



ANNUAL  
ACCOUNTS  
2020-21



Noddir gan  
**Lywodraeth Cymru**  
Sponsored by  
**Welsh Government**

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## Performance report

### 1. Overview

#### 1.1 Introduction

This year's accounts reflect the very different year that the COVID-19 pandemic presented for Qualifications Wales. 2020-21 was a story in three parts: firstly, how we have managed remote working; secondly, how we have continued to deliver our 'business as usual' qualifications activities; and thirdly, how we dealt with unprecedented disruption to the education system, and made changes to the approach to awarding qualifications in 2020 and 2021, so that learners who could not sit examinations would still be awarded qualifications and be able to progress.

Qualifications Wales has successfully worked remotely for the entire year. As a result of the pandemic, all staff have worked remotely since 16 March 2020. This change brought our existing business continuity planning into sharp focus. We benefited from the existing flexibility in our IT infrastructure and employee policies. In March, we took steps to ensure employees had the equipment they needed well in advance of lockdown. Throughout the year, we have monitored this, and responded to ongoing needs such as Display Screen Equipment (DSE) assessments.

Employee well-being has been a priority, and we have worked hard to keep our employees feeling engaged with the organisation. Recognising that many employees have caring responsibilities, we took the decision to allow them to top-up their flexi-time, where needed, and to relax core hours. Although only a few employees used the top-up, all employees reported that knowing it was available significantly reduced the pressure they felt under during this extraordinary time. We ran pulse surveys over the year, and employees were very positive about how the organisation had supported them through the change to remote working.

Over the year, we have maintained effective financial controls. We have also taken care to ensure suppliers continue to receive prompt payment, paying 98% of our invoices within the statutory timescales. Having identified that our cleaners, who are employed by a contractor, would be vulnerable to reduced income, we followed Cabinet Office and Welsh Government advice (Procurement Policy Note 02/20) and maintained regular payments.

We have also maintained our governance arrangements. Operational and decision-making processes have been largely unchanged, but with meetings taking place virtually using Microsoft Teams.

Early in the financial year, we reviewed our operational plan, and took decisions to pause or amend certain activities, to reflect the changes required to the approach to awarding qualifications and to consider regulatory burden on the awarding bodies that we regulate.

We were able to continue our programme of qualification reform, supported by regular stakeholder engagement. In the main, organising on-screen meetings, especially with employers, proved easier than organising the face-to-face meetings that had taken place before the pandemic. We were therefore able to successfully deliver most of our planned activities on qualification reform. We produced unqualified accounts, provided our Annual Report to the Senedd's Children, Young People and Education Committee, and published our annual reports, tracking progress against our Equalities and Future Generations objectives and against our Welsh Language Scheme.

At the same time, we have seen unprecedented disruption to the education system in Wales. This has required Qualifications Wales and the other qualification regulators across the UK to explore and adopt alternative approaches to the award of qualifications that have not been seen before. Throughout this difficult period, we have prioritised supporting learners in order that they receive fair grades, which allow them to progress to employment or to the next phase of their education.

Following the closure of schools in March 2020 and the cancellation of the summer 2020 GCSE, AS and A level examination series, our Board agreed to pay regard to the policy Direction issued by the Minister for Education on 6 April – that GCSEs, AS and A levels were to be awarded through a fair and robust approach based on centre judgements and that results should be standardised. As a result, we worked at pace to set up and communicate an awarding approach that would meet the policy, securing an award that was fair for all learners and enabled progression. We consulted on a set of aims to underpin our proposed approach and received support for our proposals. Following consideration by our Board, we published a decision report with clear guidance for centres.

Additional extraordinary Board and Committee meetings were held to work out the details. This is covered in detail in the Governance Report. To support these decisions, employees evaluated options and statistical models, under considerable pressure and within short timeframes, to provide the Board with robust recommendations.

In August, it became clear that the approach to standardising results was not acceptable to the general public and, following a Ministerial Direction on 17 August, awards for 2020 were instead made based on Centre Assessment Grades (CAGs). More information is available in our Annual [Report](#).

Responding to teachers' requests for clarity for 2021, we agreed a regulatory approach that enabled WJEC to make adaptations for 2021 examinations available before the start of the 2020-21 academic year. We also worked on contingency plans in case other forms of assessment were needed.

In October, we provided advice to the Minister for Education on an approach that would minimise the requirement for examinations. Following the Minister's policy decision in November to cancel examinations for summer 2021, we worked with the Minister's Design and Delivery Advisory Group (DDAG) to provide technical input to help them formulate advice on options. The Minister considered this advice, and issued a policy Direction in

December that we were able to pay regard to and update our regulatory framework accordingly.

