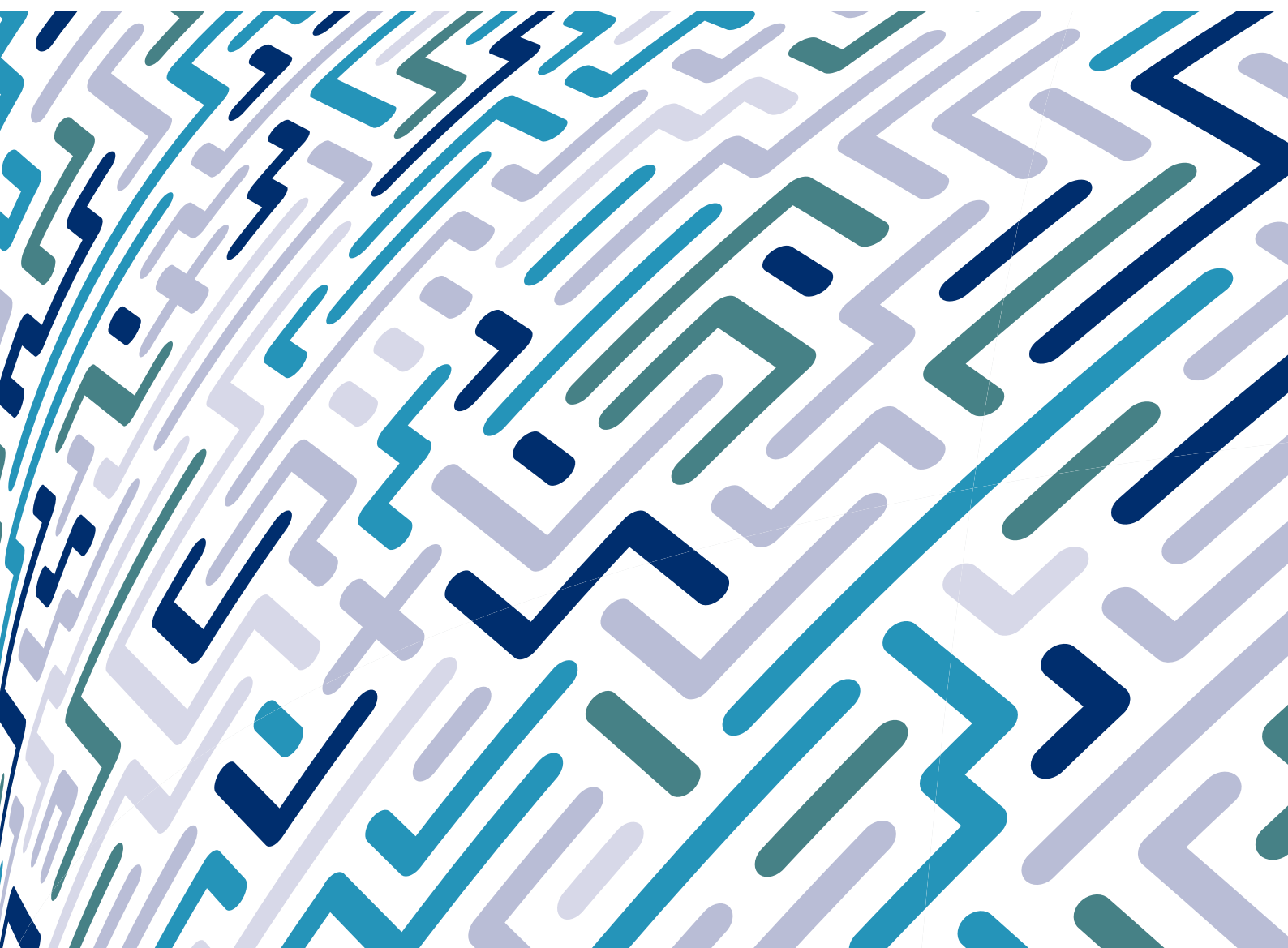


Office for Standards in Education,
Children's Services and Skills



Annual Report and Accounts 2020–21

Office for Standards in Education, Children's Services and Skills

Annual Report and Accounts 2020–21

(For the year ended 31 March 2021)

Presented to the House of Commons pursuant to Section 6(4)
of the Government Resources and Accounts Act 2000

Presented to the House of Commons by Command of Her Majesty

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Overview by Her Majesty's Chief Inspector

It has been a truly remarkable year for everyone in education, training and care services. People have worked tirelessly in challenging circumstances to make sure that children and young people continued to learn and were well cared for.

I am proud of the role Ofsted played. Our values of putting children and young people first, being independent and being accountable and transparent guided everything we did. When routine inspection was paused, we continued our crucial regulatory work and continued to do urgent inspections. We deployed several hundreds of our staff to help central government, local authorities and providers respond to the pandemic. We gathered insights and published research that informed government policy and helped providers to improve. We inspected those most in need of help and changed our approach to be sensitive to the COVID-19 (coronavirus) context. Our internal auditors reported that our response to the pandemic was swift and decisive and compared well with good practice elsewhere in government.

While we do not have the usual performance data to report against because of the pandemic, I am pleased to report that responses to our post-visit surveys were overwhelmingly positive, with providers saying that the visit will help them to improve. We worked with the education and children's social care sectors to develop our approach to these visits, carefully piloting and adapting in response to the changing situation.

Development work has continued this year. We published a new inspection framework for initial teacher education and are developing an approach to quality assure the early career framework (ECF) and reformed national professional qualifications (NPQs). We are also developing a new framework for inspecting special educational needs and disabilities (SEND) provision in a local area from 2022. Our guiding principle – to be a force for improvement through intelligent, responsible and focused inspection and regulation – underpins all this development work.

Despite the uncertainty and turbulence this year, our staff engagement score on the Civil Service people survey has continued to rise. It is now at 72%: a 20 percentage point increase since 2012.

I am delighted that I have been reappointed as Her Majesty's Chief Inspector (HMCI) for a further two years. Looking forward, we can see the exceptional challenge ahead for all in education and children's social care as we work together to bring children's lives back to normality and make up for the extreme disruption most have suffered. I and my team at Ofsted are committed to playing our full part.

Amanda Spielman
Her Majesty's Chief Inspector

Overview by the Chair

Since my appointment as Chair in August 2020, I have been impressed with Ofsted's flexible response to the constraints of the pandemic. It has taken a proportionate and risk-based approach to regulation and inspection, it has gathered insights about the pandemic to inform government policy and help providers to improve, and it has targeted time and resources to help the national response. In short, it continues to put children and young people first.

Alongside routine business, the board has discussed Ofsted's response to the pandemic and plans to return to routine inspection, as well as considering the related strategic risks. I am pleased that internal auditors found that Ofsted's pandemic response was well controlled, and that, overall, Ofsted's framework of governance and risk management were adequate and effective.

Like many others, the board has had to adapt to working remotely this year. We changed the format and frequency of meetings to make the most effective use of this model. However, I am very much looking forward to meeting Ofsted colleagues face to face as soon as we are able, and I hope to shadow some inspections later in the year.

This is the last year of Ofsted's current five-year strategy. Therefore, the board will be working closely with the executive over the coming months on the next iteration. The board will also be carrying out an effectiveness review of its own performance.

I am delighted that Amanda has been appointed HMCI for a further two years. I trust that under her leadership, and with the skills and experience of the board, Ofsted will continue to be a force for improvement across all areas of its work.

Christine Ryan
Chair

PERFORMANCE REPORT



About us

A force for improvement

Ofsted's role 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 provide the education and care 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 for parents and carers, commissioners, and young people themselves. It also allows us to aggregate and report on what we see about what works well and what does not across the country. 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 three approaches for continuing to be a force for improvement. They are for us to be:

- **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.

We are in the final year of our five-year strategy and this year will be assessing its impact and developing our new strategy.

Our values

Our values guide everything we do. They apply to everyone in Ofsted and all those who work on our behalf. Our values are:

- **Children and students first:** We have high expectations for every child, regardless of their background. Everything we do as an organisation is in the interests of children and students first.
- **Independent:** Whether reporting on a provider, assessing policy outcomes or advising government, we do so without fear or favour.
- **Accountable and transparent:** An organisation that holds others to account must be accountable itself. We are always open to challenge and scrutiny.



What Ofsted inspects¹

State-funded schools	21,900 maintained schools and academies: nursery, primary, secondary, special schools and pupil referral units 57 non-maintained special schools
Further education and skills	160 general further education colleges 190 sixth-form and other colleges 150 adult community education providers 120 prisons 1,270 independent learning providers (including employer providers) 62 16 to 19 academies 68 higher education institutions
Independent education	1,140 independent schools
Early years	27,200 nurseries and pre-schools 34,800 childminders 230 home nurseries
Social care	151 local authority children's services 13 secure children's homes 2 secure training centres 230 settings where children board (welfare) 59 residential family centres 390 adoption, adoption support and fostering agencies 18 residential holiday schemes 2,700 children's homes Children and Family Court Advisory and Support Service (Cafcass)
Other inspections	260 initial teacher education providers 151 local areas

1. The number of providers is based on providers open on 31 March 2021, at the end (rather than the start) of the 2020–21 financial year. Numbers over 100 are rounded, except for local authority and local area figures.

Performance summary

2020/21 was an exceptional year for Ofsted. Routine inspection was suspended throughout, but even in these extraordinary times our priority remained to be a force for improvement and everything we did was rooted in our values. We made sure that we could continue urgent inspection and regulation work, and considered carefully how our skills and resources could best support the national COVID-19 response. The latter had many hundreds of our staff spend time either deployed elsewhere or working collaboratively with other government departments, including the Department for Education (DfE). We also continued our programme of research and evaluation, drawing on the evidence we gathered, to help providers and government. Everyone working in the education and care sectors has faced exceptional challenges this year, and we adjusted our programme to provide what we believed would be most valuable in this context.

This report explains what we did in relation to both our normal and our exceptional work, what we know about the impact we had, and how we are getting back to normal.

Throughout the year, we adapted our approach depending on the needs of the sectors we inspect and regulate, and the COVID-19 restrictions in place at the time. Our activity can be broadly split into three periods of time:

- Summer term 2020 (first national lockdown): We carried out some emergency inspections, continued registrations and wider regulatory work and deployed hundreds of staff to support the national effort.
- Autumn term 2020 (regional restrictions and second national lockdown): We visited nurseries, schools, further education (FE) and skills providers and children's social care providers to look at what was going well and what needed to improve. We wrote short narrative reports about these visits, with no judgements. We gave settings constructive challenge and provided regular and in-depth insight to parents, government and the public.
- Spring term 2021 (third national lockdown): We carried out monitoring inspections of schools and colleges graded inadequate and requires improvement, carried out monitoring visits to children's homes and childcare providers and began focused visits to local authorities.

Over the whole period, we did over 20,000 visits either in person or remotely. We continued to do urgent inspections where there were concerns about leadership and management or safeguarding, and we continued our regulatory work in relation to early years and social care.

Suspension of routine inspection and emergency response

As explained more fully in the governance statement, routine inspections of all kinds of provider were suspended throughout the year. However, some of our powers and duties remained in place. We used these with appropriate COVID-19 safety precautions. We continued to carry out our regulatory activity in a responsible and proportionate manner.

When the pandemic struck, we had clear and tested processes in place to respond to an emergency. In February 2020, we set up our emergency response team and in March we established an operations centre to gather intelligence, address issues and coordinate communications. Our Chief Operating Officer chaired regular emergency planning meetings, which considered risks and issues relating to our workforce, property, digital, operations and internal and external communications.

Our IT infrastructure was flexible enough to increase our virtual private network (VPN) capacity quickly and ensure that our systems could enable all staff to work from home simultaneously. We established regular all-staff webinars to keep staff updated and address questions and concerns.

The Government Internal Audit Agency (GIAA) carried out two reviews of our emergency response arrangements. It concluded in its annual report that Ofsted's response to the pandemic was swift, decisive, agile and well controlled and that Ofsted has continued to compare well with good practice elsewhere in government.

For much of the year, some staff continued doing regulatory and inspection work, some were supporting the DfE's emergency response, and others were deployed elsewhere, including to other government departments and local authorities.

To manage the potential conflicts of interest, we put a temporary operating model in place. This was designed to realign accountabilities to allow more collaboration with other bodies while avoiding actual and perceived conflicts of interest.



Summer term 2020

Deployments

We recognised very early in the pandemic that some of our routine work would stop and that we would have the capacity and skills to support the national response. We gathered information about our staff's skills, locations and availability and set up a deployment panel to match staff to roles. The panel considered opportunities and requests to use our resource, flagging potential conflicts of interest and putting in place mitigations whenever a deployment necessitated it. Deployment agreements were also put in place between Ofsted, the host organisation and individuals themselves to ensure that all were clear on responsibilities and standards. We also secured a change to our ambit (the description of what we can spend our funding on) to enable us to temporarily deploy our staff and contracted inspectors.

During 2020–21, we deployed over 700 staff in total, around a third of our workforce.

Some of our staff were deployed to other government departments, including: the Department for Work and Pensions (DWP); the Department of Health and Social Care (DHSC); the DfE; and the Cabinet Office. These staff worked in Universal Credit case management and training, test and trace, communications, and planning for the return to schools and childcare providers.

Other staff were deployed to over 100 local authorities, as well as to multi-academy trusts, children's homes and the NHS. The types of work that staff undertook included: on-site support in children's homes; tracking of vulnerable children and young people; working on multi-agency safeguarding hubs and developing safeguarding processes; establishing a national helpline to provide parents and carers with advice and support on home learning; and working across the London local authorities to recruit staff rapidly and safely into care settings.

From September 2020, we supported the Office of Qualifications and Examinations Regulation (Ofqual) in several executive and non-executive roles. In total, we deployed 20 staff, and no charge was made for the majority of these roles. These arrangements were agreed to provide Ofqual with the extra capacity, short-term support and oversight needed to help manage the additional pressures the organisation faced following the 2020 exam season. HMCI was asked to chair a Recovery Committee. This was set up to oversee much of Ofqual's work between August and December, ensuring that the organisation learned from the summer exam season, tackled the remaining issues from the 2020 awarding process and worked to ensure that arrangements for 2021 could again command public confidence. HMCI was supported in this role by our Director of Corporate Strategy and a small number of other Ofsted colleagues, working for Ofqual two days a week. The Deputy Head of External Relations was also deployed by Ofqual to cover its interim Director of Communications role. In addition, Carole Stott and Baroness Laura Wyld, both Ofsted Board members, served on the Ofqual Recovery Committee, acting in their personal capacity.

More detail about deployments can be found in the remuneration and staff report.

Examples of Ofsted's support with the national COVID-19 response

We deployed over 220 staff to the DWP, including colleagues from our call centre and inspection support teams. They helped the DWP meet the unprecedented customer demand for Universal Credit. They worked in a virtual service centre with DWP colleagues, completing actions to enable customers to be paid Universal Credit. Also, 30 staff became learning delivery officers, training colleagues on the DWP's system and processes. Ofsted's support meant that the DWP was able to make essential Universal Credit payments.

Our National Director, Regulation and Social Care, Yvette Stanley, and the social care policy team supported the DfE's management team responsible for vulnerable children. They offered advice to help manage risk across children's services, advised on the needs of specialist children's services and briefed ministers on the need to maintain as much assurance as possible while pausing routine inspection activity. Yvette regularly met ministers, officials across most government departments and other stakeholders to ensure that vulnerable children and young people had a voice.

We deployed over 130 staff to the DHSC, largely to support the test and trace programme. This included our London Regional Director, Mike Sheridan, who took on the role of Chief of Strategy and Policy on the testing programme. He worked with partners to expand and improve the fledgling testing programme, ensuring that testing could be accessed not just by essential workers, but the wider public too.

Our National Director for Education, Sean Harford, was deployed to the Cabinet Office's COVID-19 Taskforce. Working closely with the DfE, his team saw the successful return to mostly face-to-face education in September, a key part of which was making sure schools and colleges were focused on maximising attendance and the impact of their remote education offer.

Our West Midlands Regional Director, Lorna Fitzjohn, stepped into the role of Executive Director for Vocational and Technical Qualifications (VTQ) at Ofqual. Lorna assisted in ensuring that the structure and regulation of vocational qualifications were robust and that this continued into summer 2021. This included developing a framework for VTQ awarding in autumn and summer 2021, monitoring the 160 awarding organisations in the VTQ landscape, approving new bodies and extending existing organisations, and progressing a considerable reform programme, including T levels and apprenticeships end-point assessments.

We deployed two senior analytical officers, Clare Atkinson and Emma Booth-Rigby, to Cafcass to work with the Association of Directors of Children's Services on understanding the impact of the pandemic on individual children in public law cases. This work identified more than 1,000 children severely affected by delays and was highly commended by the Family Justice Board.

We deployed over 250 staff to over 100 local authorities, including Bournemouth, Christchurch and Poole, Blackpool, Cambridgeshire and Rotherham. Our staff helped local authorities to: track and support vulnerable children; support vulnerable adults; advise schools, parents and carers as they adapted to home learning; and help children's homes cope when their staff were unable to work.

Back at Ofsted

Although some of our work stopped, freeing up resource to deploy elsewhere, much continued. We accelerated registrations of children's homes and early years settings while ensuring that we did not lower our expectations of providers. We allocated additional inspector resource to this work and introduced fast-track application processes. In early years, we achieved this by prioritising applications from existing providers and local authorities, allowing them to set up additional premises to support any local sufficiency issues. Similarly, in children's social care, we enabled local authorities or existing providers to offer urgently needed placements for children. These processes are still in place, and we are reviewing them for any lessons learned.

In FE and skills, we carried out a review of remote education and looked at the quality of learners' experiences in a small number of volunteer providers. We published the findings in a blog to help FE and skills providers make the most of remote education.²

We carried out pre-registration and material change inspections of independent schools and did so remotely when necessary and where this could be done without compromising the relevant standards. We continued to visit early years and children's social care settings on site where we had concerns.

In August and September, we made the first monitoring visits since the start of the pandemic, to six local authorities.

