have supported other government departments, local authorities and other organisations.

Around 300 staff have provided support to other government departments. Staff from across Ofsted – inspectors, administrative staff and other specialists – have been working with the Department of Health and Social Care, the Department for Education and the Department for Work and Pensions. A small number of colleagues volunteered to help the NHS.

More than 250 staff have been deployed to local authorities. These colleagues have helped to support vulnerable children, develop safeguarding processes and communicate with school leaders. A number of qualified staff have been working in children's homes, and more have volunteered to be emergency foster carers.

Colleagues have also been supporting the London Gold group, across all London local authorities, to recruit staff into care settings. Some school inspectors have been supporting Star Line, a home-learning parent helpline.

In addition, HMCI agreed to chair a committee to temporarily oversee the work of Ofqual following the widely reported issues with exam results and the resignation of the Chief Regulator. A small number of Ofsted staff and Board members have also been involved in this work.

The salaries of the employed staff deployed to support the national response will be met from Ofsted's voted expenditure 2020-21. This approach provided value for money, as it avoided any underutilisation of Ofsted staff during the suspension of routine inspection activity and responded positively to the crisis by providing skilled staff to support vital services.

Since the start of the pandemic regulatory activity and essential demand led inspections have continued remotely or on-site where it was appropriate to do so. During the autumn term Ofsted also undertook assurance visits to providers which resulted in the publication of [HMCI commentaries](#) on the findings. These commentaries have enabled Ofsted to continue to be a force for improvement and brought several important issues to the attention of public, media and government.

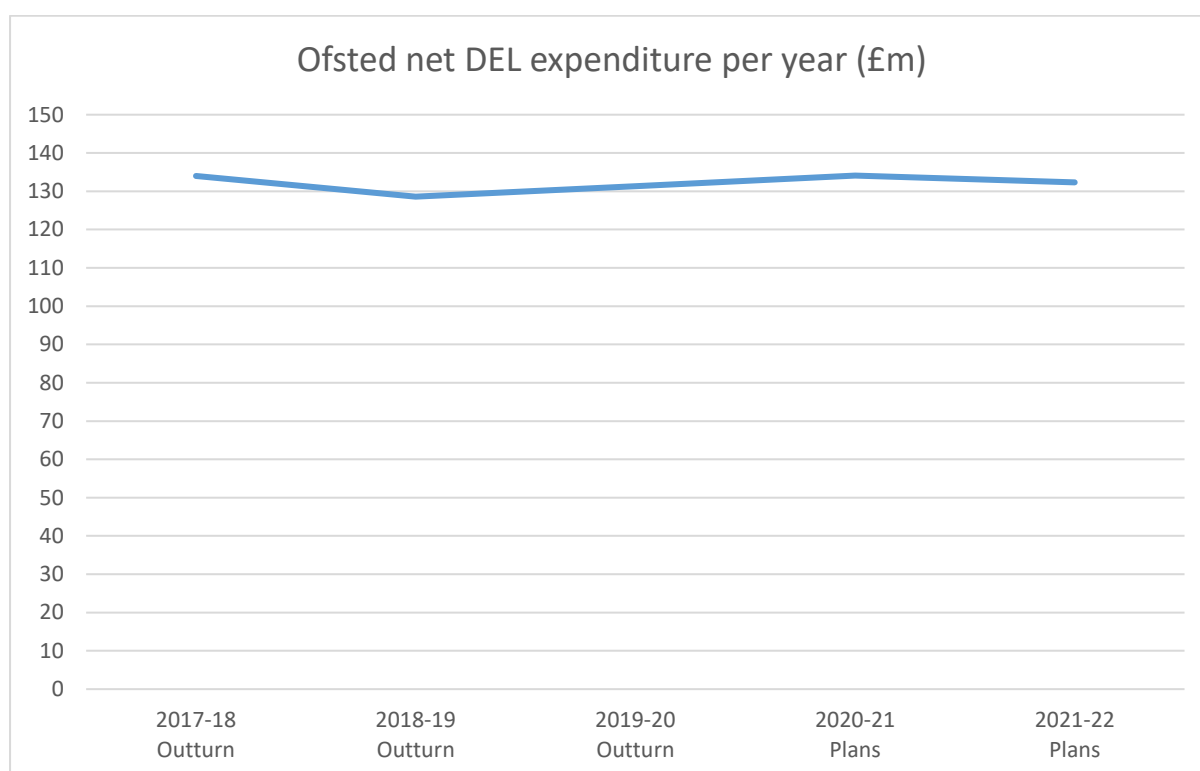
Ofsted planned for a return to routine inspection in spring and summer. The timing and approach were developed to reflect the priorities for each remit. These plans were subsequently delayed by the pandemic and changed in response to the government advice on local and national restrictions.

