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

Annual Report and Accounts 2012-13

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

**Annual Report and Accounts
2012-13**

(For the year ended 31 March 2013)

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Annual Report presented to the House of Commons by Command of
Her Majesty

Annual Report and Accounts presented to the House of Lords by
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Contents

Introduction	4
About this report	8
Who we are and what we do	9
Schools	10
Independent schools	14
Initial teacher education	15
Learning and skills	16
Early childhood	20
Social care	21
Our structure and workforce	26
Providing access to information and reports	30
Sustainable development	33
Remuneration report	38
Financial performance	42
Core tables	47
Statement of Accounting Officer's Responsibilities	52
Governance statement	53
Certificate and Report of the Comptroller and Audit General to the House of Commons	62
Statement of Parliamentary Supply	65
Statement of Comprehensive Net Expenditure	66
Statement of Financial Position	67
Statement of Cash Flows	68
Statement of Changes in Taxpayer's Equity	69
Notes to the Ofsted Resource accounts	70
Appendix A	95
Appendix B	97
Appendix C	101
Appendix D	102

Annual Report and Accounts

Introduction

Ofsted has long been a powerful lever for improvement in our education and care systems, but I am determined to do more to challenge the system and help bring about world class standards for all our children, young people and learners. That's why the last 12 months have been so significant. As you will read in this Report, 2012-13 has seen important changes at Ofsted, including radical improvements to how we inspect, the reports and information we publish and our organisational structure. Together, these changes are helping us to focus our resources on what really matters: raising standards and improving lives.

At the heart of the changes we are making is the belief that 'good' is the only acceptable standard of provision. We raised the bar in the inspection of schools, learning and skills and initial teacher education in September 2012, for example when we replaced the satisfactory grade with 'requires improvement' and set clear timescales for providers to become good or better.

We have also been clear about our responsibility for promoting improvement. In January 2013, we introduced more frequent monitoring of under-performing schools and colleges, and a new programme of seminars and conferences to support their improvement. These are supported by our expert inspectors, the in-depth reports they produce and the numerous good practice case studies published on our website.

I will report on the impact of these changes in my next Annual Report in November 2013, but the emerging evidence is that they are having a profound effect. HMI, local authorities and school and college leaders tell me that the requires improvement judgement is proving particularly powerful in focusing people's minds. Feedback has also been positive about the more parent-friendly reports we are producing.

We intend to make similar changes to how we inspect early years and children's social care in the coming year, two vital areas of Ofsted's work. As this Report notes, we had planned to introduce new multi-agency inspection arrangements of child protection arrangements in local authorities in 2013, but on consulting the sector, I have decided to delay this to enable further development work. In the meantime, Ofsted intends to introduce a single new inspection of

child protection and services for children looked after in September 2013. I am confident that these new joined-up inspections will help raise standards for some of our most vulnerable children and young people.

The new Ofsted regional structure that we introduced in January 2013 is another significant development. Ofsted now has eight Regional Directors, supported by Senior HMI and HMI in each region, each charged with using Ofsted's expertise evidence and data to drive improvement in their region. I expect the Regional Directors to have an increasingly visible presence, regularly engaging with the local population and media on standards. Above all, I want them to tackle the inequities highlighted in my first Annual Report in November 2012. It cannot be right that children in some areas of England have a much lower chance of accessing a good education and that this is particularly the case for the most disadvantaged.

To help tackle this issue, the first few months of 2013 saw the new Regional Directors oversee a series of short, sharply focused school inspections in targeted areas. During these inspections, inspectors asked a series of additional questions to assess the level of support and challenge provided by the local authority. Following the inspections, the Regional Directors wrote to the local authority concerned and we published the letters on our website so that local people were aware of our findings. In May 2013, we launched new inspection arrangements to look specifically at the school improvement arrangements in local authorities where we have concerns about the support provided. In the coming year, we will also consider the inspection of academy chains, as it is important that these are also held to account.

Regional Directors will be able to draw on a range of data when considering provider, local and regional performance. I am pleased that we have also made more of our data available to the public during 2012/13, and introduced two new tools to enable the comparison of performance. Data View was made available on our website in November 2012 and allows people to compare inspection outcomes by region and local authority. The School data dashboard was made available in February 2013 and includes information on school-by-school performance, and allowing users to make comparisons between similar schools. Each of those data tools has been received very positively and we are looking at how we can develop them further and for other sectors in the coming year. Local and regional inequities will be a focus of our forthcoming report, due to be published in June 2013, on 'Access and achievement in education'. Over the last 12 months, we have had six expert panel meetings with major contributions from teachers,

headteachers and academics working in difficult areas. We agreed that radical action is needed for children living in parts of the country that are hard to reach. These areas are often populated by White working class communities whose boats have not been lifted by the rising tide of educational achievement.

Learning and skills providers have a critical role to play in improving outcomes for young people and adults and, in doing so, helping to meet skills shortages. It is important that they work closely with local employers, and Regional Directors will also look at how this is working in practice. In 2012, Ofsted stressed the need for improvement within this sector. I was pleased that in 2013 the Department for Business, Innovation and Skills increased funding to target those colleges in greatest need of help, and set out plans to raise standards by making the system more professional and intervening in poor provision. Where providers require improvement, Ofsted is now providing enhanced support and challenge, and monitoring their progress more closely.

The new regional structure will have other significant benefits. In particular, I want to use it to help ensure the consistency of inspectors and inspection judgements. To put this in perspective, Ofsted carried out over 30,000 inspections in 2012-13 and more than nine out of 10 providers reported that they were satisfied with the way the inspection was carried out. However, inspection and inspector quality are vitally important and, under the new structure, Regional Directors and Senior HMI will keep an even closer eye on quality and will meet regularly to consider local intelligence and potential issues arising. They will have responsibility for ensuring high quality training for inspectors, for sharing good practice, and for ensuring strong accountability, competence and performance management systems.

It is essential that Ofsted inspectors are credible within the sectors they inspect. Soon after my appointment as Chief Inspector in January 2012, I set out the intention to bring further front-line expertise to inspections with a secondment programme. I am particularly pleased with the work we have done with the National College for Teaching and Leadership over the last 12 months to train a cohort of nearly 50 National Leaders of Education as Additional Inspectors and I hope some of them will go on to become HMI in due course. This 'national service' from headteachers is mutually beneficial and I am pleased that the proportion of inspection teams that contain a current practitioner has risen over the last year to over 50%.

Ofsted has no greater responsibility than the inspection and regulation of services for vulnerable children and young people. I am clear that this work has to be at the heart of Ofsted and that we need to ensure that inspectors have the time and expertise needed to uncover, consider and report on child protection support concerns. I signalled a year ago my intention to manage social care and our childcare regulatory work through our new regional structure and I am pleased to report that we have plans in place to fully implement a regional structure by January 2014.

Ofsted, like most public sector bodies, is facing significant reductions to its budget. We are doing all we can to protect the amount we spend on front-line inspection and regulation. In 2010-11, Ofsted's total budget was £193m and it is set to reduce to £142m in 2014-15. Making savings on this scale is challenging and we have had to make reductions across our back office functions (including Information Services, Finance, Communications, HR, National Business Unit and our inspection administration teams) and in our corporate costs. This has seen the amount we spend on our support teams reduce from £97.8m in 2010-11 to £63.2m in 2013-14. I am also pleased to report that the Department for Education agreed to provide additional funding in the year ahead of up to £16.7m for the additional inspection and monitoring of providers that require improvement.

I am confident that the new inspection arrangements, better use of data and intelligence and regional structure outlined in this year's Annual Report and Accounts will mean that Ofsted can make even more of a difference for children and learners. I look forward to reporting on their impact in the year ahead.

Sir Michael Wilshaw, Her Majesty's Chief Inspector

About this report

The Annual Report and Accounts 2012–13 has been prepared under a direction issued by HM Treasury in accordance with the Government Resources and Accounts Act 2000.

The accounts represent the net expenditure and financial position of the Office for Standards in Education, Children's Services and Skills (Ofsted) for the year ended 31 March 2013. The report also contains a review of Ofsted's work during the year, noting the volume and quality of our inspection and regulatory activity; the improvements we are making; how we involved and communicated with the public; and how we are delivering results by making the most of our resources.

The report does not present the comprehensive findings from our regulatory and inspection work during the year. These are found in the Annual Report of Her Majesty's Chief Inspector, which Ofsted publishes to report on the state of education, children's services and skills in England. The most recent annual report was published in November 2012 and is available from our website: www.ofsted.gov.uk.

Who we are and what we do

1. Ofsted is the Office for Standards in Education, Children's Services and Skills in England. Ofsted inspects and regulates to achieve excellence in the care of children and young people, and in education and skills for learners of all ages, thereby raising standards and improving lives.
2. Ofsted inspects the following services: maintained schools and academies; local authority arrangements to support school improvement; some independent schools; early years and childcare; children's centres; children's homes; family centres; adoption and fostering services and agencies; Children and Family Court Advisory and Support Service (Cafcass); children's services in local authorities; initial teacher training; further education colleges and 14-19 provision; a wide range of work-based learning and skills training; adult and community learning; probation services; and education and training in prisons and other secure establishments.
3. For a range of early years and children's social care services, we also act as a regulator, deciding whether people, premises and the services provided are suitable to care for children and potentially vulnerable young people. Where the required standards are not met, we take appropriate action to make sure that children are safe and well looked after.
4. Ofsted also investigates and reports on the quality of provision in National Curriculum subjects and aspects of social care, childcare, education, and learning and skills. In these surveys, we use our rights of access and our ability to make expert judgements on the effectiveness of services to provide unique evidence to local and national policy makers. We share the practice we find to ensure that those providing services can learn from what is working well and what is not. To make this information more accessible, we have a dedicated good practice section on our website that draws on the wide range of evidence we have available.
5. Ofsted is reforming the way it inspects, and has made it clear to institutions and providers that anything less than good is not good enough. In schools and colleges, the 'satisfactory' inspection grade has been replaced with 'requires improvement', and this will be replicated across the early years and social care remits. We support, monitor and challenge providers to promote their improvement to good or better in as short a time as possible.
6. Ofsted is the host organisation for the Children's Rights Director. The role of the Children's Rights Director is statutory, with specific powers and functions related to safeguarding and promoting the rights and welfare of children living away from home, receiving any form of social care, or leaving care.
7. Legislation has now been introduced into Parliament to bring the work of the current Children's Commissioner and that of the Children's Rights Director together into a single children's rights organisation. This will transfer the functions and remaining staff and property of the Children's Rights Director from Ofsted to the reformed Office of the Children's Commissioner from April 2014, subject to passage of the legislation

Schools

In 2012-13 Ofsted completed:

- 6,690 maintained school inspections
- 663 monitoring visits to schools judged as requires improvement
- 55 monitoring visits to schools judged to have serious weaknesses
- 1,021 'special measures' and 197 'notice to improve' monitoring visits to maintained schools
- 11 new academy and 64 free school pre-registration visits two months prior to opening
- 86 full inspections and 23 monitoring visit of academies within their third year
- 12 inspections of service children's education schools
- 23 'getting to good' seminars.

In 2012-13:

- 99.7% of section 5 school inspection reports were published within the 15-day target
- 97% of schools judged to be inadequate (notice to improve) had their inspection reports published within the 25-day target
- 97% of schools judged to be inadequate (special measures or serious weakness) had their inspection reports published within the 28-day target
- 94% of schools agreed or strongly agreed that, overall, they are satisfied with the way their inspections were carried out.

School inspection framework

8. Ofsted implemented an amended framework for conducting inspections of maintained schools and academies under section 5 of the Education Act 2005 in September 2012. This followed wide consultation - 'A good education for all' - which was launched in February 2012.
9. The revised framework retains four key judgements (the achievement of pupils; the quality of teaching; the behaviour and safety of pupils; and leadership and management) that lead to an overall judgement on the effectiveness of a school.
10. Under revisions to the framework:
 - an acceptable standard of education is defined as a 'good' standard of education
 - schools that are not yet good, but are not judged inadequate, are found to require improvement
 - a school that is judged as requires improvement will normally be monitored and re-inspected within a period of two years; the timing of the re-inspection will reflect the

individual school's circumstances and will be informed by what inspectors find at the monitoring visits

- a school that is judged as requires improvement at two consecutive inspections and is still not good at a third inspection is likely to be deemed inadequate and to require special measures
 - a school cannot be judged as outstanding for overall effectiveness unless it has outstanding teaching
 - inspectors normally contact the school by telephone during the afternoon of the working day prior to the start of a section 5 inspection
 - inspectors evaluate the robustness of performance management arrangements, and consider whether there is an appropriate correlation between the quality of teaching in a school and the salary progression of the school's teachers.
11. Since October 2012, inspectors have also evaluated and reported on how additional funding for a school provided through the Pupil Premium is being spent, and its impact on raising standards. Since February 2013, inspectors have reported specifically on the performance in English and mathematics of pupils supported through the Pupil Premium compared with all other pupils in the school.
 12. In November 2012, Ofsted introduced monitoring inspections for schools that have been judged as requires improvement in order to support and challenge these schools to become good. Unless leadership and management is judged to be good or better, a school judged as requires improvement will receive an initial monitoring inspection, usually within four to six weeks of the publication of its section 5 inspection report. Following an initial visit, an HMI will recommend whether or not a further monitoring visit or other activity should occur to encourage a school's improvement so that the school is judged good or outstanding at its next section 5 inspection.
 13. Where inspectors judge that governance requires improvement, inspectors recommend an external review of the governing body. The School data dashboard, a new online tool primarily aimed to help governors to understand and review essential school performance data, was launched in February 2013. The dashboard presents high level information about the attainment, progress and attendance within a school in a clear and accessible way. It includes written descriptions of the data that will assist those who feel less confident in using data in understanding the key messages. It will also be useful for parents by providing an accessible starting point to school performance data.
 14. In January 2013, Ofsted began to hold school improvement events. 'Getting to good' seminars are offered on a regional basis to schools when they are judged as requires improvement to support their action planning and identification of priorities. Seminar materials have been developed based on common causes of weakness and are available to all schools requiring improvement.
 15. Ofsted held 23 seminars up until the end of March 2013. A total of 203 schools attended the events across Ofsted's eight regions. Of the 535 schools and local authority delegates that attended, 97% said that the seminars were useful in helping them 'get to good'.

16. Ofsted is also running good practice conferences designed to share good practice and build momentum to improve an area of practice on a national level. The conferences are set up nationally to disseminate good practice on a range of key themes. Conferences are predominantly aimed at schools judged as requires improvement, but inadequate schools or good schools at risk of decline are also eligible, as are schools identified by risk assessment and by HMI identifying schools that would particularly benefit from attending. The first two conferences took place in March 2013 and focused on English and mathematics.

Inspections of local authorities' arrangements to support school improvement

17. Ofsted's Annual Report 2011/12 drew attention to the marked inequity of access by children and young people to a good or better education in some parts of England and especially in some disadvantaged areas. The Annual Report also posed a challenge about whether leadership in local authorities is good enough. In the drive to bring about rapid improvement in standards and quality in schools, local authorities have a key role to play in school improvement.
18. In January 2013, Ofsted began the first in a wave of focused school inspections across local authority areas in which thousands of children are being denied the standard of education they deserve. The concerted programme of inspection will establish why children in some parts of the country have a much lower chance of attending a good or better school than their peers in other similar areas.
19. Also in January 2013, Ofsted announced its intention to inspect and report on whether local authority arrangements for supporting school improvement are effective or not. We consulted widely on the new inspection arrangements and published the new framework in May 2013.

Complaints about schools

20. Ofsted also has powers to investigate qualifying complaints about schools where a qualifying complaint raises serious whole-school issues. Where a complaint does not qualify for investigation by Ofsted (for example, a complaint that concerns solely an individual pupil), we provide complainants with information about appropriate sources of help and advice.
21. In 2012–13, 3,274 complaints about schools were due a response, and Ofsted responded to 98% of these within 20 days. Of this number, 30 complaints qualified for investigation under Ofsted's powers.
22. The majority of these complaints concerned the leadership and management of a school and pupils' well-being. Six complaints required waivers prior to being qualified. Ofsted has specific powers (under section 11A-C of the Education Act 2005, as amended) to investigate certain complaints, known as qualifying complaints. Sixteen qualifying complaints resulted in an investigation. In 26 complaints, the information from the complaint was retained until the next scheduled school inspection so that the issues raised could be taken into account. On four occasions, Ofsted conducted an immediate inspection of a school as a result of a complaint.

23. In 2012-13, as part of our improvement processes, Ofsted consulted on changes to its procedures for handling complaints about schools. As a result, improvements have been made to the Ofsted website to provide greater clarity on Ofsted's role in considering complaints about schools, including a new online form for complainants. Further work is being undertaken regarding complaints about schools for implementation later in 2013.

Surveys and good practice

24. Ofsted is able to draw on the expertise and knowledge of its inspectors to determine, investigate and report on cross-cutting issues facing education, children's services and the learning and skills sector. Ofsted has rights of access to where people learn and are cared for, which means we can see what is really happening in practice and so ground our reports in evidence. This gives us the ability to carry out surveys that report on subjects over time and in depth.
25. In 2012-13, Ofsted published the following subject and thematic surveys relating to schools:
- 'Schools' use of early entry to GCSE examinations'
 - 'Beyond 2012 - outstanding physical education for all'
 - 'The Pupil Premium: how schools are spending the funding successfully to maximise achievement'
 - 'Music in schools: sound partnerships'
 - 'Getting to good: how headteachers achieve success'
 - 'The Pupil Premium: how schools are using the Pupil Premium funding to raise achievement for disadvantaged pupils'
 - 'No place for bullying'
 - 'Mathematics: made to measure'
 - 'From training to teaching early language and literacy'.
26. In addition, Ofsted now holds 125 good practice case studies for schools on our website. The studies focus on specific aspects of teaching, learning and practice that have led to successful outcomes.

Independent schools

In 2012-13 Ofsted completed:

- 221 inspections of education in independent schools
- 322 pre-registration, emergency and material change and follow-up visits of independent schools
- 80 newly registered independent schools inspections within one year of opening.

In 2012-13:

- 99% of independent school inspection reports were published within the 15-day target
- 95% of independent schools agreed or strongly agreed that, overall, they are satisfied with the way their inspections were carried out.

Independent schools framework

27. A new framework for the inspection of education in non-association independent schools was introduced in January 2013. This framework applies to some preparatory and pre-preparatory schools, faith schools, and independent schools catering wholly or mainly for pupils with disabilities and/or special educational needs (DSEN). It takes account of the Department for Education's (DfE's) revisions to The Education (Independent School Standards) (England) Regulations 2010 by The Independent Schools Standards (England) (Amendment) (Regulations) 2012, which came into force in January 2013. Inspections under the new framework commenced in February 2013. Some further regulatory amendments are anticipated for September 2013 in line with changes to the Safeguarding and Vetting Act. These will be incorporated into the framework and evaluation schedule.
28. The new inspection framework focuses on the aspects that really matter to a school's success. It includes closer links between the quality of teaching and its impact on pupils' achievement, particularly in reading, literacy and mathematics. It introduces new judgements for 'leadership and management' and 'overall effectiveness' of the school. A separate judgement for pupils' welfare, health and safety has been retained, because inspection has highlighted particular weaknesses in this aspect in independent schools. The new evaluation schedule contains clear and more demanding grade descriptors to raise expectations of schools and to ensure greater consistency in making judgements.
29. Some further regulatory amendments are anticipated in line with changes to the Safeguarding and Vetting Act. The DfE has yet to consult on these proposals. Once agreed, we will incorporate these into the framework and evaluation schedule.

Initial teacher education

In 2012-13 Ofsted completed:

- 49 initial teacher education provider inspections.

In 2012-13:

- 100% of initial teacher education inspection reports were published within the 25-day target
- 89% of initial teacher education providers agreed or strongly agreed that, overall, they are satisfied with the way their inspections were carried out.