The pause in routine inspection was also an opportunity to accelerate work or do discretionary work that we would not otherwise have had the resource to do. We were able to assign additional inspector resource to research and evaluation projects on COVID-19-related issues, pilot desk-based pre-registration of free schools and focus on education inspection framework (EIF) implementation early insights. We also brought forward some of our digital change projects, including improving online collaborative working, replacing our legacy systems with modern accessible digital applications, deploying Microsoft Teams and establishing a new VPN solution.

In addition to continuing our own business, we worked collaboratively with the DfE on emergency response. Our Chief Operating Officer was a member of the DfE's COVID Response Unit and our policy teams provided advice on a range of issues. We worked as part of the DfE's Regional Education and Children's Teams (REACT), both nationally and regionally. REACT enabled the DfE and Ofsted to best support local authorities across the country to coordinate their response to COVID-19 in respect of education and children's services, including for vulnerable children. We used the information gathered through this work to allocate over 250 staff with the most relevant knowledge and skills to more than 100 local authorities where need was greatest.

2. 'Online education in further education and skills: learning about what works', Ofsted, July 2020; <https://educationinspection.blog.gov.uk/2020/07/15/online-education-in-further-education-and-skills-learning-about-what-works>.

Autumn term 2020

Restarting visits

As COVID-19 restrictions began to relax and more children and students returned to education, there was a clear need for Ofsted to get back into local authorities and other social care and education providers to look at how children and students were being cared for and educated. It was vital that we did this in a way that would help leaders and was sensitive to the challenges they faced in the wake of COVID-19.

We made a programme of visits designed to support providers through collaborative conversations and constructive challenge, and to gather insights about the picture of education and care across England. We worked closely with sector unions to design the visits and with public health officials to make sure that they were carried out as safely as possible.

These visits did not result in a graded judgement. In maintained nurseries, state-funded schools and colleges, we published the outcomes of our discussions in short letters so that parents and others could understand the steps that were being taken to support children. We carried out interim visits to regulated early years providers previously judged as inadequate or requires improvement, and published outcome summaries of our findings so that parents could see the progress made against any previous concerns.

For children's homes, boarding schools, independent fostering agencies, residential family centres and other residential provision, we carried out assurance visits. Inspectors wrote a short narrative report describing what was going well and what needed to improve, including any serious or widespread concerns. These reports provided information to help commissioners make the right decisions for children, and we were still able to use our enforcement powers where we had serious concerns.

In September 2020, we restarted Childcare Register inspections, selecting providers on a proportionate and risk-assessed basis. We completed the necessary 2020–21 inspections in December.

We restarted focused visits to local authorities in the autumn term. These visits covered aspects of help and protection, children in care, care leavers and the impact of leadership. They also focused on the quality and impact of decision-making for children in the context of the pandemic. The visits involved more inspectors than usual (including a school inspector) so that we could look at the range of decisions that local authorities make about children in need of help, protection or care. We carried out much of our fieldwork remotely, making extensive use of video calls to interact with local authority leaders, social care staff, children, parents and carers. Inspectors also had access to all local authority children's social care electronic recording systems.

We also carried out area SEND visits to look at the impact of the pandemic on children and young people with SEND and their families. These visits looked at what was working well during this time and what the challenges and lessons learned had been. They also highlighted positive case studies to promote whole-system learning.

We carried out new provider monitoring visits (NPMVs) to new providers that were judged to be making insufficient progress at their previous NPMV and that would have been due a full inspection.

In November, a second national lockdown was imposed. We continued to visit providers on site where we had concerns but carried out most of our visits remotely. In children's social care, we carried out monitoring visits instead of 'assurance' visits to settings where children lived as we could not provide the assurance our framework required without being on site. Monitoring visits were risk assessed and were on or off site (or a combination of both) depending on the nature of the concern and our risk assessment. We continued to visit secure children's homes on site where we assessed this as safe to do.

We published national findings from all our interim visits in a series of monthly COVID-19 briefings throughout the autumn term. This included three on schools, three on social care, two on FE and skills, two on early years and two on SEND provision in local areas.

The reports were accompanied by monthly commentaries from HMCI. They gave the public and government real-time information about the impact of COVID-19 on children and about how providers were responding to the challenges. Each monthly publication highlighted issues such as children falling behind in their development and the growing number of children who were being removed from school rolls for elective home education. Each was well covered by national broadcast and print and online media.

Deployment continued

Although the second national lockdown restricted our ability to work on site, much of our work continued remotely. To do this, most deployed staff returned to their Ofsted roles.

However, we continued with a small number of deployments, particularly to departments still experiencing extreme pressures, such as the DHSC and Ofqual. As mentioned earlier, to support Ofqual during its recovery period following the summer exam results, we deployed a small number of Ofsted staff. This included the part-time deployment of HMCI and the Director, Corporate Strategy and the full-time deployment of one of our regional directors. In addition, we established an Ofqual helpline to help Ofqual manage the significant increase in contacts and complaints from the public. This helpline handled 2,532 contacts during the autumn term.

As in the summer, we continued to visit providers on site where we had concerns.



Spring term 2021

By December 2020, usual levels of provider scrutiny had been absent for nine months. We planned a limited programme of inspections from January 2021, which were focused on the providers facing the greatest challenges.

On 4 January 2021, a third national lockdown was imposed, forcing us to adapt our approach to do as much as possible remotely. This meant that, while the level of assurance that we were able to provide was higher than in the autumn term, it was considerably lower than we had originally envisaged. Our view throughout has been that inspecting remotely provides less assurance, and that we cannot provide adequate assurance remotely about safeguarding.

We carried out monitoring inspections of maintained nurseries, state-funded schools and FE and skills providers judged inadequate or requires improvement. These inspections focused on important issues like curriculum, remote education and pupils' attendance, particularly of vulnerable children.

We continued our early years regulatory work, visiting in person where we had serious safeguarding concerns, and following up on notifications and concerns we held about early years and childcare providers.

In children's social care, we continued to do monitoring visits. We temporarily paused focused visits to local authorities to allow them to concentrate on emergency planning. We restarted the visits in February and continued them to the end of the financial year.

Feedback from providers

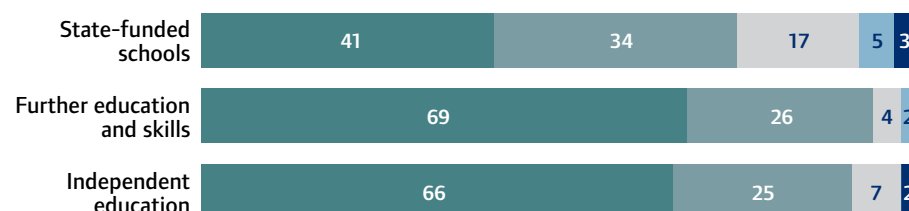
Throughout the year, we have adapted our approach to respond to changing COVID-19 restrictions and the needs of the sectors we inspect and regulate. We have always put children and students first, but have also been sensitive to the pressures on providers. We have worked closely with sector representatives throughout.

We also worked closely with Public Health England to make sure that our activity was compliant with COVID-19 safety advice, and that the safety and well-being of our workforce and those we inspect and regulate were adequately safeguarded. We piloted our approaches where necessary.

Feedback from providers about our visits has been positive. Providers received a survey following their interim or assurance visit in the autumn term. The vast majority of respondents to this said that the visit had helped them to reflect on current plans and to improve. One school said that 'inspectors challenged and were thorough, but the whole process felt supportive and informed plans for the school moving forward'. Another commented that 'the rigour in questioning provided the opportunity for school leaders to reflect on next steps of development, and feedback was appropriate and useful'.

Responses to post-inspection surveys in autumn 2020 ^{3,4}

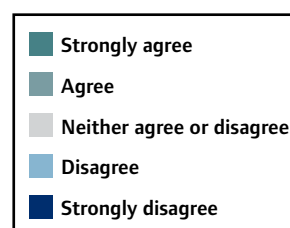
Question: The visit/inspection will help me reflect on my current plans and move forward.



Question: The feedback the inspector(s) gave will help my setting to improve.

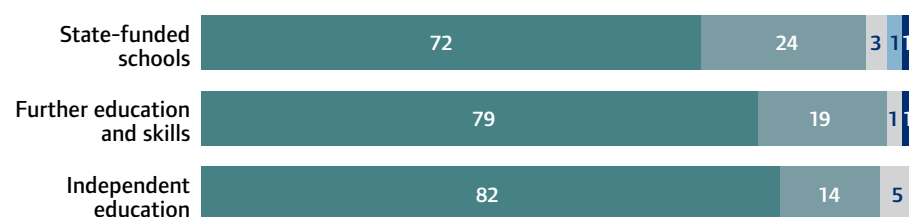


Question: The visit will help you to improve the services you offer to children, young people, parents, carers and other service users.

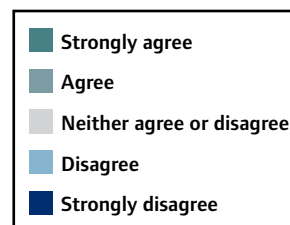


Responses to post-inspection surveys in spring 2021 ^{5,6}

Question: The visit/inspection will help me reflect on my current plans and move forward.



Question: The visit will help you to improve the services you offer to children, young people, parents, carers and other service users.



3. Numbers shown are the proportion of responses to the statement (%); they are rounded and may not add up to 100%. A small number of providers do not answer every question in the survey.
4. Total providers responding to the autumn 2020 survey (and survey response rate) – 588 state-funded schools (46%); 140 further education and skills providers (48%); 46 independent schools (51%); 144 early years providers (24%); 481 social care providers (53%).
5. Numbers shown are the proportion of responses to the statement (%); they are rounded and may not add up to 100%. A small number of providers do not answer every question in the survey.
6. Total providers responding to the spring 2021 survey (and survey response rate) – 355 state-funded schools (55%); 111 further education and skills providers (55%); 22 independent schools (38%); 197 social care providers (54%).

Research, evaluation and analysis

Our research, evaluation and analysis work this year has provided insights into the education and care sectors about good practice, contributed to policymaking and informed our own practice.

In addition to our COVID-19 series of reports, we also published the following:

- ‘Governing in unprecedented times’:⁷ this research project investigated the challenges for school governance during the COVID-19 pandemic. Carried out with the National Governance Association, it looked to understand the decisions and actions of governors and trustees in response to the short- and longer-term challenges presented by lockdown measures in England.
- ‘Remote education research’:⁸ this report summarised the findings from several strands of research carried out in 2020. We used this research to publish a short guide about what is working well in remote education. Carrying out and publishing this research quickly meant that schools could use it to improve their remote education.
- ‘Subcontracting in further education and skills’:⁹ this study investigated subcontractors and the provision they deliver, as well as relevant aspects of our inspection practice.
- ‘Matching in foster care: making good decisions for children in care and care leavers’:¹⁰ this report set out our findings from a small research project that explored what contributes to good decisions when matching children with foster carers.

We also took part in a collaborative research project with Ofqual, the DfE and Universities and Colleges Admissions Service (UCAS). This aims to learn lessons from the different methods used to assess pupils in England who were unable to sit their exams because of the pandemic. The project will publish a series of research papers on the grading of 2020 exam candidates and make a linked dataset available from mid-2021 for approved research projects through the Office for National Statistics (ONS) Secure Research Service.

In December 2020, we published a joint report by Ofsted, Care Quality Commission (CQC), Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), and Her Majesty’s Inspectorate of Probation (HMIP) about how partners in six local authority areas are working together to help children with mental health issues.¹¹ The report was based on inspections carried out between September 2019 and February 2020, before the pandemic.

7. ‘Governing in unprecedented times’, Ofsted, September 2020;

<https://www.gov.uk/government/publications/governing-in-unprecedented-times>.

8. ‘Remote education research’, Ofsted, January 2021; <https://www.gov.uk/government/publications/remote-education-research>.

9. ‘Subcontracting in further education and skills’, Ofsted, September 2020;

<https://www.gov.uk/government/publications/subcontracting-in-further-education-and-skills>.

10. ‘Matching in foster care: making good decisions for children in care and care leavers’, Ofsted, November 2020;

<https://www.gov.uk/government/publications/matching-in-foster-care-making-good-decisions-for-children-in-care-and-care-leavers>.

11. ‘Feeling heard: partner agencies working together to make a difference for children with mental ill health’, Ofsted, HM Inspectorate of Probation, HM Inspectorate of Constabulary and Fire & Rescue Services, and Care Quality Commission, December 2020; <https://www.gov.uk/government/publications/feeling-heard-partner-agencies-working-together-to-make-a-difference-for-children-with-mental-ill-health>.

Intervention and enforcement

Despite COVID-19 restrictions, we carried out urgent inspections and took enforcement action.

We carried out 18 urgent inspections of state-funded schools to look at concerns about safeguarding, leadership or the quality of education, including remote education and seven urgent inspections in FE and skills. We also made 40 urgent inspections of independent schools, which were commissioned by the DfE in response to specific concerns about the schools.

We have continued our investigations and inspections of suspected illegal schools.

We compiled a national list of unregistered alternative provision and assessed 350 cases through this. When we judged it necessary to inspect somewhere, we risk assessed each case and inspected on site. We also considered the additional risks to children posed by COVID-19. In one case, we worked with a local authority and the police to close a setting that was identified as operating illegally under COVID-19 legislation. In total, we made 61 inspections and issued 13 warning notices. In the previous year, we made 100 inspections and issued 23 warning notices. This is approximately 60% of the inspection volumes we did in the previous year, before any restrictions were in place. We have also built casefiles for two court cases. Both cases have been postponed, but we continue to support the Crown Prosecution Service with them.

Our investigative work on unregistered schools over the last few years has made it clear that legislative and policy changes are needed. We are working closely with the DfE, which, we understand, intends to change the law. We believe that these changes must include enabling Ofsted to access and collect evidence on possible illegal schools, including information about the children who attend them, and allowing us to close them after they have been prosecuted. Our work has also highlighted the need for a compulsory register of home-educated children.

We also continued to receive concerns about possible unregistered childcare. We reviewed and assessed each case. Where appropriate, we got further information to establish whether care was being provided that was subject to registration. We worked collaboratively with providers to ensure that they met the requirements of the Childcare Act and sought registration where necessary. As we did before the pandemic, we used enforcement notices when providers did not engage with us, and reviewed for prosecution where there was an immediate risk to children's safety and well-being.

In children's social care, we carried out 229 investigations into possible unregistered settings and found just under two thirds of settings (136) should have been registered with us. Around 60% of those unregistered settings have been sent a 'cease and apply' letter, encouraging them to apply to register with Ofsted as a children's home. Others were either already in the process of registering with Ofsted or had ceased to operate as they no longer had children living there. For a very small number of cases, the investigation was still ongoing at the end of March.

We are also helping to bring about change in relation to unregistered children's homes. In response to our submission to the DfE's consultation on unregulated social care settings, the Secretary of State confirmed that he will legislate at the earliest opportunity to give Ofsted powers to take enforcement action against illegal unregistered children's homes. The government also plans to introduce national standards and an Ofsted-led inspection and regulatory framework for supported accommodation for 16- and 17-year-old looked after children and care leavers.

There are 13 secure children's homes and two secure training centres in England, and we made either assurance or monitoring visits to all of them, and in some cases both. At our assurance visit to Rainsbrook Secure Training Centre in October, carried out jointly with the CQC and HMIP, we found that newly admitted children who had to self-isolate were locked into their bedrooms for a 14-day period and only allowed out for 30 minutes each day. We also found that limited action had been taken on the recommendations from the previous inspection. When concerns had not been addressed at a subsequent visit, we invoked the urgent notification process. HMCI wrote to the Justice Secretary outlining the concerns of the joint inspectorates and seeking reassurance as to the corrective actions being taken. The Justice Secretary responded setting out the actions they would take. We carried out a further monitoring visit in January 2021 to check on progress, where some improvement was noted, but as the Youth Custody Service had stopped placements, inspectors were unable to assess arrangements for newly admitted children.

We carried out a further full inspection between 7 and 11 June 2021. The inspection report has not yet been published. The Justice Secretary separately announced on 16 June 2021 that all children will be removed from the centre. After reviewing the findings of the inspection, the chief inspectors took the decision to invoke a second urgent notification on 18 June 2021.



Development work

Initial teacher education and teacher training

Good initial teacher education (ITE) is vital for education recovery. Teachers will need to make sure that pupils have the building blocks of the curriculum in place.

In June, we published a new inspection framework for ITE. The new framework aligns closely with the EIF and the DfE's core content framework, directing much of inspectors' time to look at the quality of the ITE curriculum. The new framework applies to all inspections carried out from April 2021.

With routine ITE inspections suspended, we carried out research to look at the impact of COVID-19 on ITE partnerships and the quality of ITE curriculums. The research was done remotely with 75 partnership phases across all regions nationally. We published an evaluative report on our findings in the summer term.¹²

Throughout the pandemic, we have spoken to ITE stakeholders to understand the impact of the pandemic on the sector. Their feedback has informed our plans to start full ITE inspections from summer 2021. The new framework will help make sure that trainee teachers are fully prepared with the knowledge and skills to be good teachers – a vital element of education recovery after the pandemic.



12. 'Teaching teachers during COVID-19', Ofsted, May 2021;
<https://www.gov.uk/government/publications/teaching-teachers-during-covid-19>.

Early career framework and national professional qualifications

Ofsted will inspect lead providers delivering training as part of the national rollout of the ECF and the reformed NPQs. Lead providers are expected to ensure that the training is of the highest standard and is consistently aligned with the contents of the ECF and the NPQs. Quality assuring the delivery of the ECF and NPQs builds on our existing role inspecting initial teacher education and will give us oversight of teacher development for trainees, early career teachers and established teachers. By looking at the quality of the curriculums and mentoring, we can make sure that providers train and retain the best teachers in our classrooms. We are currently devising the inspection framework.

Special educational needs and disabilities

In July, we published an evaluation of our implementation of the SEND framework and its perceived impact on children and young people with SEND. Following this, we had expected to develop, consult on and introduce a new area SEND inspection framework ready for launch in April 2021. Development has continued, but the timeline has been delayed due to the pause in inspections. We now expect to introduce the new framework in 2022.

