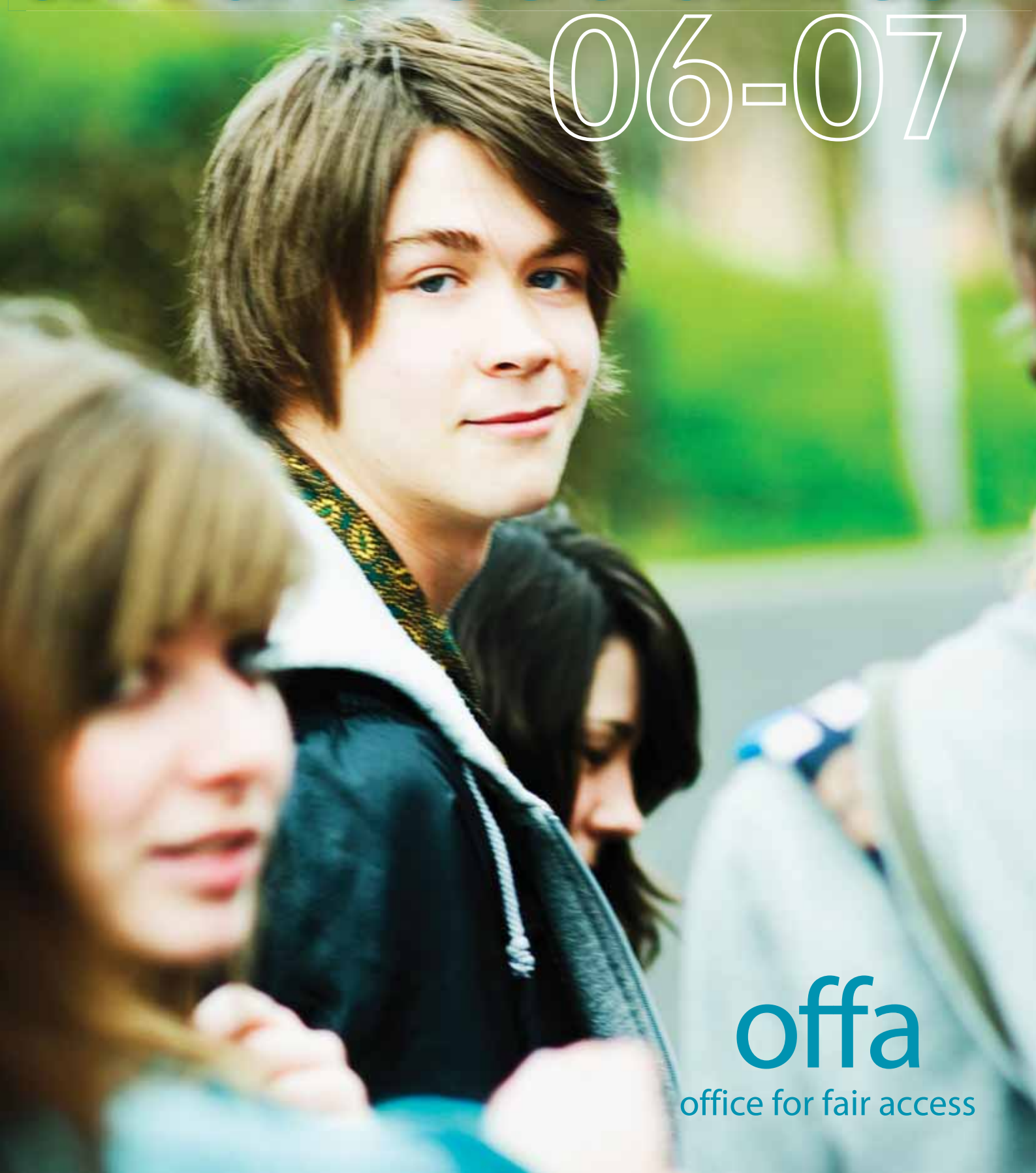


annual report and accounts 06-07



offa
office for fair access

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offa

office for fair access

Office for Fair Access Annual Report and Accounts 2006–07

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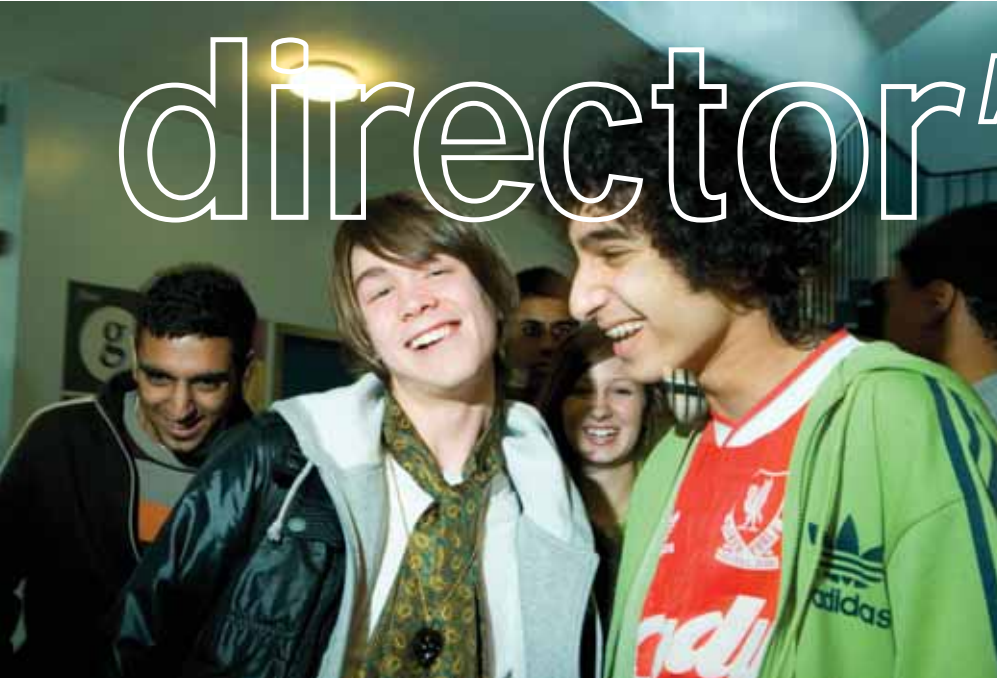
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director's fore



As we come to the end of the first year of operation of the new student fees and support arrangements, the picture looks encouraging. I have been delighted to see the continued commitment of the higher education (HE) sector towards fair access and in particular towards ensuring that prospective students are not deterred from applying on financial grounds. This they have done through generous investment in a wide range of bursaries and scholarships.

As with my colleagues across the sector and more widely, I was reassured to see that, after the small dip in applications for 2006 – caused largely by widespread misunderstandings and misinformation during the preceding year – there has been a significant increase in those seeking entry to HE in 2007. This includes a proportional increase in those applying from the lower socio-economic groups.