Initial teacher education framework

30. A new framework for the inspection of initial teacher education was introduced in January 2013. This framework covers the inspection of initial teacher education (ITE) leading to qualified teacher status (QTS) for maintained schools and programmes of further education teacher training validated by higher education institutions. It sets out the basis for inspection underpinned by the Education Act 1994, the Education and Inspections Act 2006 and the Education and Inspections Regulations 2007.
31. Inspections under this framework focus on three key areas: outcomes for trainees, the quality of training across the ITE partnership and the quality of leadership and management of the ITE partnership. As part of this new framework, inspectors pay greater attention to recruitment and selection, partnerships, the quality of placements and mentoring, and ensure that ITE partnerships are compliant with the Teachers' Standards, inspector teacher training criteria and other requirements.
32. In line with the Ofsted improvement agenda, this framework has been designed to raise expectations for teacher training providers and ensure that they are producing good or better teachers with the skills they will need most to teach in schools and the learning and skills sector. It also places greater emphasis on the impact of training and leadership and management on the outcomes for trainees by focusing on the direct observation of trainees' and former trainees' teaching and the quality of centre- and school-based training to determine how well trainees teaching skills are developed in: teaching early reading using systematic synthetic phonics; communication and language development; mathematics; managing behaviour and discipline; meeting the needs of pupils with special educational needs and those with English as an additional language; and trainees' ability to support the development of their pupils' literacy and mathematical skills. In addition, greater account is also taken of user views, including satisfaction surveys and a new Ofsted trainee online questionnaire.

Learning and skills

In 2012-13 Ofsted completed:

- 116 college inspections, and 34 focused monitoring visits
- seven 'requires improvement' college visits
- 14 inspections of the welfare arrangements in further education colleges with residential provision
- 243 inspections of work-based learning and 23 focused monitoring visits to independent learning providers or employers offering apprenticeships and other vocational learning
- 57 inspections of publicly funded adult and community learning and nine focused monitoring visits
- 63 inspections of judicial services, including inspections of education in adult and juvenile prisons, inspections of probation services, and inspections of immigration removal and detention centres
- 11 reports on Armed Services training establishments
- two national teaching, learning and assessment conferences.

In 2012-13:

- 95% of learning and skills inspection reports were published within the 25-day target
- 97% of learning and skills providers agreed or strongly agreed that, overall, they are satisfied with the way their inspections were carried out.

Learning and skills common inspection framework

33. A revised Common Inspection Framework came into effect for inspections from September 2012, covering the inspection of education and training for young people who are mostly over the age of 16 and for adults in a wide range of provision, including colleges, independent learning providers, employer providers and community learning and skills providers.
34. The new framework is streamlined and simplified. It focuses more sharply on the core purpose of the provider, with an even closer examination of teaching and learning outcomes, together with an evaluation of the impact of leadership and management for all learners.
35. Under the new framework, Ofsted:
 - only considers a provider to be outstanding for overall effectiveness if they have outstanding teaching, learning and assessment
 - has introduced a new judgement of 'requires improvement'
 - has introduced earlier re-inspection of learning and skills providers judged as requires improvement

- has limited the number of times a provider can be judged as requires improvement for overall effectiveness
 - has reduced the notice period for inspection to two working days.
36. Guidance for learning and skills providers judged as requires improvement was published in January 2013 and we have since been increasing the amount of improvement activity we are undertaking.
37. Ofsted held two national remit conferences up until the end of March 2013; focusing on teaching, learning and assessment. A total of 88 delegates attended from 50 providers. Ninety nine per cent of the delegates said the conferences were useful in helping them to understand the common features of 'good' teaching, learning and assessment.
38. Seminars for providers judged as requires improvement will begin in April 2013. As with schools, we will invite leaders and managers to attend a seminar covering the range of weaknesses identified from inspection evidence.
39. From July 2013, we will also offer learning and skills providers 'governor training' and learning and skills providers 'nominee training' on a regional basis. In addition, we will offer national remit and cross-remit learning and skills conferences to focus on particular issues that cut across a particular remit or across all remits.

Surveys and good practice

40. In 2012-13, Ofsted published the following subject and thematic surveys relating to learning and skills:
- 'Local accountability and autonomy in colleges'
 - 'Critical issues in the provision of youth work for young disabled people'
 - 'Virtual Learning Environments: e-portfolio'
 - 'Promoting enterprise in vocational courses for 16–19-year-old students in colleges'
 - 'Welfare and duty of care in Armed Forces initial training'
 - 'Ensuring quality in apprenticeships'
 - 'How colleges improve'
 - 'Skills for employment'
 - 'Apprenticeships for young people'
41. Our bank of good practice case studies now contains 127 for learning and skills.

Early childhood

In 2012-13 Ofsted completed:

- 15,155 inspections of early years childcare providers on the Early Years Register, of which 385 were re-inspections or monitoring visits to inadequate childcare providers to make sure they were making the required improvements
- 1,788 inspections of childcare providers on the Childcare Register
- 557 children's centre inspections; 14 children's centres received an additional inspection after being found inadequate
- 8,034 registration visits to new childcare providers.

In 2012-13:

- we met our target for timely registrations to the Childcare Register and registrations to the Early Years Register for providers
- 82% of our Early Years Register inspection reports were published within the 20-day target
- 96% of our Childcare Register inspection reports were published within the 20-day target
- 99% of our children's centre inspection reports (grades 1-3) were published within the 15-day target
- 100% of our children's centre inspection reports (grade 4) were published within the 25-day target
- 94% of our Early Years Register, 95% of our Childcare Register and 98% of children's centres agreed or strongly agreed that, overall, they are satisfied with the way their inspections were carried out.

Early years inspection framework

42. A revised framework covering the inspection and regulation of registered early years provision, including childminders and childcare on non-domestic premises such as nurseries and pre-schools, was introduced in September 2012. This revised framework reflects the changes made to the Early Years Foundation Stage following the Government's response to the Tickell Review, to streamline regulation, and reduce costs by placing more responsibility on providers to manage their own services.
43. As part of the revised framework, Ofsted has begun to remove routine conditions of registration to give providers more flexibility in how to run their provision. In addition, we have stopped the routine interviewing of managers and nominated persons when they change, and replaced this with an interview at inspection. Ofsted now carries out a full inspection rather than an investigation for the majority of occasions where information is shared with us that suggests non-compliance. In addition, we have reduced the number of inspection judgements to four. The revised framework has also increased the focus on children's learning and development.

44. We intend to further improve the inspection of early years in the coming year. It is central to our work that inspection and resources should be focused on weaker early years settings, so that we make more of a difference and improve outcomes for children, closing the gap between those who achieve and those who do not.
45. Ofsted will consult on the following proposals for implementation in 2013:
- a single judgement of 'requires improvement' will replace the current 'satisfactory' judgement for all early years providers
 - early years non-domestic settings judged as requires improvement will be the subject of a full re-inspection within two years; they will have a maximum of four years to become good
 - where an early years non-domestic setting fails to become good following two consecutive inspections, we propose that it would be judged to be inadequate and subject to the monitoring arrangements as set out in the early years inspection framework
 - where any inadequate early years setting has failed to improve sufficiently and is still judged to be inadequate when re-inspected, it is likely that we may take steps to cancel that setting's registration.
46. In addition, we are committed to working with groups of providers that are less than good, to help them improve. In 2013-14, we will run good practice conferences and seminars, and help weaker providers identify where they can obtain support.

Inspection of children's centres

47. A revised framework for the inspection of children's centres was implemented in April 2013. The framework will better reflect the definition of a children's centre as defined in law as a place or group of places managed by or on behalf of the local authority through which early childhood services are made available – either by providing the services on site or by providing advice and assistance on gaining access to services elsewhere.
48. For inspection purposes, children's centres may be organised as a children's centre group with shared leadership and management and integrated services or single centres. Single centres may work entirely independently of other centres or may work collaboratively, sharing a range of services in a given geographical area or locality. Where centres work collaboratively within a locality, they will, wherever possible, be inspected simultaneously.
49. The revised inspection framework is clearly aligned to the statutory guidance for children's centres as issued by the DfE, and places a clear emphasis on the accountability of local authorities to provide sufficient service to meet the needs of families with children under five in their area. The grade 'satisfactory' is replaced by 'requires improvement', with centres judged as requires improvement subject to a second inspection within two years following challenging support from HMI.

Complaints about early years providers

50. We investigate concerns about the childcare services we regulate to make sure they are meeting the required standards. In 2012-13, we:

- opened 3,446 cases as a result of concerns or complaints received against registered and unregistered childcare providers, and completed 90% of investigations within 30 working days.
- changed the way we investigate concerns about compliance following the introduction of the new early years framework, introduced in September 2012. In many cases, following risk assessments, we now complete inspections instead of investigation visits. In 2012-13, we risk-assessed 5,284 concerns about providers. Six hundred and thirty eight inspections within five days were arranged, and 1,749 inspections within 30 days. One thousand, nine hundred and twenty three cases remained with Ofsted for initial investigation, 925 were referred to the next inspection of the provider and 49 are yet to receive a risk assessment outcome.

51. Where providers are not able to meet the required standards or children are at risk of harm, Ofsted has the power to suspend or ultimately to cancel registration. In 2012–13, 36 cases resulted in Ofsted commencing the cancelation of a provider. In 321 cases, we took enforcement action such as issuing a welfare requirement notice or issuing a formal warning to the provider. In a further 837 cases, we issued a notice to improve, setting out actions that the provider must complete to meet the requirements. In 3,603 cases, we either found the provider to be meeting the requirements, or the provider resigned during the course of our investigation. The remaining 608 cases are still under investigation.

Surveys and good practice

52. In 2012-13, Ofsted published the early years subject survey 'From training to teaching early language and literacy'. In addition, our bank of good practice case studies now contains 51 for early years.

Social care

In 2012-13, Ofsted completed:

- 3,935 inspections of children's homes, including 32 secure children's homes
- 225 adoption and fostering inspections, inspecting voluntary adoption and adoption support agencies, local authority fostering and adoption agencies and independent fostering agencies
- five inspections of Children and Family Court Advisory and Support Service (Cafcass) service areas
- 180 residential special schools inspections
- 16 welfare inspections in independent boarding schools and 16 in maintained boarding schools
- four inspections of secure training centres
- 12 local authority private fostering arraignments
- 21 residential family centre inspections
- 40 inspections of child protection arrangements in local authorities
- 33 inspections of local authority children's services
- 295 registrations of children's social care providers and 56 newly registered children's homes inspections.

In 2012-13:

- we missed our target for timely registration of new providers due to premises being unready and managers not in position at the point of application; providers were registered once managers were in post and premises had been made ready
- 100% of safeguarding and look after children inspection reports and 100% of unannounced children inspections reports were published within the 25-day target
- 98% of social care providers agreed or strongly agreed that, overall, they are satisfied with the way their inspections were carried out.

Social care inspection frameworks

Inspection of children's homes

53. A new framework for the inspection of children's homes was implemented in April 2011 to bring inspection in line with new national minimum standards. The framework replaces previous benchmarking guidance, and gives a clear statement of what Ofsted reports on and judges against. This is improving the quality of inspections and consistency of judgements while putting the child's experience at the centre of inspection and increasing focus on improving outcomes for children.

54. During 2012, which represents the second year of the inspection framework for children's homes, we made some significant alterations to the evaluation schedule to ensure that we continue to focus on those things that matter most. We have:
- strengthened our requirements in relation to leadership and management, in particular in relation to having a manager in post and that manager being registered with Ofsted
 - provided much more detail in relation to the impact we expect those providers who are judged to be good or outstanding to have on the outcomes for the children and young people who live in their home
 - strengthened our judgement criteria in relation to short breaks services to ensure that we focus on how well these services complement and enhance young people's life experiences
 - revised the overall effectiveness judgement descriptors.

Local authority and voluntary adoption agencies and local authority fostering services and independent fostering agencies

55. These revised frameworks were implemented in April 2012. The revisions brought the inspections in to line with revised national minimum standards and statutory guidance that came into force on 1 April 2012. The frameworks ensure that inspection focuses on the factors shown to have the most impact on improving outcomes for looked after children and young people, and on children and young people's views and experiences. The new single inspection of services for looked after children and those in need of protection planned for implementation in September 2013 will include the inspection of local authority adoption and fostering functions and, as such, these services will no longer require separate inspection frameworks. The inspection frameworks for voluntary adoption agencies and independent fostering agencies are currently being revised for sole use by these frameworks.

Adoption support agencies

56. A revised framework for the inspection of adoption support agencies was introduced in September 2012. The revisions ensure that the framework is brought into line with the new national minimum standards for adoption (implemented in April 2012), which replaced the adoption support agency standards. Although very early in the new inspection cycle, we are seeing that the inspection is already having an increased focus on the factors that make the greatest contribution to improving outcomes and put service users' experiences, outcomes and progress at the centre of inspection.

Secure training centres

57. Secure training centre (STC) inspections are carried out under a service level agreement (SLA) between Ofsted and the Youth Justice Board and the Home Office. The four STCs are each inspected once per financial year and are jointly inspected by ourselves, Care Quality Commission (CQC) and HMI Prisons. A revised joint framework, evaluation schedule and inspection methodology was implemented in September 2012.

Youth offending teams

58. Her Majesty's Inspectorate of Probation (HMIP) is the lead authority for the inspection of youth offending teams (YOTs) that are mandated by the Secretary of State at the Ministry of Justice. Ofsted has no explicit duty to inspect YOTs. However, Ofsted has agreed to participate in five full joint inspections per year with HMIP, CQC and Her Majesty's Inspectorate of Constabulary (HMIC). The purpose of the full joint inspection is to assess the quality of practice in YOTs with children and young people who have offended and are subject to a court-imposed community or custodial sentence. The current framework for YOT inspections was developed through consultation during 2012 and tested at a pilot inspection. The new framework was launched in October 2012 and is working well with Ofsted's contribution limited to safeguarding and learning.

Residential family centres

59. New regulations and national minimum standards for residential family centres came into force on 1 April 2013. We introduced our new inspection framework for residential family centres at the same time. There are currently 50 residential family centres in England. They are required to register with Ofsted and we inspect each centre a minimum of once every three years. We trained 20 inspectors on the new regulations, national minimum standards and our new inspection framework for residential family centres in April 2013.

Children and Family Court Advisory and Support Service (Cafcass)

60. The current programme of inspections of all 20 Cafcass service areas was completed in March 2013. The public consultation on proposals for the future inspection of Cafcass closed on 12 March 2013. The key proposal is an unannounced annual inspection of Cafcass as a national organisation, with a continued focus on the quality of front-line service delivery and advice to the family courts. The inspection framework will be published in September 2013 with the first annual inspection scheduled before March 2014.

Inspection of local authority children's services: single inspection of services for looked after children and those in need of protection

61. Ofsted had intended to launch two new frameworks for the inspection of local authority children's services: inspection of services for children looked after and care leavers and multi-agency arrangements for the protection of children. Both frameworks were due for launch in April 2013 with implementation during April and June 2013, respectively. However, following extensive public consultation, inspection piloting and representation from key stakeholders across the social care sector, it became apparent that, when considered together, we were not in a position to launch and that we would need to reconsider our plans.
62. Ofsted is therefore developing a single inspection of services for looked after children and those in need of protection. Our commitment remains that the inspection will continue to focus on the experiences of children, the quality of front-line practice and the effectiveness of help provided. The evidence for these inspections will derive from case sampling and tracking, and will follow the journey of the children through the care system. Although the single inspection will be an Ofsted only inspection, it will incorporate multi-

agency practice and will attempt to trigger the involvement of the other inspectorates where that is necessary.

63. The new single framework will be completed over a three-year period starting in September 2013, after having been through a public consultation in June and a number of pilot inspection events in June and July 2013. In the meantime, Ofsted will continue to inspect child protection arrangements under its current framework in those authorities previously identified in their last safeguarding inspection as inadequate and/or where children and young people are believed to be at risk of harm.

Complaints about social care providers

64. We investigate concerns about compliance for the social care services we regulate to make sure they are meeting the required standards. Actions taken in 2012–13 are below.
- We opened 1,115 cases as a result of concerns received against registered and unregistered social care providers. We served 22 restriction of accommodation notices and five notices of a proposal to cancel to ensure looked after children are safeguarded. While not every concern results in regulatory action, all concerns are reviewed by the compliance team to ensure that providers comply with regulations
 - We changed the way we deal with inspections that resulted in an inadequate outcome. From October 2012, we ensure that we hold a case review to consider why the service received that outcome and determine what type of regulatory action is necessary. Where, in addition to the inadequate outcome, there are concerns that children are not safeguarded, we write to the Director of Children's Services. We do this without delay so that authorities are able to satisfy themselves that children they place are protected.

Surveys and good practice

65. In 2012-13, Ofsted published the following subject and thematic surveys relating to social care:
- 'What about the children?'
 - 'Missing children'
 - 'Children's views on restraint'
 - 'Communication is the key'
 - 'Running away'
 - 'The impact of virtual schools on the educational progress of looked after children'
 - 'Protecting disabled children: thematic inspection'
 - 'Measuring happiness'
 - 'Learning independence'
 - 'Right on time: exploring delays in adoption'

66. Our bank of good practice case studies now contains 34 for social care.

Our structure and workforce

Ofsted's new regional structure

67. In January 2013, Ofsted moved to a new regional structure for the management and delivery of inspection and regulation. The new structure will be implemented in full from January 2014. There are eight regions in the new structure, each managed by a Regional Director who reports directly to HMCI and who is responsible for the quality of inspection and the improvement of providers in their region.
68. The Regional Directors lead a team of Senior HMI, analyse data and understand how best to support improvement through inspection. They collaborate with colleagues in other regions and national remit Directors, and share good practice to support the improvement of providers across the country. The new role of Senior HMI was created in 2013 to underpin the work of the Regional Directors. Senior HMI are personally responsible for directing and deploying HMI to focus improvement activity within their region. They are directly accountable for evaluating inspection evidence and getting the best value from their team, driving up standards to prevent any decline in good and outstanding providers. They also ensure that their HMI team sufficiently challenges providers and report concerns about individual providers to HMCI and the Minister of State and make recommendations where governance is weak.
69. We are also enabling high-quality and well-supported HMI to work closely with the institutions and services that will benefit from their attention. The new structure strengthens the lines of accountability from HMCI to HMI on the front line and is intended to:
- introduce clearer lines of accountability
 - reduce layers of management and bureaucracy
 - keep HMI on the front line, where they can do most good
 - help ensure that HMI are deployed to best effect
 - introduce supporting inspection and improvement.
70. Administrative, professional and technical (APT) staff have been reorganised to support this new structure in the most effective possible way. In addition to a regional office in each of our current office sites (London, Manchester, Bristol and Nottingham), Ofsted now has small office space in government buildings in Birmingham, Cambridge, Brighton and York, to cover the West Midlands, East of England, South East, and the North East, Yorkshire and Humber regions, respectively.

Workforce

71. On 31 March 2013, Ofsted directly employed 1,275 staff across England. During the year, Ofsted has continued to reduce its overall workforce numbers to help meet with spending review targets through a combination of voluntary exits and not recruiting to vacant posts. This has been planned carefully through reviews of our back office teams in order to ensure support services continue to be effective. Accordingly, this figure is a reduction of 176 individuals compared with 31 March 2012.

72. Ofsted's approach to its people is based on developing skilled and motivated staff members who take pride in their work, find new ways of working and take responsibility for their actions. We recruit, train and promote them according to their ability to fulfil the requirements of the post. We are committed to the learning and development of all our staff in order to improve our performance and so make more of a difference for the children and learners on whose behalf we work.
73. In addition to our directly employed workforce, Ofsted contracts with five inspection service providers. The contractors are responsible for the majority of Ofsted's inspections of education, learning and skills and early years providers.
74. Three inspection service providers are responsible for education and learning and skills inspections and two are responsible for early years inspection and regulatory activity. Ofsted holds regular programme board meetings with our inspection service providers to ensure robust and effective working partnerships.

Recruitment practice

75. Since May 2010, there has been a Civil Service-wide freeze in place on external recruitment. Ofsted has been able to recruit internally within the wider Civil Service during this period, but can only recruit externally to front-line and/or business critical roles with the specific approval of HMCI.
76. We have carried out 21 external recruitment campaigns during 2012-13, including the recruitment of Regional Directors and Senior HMI alongside schools and social care inspectors. It is important that we are able to appoint inspectors with relevant experience in the field and with the experience and credibility to support provider's improvement.
77. We have a comprehensive recruitment policy that is adhered to in order to ensure fairness, consistency and that appointments are made on merit. Alongside the annual Recruitment Compliance Monitoring submission to Cabinet Office, external recruitment audits are also regularly undertaken to provide assurance on our recruitment practice.

Investors in People

78. In 2010 Ofsted was awarded Investors in People silver status. This achievement demonstrates that we meet best practice standards. As of December 2012, only 2.8% of those employers awarded Investors in People achieved this higher level.
79. Our last assessment found that significant progress had been made in raising levels of employee engagement, and in staff's perception of Ofsted as an employer. We are continuing to use Investors in People as a tool to help ensure that we lead and manage the organisation effectively and remain fit for purpose during the ongoing organisational changes.

Employee engagement

80. Ofsted has a policy of actively engaging its staff and representatives through a number of well-defined and established channels. We benefit from the knowledge, expertise and commitment of our employees and it is through them that we are able to deliver high-quality regulatory and inspection activities.