When schools closed for face-to-face teaching in January 2021, it was timely to review the assessment approach for summer 2021, as it was unlikely that the approach agreed and communicated before Christmas would be deliverable. Following discussions with DDAG, WG and our Board, we took the decision to pay regard to the revised Direction, which set out that awards were to be made based on Centre Determined Grades (CDGs). This allowed flexibility for centres to develop assessment plans appropriate for their context within parameters set out by us and WJEC. We reviewed the approach and discussed options with our Board. We provided guidance to centres in February; this was updated as details were clarified. Before Easter, we provided final guidance to centres.

Similarly, alternative arrangements were put in place for vocational qualifications, to ensure that as many learners as possible were awarded their qualifications despite the impact of the pandemic, and were able to progress to further learning or into employment. Extraordinary regulatory frameworks were implemented to enable awarding bodies to adapt their qualifications accordingly. We worked closely with our fellow UK qualifications regulators to put in place common arrangements to aim for as much consistency as possible and reduce the burden on awarding bodies.

The commitment and resilience shown by all our employees and Board members during this time is a testament to our organisation's positive, adaptive and collaborative culture and values.

Following the publication of results in August 2020, the Minister for Education commissioned an Independent Review of the awarding arrangements for 2020, and asked for recommendations for 2021. The final report was published in February 2021. While we did not agree with all of its conclusions, we welcomed the recommendations relating to more effective communication and engagement with learners, parents, teachers and other stakeholders across the education system. Although we communicated regularly about the Summer 2020 arrangements, we could have improved two-way dialogue with stakeholders. Since autumn, we have continued to work closely with the Design and Delivery Advisory Group (DDAG), and we are very pleased to be launching our Learner Advisory Group in April 2021, having received over 60 applications. We aim to create real and ongoing engagement with those impacted by our ideas and plans.

## 1.2 Scope of responsibility

Qualifications Wales was established in August 2015, through the *Qualifications Wales Act*, and assumed our duties and powers in September of that year. This year (April 2020 to March 2021) is our fifth full financial year of operation.

We regulate awarding bodies offering qualifications in Wales. We are an independent body focused on publicly funded qualifications, including GCSEs, A levels and vocational qualifications. We work with others to review and reform qualifications.

Degrees are not part of our work, but we work with universities and colleges to make sure they understand qualifications so that learners can progress into higher education. We want qualifications to be the best they can be for learners, teachers and employers, helping people adapt in a rapidly changing world. We work with awarding bodies to extend the availability of qualifications through the Welsh language.

In addition to our Annual Accounts, we produce an Annual Report in the autumn of each year, which provides more information about our work and how we are fulfilling our principal aims. Our Annual Report provides a comprehensive account of each of our operational priorities and the activities we have conducted throughout the year in order to fulfil them. We published our fifth Annual Report in November 2020, covering the period September 2019 to August 2020, and this was scrutinised by the Children, Young People and Education Committee for the Senedd Cymru.

This set of Annual Accounts covers the period from 1 April 2020 to 31 March 2021.

## 1.3 Statutory background and functions

As the independent regulator, our principal aims are:

- ensuring that qualifications, and the Welsh qualification system, are effective for meeting the reasonable needs of learners in Wales;
- promoting public confidence in qualifications and in the Welsh qualification system.

At Qualifications Wales, we protect the value of qualifications, make sure that they are awarded fairly, and review and develop them as the needs of learners change. We place the learner at the heart of our activities.

As the trusted experts in qualifications, we provide Welsh Government with advice on relevant issues. We also consider the needs of employers, the higher education (HE) sector and professions.

We also have a responsibility to look across the qualifications system to check that it is working in the interest of learners, and to act or advise others to do the same, if necessary. Part of our work is to ensure that qualifications within the system are valued. We have

powers and duties to regulate awarding bodies, and we can make positive interventions to secure improvements to qualifications or the qualifications system.