Cafcass

In the autumn term, we consulted on our proposed Cafcass inspection framework. The new model introduces a whole-system approach, intended to be a more effective and proportionate inspection in response to Cafcass' continued good performance. The new framework will be used for inspections from April 2021.¹³



13. Cafcass inspection framework, Ofsted, March 2021; <https://www.gov.uk/government/publications/inspecting-cafcass-framework>.

Workforce

Like all organisations, our staff have had to work very differently because of the pandemic, which has also affected their personal lives. We put in place several measures to support our staff this year.

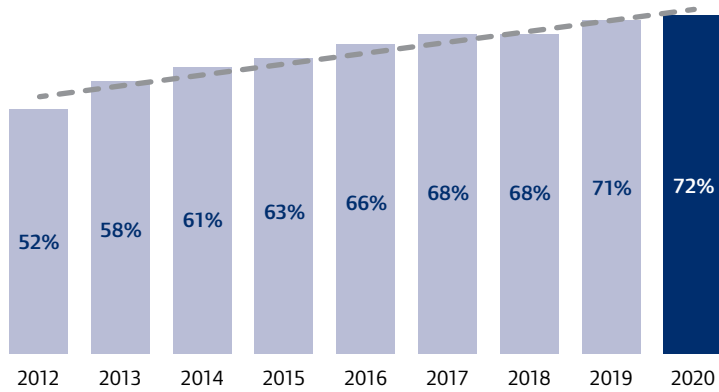
A substantial proportion of our staff were already home-based or working partly from home, so our systems and equipment were generally already able to support this. To help those who did not already have it, we provided IT and office equipment. In line with government policy, our offices remained open (when allowed) for anyone who could not work from home safely or effectively. In recognition of the fact that some staff might have sudden childcare and caring responsibilities because of school, nursery and wraparound care closure, we relaxed our usual policy so that staff could work from home and flex their normal working hours while children were present. Feedback from staff and managers was that these flexibilities had been well received and were supportive in allowing staff to balance carrying out their role and managing care responsibilities.

Through a mixture of internal and external deployments, staff continued to work fully and effectively. We identified early on that the workload and pressure on teams would be uneven, with some teams working beyond capacity and others less heavily loaded. We therefore deployed 110 colleagues internally to spread the load. For example, inspectors from across our remits were deployed into our central policy teams to work on the implications of the pandemic on our inspection and regulation work. This also enabled us to continue work that would otherwise have had to be deprioritised due to the pandemic, for example reviewing and rewriting the early years compliance handbook and guidance. Inspectors also helped our application, regulation and compliance team colleagues with their increased workload and contact from parents. Support staff were deployed to our restart programme, working with inspectors and regional colleagues to ensure that all necessary documentation was amended to reflect this work and suitable communications written for staff and stakeholder groups. Many people reported that the experience of doing something outside their normal responsibility was enriching.

We placed great importance on staff engagement and held monthly all-staff webinars and published weekly leadership videos. A senior Civil Service well-being champion gave advice throughout the pandemic and we carried out three resilience surveys to check how staff were coping and identify where we could introduce further support. We regularly reviewed and updated guidance for staff on reacting to and managing all aspects of the pandemic, including advice on shielding and risk assessments for safely carrying out our regulatory and inspection work.

We achieved our highest ever level of participation in this year's Civil Service People Survey at 84%, an excellent outcome after such a disrupted year. Since 2012, our engagement index has risen 20 percentage points, from 52% to 72%.

Engagement index 2012–20



Staff feel that change has been managed well this year, with a 10-percentage-point increase on this measure. It has been particularly important this year that colleagues feel well informed. More colleagues than ever before (84%) felt that ‘Ofsted keeps me informed about matters that affect me’. Senior leader visibility also significantly increased this year and, importantly, staff are telling us that they have a clear understanding of our objectives and how their work supports them. This year, more colleagues are proud to work for Ofsted, and more would recommend it as a great place to work.

While we are proud that our learning and development score remains high in comparison with the wider Civil Service, at 62%, it is still not as high as we would like it to be. In particular, the questions relating to career development have weaker scores. We would like to build on this by looking to increase access to talent programmes and learning and development opportunities.



Digital and technology

Our digital and technology team continued its work to modernise our systems, including developing new inspection management systems and migrating services to the cloud. The team also accelerated its plans to improve online collaborative working. It brought forward a new VPN solution to support the whole organisation working from home and quickly implemented Microsoft Teams.

To support deployment, the team also connected Ofsted staff to a range of central and local government organisations' systems and helped trained staff to use them.

Throughout the year, the information management and security team adjusted messages about new and emerging risks and refocused communications and monitoring activities accordingly. Key central government directives about managing cyber risks during lockdowns were implemented swiftly.

Ofsted systems were also updated to support the changing profile of inspection and regulatory work over the course of the year. We ensured that evidence captured on inspections could be quickly accessed and analysed in order to support ongoing evaluation and reporting, and made sure that online remote inspections could be supported when on-site visits were not possible.



Corporate performance

Efficiency of delivery

Every year, we set internal targets for the number of inspections and visits to be carried out. We also have legal duties to inspect certain institutions within certain timeframes. With routine inspections suspended this year, we are not able to report on delivery against targets. The table below instead shows the number of visits that we carried out in each remit in each term.

Number of visits carried out between 1 April 2020 and 31 March 2021¹⁴

Remit	Type	Summer 2020	Autumn 2020	Spring 2021	Total
State-funded schools	Urgent inspections	2	10	6	18
	Pre-registration visits	54	3	2	59
	Interim visits ¹⁵		1,415		1,415
	Monitoring inspections			636	636
	Total				2,128
Further education and skills	Urgent inspections		4	3	7
	Interim visits ¹⁶		267		267
	New provider monitoring visits		31	63	94
	Monitoring inspections ¹⁷		1	156	157
	Total				525
Independent education	Urgent inspections		27	13	40
	Pre-registration and material change	104	78	59	241
	Progress monitoring		33	29	62
	Action plan evaluation	12	23	18	53
	Suspected illegal school visits	5	42	14	61
	Total				457
Early years	Registration ¹⁸	1,068	1,288	818	3,174
	Regulatory	1,457	2,452	2,521	6,430
	Childcare Register inspections		1,675	9	1,684
	Interim visits		588	1	589
	Total				11,877
Social care	Registration	348	189	146	683
	Fit-person interviews ¹⁹	1,062	538	511	2,111
	Assurance visits		918	20	938
	Monitoring visits	278	256	796	1,330
	Local authority visits ²⁰	3	21	13	37
	Total				5,099
SEND visits	Total		6	4	10
Grand total					20,096

14. Includes visits carried out remotely.

15. Includes visits carried out as pilots.

16. Includes visits carried out as pilots.

17. Includes monitoring inspections in prisons.

18. Includes both registration and approval activity.

19. Several fit-person interviews will have been carried out alongside registration visits.

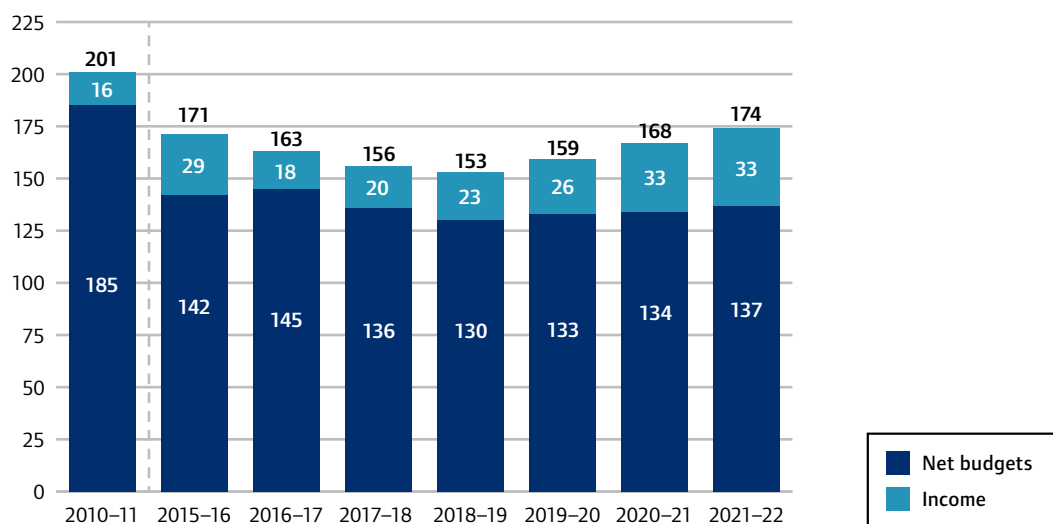
20. Includes monitoring visits and focused visits.

Funding

Ofsted's total funding has increased year-on-year from its low point in 2018–19, but remains well below 2010–11 levels, even without taking account of the impact of inflation.

Recent increases relate mainly to a rise in Civil Service pension costs and also a partial contribution towards the impact of inflation on our budget. We have also received funding from the DfE and other government departments to pay for new areas of work, including the investigation and inspection of unregistered education and care providers, inspection of apprenticeship training providers, and inspection of previously exempt schools and FE and skills providers. This is included in income in the chart below.

Ofsted's gross budget £m



1. All figures exclude depreciation and annually managed expenditure budgets and show the position after the Supplementary Estimate, with the exception of 2021–22, which is based on the Main Estimate.
2. For clarity, the figures used in the graph for income in years 2020–21 and 2021–22 are based on 'expected income' and not the limit in the Estimates. The Estimates figures for those years (£45.5m in 2020–21 and £47.2m in 2021–22) are significantly overstated as they were set before agreements were finalised with other government departments on the range and level of services we would provide to them. Decisions were made after the Estimates figures were set meant that the activity would no longer take place, or at a reduced level.



Responding to complaints and concerns

Most complaints about our work are from recently inspected providers that challenge the inspection process and the judgements awarded. It is therefore not surprising that we have seen a significant reduction in complaints, from 890 in 2019–20 to just 67 this year. More than half of these (35) were from early years providers and were about registration and other regulatory activity that continued through the pandemic.

In September 2020, we updated our post-inspection arrangements, including how we handle complaints about our work. This followed a public consultation, in which nine in 10 respondents supported proposals for us to:

- provide greater consistency in post-inspection arrangements across our work
- allow inspected providers to comment fully on their draft report and the inspection process before the report is finalised
- consider and respond to a formal complaint from inspected providers before we publish their report.

We will continue to evaluate the impact of the new arrangements in the 2021–22 business year.

Complaints

Period	Inspections/activities	Complaints received*	Proportion of total	Proportion of closed complaints responded to within 30 days**
2020–21	20,096	67	0.3%	90%
2019–20	35,763	890	2.5%	93%
2018–19	36,396	662	1.8%	97%

* The complaints received includes all complaints about inspections/activities carried out in 2020–21 where the complaint was also received in 2020–21.

** Closed complaints includes all cases where a response was sent in 2020–21, regardless of when the complaint was received.

Of the 320 complaints closed this year, 26% had an aspect upheld or partially upheld. When a complaint is upheld, we take prompt action to put things right. After complaint investigations closed this year, we changed the overall effectiveness judgement for just three inspections. We also deemed five inspections to be incomplete, which led to inspectors carrying out a further visit to gather additional evidence. This continues to represent a very small proportion of all our inspection and regulatory activities. In most complaints that are upheld, it is because something in the process could have been better or a small change is required to the report.

There was a slight drop in the timeliness of complaint responses this year; this was because we held back complaint outcome letters in the summer term so as not to add to the burdens on providers at that time. Since then, we have returned to sending complaint responses as soon as they are ready.

Scrutiny panels normally consider the findings of complaints escalated to internal review. We decided not to run panels while normal operations were suspended due to COVID-19.

The Independent Complaints Adjudication Services for Ofsted (ICASO) reviews how we handle and respond to complaints. Its 2020 annual report stated:

‘[the number of complaints referred for adjudication] are consistent with previous years, with the proportion of Ofsted’s workload that results in a referral for independent complaint adjudication remaining remarkably low, and there are no signs of any lowering of the standards which Ofsted sets for itself...’

We have not, however, seen any change in the nature of complaints that might be attributed to the COVID-19 situation other than that we received two complaints about Ofsted’s procedural adjustments in the light of the pandemic. However, in both of those cases, we were satisfied that Ofsted’s actions were not only reasonable but had no adverse impact on its service.’

The report commented positively on our consultation on the new post-inspection arrangements:

‘Overall, we feel that the consultation process was open, inclusive and helpful in shaping final arrangements to support providers and complainant; and the resultant changes, implemented in September 2020, are appropriate’.

The Parliamentary and Health Services Ombudsman did not report on any complaints about Ofsted this year.



Sustainability

The revised Greening Government Commitment (2016–20) required a reduction in greenhouse/carbon emissions by at least 43% by 2020 from a 2009–10 baseline for the whole estate and business-related transport. Since 2011–12, the first year for which comparable figures are available, our consolidated reduction is 81% due solely to the events this year. At the time of writing, we have not been given revised targets but we understand that Defra will be publishing an update on the revised Greening Government Commitments soon.

The COVID-19 restrictions and the temporary reduction in inspection and regulatory work had a dramatic effect on our carbon emissions. Most staff were working from home, which led to our carbon emissions falling by 68% compared with 2019–20. With buildings kept partially operational, building-related carbon emissions fell by 23%. The greatest fall was from the decrease in business travel, which was down by 81%. Office-related waste and water use also fell by 74% and 46% respectively. We cannot measure the increased domestic emissions that offset the office reductions.

Wherever possible, we use Crown Commercial Service Frameworks when purchasing goods and services, along with other public sector buying organisations; this ensures that we are using entities that have considered sustainability and other key social agendas as part of their evaluation and contract award.

Performance analysis

As with last year, we have not been able to collect data for some of our strategic metrics and we therefore do not have a complete picture of performance. Treasury guidance allows departments to omit their performance analysis this year, in recognition of the fact that COVID-19 may restrict what they are able to collect and analyse.



ACCOUNTABILITY REPORT



Corporate governance report 2020–21

1. The corporate governance report contains three sections:
 - the directors' report
 - the statement of Accounting Officer's responsibilities
 - the governance statement.
2. It describes Ofsted's structure and governance framework and includes information about board members' and directors' significant interests. It describes the Accounting Officer's responsibilities and how they have been assured. It also describes risk management arrangements.
3. The report covers the period from 1 April 2020 to 31 March 2021. It also includes information about some significant matters up until the date of publication.

Directors' report

4. Ofsted is a non-ministerial government department linked to, but independent of, the DfE.
5. Ofsted is led by HMCI, Amanda Spielman, who was appointed by the Crown to serve a five-year term from January 2017. On 27 May 2021, she was reappointed for a new term of two years starting on 1 January 2022, at the point the initial five-year term concludes, and running until 31 December 2023. HMCI is responsible for the inspection and regulation of services for children and learners and is accountable to Parliament. Her duties are set out in full in Ofsted's corporate governance framework.

Executive leadership team

6. This year, some members of the executive leadership team were deployed to other government and non-ministerial departments to work on the COVID-19 response.
7. The executive leadership team consists of:
 - Amanda Spielman, Her Majesty's Chief Inspector
 - Matthew Coffey, Chief Operating Officer and Deputy Chief Inspector
 - Sean Harford, National Director, Education (deployed to Cabinet Office from August 2020 to January 2021)
 - Yvette Stanley, National Director, Regulation and Social Care
 - Paul Brooker, Regional Director, East of England (until February 2021)
 - Andrew Cook, Regional Director, North West
 - Lorna Fitzjohn, Regional Director, East of England (previously Regional Director, West Midlands until September 2020) (deployed to Ofqual from September 2020 to February 2021)
 - Katrina Gueli, Regional Director, East Midlands
 - Emma Ing, Regional Director, North East, Yorkshire and Humber
 - Chris Russell, Regional Director, South East (acting National Director, Education from August 2020 to January 2021)

- Bradley Simmons, Regional Director, South West
- Mike Sheridan, Regional Director, London (deployed to DHSC from April 2020 to September 2020)
- John Kennedy, Acting Regional Director, London (from April 2020 to September 2020)
- James McNeillie, Acting Regional Director, West Midlands (from September 2020)
- Stephen Long, Acting Regional Director, South East (from August 2020 to January 2021)
- Karen Shepperson, Director, People and Operations
- Neil Greenwood, Director, Digital and Information
- Louise Grainger, Director, Finance, Planning and Commercial
- Chris Jones, Director, Corporate Strategy.