81. Ofsted took part in this year's Civil Service People Survey as part of our commitment to continuously improve the way we manage and develop our people. The purpose of the survey was to seek views about working for Ofsted, identify levels of staff engagement and benchmark our performance against other Civil Service departments. Ofsted's overall response rate in the 2012 survey was 77%, which compares well with the Civil Service average of 62%.
82. In 2012, Ofsted scored 52% on the Employee Engagement Index which is 2% down on our 2011 score. This reflects the fact that 2012 was a year of uncertainty for our workforce, with decisions to be made about our future at Ofsted, and changes to particular roles and responsibilities as a result of the new regional structure.

Staff development

83. We work to attract and retain the right people through our range of learning and development programmes for all staff. We think it is important that our inspection workforce benefits from the recent experience of the very best practitioners, and Ofsted also has a well-established and successful programme of secondments of senior leaders from the schools, initial teacher education and children's services sectors. Support staff have access to a wide range of professional and personal development interventions available from central Civil Service Learning and through bespoke organisational procured or delivered informal and formal routes. Our Learning and Development strategy is central to continuously supporting improved individual and organisational performance.
84. Highly skilled, experienced and credible inspectors are the foundation of HMCI's ambitious agenda to improve education, learning and skills and the services provided to children and young people. Development has therefore focused on building on the skills and experience of our current staff, alongside inducting the high calibre external candidates recently recruited into inspector roles in the organisation. We have also continued to build performance management capability with a focused performance improvement drive and the adoption of the Civil Service wide performance management policy from April 2013.
85. Over the course of the year, there have been a number of sources of centrally arranged inspector learning and development activities, including: induction, orientation and training for new HMI, seconded Additional Inspectors and social care regulatory inspectors; inspector remit update meetings for all of the main remits across Ofsted; and inspector technical workshops.

Equality and diversity

86. Ofsted has a single equality and diversity scheme that covers all the protected equality characteristics, extending to age, religion or belief and sexual orientation and, where appropriate, poverty. Our single scheme builds on the foundations laid in our previous, separate schemes for disability, race and gender, and the priorities have been shaped with the help of users and stakeholders. The scheme is an important step towards delivering our strategic goals.
87. A wide range of equalities and diversity training has been provided throughout the year. We are using policy equality statements and ensuring that they are integrated into our policy development. Additionally, we are using our revised suite of human resources

policies – which have all been equality impact assessed – to ensure more equitable working practices.

88. To ensure the development of an effective and diverse workforce, we are:
- using our equality standard, which is subject to external challenge, to support our equalities self-assessment and inform improvement activities across the organisation
 - supporting three staff diversity forums to provide a stronger voice for disabled staff, Black staff and lesbian, gay, bisexual and transgender staff
 - monitoring and reporting on an extended range of employment information about Ofsted and our staff
 - implementing positive actions to encourage recruitment and career progression for people from under-represented groups.
89. At 31 March 2013, 6.5% of staff at Ofsted classified themselves as disabled, 10.2% of staff at Ofsted were from Black and minority ethnic groups, and 59.0% of the Ofsted workforce were female.
90. In March 2013, Ofsted published its fifth annual employment report. The report focuses on equal opportunities in employment and covers the period April 2011 to March 2012. This is published on Ofsted's website, www.ofsted.gov.uk.

Health and safety reporting

91. Ofsted's Executive Board considers reports on health and safety incidents quarterly. In 2012-13, there were 34 reported incidents, with only one being serious enough to report to the Health and Safety Executive. This is a decrease on the previous year, when there were 50 incidents and two were reportable to the Health and Safety Executive.
92. Ofsted's Executive Board considers reports on health and safety incidents quarterly. In 2012-13 the focus of the European Health and Safety Week was to increase the reporting of incidents including near-misses. As a result, there has been a slight increase in near-miss reporting.

Sickness absence

93. Ofsted monitors sickness absence regularly and reports are produced each month for managers to review. Processes are in place to ensure that all absences are monitored and managed in a consistent way across the organisation. This involves obtaining advice and support from occupational health specialists where this is appropriate. The attendance policy and procedures have been reviewed during 2012-13 and guidance is available to help managers undertake their role in managing absence.
94. The average number of working days lost per employee to sickness for the year was 6.7. This is slightly lower than the latest Civil Service average of 6.8 average working days lost and somewhat lower than the overall public sector average of 7.9 average working days lost (Chartered Institute of Personnel and Development Absence Survey Report 2012).

95. Sickness absence statistics for 2012-13 show that the total days lost were 8,476, of which 54.7% were lost to long-term sickness. This also represents a decrease on Ofsted's figure from last year which was 10,355 working days. The main reason for absence varied within each quarter, but the significant reasons included cold/flu, viral, operations, stress and depression.

Providing access to information and reports

96. Ofsted's website is one of Ofsted's primary communication tools, receiving in excess of one million visitors per month, and more than 7.5 million page views per month. In 2012-13, we have significantly improved layout, search facilities, usability and the ability to include diverse media such as video and mapping.
97. A significant development was the launch of Data View in November 2012, a new digital tool that enables people to compare regional and local performance of schools and further education and childcare providers. Within the first week of the launch of Data View, there were over 38,000 visits and to date there have been over 135,000 visits.
98. Data View has been very well received and widely used. It uses simple presentation methods to improve the accessibility of a wide range of inspection data held by Ofsted. Data on children's social care will be added later in 2013, and the tool will be updated in line with official statistics to ensure that it remains current and relevant.
99. HMCI's Annual Report 2011/12 was launched in November 2012. The report was presented in a new format, with the information being divided into five reports: HMCI's Commentary; Schools; Early Years; Learning and Skills; and Social Care. The Social Care report will be published in the autumn as the reporting period for the sector is not the same as for education. The reports were accessible, inclusive and designed to be read easily through using pictures and infographics to illustrate the information.
100. HMCI's Annual Report was well received and drew a large amount of interest from the media. HMCI took part in 12 national broadcast interviews and a total of 35 regional interviews were undertaken by Directors and Regional Directors, both a significant increase on the previous year.
101. Ofsted has also continued to publish a programme of official statistics about inspection outcomes, together with the underlying data that enable users to carry out their own analysis if they wish. We consulted on the use of statistics during 2012-13 to inform changes to the programme.
102. Ofsted provides an email alert system so those who register on our website receive regular updates on reports and other information of interest to them. In 2012-13, we improved this service and now have 61,000 registered users.
103. During 2012-13, we also extended our use of social media to help engage with our diverse audience, and share information and data about Ofsted in a timely manner. Social media such as Twitter (www.twitter.com/ofstednews) and YouTube (www.youtube.com/ofstednews) allow people to keep up to date with our news and our work. We now have over 20,000 followers on Twitter and our YouTube videos have been viewed over 110,000 times.

Provision of information

104. Under the Freedom of Information Act 2000, Ofsted has procedures in place to ensure that we handle all requests for information correctly. All requests are logged and the time taken to satisfy them is monitored in management information reports that are regularly provided to the senior management of Ofsted. Ofsted's performance, in relation to Freedom of Information responses, is also published by the Ministry of Justice.
105. Between 1 January 2012 and 31 December 2012, we received 697 Freedom of Information Act requests, and 97% of these were responded to within the permitted timescales. Freedom of Information data is reported one quarter in arrears.

Parliamentary Questions

106. On occasion, Members of Parliament pose questions for the Department for Education to which Ofsted is best placed to respond. We have an agreement with the Department for Education to provide a response within five working days so that the Department can meet its commitments to parliamentarians. In 2012-13, Ofsted received 51 requests for information in this way. Ninety-six per cent of responses were given within five working days and the average time taken to respond overall was two and a half days.

Correspondence to Her Majesty's Chief Inspector

107. Any member of the public is free to raise a question or concern directly with the Chief Inspector. In 2012-13, HMCI received 922 pieces of correspondence and responded to 91% of these items of correspondence within our 15-day target.

Customer service

108. We are committed to providing a high quality of customer service in all our interactions with the public and stakeholders. One aspect of our interaction with the public and stakeholders is the provision of a customer service centre. Following the implementation of our new information and communications system, our customer service centre received over 350,000 calls and over 115,000 emails between 1 July 2012 and 31 March 2013. The average time taken to answer each call was 32 seconds. The service centre introduced an interactive voice response (IVR) in December. This fulfils elements of data protection and routes the caller to the most appropriately skilled adviser. This service is evolving and being reviewed regularly to ensure that it meets customers' needs. All emails were responded to within 24 hours and met our targets for customer satisfaction and for the quality of help given in response to enquiries.

Complaints about Ofsted

109. While we try to ensure that all our work goes well, we do receive some complaints. Where concerns relate to an Ofsted inspection, we encourage the complainant to raise these with the lead inspector as soon as possible, so that they can be dealt with quickly while the inspection is taking place. However, individuals may also raise concerns formally with Ofsted. These are managed through three stages as set out in our published complaints procedure.
110. The first stage is a thorough investigation into any concerns raised and this results in a written response to the complainant addressing all issues. Where complainants remain

dissatisfied, they can ask for a review of the first stage investigation into how their complaint was handled. If they are still dissatisfied after the second stage investigation, the complainant may escalate their concerns to the external Independent Complaints Adjudication Service for Ofsted (ICASO). The adjudication service is accountable to the Secretary of State for Education and is obliged to produce an annual report on its work. More information about the work of the adjudication service can be found at its website, www.ofstedadjudicationservice.co.uk.

111. In 2012-13, we dealt with 1,429 complaints about Ofsted. This equates to 119 complaints per month. The total number of complaints received this year represents 3.8% of the inspection and regulatory visits undertaken in 2012-13 These are broken down by remit, timeliness and outcome in the table below.

	Early years	Social care	Schools	Learning and skills	Other	Total
Stage 1 complaints	691	125	562	23	28	1,429
Responses sent in 20 days	99% (689)	87% (109)	99% (557)	100% (23)	96% (27)	98% (1405)
Stage 1 complaints upheld or partially upheld	20% (138)	42% (53)	20% (112)	25% (6)	26% (6)	22% (315)

112. During 2012–13, a total of 223 second stage complaint investigations were carried out. These are broken down by remit, timeliness and outcome in the table below.

	Early years	Social care	Schools	Learning and skills	Other	Total
Stage 2 complaints	111	32	76	3	1	223
Responses sent in 20 days	100% (111)	84% (27)	97% (74)	100% (3)	100% (1)	97% (216)
Stage 2 complaints upheld or partially upheld	31% (34)	47% (15)	24% (18)	0% (0)	100% (1)	30% (68)

113. In 2012-13, Ofsted responded to reports by the Independent Complaints Adjudication Service for Ofsted on 40 occasions. These are broken down by remit and timeliness in the table overleaf.

	Early years	Social care	Schools	Learning and skills	Other	Total
Adjudicator responses	13	8	16	3	0	40
Responses sent in 30 days	85% (11)	100% (8)	100% (16)	67% (2)	0% (0)	93% (37)

114. Ofsted monitors and evaluates all the outcomes of complaints to ensure that any lessons learnt inform organisational practice and performance. Learning from complaints is communicated to the inspection service providers, our inspectors and their managers as part of Ofsted's performance management system. The learning outcomes also inform training and development programmes for inspectors.
115. The Adjudication Service's 2012 Annual Report commented positively on the seriousness with which complaints are taken in Ofsted, the thoroughness with which they are investigated and, on the whole, the clarity of Ofsted communications with complainants. The report notes that the vast majority of recommendations put forward by the adjudication service have been accepted by Ofsted and highlights that Her Majesty's Chief Inspector has responded personally to each of its reports. These, the Adjudication Service notes, are symptoms of a healthy and effective complaints procedure which has improved considerably over time.
116. As part of this improvement process, Ofsted has consulted widely on changes to its procedures for handling complaints about its own work. The outcome of this consultation is available on the Ofsted website. As a result, a new complaints about Ofsted policy was launched in April 2013 to recognise the importance of raising concerns at the earliest opportunity, including during an inspection, and to improve the online submission of concerns by complainants.

Complaints to the Parliamentary Ombudsman

117. In 2012–13, four complaint cases have been considered by the Parliamentary Ombudsman. In one case, the Ombudsman has confirmed that it will formally investigate Ofsted's handling of the complaint. No formal investigations by the Ombudsman have been completed in 2012-13.

Sustainable development

118. Ofsted's Sustainable Development Action Plan 2012-13 sets out how Ofsted and its staff will:
- influence behaviours and attitudes through inspection and regulation activities
 - support sustainable development by promoting activities that demonstrate our commitment to corporate social responsibility
 - ensure that all staff are aware of and engaged in our drive towards sustainability
 - reduce Ofsted's energy consumption

- increase the use of sustainable transport for staff business travel
- integrate sustainable development principles into procurement practice
- reduce waste and increase recycling across the Ofsted estate
- reduce Ofsted's consumption of natural resources.

Carbon emissions

119. The Greening Government Commitment (2011) requires a reduction of greenhouse gas emissions by 25% from a 2009–10 baseline from the whole estate and business-related transport. In 2010-11, indirect energy emissions were 2,288 tonnes. By 2012-13, this had reduced 1,272 tonnes.
120. We are pleased that, in 2013, Ofsted was ranked 28th in a list of over 2,000 businesses and public sector organisations who reduced their CO² emissions last year.
121. Ofsted is required to publish sustainability data on carbon emissions on the following basis:

Scope 1	Emissions from sources owned by the organisation such as boilers, air conditioning units or vehicles. We do not produce any scope 1 emissions.
Scope 2	Emissions from sources owned by the organisation such as emissions consumed by the entity but supplied by another party such as electricity.
Scope 3	All other emissions. However, the disclosure requirements are limited to emissions relating to official business travel directly paid for by the organisation (not recharged by a contractor).

Energy

122. In 2012-13, we continued to evaluate our office accommodation to help the Government meet its priority of reducing its property portfolio. As part of a strategy for estate management, where leases allowed, Departments were expected to exercise any lease break clauses and to move into alternative government premises where possible.
123. Throughout the second half of 2012-13, a number of space rationalisation projects were initiated and completed that will provide the business with additional savings in 2013-14. This has introduced further hot-desking and more flexible working environments, increasing our efficiencies from our 2011-12 position. These enhancements reflect a reduction in occupied space that included a reduction of: 36% in Nottingham; 18% in Bristol; and 45% in London. New offices were opened in York, Birmingham, Brighton and Cambridge to provide the business with a more focused regional presence. With an average space of 75m² they will not represent a significant increase in energy consumption.

Scope 2 – Energy (indirect) emissions

Area	2011-12	2012-13
Carbon dioxide emissions (tonnes)	1,531	1,272
CRC-related expenditure (£)	2,240	*2,240
Electricity (Kwh)	2,486,912	2,003,627
Gas (Kwh)	1,108,308	1,081,737
Total energy consumption (Kwh)	3,595,220	3,032,687
Buildings energy consumption (Kwh)	3,595,220	3,032,687
Total energy expenditure (£)	305,856	270,137

*Estimated

Travel

124. Changes in inspection requirements and in particular the reducing of the frequency of inspections for some providers has had a significant impact on the travel to inspection.
125. Much of our workforce, including the entire inspection workforce, is home-based or remote. We have done much to reduce business travel by ensuring that Ofsted staff travel only when necessary and use the most sustainable modes and cost-effective travel options available. We have introduced new technologies that enable meetings to be held virtually and this is having a positive impact on resource savings.

Scope 3 – Official business travel emissions

Area	2011-12	2012-13
Business travel – train/tram/underground (miles)	2,017,638	3,100,949
Business travel – train carbon emissions (tonnes)	243	311
Business travel – train cost (£)	1,369,956	1,584,457
Business travel – air miles	87,916	113,690
Business travel – air carbon emissions (tonnes)	9	12
Business travel – air cost (£)	24,545	34,516
Business travel – private vehicle miles	2,069,861	1,678,391
Business travel – private vehicle carbon emissions (tonnes)	374	202
Business travel – private vehicle cost (£)	847,787	742,756
Business travel – hire car miles	1,462,850	1,165,876
Business travel – hire car carbon emissions (tonnes)	305	325
Business travel – hire car cost (£)	670,153	457,161
Business travel – taxi number of journeys	7,926	6,854
Business travel – taxi carbon emissions	6	5

Business travel – taxi cost (£)	79,547	19,181
Total carbon emissions from travel (tonnes)	937	855

Waste

126. This year has seen a decrease in the waste produced by the estate, including a 16.8% reduction in residual office waste and marked improvement in recycled waste. This has largely been achieved through improved waste segregation and supplier management

Area	2011–12	2012–13
Total waste (tonnes)	134	94
Recycled waste including composted waste (tonnes)	48	65
Incinerated waste energy recovery (tonnes)	7	11
Incinerated waste no energy recovery (tonnes)	0	1
Residual office waste (tonnes)	49	17
ICT waste (tonnes)	30	*30)
Total waste expenditure (£)	24,465	20,821

*Estimated

Use of finite resources

127. Seventy per cent of our office consumables are recycled or recyclable. We have taken action in offices to reduce water consumption and have reduced the use of bottled water at conferences and meetings. Ofsted are currently achieving 6.52 m² water consumption per FTE, per annum, with plans to meet the Government target of 6m² within 2 years

Area	2011–12	2012–13
Water consumption (m ³)	7,207	5,515
Water expenditure (£)	20,082	12,108

Biodiversity and adaption action plans

128. Our administrative functions are located in shared buildings and we have very little outside space. In one location we have a well planted garden with a pond and in another the roof of the building is sedum and wastewater is collected and used.

Climate change

129. The risks posed by climate change will affect a number of our key areas of work, including the ability to carry out inspection. Business continuity work already underway will recognise and incorporate thinking on climate change issues, especially flooding and the impact on providers and inspection. By preparing for these potential issues in advance, we will help to reduce the likelihood of disruption and ensure the continued delivery of the key services we provide.

Sustainable procurement

130. We have an action plan in place to ensure that we achieve against the Procurement Flexible Framework. Work is on-going with our major suppliers to review their Sustainability Action Plans (as per contractual requirements) and suppliers will be pressured to supply more information to better enable Ofsted to evaluate what measures the supplier is taking to meet standards and improve in these areas.
131. Most new procurements are via Government Procurement Service Frameworks, which takes account of sustainability issues when awarding contracts. Sustainability is also a consideration for all other procurement.

Governance

132. Sustainable Development Action Plans are embedded within the business and reported regularly against business plans. In addition, Ofsted report performance on carbon emissions, waste, travel and utility consumption on a quarterly basis through the FReM framework to Cabinet Office

Common areas of spend

133. Common areas of spend measures the cost of back office functions as a percentage of the total organisational running costs.

Function	Indicator	2011-12	2012-13
Finance	Cost of Finance as a % of Organisational Running Costs	1.83%	1.82%
IT	Cost of IT as a % of Organisational Running Costs	7.57%	5.48%
HR	Cost of HR as a % of Organisational Running Costs	2.29%	3.26%
Procurement	Cost of Procurement as a % of Organisational Running Costs	0.32%	0.33%
Procurement	Cost of Procurement as % of Total Procured Spend	0.55%	0.62%
Estates	Cost of Estates per square metre	£596	£628
Communications	Cost of Communications Function as % of Organisational Running Costs	1.57%	1.28%
Legal	Cost of Legal Services Function as % of Organisational Running Costs	0.68%	0.62%

Remuneration report

Ministers

134. Ofsted is a non-ministerial government department.

Appointment of non-executive Board members

135. The Education and Inspections Act 2006 established the Office for Standards in Education, Children's Services and Skills on 1 April 2007. The Act also established the Ofsted Board. The Secretary of State for Education oversees the recruitment of the Ofsted Board members in line with government guidelines. Board members are subject to a three-month notice period. Full details of the membership of the Board and their dates of appointment are provided in the Governance Statement.

Appointment of the Permanent Head of the Department and Directors

Service contracts

136. Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointment to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may otherwise be made.

137. Full details of the membership of the Executive Board and their dates of appointment are provided in the Governance Statement. Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

138. Further information about the work of the Civil Service Commissioners can be found at: www.civilservicecommissioners.gov.uk.

139. Sir Michael Wilshaw was appointed as HMCI from 1 January 2012; this is a Crown appointment for an initial period of five years.

140. Unless otherwise stated, the Directors are all permanent senior civil servants.

141. HMCI and the other members of the Executive Board are covered by the Civil Service Management Code. None of the Ofsted Directors hold any company directorships or other significant interests that might conflict with their management responsibilities. The Register of Interests is open to the public and written requests for information should be addressed to the Ofsted Audit Committee Secretariat at the Ofsted office in London

Remuneration policy

142. The Directors are paid in accordance with the senior civil servant pay framework; this is set by the Government and subject to the recommendations of the Senior Salaries Review Body.