It was also good to see that the excessive discounting of fees, or a 'price war', that some feared last summer, did not take place. There were no last minute increases in bursaries or reductions in fees during the clearing period.

The credit for these very positive outcomes must go largely to institutions, for the policies they have pursued both in general and in respect of the decisions outlined in their access agreements. The very fact that the total of those admitted to HE in 2006 remained stable in a very turbulent year suggests that, without reinforced efforts to communicate clearly and effectively with prospective students, and above all a set of generous bursary

offers from institutions, we might have been dealing with a quite different scenario.

Although it's still early days, and too soon to draw any firm conclusions, I believe the evidence that students are not deterred from applying to HE because of the new fees, will continue to grow. The information gathered through our monitoring of access agreements should form a key part of this process. It should also provide important evidence towards the review of student fee and support arrangements planned for 2009.

In addition, it will be important to understand more about prospective students' behaviour and motivation. Early evidence suggests that financial support is one amongst a number of complex factors in the decision making process, and how students access relevant information in this regard is very important.

Like many others in the sector, I was surprised that despite the significant efforts of institutions and others to ensure both the clarity and accessibility of financial support, some students have still not yet consented to share family income information which will enable them to collect the institutional bursary to which they may be entitled. We recognise that every effort continues to be made to reach these remaining students, and that ongoing improvements to the Local Authority student support form should have a significant beneficial effect in future years.

So in an ever-changing HE landscape, the challenge for the sector is to understand more about student behaviour both pre and post-application, in order to ensure the fairest possible outcomes. In particular,



Sir Martin Harris



we need to understand more fully how bursaries and scholarships impact on recruitment and retention, and how funds can best be targeted to maximise their chances of widening participation. Experience may well vary between institutions. Some may find that high value bursaries aimed at the very brightest are key to their success while others might have a bigger impact through targeting smaller bursaries to local schools and colleges. Nonetheless, as experience grows and evidence builds, we hope that institutions will want to review and improve the targeting and marketing of their schemes in response to student behaviour and emerging best practice.

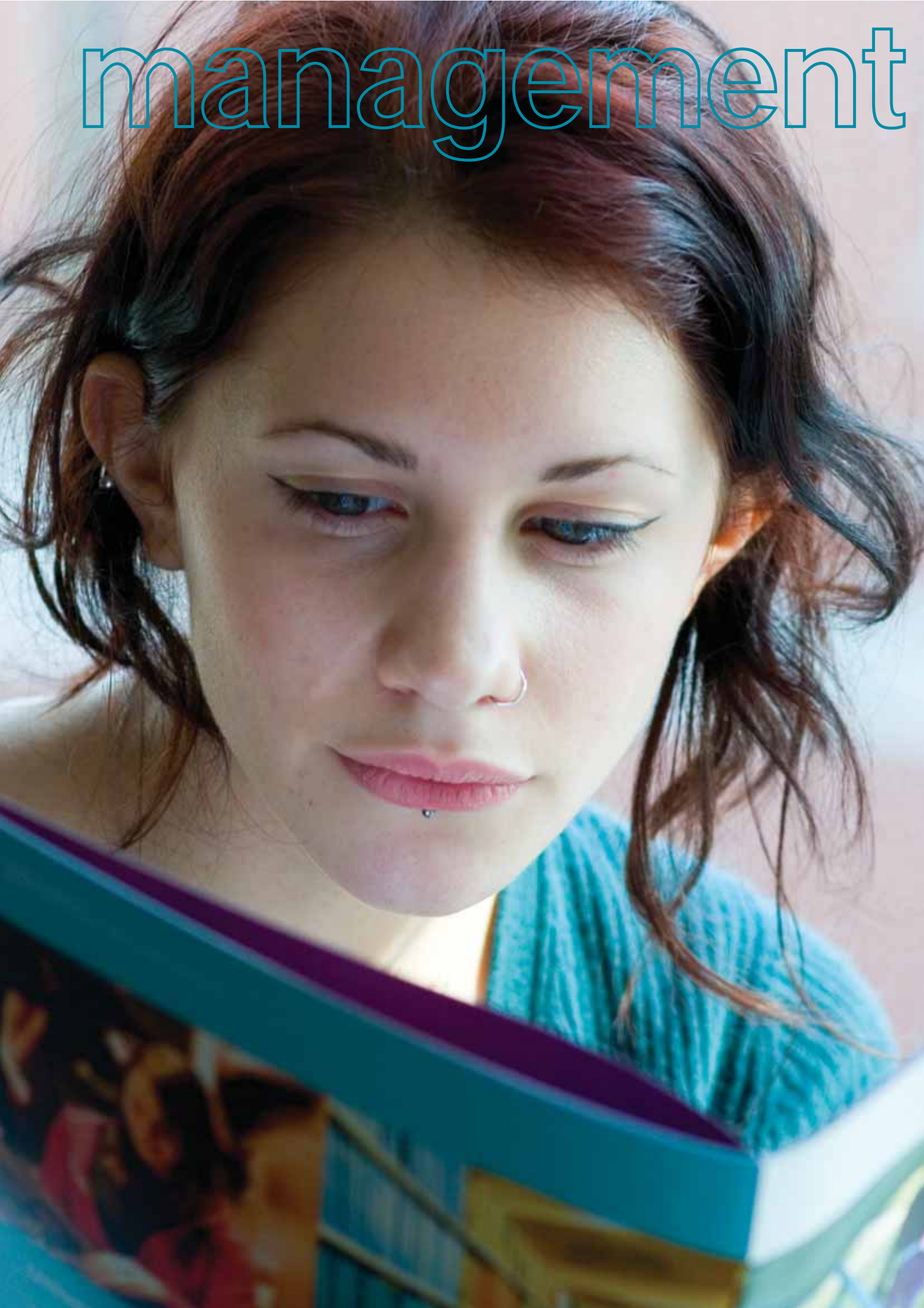
Over the coming year we look forward to working collaboratively with others to address these challenges. We hope to do this by maintaining and modifying access agreements, by dealing quickly and efficiently with any operational issues which arise and above all by understanding how best to provide support to those who need it most so they are able to benefit from all the advantages that higher education brings.

A handwritten signature in blue ink, appearing to read 'Martin Harris'.

Sir Martin Harris

Director, Office for Fair Access
May 2007

management



commentary

OFFA's role and responsibilities

When Parliament allowed institutions to charge higher fees from 2006, it did so on the condition that they invest a proportion of their additional fee income in access measures (primarily bursaries) to attract students from low income and other under-represented groups. OFFA was established to work with institutions to ensure that this condition is met.

OFFA is a small non-departmental public body consisting of a Director, Sir Martin Harris, two full-time and two part-time members of staff. It was established in October 2004 under Part 3 of the Higher Education Act 2004 and is sponsored by the Department for Education and Skills (DfES). It reports to the Secretary of State for Education and Skills.