8. Members of the leadership team had the following interests in 2020–21:

Name	Organisation	Role	Organisation type
Amanda Spielman	Victoria and Albert Museum	Trustee	Museum
	Ofqual	Chair of the Recovery Committee	Non-ministerial government department
Paul Brooker	Cotterstock Parish meeting	Chair	Parish
Katrina Gueli	Willow Dene Properties	Director	Company
	Willow Dene Property Ltd	Director	
Louise Grainger	Kings School	Governor	School
Sean Harford	World Bank global education policy technical advisory board	Member	Financial institution
Chris Jones	St Matthias School	Governor	School
Mike Sheridan	MK Dons Sport Education	Trustee	Charity
Yvette Stanley	Grandparents Plus	Board member	Charity

Board

9. The board had the following membership during the year:

Name	Notes	Term ends
Dame Christine Ryan	Chair – appointed 1 August 2020	August 2023
Professor Julius Weinberg	Chair – until 31 July 2020	July 2020
Amanda Spielman	HMCI	–
Dame Kathryn August	Senior board member – until January 2021	January 2021
John Cridland CBE	Board member	July 2022
John Hughes	Board member	March 2021
Julie Kirkbride	Board member	July 2022
Sir Hamid Patel CBE	Board member – senior board member from April 2021	July 2022
Pamela Scriven QC	Board member	January 2022
Martin Spencer	Board member Chair of Audit and Risk Assurance Committee (ARAC)	July 2023
Carole Stott OBE MBE	Board member	July 2022
Venessa Willms OBE	Board member	July 2022
Baroness Laura Wyld	Board member	July 2023

10. The ARAC had the following membership during the year:

Name	Notes
Martin Spencer	Chair
Dame Kathryn August	Member until January 2021
Julie Kirkbride	Member from March 2021
Venessa Willms OBE	
Baroness Laura Wyld	
James Aston MBE	Co-opted member (until February 2022)

11. Board and committee members reported the following directorships and other significant interests for 2020–21:

Name	Organisation	Role	Organisation type
Dame Christine Ryan	Ryan and Grunsell Limited	Partner	Consultancy
	Ofqual	Board member	Non-ministerial government department
	TalentEd	Chair	Charity
Professor Julius Weinberg	Saturday Club Trust	Trustee	Charity
	Buckinghamshire Cultural Partnership	Chair	Charity
Dame Kathryn August	Association of Education Advisers	Director	Professional membership body
	August Education Services Institute of Leadership and Management	Director Values Ambassador	Consultancy
	University of Salford Business School	Visiting Professor	University
John Cridland CBE	Transport for the North	Chair	Sub-national transport body
	Home Group	Chair	Housing association
	Northern Transport Acceleration Council	President	Sub-national transport body
	Brunel University	Pro Chancellor	University
	University College London	Visiting Professor	University
	Northern Powerhouse Partnership	Board member	Think tank
John Hughes	JCH Global Consulting	Director	Consultancy
	Audit committee, London School of Economics	Chair	University
	Trustee of the Community Schools Trust	Trustee	Multi-academy trust
Pamela Scriven QC	Judiciary of England and Wales	Barrister (QC), Judge (part-time position)	Judiciary
Venessa Willms OBE	ARK	Director of Education	Multi-academy trust
	ARK Boulton Academy	Chair of Governors	Multi-academy trust
Sir Hamid Patel CBE	Star Academies	Chief Executive	Multi-academy trust
	Confederation of Schools Trust	Board member	National body for multi-academy trusts
	Education Partnerships Trust	Member	Not-for-profit multi-academy trust
	Youth Endowment Fund Grants and Evaluation Committee	Chair	Charitable trust

Name	Organisation	Role	Organisation type
Julie Kirkbride	Lotteries Council	Adviser	Membership body
	Quatro PR	Part-time consultancy	Limited company
	New Schools Network	Vice Chair	Charity
	Volunteering matters	Trustee	Charity
Martin Spencer	NTT Data (until June 2020)	Senior Vice President	Multi-national company
	Education and Skills Funding Agency	Board member	Executive agency
	NHS Counter Fraud Authority	Board member	Health authority
	Serious Fraud Office	Board member	Non-ministerial government department
	Companies House	Board member	Executive agency
	London Fire Brigade	Audit Committee member	Fire and rescue service
Carole Stott OBE MBE	Bath College (until 31 March 2021)	Chair of Governors	College
	CreditWorks Services Ltd (until September 2020)	Director	Limited company
	Ofqual (until December 2020)	Recovery Committee member	Non-ministerial government department
Baroness Laura Wyld	The Chadlington Consultancy (until 30 April 2020)	Senior Adviser (freelance)	Management and communications consultancy
	Member of the House of Lords	Member	House of Lords
	Public Services Committee	Member	Committee of the House of Lords
	Department for Culture, Media and Sport	Board member	Government department
	Destination Management Organisations	Member of challenge panel	Stakeholder group
	Ofqual (until December 2020)	Recovery Committee member	Non-ministerial government department
James Aston MBE (co-opted member of the ARAC)	BDO LLP	Partner, National Head of Education	Business

Statement of Accounting Officer's responsibilities

12. HM Treasury appointed HMCI as Accounting Officer. The Accounting Officer must make sure that Ofsted operates with regularity and propriety, and that resources are spent efficiently to secure value for public money. This is set out in 'Managing public money' (<https://www.gov.uk/government/publications/managing-public-money>), published by HM Treasury.
13. HM Treasury directs Ofsted to prepare resource accounts for each financial year. Accounts are prepared on an accrual basis and present a true representation of Ofsted's net resource outturn, application of resources and cash flows for the financial year.
14. In preparing the accounts, the Accounting Officer is required to comply with the requirements issued in the Government Financial Reporting Manual (FReM) 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 where applicable accounting standards as set out in the reporting manual have been followed, and disclose and explain any material departures in the accounts
 - prepare the accounts on a going-concern basis.
15. 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 Ofsted's assets, are set out in 'Managing public money'.
16. Senior civil servants (SCS) in Ofsted complete an internal controls list to provide written assurance to HMCI of the controls that they have in place to manage risks in their remit areas. By signing the form, they confirm to HMCI as Accounting Officer that their controls are effective.

As Accounting Officer, as far as I am aware there is no relevant audit information of which Ofsted's auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information. I can confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable. I take personal responsibility for the judgements required to ensure this.

Amanda Spielman

Amanda Spielman
Accounting Officer

Governance statement

17. As Accounting Officer, HMCI is responsible for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives. This system must safeguard the public's funds and our assets, for which HMCI is responsible in accordance with the responsibilities assigned in 'Managing public money'.
18. Ofsted complies with the code of practice for corporate governance in central government departments and adheres to the principles for risk management set out in the HM Treasury's 'Orange Book'. This governance statement describes the corporate governance and risk management arrangements for the period beginning 1 April 2020 and ending 31 March 2021 and, by exception, to the date of this report.

COVID-19

19. On 18 March 2020, the Secretary of State for Education announced that all schools, early years providers and FE providers would close from 20 March until further notice, except to the children of key workers and vulnerable children. On 17 March, in anticipation of this partial closure, HMCI announced the temporary suspension of all routine inspections.
20. On 25 March, the Secretary of State wrote to HMCI acknowledging the suspension and setting out the arrangements agreed between them. He set out his intention to use emergency powers to make temporary changes to some of HMCI's duties and powers, for example to disapply section 5(1) of the Education Act 2005 under which we carry out routine inspections of maintained schools and academies. He also set out his intention to amend the inspection intervals for children's social care services regulated under the Care Standards Act 2000 by way of secondary legislation. In the letter, the Secretary of State also set out some changes to arrangements that he or his predecessors had agreed with Ofsted or prescribed in remit letters and memorandums of understanding. These included suspending the requirements for the cyclical inspection at prescribed intervals of non-association independent schools, early years providers, childminder agencies, boarding schools, and the provision for SEND in local areas.
21. We wanted to carry out our continuing work properly and independently, but also contribute the most we could to the national pandemic effort. We therefore created a temporary operating model, which was in place between March and September 2020, and provided clear delineation and accountability for our emergency work and our routine business. This ensured that we maintained independence and impartiality in our continuing inspection and regulatory work. The change of model also allowed us to contribute significant resource to the national effort to manage the pandemic.
22. The temporary operating model was designed to:
 - make sure staff had clear roles and responsibilities and clear lines of accountability
 - avoid unnecessary disruption by retaining existing line management and support structures where possible; this would also help us to be ready to return to business as usual as quickly as possible
 - preserve local relationships and intelligence-gathering about local areas and providers
 - take account of reduced resource because of sickness absence and caring responsibilities.

23. Under the temporary operating model, the Chief Operating Officer oversaw emergency planning and oversight of our response to the pandemic, including being a member of the DfE's COVID Response Unit and coordinating joint working.
24. Business as usual, including emergency inspection and regulation work, was overseen by the Regional Director, South West. We established a regulatory assurance panel for social care and early years to make sure that decisions about when and how to act were taken consistently and as safely as possible. This applied to decisions about on-site visits and any regulatory action against a provider. Under this model, directorates continued their work but with a strong emphasis on collaborative working with the DfE and other parts of government.
25. Updates on each strand of work were given at each executive board meeting, up until 29 September 2020, when, in light of the decreasing number of COVID-19 infections and plans to begin assurance visits across all remits, HMCI decided to revert to Ofsted's standard operating model.

Governance structure

Ofsted board

26. The responsibilities of the board are set out in the corporate governance framework. Dame Christine Ryan was appointed Chair in August 2020 for a three-year term.
27. In December 2020, the Secretary of State decided to extend Pamela Scriven's term by 12 months, until January 2022. Dame Kathryn August's and John Hughes' terms ended in January and March 2021 respectively. End dates are staggered to ensure continuity.
28. The senior board member supports the Chair and deputises when necessary. This position is held by Sir Hamid Patel, replacing Dame Kathryn August, whose Board term ended in January 2021.
29. The Chief Operating Officer, National Directors for Regulation and Social Care and Education, Director of Corporate Strategy and Director Finance, Planning and Commercial also attend board meetings. Other staff attend when appropriate.
30. The business of the board and its committees has been carried out remotely this year, in compliance with government rules and guidance to limit the spread of COVID-19. The board has considered how to make most effective use of this model, changing the format and frequency of meetings. To date this year, the board has discussed or been briefed on:
 - our response to the COVID-19 pandemic
 - plans for returning to inspection
 - the board's conflicts of interest policy
 - the work of our FE and skills, independent and unregistered schools teams and early years regulation
 - online education
 - the strategic risk register, including risks related to COVID-19
 - updates from each remit.

31. The board can delegate functions to sub-committees. The ARAC is the only sub-committee.
32. An assessment of the board's performance and effectiveness will be carried out in autumn 2021. It will cover all aspects of the board's work, including its role during the pandemic.

Audit and Risk Assurance Committee

33. ARAC provides advice and assurance to the board and HMCI. ARAC offers guidance on the adequacy and effectiveness of internal controls, risk management processes and governance arrangements. It also provides assurance on internal and external audit arrangements covering both financial and non-financial systems. Its terms of reference are set out in the corporate governance framework.
34. This year, the committee had four board members and one independent financially qualified member. Martin Spencer chaired the committee for the reporting period.
35. As Accounting Officer, HMCI attends meetings of the committee along with the Chief Operating Officer and Director Finance, Planning and Commercial. The internal auditors and the National Audit Office also attend. Other members of staff attend when appropriate.
36. Between 1 April and 31 March 2021, the committee:
 - monitored the implementation of audit recommendations and reviewed internal audit reports, including in relation to core financial controls and Ofsted's response to the COVID-19 pandemic
 - provided assurance on risk management
 - monitored delivery of the 2020–21 internal audit plan
 - endorsed the 2019–20 Annual Report and Accounts (ARA) and reviewed the proposed timeline for producing the 2020–21 ARA and laying it before Parliament
 - discussed the re-appointment of the GIAA to provide internal audit services in 2021–22
 - reviewed the National Audit Office's audit planning report.

Board and committee member attendance: 1 April 2020–31 March 2021

Board member	Actual/possible (Board)	Actual/possible (ARAC)
Christine Ryan	4/4	–
Julius Weinberg	1/1	–
Amanda Spielman	4/4	5/5
Kathryn August	1/1	2/3
John Cridland	3/4	–
John Hughes	4/4	–
Pamela Scriven	4/4	–
Venessa Willms	4/4	5/5
Hamid Patel	4/4	–
Julie Kirkbride	4/4	1/1
Martin Spencer	4/4	5/5
Carole Stott	4/4	–
Laura Wyld	4/4	5/5
James Aston	–	5/5

37. The ARAC carried out a review of its effectiveness in 2021. The results were very positive, with a small number of recommendations agreed. These actions will continue to be monitored at the committee's forthcoming meetings.

Executive board

38. Ofsted's senior management team, the executive board, is chaired by HMCI. The executive board provides support and guidance to HMCI as the decision-maker on significant strategic and operational issues. Attendees have oversight of operational change and business-as-usual activity and scrutinise monthly finance, performance and risk reports.
39. The executive board meets twice a month. The first meeting is dedicated to strategic discussions and the second is a forum for operational decision-making. The Chief Operating Officer, National Directors for Education and Social Care, the Director of Corporate Strategy, Director of Digital and Information, Director of People and Operations, the Director of Finance, Planning and Commercial, and the eight regional directors make up the executive board.
40. In response to the COVID-19 pandemic, HMCI decided on 26 March 2020 to temporarily suspend the strategy and operational executive board model but retain fortnightly meetings. This remained the case until the standard operating model was reinstated on 29 September 2020.
41. GIAA carried out an audit of executive governance and matrix management, the findings of which were generally positive and included recommendations that are being taken forward.

Other corporate meetings

42. The following operational groups escalate risks, concerns and items for decision to the executive board and HMCI where necessary:
 - The Chief Operating Officer's delivery management meeting – brings together the regional directors and the directors of operational functions to manage operational delivery effectively. The meeting also acts as a forum to review and agree operational strategies and plan operational policies, escalating issues to HMCI and executive board as appropriate.
 - Star Chambers – attended by senior leaders in each region, representing all remits, and convened once every quarter. The meeting reviews and challenges performance in each region. It looks at resources, including financial, people and contracted workforce, and risks associated with all aspects of delivery.

Planning for exiting the European Union

43. On 29 March 2017, the UK government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the withdrawal agreement between the UK and the EU became legally binding, and the UK left the EU. The terms of the relationship have now been set. Ofsted neither received nor provided funding through the EU and has not experienced any direct material impact as a result of leaving the EU.

Data incidents

44. This year, we reported nine personal data incidents to the Information Commissioner's Office (ICO). The majority of these involved personal data being sent to the wrong recipient.
45. In all cases, we took prompt action to contain or limit the action of the breach, in some cases taking further steps as advised by the ICO. Some internal investigations are still underway, but our responses have already resulted in delivered, or planned, improvements to our handling procedures, training or technical products. In each of the cases where the ICO's investigation has finished, the ICO did not take any further action.
46. There have been 14 non-reportable incidents this year, each of which was contained.

Risk management

47. Risk management is an integral part of governance procedures. The strategic risk register is used to identify, monitor and help mitigate threats to the delivery of long-term strategic aims. These risks are monitored and scrutinised at executive board, ARAC and board meetings. The executive board is responsible for ensuring that appropriate mitigating actions are taken to prevent these risks.
48. The risk management framework has been adapted to address external and internal changes arising from COVID-19. The objectives remain to enable proportionate, timely and useful risk reporting to support decision-making and to provide oversight and transparency to the Accounting Officer, ARAC and board on the nature of the risks and mitigations.

Strategic risk register

49. In 2020–21, the strategic risk register included risks related to the following topics.

Credibility

50. Ofsted's guiding principle is to be a force for improvement through intelligent, responsible and focused inspection and regulation. To achieve this, the sectors we inspect and regulate must have confidence in our ability to improve standards. We are led by research and make sure that our approach to inspection and regulation is underpinned by evidence. We have planned our return to inspection extensively to mitigate credibility risks this year.

Validity

51. In the absence of routine inspection this year, we completed a programme of interim visits in the autumn term and monitoring inspections in the spring term. These visits and inspections have focused on understanding how providers are returning to normal, in order to provide this information to parents and the government. They also gave constructive challenge to providers. We continue to manage risks to our validity, for example through evaluating our frameworks and monitoring post-inspection feedback to understand what is working well and what could be improved.

Force for improvement

52. Our strategy sets out how we will be a force for improvement and our strategy team is reviewing the metrics that measure our performance against this. COVID-19 has impacted our ability to deliver some of the workstreams in our strategy. However, while some work is paused or delayed, other work has been accelerated. We have taken decisions during the crisis in line with the guiding principles and values set out in our strategy.

Regulation

53. Ofsted is the regulator in early years and social care. Over the past two years, we have focused our attention on our regulatory role and carried out a review to identify areas to improve. A new Regulation and Social Care Programme Board is overseeing projects to ensure that current and new work follows our commitment to 'right-touch regulation'.

Delivering our funded inspection programme

54. Statutory timeframes for inspection were lifted due to COVID-19 and revised timeframes are now being agreed. We prioritise completing our statutorily constrained and target inspections, consistently meeting what has been required of us, and are confident we will continue to do so.

Workforce

55. The pandemic has introduced new challenges for our workforce, many of whom have had to adapt to new working environments and methods. We must ensure that we can continue to recruit and retain staff and maintain enough capacity and capability to deliver our business-as-usual programme of activity when it is resumed.

Financial

56. We take account of both impact and value for money in deciding how to allocate resources. Beyond our internal processes, we liaise with the DfE and other relevant bodies to ensure that those we work closely with are aware of the resources required to provide an adequate level of assurance.

Unforeseen events

57. Before the start of 2020–21, our risk registers included the risk of an unexpected external event placing significant demands on our ability to operate effectively and deliver our strategic aims.
58. In 2019–20, we reviewed our business continuity plan and put in place plans for dealing with both short- and long-term emergencies. These plans helped our preparations for Brexit and the response to COVID-19. Further scenario planning in the autumn and COVID response experience have prepared us to respond to similar issues that could arise.
59. GIAA carried out an audit of our emergency response, the findings of which were very positive.

Value for money

60. During the pause in routine inspection, we have taken care to use our resources efficiently and effectively, providing value for money. We sought approval from HM Treasury and Parliament on our ambit to change the use of our funds and enable us to deploy staff to support the wider government response to the pandemic.

Return to business as usual

61. We managed several risks around returning to routine inspection and normal regulatory activity.

Deployment

62. This risk related largely to a number of senior deployments to other government departments, including Ofqual and the Cabinet Office. Temporary arrangements were put in place to cover staff on deployment and make sure that Ofsted was able to deliver its strategic priorities and maintain relationships with key stakeholders.

Internal audit

63. GIAA served as Ofsted’s internal auditors from 1 April 2020 to 31 March 2021. As the government’s primary provider of internal audit services, GIAA offers a cross-government perspective. Based on the work undertaken this year, the Head of Internal Audit provided a substantial opinion, stating that overall Ofsted’s framework of governance, risk management and control in 2020–21 was adequate and effective.

Internal controls

64. HMCI, as Accounting Officer, is required to review the effectiveness of the system of internal control on an annual basis. This review is informed by the work of internal and external auditors, ARAC and the senior managers responsible for the internal control framework. This governance statement is completed to provide assurance to HMCI about the effectiveness of the governance and internal control framework, as set out above.
65. HMCI reviews the systems in place to minimise risks and to support the achievement of our policy, aims and objectives. This includes a review of standard mid- and end-year checks carried out by SCS of the controls to manage risks in their area. Each director and deputy director must give written assurance to HMCI that their controls are effective.
66. Any deviations from our internal control checklist are reported. No deviations were recorded this year.