We pay regard to eight 'matters' in deciding how we go about our work:

*"In considering what is appropriate for the purpose of achieving its principal aims, the matters to which Qualifications Wales is to have regard include (among other things):*

- (a) The desirability of promoting sustainable growth in the Welsh economy;*
- (b) The desirability of promoting and facilitating the use of the Welsh language, including through the availability of assessment arrangements that provide for assessment through the medium of the Welsh language, and of qualifications that otherwise promote or facilitate the use of the Welsh language;*
- (c) The range and nature of qualifications available, and their assessment arrangements;*
- (d) The reasonable requirements of employers, higher education institutions and the professions regarding education and training (including as to required standards of practical competence);*
- (e) Whether the knowledge, skills and understanding required to be demonstrated for the purpose of determining whether a person is to be awarded a qualification reflect current knowledge and best practice;*
- (f) Whether qualifications indicate a consistent level of attainment with that indicated by whatever Qualifications Wales considers to be comparable qualifications, whether awarded in Europe or elsewhere;*
- (g) Whether qualifications are provided efficiently and so as to secure value for money; and*
- (h) The respective roles played by, and responsibilities of, each of the following persons in respect of the Welsh qualification system (including by reference to cooperation between those persons, and their effectiveness in performing their roles);*
  - (i) Awarding bodies, learning providers, Qualifications Wales and the Welsh Ministers;*
  - (ii) Any other persons exercising functions that Qualifications Wales considers relevant for the purpose of the Welsh qualification system.*

*Qualifications Wales Act (2015)*

## **1.4 Performance summary**

For 2020-21, we set four operational priorities:

### **Operational Priority 1 - Review**

We review qualifications to see how well they meet the needs of learners in Wales. When deciding which areas of qualification provision to review, we consider a range of factors, such as the number of learners taking qualifications and how qualifications are used in different employment sectors. We seek views from stakeholders about which areas to focus on, including from Welsh Government and the Regional Skills Partnerships.

### **Operational Priority 2 – Reform**

Our reviews of qualifications can lead to reforms where these are in the best interest of learners. For example, we can use our unique powers to restrict the market and commission new qualifications.

### **Operational Priority 3 - Regulate**

A fundamental aspect of our work is overseeing the smooth running of qualifications and the qualifications system. Our chief means of doing this is by regulating the awarding bodies that provide these qualifications in Wales.

### **Operational Priority 4 – Corporate Resources**

Our employees are what enables us to deliver. By providing strong corporate functions and investing in our corporate values, behaviours and culture, we maintain a solid foundation for the organisation. This is what has enabled us to deliver our functions during a prolonged period of disruption caused by the COVID-19 pandemic.

Our role is to look across the qualifications system. As well as providing guidance and information, we ask for feedback, share our research, and respond to consultations.

Our 2020-21 business plan identified our focus for the year and outlined the work that we intended to deliver in support of our four Operational Priorities.

This performance summary section outlines our main achievements across the year. Further detail is provided in the performance analysis section.

## **Commentary from the Chief Executive of Qualifications Wales**

### **Key achievements this year**

Early in the financial year, we took stock of the situation and revised our operational plan to adjust to the prevailing circumstances. Despite continual changes and uncertainty, we put in place regulatory arrangements that allowed learners to gain qualifications despite not being able to sit examinations. We learned lessons throughout this process that we have been applying as we plan for the 2021 arrangements. We are improving how we communicate and listen. While dealing with these difficulties, we have also continued our programme of qualification reform, successfully achieving all our development milestones as detailed below. This year, I was pleased to report to the Board that we had delivered against our operational priorities. I highlighted the following main achievements:

### **Review**

- In June 2020, we published our decision report on the principles we would use to redesign qualifications to be taken at 16 to support Welsh Government's curriculum reform.



- In January 2021, we launched our second consultation to consider the range of qualifications that should be available at the age of 16, receiving a good response rate to date.
- We have continued to engage with stakeholders across the education system and listen to their views, increasing our reach and making good use of virtual tools.
- We published our public confidence survey report in July 2020.
- In autumn 2020, we published 'The Importance of Engineering', our review of qualifications and the qualification system in the engineering, advanced manufacturing and energy sector. Responding to the views of over 100 stakeholders and 350 learners, we made recommendations for improvements to the qualifications offer.
- We started our sector review of the travel, tourism, hospitality and catering sector, and our review of Sport and Public Services qualifications.
- We continued to host the Essential Skills Oversight Board to keep the Essential Skills Wales suite of qualifications under review.

## Reform

- In February 2021, we published our decision report on our consultation to reform the Advanced Skills Challenge Certificate, and are taking forward the commissioning of a new qualification for first teaching in September 2023.
- We continued to deliver our reforms to vocational qualifications: we approved a new GCSE in Digital Technology, and are supporting a change management programme for teachers, ready for first teaching in September 2021.
- We continued to oversee the development (by WJEC) of a new A level in Digital Technology.
- We approved the new Foundation qualification in Construction and the Built Environment, and continued to oversee the development of Progression and Apprenticeship qualifications in this sector.
- We approved a new A level in the Built Environment.
- We began a 'lessons learned' review of the development of the Health and Social Care qualifications so that we may continually improve our practice.
- We began exploratory work to understand the role we might play in increasing the use of digital technology in assessment.