Ofsted plans to undertake a range of monitoring and assurance inspections in the spring term and will return to a full inspection programme when it is right to do so recognising the balance between providing assurance on the providers we inspect, the impact of the pandemic on those providers and national and local COVID-19 restrictions.

1.6 Spending trends

The graph below shows overall net DEL spending trends for the last five years (resource and capital excluding ring-fenced depreciation).

Years 2017-18 to 2019-20 are based on outturn, 2020-21 is based on the Supplementary Estimate, and 2021-22 is based on spending round figures agreed with HM Treasury.



The settlement from HM Treasury assumes that fees Ofsted collects from early years providers will increase in 2021-22. The DfE is unlikely to increase the level of the fees in 2021-22 and instead will provide Ofsted with £4.5m funding for this shortfall in income via a budget cover transfer.

2 Spending and income detail

2.1 Ring fenced budgets and other budgetary control totals

Within the control totals in paragraph 1.3, the following elements are either ring fenced (i.e. savings in these budgets may not be used to fund pressures on other budgets) or reported separately through the Statement of Parliamentary Supply in the Annual Report and Accounts.

| Voted control total | Outturn 2019-20 £m | Main Estimate 2020-21 £m | Amounts sought in this Supplementary Estimate 2020-21 £m | Movement in Estimate 2020-21 £m |
|--------------------------|-----------------------|-----------------------------|---|------------------------------------|
| Ring-fenced depreciation | 3.3 | 4.8 | 4.8 | 0 |
| Admin costs | 15.8 | 17.7 | 17.7 | 0 |
| Income | 27.5 | 45.5 | 45.5 | 0 |

Ofsted's income limit in the Estimate for 2020-21 is significantly more than the outturn in 2019-20. The Estimate for 2020-21 assumed that Ofsted would receive income for additional inspection work to be carried out on behalf of other governments departments. It was subsequently agreed that Ofsted would not carry out some this work in 2020-21 and that some of the funding would be received through a budget cover transfer instead of via invoicing. The actual outturn for income in 2020-21 is expected to be broadly in line with the 2019-20 outturn.

2.2 Income

Ofsted's income is predominantly from registration and annual fees from Social Care and Early Years providers. Ofsted also receives inspection fees from Independent Schools and income from other government departments for delivery of specific pieces of inspection activity including:

- Investigation and inspection of suspected illegal schools (income from the DfE)
- Inspection of previously exempt outstanding schools and FES providers (income from the DfE)
- Inspection of apprenticeship training providers (income from the DfE)
- Inspection of education and training in prisons (income from the MoJ)
- Funding from the DfE, other UK government departments and overseas government bodies for other inspection related activity

3 Priorities and performance

3.1 Measures of performance

Ofsted's corporate strategy 2017–2022 sets out our ambition to be a force for improvement through intelligent, responsible and focused inspection and regulation:

- More **intelligent** - all of our work will be evidence-led and our evaluation tools and frameworks will be valid and reliable
- More **responsible** - our frameworks will be fair. We will seek to reduce inspection burdens and make our expectations and findings clear
- More **focused**: We will target our time and resources where they can lead directly to improvement

Our Annual Report and Accounts ([here](#)) provides an assessment of our performance against our strategy.

Ofsted is just one part of a complex and interconnected education and care system, but our work should contribute to improvement in the sectors we inspect. In addition to evaluating our own performance, we also assess whether improvement is happening at the system level. We can then reflect on the role we have played in any improvement or decline. One of the Chief Inspector's statutory responsibilities is to publish an annual report on the state of education and care. We use this to judge improvement in the systems that we play a role in and to highlight areas of concern to policy makers.

Some of the key findings of the [2019-20 annual report of Her Majesty's Chief Inspector](#) published in December 2020 were:

- 86% of schools are judged to be good or outstanding
- 96% of early years providers are judged to be good or outstanding
- In the alternative provision sector, 85% of state-funded pupil referral units, AP free schools and AP academies were graded good or outstanding
- 81% of inspected further education and skills providers are judged to be good or outstanding
- Inspection outcomes for non-association independent schools have improved slightly. 77% of schools were judged good or outstanding compared with 75% last year.

4 Departmental Accounting Officer

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

Amanda Spielman
Accounting Officer
27 January 2021