OFFA is supported with resources provided through a Service Level Agreement with the Higher Education Funding Council for England (HEFCE). OFFA also has a small Advisory Group of recently retired heads of institutions available to offer impartial advice on access matters and if necessary on individual decisions. An independent review panel has been established by the DfES should institutions wish to challenge an OFFA decision.

OFFA's role, as defined by the Higher Education Act 2004 and set out in 'OFFA's Strategic Plan 2005–10' (OFFA 2005/03) can be summarised as follows:

- to regulate the charging of higher tuition fees through the approval and monitoring of access agreements, in which institutions set out the measures they will put in place to safeguard fair access to higher education for low income and other under-represented groups
- where appropriate, to identify and disseminate good practice and advice connected with access to HE, in particular in respect of financial support arrangements and the provision of financial information to students.

Mission

Working collaboratively we promote fair access to higher education in particular for low income and other under-represented groups.

Strategic aims

Our strategic aims are primarily delivered through institutions' access measures as set out in their access agreements and more generally. We have three core aims:

- a. To support and encourage improvements in participation rates in higher education from low income and other under-represented groups.
- b. To reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in bursaries and outreach; and
- c. To support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and advisers.

management



Performance and achievements

During our first two years of operation we approved access agreements for all higher education institutions (HEIs) with undergraduate full-time provision, enabling them to confirm their fee and support arrangements in time for the start of the 2006 application cycle. We also approved a smaller number of agreements for further education colleges (FECs) and school centred initial teacher training providers (SCITTs).

Having fulfilled our primary role, the focus in our third year of operation has been to support institutions with the operational and practical considerations emerging from the implementation of their access agreements.

Following the first intake of students under the new variable fee regime in September 2006, institutions have been in a position to consider the effectiveness of their bursary and scholarship schemes in attracting applications from their target groups. For the majority of institutions bursary provision is new and uncharted territory. In recognition of this we have been flexible in allowing institutions to react to the developing market and have accepted adjustments to their arrangements, while ensuring that any changes made within the application cycle have not had an adverse effect on students.

There has also been an ongoing need to keep access agreements current and up to date. And as bursary schemes have been implemented some institutions have had to make minor revisions to help clarify their arrangements. We have therefore continued to process and issue decisions on significant numbers of revised access agreements. The majority of FECs and around two-thirds of SCITTs did not submit access agreements for 2006–07, although we did receive and process several new agreements to commence in 2007–08 and beyond.



commentary

One important issue to emerge as institutions deliver their bursary schemes for the first time is that, despite the best efforts of institutions, some students have not yet accessed the bursaries and scholarships available to them. We have been working with, and supporting the efforts of colleagues in institutions, the Student Loans Company (SLC) and DfES to encourage students to consent to share the information they submit (to inform their assessment for financial support), in order to allow this money to be paid.

This issue emphasises the need for clear and accessible financial information and this remains a priority for the sector. We have continued to actively support the communications campaigns led by DfES and institutions to promote messages about the new student finance arrangements, in particular the generous student support packages. These messages have been promoted through the media and through our ongoing sponsorship of the 'Outstanding student financial support package' award at the Times Higher Awards which we were delighted to present to Edge Hill University in November 2006.

Improving the usability of websites and the development of new tools and ways of communicating to students, their parents/carers and advisers is important, and to support institutions in this area we have published good practice on the provision of online financial information. We have also been pleased to provide advice to DfES on bursaries and to support the 'bursary map' – an online tool developed by the DfES and available on Directgov which provides a user friendly map of bursary provision at universities and colleges in England.

Through regular communication with the DfES, UCAS and the sector we have continued to monitor the possible impact of the new fee and support regime on applications to HE over the 2007 application cycle.

In consultation with sector representative groups and other stakeholders we have developed an annual system for monitoring access agreements. We are confident that this process has achieved a balance between the accountability burden on institutions and our obligations as a regulatory body and will provide important information on how access agreements are working in practice.

We have continued to comment on and support issues around access more generally. In particular we supported the sector in actively discouraging the potential disruption that discounted fees and increased bursaries could have had in Clearing in 2006.

We have also been pleased to lend our support to the important issue of looked after children; a group hugely disadvantaged in society and chronically under-represented in HE. We have written to all institutions on this matter highlighting the work of the Frank Buttle Trust and asking them to consider how access agreements address the needs of care leavers.

In performing our role we have continued to be successful in our aim of working collaboratively and transparently with the sector, creating minimum bureaucracy and securing a generous and highly beneficial set of access agreements for low income and other under-represented groups.

Achievements in 2006–07

- provided a general enquiry service regarding access agreements and related issues for institutions and the public
- kept institutions updated on external issues which might impact on the content of existing access agreements and provided guidance notes on any necessary revisions to agreements
- confirmed fee and bursary levels with all institutions for 2007–08
- published a research study and good practice guidance for institutions on improving the provision of online financial information for students

management

- devised, consulted and published our requirements for annual monitoring of access agreements
- monitored UCAS data for patterns in applications and acceptances according to the bursary awarded and type of institution
- worked closely with the SLC to share information on the fee limits set in access agreements, and to discuss and advise on access agreements in relation to operational practicalities regarding fees and bursaries
- worked with the Higher Education Bursary and Scholarship Scheme (HEBSS) steering group and the SLC to address operational issues on bursary payments
- supported the communications campaigns led by the DfES and institutions to promote messages about the new student finance arrangements, including membership of DfES-led coalition of partners on student finance group and a working group on bursaries
- continued to provide advice and guidance to the Department of Employment and Learning Northern Ireland (DELNI) on access agreements and related issues.

Access agreements in 2006–07

- processed and approved 25 new access agreements (10 FECs and 15 SCITTS)
- processed and approved 117 amendments to agreements (81 HEIs, 16 FECs and 7 SCITTS – some agreements have been amended on more than one occasion).



commentary

Analysis: facts and figures

Existing access agreements

As at 31 March 2007 there were 220 institutions with live access agreements comprising:

- 124 Higher Education Institutions (HEIs)
- 48 Further Education Colleges (FECs)
- 47 School Based Initial Teacher Training (SCITT) providers
- 1 other institution.

All HEIs with full-time undergraduate students have submitted access agreements. A total of 95 directly funded FECs and 16 SCITTs have not submitted agreements. These institutions will not be charging above the basic amount of £1,225 for any of their courses in 2007–08.

Fee levels

- 94 per cent of HEIs have agreed a maximum fee limit of £3,070 for 2007–08 (all HEIs offering full-time undergraduate courses have an approved access agreement)
- 46 per cent of FECs that have submitted an agreement have agreed a maximum fee limit (48 out of 143 directly funded FECs have submitted agreements)
- 80 per cent of HEIs and FECs agreements have opted for a maximum fee limit
- 35 per cent of SCITTs that have submitted an agreement have agreed a maximum fee limit (46 out of 62 SCITTs have submitted agreements)
- 79 per cent of all agreements submitted have agreed the maximum fee limit.