Remuneration and staff report

Remuneration report part A: unaudited

Appointing non-executive board members

67. The Education and Inspections Act 2006 established the Office for Standards in Education, Children's Services and Skills and its board. The Secretary of State for Education appoints board members in line with government guidelines. Full details of the membership of the board and their dates and terms of appointment are provided in the governance statement.

Appointment of the Permanent Head of the Department and directors

68. Amanda Spielman was appointed as HMCI from 1 January 2017. This is a Crown appointment for a period of five years. On 27 May 2021, she was reappointed for a new term of two years starting on 1 January 2022, at the point the initial five-year term concludes, and running until 31 December 2023.

69. The members of the executive board and their dates of appointment are listed in the governance statement. Unless otherwise stated, the directors and other officials covered by this report hold permanent appointments. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

70. Civil Service appointments are made in accordance with the Civil Service Commission's recruitment principles. The principles set out that appointments must be made on merit on the basis of fair and open competition. They also include exemptions to this.

Remuneration policy

71. Directors are paid in accordance with the SCS pay framework. This is set by the government and subject to the recommendations of the Senior Salaries Review Body.

72. Ofsted operates an SCS pay committee consisting of HMCI, directors and one non-executive board member. This committee decides all annual SCS pay and bonus awards, as well as any changes to Ofsted's SCS pay strategy. Julie Kirkbride, a board member, is the non-executive member replacing Dame Kathryn August, whose board term ended in January 2021. The role of the independent member is to quality assure the process. They ensure that pay decisions are consistent with individuals' performance evidence and that consistent criteria are applied in individual pay decisions.

73. Ofsted's approach to assessing SCS staff performance adheres to the relevant Cabinet Office guidance. Our assessment has therefore been based on:

- whether objectives have been met
- the demonstration of leadership behaviours and working in line with Ofsted and Civil Service values
- professional skills
- the management of resources
- degree of difficulty in meeting the objectives in light of actual events.

74. We allocated staff to particular performance groups following a two-stage process. Initially, directors differentiated and ranked their SCS staff against the appropriate assessment criteria. Subsequently, our SCS pay committee challenged and validated the rank order and merged the agreed lists into the three performance distribution groups.
75. The final allocation reflected how each postholder had performed in their job, their overall track record and their growth in competence, as well as what they had achieved against individual performance agreements.

Remuneration report part B: audited

Non-executive remuneration

76. The remuneration of board members for the year ending 31 March 2021 was as follows:

	2020–21	2019–20
Name	Salary (£'000)	Salary (£'000)
Dame Christine Ryan (Chair, from 1 August 2020)	30–35 (45–50 FYE*)	–
Professor Julius Weinberg (former chair, left 31 July 2020)	15–20 (45–50 FYE*)	45–50
John Cridland CBE	5–10	5–10
Venessa Willms OBE	5–10	5–10
Pamela Scriven QC	5–10	5–10
Carole Scott OBE MBE (from 1 August 2019)	5–10	5–10 (5–10 FYE*)
Sir Hamid Patel CBE (from 1 August 2019)	5–10	5–10 (5–10 FYE*)
Julie Kirkbride (from 1 August 2019)	5–10	5–10 (5–10 FYE*)
Baroness Laura Wyld (from 1 August 2019)	5–10	5–10 (5–10 FYE*)
Martin Spencer (from 1 August 2019)	5–10	5–10 (5–10 FYE*)
John Hughes (left 11 March 2021)	5–10 (5–10 FYE*)	5–10
Dame Kathryn August (left 31 January 2021)	5–10 (5–10 FYE*)	5–10

*FYE = full-year equivalent

Remuneration of executive board members

77. The remuneration of the most senior members of staff for the year ending 31 March 2021 was as follows:

Name	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Amanda Spielman	185-190	185-190	-	-	-	-	73	71	260-265	255-260
Matthew Coffey	145-150	145-150	-	10-15	-	-	61	52	205-210	205-210
Paul Brooker (to 28 February 2021)	115-120* (125-130 FYE**)	125-130*	-	-	-	-	31	17	145-150	145-150
Andrew Cook	125-130*	135-140*	-	5-10	-	-	53	54	180-185	195-200
Lorna Fitzjohn	130-135	135-140*	-	-	-	-	34	19	160-165	155-160
Katrina Gueli (from 14 April 2019)	120-125*	110-115*	-	-	-	-	64	92	185-190	205-210
Sean Harford	125-130	140-145*	-	0-5	-	-	64	58	190-195	200-205
Emma Ing	120-125	125-130*	-	-	-	-	14	30	135-140	150-155
Christopher Russell	130-135*	140-145*	-	-	-	-	38	38	165-170	180-185
Karen Shepperson	120-125	120-125	-	0-5	-	-	53	42	175-180	170-175
Mike Sheridan	125-130*	135-140*	-	5-10	-	-	47	53	170-175	200-205
Bradley Simmons	135-140*	135-140*	-	5-10	-	-	42	43	175-180	185-190
Yvette Stanley	140-145	140-145	-	5-10	-	-	48	48	185-190	195-200
Louise Grainger	95-100	95-100	-	5-10	-	-	40	34	135-140	135-140
Neil Greenwood	100-105	100-105	-	5-10	-	-	45	42	145-150	150-155
Chris Jones	95-100	95-100	-	5-10	-	-	38	37	135-140	140-145
John Kennedy (from 22 April 2020 to 14 September 2020)	30-35 (75-80 FYE**)	-	-	-	-	-	18	-	45-50	-
Stephen Long (from 10 August 2020 to 31 January 2021)	45-50 (100-105 FYE**)	-	-	-	-	-	12	-	55-60	-
James McNeillie (from 7 September 2020)	50-55 (95-100 FYE**)	-	-	-	-	-	21	-	75-80	-
Cathryn Kirby (left 31 July 2019)	-	40-45* (120-125 FYE**)	-	-	-	-	-	21	-	60-65

* Salaries include taxable travel

** Full-year equivalent

Note: employee pension contributions are effectively included in the salary column and also included in the calculation of pension benefits.

78. 'Salary' includes gross salary, recruitment and retention allowances, and other allowances to the extent that they are subject to UK taxation.
79. In line with the SCS pay framework, bonus payments are based on performance and are made as part of the appraisal process. Given the pandemic, senior managers agreed to waive any bonus that might otherwise have been paid (in line with wider Civil Service pay policy) in 2020–21 (and any end-of-year bonuses relating to the 2020–21 performance year that would have been paid in 2021–22). The comparative bonuses reported for 2019–20 relate to the end-of-year performance payments for 2018–19 and the in-year performance payments for 2019–20.
80. The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs (HMRC) as a taxable emolument.

Pay multiples (as at 31 March 2021)

	2020–21	2019–20
Banded remuneration mid-point for highest-paid director (£000)	187.5	187.5
Median total remuneration (£)	51,739	47,557
Ratio	3.6	3.9

81. We are required to disclose the relationship between the remuneration of the highest-paid director and median remuneration of our workforce as at 31 March 2021.
82. The grading structure is aligned to the traditional Civil Service grades AO to SCS. The range of staff remuneration is between £20,954 and £187,500 (2019–20: £19,968 and £187,500).
83. The mid-point of the banded remuneration for the highest-paid director (HMCI) in office at the reporting period end date in the financial year 2020–21 was £187,500 on a full-year equivalent basis (2019–20: £187,500). This was 3.6 times (2019–20: 3.9) the median remuneration of the workforce, which was £51,739 (2019–20: £47,557).
84. We saw an increase in the median remuneration of the workforce this year. This was, in part, due to the impact the pandemic had on our turnover, with a reduced number of leavers, particularly at Her Majesty's Inspector (HMI) grade. We have also taken on new responsibilities in inspection and regulation, requiring more inspectors, with these being relatively senior grades. At the more junior grades, we have seen reductions, as we have delivered improvements to systems and operational processes in our operations team. Another contributing factor to the increased median is the ongoing work on data modernisation, where we are looking at improving the digital tools, updating systems architecture, and using new solutions for improved organisational delivery and effectiveness. To deliver this work, we have appointed temporary contingent labour to ensure that we have the right expertise to achieve the objectives.
85. In 2020–21, no employee received remuneration in excess of the highest-paid director (2019–2020: none). 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 of pensions.

Pension benefits

86. The pension entitlements of the most senior members of staff for the year ending 31 March 2021 were as follows:

	Accrued pension at pension age as at 31/03/2021 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2021	CETV at 31/03/2020	Real increase in CETV
Name	£'000	£'000	£'000	£'000	£'000
Amanda Spielman	15–20	2.5–5	274	203	49
Matthew Coffey	50–55 plus a lump sum of 90–95	2.5–5 plus a lump sum of 0–2.5	920	848	36
Paul Brooker	60–65 plus a lump sum of 180–185	0–2.5 plus a lump sum of 5–7.5	1,411	1,396	30
Andrew Cook	35–40	2.5–5	672	609	35
Lorna Fitzjohn	55–60 plus a lump sum of 165–170	0–2.5 plus a lump sum of 5–7.5	1,203	1,184	32
Katrina Gueli (from 14 April 2019)	35–40	2.5–5	519	456	39
Sean Harford	70–75	2.5–5	1,271	1,182	43
Emma Ing	30–35	0–2.5	633	623	14
Christopher Russell	30–35	0–2.5	662	611	39
Karen Shepperson	55–60 plus a lump sum of 120–125	2.5–5 plus a lump sum of 0–2.5	1,100	1,028	33
Mike Sheridan	55–60	2.5–5	660	609	21
Bradley Simmons	65–70	2.5–5	1,444	1,351	43
Yvette Stanley	5–10	2.5–5	118	77	30
Louise Grainger	45–50	0–2.5	589	545	20
Neil Greenwood	35–40	2.5–5	511	467	23
Chris Jones (from 4 March 2019)	10–15	0–2.5	121	100	10
John Kennedy (from 22 April 2020 to 14 September 2020)	45–50	0–2.5	857	856	15
Stephen Long (from 10 August 2020 to 31 January 2021)	45–50	0–2.5	958	925	4
James McNeillie (from 7 September 2020)	15–20	0–2.5	216	196	10

Civil Service pensions

87. Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced: the Civil Servants and Others Pension Scheme, or alpha. This scheme provides benefits on a career-average basis with a normal pension age equal to the member's state pension age. All newly appointed civil servants and the majority of those in service joined alpha. Previously, 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.
88. 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. PCSPS members 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 switched, or will switch, into alpha between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the cash-equivalent transfer values shown in this report). 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 all Civil Service schemes. Members joining from October 2002 may also opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).
89. Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and all other members of alpha. 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. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. 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.

90. The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. Employees do not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement).
91. The accrued pension quoted is the pension that 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. If the individual has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes. Note that part of that pension may be payable from different ages.)
92. You can find further details about the Civil Service pension arrangements at:
www.civilservicepensionscheme.org.uk.

Cash-equivalent transfer values

93. A cash-equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a 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.
94. 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 that may be due when pension benefits are taken.

Real increase in CETV

95. 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

96. No compensation for loss of office payments were made in 2020–21 (2019–20: none).

Staff report part A: audited

Number of senior civil servants by pay band

Pay band	As at 31 March 2021	As at 31 March 2020
Permanent Secretary equivalent	1	1
SCS Band 3	1	1
SCS Band 2	10	11
SCS Band 1	18	16
Total	30	29

Staff numbers and related costs

97. The **average** number of staff during the year was:

Type of staff	2020–21			2019–20
	Permanently employed staff	Others	Total	Restated total
Executive Board	16	–	16	16
Non-executive Board	–	11	11	10
Other SCS	16	–	16	13
Inspection	761	–	761	728
APT	905	87	992	957
Of which: Staff engaged on capital projects	10	0	10	0

98. The average number of staff for 2020–21 includes those (over 700 employees) who were deployed for some of the year into roles in local authorities, the wider public sector and other government departments to support the national response to the pandemic. More detail can be found under ‘COVID-19 deployments’.

99. Administrative, professional and technical (APT) staff includes those in corporate functions such as inspection support and regulatory activity, as well as staff in our strategy and inspection policy teams.

Staff costs

	2020–21			2019–20
	Permanently employed staff	Others	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	86,680	5,527	92,207	84,485
Social security costs	9,650	170	9,820	9,179
Apprentice levy	420	–	420	396
Pension costs	23,138	394	23,532	21,984
Exit costs	179	–	179	315
Sub total	120,067	6,091	126,158	116,359
Less recoveries in respect of outward secondments	498	–	498	193
Less capitalised costs	667	586	1,253	–
Total net costs	118,902	5,505	124,407	116,166

Reporting of Civil Service and other compensation schemes – exit packages

100. Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service pension scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. If the department agrees early retirements other than for ill health, the additional costs are met by the department and not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

101. There were no compulsory redundancies in 2020–21.

Number of exit packages by cost band

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2020–21 total number of exit packages by cost band	2019–20 total number of exit packages by cost band
<£10,000	–	–	–	2
£10,000–£25,000	–	4	4	5
£25,001–£50,000	–	–	–	4
50,001–£100,000	–	1	1	3
£100,001–£150,000	–	–	–	1
£150,001–£200,000	–	–	–	–
Total number of exits	–	5	5	15
Total resource cost	–	£177,000	£177,000	£528,000

Monitoring of consultancy and temporary staff

102. Ofsted has used the Public Sector Resourcing framework, operated by the Crown Commercial Service, to procure new agency staff and interim contractors.

	2020–21	2019–20
	£'000	£'000
Consultancy	267	285
Temporary and agency staff	3,768	4,327

Off-payroll engagements

103. Ofsted is required to publish information on highly paid and/or senior off-payroll appointments. Off-payroll appointments are those that are not on the department's payroll.

Temporary off-payroll worker engagements as at 31 March 2021, where individuals are earning at least £245 per day

No. of existing engagements as of 31 March 2021	32
Of which...	
No. that have existed for less than one year at time of reporting	30
No. that have existed for between one and two years at time of reporting	2
No. that have existed for between two and three years at time of reporting	–
No. that have existed for between three and four years at time of reporting	–
No. that have existed for four or more years at time of reporting	–

Temporary off-payroll workers engaged at any point during the year ended 31 March 2021, where individuals are earning at least £245 per day

No. of off-payroll workers engaged during the year ended 31 March 2021	56
Of which...	
No. determined as in-scope of IR35	56
No. assessed as out-of-scope of IR35	–
No. of engagements reassessed for compliance or assurance purposes during the year	1
Of which: no. of engagements that saw a change to IR35 status following review	1
No. of engagements where the status was disputed under provisions in the off-payroll legislation	1
Of which: no. of engagements that saw a change to IR35 status following review	1

Off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

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 that have been deemed 'board members and/or senior officials with significant financial responsibility', during the financial year. This figure includes both on payroll and off-payroll engagements.	1

Staff report part B: unaudited

Staff composition

104. On 31 March 2021, Ofsted directly employed 1,790 staff across England.

105. The gender of the staff was as follows (headcount):

	Female	Male	Total
Executive board	7	9	16
Other SCS	8	6	14
Non-executive board	6	3	9
APT staff	605	361	966
Inspection staff	569	216	785
Total	1,195	595	1,790

COVID-19 deployments

106. The number of deployments by grade during the year were:

Grade ²¹	Number of deployments ²²
Permanent Secretary equivalent	1
SCS 2	5
SCS 1	4
Principal Officer (PO)	9
Senior HMI	30
HMI	248
Regulatory Inspection Manager (RIM)	14
Specialist Contractor	3
Band A	13

21. See appendix C for Civil Service equivalent grades.

22. This is the number of actual deployments, some employees were deployed more than once and each of those have been included.

Grade	Number of deployments
B1 Inspector	155
B1	30
B2	44
B3	82
C1	134
Total	772

107. The average duration of all deployments from start to end date was 81 days. This includes both full-time and part-time placements.

108. As our routine inspection activity was paused during 2020–21, we had temporary capacity and resource to support the emergency response across various organisations through deployments, with no additional cost to the hosting departments.

Employee matters

Sickness

109. Average working days lost (AWDL) continued to fall this year and as at 31 March 2021 was 5.6 days (2019–20: 6.6 days). It remains below the organisational target of 6.8. However, the levels this year are likely to have been reduced by increased home working during the global pandemic. We expect a slight increase as we return to our more normal ways of working. Sickness absences due to COVID-19 were managed in accordance with government guidance.

Turnover

110. Staff turnover reduced this year to 9.2% (2019–20: 10.5%), although we recognise this has been affected by the pandemic.

Diversity and inclusion

111. Ofsted’s equality, diversity and inclusion group, with input from our five staff networks, works to ensure that equality, diversity and inclusion are at the heart of our work. Equality training is mandatory for all staff. We publish equality objectives every four years and report on progress annually.²³

112. We are a Disability Confident employer and design all policies to be inclusive and accessible. We operate the guaranteed interview scheme, use blind sifting and promote diversity within our workforce.

113. In line with gender pay reporting legislation, we have published our gender pay gap report: www.gov.uk/government/publications/ofsted-gender-pay-gap-report-and-data-2020.

23. See our 2020 objectives: <https://www.gov.uk/government/publications/ofsteds-equality-objectives-2020-to-2022/ofsteds-equality-objectives-2020-to-2022>, and our latest progress report: <https://www.gov.uk/government/publications/ofsteds-equality-objectives-2016-to-2020/equality-objectives-progress-review-2019-to-2020>.

114. The gender pay gap is the difference in the average earnings between all men and women in an organisation. Ofsted's mean gender pay gap was 4.8% in favour of men, and the median gender pay gap was 6.2% in favour of women.

Supportive employment practices

115. We operate supportive employment practices through, for example, supportive procedures for attendance, flexible working and time off work, as well as mental health first aiders, occupational health referrals and free counselling and advice services. We reviewed these in light of the pandemic to make sure we were offering the best support to our workforce as they adapted to new ways of working.
116. This year, we developed additional online training, including on resilience and mental health awareness, and support for managers on how to manage teams working entirely remotely. We have also communicated frequently internally to offer advice and resources on issues including financial well-being, staying active, staying well through winter, alcohol awareness, taking care of oneself as lockdown eases and tips to support others.
117. Throughout the year, we held regular virtual sessions for all mental health first aiders to identify common areas of emerging concern and share best practice and new resources, including support for those bereaved.
118. We monitor how our policies are applied, reporting to the Executive Board on any adverse impact for particular groups. While bullying, discrimination and harassment are reassuringly uncommon in Ofsted, this year we set up a working group to consider what more we could do. The findings from this group are informing communications, guidance and training.