143. Ofsted has established a Senior Civil Service (SCS) Pay Committee comprising HMCI, Directors and one non-executive Board member. This Committee decides on all annual pay

and bonus awards for members of the SCS, as well as agreeing any changes to Ofsted's SCS pay strategy. John Roberts, a member of the Board and Chair of Ofsted's Audit Committee, served as the independent member on the SCS Pay Committee during 2012. The role of the independent member is to quality assure the process, ensuring that pay decisions are consistent with the evidence of individuals' performance and that consistent criteria are applied to arrive at individual pay decisions.

144. Ofsted's approach to the performance assessment of staff within the SCS force has adhered to the criteria detailed in the Cabinet Office guidance on managing performance in the SCS. The assessment has therefore been based on whether objectives have been met, the demonstration of leadership behaviours or professional skills, and the degree of difficulty in meeting the objectives in light of actual events.
145. The allocation of staff to particular performance groups was undertaken following a two-stage process. Initially, Directors differentiated and then ranked their SCS staff against the appropriate assessment criteria. Subsequently, Ofsted's SCS Pay Committee robustly challenged and validated the rank order and merged the agreed lists into the four performance distribution groups Ofsted-wide.
146. The final allocation therefore reflected how the job had been performed by each post holder, their overall track record and their growth in competence, as well as what has been achieved against individual performance agreements.

Remuneration (including salary) and pension entitlements

147. The following sections provide details of the remuneration and pension interests of the most senior management (that is, Board members) of the Department. These disclosures have been subject to external audit.

Non-executive remuneration

148. During 2012-13, Baroness Sally Morgan of Huyton received a salary in the £45,000–£50,000 band (2011-12: £45,000–£50,000). All other non-executives received a salary in the £0–5,000 band (2010–11: £0–£5,000).

Remuneration senior management (salary and payments in kind)

149. The salary entitlements of the most senior members of Ofsted for the year ending 31 March 2013 were as follows:

	2012-13			2011-12		
	Salary £000	Bonus £000	Benefits in kind (to the nearest £100)	Salary £000	Bonus £000	Benefits in kind (to the nearest £100)
Sir Michael Wilshaw	195–200	-	-	45–50 (195–200 full year equivalent)	-	-
Lorraine Langham	140–145	10–15	-	145–150	10–15	-

Richard Brooks	110–115	-	-	110–115	5–10	-
John Goldup (Until 7 April 2013)	150–155	10–15	-	150–155	10–15	-
Darryl Nunn	120–125	10–15	-	120–125	-	-
Susan Gregory	120–125	-	-	125–130	-	-
Matthew Coffey	140–145	-	800	130–135	-	-
Michael Cladingbowl (1 January 2013)	30 – 35 (120 - 125 full year equivalent)	-	-	-	-	-

150. Salary includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitments and retention allowances; and Private Office allowances and other allowances (including disturbance allowances) to the extent that it is subject to UK taxation.
151. The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenues and Customs as a taxable emolument. In 2012-13 £800 (2011-12: nil) benefits in kind were provided by the employer to Matthew Coffey who received a salary advance to assist with relocation costs.

Pay multiples

152. Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and median remuneration of the organisation’s workforce.
153. The banded remuneration for the highest paid director in Ofsted in the financial year 2012-13 was £195,000-200,000 (2011-12: £195,000–200,000). This was 5.54 times (2011-12: 5.64) the median remuneration of the workforce, which was £35,668 (2010–11: £35,018).
154. In 2012-13, zero (2011-12: zero) employees received remuneration in excess of the highest-paid director. 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.
155. Ofsted is currently in the Civil Service-wide two-year pay freeze until 31 July 2013.

Pension benefits

156. The pension entitlements of the most senior members of Ofsted for the year ending 31 March 2012 were as follows:

	Accrued pension at pension age as at 31/3/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/13	CETV at 31/3/12	Real increase in CETV
	£000	£000	£000	£000	£000
Lorraine Langham	55 - 60	4.75 - 5	815	712	59
Richard Brooks	10 - 15	2.5 - 2.75	103	76	15
John Goldup	10 - 15	3.25 - 3.5	217	147	49
Darryl Nunn	15 - 20	2.5 - 2.75	275	224	32
Susan Gregory	70 - 75	0 - 2.5	1,445	1,364	2
Matthew Coffey	20 - 25 Plus lump sum of 65 - 70	0 - 2.5 Plus lump sum of 7.25 - 7.5	339	288	32
Michael Cladingbowl	30 - 35 Plus lump sum of 100 - 105	3 - 3.25 Plus lump sum of 9 - 9.25	675	613	58

Compensation for loss of office

157. No payments were made in compensation for loss of office in 2012–13 (2011–12 nil).

Sir Michael Wilshaw:

Date:

Accounting Officer for the Office of Her Majesty's Chief Inspector of Education, Children's Services & Skills

Financial performance

158. Ofsted's budget is reducing over five years from £193m in 2010–11, to £142m in 2014–15. This follows substantial savings of 19% since the creation of Ofsted in 2007. Making further savings on this scale will be challenging, but we are protecting front-line inspection and regulation as much as possible and trying to reduce our expenditure on the functions that support inspection where we can.
159. The total net request for resources approved in the Main Estimate was £172.5m. As part of the Supplementary Estimate Process, total net request for resources remained the same, but virements were made from within the existing resource level to adjust both the capital and Annually Managed Expenditure (AME) allocations. These amendments were required to support the continued delivery of Ofsted's priorities. Copies of the Estimate are available on the HM Treasury website, www.hm-treasury.gov.uk.
160. Ofsted's net resource outturn was £157.9m, meaning that Ofsted realised savings of £14.6m. The most significant factors contributing to the savings was ring-fenced depreciation where the actual depreciation was less than the parliamentary Estimate.
161. Ofsted's net request for resources approved by Parliament for 2012-13 of £172.5m was £3.0m higher than the net request for resources approved for 2011-12 (£169.5m). This is because Ofsted transferred £3.5m from 2011-12 to 2012-13 through the Budget Exchange mechanism to provide capacity to undertake investment in 2012–13 to support Ofsted's Spending Review Plans in 2012–13.
162. Ofsted's agreed limit for its administration costs reduced by £0.1m (0.4%) from £22.8m in 2011-12 to £22.7m in 2012-13. The 2012-13 allocation includes £0.5m transferred from 2011-12 through the Budget Exchange mechanism. Actual expenditure in 2012-13 against this limit was £16.4m, a saving of £6.3m. Ofsted is continuing to drive down administration costs to meet spending review targets.
163. The net cash requirement for 2012–13 was £165.8m compared with an estimate of £171.5m. The most significant factors contributing to the cash variation of £5.7m were vacancy management savings, savings on the ISP contract and savings on completed projects. These cash savings were partly offset by high value prepayments on the ISP contracts.
164. Departments preparing resource accounts under the Government Resources and Accounts Act 2000 are required to produce the following analysis. It is a reconciliation of resource expenditure between Estimates, Accounts and Budgets.

	2012–13	2011–12
	£'000	£'000
Departmental Expenditure Limit		
- Resource	157,753	171,573
- Capital	905	173
Annually Managed Expenditure		
- Resource	(755)	(6,218)
- Capital	-	-
Total Budget	157,903	165,528

165. In accordance with International Financial Reporting Standard 8 (IFRS 8), Departments are required to identify and report against operating segments. Operating segments are identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess its performance. Ofsted has four operating segments: Inspection, Inspection Support, Corporate Services and Central Costs. A breakdown of performance by operating segments can be found in note 5 of the Annual Accounts. This is a change to how Ofsted reported Operating Segments in 2011-12, as it was felt that the revised segments better reflected internal reporting and ensures greater consistency with IFRS8.
166. Ofsted has contingent liabilities in relation to the redundancy cap in one of the inspection service provider (ISP) contracts (£1m), and in relation to its obligations to fund its share of the deficits in two Local Government Pension Schemes. Further information can be found in notes 22 and 26 of the Annual Accounts.

Going concern

167. The statement of financial position at 31 March 2013 shows Net Liabilities of £20.4m. This reflects the policy, under the Government Resources and Accounts Act 2000, that no money may be drawn from the Consolidated Fund other than that required for the service of the specified year to meet the net cash requirement. All unspent monies, including those derived from Ofsted's income, are surrenderable to the Consolidated Fund and are disclosed as a year-end liability.
168. Ofsted's funding for 2013-14 has been agreed by Parliament as part of the Main Estimate, and this includes £10.0m from the Department for Education to support investment in HMCI's reform programme. HMCI has set out an ambitious agenda to improve education, learning and skills and the social care services provided to children and young people. This has involved reforming the way Ofsted inspects to make it clear that only good is good enough. In schools and colleges, the satisfactory grade has been replaced with 'requires improvement'. Where a provider is not good, Ofsted will re-inspect with greater frequency to make sure it is making the required improvements for children and learners. Between inspections, HMI will monitor progress and share good practice to help support improvement.
169. Ofsted's funding for 2013-14 has been agreed by Parliament as part of the Main Estimate.

Risk and uncertainties

170. Ofsted faces a range of strategic, operational, financial and external risks. The principal risks facing Ofsted are captured on the strategic risk register and action is taken wherever possible to mitigate these risks. The Governance Statement demonstrates Ofsted's capacity to handle these risks.
171. Ofsted is required to develop plans to deliver against its statutory requirements, while operating within the funding envelope set out in the spending review outcome. The Executive Board approved the 2013-14 budget on 27 February 2013 and work has been undertaken through 2012-13 to develop the plans that will enable Ofsted to further reduce costs over the remainder of the spending review period to operate within the funding allocation.

Payment of suppliers

172. Under the standard payment terms set out in the Office of Government Commerce model contracts, and therefore a model for contractually binding arrangements, Departments must pay invoices within 30 days of receipt. For the period ending 31 March 2013, Ofsted made 98% (2011-12: 99.5%) of all payments within this timeframe.
173. In October 2008, the Government encouraged all Departments to set a target of paying invoices from small and medium sized enterprise suppliers (SMEs) within 10 days of the later of receipt of goods/services or receipt of a valid invoice. Ofsted now aims to pay undisputed invoices from all suppliers within this target timeframe. For the year ended 31 March 2013, 84% (2010–11: 80.8%) of all our payments were paid within this 10-day target.
174. In addition, as announced in the Budget 2010, to build on recent prompt payment success, all central government departments are also now expected to aim to pay 80% of all undisputed invoices within five days. For the year ended 31 March 2013, Ofsted paid 60.5% of all undisputed invoices within five days (2011-12: 11: 39.9%).
175. For the financial year commencing 1 April 2013, Ofsted will continue to use and abide by the same policy of paying all suppliers within 10 days of receipt of goods/services or receipt of a valid invoice, whichever is the later, and will also continue to monitor against the 30-day standard. This policy can be found on the Office of Government Commerce website under the heading ‘Model Terms and Conditions of Contract’: www.ocg.gov.uk/Model_terms_and_conditions_for_goods_and_services.asp. There were no payments made to suppliers under the Late Payment of Commercial Debts (Interest) Act 1988.
176. The aggregate amount owed to trade creditors at 31 March 2013 compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year, is equal to 0.7 days.

Monitoring on consultancy and temporary staff

177. Ofsted has framework in place for procuring new agency temporary staff and contractors.

	2012–13 £000
Total consultancy expenditure	5
Total temporary staff expenditure	730

Off payroll engagements

178. As part of the ‘Review of the Tax Arrangements of Public Sector Appointees’, published by the Chief Secretary to the Treasury on 23 May 2012, Departments are required to publish information in relation to the number of off payroll engagements, at a cost of over £58,200 per annum, that were in place on 31 January 2012.

179. There were no off-payroll engagements at a cost of over £58,200 per annum that were in place as of 31 January 2012.

For all new off-payroll engagements between 23 August 2012 and 31 March 2013, for more than £220 per day and more than six months.

No. of new engagements	4
of which	
No. of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	4
of which	
No. for whom assurance has been requested and received	2
No. for whom assurance has been requested but not received	2
No. that have been terminated as a result of assurance not being received	0
Total	4

Number of Senior Civil Servants by pay band

180. As part of a government-wide transparency drive, Ofsted has released details about the salaries of top band Senior Civil Servants (SCS). These figures have been in accordance with Cabinet Office guidance. Further details can be found on the Ofsted website under the heading [Disclosure organograms and senior salaries](#), or at <http://data.gov.uk/organogram/ofsted>.

	1 April 2012	31 March 2013
SCS Band 1	24	22
SCS Band 2	7	7
Permanent Secretary Equivalent	1	1

Pension liabilities

181. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). See the 'Remuneration Report' for more details on the scheme.
182. During the transfer of staff to Ofsted from local authorities in 2001 and from the children's part of the Commission for Social Care Inspection in 2007 as the remit of Ofsted expanded, there were some staff who elected to remain in their existing Local Government (LG) Pension schemes. Ofsted pays annual pension contributions to these LG schemes, and reports any associated assets or liabilities under IAS19.

Auditor

183. The Department's auditor is the Comptroller and Auditor General. The accounts have been prepared under direction issued by HM Treasury in accordance with the

Government Resources and Accounts Act 2000 and are subject to audit by the Comptroller and Auditor General.

184. As far as the Accounting Officer is aware that there is no relevant audit information of which Ofsted's auditors are unaware. The Accounting Officer has taken all the necessary steps to make himself aware of any relevant audit information, and to ensure that the auditors have also been provided with this information.
185. A notional fee of £72,000 has been charged for the audit.

Core tables

Table 1: Total departmental spending 2007-08 to 2014-15

	£'000							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	OUTTURN	OUTTURN	OUTTURN	OUTTURN	OUTTURN	OUTTURN	PLANS	PLANS
Resource DEL								
Administration and Inspection	214,263	198,846	200,187	178,448	171,573	157,753	173,782	146,550
Other Resource DEL	-	-685	-	-	-	-	-	-
Total Resource DEL	214,263	198,161	200,187	178,448	171,573	157,753	173,782	146,550
<i>Of which:</i>								
Staff costs	115,466	122,116	114,831	93,308	78,461	78,859	85,113	77,334
Purchase of goods and services	112,767	90,597	93,792	97,609	105,666	92,433	98,829	79,390
Income from sales of goods and services	-14,940	-15,185	-15,026	-14,569	-13,399	-14,091	-14,500	-14,500
Depreciation ¹	909	573	3,659	2,016	767	474	4,268	4,326
Other resource	61	60	2,931	84	78	78	72	-
Resource AME								
Activities to Support All Functions	-347	9,329	1,755	3,505	-6,218	-755	-3,000	-
Total Resource AME	-347	9,329	1,755	3,505	-6,218	-755	-3,000	-
<i>Of which:</i>								
Take up of provisions	7,548	13,886	10,316	3,505	1,139	3,960	2,000	-
Release of provision	-7,895	-4,557	-8,561	-	-7,357	-4,715	-5,000	-
Total Resource Budget	213,916	207,490	201,942	181,953	165,355	156,998	170,782	146,550
<i>Of which:</i>								
Depreciation ¹	909	573	3,659	2,016	767	474	4,268	4,326
Capital DEL								
Administration and Inspection	-	809	1,366	37	173	905	-	-
Other Capital DEL	-	-	-	-	-	-	-	-
Total Capital DEL	-	809	1,366	37	173	905	-	-
<i>Of which:</i>								
Purchase of assets	-	809	1,366	37	173	905	-	-
Income from sales of assets	-	-	-	-	-	-	-	-
Total Capital Budget	-	809	1,366	37	173	905	-	-
Total departmental spending ³	213,007	207,726	199,649	179,974	164,761	157,429	166,514	142,224
<i>Of which:</i>								
Total DEL	213,354	198,397	197,894	176,469	170,979	158,184	169,514	142,224
Total AME	-347	9,329	1,755	3,505	-6,218	-755	-3,000	-

¹ Includes impairments

² Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

³ 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 AME less depreciation in AME.

Table 2: Estimate to outturn 2012-13

£'000									
	2012-13		2012-13		2012-13		2012-13		
	Original Plans Resource	Capital	Adjusted Plans Resource	Capital	Final Plans Resource	Capital	Provisional Outturn Resource	Capital	
Spending in Departmental Expenditure Limits (DEL)									
Voted expenditure	174,721	500	174,721	500	171,421	1,100	157,753	905	
<i>Of which:</i>									
Administration and Inspection	174,721	500	174,721	500	171,421	1,100	157,753	905	
Total Spending in DEL	174,721	500	174,721	500	171,421	1,100	157,753	905	
Spending in Annually Managed Expenditure (AME)									
Voted expenditure	-2,771	-	-2,771	-	-71	-	-755	-	
<i>Of which:</i>									
Activities to Support All Functions	-2,771	-	-2,771	-	-71	-	-755	-	
Total Spending in AME	-2,771	-	-2,771	-	-71	-	-755	-	
Total	171,950	500	171,950	500	171,350	1,100	156,998	905	
<i>Of which:</i>									
Voted expenditure	171,950	500	171,950	500	171,350	1,100	156,998	905	

Table 3: Capital employed 2007-08 to 2014-15

£'000								
	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Assets and liabilities on the statement of financial position at the end of year:								
Assets								
Non-current assets	7,515	6,311	3,997	2,019	1,425	1,848	1,540	1,096
Intangible	6,852	5,412	3,339	1,743	1,267	1,746	1,503	1,090
Property, plant and equipment	663	899	658	276	158	102	37	6
<i>of which:</i>								
Land and buildings	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-
Equipment	663	899	658	276	158	102	37	6
Software licences	6,852	5,412	3,339	1,743	1,425	1,746	1,503	1,090
Current assets	8,909	11,705	7,633	6,517	8,507	14,319	9,598	9,598
Liabilities								
Current (<1 year)	-25,675	-18,179	-17,955	-20,983	-25,325	-23,966	-22,014	-22,014
Non-current (>1 year)	-137	-653	-1,392	-469	-1,365	-841	-810	-810
Provisions	-10,616	-19,945	-21,743	-18,698	-12,480	-11,725	-5,910	-3,812
Total capital employed in Department	-20,004	-20,761	-29,460	-31,614	-29,238	-20,365	-17,595	-15,941

Table 4: Administration costs

	£'000							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Administration and Inspection	21,516	28,091	28,017	21,424	18,075	16,427	20,237	18,765
<i>of which:</i>								
Paybill	8,747	15,670	13,413	11,982	10,757	10,222	-	-
Expenditure	12,774	12,421	14,687	9,467	7,318	6,205	20,237	18,765
Income	-5	-	-83	-25	-	-	-	-

Table 5: Staff in post 2009-10 to 2012-13

	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn
Civil service full time equivalents	2055	1446	1395	1207
Consultants and contingent labour	254	46	10	11
Total	2309	1492	1405	1218

Table 6: Total identifiable expenditure on services by country

	£ million				
	2007-08	2008-09	2009-10	2010-11	2011-12
	outturn	outturn	outturn	outturn	outturn
North East	12	11	9	8	7
North West	30	28	25	23	19
Yorkshire and the Humber	22	21	18	17	14
East Midlands	19	18	17	15	13
West Midlands	23	22	19	17	14
East	25	23	22	20	19
London	27	26	29	26	29
South East	33	31	34	31	31
South West	21	20	20	18	16
Total England	213	198	195	176	162
Scotland	0	0	0	0	0
Wales	0	0	0	0	0
Northern Ireland	0	0	0	0	0
UK identifiable expenditure	213	198	195	176	162
Outside UK	0	0	0	0	0
Total identifiable expenditure	213	198	195	176	162
Non-identifiable expenditure	0	0	0	0	0
Total expenditure on services	213	198	195	176	162

Table 7: Total identifiable expenditure on services by country and region, per head

	£ per head				
	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
North East	5	4	3	3	3
North West	4	4	4	3	3
Yorkshire and the Humber	4	4	3	3	3
East Midlands	4	4	4	3	3
West Midlands	4	4	4	3	3
East	4	4	4	3	3
London	4	3	4	3	4
South East	4	4	4	4	4
South West	4	4	4	3	3
England	4	4	4	3	3
Scotland	0	0	0	0	0
Wales	0	0	0	0	0
Northern Ireland	0	0	0	0	0
UK identifiable expenditure	3	3	3	3	3

Table 8: Total identifiable expenditure on services by function, country and region

	£ million	
	2011-12 outturn	
	Education	Total education
North East	7	7
North West	19	19
Yorkshire and The Humber	14	14
East Midlands	13	13
West Midlands	14	14
East	19	19
London	29	29
South East	31	31
South West	16	16
England	162	162
Scotland	0	0
Wales	0	0
Northern Ireland	0	0
UK Identifiable expenditure	162	162
OUTSIDE UK	0	0
Total Identifiable expenditure	162	162
Not Identifiable	0	0
Totals	162	162

Tables 6, 7 and 8 show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in [October 2012 as part of the National Statistics release](#). The figures were taken from the HM Treasury public spending database in summer 2012 and the regional distributions were completed by the following autumn. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report. Please note that totals may not sum due to rounding.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the Department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.

TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2012.

The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.

Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in **Table 8** are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in Chapter A of the CRA October 2012 release. These are not the same as the strategic priorities shown elsewhere in the report.

Statement of Accounting Officer's Responsibilities

Under the Government and Resources Act 2000, Ofsted is required to prepare accounts for each financial year, in conformity with a Treasury Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

- In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual 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 judgments and estimates on a reasonable basis
 - state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
 - prepare the accounts on a going concern basis.

HM Treasury has appointed HMCI as Accounting Officer of Ofsted. 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', published by the HM Treasury.

Governance statement

Scope of responsibility

186. HMCI is the Accounting Officer of Ofsted, and is answerable to Parliament for ensuring that all the resources available are used properly and services provide value for money, are legally compliant and take account, where appropriate, of wider government policy.
187. HMCI, working effectively with the Ofsted Board, has responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of Ofsted's policies, aims and objectives.

Governance structure

Ofsted Board

188. The functions of the Board as set out in Part 8 of the Education and Inspections Act 2006 are to determine strategic priorities for HMCI in connection with the performance of his functions; to determine strategic objectives and targets relating to such priorities; and to ensure that HMCI's functions are performed efficiently and effectively.
189. In performing its functions, the Ofsted Board ensures that high standards of corporate governance are observed at all times and discharges the following corporate governance responsibilities:
- monitoring Ofsted's performance against strategic objectives and targets
 - ensuring that Ofsted uses resources efficiently and achieves value for money
 - ensuring that a transparent system of prudent and effective controls is in place (including internal controls)
 - overseeing the risk management process within Ofsted.
190. To support the Board in fulfilling its responsibilities, the Board reviews management reports that have been approved by the Operations Executive Board (see below) that detail Ofsted's performance against its corporate and strategic objectives. These reports cover all aspects of the organisation's business, including its external inspection and regulation activities, as well as its internal budgetary, risk and resource management. The information provided is signed off by the relevant senior manager and is subject to internal quality control checks during its production. The Board assesses the quality and appropriateness of the reports as part of the annual evaluation of Board performance.
191. The Ofsted Board is chaired by Baroness Sally Morgan and meets four times a year. Membership and attendance is provided in Appendix B.

Ofsted committees

192. The Board may establish committees and delegate any of its functions to the Chair, another Board member, a committee or a sub-committee.

193. The current committees of the Board are:

- the Audit Committee
- the Chair's Committee.

Membership and attendance at both committees is provided in Appendix B.

Audit Committee

194. The Audit Committee's function is to support both the HMCI and the Board in their responsibilities for issues of risk, internal control and governance.

195. The Audit Committee also provides robust scrutiny and challenge of Ofsted's financial management and performance and oversees internal and external audit arrangements, including both financial and non-financial systems.

196. The Audit Committee meets regularly during the year aligned to the financial reporting timetable, during the financial year it met on five occasions. During 2012-13, the Audit Committee reviewed the following formal reports:

- Audit Committee Annual Report
- Annual Internal Audit Report and Opinion
- Annual Information Risk Assessment
- External Audit Annual Planning and Audit Completion Report.

197. There has been focus on the spending review, risk management processes and the effectiveness of internal and external audit. The Committee invited two members of the Executive Board to attend the Audit Committee in order to provide a formal update on their spending review plans. The updates were positively received and enabled the Committee to gain an increased understanding of the savings, the associated risks and how plans are being controlled.

198. The Committee has reviewed the value and performance of our inspection service provider contracts and the overall management of the national complaints function. The Committee has also been actively involved in endorsing the outcome of a procurement exercise to identify a provider of internal audit services for a period of three years.

199. In March 2013, the Committee undertook a workshop facilitated by External Audit to evaluate whether the Audit Committee is able to operate effectively, independently and provide robust challenge to Ofsted over its activities and areas of risk. Overall the evaluation demonstrated that the Committee was operating effectively and identified some examples of best practice that will be adopted.

The Chair's Committee

200. The Chair's Committee is responsible for the performance framework; annual assessment of HMCI; the framework for evaluating Board performance; and Board learning and development. In addition, it offers advice to the Secretary of State for Education on the appointment of Board members.

Declaration of interest

201. Ofsted maintains a register of interests to ensure that potential conflicts of interests can be identified. Ofsted Board members and members of its sub-committees are required to declare any potential conflicts of interests on appointment and on an annual basis. The Register of interests is open to the public. (Written requests for information should be addressed to Ofsted's Corporate Governance Team.)
202. Where potential conflicts of interests are identified, Board Members take no part in any discussions and are not involved in any decisions that relate to those interests.
203. During the period 2012-13, one Board member declared that they had been appointed to the Governing Body of a school and also had a new position as Managing Director.

Executive Boards

204. HMCI is supported by Executive Boards that help ensure that Ofsted has effective strategic and corporate management, including the leadership of the risk management process.
205. The high level governance structure has been kept under review throughout the financial year to ensure that it remains effective during this period of significant organisational change. In October 2012, the Executive Board was replaced with the Operations Executive Board to advise HMCI in decision making and support him in the strategic and operational management of Ofsted.
206. The Operations Executive Board approves all the following organisational plans, including the people strategy and workforce plan, annual learning and development plan, annual equalities statement and plan, communications strategy, accommodation strategy, environment policy, equality policy, and health and safety policy.
207. The Operations Executive Board regularly reviews the operational performance of Ofsted, including the Annual Corporate Plan and targets, Ofsted's Departmental plan, the annual budget, the medium term financial plan, The Annual Report and Accounts (including the Governance statement), all accounting and management control policies and practices, major contracts and investments, disposal and acquisition of major assets, the appointment of auditors, changes to staff terms and conditions, and the management and mitigation of risks.
208. Individual members of the Operations Executive Board have specific and clearly defined responsibilities, but act corporately and collectively to ensure the achievement of the priorities set out in the Strategic Plan and the objectives in Ofsted's Corporate Plan.
209. To reflect the move to the new regional structure from 1 January 2013, a new Inspection and Improvement Forum (IIF) was created to ensure that inspection drives improvement. IIF is an advisory forum supporting decisions of HMCI, the Directors and Regional Directors. It is supported by high level, high quality data and analysis that will enable regional and remit comparisons to be made.
210. Since its formation, IIF has met in a number of regions, including North East Yorkshire and Humber, the South East, and East of England. On each occasion, the forum considered the

inspection and improvement performance in that particular region across all of Ofsted's remits.

Advisory Committees of the Board

211. The formal governance structure of Ofsted is supported by a number of other groups that contribute to the formulation, steering and dissemination of policy and ensure the general consistency and quality of Ofsted's work. A full list of these groups is provided in Appendix B.

Effectiveness of the Corporate Governance Framework

212. In 2012-13, Ofsted Board members considered the performance of the Board against the standards set out in the [Corporate Governance Code](#). This evaluation used the framework agreed by the Chair's Committee, covering five main areas: Board role, Board mechanics, Board capability, Board dynamics and Board engagement. The evaluation demonstrated that the Ofsted Board was working effectively and there were no departures from the code.

213. In 2012-13 the Ofsted Board reviewed Ofsted's Corporate Governance Framework. The revised document was signed off by the Ofsted Board on 11 December 2012 and was published on the Ofsted website in January 2013.

214. In 2012-13, Ofsted's internal auditors reviewed the design and effectiveness of Ofsted's Corporate Governance Framework controls and procedures to provide independent assurance to the Ofsted Accounting Officer.

215. Based on a review of the appropriateness and effectiveness of governance structures, a comparison of roles and responsibilities against good practice and a review of formal roles, responsibilities and accountabilities full assurance was provided.

The assessment of risk

216. A function of Ofsted's governance structure is to ensure the effective management of risk. The Audit Committee supports the Ofsted Board in reviewing the comprehensiveness, reliability and integrity of Ofsted's internal controls and risk management processes.

217. The environment in which Ofsted operates is constantly evolving. These changes require Ofsted to manage its risks carefully to ensure that excellence in the care of children and young people and in education and skills for learners of all ages continues to be achieved.

218. To strengthen the support of Ofsted's governance, a new strategic risk register was developed in 2012-13 to identify, monitor and help mitigate threats to Ofsted's long-term strategic objectives. The strategic risk register provides a summary of the highest level risks in the organisation, and the mitigating actions in place or planned to reduce the risk.

219. The careful monitoring of strategic risks has strengthened Ofsted's governance during a significant period of change to both Ofsted's priorities and operational structure. The strategic risk register has enhanced the Ofsted Board's involvement through review, and has heightened awareness of the potential threats to Ofsted in meeting its objectives.

220. It is reviewed quarterly at Operations Executive Board and Audit Committee, and bi-annually by the Ofsted Board. Ofsted continues to manage operational risks at a directorate, regional, divisional, project and team level.
221. The most significant operational risks to Ofsted are reported to the Operations Executive Board each month. This report includes a summary of the controls in place to reduce Ofsted's exposure to each risk.
222. In August 2012, Ofsted's operational risk management arrangements were reviewed by Internal Audit. The audit provided independent assurance to HMCI, as Accounting Officer, that Ofsted has adequate, effective procedures and controls in place to support the management of operational risks.
223. Following the audit and the introduction of Ofsted's new regional structure in January 2013, Ofsted's risk management process was reviewed and certain areas were further strengthened to ensure that Ofsted's risk management process remained robust and continued to support the governance of Ofsted.

Information risk

224. Ofsted's staff and contractors have privileged access to sensitive data and information. This is to support our inspection and regulation work in the care of children and young people and in education and skills for learners of all ages. Ofsted has a duty to respect this privileged access and to ensure that all personal information it holds is appropriately safeguarded.
225. Policies have been implemented to ensure that information is managed and safeguarded within our documented risk appetite. We are actively working on developing our information risk and incident management capabilities. All Ofsted staff and contractors are made aware of these requirements, which are reinforced through mandatory information security training and will be further integrated within our contractual arrangements.
226. We have a governance structure incorporating a Senior Information Risk Owner (SIRO) sitting on Ofsted's Operations Executive Board, who is supported by a specialist team and a network of Information Asset Owners. Ofsted is continuously reviewing the effectiveness of these arrangements and has implemented changes to improve them this year.
227. Internal audit reviewed Ofsted's arrangements for information risk management in February 2013 and provided substantial assurance overall on these matters. Ofsted will strengthen its digital continuity arrangements, particularly as some of its information approaches readiness for permanent preservation.
228. Incidents, the disclosure of which would in themselves create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.
229. No data losses were formally reported by Ofsted to the Information Commissioner's Office in 2012-13.

230. Most of the personal data incidents recorded in this period are unauthorised disclosures. This was information released in error - electronically, through post, on paper and in conversations.
231. A summary of protected personal data incidents in 2012-13 is provided in Appendix C.

Effectiveness of the internal control framework

232. HMCI as Accounting Officer is required to formally review the effectiveness of Ofsted's system of internal control on an annual basis. This review is informed by the work of internal and external auditors, the Audit Committee, the Corporate Leadership Team, who have responsibility for the development and maintenance of the internal control framework, and comments and recommendations made by the Education Select Committee.
233. In September 2012, an assurance review was undertaken by members of the Audit Committee to support production of an interim governance statement. This provided an opportunity to formally assess the effectiveness of Ofsted's governance arrangements in light of the risks and opportunities the organisation is currently facing. This review included production of an assurance map (see Appendix D) to provide a clearer understanding of Ofsted's assurance framework. In 2013-14, work will be undertaken with the internal auditors to further develop the assurance map.

Internal audit

234. Ofsted's governance arrangements and risk management processes are supported by an internal audit function. All work undertaken meets the requirements defined in the Government Internal Audit Standards.¹
235. An audit programme for 2012-13 was developed based on an assessment on an annual basis, which focuses on Ofsted's major risks and is developed in consultation with both the Executive Board and Audit Committee. On this basis, 17 internal reviews of processes or systems were undertaken.
236. All audit reports include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of Ofsted's system of internal control together with any recommendations for improvement. A 'full' assurance opinion was given in respect of the Corporate Governance audit and the Spending Review audit; this demonstrated that, within the scope of these review sound risk management, governance arrangements and control systems were established and found to be operating effectively. While there were areas for improvement identified in the other audits, no major controls failures or unmanaged risks were raised.
237. Progress against plans to strengthen these control weaknesses are tracked and reported to the Operations Executive Board and Audit Committee on a regular basis. Internal Audit also undertakes an independent review at the end of the financial year to ensure recommendations are being adopted.

¹ Government Internal Audit Standard
http://www.hm-treasury.gov.uk/psr_governance_gia_guidance.htm.

238. The programme of work completed by Internal Audit has enabled the Head of Internal Audit to provide an annual, independent opinion on the adequacy and effectiveness of Ofsted's governance, risk and control arrangements. For 2012-13, the Head of Internal Audit stated that: 'in our opinion Ofsted has adequate and effective systems over governance, risk and control which provide reasonable assurance regarding the effective and efficient achievement of Ofsted's objectives, except for the following matter of significance.'
239. As a result of concerns raised by Ofsted management, Internal Audit completed a project to understand the design and operation of the current Compliance, Investigation and Enforcement (CIE) processes as part of a broader Ofsted Regulatory Issues and Improvement Project considering how Ofsted has handled complaints about schools, early years providers, and children's social care services historically and how it can improve the way it does so in the future. More specifically, the scope of work considered the processes and systems for:
- provider registration where a cause for concern is noted
 - recording, categorising and following up on concerns and notifications received
 - undertaking pre-registration inspections (PRIs) and complaint-driven inspections (CDIs)
 - quality assurance of PRIs and CDIs
 - reporting of PRIs and CDIs.
240. The project was limited to understanding the process for managing individual cases from receipt through to conclusion. The work did not include consideration of the reasonableness of judgements and decisions made for each case reviewed or the competency of the individuals involved in the processes.
241. As a result of this project, a significant number of opportunities for improvement, some of which required urgent attention, were identified. While individually the observations may not have been significant, when taken collectively they gave significant cause for concern.
242. In response to the audit findings and the broader Regulatory Issues and Improvement Project, Ofsted management have consolidated actions from all project work streams and developed detailed management action plans with a nominated member of management responsible for each of the key actions. Implementation of the agreed actions is being tracked.

Audit Committee

243. On an annual basis the Audit Committee provides an formal and independent assurance on the adequacy of the risk management framework and the associated control environment to HMCI as Accounting Officer. Informally, a regular dialogue is maintained between the Chair of the Audit Committee and HMCI. The Audit Committee Chair provides a synopsis of the work of the Audit Committee to the Ofsted Board at each meeting.

244. The Audit Committee provides advice on the implications of internal audit reviews and monitors progress against the plan to tackle identified weaknesses to ensure that there is a continuous improvement of the system of internal control.

Certificates of Assurance

245. Each director and divisional manager has been required to complete a mid-year and end-of-year review of the controls that they have in place to manage risks and report by way of completion of an Internal Control Checklist and written assurance to the Accounting Officer that these controls are effective.

246. The assurance process was strengthened in 2012-13; Certificates of Assurance are now supported by an Internal Control Checklist that outlines all of the internal controls that each signatory should have in place. Significant deviations must be disclosed.

Capacity to handle risk and change

247. Changes have been made to introduce clearer lines of accountability and reduce layers of management and bureaucracy from January 2013. The senior management structure and the role of HMI has been revised and operational structures have been amended as a result of manager-led reviews that have been undertaken across Ofsted.

248. A revised Scheme of Delegated Authority was published in January 2013 and the Scheme of Financial Delegation was reviewed to ensure that there are clear lines of authority and to enable decisions to be taken at the lowest competent level.

249. A significant challenge facing Ofsted is to reduce our budget in accordance with the spending review targets announced in October 2010. We have developed robust plans to deliver the savings and implemented effective risk management and control systems. Manager-led reviews have been undertaken across Ofsted and have resulted in robust savings plans, with some of the savings already having been realised in 2012-13.

250. Ofsted's strategic approach to delivering the spending review targets is to remove process waste and duplication and drive efficiencies throughout the organisation and protect, as far as possible, core inspection and regulation activity. Financial controls have been reviewed and, where appropriate, strengthened through use of greater automation, including implementation of the procurement to pay system.

251. An internal audit review has been undertaken in 2012-13 to provide independent assurance to the Accounting Officer of the adequacy and effectiveness of the procedures and controls in place for Ofsted's spending review. The spending review audit was conducted in two phases: full assurance was provided for phase 1, which considered the governance and control implementation progress; phase 2 considered the progress of the spending review programme and the impact on the business as usual processes. A substantial audit opinion was provided with only two low priority recommendations.

252. A change programme was established to oversee the activities contributing to the spending review and to ensure a joined-up, strategic approach to managing change across the organisation. All change activities, including the restructuring and re-focusing of Ofsted's work, reported into the change programme, which was monitored and regularly

reviewed by an Inspection Reform Board specifically formed to monitor the programme, as well as by the Operations Executive Board.

253. The single programme allowed for the effective identification of dependencies, risks and issues across the scope of Ofsted's change activities and aided the senior management team in implementing mitigations to safeguard against any issues arising.
254. Ofsted's new contract with Logica for the provision of ICT services began on 1 April 2012, following a six-month transition period. There have been a number of issues in the delivery of the core elements of the ICT Transformation project to include Secure Remote Access (SRA) solution, the installation of a new contact centre and upgrading to Microsoft Lync. These were resolved through the deployment of a robust commercial approach that included the utilisation of Cabinet Office protocols. This has enabled a financial settlement to be reached that has resulted in minimising cost for SRA improvements and savings for services charges which have been abated for 2012-13 due to contract performance issues. Logica is now under new ownership by CGI and the teething problems arising from this in respect of their management processes and internal governance have also been resolved.
255. Following successful negotiations to vary inspection service provider (ISP) suppliers contracts, all changes have now been implemented, although some changes were delayed due to education and learning and skills suppliers requiring a time delay to facilitate workforce changes. There have been some further smaller changes to the contracts that have been of low value and impact. There are on-going performance issues against key performance indicators with early years ISPs. This is being managed through appropriate contract remedies and has been subject to separate reporting. Potential further contract change to accommodate revised policy and legislation in early childhood will need to be put in place through the remaining contract life and on-going risk assessment has and will be undertaken as the impact of the change becomes clearer.
256. I have considered the evidence that supports this Governance Statement and I am assured that Ofsted has strong governance, risk and internal control arrangements that support delivery of the Department's aims and objectives.

Sir Michael Wilshaw:

Date: 10 June 2013

Accounting Officer for the Office of Her Majesty's Chief Inspector of Education, Children's Services & Skills

Certificate and Report of the Comptroller and Audit General to the House of Commons

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 2013 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. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for 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.

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 2013 and shows that those totals have not been exceeded; and
- 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2013 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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 part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; 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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

Date 12 June 2013

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

Statement of Parliamentary Supply

Summary of resource and capital outturn 2012-13

Note	Estimate			Outturn			2012-13	2011-12
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Net total outturn compared with estimate saving / (excess)	Outturn
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit								
- Resource	171,421	-	171,421	157,753	-	157,753	13,668	171,573
- Capital	1,100	-	1,100	905	-	905	195	173
Annually Managed Expenditure								
- Resource	(71)	-	(71)	(755)	-	(755)	684	(6,218)
- Capital	-	-	-	-	-	-	-	-
Total Budget	172,450	-	172,450	157,903	-	157,903	14,547	165,528
Non-Budget								
- Resource	-	-	-	-	-	-	-	-
Total Resource	171,350	-	171,350	156,998	-	156,998	14,352	165,355
Total Capital	1,100	-	1,100	905	-	905	195	173
Total	172,450	-	172,450	157,903	-	157,903	14,547	165,528

Net Cash Requirement 2012-13

Note	2012-13		2012-13	2011-12
	Estimate Total	Outturn Total	Outturn compared with estimate saving / (excess)	Outturn Total
	£'000	£'000	£'000	£'000
Net Cash Requirement	171,463	165,806	5,657	168,608

Administration Costs 2012-13

Note	2012-13		2012-13	2011-12
	Estimate Total	Outturn Total	Outturn compared with estimate saving / (excess)	Total
	£'000	£'000	£'000	£'000
Administration Costs	22,674	16,427	6,247	18,075

The notes on pages 70 to 94 form part of these accounts.