Expenditure on access measures

At the time of submitting access agreements, institutions estimated around £350 million per year (of additional fee income in steady state once all cohorts are under the new regime) would be spent on bursaries and scholarships that would benefit low income or other under-represented groups. This figure represents around a quarter of institutions' estimated additional fee income and has substantially exceeded our expectations. It was estimated around £115 million would be spent on institutional bursaries and scholarships for the first cohort in 2006–07.

All figures above are based on institutions' estimated income and expenditure calculated on assumptions of student profiles. We are aware that some institutions' spending patterns will have differed from their predictions and the overall figures set out here may reduce slightly. Institutions will be reporting on actual income and expenditure levels at the end of the academic year through our monitoring, along with any plans to re-allocate unspent funds on other widening participation measures.

Many institutions are also investing in bursaries and scholarships that will benefit a broader range of students and are not means tested (for example scholarships based on merit). Only that element of expenditure that will benefit low income students or other under-represented groups is included in these figures. Institutions estimate that they will spend around £37 million per year (in steady state) on additional outreach.

Bursaries

In 2006–07 a typical bursary for a student on full state support at an HEI is around £1,000. The range is from £300 to £3,000.

90 per cent of HEIs charging the full fee are offering bursaries to students above the statutory level for students on full state support (72 per cent also offer bursaries to students on partial state support, 12 per cent have defined their own threshold levels).

management

There are three basic models for offering bursaries:

- a fixed bursary – for example, providing £1,000 for students on full state support and £500 for those on partial state support
- a sliding scale – for example, providing a bursary between £50 and £2,000 depending on the amount of family income and linked to eligibility levels for state support
- a link to the level of state support – as a ‘match’ or as a percentage – for example, providing a bursary equal to 50 per cent of the state support.

9 per cent of HEIs are providing a non-means tested bursary to all of their students – these bursaries range from £200 to £1,000. A further 5 per cent of HEIs are providing support above the state support thresholds, but with a defined limit.

Other facts

- 49 per cent of HEIs have established some form of scholarship scheme
- 24 per cent have scholarships based solely on merit, with a typical award of £1,000
- 14 per cent have scholarships with means-testing or other widening participation related criteria with awards ranging from £100 to £5,000
- 19 per cent have awards based on subject
- 14 per cent have awards for achievement or progression whilst at university with awards ranging from £200 to £10,000
- 16 per cent of HEIs are creating or contributing additional funds to discretionary funds or awards.

Revisions

Revisions have been made to access agreements for a number of reasons. Most commonly adjustments have been made to update for external changes (for example around inflation increases to fee limits and student support thresholds), or changes to the detail of bursary schemes as they are further developed to maintain accuracy.

Most access agreements include wording that allows for inflationary increases each year without amending figures. Where institutions have chosen not to update figures we have confirmed the new fee limits and bursary amounts with them by email.

For 2007–08 the fee limit has been increased with inflation to £3,070. Institutions charging the full fee are required to provide a bursary of at least £305 to students entitled to the full Higher Education Maintenance Grant. Any bursary offered above the minimum level does not have to rise with inflation announcements.

We have been flexible in allowing institutions to react to the developing market, and revisions to access agreements for 2007–08 were allowed up until 30 November 2006. In assessing revisions to agreements we have had to ensure that changes will not have an adverse effect on students already in the application process.

Of the more substantial revisions made by institutions:

- 50 updated fee and bursary levels for inflation
- 14 updated fee levels and the minimum bursary requirement for inflation but kept discretionary bursary awards above the minimum amount at 2006 levels
- 3 had not increased the fee for inflation
- 7 reduced their bursary awards, narrowed eligibility or restructured/simplified their bursary arrangements so that some awards increased and some were reduced
- 4 increased the bursary awards or widened eligibility

commentary



management



Key performance indicators

Aim 1: To support and encourage improvements in participation rates in higher education from low income and other under-represented groups

KPI 1: The number and/or proportions of applications from under-represented groups have increased across the planning period

The final UCAS data for 2006–07 showed that the number of applicants accepted onto full-time undergraduate courses in England from UK domiciled students fell by 4 per cent. This was not unexpected given the record number of applicants in 2005–06. However, the underlying trend shows that acceptances continue to rise. Comparing 2006 with 2004 shows a 4.7 per cent rise in acceptances at English institutions from UK domiciled students. Importantly there wasn't a decrease in the proportions of lower social classes in the 2006–07 intake.

We are pleased that the UCAS statistics for 2007–08 entry taken at 15 January 2007 show that the overall numbers of applications for 2007–08 entry have increased across all social classes. Applicants from England to English universities and colleges increased by 7.2 per cent and applications from all UK domiciled students to England by 6.6 per cent, reaching levels higher than 2005 (before the new fee regime was introduced). Whilst these are not final figures they are an encouraging sign of how the year might progress.

Analysis of UCAS data has shown no noticeable pattern of applications according to the amount of bursary awarded or to the type of institution applied to.

KPI 2: The number and/or proportions of students eligible for the Higher Education Maintenance Grant across the planning period have increased



commentary

Data from the Student Loan Company on the number of students eligible for state support in 2006–07 will be used as a baseline for monitoring progress and trends in future years. It is not possible to make useful comparisons with 2005 data because of the difference in the support regimes and income eligibility threshold levels.

KPI 3: The number/proportions of students from under-represented groups have increased across the planning period

This will be monitored through institutions' own milestones, starting with the first annual monitoring data submitted to us in July 2007.

KPI 4: Good practice and research strategy on bursary scheme policy and administration in place by 2006–07

A draft outline of a good practice and research plan has been developed with a more formal strategy to be in place in 2007–08. We aim to hold seminars for institutions to discuss and promote good practice in autumn 2007 which will help inform and develop longer term good practice and research plans.

Aim 2: To reduce as far as practicable the barriers to higher education for students from low income and other under-represented groups by ensuring that institutions continue to invest in bursaries and outreach

KPI 5: Annual returns from institutions demonstrate that the levels of investment are broadly maintained at the levels committed to in access agreements, recognising that the levels set out in agreements are estimates.

We will be undertaking our first round of institutional monitoring in August 2007. Our monitoring document was sent to institutions in

March 2007 requesting a return on expenditure, explanation for any reductions in expenditure, a report on student take up of bursaries, and progress against milestones.

KPI 6: Revisions to access agreements are normally processed and communicated to institutions within a three-week period. No complaints are received from institutions regarding process and service

Revised agreements were processed and communicated to institutions within the published three week timetable and no complaints were received from institutions regarding process or service.

New agreements continue to be processed on a rolling basis and we have received no complaints regarding process or service.