Whistle-blowing

119. Following the launch of the revised and improved 'Whistle-blowing and raising a concern' policy and procedure at the end of 2019–20, we wanted to make sure that staff understood how and when to use the procedure. We have engaged with the staff networks to seek their views on how to embed the policy and how best to communicate with staff. We have made a communications plan that includes the 'Speak up' campaign. We have also been working with the nominated officers (identified individuals who provide advice to staff on how to follow the whistle-blowing procedure), on some guidance that will illustrate what constitutes whistle-blowing to further support staff in understanding when to use the procedure.
120. There have been no whistle-blowing cases during the year.

Anti-bribery and corruption

121. Ofsted employees are expected to adhere to a high standard of personal honesty and integrity, and to ensure that their behaviour meets the standards expected of them, as set out in the Nolan principles.²⁴

24. 'The seven principles of public life', Committee on Standards in Public Life, May 1995; <https://www.gov.uk/government/publications/the-7-principles-of-public-life>.

122. All offers of gifts, rewards and hospitality must be reported to the individual's manager and will be recorded on our register. Our guiding principles are clear that, should there be any doubt over the propriety of accepting any gift, reward or hospitality, it should be refused.
123. Any conflict, whether real or perceived, that is not appropriately managed can severely jeopardise Ofsted's public standing and trust in our judgements. Our policies are clear that those who work for Ofsted must not put themselves in a position where previous employment, personal relationships or private interests conflict, or could be perceived to conflict, with our values. All potential conflicts must be declared and assessed to determine whether they can be properly managed without affecting the integrity and reputation of Ofsted and the individual.
124. To support those employees who were deployed during COVID-19, we released specific guidance on conflicts of interest in the context of deployment activity, including principles for appropriate activities and managing the return to Ofsted roles.
125. To avoid the risk of public concern, criticism or misinterpretation arising from the subsequent employment or activity of civil servants, any Ofsted employee who intends to take up an outside appointment or employment after leaving the Civil Service must comply with the 'Government's business appointments rules for civil servants' and any measures put in place to manage interests.

Trade union facility time

126. Ofsted recognises and works with three unions: FDA, Public and Commercial Services Union (PCS), and UNISON.
127. Facility time is reported in line with the requirements set out in the Trade Union (Facility Time Publications Requirements) Regulations 2017. This represents paid time off provided to trade union representatives for trade union duties and activities.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
18	16.7

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	18
51-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£133k
Total pay bill	£118.7m
Percentage of total pay bill spent on facility time	0.1%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	12%
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128. We have seen an increase in the percentage of total pay bill spent on facility time this year. This reflects the emphasis we gave to positive employee relations during the ongoing COVID-19 pandemic. To ensure that we were engaging and supporting our workforce effectively during what we recognised would be a challenging time, we moved quickly to engaging even more frequently and transparently with our trade union side. We drew on their facility time for discussions with the management side more than we normally would. They were involved in rapid decision-making, supporting communications, carrying out increased health and safety duties, as well carrying out the representative function of their roles and supporting their members through this challenging period.

Parliamentary accountability and audit report: audited

Statement of Parliamentary Supply

In addition to the primary statements prepared under the international financial reporting standards (IFRS), the FReM requires Ofsted to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against its supply estimate (Estimate). Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the consolidated fund) that Parliament gives statutory authority for entities to use. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by its Estimate, called control limits, its accounts will receive a qualified opinion.

The format of the SoPS mirrors the Estimates (www.gov.uk/government/publications/main-supply-estimates-2020-to-2021) to enable comparability between what Parliament approves and the final outturn.

The SoPS contains a summary table, detailing:

- performance against the control limits that Parliament has voted on
- cash spent (budgets are compiled on an accruals basis and so outturn will not exactly tie to cash spent)
- administration.

The supporting notes detail:

- outturn by Estimate line, providing a more detailed breakdown (SoPS 1)
- a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SoCNE), to tie the SoPS to the financial statements (SoPS 2)
- a reconciliation of outturn to net cash requirement (SoPS 3)
- an analysis of income payable to the consolidated fund (note 4).

Figures described as Estimates are voted on by Parliament and are subject to Parliamentary control. Any breach of these limits is treated as unauthorised expenditure and requires retrospective approval, known as an excess vote.

In addition, although not a separate voted limit, any breach of the administration budget would also require an excess vote.

Our performance against the total funding received in the Estimate of £139.2 million was:

	Estimate	Outturn	Variance
	£'000	£'000	£'000
Departmental expenditure limit – resource (RDEL excluding depreciation)	128,799	112,528	16,271
Departmental expenditure limit – capital (CDEL)	5,300	3,284	2,016
Ofsted’s core funding	134,099	115,812	18,287
Departmental expenditure limit – depreciation	4,810	3,815	995
Annually managed expenditure – resource (AME)	295	-111	406
Total budget	139,204	119,516	19,688

Ofsted underspent by £18.3 million against its core funding (departmental expenditure limit (DEL) excluding depreciation). This is mainly as a consequence of the COVID-19 pandemic. As described earlier in this report, Ofsted continued to carry out regulatory activity and essential demand-led inspections, but routine inspection activity was paused. A significant proportion of Ofsted's costs are fixed and relate to staff salaries. Variable costs, such as travel or use of contracted inspectors to deliver inspections, have reduced in line with inspection activity.

Summary of resource and capital outturn 2020–21

	Outturn			Estimate			Outturn vs Estimate, saving/ (excess)	Prior year outturn total
	Voted	Non-voted	Total	Voted	Non-voted	Total	2020–21	2019–20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Departmental expenditure limit								
– Resource	116,343	–	116,343	133,609	–	133,609	17,266	130,782
– Capital	3,284	–	3,284	5,300	–	5,300	2,016	3,826
Annually managed expenditure								
– Resource	(111)	–	(111)	295	–	295	406	(286)
– Capital	–	–	–	–	–	–	–	–
Total budget	119,516		119,516	139,204		139,204	19,688	134,322
Total resource	116,232	–	116,232	133,904	–	133,904	17,672	130,496
Total capital	3,284	–	3,284	5,300	–	5,300	2,016	3,826
Total	119,516		119,516	139,204		139,204	19,688	134,322

Figures in the 'voted' column cover the control limits voted by Parliament.

Refer to the 'Supply Estimates guidance manual' (www.gov.uk/government/publications/supply-estimates-guidance-manual) for detail on the control limits voted by Parliament. Ofsted has not incurred any non-budget expenditure.

Net cash requirement 2020–21

	2020–21				2019–20
		Outturn total	Estimate total	Outturn vs Estimate, saving/ (excess)	Prior year outturn total
	Reference	£'000	£'000	£'000	£'000
Net cash requirement	SoPS 3	118,301	134,036	15,735	131,946

Administration costs 2020–21

	2020–21			2019–20
	Outturn total	Estimate total	Outturn vs Estimate, saving/ (excess)	Prior year outturn total
	£'000	£'000	£'000	£'000
Administration costs	15,576	17,653	2,077	15,811

Although not a separate voted limit, any breach of the administration budget will result in an excess vote.

SoPS 1 – Outturn detail by Estimate line

SoPS 1.1 Analysis of resource outturn by Estimate line

	2020–21									2019–20
	Administration			Programme			Outturn	Estimate		Prior year outturn total
	Gross	Income	Net	Gross	Income	Net	Total	Net total Estimate	Outturn vs Estimate, saving/ (excess)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Spending in departmental expenditure limits										
Voted expenditure	15,576	–	15,576	127,252	(26,485)	100,767	116,343	133,609	17,266	130,782
Annually managed expenditure										
Voted expenditure	–	–	–	(111)	–	(111)	(111)	295	406	(286)
Total	15,576	–	15,576	127,141	(26,485)	100,656	116,232	133,904	17,672	130,496

SoPS 1.2 Analysis of net capital outturn by Estimate line

	2020–21					2019–20
	Outturn			Net total Estimate	Estimate	Prior year outturn total
	Gross	Income	Net		Outturn vs Estimate, saving/(excess)	
	£'000	£'000	£'000	£'000	£'000	£'000
Spending in departmental expenditure limit:						
Voted	3,284	–	3,284	5,300	2,016	3,826
Total	3,284	–	3,284	5,300	2,016	3,826

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require Parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). See the 'Supply Estimates guidance manual' (www.gov.uk/government/publications/supply-estimatesguidance-manual) for more information on virements.

SoPS 2 – Reconciliation of net resource outturn to net operating expenditure

Item	Reference	Outturn total	Prior year outturn total 2019–20
Total resource outturn	SoPS 1.1	116,232	130,496
Add:			
Research costs classified as capital DEL in the SoPS under ESA 10, but treated as operating costs in the SoCNE		975	1,761
Income payable to the consolidated fund	SoPS 4	(1,694)	(271)
		115,513	131,986
Net operating expenditure in consolidated SoCNE	SoCNE	115,513	131,986

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, the IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SoPS to the financial statements.

SoPS 3 – Reconciliation of net resource outturn to net cash requirement

	Reference	2020–21		
		Outturn	Estimate	Outturn vs Estimate, saving/(excess)
		£'000	£'000	£'000
Resource outturn	SoPS 1.1	116,232	133,904	17,672
Capital outturn	SoPS 1.2	3,284	5,300	2,016
Total outturn		119,516	139,204	19,688
Accruals to cash adjustments:		(1,215)	(5,168)	(3,953)
Of which:				
Adjustments to remove non-cash items:				
Depreciation and amortisation		(3,815)	(4,810)	(995)
New provisions and adjustments to previous provisions		(4)	(350)	(346)
Auditor's remuneration		(69)	(63)	6
Other non-cash items		–	–	–
Income payable to the consolidated fund	SoPS 4	(1,694)	–	1,694
Less: movements in payables relating to items not passing through the SoCNE		689	–	(689)
Adjustments to reflect movements in working balances:				
Increase/(decrease) in receivables		3,985	–	(3,985)
(Increase)/decrease in payables		(379)	–	379
Payments of amounts due to the consolidated fund		271	–	(271)
Use of provisions		115	55	(60)
Local Government Pensions Scheme (LGPS) exit credit accounted for through other comprehensive income		(314)	–	314
Net cash requirement		118,301	134,036	15,735

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

SoPS 4 – Amounts of income to the consolidated fund

SoPS 4.1 Analysis of income payable to the consolidated fund

In addition to income retained by Ofsted, the following income is payable to the consolidated fund.

		Outturn total	Prior year outturn total, 2019–20
	Reference	£'000	£'000
Income outside of the ambit of the Estimate	4	1,694	271
Total amount payable to the consolidated fund		1,694	271

HM Treasury rules prevent departments from retaining income from fees and charges that exceed the full cost of the service provided. This is known as a consolidated fund extra receipt (CFER). The excess income collected must be paid over to HM Treasury. A £1.7m CFER relating to social care income has arisen this year. The pandemic led to a reduced number of inspections, so that the cost of providing that service was less than the statutory fee charged.

SoPS 4.2 – Consolidated fund income

	Outturn total	Prior year outturn total, 2019–20
	£'000	£'000
Income outside of the ambit of the Estimate	1,694	271
Amount payable to the consolidated fund	1,694	271
Balance held at the start of the year	271	–
Payments into the consolidated fund	(271)	–
Balance held on trust at the end of the year	1,694	271

Losses and special payments

Losses statement

	2020–21		2019–20	
	No. of cases	£'000	No. of cases	£'000
Fruitless payments and constructive losses	572	678	556	481
Total	572	678	556	481

Fruitless payments and constructive losses mainly relate to cancellation charges for services that could no longer be used due to the pandemic, and write-off of unrecoverable debts. There are no individual losses exceeding £0.3 million (2019–20: nil).

Special payments

	2020-21		2019-20	
	No. of cases	£'000	No. of cases	£'000
Special payments	2	42	115	162
Total	2	42	115	162

Fees and charges

	2020-21		
	Income*	Full cost	Surplus/(deficit)
	£'000	£'000	£'000
Social care	12,196	24,512	(12,316)
Early years	6,079	31,694	(25,615)
Independent schools	1,119	2,375	(1,255)
Total	19,394	58,581	(39,186)

* Social care income includes £1.7 million transferred to the consolidated fund (see SoPS 4).

	2019-20		
	Income	Full cost*	Surplus/(deficit)
	£'000	£'000	£'000
Social care	11,025	26,536	(15,511)
Early years	6,253	38,754	(32,501)
Independent schools	1,499	8,452	(6,953)
Total	18,777	73,742	(54,965)

* Early years income includes £271k transferred to the consolidated fund (see SoPS 4).

Amanda Spielman

Amanda Spielman
Accounting Officer

Date: 1 July 2021

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 for Standards in Education, Children's Services and Skills (Ofsted) for the year ended 31 March 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 Ofsted's affairs as at 31 March 2021 and of its net operating cost for the year then ended; and
- 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 2021 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of Ofsted in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that Ofsted's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Ofsted's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Ofsted is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

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 certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; 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

In the light of the knowledge and understanding of Ofsted and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and accountability reports. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing Ofsted's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Ofsted will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, Ofsted's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Ofsted's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Ofsted's controls relating to the Government Resources and Accounts Act 2000 and Managing Public Money;
- discussing among the engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and judgements made in accounting estimates; and
- obtaining an understanding of Ofsted's framework of authority as well as other legal and regulatory frameworks that Ofsted operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Ofsted. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, and Employment Law.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 6 July 2021

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

FINANCIAL STATEMENTS



Statement of comprehensive net expenditure

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2020–21	2019–20
	Reference	£'000	£'000
Revenue from contracts with customers		(26,408)	(27,206)
Grant income – apprentice levy		(77)	(56)
CFER		(1,694)	(271)
Total operating income	4	(28,179)	(27,533)
Staff costs	3	124,407	116,166
Purchase of goods and services	3	15,470	40,022
Depreciation and amortisation	3	3,815	3,331
Total operating expenditure		143,692	159,519
Net expenditure for the year		115,513	131,986
Items which will not be reclassified to net operating expenditure			
Actuarial (gain)/loss on pension scheme liabilities		(212)	461
Comprehensive net expenditure for the year		115,301	132,447

Statement of financial position

This statement presents the financial position of Ofsted. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		31 March 2021	31 March 2020
	Reference	£'000	£'000
Non-current assets			
Property, plant and equipment	5	1,462	1,812
Intangible assets	6	9,877	11,033
Trade and other receivables	11	113	198
Total non-current assets		11,452	13,043
Current assets			
Trade and other receivables	11	7,999	3,929
Cash and cash equivalents	10	339	1,344
Net retirement benefit schemes asset	17	–	102
Total current assets		8,338	5,375
Total assets		19,790	18,418
Current liabilities			
Trade and other payables	12	(13,354)	(13,688)
Contract liabilities	12	(8,309)	(7,867)
Provisions	13	(227)	(115)
Total current liabilities		(21,890)	(21,670)
Total assets less net current liabilities		(2,100)	(3,252)
Non-current liabilities			
Provisions	13	(903)	(1,126)
Total non-current liabilities		(903)	(1,126)
Total assets less total liabilities		(3,003)	(4,378)
Taxpayers' equity and other reserves			
Total reserves		(3,003)	(4,378)
Total equity		(3,003)	(4,378)

Amanda Spielman

Amanda Spielman
Accounting Officer

Date: 1 July 2021

Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents of the department during the reporting period. It shows how Ofsted generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by income from the recipients of Ofsted's services. Investing activities represent the extent to which cash inflows and outflows have been made for resources that are intended to contribute to future public service delivery.

		2020–21	2019–20
	Reference	£'000	£'000
Cash flows from operating activities			
Net operating cost		(115,513)	(131,986)
Adjustment for non-cash transactions		3,888	3,414
(Increase)/decrease in trade and other receivables		(3,985)	47
Increase/(decrease) in trade payables		379	(407)
(Increase)/decrease in departmental balances with the consolidated fund		(689)	(651)
Use of provisions	13	(115)	(298)
LGPS exit credit accounted for through other comprehensive income	17	314	
Net cash outflow from operating activities		(115,721)	(129,881)
Cash flows from investing activities			
Purchase of non-financial assets	5 and 6	(2,309)	(2,065)
Net cash outflow from investing activities		(2,309)	(2,065)
Cash flows from financing activities			
From the consolidated fund (supply) – current year		117,296	132,326
Net financing		117,296	132,326
Net increase/(decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the consolidated fund		(734)	380
Payments of amounts due to the consolidated fund		(271)	–
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the consolidated fund		(1,005)	380
Cash and cash equivalents at the beginning of the period	10	1,344	964
Cash and cash equivalents at the end of the period	10	339	1,344

Statement of changes in taxpayers' equity

This statement shows the movement in the year on the different reserves held by Ofsted, analysed into 'general fund reserves' (reserves that reflect a contribution from the consolidated fund).

The general fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Reference	General fund £'000
Balance at 31 March 2019		(3,675)
Net Parliamentary funding		131,946
Comprehensive net expenditure for the year	SoCNE	(131,986)
Auditor's remuneration	3	69
Movement in value of pension scheme asset	17	(461)
CFERs payable to the consolidated fund	4	(271)
Balance at 31 March 2020		(4,378)
Net Parliamentary funding		118,301
Comprehensive net expenditure for the year	SoCNE	(115,513)
Auditor's remuneration	3	69
Movement in value of pension scheme asset	17	212
CFERs payable to the consolidated fund	4	(1,694)
Balance at 31 March 2021		(3,003)

Notes to the Ofsted resource accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2020–21 FReM, issued by HM Treasury. The accounting policies contained in the FReM apply the IFRS as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Ofsted for the purpose of giving a true and fair view has been selected. The particular policies adopted by Ofsted are described below. They have been applied consistently in dealing with items that are considered material to the accounts. The accounts have been prepared on a going-concern basis.