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2013

		<u>2012-13</u>			<u>2011-12</u>
	Note	Staff Costs	Other Costs	Income	
		£'000	£'000	£'000	£'000
Administration costs					
Staff costs	6	10,222			10,757
Other administration costs	8		6,205		7,318
Operating Income	10			-	-
Programme expenditure					
Staff costs	6	68,637			67,886
Programme costs	9		86,025		92,793
Income	10			(14,091)	(13,399)
Totals		78,859	92,230	(14,091)	165,355
Net operating cost				156,998	165,355
Other comprehensive net expenditure					
Net (gain)/loss on:					
Actuarial revaluation of pension scheme				(6)	893
Total comprehensive expenditure				156,992	166,248

The notes on pages 70 to 94 form part of these accounts.

Statement of Financial Position

as at 31 March 2013

	Note	31 March 2013		31 March 2012	
		£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	11	102		158	
Intangible assets	12	1,746		1,267	
Total non-current assets			1,848		1,425
Current assets:					
Trade and other receivables	15	11,185		5,730	
Cash and cash equivalents	16	3,134		2,777	
Total current assets			14,319		8,507
Total assets			16,167		9,932
Current liabilities					
Trade and other payables	17	(23,966)		(25,325)	
Provisions	18	(5,815)		(5,456)	
Total current liabilities			(29,781)		(30,781)
Non-current assets less net current liabilities			(13,614)		(20,849)
Non-current liabilities					
Provisions	18	(5,910)		(7,024)	
Other payables	17	(108)		(75)	
Net retirement benefit schemes liability	26	(733)		(1,290)	
Total non-current liabilities			(6,751)		(8,389)
Assets less liabilities			(20,365)		(29,238)
Financed by:					
Taxpayers' equity					
General fund			(18,263)		(27,130)
Pension reserve			(2,102)		(2,108)
Total taxpayers' equity			(20,365)		(29,238)

Sir Michael Wilshaw
Accounting Officer for the
Office for Standards in Education, Children's Services and Skills

10 June 2013

The notes on pages 70 to 94 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2013

	2012-13	2011-12
Note	<u>£'000</u>	<u>£'000</u>
Cash flows from operating activities		
Net operating cost	156,998	165,355
Adjustment for non-cash transactions		
IAS 19 Pension Liability - staff costs	9.1 (4,514)	(1,984)
(Decrease)/Increase in trade and other receivables	551	72
(Increase)/Decrease in trade payables	5,455	(318)
<u>less: movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</u>	1,326	(4,417)
Use of provisions	18 370	2,455
Net cash outflow from operating activities	164,901	168,520
Cash flows from investing activities		
Purchase of property, plant and equipment	11 17	-
Purchase of intangible assets	839	18
Proceeds of disposal of property, plant and equipment	-	-
Net cash outflow from investing activities	856	18
Cash flows from financing activities		
Advances from the Contingency Fund	-	-
Repayments to the Contingency Fund	-	-
From the Consolidated Fund (Supply) - current year	166,163	170,916
From the Consolidated Fund (Supply) - prior year	-	-
Capital element of payment in respect of finance lease	(49)	(70)
Net Financing	166,114	170,846
Net increase/ (decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund	357	2,308
Payments of amounts due to the Consolidated Fund	-	-
Net increase/ (decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund	357	2,308
Cash and cash equivalents at the beginning of the period	16 2,777	469
Cash and cash equivalents at the end of the period	16 3,134	2,777

The notes on pages 70 to 94 form part of these accounts.

Statement of Changes in Taxpayer's Equity

for the year ended 31 March 2013

		2012-13		
	Note	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2011		(30,399)	(1,215)	(31,614)
Net Parliamentary Funding - drawdown		170,916	-	170,916
Net Parliamentary Funding - deemed		468	-	468
Supply (payable)/receivable adjustment		(2,775)	-	(2,775)
Comprehensive Expenditure for the year		(165,355)	-	(165,355)
Non-cash adjustments:				
Non-cash charges - auditors remuneration	8	78	-	78
Finance lease recognition value adjustment		(63)	-	(63)
Movement in reserves:				
Net actuarial gain/(loss) in pension schemes	26		(893)	(893)
Balance at 31 March 2012		(27,130)	(2,108)	(29,238)
Net Parliamentary Funding - drawdown		166,163	-	166,163
Net Parliamentary Funding - deemed		2,775	-	2,775
Supply (payable)/receivable adjustment		(3,134)	-	(3,134)
Comprehensive Expenditure for the year		(156,998)	-	(156,998)
Non-cash adjustments:				
Non-cash charges - auditors remuneration	8	72	-	72
Finance lease recognition value adjustment		(11)	-	(11)
Movement in reserves:				
Net actuarial gain/(loss) in pension schemes	26	-	6	6
Balance at 31 March 2013		(18,263)	(2,102)	(20,365)

The notes on pages 70 to 94 form part of these accounts.

Notes to the Ofsted Resource accounts

1 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (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.

In addition to the primary statements prepared under IFRS, the FReM also requires Ofsted to prepare one additional primary statement (The Statement of Parliamentary Supply). The Statement of Parliamentary Supply 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, 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 2012-13 FReM. Intangible assets are held at cost less accumulated amortisation and any impairment losses. Ofsted has a small asset base. A minor revaluation adjustment has been made in the preparation of these accounts, it reflects a small change in a cost assumption.

Plant, equipment and purchased software licenses 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. Individual items are not grouped.

The Regulatory Support Application (RSA) element of the Ofsted contract for outsourced IS services is capitalised as a Finance Lease at the net present value of the minimum lease payments using the HM Treasury's discount rate of 3.5% with any enhancements capitalised as separate additions in the year the asset is enhanced. These assets are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. During the financial year the expected useful life of this asset was extended by a further two years until 2015-16 when it is expected that a replacement system will be sourced.

1.3 Depreciation and Amortisation

Depreciation is provided on all tangible non current assets on a straight line basis to write off costs (less any estimated residual value) evenly over the asset's anticipated life. A full year depreciation charge is made in the year of acquisition.

Amortisation is provided on all intangible non current assets on a straight line basis to write off costs evenly over the asset's anticipated life. A full year amortisation charge is made in the year of acquisition.

Asset lives are in the following ranges:

- Information Technology - 3 to 5 years
- Furniture and Fittings - 4 to 15 years
- Purchased Computer Software - 5 years
- Finance Lease (RSA) - 11 years from the inception of the lease. Enhancements are depreciated over the remaining life of the lease

1.4 Operating and Other Income

Operating and other income relates to charges levied by Ofsted on its directly provided services. It comprises mainly of fees for registration and inspection of privately and publicly funded provisions. Although there are moves towards recovering full cost, the charges to the majority of providers do not currently represent Ofsted's full costs. Ofsted's income includes income appropriated-in-aid of the Estimate, which in accordance with the FReM should be treated as operating income.

Income has been adjusted for deferred income relating to invoices sent out before the year end but which relate to registration renewals for the new financial year in the case of both Childcare and Social Care. Due to a change in the regulations relating to independent school inspections during the period 1 September 2008 to 31 August 2009, the fee charged after the first inspection of the cycle covered both inspections during the 6 year cycle and is collectable in equal instalments annually over the cycle. The debt is included within Trade Receivables, analysed to reflect the date when it is due and subject to specific bad debt provision in recognition of the extended collection period. The income relating to the first inspection is recognised when the inspection takes place. The balance has been deferred and will be recognised in future years. From 1 September 2009, schools which have not been billed under the previous arrangements are being billed one sixth of the fee for the 2 inspections in the 6 year cycle each year. This is recognised as income when billed as it approximates to the value of inspections completed in the year.

1.5 Administration and Programme Expenditure

The Statement of Net Comprehensive Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or programme follows the definition of administration costs set out in FReM 11.3.3 by HM Treasury.

Administration costs reflect the costs incurred in running Ofsted. These include administrative costs net of associated operating income.

Programme costs reflect the cost of activities engaged in delivering inspections or in direct support of inspections to achieve Ofsted's operational aims. It includes certain staff costs and the costs for the provision of IS equipment and services for Ofsted together with the majority of depreciation.

1.6 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. Ofsted recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Ofsted has a small number of employees who are members of local authority pension schemes. The pension schemes are accounted for as defined benefit schemes and are independent of Ofsted. Contributions are paid to these schemes in accordance with the recommendations of independent actuaries to enable the administering bodies to meet, from the schemes, the benefits accruing in respect of current and future service. Pension assets are measured on a bid value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return of a high quality corporate bond of equivalent term and currency to the liability. The present value of liabilities of Ofsted's defined benefit pension schemes expected to arise from employee service in the period is reflected in the operating deficit. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in staff costs.

The pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the statement of financial position.

During the financial year it was identified that Ofsted had been paying employer contributions to one of the local authority pension schemes at a lower rate than that recommended by the independent actuary. Ofsted has addressed this by increasing the employer contribution rate to the current level recommended, and by making a payment to the scheme in line with the estimated historic underfunding.

1.7 Leases

All leases are accounted for under IAS17, Leases. Classification is made at the inception of the relevant lease.

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

Ofsted reviews all existing contractual arrangements under International Accounting Standards Interpretations IFRIC4, Determining Whether an Arrangement Contains a Lease, to determine whether individual contracts are a lease in substance but not in legal form. Except for the Regulatory Support Application (RSA) element of the Ofsted contract for outsourced IS services, no contractual agreements inspected contained elements indicating that they were leases. The RSA element of the aforementioned contract has been classified as a finance lease as a result of this review. The 11 year contract gives Ofsted a perpetual and irrevocable license to use RSA.

Ofsted has capitalised the present value of the minimum lease payments of RSA as the non current asset and this is the amount also recorded as the liability. The asset is depreciated over the shorter of the period of the lease and the useful life of the asset. The lease accrues interest, with rental payments representing partly the repayment of the capital element of the lease and partly the finance charge on the lease.

1.8 Value Added Tax

Most of the activities of Ofsted are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Income and Expenditure is otherwise shown net of recoverable VAT.

1.9 Provisions

Provisions are recognised in accordance with IAS37, 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 statement of financial position date.

1.10 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised as liabilities or assets in the statement of financial position of Ofsted.

A contingent liability is disclosed in the notes of Ofsted's resource accounts when the possibility of an outflow of economic benefit to settle the obligation is more than remote. A contingent asset is disclosed in the notes of Ofsted's resource accounts when an inflow of economic benefit is probable.

In addition to contingent liabilities disclosed in accordance with IAS37, 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 Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to Parliament.

1.11 Financial Instruments

Ofsted holds the following financial assets and liabilities:

- 1) Assets
 - Cash and cash equivalents
 - Trade Receivables - current
 - Trade Receivables - non-current
- 2) Liabilities
 - Trade and other payables - current
 - Other payables > 1 year - non-current
 - Provisions arising from contractual arrangements - non-current

Financial Assets and Liabilities are accounted for under IAS32, Financial Instruments: Presentation, IAS39, Financial Instruments: Recognition and Measurement and IFRS7, Financial Instruments: Disclosure.

Financial Assets

Ofsted does not currently have any financial assets that need to be classified as available-for-sale or financial assets at fair value through profit or loss, neither does it have cash equivalents or derivative Financial Instruments. Ofsted's financial assets include trade and other receivables and cash.

The subsequent measurement of financial assets depends on their classification, as follows:

Trade and other receivables

Trade and other receivables have fixed or determinable payments that are not quoted in an active market. They do not carry any interest and are initially recognised at their face value. If time value of money is of significance, they are then carried at their amortised cost using effective interest method. Appropriate allowances (provisions/write offs) for estimated irrecoverable amounts (bad debts) are recognised in the statement of comprehensive net expenditure when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future recoverable amount. The carrying amount of the asset is reduced, with the amount of the loss recognised in the statement of comprehensive net expenditure.

Cash and cash equivalents

Cash balances are measured as the amounts received in Ofsted's bank account. Ofsted does not currently have cash equivalents.

Cash balances are recorded at current values. Account balances are set-off only where there is a formal agreement with the bank to do so. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest Receivable' and 'Interest Payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate. All other financial instruments are held for the sole purpose of managing the cash flow of Ofsted on a day to day basis or arise from the operating activities of Ofsted.

Financial Liabilities

Financial liabilities are classified where appropriate as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost (face value less any discounts). Financial liabilities include trade and other payables, accruals and derivative Financial Instruments. Ofsted does not currently have financial liabilities classified as fair value through profit or loss, neither does it have derivative Financial Instruments. Ofsted determines the classification of its financial liabilities at initial recognition. Ofsted's financial liabilities include trade and other payables.

The measurement of financial liabilities depends on their classification, as follows:

Trade and other payables

Trade and other payables including accruals are generally not interest bearing and are stated at their fair value on initial recognition. Subsequently, they are measured at amortised cost using the effective interest method if time value of money is of significance.

1.12 Estimation techniques used and changes in accounting estimates

Ofsted has estimated the liability it currently has in relation to potential payments to staff for untaken annual leave. A sample of 50% of employees was taken and the results gained were extrapolated to produce an estimated figure for the whole workforce.

Ofsted also applies estimation techniques in the calculation of provisions, details of which are in note 18 Provisions.

Ofsted also applies estimation techniques when determining levels of Administration and Programme expenditure. Where costs cannot be wholly attributed to either Administration or Programme, Ofsted attempts to find a reasonable basis to apportion the costs. During 2012-13 Ofsted refined the basis on which it apportions costs between Admin and Programme, this resulted in a small number of changes to the basis used in the prior year. Ofsted has not re-stated the prior year figures as the resulting change would not have been material.

1.13 Segmental Reporting

In line with HM Treasury guidance Ofsted has applied IFRS8 in full.

Ofsted's operating segments have been identified on the basis of internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. Ofsted has four reportable segments:

- Inspection
- Inspection Support
- Corporate Services
- Central Costs

During 2012-13 Ofsted has changed the basis for identifying operating segments. The new basis is aligned with internal reporting to ensure greater consistency with IFRS8.

1.14 Accounting Standards in issue but not yet effective

Ofsted has considered the impact of any new Accounting Standards that have been issued but that are not yet effective. Ofsted has not applied the following Accounting Standards, which are not yet effective, but will be applicable:

- IFRS9, Financial Instruments (effective date 1 January 2013)
- IAS19, Post Employment Benefits (effective date 1 January 2013)
- IFRS13, Fair Value Measurement (effective date 1 January 2013)

Under IFRS9, financial assets should be classified on the basis of the entity's business model for their management, and their contractual cash flow characteristics. They should be measured at fair value, and subsequently at either fair value or amortised cost. IFRS9 simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS39, and resulting in one impairment method.

Under IAS19, an entity will no longer have the option to defer the recognition of gains and losses resulting from defined benefit plans (the 'corridor approach'). Ofsted follows the guidance in the FReM which does not permit the use of the 'corridor approach'. Adjustments will also be made to presentation and disclosure requirements to better show the characteristics of defined benefit plans and the risks arising from those plans.

Under IFRS13, fair value measurement for all relevant balances and transactions covered by IFRS will be standardised in terms of measurement techniques and disclosures. The application of IFRS13 is subject to further review by HM Treasury and the other Ofsted will plan to apply the above Accounting Standards during the financial year in which they become effective.

The impact that the initial application of the above IFRSs has been assessed and is not considered to have a significant impact on the financial statements.

2 Net Outturn

2.1 Analysis of net resource outturn by section

	Administration			Programme			Outturn	2012-13 Estimate	2011-12	
	Gross	Income	Net	Gross	Income	Net	Total	Net Total Estimate	Outturn	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Spending in Departmental Expenditure Limit:										
Voted	16,698	-	16,698	155,145	(14,090)	141,055	157,753	171,421	13,668	171,573
Non-voted	-	-	-	-	-	-	-	-	-	-
Annually Managed Expenditure:										
Voted	(271)	-	(271)	(484)	-	(484)	(755)	(71)	684	(6,218)
Non-voted	-	-	-	-	-	-	-	-	-	-
Non-budget	-	-	-	-	-	-	-	-	-	-
Total	16,427	-	16,427	154,661	(14,090)	140,571	156,998	171,350	14,352	165,355

2.2 Analysis of net capital outturn by section

	Outturn			2012-13 Estimate	2011-12
	Gross	Income	Net	Net Total Estimate	Outturn
	£'000	£'000	£'000	£'000	£'000
Spending in Departmental Expenditure Limit:					
Voted	905	-	905	1,100	195
Non-voted	-	-	-	-	-
Annually Managed Expenditure:					
Voted	-	-	-	-	-
Non-voted	-	-	-	-	-
Non-budget	-	-	-	-	-
Total	905	-	905	1,100	195

3 Reconciliation of outturn to net operating cost and against Administration Budget**3.1 Reconciliation of net resource outturn to net operating cost**

	Note	2012-13	2011-12
		<u>£000</u>	<u>Outturn</u>
			<u>£000</u>
Net Resource Outturn	2	156,998	165,355
Net Operating Cost in Statement of Comprehensive Net Expenditure		156,998	165,355

3.2 Reconciliation of net resource and capital outturn to net operating cost

	2012-13	2011-12
	<u>£000</u>	<u>Outturn</u>
		<u>£000</u>
Net resource and capital outturn from the Statement of Parliamentary Supply	157,903	165,528
Less capital outturn not included in net operating cost	(905)	(173)
	<u>156,998</u>	<u>165,355</u>
Net operating cost from the Statement of Comprehensive Net Expenditure	<u>156,998</u>	<u>165,355</u>

3.3 Outturn against final Administration Budget

	Note	2012-13	2011-12
		<u>£000</u>	<u>£000</u>
Estimate - Administration costs limit		<u>22,674</u>	<u>22,753</u>
Outturn - Gross Administration costs		16,427	18,075
Outturn - Gross income relating to Administration costs	10	-	-
Outturn - Net Administration costs		<u>16,427</u>	<u>18,075</u>

4. Reconciliation of Net Resource Outturn to Net Cash Requirement

		Estimate	Outturn	2012-13
	Note	£000	£000	Net total outturn compared with Estimate saving/ (excess) £000
Resource Outturn	2.1	171,350	156,998	14,352
Capital Outturn	2.2	1,100	905	195
Accruals to cash adjustments:		(987)	7,903	(8,890)
<i>Of which:</i>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(4,213)	(474)	(3,739)
New provisions and adjustments to previous provisions		(3,643)	(3,960)	317
Other non-cash items		(78)	841	(919)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in debtors		3,233	5,455	(2,222)
Increase/(decrease) in creditors		-	1,326	(1,326)
Use of provisions		3,714	4,715	(1,001)
Net cash requirement		171,463	165,806	5,657

5 Operating Segments

	2012-13				
	Inspection	Inspection Support	Corporate Services	Central Costs	Total
	£000	£000	£000	£000	£000
Expenditure	100,816	36,975	25,442	7,856	171,089
Income	(14,070)	-	(21)	-	(14,091)
Net Expenditure	86,746	36,975	25,421	7,856	156,998

*Re-stated 2011-12

	Inspection	Inspection Support	Corporate Services	Central Costs	Total
	£000	£000	£000	£000	£000
	Expenditure	104,277	43,047	30,265	1,165
Income	(13,399)	-	-	-	(13,399)
Net Expenditure	90,878	43,047	30,265	1,165	165,355

Factors used to identify the reportable segments

Ofsted determined the reportable segments by establishing that the chief operating decision making body in the organisation is the Executive Board (EB) in conjunction with HMCI. The operating results of the segments described below are reviewed regularly by EB and HMCI to make decisions about resources to be allocated to the segment, and assess its performance.

Description of Segments**Inspection**

The cost of inspection and regulation to achieve excellence in the care of children and young people, and in education and skills for learners of all ages, thereby raising standards and improving lives.

Inspection Support

The cost of direct support of inspection and regulation.

Corporate Services

The cost of indirect support for inspection and inspection support through professional and corporate administration.

Central Costs

The cost of corporately administered and controlled expenditure and projects.

* The 2011-12 figures have been re-stated to provide comparative figures as Ofsted has changed the basis for identifying operating segments in 2012-13 to ensure greater consistency with IFRS 8.

6 Staff numbers and related costs

Staff costs comprise:	2012-13			2011-12
	Total £000	Permanently employed staff £000	Others £000	Total £000
Wages and salaries	59,010	55,975	3,035	61,213
Social security costs	5,416	5,366	50	5,620
Other pension costs	11,156	11,047	109	11,782
Sub Total	75,582	72,388	3,194	78,615
Restructuring costs	3,277	3,277	-	28
Total Net Costs*	78,859	75,665	3,194	78,643

* No salary costs have been capitalised.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Ofsted is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk/pensions).