## Regulate

- In spring 2020, we published our Welsh Language Strategy ('Choice for All'), setting out our commitment to increase the availability of Welsh-medium qualifications. We have engaged with awarding bodies and a subject expert Task and Finish Group to draft guidance for awarding bodies, which we plan to publish in spring 2021.
- Our revised Standard Conditions of Recognition went live on 1 October and we supported awarding bodies with a suite of guidance, which we developed in collaboration with them through a series of on-line webinars.

- We improved our approach to conducting Regulatory Impact Assessments, and we reviewed several of our regulatory policies, including our Regulatory Framework and Approach, Regulatory Welsh-medium Qualifications Policy and Consultation Policy.
- We took a proportionate approach to our regulation of awarding bodies – streamlining the annual process for Statements of Compliance and reducing the lines of enquiry. Given the impact of COVID on businesses, we requested and monitored awarding body financial viability and considered risks to the system.
- We developed new functionality within the QiW database, including introducing the ability to view ‘other regulated’ qualifications that are not publicly funded. This now gives a complete picture of the available qualifications in Wales.
- When exams were cancelled for summer 2020, we worked at pace to set up and communicate assessment arrangements that would meet the policy direction issued by the Minister for Education, to secure an award that was fair for all learners, enabled progression and supported standards.
- When it became necessary to move to awards based on unstandardised Centre Assessment Grades, we took the regulatory actions required to ensure this could happen. We completed and published analysis of the final qualification results.
- We worked with stakeholders to plan and deliver an approach for 2021 that would meet the policy direction issued by the Minister for Education. In doing so, we supported the Design and Delivery Advisory Group (DDAG) established by the Minister.
- We worked closely with other UK regulators to put in place extraordinary regulatory frameworks for vocational qualifications that enabled awarding bodies to award qualifications under alternative arrangements during the pandemic. Key principles of the approach were to ensure that as many learners as possible were able to progress to further learning or employment as possible and that learners on vocational qualifications were not disadvantaged compared to learners taking general qualifications.
- We set up our first Learner Advisory Group, appointing 18 young learners from over 60 applications.

### Corporate Resources

- We continued to ensure the smooth running of the organisation despite the office closure.
- We supported the well-being of our employees through virtual events and regular communication and initiatives. We also continued our corporate social responsibility activities, including staff volunteering to provide oral readings of current newspapers and articles for the Sight Cymru charity for the benefit of those with sight loss.
- We tendered and awarded contracts for a new bilingual HR system and a new finance system that will be implemented during 2021.
- We continued to provide IT support to the National Educational Academy of Education and Learning and the Local Democratic Boundary Commission, enabling these organisations to successfully work from home during the pandemic.
- We worked with other Welsh Government Sponsored Bodies (WGSBs) to procure and implement a programme of Leadership and Management training for cohorts of employees across all WGSBs.

- We completed an internal audit programme – five of the six audits achieved substantial assurance.
- We continued to listen and respond to employee views and concerns throughout the pandemic and have prepared our office to for a safe return when the time is right.

<b>Signed</b> Philip Blaker	<b>Philip Blaker</b> Accounting Officer 15 July 2021
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## 2 Performance analysis

### 2.1 Progress against our operational priorities for 2020-21

The 2020-21 operational priorities built on the previous year's plan. Our Senior Leadership Group reported progress against these priorities monthly, using a Red/Amber/Green rating system. This enabled us to report progress at each Board meeting. The table below shows what we have achieved over the year:

<b>Operational Priority 1 – Review</b>
<p><b>What we set out to achieve</b></p> <ul style="list-style-type: none"> <li>• Project manage the Qualified for the Future project</li> <li>• Determine the future range of qualifications taken at 16</li> <li>• Agree the design and assessment parameters of the new suite of GCSEs</li> <li>• Define the routes to securing key qualifications taken at the age of 16</li> <li>• Publish the engineering, advanced manufacturing and energy sector review</li> <li>• Begin the travel, tourism, hospitality, leisure and catering sector review</li> <li>• Consider potential future reform of Essential Skills Qualifications</li> <li>• Review the future availability of qualifications for post-16 learners</li> <li>• Inform forward planning for qualifications and the qualifications system in Wales</li> <li>• Develop the future strategy for qualifications review and reform</li> <li>• Communicate and engage on Review priorities</li> </ul>
<p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• We set up clear workstreams, outputs and timelines for Qualified for the Future, and progressed using effective project management to track delivery and manage risks and dependencies. We completed a resource plan, secured funding, recruited additional staff and appointed a provider to support the consultations.</li> <li>• In June 2020, we published the decision report from our first consultation on the principles we would use to redesign qualifications to support Welsh Government's curriculum reform. In January 2021, we issued our second consultation on the range of GCSE and other made-for-Wales qualifications that should be available to take at the age of 16 to support</li> </ul>

Welsh Government's curriculum reform. Through our targeted communications and engagement strategy we have so far received 693 full consultation responses and 126 summary/youth-friendly responses.