In addition to the primary statements prepared under IFRS, the FReM also requires Ofsted to prepare one additional primary statement (the SoPS). The SoPS and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention (the practice of recording the original cost of an asset as its cost on a balance sheet), modified to account for the revaluation of non-current assets and certain financial assets and liabilities.

1.2 Valuation of non-current assets

Plant and equipment assets are held at depreciated historic cost as a proxy for current value, as permitted by the FReM. Intangible assets are held at cost less accumulated amortisation (the proportion of the asset value charged to the SoCNE) and any impairment losses (when the value of an asset falls below its carrying value). Ofsted uses this method because we have a very small asset base, and any revaluation adjustments would be immaterial.

Plant, equipment and intangible assets are capitalised if they are intended for use on a continuous basis for more than one year. The threshold for capitalising non-current assets is £10,000 (including irrecoverable VAT). Individual items are not grouped unless they are components of a single asset.

1.3 Depreciation and amortisation

Depreciation and amortisation are provided on all non-current assets on a straight-line basis to write off costs (less any estimated residual value) evenly over the asset's anticipated life. Depreciation and amortisation are charged from the month following acquisition or use.

Asset lives are in the following ranges:

- information technology – typically three to five years, assumptions on remaining asset lives are reviewed with asset owners annually and may be adjusted in line with the latest expectations on how long they will be in operational use
- furniture and fittings – four to 15 years (usually in line with the remaining length of the respective property lease).

1.4 Research and development costs

Expenditure on research is treated as an operating cost in the SoCNE. Expenditure on development of a product or service is also treated as an operating cost unless it meets the capitalisation criteria specified in International Accounting Standard (IAS) 38, 'Intangible assets'.

The National Accounts (the SoPS) treat certain research costs as CDEL, in line with the European System of Accounts (ESA 10) framework. This means that there is a misalignment between the total operating costs in the SoCNE and the total resource DEL costs in the SoPS. The difference between the two statements is reconciled in SoPS 2. Further details are available in HM Treasury's 'Consolidated budgeting guidance':

www.gov.uk/government/publications/consolidated-budgeting-guidance-2020-to-2021.

1.5 Income

Income consists mainly of registration and annual fees from social care and early years providers. Ofsted also receives income for inspections of independent schools, and from other government departments to carry out additional inspection activity where the funding is not provided directly to Ofsted.

Ofsted recognises income in accordance with IFRS 15. The standard sets out that the point of recognition is based on when performance obligations of a contract are satisfied and control of the benefits are fully received by the customer. The table below sets out the approach to income recognition for the main customer contract types:

Contract type	Point-of-revenue recognition	Judgements applied
Registration and annual fees from social care and early years providers	Revenue to be recognised over a period of time	For annual fees, Ofsted assessed that its obligations are fulfilled by maintaining the customer's registration over the period the fee covers and the control of the benefits is simultaneously received by the customer (the right to continue operating as a registered provider). Therefore, the revenue received for annual fees should be recognised proportionately over the 12-month period the fee covers. IFRS 15 requires Ofsted to treat as one single contract any linked contracts that have similar features, such as the timing and commercial purpose. Therefore, revenue received for registration will also be recognised proportionately over a 12-month period.
Fees for inspections of independent schools	Point-in-time recognition	The performance obligation is to carry out an inspection and the revenue is recognised in full when this has been completed. This involves estimation, which is explained in section 1.12.
Income from the DfE and other government departments	Point-in-time recognition	The performance obligation is to carry out an inspection or related activity, and the revenue is recognised in full at the point at which this has been completed.

1.6 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS), known as alpha. The defined benefit schemes are unfunded. Ofsted recognises the expected cost of these elements on a systematic and rational basis over the period during which we benefit from employees' services by payment to the pension scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the pension scheme. Further details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at www.civilservicepensionscheme.org.uk.

As at 30 September 2020, Ofsted no longer had any employees who are active members of a local authority government pension scheme (West Yorkshire Pension Fund) and requested to exit the scheme. An exit valuation was carried out by the scheme actuaries, which resulted in a payment to Ofsted of £314k in respect of the scheme surplus.

Since 30 September 2020, Ofsted has had no obligation to fund any liabilities relating to our current or former employees, which are now the obligation of the scheme and are considered 'orphaned' liabilities. Ofsted also has no further rights to any future scheme surplus.

You can find details of the accounting entries relating to the exit from the West Yorkshire Pension Fund in note 17.

1.7 Leases

All leases are accounted for under IAS 17, 'Leases'. Classification is made at the inception of the relevant lease as to whether the lease is an 'operating' or 'finance' lease.

Ofsted has two main types of operating leases: those for rental of property and of office equipment at all locations. Lease payments are charged to the SoCNE on a straight-line basis over the term of each lease.

Ofsted does not currently have any finance leases.

Ofsted reviews all existing contractual arrangements under International Financial Reporting Interpretations Committee (IFRIC) 4 – 'Determining whether an arrangement contains a lease', to determine whether individual contracts are a lease in substance but not in legal form.

1.8 Value-added tax

Most of Ofsted's activities are outside the scope of VAT and, in general, output tax does not apply. Input tax on most purchases is not recoverable unless the VAT has been incurred in the course of contracting out those services listed in the HM Treasury's 'Contracting out of services directions'. Irrecoverable VAT is charged to the relevant expenditure category in the SoCNE or included in the capitalised purchase cost of fixed assets on the statement of financial position (SoFP). Income and expenditure are otherwise shown net of recoverable VAT.

1.9 Provisions

Provisions are recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the SoFP date.

Provisions are discounted at the rates set annually by HM Treasury.

1.10 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised as liabilities or assets in the SoFP.

A contingent liability is disclosed when the possibility of an outflow of economic benefit to settle the obligation is more than remote. A contingent asset is disclosed when an inflow of economic benefit is probable.

In addition to contingent liabilities disclosed in accordance with IAS 37, Ofsted 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' and 'Government accounting'.

1.11 Financial instruments

Ofsted holds the following financial assets and liabilities:

- assets
- cash
- trade receivables – current
- trade receivables – non-current
- liabilities
- trade and other payables – current
- other payables > 1 year – non-current.

Financial assets and liabilities are accounted for under IFRS 9 – Financial instruments, and IFRS 7 – Financial instruments: disclosures.

Financial assets

Ofsted does not currently have any financial assets that need to be classified as available-for-sale or financial assets that have been measured at fair value, nor does it have cash equivalents or derivative financial instruments. Cash balances are measured as the amounts received in Ofsted's bank account.

Financial liabilities

Ofsted does not currently have financial liabilities measured at fair value, neither does it have derivative financial instruments.

1.12 Estimation techniques used and changes in accounting estimates

Ofsted applies estimation techniques for the following:

- IAS 19 annual leave accrual – the accrual is calculated by extrapolating results from a sample of 50% of employees to produce an estimated figure for the whole workforce.
- Calculating provisions – property dilapidations are estimated using the cost per square metre from previous works. Injury benefit costs involve using mortality assumptions.
- Recognising income from independent schools for standard inspections – independent schools pay for standard inspections in three annual instalments and receive an inspection once within that three-year period. Ofsted’s inspection delivery plan involves inspecting a third of all independent schools each year. This means that approximately a third of the total fee is received each year and a third of inspections are carried out each year. Therefore, the revenue from the annual instalments is recognised in full each year. There may be small variations in terms of actual volumes of schools inspected, and the size of the school (this determines the fee level), but the impact on the financial statements would not be material.
- Capitalised staff costs – some, or components, of Ofsted’s intangible assets are developed by its own staff. Senior managers accountable for the development of these assets estimate the proportion of staff time to allocate. In line with IAS 38 guidance on capitalising internally generated assets, this only relates to time spent on the development phase and not the research phase.

1.13 Segmental reporting

In line with HM Treasury guidance, Ofsted has applied IFRS 8 – Operating segments in full. Ofsted’s operating segments have been identified on the basis of internal reports used to allocate resources to the segment and assess its performance. Ofsted has five reportable segments:

- inspection
- inspection support and corporate services
- strategy and policy
- income
- other.

The report reviewed by the Accounting Officer (chief operating decision-maker) and the executive board has more detail. The operating segments reported are an aggregation of that information. Segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker and, in compliance with the FReM, it has not been produced in the accounts. This is in line with the reporting requirements of IFRS 8.

1.14 Going concern

Ofsted is expected to continue as a going concern and is not aware of any information or events, either during 2020–21 or following the year end including COVID-19, that may affect this status.

Budgets for government departments are agreed through the Estimates process overseen by HM Treasury. Ofsted has agreed its Main Estimate for 2021–22 with HM Treasury, which will be confirmed by a vote in Parliament on the Supply and Appropriation Act in July 2021. It has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these financial statements.

Although budgets have not yet been agreed beyond 2021–22, there are no events or conditions that would lead Ofsted to believe that future budget would not be provided.

1.15 Accounting standards in issue but not yet effective

Ofsted has considered the accounting standards in issue but not yet effective at the reporting date. Our assessment of these changes are as follows:

IFRS 16 – Leases will come into force on 1 April 2022. It is expected that this will affect Ofsted’s financial statements because some leases that are currently classified as operating leases will need to be recognised in the SoFP. It was expected that this standard would be effective from 1 April 2021 and significant work had been carried out during the year to prepare for the transition to the new standard. We only have a small number of leases that are within scope of IFRS 16 and do not expect the impact to be material. Transition disclosures will be reported in the year preceding implementation (2021–22).

HM Treasury has issued application guidance: www.gov.uk/government/publications/government-financial-reporting-manual-application-guidance.

IFRS 17 – Insurance contracts is expected to replace IFRS 4 from 1 April 2023. The scope of the standard covers insurance contracts issued and reinsurance contracts issued or held. Ofsted does not have any insurance contracts it recognises under IFRS 4 and does not expect to under IFRS 17. Review work will be undertaken to provide assurance over this in advance of the effective date.

2. Statement of operating costs by operating segments

	2020–21					
	Inspection	Inspection support and corporate services	Strategy and policy	Income	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure	71,522	49,755	18,617		3,798	143,692
Income				(28,102)	(77)	(28,179)
Net expenditure	71,522	49,755	18,617	(28,102)	3,721	115,513

	2019–20					
	Inspection	Inspection support and corporate services	Strategy and policy	Income	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure	86,975	49,404	19,076	–	4,064	159,519
Income	–	–	–	(27,477)	(56)	(27,533)
Net expenditure	86,975	49,404	19,076	(27,477)	4,008	131,986

Ofsted's net operating costs were £16.5 million (12%) lower than in 2019–20. This is mainly as a consequence of the COVID-19 pandemic.

Ofsted continued to carry out regulatory activity and essential demand-led inspections, but routine inspection activity was paused. A significant proportion of Ofsted's costs are fixed and relate to staff salaries. Variable costs, such as travel or use of contracted inspectors to deliver inspections, have reduced in line with inspection activity. You can find further information about the impact of the COVID-19 pandemic on Ofsted's operations earlier in this report.

Factors used to identify the reportable segments

The Accounting Officer and executive board review the resource allocated to each segment on a regular basis. The report reviewed by the Accounting Officer and the executive board has more granular directorate-level information, but the information can be easily mapped to each operating segment in line with the reporting requirements of IFRS 8 'Operating segments'.

Description of segments

Inspection

The costs of direct inspection delivery and management.

Inspection support and corporate costs

The costs of this segment include: inspection support; regulatory activity; and corporate functions, including IT, HR, property and finance.

Strategy and policy

The costs of this segment include: inspection policy and framework development; inspection quality assurance; inspector training; corporate strategy; research and evaluation; and external engagement.

Income

Fees and charges arising from inspection and regulation activity.

Other

This includes depreciation and movements in provisions.

3. Expenditure

		2020–21	2019–20
	Reference	£'000	£'000
Staff costs			
Wages and salaries		90,794	84,344
Social security costs		9,711	9,160
Apprentice levy		420	396
Pension costs		23,303	21,951
Exit costs		179	315
Goods and services			
Contracted inspection costs		376	15,749
ICT – outsourcing, maintenance and support of infrastructure, and telecoms		2,404	2,626
Estates costs including rent, rates, facility management and security		4,763	4,542
Contracted professional services		4,207	4,985
Travel and subsistence costs		641	8,168
Legal costs		162	406
Recruitment, training and staff-related costs		791	2,507
Stationery, printing, postage and office equipment		485	524
Equipment purchases (non-capital)		1,306	229
Other expenditure		120	165
Non-cash items			
Increase/decrease in provisions	13	4	12
Depreciation	5	479	524
Amortisation	6	3,336	2,807
Auditor's remuneration and expenses		69	69
Training – apprentice levy		77	56
Other non-cash costs		65	(16)
Total		143,692	159,519

4. Income

4.1 Revenue from contracts with customers and other operating income

	2020–21	2019–20
	£'000	£'000
Social care (registration and annual fees)	10,502	11,025
Early years (registration and annual fees)	6,079	5,984
Independent schools	1,119	1,499
DfE income	7,725	7,161
Other government department/other income	983	1,537
Sub-total revenue from contracts with customers	26,408	27,206
Grant income – apprentice levy (non-cash)	77	56
Other income	–	–
Other operating income	77	56
Total income within the ambit	26,485	27,262
CFER	1,694	271
Total payable to the consolidated fund	1,694	271
Total income	28,179	27,533

4.2 Details of contracts with customers

The following additional disclosure supplements section 1.4 (Income) to provide users of the accounts with more detailed information regarding the nature of Ofsted's contracts with customers.

Contract	Social care and early years fees
Contract details	Application fees to be registered with Ofsted and annual fees to retain that registration. Under IFRS 15, both fees are treated as a single contract.
Customer details	For social care, this mainly includes adoption agencies, fostering agencies and children's homes. For early years, this mainly includes childminders, nannies and nurseries.
Performance obligations	To maintain the registration over the contract duration.
Contract duration	12 months.
Revenue recognition	Revenue is recognised proportionally in each accounting period over the life of the contract duration.
Contract values	Social care fees range from £500 to £9,285 depending on the type and size of the entity. You can find more information at: www.gov.uk/guidance/apply-for-registration-as-a-childrens-social-care-provider-or-manager . Early years fees range from £35 to £220. You can find more information at: www.gov.uk/guidance/childminders-and-childcare-providers-register-with-ofsted/fees .
Other information	All fees are non-refundable.

Contract	Independent schools inspection fees
Contract details	<p>All independent schools are inspected at the direction of the DfE, which is the registration authority for independent schools.</p> <p>Typically, an independent school receives a pre-registration inspection and then a 'standard inspection' once every three years, plus further post-monitoring inspections depending on the outcome of the standard inspection. A fee is payable for each inspection.</p>
Customer details	<p>There are around 2,350 independent schools in England. Of these, Ofsted inspects 1,100 non-association independent schools. The remaining independent schools are members of an association affiliated to the Independent Schools Council and are inspected by the Independent Schools Inspectorate (ISI).</p>
Performance obligations	Completion of the inspection activity.
Contract duration	The contract duration lasts for the length of the inspection activity.
Revenue recognition	The full contract price is recognised at the point in time when the inspection has been completed.
Contract values	<p>The levels of fees currently charged to independent schools for inspections carried out by Ofsted are made under a power in section 111 of the Education and Skills Act 2008.</p> <p>Standard inspection fees range from £1,200 to £8,250 depending on numbers of pupils and are payable in three equal instalments over three years.</p> <p>A fixed fee of £2,500 is payable for pre-registration inspections.</p> <p>Post-monitoring inspection fees range from £300 to £3,000 depending on numbers of pupils and whether it is a first or subsequent post-monitoring inspection. These are payable in full on completion of the inspection.</p>
Other information	<p>You can find more information on independent schools inspections at: www.gov.uk/guidance/being-inspected-as-a-non-association-independent-school.</p>

Contract	Income from the DfE and other government departments
Contract details	Charges for specific pieces of inspection activity including: inspecting local area provision for special educational needs and disabilities (area SEND); identification and investigation of potential unregistered schools; inspection of education and training in prisons; monitoring visits to all newly funded apprenticeship training providers; and other smaller pieces of inspection activity.
Customer details	Government departments, including the DfE, MoJ and ESFA.
Performance obligations	Completion of the inspection activity.
Contract duration	Contract durations are variable and are set by a memorandum of understanding between Ofsted and the relevant department.
Revenue recognition	The full contract price is recognised at the point in time when the inspection activity has been completed.
Contract values	These vary between each contract, but the most significant ones are: <ul style="list-style-type: none"> – monitoring of independent learning providers (ESFA) – area SEND inspections and revisits (DfE) – unregistered schools (DfE) – education and training in prisons (MoJ).

5. Property, plant and equipment

Property, plant and equipment comprises IT hardware and office equipment.

	2020–21		
	Information technology	Furniture and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2020	2,568	2,158	4,726
Additions	–	129	129
Disposals	–	(99)	(99)
Impairments	–	–	–
At 31 March 2021	2,568	2,188	4,756
Depreciation			
At 1 April 2020	2,244	670	2,914
Charged in year	167	312	479
Disposals	–	(99)	(99)
Impairments	–	–	–
At 31 March 2021	2,411	883	3,294
Carrying amount at 31 March 2021	157	1,305	1,462
Carrying amount at 1 April 2020	324	1,488	1,812
Asset financing			
Owned	157	1,305	1,462
Finance leased	–	–	–
Carrying amount at 31 March 2021	157	1,305	1,462

	2019-20		
	Information technology	Furniture and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2019	2,895	2,009	4,904
Additions	–	149	149
Disposals	(327)	–	(327)
At 31 March 2020	2,568	2,158	4,726
Depreciation			
At 1 April 2019	2,279	438	2,717
Charged in year	292	232	524
Disposals	(327)	–	(327)
At 31 March 2020	2,244	670	2,914
Carrying amount at 31 March 2020	324	1,488	1,812
Carrying amount at 1 April 2019	616	1,571	2,187
Asset financing			
Owned	324	1,488	1,812
Carrying amount at 31 March 2020	324	1,488	1,812

6. Intangible assets

Intangible assets comprise purchased software licences and bespoke IT systems developed in partnership with external suppliers.