For 2012-13, employer's contributions of £10,957,477 (2011-12 - £11,501,432) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, or a stakeholder pension with an employer contribution. Employer's contributions of £24,919 (2011-12 - £24,853) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. In addition, employer contributions of £5,098 (2011-12 - £5,922) 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the statement of financial position date were £nil (2011-12 - £nil). There were no contributions prepaid at that date.

For 2012-13 employer's contributions of £12,660 (2011-12 - £26,333) were payable to the Local Government Pension Scheme (LGPS), Ofsted also made a payment of £500,000 to address its historic underfunding of the LGPS and reduce its share of the scheme deficit. Also, for 2012-13 employer's contributions of £nil (2011-12 - £1,615) were payable to the National Health Service Pension Scheme (NHSPS). There were also payments of £27,132 (2011-12 - £30,825) for other pension schemes for seconded staff. See Note 26 for further pension disclosure.

There were no ill health retirements during the year funded by Ofsted.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	2012-13			2011-12
	Total No.	Permanently employed staff No.	Others No.	Total No.
Total	1,285	1,273	12	1,410

7 Reporting of Civil Service and other compensation scheme - exit packages

Exit package cost band	2012-13		2011-12	
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	8	8	1
£10,000 - £25,000	-	59	59	-
£25,000 - £50,000	-	40	40	-
£50,000 - £100,000	-	25	25	-
£100,000 - £150,000	-	7	7	-
£150,000 - £200,000	-	-	-	-
£200,000 +	-	-	-	-
Total number of exit packages	-	139	139	1
Total resource cost £000	-	4,733	4,733	9

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, 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.

8 Other Administration Costs

	note	2012-13 £000	2011-12 £000
Rentals under operating leases		917	1,475
Non-cash items:			
Depreciation	11	13	18
Amortisation	12	72	97
Loss on revaluation of non-current assets	12	1	-
Auditor's remuneration		72	78
Other expenditure:			
Accommodation costs		584	1,127
Travel Costs		439	423
Training Costs		499	362
Telephone Costs		37	32
Printing, postage & stationery		272	354
IS Costs		311	533
Employee Related Costs		155	509
Legal		333	384
Managed Services		1,933	1,393
Equipment - non capital		61	272
Provision for doubtful debts		(4)	-
Net bad debt (write-back)/ write-off		-	-
Other Expenditure		510	261
Total		6,205	7,318

During 2012-13 Ofsted refined the basis on which it apportions costs between Admin and Programme, this resulted in a small number of changes to the basis used in the prior year. Ofsted has not re-stated the prior year figures as the resulting change would not have been material.

9 Programme Costs

	note	2012-13 £000	2011-12 £000
Rentals under operating leases		2,338	2,646
Non-cash items:			
Depreciation	11	60	100
Amortisation	12	329	552
Loss on revaluation of non-current assets	12	7	-
Provision provided/(written back) in year	18	3,876	935
Borrowing Costs (unwinding of discount on provisions)	18	84	204
Other expenditure:			
Accommodation costs		1,843	2,011
Inspection costs		58,666	63,635
Travel Costs		5,605	5,707
Training Costs		1,077	643
Telephone Costs		356	402
Printing, postage & stationery		980	1,103
IS Costs		532	1,677
Employee Related Costs		838	594
Legal		-	91
Managed Services		8,943	11,344
Equipment - non capital		270	1,083
Provision for doubtful debts		97	2
Net bad debt (write-back)/ write-off		20	28
Other Expenditure		104	36
Total		86,025	92,793

9.1 Total Non-Cash Transactions

The non-cash transactions included in the cash flows from operating activities (Statement of Cash Flows) comprises:

	Note	2012-13 £'000	2011-12 £'000
Non cash staff costs	6	-	-
Other Administration Costs (non cash items)	8	158	193
Programme Costs (non cash items)	9	4,356	1,791
		4,514	1,984

During 2012-13 Ofsted refined the basis on which it apportions costs between Admin and Programme, this resulted in a small number of changes to the basis used in the prior year. Ofsted has not re-stated the prior year figures as the resulting change would not have been material.

11 Property, plant and equipment

2012-13

	Information Technology	Furniture & Fittings	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2012	1,445	237	1,682
Additions	17	-	17
Disposals	-	-	-
Impairments	-	-	-
At 31 March 2013	1,462	237	1,699
Depreciation			
At 1 April 2012	1,358	166	1,524
Charged in year	52	21	73
Disposals	-	-	-
Impairments	-	-	-
At 31 March 2013	1,410	187	1,597
Carrying amount at 31 March 2013	52	50	102
Carrying amount at 1 April 2012	87	71	158
Asset financing:			
Owned	52	50	102
Finance leased	-	-	-
Carrying amount at 31 March 2013	52	50	102

2011-12

	Information Technology	Furniture & Fittings	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2011	1,516	351	1,867
Additions	-	-	-
Disposals	(71)	(114)	(185)
Impairments	-	-	-
At 31 March 2012	1,445	237	1,682
Amortisation			
At 1 April 2011	1,338	253	1,591
Charged in year	91	27	118
Disposals	(71)	(114)	(185)
Impairments	-	-	-
At 31 March 2012	1,358	166	1,524
Carrying amount at 31 March 2012	87	71	158
Carrying amount at 1 April 2011	178	98	276
Asset financing:			
Owned	87	71	158
Finance leased	-	-	-
Carrying amount at 31 March 2012	87	71	158

12 Intangible assets

Intangible assets comprise purchased software licences and the Regulatory Support Application (RSA) finance lease. There is also an asset under construction which relates to acquisition of software that will enable Ofsted customers to access services and complete transactions online. The asset is expected to be operational in 2013-14.

2012-13

	RSA Finance Lease	Software	Asset under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2012	18,146	800	-	18,946
Additions	135	-	753	888
Disposals	-	-	-	-
Revaluations	(8)	-	-	(8)
Impairments	-	-	-	-
At 31 March 2013	18,273	800	753	19,826
Amortisation				
At 1 April 2012	17,034	645	-	17,679
Charged in year	309	92	-	401
Disposals	-	-	-	-
Revaluations	-	-	-	-
Impairments	-	-	-	-
At 31 March 2013	17,343	737	-	18,080
Carrying amount at 31 March 2013	930	63	753	1,746
Carrying amount at 1 April 2012	1,112	155	-	1,267
Asset financing:				
Owned	-	63	753	816
Finance leased	930	-	-	930
Carrying amount at 31 March 2013	930	63	753	1,746

2011-12

	RSA Finance Lease	Software	Asset under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2011	17,991	782	-	18,773
Additions	155	18	-	173
Disposals	-	-	-	-
Revaluations	-	-	-	-
Impairments	-	-	-	-
At 31 March 2012	18,146	800	-	18,946
Amortisation				
At 1 April 2011	16,478	552	-	17,030
Charged in year	556	93	-	649
Disposals	-	-	-	-
Revaluations	-	-	-	-
Impairments	-	-	-	-
At 31 March 2012	17,034	645	-	17,679
Carrying amount at 31 March 2012	1,112	155	-	1,267
Carrying amount at 1 April 2011	1,513	230	-	1,743
Asset financing:				
Owned	-	155	-	155
Finance leased	1,112	-	-	1,112
Carrying amount at 31 March 2012	1,112	155	-	1,267

13 Financial Instruments

The majority of financial instruments relate to contracts for non-financial items in line with Ofsted's expected purchase and usage requirements and Ofsted is therefore exposed to little credit, liquidity or market risk.

Ofsted does not have any complex Financial Instruments, however, financial assets and financial liabilities are recognised on Ofsted's Statement of Financial Position when Ofsted becomes party to the contractual provisions of the instrument. Ofsted assesses whether, under IAS39, an embedded derivative is required to be separated from its host contract. Ofsted does not have any embedded derivatives.

Liquidity risk

The Department's net revenue resource requirements (as well as its capital expenditure) are financed by resources voted annually by Parliament. The Department is therefore not exposed to any significant liquidity risks, and as such 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.

Interest-rate risk

Interest rate risk is not significant as Ofsted has no borrowings or interest bearing deposits.

Foreign currency risk

All material assets and liabilities are denominated in sterling, so Ofsted is not exposed to currency risk.

Credit risk

Ofsted's exposure to credit risk is very low. Credit risk is the risk that a service user or counter party to a financial instrument will fail to pay amounts due causing financial loss, and arises principally from cash and outstanding debt. The Department has a credit (receivables) policy that ensures consistent processes are in place throughout the Department to measure and control credit risk. The following table summarises Ofsted's exposure to credit risk.

	<u>2012-13</u>	<u>2011-12</u>
	<u>£000</u>	<u>£000</u>
Trade receivables and other current assets		
Trade receivables	2,139	2,573
Deposits and advances	305	436
Other receivables	212	83
Prepayments and accrued income	8,792	2,485
VAT	-	336
Bad debt provision	(263)	(183)
	11,185	5,730
Overdue but not provided for yet in following periods:		
Not yet due	10,123	5,185
1-30 days	361	335
31-60 days	225	78
61-90 days	154	33
>91 days	322	99
	11,185	5,730
Overdue debt provided for in following periods:		
>120 days	(263)	(74)
Other Periods	-	(109)
	(263)	(183)
Movement in the bad debt provisioning:		
Opening balance	183	181
Charge for the year/(reduction in provision)	100	30
Utilised/(write offs)	(20)	(28)
At 31 March	263	183

14 Impairments

The total impairment charge for the year was nil (2011-12 - nil) charged directly to the statement of net comprehensive expenditure.

15 Trade receivables and other current assets

	<u>2012-13</u> <u>£000</u>	<u>2011-12</u> <u>£000</u>
Amounts falling due within one year:		
Trade receivables	1,824	2,224
Deposits and advances	172	271
Other receivables	212	83
Prepayments and accrued income	8,790	2,479
VAT	-	336
	<u>10,998</u>	<u>5,393</u>
Amounts falling due after more than one year:		
Trade receivables	63	198
Deposits and advances	122	133
Prepayments and accrued income	2	6
	<u>187</u>	<u>337</u>

15.1 Intra-Government balances

	<u>2012-13</u> <u>£000</u>	<u>2011-12</u> <u>£000</u>	<u>2012-13</u> <u>£000</u>	<u>2011-12</u> <u>£000</u>
	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
Balances with other central government bodies	88	503	-	-
Balances with local authorities	613	1,446	-	-
Subtotal: intra-government balances	701	1,949	-	-
Balances with bodies external to government	10,297	3,444	187	337
Total debtors	<u>10,998</u>	<u>5,393</u>	<u>187</u>	<u>337</u>

16 Cash & cash equivalents

	<u>2012-13</u> <u>£000</u>	<u>2011-12</u> <u>£000</u>
Balance at 1 April 2012	2,777	469
Net changes in cash and cash equivalent balances	357	2,308
Balance	<u>3,134</u>	<u>2,777</u>

	<u>2012-13</u> <u>£000</u>	<u>2011-12</u> <u>£000</u>
The following balances at 31 March were held at:		
Government Banking Service	3,134	2,775
Commercial banks and cash in hand	-	2
Balance	<u>3,134</u>	<u>2,777</u>

17 Trade payables and other current liabilities

	<u>2012-13</u>	<u>2011-12</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:		
Trade payables	183	430
Other payables	1,297	1,375
Other taxation and social security	1,570	1,703
Accruals and deferred income	16,483	18,969
Current part of finance lease	51	73
VAT payable*	1,248	-
Amounts issued from the Consolidated Fund supply but not spent at year end	3,134	2,775
	<u>23,966</u>	<u>25,325</u>
Amounts falling due after more than one year:		
Finance Leases	108	75
	<u>108</u>	<u>75</u>

17.1 Intra-Government balances

	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
	<u>Amounts falling due within</u>		<u>Amounts falling due</u>	
	<u>one year</u>		<u>after more than one year</u>	
Balances with other central government bodies	8,961	7,406	-	-
Balances with local authorities	8	3	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	<u>8,969</u>	<u>7,409</u>	<u>-</u>	<u>-</u>
Balances with bodies external to government	<u>14,997</u>	<u>17,916</u>	<u>108</u>	<u>75</u>
Total creditors	<u>23,966</u>	<u>25,325</u>	<u>108</u>	<u>75</u>

* The VAT payable results from a review of the VAT treatment of certain supplies by Ofsted. The amount payable includes the net VAT due to HMRC as a result of the review (£1,352k), an estimate of the penalty chargeable by HMRC (£109k) and the net VAT reclaim for March 2013 (-£213k).

18 Provisions for liabilities and charges

2012-13

	Early Departure Costs	Early Years Project	Property Dilapidation	Vacant Property Provision	Early Years Pensions Bulk Transfer	Other	Total	2011-12
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	8,651	150	602	2,449	496	132	12,480	18,698
Provided in the year	3,161	-	443	955	-	245	4,804	4,217
Provisions not required written back	(637)	-	(3)	(197)	-	(91)	(928)	(3,282)
Provisions utilised in the year	(3,812)	(150)	-	(716)	-	(37)	(4,715)	(7,357)
Borrowing costs (unwinding of discount)	111	-	-	(30)	-	3	84	204
Balance at period end	7,474	-	1,042	2,461	496	252	11,725	12,480

Analysis of expected timing of discounted flows:

	Early Departure Costs	Early Years Project	Property Dilapidation	Vacant Property Provision	Early Years Pensions Bulk Transfer	Other	Total
	£000	£000	£000	£000	£000	£000	£000
Not later than one year	3,876	-	350	980	496	113	5,815
Later than one year and not later than five years	2,986	-	674	1,481	-	25	5,166
Later than five years	612	-	18	-	-	114	744
Balance at 31 March 2013	7,474	-	1,042	2,461	496	252	11,725

18.1 Early Departure Costs

Ofsted meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS. When Ofsted has committed itself to a specific course of action it then provides, in full, for all early retirement costs by establishing a provision for the estimated payments discounted by the HM Treasury discount rate for valuing post employment benefits.

Early retirement costs come in the form of annual compensation payments (over the period between early departure and normal retirement date), lump sum compensation payments (to compensate for any impairment to retirement lump sums that have arisen due to retiring early) and in some cases annual enhancement compensation (payable for life). An individual's entitlement to these payments will depend upon the terms of the scheme at their point of departure. All costs in the provision are based upon estimates provided by MyCSP. Ofsted has used life expectancy data produced by the Office for National Statistics (ONS) to quantify its obligation for any annual enhancement compensation (payable for life).

£2,873k of the early departure costs provided in year relate to a new early exit scheme. Under the terms of this scheme Ofsted is only obligated to make a lump sum severance payment, no further compensatory payments will be due. All costs in this element of the provision are based on either quotations provided by the Cabinet Office, or where this is not available an average cost assumption is used.

18.2 Early Years Project

During 2009-10 Ofsted undertook an analysis of the workforce capacity in Early Years to determine how many inspectors were required to meet its inspection commitments. This provision represents known redundancy commitments arising from a restructure of Early Years to address the over-capacity in some parts of the country.

18.3 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. This payment will materialise at the end of the lease, but a charge is made in the accounts every year reflecting the annual wear and tear on the buildings.

18.4 Vacant Property Provision

Ofsted has two vacant properties as well as vacant office space within two occupied buildings. This is a result of past organisational changes and restructuring, in addition to current efforts to reduce Ofsted's accommodation requirements. Ofsted is actively seeking tenants for all vacant office space. The provision reflects future contractual costs of all vacant leased property net of likely rental incomes.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the rate for general provisions set by HM Treasury.

18.5 Early Years Outsourcing Pensions Bulk Transfer

Former employees who transferred (under TUPE) to an outsourced early years inspection provider have the option to transfer their civil service pension to a private scheme ran by the provider. Ofsted is obligated to meet any shortfall that arises between the value of the civil service pension transferred and the value of that pension in the provider's private scheme.

When calculating the probable cost of the pension shortfall, Ofsted has used the information gained from a previous transfer exercise and applied an average cost and take-up rate.

18.6 Other

This includes provisions for a small number of legal claims, personal injury claims and compromise agreements.

19 Capital commitments

There are no contracted capital commitments at 31 March 2013 (2012: £nil).

The RSA element of the Ofsted contract for outsourced IS services constitutes a finance lease. Ofsted are committed to £159k (2012:£nil) as the capital element of payment in respect of the aforementioned finance lease.

20 Commitments under leases**20.1 Operating leases**

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires for each of the following periods.

	<u>31/3/13</u>	<u>31/3/12</u>
	<u>£000</u>	<u>£000</u>
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	4,230	4,153
Later than one year and not later than five years	10,049	13,435
Later than five years	<u>3,687</u>	<u>7,835</u>
	<u>17,966</u>	<u>25,423</u>
Other:		
Not later than one year	-	452
Later than one year and not later than five years	-	87
Later than five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>539</u>

Significant operating lease arrangements include those for properties occupied by Ofsted staff as required to carry out their administrative duties.

20.2 Finance leases

Total future minimum lease payments under finance leases are given in the table below, analysed according to the period in which the lease expires.

	<u>31/3/13</u>	<u>31/3/12</u>
	<u>£000</u>	<u>£000</u>
Obligations under finance leases comprise:		
Buildings:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Less interest element	<u>-</u>	<u>-</u>
Other:		
Not later than one year	57	77
Later than one year and not later than five years	113	78
Later than five years	<u>-</u>	<u>-</u>
	<u>170</u>	<u>155</u>
Less interest element	<u>11</u>	<u>8</u>
Present Value of obligations	<u>159</u>	<u>147</u>

Finance lease arrangements relate specifically to the Regulatory Support Application (RSA) element of the Ofsted contract for outsourced IS services .

21 Other financial commitments

Ofsted has entered into a six year non-cancellable contract (which is not a lease or PFI contract), for the inspection of schools, College apprenticeships, adult skills, surveys and Initial Teacher Education. The Department has also entered into a non-cancellable contract (which is not a lease or PFI contract) for IS services.

Ofsted has entered into an agreement for the supply of regional inspection services in terms of Early Years childcare inspection work.

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

	<u>31/3/13</u>	<u>31/3/12</u>
	<u>£000</u>	<u>£000</u>
Not later than one year	67,964	64,537
Later than one year and not later than five years	102,323	159,576
Later than five years	-	-
	<u>170,287</u>	<u>224,113</u>

22 Contingent liabilities disclosed under IAS 37

Ofsted has the following contingent liabilities:

Contractual obligation for redundancy costs in relation to staff TUPE transfer

As part of the 2009-10 reorganisation Ofsted contracted out its Early Years inspection function to third party Inspection Service Providers (ISPs). A number of inspection and other staff were transferred over to the ISPs under TUPE arrangements. Ofsted agreed to fund any redundancies in relation to its former staff to a maximum limit of £4,652k until the end of the 2014-15 academic year. To date £3,721k has been recharged to Ofsted. A further potential liability of £931k remains.

Local Government Pension Scheme (LGPS) defined benefit schemes

Ofsted has a small number of staff who transferred to it in 2001 and 2007 but elected to remain in their existing LGPS. Ofsted is an admission body participating in each of the funds without a recognised guarantor for its pension liabilities, and so the responsibility for any deficit rests with Ofsted. At present Ofsted only has one contributing member in each of the two LGPS schemes (West Yorkshire Pension Fund and Teesside Pension Fund), and due to scheme rules the deficit becomes payable when Ofsted no longer has any contributing scheme members. Ofsted is aware of this risk and has taken steps to actively manage down its share of the deficit in both schemes. The current IAS19 value of the deficit is disclosed in Note 26.

There are also a small number of potential legal claims which are at an early stage and therefore cannot be quantified.

23 Losses and special payments**23 (a) Losses statement**

	2012-13		2011-12	
	No. of cases	£000	No. of cases	£000
Total fruitless payments and constructive losses	108	11	133	19

23 (b) Special payments

	2012-13		2011-12	
	No. of cases	£000	No. of cases	£000
Total special payments	2	33	4	52

24 Related-party transactions

Ofsted has a small number of transactions with the following other Government Departments, Central Government bodies and other public sector organisations during the year:

British Broadcasting Corporation
 Cabinet Office
 Criminal Records Bureau
 Department for Business, Innovation and Skills
 Department for Communities & Local Government
 Department for Education
 Department for Environment, Food and Rural Affairs
 Department for International Development
 Department for Work and Pensions
 East Of England Ambulance Trust
 Environment Agency
 Food Standards Agency
 Foreign and Commonwealth Office
 Government Actuary's Department
 Highways Agency
 HM Courts & Tribunals Service
 HM Revenue & Customs
 Homes & Communities Agency
 House of Commons
 House of Lords
 Local Authorities
 Medicines and Healthcare products Regulatory Agency
 Ministry of Defence
 Ministry of Justice
 National Audit Office
 National School Of Government
 Office of National Statistics
 Rail Accident Investigation Branch
 Treasury Solicitors Department
 Valuation Office Agency
 Vehicle & Operator Services Agency

None of the Board members, key managerial staff or other related parties has undertaken any material transactions with Ofsted during the year.