KPI 7: Comment and analysis is provided, where appropriate, to contribute to the debate on the actual pattern of applications/admissions in 2006 and thereafter

We have monitored the possible impact of the new fee and support regime on applications and have publicly commented on UCAS data releases on numbers and social mix of applications.

Aim 3: To support and encourage equality of opportunity through the provision of clear and accessible financial information for students, their parents/carers and advisers

KPI 8: Financial information for students is judged to be easy to understand

We undertook a review of the provision of online financial information on institutions' websites and following this, commissioned Ipsos MORI to produce good practice guidance.

management

The small scale research study looked at the financial information needs, expectations and experiences of prospective students and the extent to which they felt satisfied financial information was clear and accessible on institutions' websites. The report concluded that whilst information is available and is generally easy to find and understand, there is room for improvement, particularly in making some websites more user friendly. The guidance was published in February 2007.

KPI 9: No justified complaints are received from students and applicants regarding the clarity and accessibility of information provided by institutions on the bursaries available and the fees to be charged

We have received no complaints from applicants or students regarding the information provided by institutions.

KPI 10: No justified complaints from students over eligibility for bursaries or the amounts awarded

The Office of the Independent Adjudicator (OIA) is responsible for handling any complaints made by students regarding any service provided to him or her by their higher education institution, including the provision of bursaries. We have received no complaints from students to pass on to the OIA and they have received no direct complaints regarding bursary awards.



commentary

OFFA's future programme of work

The achievement of our strategic aims is largely determined by the successful implementation of individual access agreements. Our core role is expanding from approving and maintaining access agreements to also understanding the outcomes of arrangements and developing practical support for institutions.

The coming year will see our first monitoring exercise, providing assurances that commitments have been met and identifying key issues in the first year of operation. The information we receive through our monitoring will also provide important evidence that will make a key contribution to the Independent Commission's review of the new fee and support regime.

Institutions will submit reports to us on income and expenditure, progress with milestones and bursary take up if this has been an issue. Returns are due at the end of July 2007 and we will publish a short report on the outcomes in autumn/winter 2007. We will be looking to see that financial commitments have been broadly met and, where they have not, that there is a reasonable explanation and/or appropriate re-adjustment of plans. We will also be looking for a positive movement towards milestones.

Our monitoring will also consider central sources of data from the SLC that will form a baseline for us to compare and identify trends in future years on the numbers of entrants to higher education from different income bands.

We have always worked as collaboratively as possible with institutions and continue to do so; supporting institutions by providing guidance and advice on access agreements and fair access more generally. This role will grow in the course of the next year as we scope further research and good practice on the administration and impact of bursary policies. This research will support institutions in making evidence based decisions about the delivery of their access agreements and the direction of their bursary schemes and, along with evidence from our monitoring, will provide valuable evidence for the Independent Commission in 2009.

The provision of financial information remains a key strategic objective for us and further research and good practice work is also planned in this area. We aim to hold seminars in the autumn that will help frame this work and we will also undertake a round of institutional visits to inform our understanding.

We will continue to process new agreements for institutions who wish to charge higher fees, although we anticipate that this will be a small part of our ongoing work. The majority of FECs will be charging the standard fee in 2007–08 but for the main part these are small providers of higher education and we have received no indication that their position is likely to change soon.

We anticipate that we will continue to receive submissions from institutions to revise their agreements in order to maintain accuracy in a changing environment, or to alter bursary scheme details in light of experience from the first year of operation. We will also confirm with each institution the proposed fee and bursary level for 2008–09.

Our key strategic risks for the coming year follow our strategic aims and focus on successfully supporting the sector in maintaining and delivering their access agreements, and in particular working towards solutions to ensure that all eligible students take up the bursaries on offer to them.

To access bursaries students need to give consent for the SLC to share their data with their institution. We have been particularly surprised, along with those in the sector, that despite the best efforts of all concerned, a small number of students are still not accessing their bursaries. We are working with the SLC, HEBSS steering group, DfES and institutions to understand this issue and support solutions in both the short and the longer term.

The situation will be monitored carefully but we are confident the re-design of the application form for student support for 2007–08 will improve the situation significantly for the next intake and further improvements are already planned for 2008–09.

In addition we will continue to focus on supporting the provision of clear and accessible financial information for students by working with institutions to develop good practice.



management

Financial results for 2006–07

The accounts cover the year 1 April 2006 to 31 March 2007. The accounts have been prepared in accordance with the direction given by the Secretary of State for Education and Skills, with the approval of the Treasury, in accordance with Schedule 5 (section 8) of the Higher Education Act 2004. The accounts are also produced in accordance with the Financial Memorandum with the DfES.

OFFA's total income for the year was £15,258 (2005–06: £15,150). This figure does not include grant in aid from DfES as this is now treated as financing. This means that the £440,000 grant in aid received this year (2005–06: £385,000) is taken to the balance sheet rather than shown as income in the income and expenditure account. All of this funding was provided for administrative running costs of the organisation.

Total expenditure for the year was £448,561 (2005–06: £450,495). Of this amount £292,417 was paid to HEFCE for services provided through a Service Level Agreement (further details in section below). Taking into account the income received during the year OFFA had net expenditure of £433,303 for the year (2005–06: £435,309) which was transferred to general reserves. Reserves at year end totalled £45,550 (2005–06: £38,853).

At the end of the year OFFA had a cash balance of £37,170 (2005–06: £31,844) which was within the £40,000 guideline set by the DfES.

In accordance with the Government Financial Reporting Manual (FRM), the accounts include the notional cost of capital, which amounts to £269 in 2006–07 (2005–06: £-193). Notes 1 and 6 to the accounts explain the basis for calculating these charges.

The accounts are audited by the Comptroller and Auditor General, who is appointed by Statute. The audit fee is £6,300 and he did not provide any non-audit services during 2006–07.



commentary

So far as the Accounting Officer is aware, there is no relevant audit information of which OFFA's auditors are unaware. The Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that OFFA's auditors are aware of that information.

Higher Education Funding Council for England (HEFCE)

OFFA has a Service Level Agreement (SLA) with HEFCE for the provision of various services including accommodation, finance, IT and Human Resource support, internal audit and general administrative activities. OFFA takes reliance on HEFCE's internal control procedures to ensure that a satisfactory service is provided. During the year ending 31 March 2007 OFFA paid HEFCE £292,417 including VAT (2005–06: £323,826) for the services provided through the SLA including the costs of directly seconded staff.

Payment of creditors

OFFA is fully committed to the prompt payment of its suppliers' invoices and supports HM Treasury's Better Payment Practice Code. OFFA aims to pay invoices in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of satisfactory goods or services or the presentation of a valid invoice, whichever is the later. All suppliers have been notified of this commitment, through HEFCE, and have been given clear guidelines to help OFFA achieve this aim. Throughout the year HEFCE monitors actual performance against the 30 day target. During the year ending 31 March 2007 the target was met for 99 per cent of invoices (2005–06: 93 per cent).