	2020-21		
	Software	Development expenditure	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2020	39,995	153	40,148
Additions	968	1,212	2,180
Disposals	(20,142)	–	(20,142)
Impairments	–	–	–
Reclassifications and transfers	153	(153)	–
At 31 March 2021	20,974	1,212	22,186
Amortisation			
At 1 April 2020	29,115	–	29,115
Charged in year	3,336	–	3,336
Disposals	(20,142)	–	(20,142)
Impairments	–	–	–
At 31 March 2021	12,309	–	12,309
Carrying amount at 31 March 2021	8,665	1,212	9,877
Carrying amount at 1 April 2020	10,880	153	11,033
Asset financing			
Owned	8,665	1,212	9,877
Finance leased	–	–	–
Carrying amount at 31 March 2021	8,665	1,212	9,877

The £20.1 million disposal relates to legacy software that was fully decommissioned during the year.

	2019–20		
	Software	Development expenditure	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April 2019	35,992	2,284	38,276
Additions	1,763	153	1,916
Disposals	(44)	–	(44)
Impairments	–	–	–
Reclassifications and transfers	2,284	(2,284)	–
At 31 March 2020	39,995	153	40,148
Amortisation			
At 1 April 2019	26,352	–	26,352
Charged in year	2,807	–	2,807
Disposals	(44)	–	(44)
Impairments	–	–	–
At 31 March 2020	29,115	–	29,115
Carrying amount at 31 March 2020	10,880	153	11,033
Carrying amount at 1 April 2019	9,640	2,284	11,924
Asset financing			
Owned	10,880	153	11,033
Carrying amount at 31 March 2020	10,880	153	11,033

7. Impairments

The total impairment charge for the year was nil (2019–20: nil).

8. Capital and other commitments

8.1 Operating leases

Total future minimum lease payments under operating leases are analysed in the table below.

	2020–21	2019–20
	£'000	£'000
Obligations under operating leases comprise		
Buildings		
Not later than one year	2,979	2,776
Later than one year and not later than five years	8,823	9,234
Later than five years	2,009	3,036
Total	13,811	15,046

Operating leases relate to office space.

8.2 Capital commitments

Ofsted has no capital commitments (2019–20: nil).

8.3 Other financial commitments

Ofsted has entered into non-cancellable contracts (which are not a lease or private finance initiative contract) for IT-related services.

The payments to which Ofsted is committed, analysed by the period during which the payment is due, are as follows.

	2020–21	2019–20
	£'000	£'000
Not later than one year	1,100	1,199
Later than one year and not later than five years	–	–
Later than five years	–	–
Total	1,100	1,199

9. Financial instruments

Ofsted's cash requirements are met through the Estimates process. Therefore, financial instruments play a more limited role in creating and managing risk than would apply to a non-public-sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items, and the department is therefore exposed to little credit, liquidity or market risk.

10. Cash and cash equivalents

	2020–21	2019–20
	£'000	£'000
Balance at 1 April	1,344	964
Net changes in cash and cash-equivalent balances	(1,005)	380
Balance	339	1,344

	2020–21	2019–20
	£'000	£'000
The following balances at 31 March were held at:		
Government Banking Service	339	1,344
Balance	339	1,344

11. Trade receivables, financial and other assets

	2020–21	2019–20
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	5,785	737
Deposits and advances	180	283
Other receivables	143	75
Prepayments	1,032	1,210
Accrued income	673	1,360
VAT	186	264
	7,999	3,929
Amounts falling due after more than one year:		
Trade receivables	–	–
Deposits and advances	113	168
Prepayments	–	30
	113	198
Total trade receivables	8,112	4,127

The increase in trade receivables mainly relates to invoices to other government departments that were issued during March but not yet paid as at the year end. This includes invoices to the DfE for: inspection of outstanding providers; inspection of apprenticeship training providers; and the area SEND interim visit programme.

These invoices were sent later than usual due to the uncertainty with the cost of the work to be charged as the inspection plans were constantly changing as a result of COVID-19. The amounts were agreed prior to the invoices being raised. The majority of this has been received in April 2021.

12. Trade payables and other current liabilities

	2020–21	2019–20
	£'000	£'000
Amounts falling due within one year:		
Trade payables	90	68
Other payables	2,863	2,775
Other taxation and social security	2,861	2,728
Accruals	4,829	6,005
Contract liabilities	8,309	7,867
CFER payable to the consolidated fund	1,694	271
Deferred income	678	497
Amounts issued from the consolidated fund supply but not spent at year end	339	1,344
	21,663	21,555
Amounts falling due after more than one year:		
	–	–
Total trade payables	21,663	21,555

13. Provisions for liabilities and charges

	2020–21			2019–20
	Property dilapidation	Injury benefits	Total	
	£'000	£'000	£'000	£'000
Balance at 1 April 2020	517	724	1,241	1,527
Provided in the year	–	–	–	–
Provisions not required written back	–	–	–	(5)
Provisions used in the year	(69)	(46)	(115)	(298)
Borrowing costs (unwinding of discount)	–	4	4	17
Balance at 31 March 2021	448	682	1,130	1,241

Analysis of expected timing of discounted flows

	2020–21		
	Property dilapidation	Injury benefits	Total
	£'000	£'000	£'000
Not later than one year	180	47	227
Later than one year and not later than five years	115	179	294
Later than five years	153	456	609
Balance at 31 March 2021	448	682	1,130

13.1 Property dilapidation

Ofsted leases all of the property it uses. It is a standard contractual requirement that the lessee returns leased estate in good order at the end of the lease period and makes good any dilapidation. These costs will materialise at the end of each respective lease.

13.2 Injury benefits

This provision relates to staff who have been injured at work and are receiving benefits through the Civil Service Pensions Injury Benefit Scheme.

14. Contingent liabilities

A small number of legal cases are not yet settled. Their outcomes depend on the court or the relevant decision-making body's rulings. Therefore, no liability has been recognised in the financial statements. No material liabilities are expected to arise from these cases.

15. Contingent asset disclosed under IAS 37

Ofsted has no contingent assets to disclose.

16. Related-party transactions

16.1 Transactions between Ofsted and other government departments

Ofsted has a small number of transactions with the following other government departments, central government bodies and other public sector organisations during the year:

- Cabinet Office
- CQC
- Crown Prosecution Service
- DfE
- DHSC
- Disclosure and Barring Service
- Education and Skills Funding Agency
- GIAA
- HM Prison and Probation Service
- HMRC
- HM Treasury
- Ministry of Defence
- Ministry of Justice
- Ofqual
- The Planning Inspectorate
- Youth Justice Board.

16.2 Transactions between Ofsted and board members and key managers

No board member, key manager or other related parties have undertaken any material transactions with Ofsted during the year. Full details of the related parties are disclosed in the directors' report.

17. Pension arrangements – Local Government Pensions Scheme defined benefit scheme disclosure

The LGPS is a guaranteed, final salary scheme open primarily to employees of local government but not to new entrants outside local government. It is a funded scheme, with its pension funds being managed and invested locally within the framework of regulations provided by the government. At the beginning of the year, Ofsted had one staff member in the West Yorkshire Pension Fund.

As disclosed in section 1.6, during the year, Ofsted ceased to be a member of the West Yorkshire Pension Scheme. On ceasing membership in the scheme, an actuarial valuation was carried out which identified a surplus of £314k payable to Ofsted. This payment has been received and accounted for in the SoCNE along with any employer contributions made to the scheme prior to the exit date.

Ofsted no longer has any obligation to fund any liabilities relating to current or former employees. These are now the obligation of the scheme and are considered 'orphaned' liabilities. Ofsted also has no further rights to any potential future surplus in the scheme. Therefore, there are no longer any balances relating to LGPS assets or liabilities in Ofsted's SoFP.

The disclosures below provide an analysis of the exit credit received and the prior year comparator information in line with IAS 19, 'Retirement benefits'.

i) Reconciliation of opening and closing balances of the net pension asset in the SoFP:

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Surplus/(deficit) at the beginning of the year	102	565
Service cost	–	(9)
Employer contributions	–	7
Exit credit received from the LGPS	(314)	–
Total recognised in other comprehensive income	212	(461)
Surplus/(deficit) at the end of the year	–	102

ii) Analysis of the amount charged to other comprehensive income:

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Remeasure (gains)/losses on assets	102	717
Actuarial losses due to changes in financial assumptions	–	10
Actuarial losses due to changes in demographic assumptions	–	(189)
Actuarial losses due to liability experience	–	(23)
De-recognition of movements in assets	–	(39)
Exit credit received from the LGPS	(314)	–
Adjustments due to the limit in para 64	–	(15)
Total recognised in other comprehensive net expenditure	(212)	461

iii) Movement in benefit obligation during the year:

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Opening defined benefit obligation	5,358	5,607
Current service cost	–	9
Interest cost	–	132
Actuarial losses/(gains)	1,494	(202)
Estimated benefits paid (net of transfers in)	(94)	(190)
Contributions by scheme participants	–	2
Closing defined benefit obligation	6,758	5,358

iv) Movements in fair value of scheme assets during the year:

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Opening fair value of scheme assets	6,506	7,233
Expected return on scheme assets	–	171
Actuarial gains and (losses)	660	(717)
Contributions by employer	–	7
Contributions by scheme participants	–	2
Estimated benefits paid (net of transfers in)	(94)	(190)
Fair value of scheme assets at end of period	7,072	6,506

v) Composition of assets in the scheme:

	Year to 31 March 2021	Year to 31 March 2020
Equities	–	77.5%
Gilts	–	9.6%
Other bonds	–	5.1%
Property	–	4.5%
Cash	–	1.9%
Other	–	1.4%
Total	–	100.0%

vi) History of surplus/(deficit) and of experience gains and losses:

	Year to 31 March 2021	Year to 31 March 2020	Year to 31 March 2019	Year to 31 March 2018
	£'000	£'000	£'000	£'000
Defined benefit obligation	(6,758)	(5,358)	(5,607)	(5,422)
Fair value of scheme assets	7,072	6,506	7,233	7,117
Surplus/(deficit)	314	1,148	1,626	1,695
Unrecognised asset	–	(1,046)	(1,061)	(1,695)
Exit credit paid by LGPS recognised in the SoCNE	(314)	–	–	–
Net asset/(liability) in SoFP	–	102	565	–

18. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There have been no events after the reporting period requiring an adjustment to the financial statements, or non-adjusting events requiring disclosure.

Appendix A: Core expenditure tables

Table 1 – Total departmental spending, 2016–17 to 2021–22

	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Resource DEL						
Administration and inspection	141,685	129,136	125,383	130,782	116,343	138,159
Total resource DEL	141,685	129,136	125,383	130,782	116,343	138,159
Of which:						
Staff costs	96,316	106,654	108,005	116,166	124,407	131,274
Purchase of goods and services	58,700	38,010	33,589	36,080	12,065	49,187
Income from sales of goods and services	(18,476)	(21,049)	(21,516)	(27,262)	(26,485)	(47,175)
Rentals	2,667	2,878	2,354	2,398	2,472	-
Depreciation ²⁵	2,415	2,575	2,883	3,331	3,815	4,810
Other resource	63	68	68	69	69	63
Resource AME						
Activities to support all functions	(630)	(151)	(717)	(286)	(111)	(25)
Total resource AME	(630)	(151)	(717)	(286)	(111)	(25)
Of which:						
Take up of provisions	327	611	305	12	4	10
Release of provision	(957)	(762)	(1,022)	(298)	(115)	(35)
Total resource budget	141,055	128,985	124,666	130,496	116,232	138,134
Of which:						
Capital DEL						
Administration and inspection	3,785	7,405	6,098	3,826	3,284	3,500
Total capital DEL	3,785	7,405	6,098	3,826	3,284	3,500
Of which:						
Purchase of assets	3,785	6,198	4,040	2,065	2,309	3,500
Research costs (ESA10)	-	1,207	2,058	1,761	975	-
Total capital budget	3,785	7,405	6,098	3,826	3,284	3,500
Total departmental spending²⁶	142,425	133,815	127,881	130,991	115,701	136,824
Of which:						
Total DEL	143,055	133,966	128,598	131,277	115,812	136,849
Total AME	(630)	(151)	(717)	(286)	(111)	(25)

Resource DEL is made up of income and expenditure from normal operating activities.

Resource AME relates to expenditure that meets the criteria of an accounting provision in the relevant accounting standard.

Capital DEL relates to investment in assets and research costs which meet specific criteria to be classified as Capital DEL.

25. Includes impairments.

26. Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget.

Table 2 – Administration budget, 2016–17 to 2021–22

	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Resource DEL						
Administration and inspection	15,425	14,654	14,624	15,811	15,576	18,215
Total administration budget	15,425	14,654	14,624	15,811	15,576	18,215
Of which:						
Staff costs	10,888	10,680	11,135	12,031	12,049	12,917
Purchase of goods and services	3,943	3,230	2,929	3,125	2,835	5,235
Rentals	472	415	321	353	407	–
Depreciation	59	112	171	233	217	–
Other resource	63	217	68	69	68	63

Appendix B: Whistle-blowing disclosures report (social care) – from 1 April 2020 to 31 March 2021

HMCI is a ‘prescribed person’ under The Public Interest Disclosure (Prescribed Persons) Order 2014, which provides the statutory framework for protecting workers from harm if they blow the whistle on their employer. Workers may tell the relevant prescribed person about suspected wrongdoing they believe may have occurred, including crimes and regulatory breaches. Passing information like this is known as making a ‘disclosure’.

HMCI is prescribed under the order in relation to the children’s social care services and in relation to the welfare of children provided with accommodation by schools and colleges. All relevant services are listed in Figure 1.

Figure 1: The number of workers’ disclosures received in the reporting period, which we reasonably believe are both qualifying disclosures and fall within HMCI’s prescribed matters²⁷

The children’s social care services that the disclosure related to	Number of disclosures received ²⁸
Adoption support agencies	0
Cafcass	0
Children’s homes	266
Independent fostering agencies	17
Local authority children’s services ²⁹ (this includes disclosures about trusts that deliver services on behalf of local authorities)	52
Residential family centres	17
Residential holiday schemes for disabled children	
Welfare of children provided with accommodation by boarding schools and further education colleges	5
Welfare of children provided with accommodation by residential special schools	0
Voluntary adoption agencies	0

27. To be covered by the whistle-blowing law, the disclosure must be a ‘qualifying disclosure’. This is any disclosure of information that, in the reasonable belief of the worker making the disclosure, is made in the public interest and tends to show that one or more of the following has occurred, is occurring or is likely to occur: a criminal offence; a breach of legal obligation; a miscarriage of justice; danger to health or safety of any individual; damage to the environment; or the deliberate covering up of wrongdoing in these categories.

28. Sometimes we receive concerns from more than one whistle-blower about the same issue in a service. In these circumstances, we may record these in a single record so that we can respond to the concerns holistically.

29. Local authority functions as outlined in the Schedule to the Public Interest Disclosure (Prescribed Persons) Order 2014.

Figure 2: A summary of the action Ofsted has taken in respect of the above qualifying disclosures

Action taken in the reporting period	Number of disclosures received ³⁰
Referred the matter to the child protection team in the relevant local authority. We refer child protection concerns to the children’s social care department of the local authority where the child lives as it has overarching responsibility for safeguarding and promoting the welfare of all children and young people in its area.	21
Contacted the appropriate person at the children’s social care service and asked them to investigate and respond to Ofsted with more information. We do this because we need further information to make a decision about possible further action required.	124
Carried out a monitoring visit (this action applies only to services that Ofsted regulates) if we considered the registered person is failing, or has failed, to comply with a regulatory requirement. This category includes when we were already monitoring a provider and the whistle-blowing disclosure informed this work.	47
The information received informed compliance and enforcement action. ³¹	21
Reviewed the timing of the next inspection/visit and brought forward if appropriate.	10
Held the information for follow-up at the next planned inspection/visit. We review information received along with a range of other intelligence gathered about a service to determine when we need to inspect and what lines of enquiry we need to follow up on.	50
Passed the information to another organisation as it was not for Ofsted to take action.	8
Our review of the information received is ongoing. ³²	70
Other action taken not included in other categories above.	8

30. It is possible a disclosure received resulted in more than one type of action.

31. See: ‘Social care compliance handbook’, Ofsted, October 2014;
<https://www.gov.uk/government/publications/social-care-compliance-handbook-from-september-2014>.

32. Due to the information being received at the end of the reporting year, the information was under consideration.

Figure 3: A summary of the overall categories under which the whistle-blowing disclosures were classified

Category	Number of disclosures received ³³
Concerns that a specific child or children may be at risk of harm.	56
Concerns that there are wider or systemic failures in safeguarding practice.	52
Concerns that children are not receiving the right quality of care but that do not suggest a risk to their safety.	92
Concerns that a social care service is not meeting regulatory requirements.	68
Concerns about the quality of leadership and management. ³⁴	13
Concerns relating to workforce including recruitment, training, qualifications, experience. ³⁵	6
Our review of the information received is ongoing. ³⁶	70

We use the categories above to help us assess the urgency of the issues disclosed and take action within appropriate timescales.

Ofsted receives whistle-blowing disclosures in letters and emails, and through our helpline. Sometimes the information is provided anonymously.

33. It is possible a disclosure received includes concerns from more than one category and we have used the category that provides the best fit.

34. This category is in relation to disclosures received about local authority children's services.

35. This category is in relation to disclosures received about local authority children's services.

36. Due to the information being received at the end of the reporting year, the information was under consideration.

Appendix C: Grade tables

Civil service grade equivalent	Ofsted administrative, professional or technical grade
Grade 6	PO
Grade 7	London Band A APT
	National Band A APT
Senior Executive Officer	London B1 APT
	National B1 APT
Higher Executive Officer	London B2 APT
	National B2 APT
Executive Officer	London B3 APT
	National B3 APT
Administrative Officer	London C1 APT
	National C1 APT

Civil service grade equivalent	Ofsted inspector grade
Grade 6	Senior HMI
Grade 7	HMI
	RIM
Senior Executive Officer	B1 Inspector