25 Third-party assets

Ofsted holds monies on behalf of a tenant as security for future rent commitments. These monies constitute a third party asset.

This is not a departmental asset and is not included in the accounts. The asset held at the 31st March 2013 to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.

	31-Mar 2012 £000	Gross £000	Gross outflows £000	31-Mar 2013 £000
Monetary assets such as bank balances and monies on deposit	210	-	-	210

26 Pension Arrangements - Local Government Pension Scheme defined benefit scheme disclosure

Ofsted has a small number of staff that contribute to a Local Government Pensions Scheme (LGPS). 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 Government.

Ofsted has a small number of staff who transferred to it in 2001 and 2007 but elected to remain in their existing local government pension schemes. Their accrued and future service is in the LGPS. The staff from 2007 remained in the Teesside LGPS Pension Fund and the staff from 2001 remained in the West Yorkshire LGPS Pension Fund. The level of contributions to both funded schemes is the amount needed to provide adequate funds to meet pension obligations as they fall due. As at 31 March 2013, contributions of £9k (2012 - £20k) and £510k (2012 - £16k) were made by Ofsted and the scheme participants to both Teesside and West Yorkshire LGPS pension funds respectively.

The obligation and cost of providing the pensions is assessed annually using the projected unit method. The date of the most recent actuarial review was 31 March 2010.

Where required to do so we have maintained a separation of the schemes in the disclosures.

A summary of disclosure information as per IAS19 Retirement Benefits is as follows:

i) The amount recognised in the Statement of Financial Position are as follows:

	Teesside Pension Fund			West Yorkshire Pension Fund		
	31-Mar-13	31-Mar-12	01-Apr-11	31-Mar-13	31-Mar-12	01-Apr-11
	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of Funded Obligation	2,163	2,104	1,876	4,717	4,410	3,960
Fair Value of Scheme Assets	1,631	1,506	1,591	4,516	3,718	3,776
Net Assets	(532)	(598)	-285	(201)	(692)	(184)
Present Value of Unfunded Obligation	-	0	-	-	-	-
Unrecognised Past Service Cost	-	0	-	-	-	-
Net Asset/(Liability) in Balance Sheet	(532)	(598)	-285	(201)	(692)	(184)
Bid Value of Scheme Assets	1,631	1,506	1,591	4,516	3,718	3,776

ii) The principal actuarial assumptions used as at the Statement of Financial Position date are:

	Teesside Pension Fund			West Yorkshire Pension Fund		
	31-Mar-13	31-Mar-12	01-Apr-11	31-Mar-13	31-Mar-12	01-Apr-11
	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.
Financial Assumptions as at						
RPI increases	3.40%	3.30%	3.50%	3.60%	3.50%	3.70%
CPI increases	2.50%	2.50%	2.70%	2.70%	2.50%	2.80%
Salary increases	4.40%	4.70%	5.00%	4.60%	5.00%	5.20%
Pension increases	2.50%	2.50%	2.70%	2.70%	2.50%	2.80%
Discount rate	4.40%	4.60%	5.50%	4.30%	4.70%	5.50%

Mortality Assumptions:-

The post retirement mortality tables adopted were the PA2 series projected to calendar year 2010 for current pensioners and 2017 for non-pensioners with a 90% scaling factor. The assumed life expectations from age 65 are:

	Teesside Pension Fund 31-Mar-13 Years	West Yorkshire Pension Fund 31-Mar-13 Years
<u>Retiring today</u>		
Males	19.2	22.1
Females	23.2	24.3
<u>Retiring in 20 years</u>		
Males	21.1	23.9
Females	25.1	26.2

The Actuarial assumptions are that 50% of retiring members will opt to increase their lump sums to the maximum allowed, whilst 50% take only 3/80ths of the cash.

iii) Sensitivity Analysis:

The following table sets out the impact of a change in the discount rates on the Total Obligation and Projected Service Cost along with a +/-1 year age rating adjustment to the mortality assumption

	Teesside Pension Fund			West Yorkshire Pension Fund		
	+0.5%	0%	-0.5%	+1%	0%	-1%
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate						
Present Value of Total Obligation	2,060	2,163	2,279	4,022	4,717	5,596
Projected Service Cost	9	9	10	11	11	17
Adjustment to mortality age rating assumption	+1 year	none	-1year	+1 year	none	-1year
Present Value of Total Obligation	2,119	2,163	2,206	4,622	4,717	4,811
Projected Service Cost	9	9	10	13	11	14

iv) The composition of assets in the scheme and the expected rate of return were:

	31-Mar-13		31-Mar-12		01-Apr-11	
	Value	Rates of Return	Value	Rates of Return	Value	Rates of Return
	£'000	% p.a.	£'000	% p.a.	£'000	% p.a.
Equities	4,559	7.8	3,857	6.1 to 8.1	4,096	7.2 to 8.4
Gilts	602	2.8	592	3.1 to 3.3	525	4.4
Other bonds	246	3.8	223	3.7 to 4.6	179	5.1 to 5.5
Property	264	7.3	201	4.3 to 7.6	200	5.4 to 7.9
Cash	249	0.9	146	1.8 to 3.0	151	1.5 to 3
Other	227	7.8	205	8.1	216	8.4
Total	6,147		5,224		5,367	

Splits of assets between investment categories as at :

	31-Mar-13	31-Mar-12	01-Apr-11
Equities	74.1%	73.9%	76.4%
Gilts	9.8%	11.3%	9.8%
Other bonds	4.0%	4.3%	3.3%
Property	4.3%	3.8%	3.7%
Cash	4.1%	2.8%	2.8%
Other	3.7%	3.9%	4.0%
	100.0%	100.0%	100.0%

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2010 for the year ended 31 March 2011). The return on gilts and other bonds are assumed to be the gilt yield and the corporate bond yield respectively at the relevant date. The return on the equities and properties is then assumed to be a margin above the gilt yields.

v) Analysis of the amount charged to the Statement of Comprehensive Net Expenditure:

	Year to 31-Mar-13 £'000	Year to 31-Mar-12 £'000	Year to 01-Apr-11 £'000
Current service cost	20	28	83
Past service cost	-	-	(708)
Losses/(gains) on curtailments and settlements	-	-	-
Total Operating Charge	20	28	(625)
<i>Analysis of amount credited to Other Finance Income:</i>			
Expected return on Pension Scheme Assets	353	389	368
Interest on Pension Scheme Liabilities	(296)	(316)	(382)
Net Return	57	73	(14)
Employers' contribution	514	27	111
LGPS Pension costs	(551)	(72)	(722)
Actual Return on Scheme Assets	789	42	539

vi) Movement in benefit obligation during the year:

	Year to 31-Mar-13 £'000	Year to 31-Mar-12 £'000	Year to 01-Apr-11 £'000
Opening Defined Benefit Obligation	6,514	5,836	6,564
Current service cost	20	28	83
Interest cost	296	316	382
Actuarial losses/(gains)	430	545	398
Losses/(gains) on curtailments	-	-	-
Liabilities extinguished on settlements	-	-	-
Estimated benefits paid (net of transfers in)	(385)	(221)	(904)
Past service cost	-	-	(708)
Contributions by scheme participants	5	10	21
Unfunded pension payments	-	-	-
Closing Defined Benefit Obligation	6,880	6,514	5,836

vii) Movements in Fair Value of scheme assets during the year:

	Year to 31-Mar-13 £'000	Year to 31-Mar-12 £'000	Year to 01-Apr-11 £'000
Opening Fair Value of scheme assets	5,224	5,367	5,172
Expected return on scheme assets	353	389	368
Actuarial gains and (losses)	436	(348)	599
Contributions by employer	514	27	111
Contributions by scheme participants	5	10	21
Estimated benefits paid (net of transfers in)	(385)	(221)	(904)
Receipt of bulk transfer value	-	-	-
Fair value of Scheme assets at end of period	6,147	5,224	5,367

viii) Reconciliation of opening & closing balances of the net pension asset:

	Year to 31-Mar-13 £'000	Year to 31-Mar-12 £'000	Year to 01-Apr-11 £'000
Surplus/(Deficit) at the beginning of the year	(1,290)	(469)	(1,392)
Service cost	(20)	(28)	(83)
Employer contributions	514	27	111
Unfunded pension payments	-	-	-
Past service costs	-	-	708
Other finance income	57	73	(14)
Settlements/curtailments	-	-	-
Actuarial gain/(loss)	6	(893)	201
Surplus/(Deficit) at the end of the year	(733)	(1,290)	(469)

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

Amounts for the current and previous period	Year to 31-Mar-13 £'000	Year to 31-Mar-12 £'000	Year to 31-Mar-11 £'000	Year to 01-Apr-10 £'000
Defined Benefit Obligation	(6,880)	(6,514)	(5,836)	(6,564)
Fair Value of scheme assets	6,147	5,224	5,367	5,172
Surplus/(Deficit)	(733)	(1,290)	(469)	(1,392)
Experience adjustments on scheme liabilities	-	-	-	-
Experience adjustments on scheme assets	-	-	-	-

For consistency with previous disclosures the assets shown are at mid market price for the periods prior to 31 Mar 2012. The asset value shown as at 31 Mar 2013 is based on bid price, with all asset values estimated where necessary.

Note ix) above provides a summary of the schemes history as per IAS19.

27 Events after the reporting period

IAS 10, Events after the reporting period, requires disclosure of the date on which the financial statements were 'authorised for issue' and who gave that authorisation. The financial statements were authorised for issue on the 12 June 2013 by Sir Michael Wilshaw (Accounting Officer). There have been no events after the reporting period requiring an adjustment to the financial statements.

Appendix A

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). 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 and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. 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 her or his 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 updated in line with Pensions Increase legislation. 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.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does 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 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension 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 and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular 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.

The figures include the value of any pension benefit in another scheme or arrangement which 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

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.

Appendix B

Membership and attendance of the Ofsted Board, formal sub-committees and Executive Boards

Ofsted Board

The non-executive members are appointed by the Secretary of State for Education for terms no longer than three years. Existing board members are able to seek reappointment as their terms expire: however, there is no automatic right for board members to be reappointed.

During 2012-13, the membership of the Ofsted Board and their attendance record was:

Member	Date of appointment	Attendance record
Baroness Sally Morgan of Huyton Chair of Ofsted	1 March 2011	Full attendance (4 out of 4 meetings)
Sir Michael Wilshaw HMCI	1 January 2012	Full attendance (4 out of 4 meetings)
Linda Farrant	1 August 2011	Full attendance (4 out of 4 meetings)
Andy Palmer	1 August 2011	Full attendance (4 out of 4 meetings)
John Roberts CBE	Reappointed 1 December 2011	Full attendance (4 out of 4 meetings)
Paul Snell CBE	1 August 2011	Full attendance (4 out of 4 meetings)
Vijay Sodiwala	Reappointed 1 June 2011	Full attendance (4 out of 4 meetings)
Sir Alan Steer	Appointed 1 August 2011 ²	Partial attendance (3 out of 4 meetings)
Museji Takolia CBE	Reappointed 12 December 2009 (end of term 11 December 2012)	Full attendance (3 out of 3 meetings)
Professor Geoff Whitty CBE	1 August 2011	Full attendance (4 out of 4 meetings)

Audit Committee

Members of the Audit Committee are proposed by the Chair's Committee and appointed by the Ofsted Board, for a term of one year, with the option of reappointment. The Audit Committee comprises of non-executive members, supported by an independent financially qualified committee member.

During 2012-13, the membership of the Audit Committee and their attendance record was:

Member	Date of appointment	Attendance record
John Roberts CBE Chair from 12 December 2011	Reappointed 17 May 2011	Full attendance (5 out of 5 meetings)
Linda Farrant	2 December 2011	Full attendance (5 out of 5 meetings)

² Sir Alan Steer was previously a co-opted member,

Member	Date of appointment	Attendance record
Andy Palmer	1 December 2011	Partial attendance (4 out of 5 meetings)
Vijay Sodiwala	1 January 2011	Full attendance (5 out of 5 meetings)
Richard Harbord Independent member	Reappointed 17 May 2011 (term ended June 2012)	Full attendance (2 out of 2 meetings)

The Accounting Officer, the Director, Finance and Resources, the Chief Operating Officer and Divisional Manager, Finance were all regularly invited to attend committee meetings. Representatives of Ofsted's internal auditors and external auditors were regular attendees of committee meetings

Chair's Committee

The Chair's Committee does not have a formal membership: the Chair of Ofsted invites any two non-executive members of the Ofsted Board to join the Committee.

Further details about the Ofsted Board and its sub-committees can be found in Ofsted's [Corporate Governance Framework](#), which was reviewed in October 2012.

Executive Boards

HMCI is supported by executive board meetings that help ensure that Ofsted has effective strategic and corporate management, including the leadership of the risk management process.

As at 31 March 2013, HMCI was supported by the Operations Executive Board and HMCI's Inspection and Improvement Forum.

The Operations Executive Board

The Operations Executive Board (OEB) is chaired by the Chief Operating Officer on behalf of HMCI, or by HMCI's nominated Deputy.

HMCI's determinations following consideration of the advice of the OEB will be set out in a memo to provide a formal audit trail.

The OEB has the power to set up other groups and committees and confer its powers on them. OEB also supports directors in the discharge of their duties by considering matters referred by them or by other standing groups. When considering these matters, OEB acts in an advisory capacity. The power to act remains delegated to the relevant Director and the minute will make this explicit.

As at 31 March 2013, membership of the Operations Executive Board was as follows:

Member	Date of appointment
Lorraine Langham Chief Operating Officer	27 June 2007
John Goldup Deputy Chief Inspector and National Director (Social Care)	7 September 2009 (until 31 March 2013)
Matthew Coffey National Director (Learning and Skills)	1 April 2011
Susan Gregory	1 January 2011

Member	Date of appointment
Director, Early Childhood	
Darryl Nunn	1 January 2011
Director, Finance and Resources	
Michael Cladingbowl	1 January 2013
Director, Schools	
Neil Greenwood	1 January 2013
Deputy Director, Performance and Operations	

HMCI's Inspection and Improvement Forum

HMCI's Inspection and Improvement Forum (HMCI's Forum) ensures that inspection is driving improvement. IIF is an advisory forum supporting decisions of HMCI, the Directors and the Regional Directors.

IIF has the following composition: HMCI; remit Directors; Regional Directors; Director, Strategy. Other directors and their deputies may also attend, with National Leads, Senior HMI and other staff invited as required.

As at 31 March 2013 the following Regional Directors were members of the Inspection and Improvement Forum:

Member	Date of appointment
Sir Michael Wilshaw HMCI	1 January 2012
Lorraine Langham, Chief Operating Officer	27 June 2007
Sean Harford Regional Director, London and East of England	1 January 2013
Nick Hudson Regional Director, North East	1 January 2013
Michael Cladingbowl Director, Schools	1 January 2013
Richard Brooks Director, Strategy	23 July 2009
Susan Gregory Director, Early Childhood	1 January 2011
Lorna Fitzjohn, Regional Director, South West	1 January 2013
Sally Rowe, Deputy Director, Social Care Regional Director, North West	1 March 2013
Louise Soden, Regional Director, East & West Midlands	11 February 2013
Matthew Coffey Regional Director, South East Director, Learning and Skills	12 January 2013
Neil Greenwood Deputy Director, Performance and Operations	1 January 2013

Other committees

The formal governance structure of Ofsted was supported by a number of other groups that support the formulation, steering and dissemination of policy and ensure the general consistency and quality of Ofsted's work. These groups³ were:

- Equality and Human Rights – Better Inspection Group (disbanded November 2012)
- Equality and Human Rights – Better Ways of Working Group (disbanded November 2012)
- Risk Management Moderation Group (disbanded November 2012)
- Data Governance Board (disbanded January 2013)
- Sustainable Development Group (disbanded January 2013).

The work of these groups is now considered through our Operations Executive Board as part of a mainstreaming exercise within these business areas.

³ The SCS Pay Committee is a Committee of the Ofsted Board the remainder are sub-committees of the Executive Board.

Appendix C

Information Risk

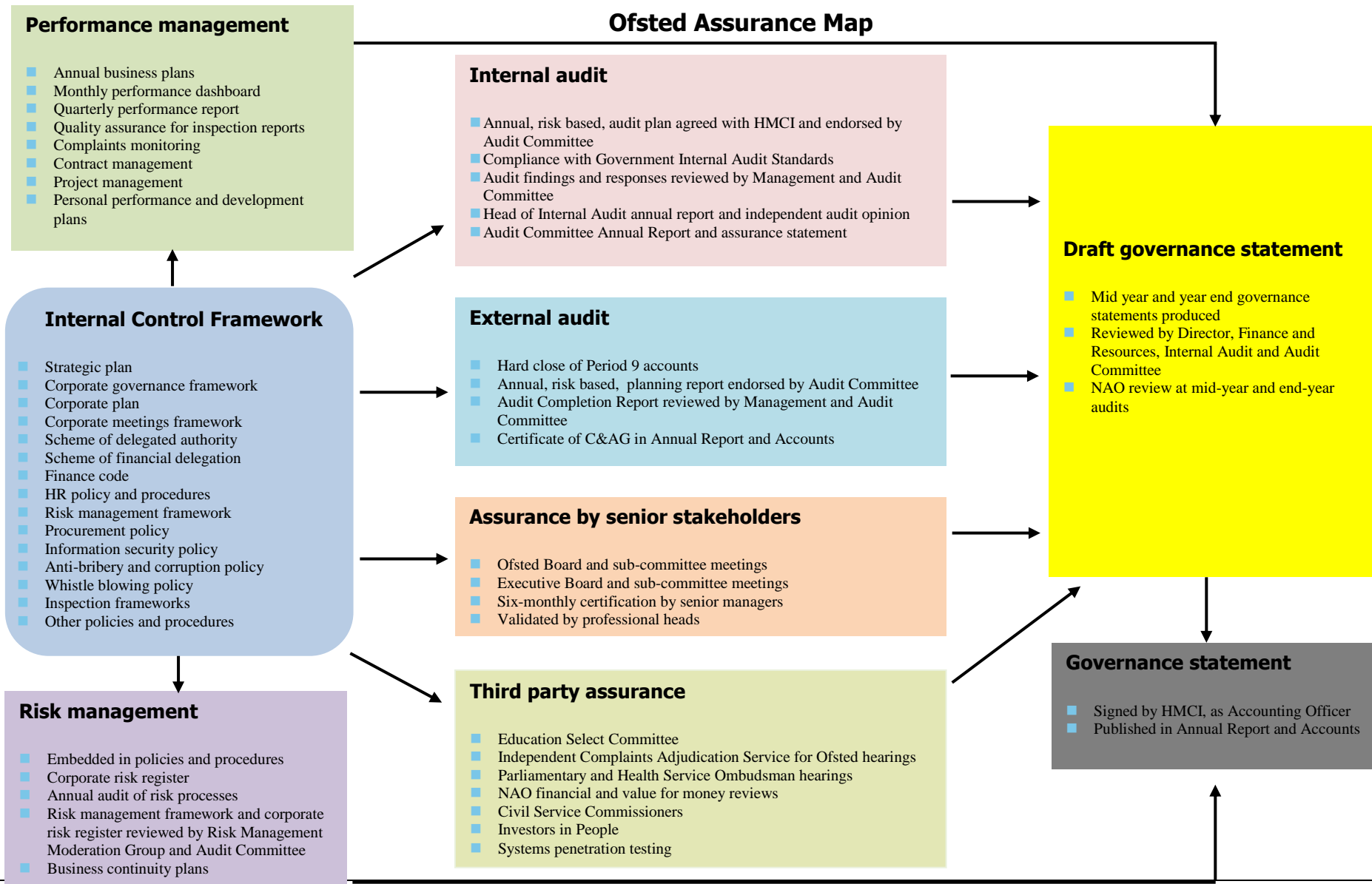
Summary of other protected personal data related incidents in 2012-13

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below.

Category	Nature of incident	Total
i	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	2
ii	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	7
iii	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
iv	Unauthorised disclosure	28
v	Other	1

Appendix D

Ofsted Assurance Map





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