Diversity and Equality

OFFA, through its SLA with HEFCE, follows HEFCE's policy on Diversity and Equal Opportunities policy in line with its Equality Scheme (published in January 2007). OFFA, through HEFCE, is committed to making equality and fair treatment – irrespective of race, gender, disability, sexual orientation, age,

religion or belief – a core element in the way services are delivered and in the way the organisation is managed.

Consultation with employees

OFFA, through HEFCE, recognises the Public and Commercial Services (PCS) union as specified in their partnership agreement and regularly consults with all staff and the PCS union on changes concerning employee relations within the organisations, taking into account the differing views and opinions of colleagues.

Health, safety and welfare at work

OFFA, through its SLA with HEFCE, follows HEFCE's Health and Safety at Work policy. HEFCE's aim is to have a clear and comprehensive framework to ensure, as far as reasonably possible, the health and safety of colleagues and others who may at any time be on their premises. The policy recognises the statutory responsibilities for providing a safe and healthy working environment for all members of staff and visitors to HEFCE's offices.

Environmental indicators

Using advice and guidance from UK Government sources HEFCE has produced a set of environmental performance indicators. The indicators include data on carbon dioxide emissions, energy usage, water usage, waste disposal to landfill and recycled paper. The performance indicators will be updated annually and are available on the web at www.hefce.ac.uk under 'About us'. As staff seconded to OFFA use the HEFCE offices, the performance indicators include OFFA.



Sir Martin Harris

Director and Accounting Officer
Office for Fair Access

1 May 2007

remuneration



report

Part 1: Audited information

Salary and pension entitlements for senior employees

Salary details are given for the senior employees within OFFA during 2006–07. Figures shown are full year values unless otherwise stated.

	Year ended 31 March 2007 £000	Year ended 31 March 2006 £000
Sir Martin Harris,	45–50*	50–55

Director
(from 15 October 2004)

*Prior to 14 October 2006 the post was equivalent to 2.5 days a week. After this date the post was equivalent to 2 days a week. The current full year salary is £40–45k.

John Rushforth,	0	35–40**
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Deputy Director
(to 5 February 2006)

**For the period to 5 February 2006, full year equivalent £45–£50k (including VAT). The post was equivalent to 2 days a week.

Remuneration shown above includes both salary and benefits in kind. Salary includes gross salary; performance pay or bonuses; and any other taxable allowances or payments. The monetary value of benefits in kind covers any benefit provided by the employer and is treated by the Inland Revenue as a taxable emolument.

Advisory group

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Dr Michael Goldstein	850	425
Professor Norman Gower	850	425
Dr John Rea	850	425
	2,550	1,275

The purpose of the group is to assist the Director of Fair Access and OFFA by providing advice on individual access agreements, and on matters of fair access and OFFA policy and procedures.

Members of the group are paid a fee for the work completed, and during the year ending 31 March 2007 the above amounts were paid.



Part 2: Unaudited information

Pension benefits

OFFA does not directly contribute to any pension scheme, however during the year it paid HEFCE £26,393 (including VAT) towards the cost of contributions to the Principal Civil Service Pension Scheme (2006: £31,228). This payment relates to the employer contributions of directly seconded staff to OFFA.

Civil Service pensions

The Civil Service pension is an unfunded multi-employer defined benefit scheme notionally backed by the Government. OFFA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

Director of Fair Access

The Director of Fair Access is appointed by the Secretary of State for Education. The DfES invoices OFFA the cost of the Director's salary and national insurance contributions. The remuneration of the Director is determined by the Secretary of State for Education and Skills.

Sir Martin Harris was appointed as the first Director of Fair Access on 15th October 2004. The Director's role is a part-time position, and was originally equivalent to a 0.5 full time equivalent post. From 14 October 2006 the post became equivalent to 0.4 full time equivalent (i.e. 2 days a week). The post does not offer any pension entitlements. The appointment is for a fixed term of three years.

The appointment may be renewed at the end of the three years subject to review. A notice period of six months is normally required. Other than the possibility of payment in lieu of notice, there are no explicit contractual provisions for compensation for early termination.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access

1 May 2007



Statement of the Office for Fair Access and the Director's responsibilities

Under section 8 of schedule 5 to the Higher Education Act 2004, the Director of Fair Access is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Education and Skills, with the consent of the Treasury. The accounts are prepared on an accruals basis (modified by the revaluation of fixed assets) and must show a true and fair view of OFFA's state of affairs at the year end and of its income and expenditure 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 (FReM) and in particular to:

- Observe the accounts direction issued by the Secretary of State for Education and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed and disclose and explain material departures in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for the DfES has designated the Director as the Accounting Officer for OFFA. His relevant responsibilities as OFFA Accounting Officer, including his responsibilities for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officers' Memorandum, issued by the Treasury and published in Government Accounting.



Statement by the Director on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OFFA's policies, aims and objectives. I am personally responsible for safeguarding the public funds and OFFA's assets, in accordance with the responsibilities assigned to me by the DfES in the Management Statement and Financial Memorandum.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. During the year the system of internal control has continued to develop in accordance with Treasury Guidance and this has included a risk management process. The system of internal control relies partly on my monitoring of the effectiveness of the Service Level Agreement with the Higher Education Funding Council for England for the provision of administrative services and staff.

Risk Management and capacity to deal with risk

Risk management is an ongoing process designed to identify and prioritise the risks to the achievement of OFFA's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. We have an Assurance Framework that explains OFFA's risk management

policy, defines key roles and responsibilities and sets out how risk management is to be embedded in OFFA's strategic and operational planning processes. OFFA's current schedule of risks covers:

- Access agreements – supporting the delivery, maintenance and monitoring of access agreements (including the delivery of bursaries and scholarships).
- Communications – supporting the clarity, accessibility, timeliness and credibility of messages about financial support for students.
- Financial and Operational – operational management of OFFA.
- Policy related – achievements regarding supporting widening participation.
- Evidence – providing evidence for the sector and the 2009 Commission on the impact of variable fees.

Following agreement with DfES, and due to its small size, OFFA is not required to have an audit committee. External auditors are able to raise issues with the sponsoring team in the DfES and subsequently the DfES audit committee and the internal auditors' terms of reference include a clear reporting line for the Head of Internal Audit to the DfES Accounting Officer and Head of Internal Audit. No such matters were raised in 2006–07.

The Assurance Framework is appropriate for the level of risks faced by the organisation. The risk management process has been in place for the year ending 31 March 2007. OFFA's risks are clearly set out and defined and their management is assigned to the relevant people within the organisation.



Following staffing changes last year, we revised and developed the management structure within OFFA. The allocation of roles and responsibilities within OFFA in respect of risk management changed, but this had no adverse impact on the effectiveness of the risk management arrangements within the organisation. I am content that appropriate actions continue to ensure that OFFA's risk management activities remain effective.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control which encompasses operational, financial and compliance controls. The accountability framework consists of policies, procedures, monitoring and communication which collectively contribute to the delivery of strategic objectives and maintenance of a sound system of internal control.

My review of the effectiveness of the system of internal control is informed by:

- Regular meetings with managers within OFFA to discuss the plans and strategic direction of the OFFA.
- Reports from managers within OFFA who have responsibility for the development and maintenance of the internal control framework including risk management.
- Regular meetings with managers within OFFA to consider risks and ensure that responsibility for the management of identified risks has been allocated and appropriate control measures are being taken.
- Reports from the internal audit service provided by HEFCE under the Service Level Agreement.

- An annual report from the Head of Internal Audit, provided under the Service Level Agreement, which includes an opinion on the effectiveness of the risk management process and adequacy of internal controls.
- Comments made by the external auditors in their management letter and other reports.

Conclusion

As a result of my review for 2006–2007 I am able to report that the system of internal control has generally operated satisfactorily and that I have not identified any material weaknesses which would have affected the achievement of OFFA's objectives or goals. During 2007–08 OFFA will continue to review its corporate governance and risk management arrangements to further enhance the system of internal control, to ensure continuous improvement, to respond to evolving best practice and to respond to external developments.

Sir Martin Harris

Director and Accounting Officer
Office for Fair Access

1 May 2007



The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Office for Fair Access for the year ended 31 March 2007 under the Higher Education Act 2004. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement 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 being audited.

Respective responsibilities of Office for Fair Access, the Director and auditor

The Office for Fair Access and Director as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Higher Education Act 2004 and directions made thereunder by the Secretary of State for Education and Skills and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Office for Fair Access and the Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Higher Education Act 2004 and directions made thereunder by the Secretary of State for Education and Skills. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Director's forward, Management Commentary and the information in the Remuneration Report that is described in that report as being unaudited, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Office for Fair Access has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Office for Fair Access's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Office for Fair Access's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.



Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Office for Fair Access and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Office for Fair Access's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with Higher Education Act 2004 and directions made thereunder by the Secretary of State for Education and Skills, of the state of

the Office for Fair Access affairs as at 31 March 2007 and of its net expenditure for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Higher Education Act 2004 and directions made thereunder by the Secretary of State for Education and Skills, and
- information given within the Annual Report, which comprises the Director's forward, Management Commentary and the information in the Remuneration Report that is described in that report as being unaudited, is consistent with the financial statements.

Audit Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

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

8 May 2007

The maintenance and integrity of the OFFA website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.



Income and Expenditure account for the year ending 31 March 2007

	<i>Note</i>	Year ended 31 March 2007 £	Year ended 31 March 2006 £ restated
Income			
Other income	3	15,258	15,150
		15,258	15,150
Expenditure			
Running costs			
Staff costs	4	248,207	291,835
Other administration	5	200,354	158,624
Total expenditure		448,561	450,459
Total net expenditure before interest		433,303	435,309
Notional interest on capital	6	269	(193)
Total net expenditure after interest		433,572	435,116
Reversal of notional interest on capital		(269)	193
Net expenditure for the year transferred to general reserves		433,303	435,309

All OFFA operations are continuing.

There were no gains or losses other than the net expenditure for the year.

The notes on pages 31 to 38 form part of these accounts.



Balance Sheet as at 31 March 2007

	<i>Note</i>	As at 31 March 2007 £	As at 31 March 2006 £ restated
Current assets			
Debtors	7	15,000	15,449
Cash at bank and in hand	8	37,170	31,844
		52,170	47,293
Creditors			
Amounts falling due within one year	9	(6,620)	(8,440)
Net current assets		45,550	38,853
Total net assets / (liabilities)		45,550	38,853
Represented by			
Reserves			
General reserve	11	45,550	38,853
		45,550	38,853

Sir Martin Harris
Director and Accounting Officer
Office for Fair Access

1 May 2007

The notes on pages 31 to 38 form part of these accounts.



Cash Flow Statement for the year to 31 March 2007

	<i>Note</i>	Year ended 31 March 2007 £	Year ended 31 March 2006 £ restated
Operating activities			
Receipts			
Other receipts		15,258	4,859
		15,258	4,859
Payments			
Administration costs		449,932	465,228
		449,932	465,228
Net cash inflow / (outflow) from operating activities	12	(434,674)	(460,369)
Net cash outflow from capital expenditure		0	0
Financing			
Grant in aid received through the Department for Education and Skills	1	440,000	385,000
Net cash inflow / (outflow)		5,326	(75,369)

The notes on pages 31 to 38 form part of these accounts.



Notes to the Accounts for the year to 31 March 2007

1 Accounting policies

Basis of accounting

These accounts are drawn up in accordance with the Accounts Direction given by the Secretary of State for Education and Skills, with the consent of the Treasury and in accordance with the Higher Education Act 2004 (paragraph 8 (1) of Schedule 5). They are prepared in accordance with the 2006–07 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounts are prepared under the historical cost convention, modified by revaluation of fixed assets where appropriate.

In accordance with FRS 18 the accounting policies and estimation techniques used are those that are judged to be the most appropriate for the purpose of giving a true and fair view. These policies are reviewed regularly to ensure they remain the most appropriate.

Grants from the Department for Education and Skills

All Grant in Aid (GIA) from the DfES is treated as financing as it is a contribution from controlling parties giving rise to a financial interest. It is recorded as financing in the cash flow statement and credited to the general reserve. This is a change compared to previous years, and the 2005–06 financial statements have been restated to reflect this change. Note 2 to the accounts provides additional information on the prior year adjustment.

Income

Income is received from the Department for Employment and Learning Northern Ireland (DEL) in respect of services provided under a service level agreement covering advice on access agreements in Northern Ireland. Miscellaneous income is also received from other organisations and this is accounted for on an accruals basis.

Accounting for Service Level Agreement with HEFCE

The costs of staff seconded to OFFA under the Service Level Agreement with HEFCE are included in staff costs. The cost of central support functions provided under the agreement, including the costs of staff performing these activities, are included within other administration costs.

Notional costs

The FRoM requires Non Departmental Public Bodies (NDPBs) to disclose the full cost of their activities in their accounts. OFFA has therefore included in its accounts charges for the notional cost of capital. The cost of capital has been arrived at by using the HM Treasury prescribed rate of 3.5 per cent per annum of the average capital employed. In accordance with HM Treasury guidance non-interest bearing bank balances with the Office of the Paymaster General and the Bank of England are excluded from the calculation of capital employed.

Provisions for liabilities and charges

Provisions are recognised when OFFA has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a



reliable estimate can be made of the amount of the obligation. OFFA has no provisions for the year ending 31 March 2007.

Pension costs

Employees seconded from the Higher Education Funding Council for England (HEFCE) are members of the Principal Civil Service Pension Scheme (PCSPS). This is a multi-employer defined benefit scheme (treated for accounting purposes as a defined contribution scheme) described in more detail in the remuneration report.

Taxation

OFFA does not trade and hence is not liable for Corporation Tax. Also OFFA has insufficient chargeable output to warrant registration for VAT. Costs are shown inclusive of VAT where applicable, including staff costs, which are provided as a service by HEFCE.

Financial instruments

FRS 13 requires organisations to disclose information on the possible impact of financial instruments on its risk profile, and how these risks might affect the organisation's performance and financial condition.

As a NDPB funded by the Government, OFFA is not exposed to any liquidity or interest rate risks. OFFA has no overseas operations and does not operate any foreign currency bank accounts; as such it is not subject to any foreign currency risks.

2 Prior year adjustment

The 2006–07 Financial Reporting Manual (FRmM) contained changes relating to accounting for grants and Grant in Aid (GIA). Prior period adjustments were required to reflect these changes in accounting policy. The 2005–06 accounts have been restated on a comparable basis.

In previous years revenue GIA was treated as income. From 2006–07 all GIA is now treated as financing. This means that the restated 2005–06 income and expenditure account now shows a net expenditure position, but there is no net financial impact from this change as GIA financing remains available.

This means that the £440,000 grant in aid received this year (2005–06: £385,000) is taken to the balance sheet rather than shown as income in the income and expenditure account. All of this funding was provided for administrative running costs of the organisation.

3 Other income

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Running costs		
Miscellaneous income	15,258	15,150
Total other income	15,258	15,150

Of this amount £15,000 is in relation to income from the Department of Education and Learning Northern Ireland in respect of services provided under a Service Level Agreement. The financial objective of such an arrangement is to recover contributions against costs, rather than to generate additional income.



4 Salaries and Wages

Staff Costs

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Staff employed by OFFA (including directly seconded staff)		
Salaries	178,688	204,002
National Insurance contributions	16,638	19,454
Pension costs	26,393	31,228
	221,719	254,684
Costs of employing contract, agency and temporary staff*	26,488	37,151
	248,207	291,835

* This line includes the payments to the Advisory group members. It also includes £7,579 (2005–06: £9,694) for payments to KPMG for internal audit services carried out during the year. Other internal audit services provided by HEFCE are included in other administration costs.

Staff Numbers

	Year ended 31 March 2007 Number	Year ended 31 March 2006 Number
The average actual number of staff employed, excluding the Director, expressed as full time equivalents was:	3	3
Average number of contract, agency and temporary staff	1	1
	4	4



Salaries

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

Pay settlements (for HEFCE seconded staff) consist of an element of revaluation to take account of the effects of inflation, and an element of progression related to performance against objectives. Annual

settlements are awarded from 1 August each year (1 April for Director) and relate to individuals' performance in the previous financial year. Awards are paid as consolidated increases in basic pay up to the maximum rate for the job, and as non consolidated lump sums above it. Members of staff are also eligible for a non-consolidated performance related bonus. OFFA has agreed to continue this policy for HEFCE seconded staff.

5 Other Administration

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
External audit fee	6,300	6,000
Consultancy and legal fees	42,579	0
General administrative payments	1,520	2,085
Publications, printing, publicity	5,247	4,403
Recruitment and training	7,563	7,296
Service Level Agreement with HEFCE:		
– Accommodation and housing services	28,300	35,970
– IT, Finance and HR services	46,844	45,896
– Internal Audit, Budget Management and Assurance services	26,893	20,918
– Other general expenses	21,768	22,044
Telephone and postage	1,042	838
Travel and subsistence for staff	12,298	13,174
	200,354	158,624

The external auditors received no remuneration for non audit services.



6 Notional Costs

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Capital employed as at 1 April	7,009	(18,051)
Capital employed as at 31 March	8,380	7,009
Average capital employed	7,694	(5,521)
Notional interest on capital	(269)	193

7 Debtors

	As at 31 March 2007 £	As at 31 March 2006 £
Debtors	15,000	15,262
Prepayments	0	187
	15,000	15,449

8 Details of Cash Balances at year end

	As at 31 March 2007 £	As at 31 March 2006 £
Cash held at the Bank of England: in respect of running costs	37,170	31,844
	37,170	31,844

The bank account of OFFA is held at the Bank of England in an Office of HM Paymaster General account and in consequence any interest is retained to the benefit of the Exchequer.



9 Creditors: Amounts falling due within one year

	As at 31 March 2007 £	As at 31 March 2006 £
Running costs accruals	6,620	8,440
	6,620	8,440

10 Debtors and Creditors balances with other government bodies

	Debtors balance as at 31 March 2007 £	Creditors balance as at 31 March 2007 £
Other central government bodies	15,000	0
Local authorities	0	0
NHS Trusts	0	0
Total Debtors and Creditors with other Government Bodies	15,000	0
Other Debtors and Creditors	0	6,620
Total as per the Debtor and Creditor Note	15,000	6,620

11 General Reserves: Reconciliation of movement in funds

	As at 31 March 2007 £	As at 31 March 2006 £ restated
Opening balance	38,853	89,162
Grant in Aid	440,000	385,000
Net expenditure for the year	(433,303)	(435,309)
Closing balance: General reserve	45,550	38,853



12a Reconciliation of net expenditure to net cash flow from operating activities

	Year ended 31 March 2007 £	Year ended 31 March 2006 £ restated
Net expenditure for the year	(433,303)	(435,309)
Decrease / (increase) in debtors	449	(10,740)
Increase / (decrease) in creditors	(1,820)	(14,320)
Net cash inflow / (outflow) from operating activities	(434,674)	(460,369)

The above note does not include the £440,000 grant-in-aid provided by DfES this year (2005–06: £385,000). More detail is provided in note 2 to the accounts.

12b Reconciliation of net cash flow to movement in net funds

	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Net funds at 1 April	31,844	107,213
Increase / (decrease) in cash for the year	5,326	(75,369)
Net funds at 31 March	37,170	31,844

13 Contingent Liabilities

OFFA had no contingent liabilities at 31 March 2007.



14 Related Party Transactions

OFFA is a non-departmental public body sponsored by the DfES, and therefore the DfES is regarded as related party.

OFFA has a Service Level Agreement (SLA) with HEFCE, through which HEFCE provides a number of services to OFFA. During the year OFFA paid HEFCE £292,417 (2005–06: £323,826) for the services provided through the SLA including the costs of directly seconded staff. Of this amount £168,612 (2005–06: £198,997) relates to staff costs.

Details of relationships are held in OFFA's register of interests, which is available on request.

15 Events after the balance sheet date

There have been no events after the balance sheet date requiring an adjustment to the financial statements.

The financial statements were authorised for issue on the 8 May 2007 by Sir Martin Harris (Accounting Officer).

Office for Fair Access

Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD
tel 0117 931 7171
fax 0117 931 7479
www.offa.org.uk

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