- We carried out significant engagement with schools, assessment experts and awarding bodies to discuss the possible design and assessment parameters for new GCSEs. Listening to stakeholders, we replanned this workstream. Next year, we will focus firstly on the content of these qualifications, and only then consider what the appropriate assessment approach would be for each subject domain.
- We completed an options analysis on how to secure new GCSE qualifications, and took the decision on how we would apply our regulatory tools to achieve our objectives.
- We published our engineering, advanced manufacturing and energy sector review in October 2020, having reflected the views of more than 100 employers, schools, colleges and learning providers that we interviewed, and from focused discussions with over 350 learners. We also completed a technical review of qualifications, an international comparison study and an online survey. We are now taking forward our recommendations.
- We commenced our review of travel, tourism, hospitality and catering sector review, (leisure will now be considered alongside sport). We delayed the start to take account of the significant impact of the pandemic upon the sector in accordance with stakeholders' views on timing. They told us the review was welcome despite the pandemic, but asked that we allow time for everyone to engage. Responding to this, we have spread out our activities over a longer period of time, and now intend to publish our review in early 2023. To date, we have recruited four subject experts to support the sector review activities and have commenced our stakeholder engagement and international review workstreams.
- We set out a clear plan for improvements to the Essential Skills Wales qualifications, and are working with the awarding bodies involved to help them make these changes.
- We developed our policy approach to continue our programme of sector reviews of vocational qualifications (in other industry sectors) taken post-16 in further education, apprenticeships and sixth-form schools. Our focus is on protecting the availability of a suitable range of qualifications in the context of policy changes in England and encouraging wider availability of Welsh-medium qualifications. We have almost completed the first of our second phase of sector reviews in sport and public services.
- We completed Phase 1 of our research into teacher and learner views of non-examined assessment; we will use this as we develop our approach in different subject domains. We also completed and published research into teacher perceptions of the implementation of previous GCSE reforms.
- We commissioned our providers to complete our annual public confidence survey (and published the report), as well as qualitative research into public confidence in qualifications and the qualifications system.

- Although we agreed our approach to delivering both our vocational strategy and our Qualified for the Future project, we placed on hold work to review and refresh our strategy documents.
- Throughout the year, we continued to communicate and engage with our stakeholders on our review and reform activity. We have held stakeholder meetings and virtual events and provided regular updates to centres, awarding bodies; higher education; Members of the Senedd; employers; regional consortia; trade unions and learners. We adopted a range of ways to widen our reach, hosting our own events and contributing to partner events. For Qualified for the Future, we have worked in partnerships with Parentkind and Youth Cymru, and presented at events with the Institute of Welsh Affairs (IWA) and the mentrau iaith and Youth Parliament to debate/discuss our qualifications proposals. Our communications activity has seen a growth in website visits (from 363,180 in April 2020 to 668,482 in April 2021), and impressions on social media have increased significantly.

## **Operational Priority 2 - Reform**

### **What we set out to achieve**

- Reform the Advanced Skills Challenge Certificate and Welsh Bacc
- Continue the delivery of the Digital Reform project
- Conclude the Health and Social Care Reform project
- Continue the Construction and Built Environment Reform project
- Continue to manage grants effectively
- Strengthen assessment in the qualifications system
- Communicate and engage on reform priorities

### **Progress**

- We completed a consultation on how best to reform the Advanced Skills Challenge Certificate qualification and Advanced Welsh Baccalaureate that is taken post-16. We received strong support for our proposed changes and published our decision report in February 2021. We reviewed options on how best to secure the new qualification, and what to call it. We took the decision to commission the development of the 'Advanced Skills Baccalaureate Wales (Level 3)' and will commence the procurement process in the coming year, ready for first teaching in September 2023.
- We approved a new GCSE Digital Technology in July 2020, and are supporting a change management programme for teachers, ready for first teaching in September 2021. We are working towards approving a new GCE AS/A Level Digital Technology by September 2021 in readiness for first teaching in September 2022.

- We are in the process of completing a lessons learned exercise on our project to introduce new Health and Social Care qualifications, and will use our learning in future reform projects while we continue to monitor the award of these new qualifications.
- We approved the new Foundation qualification in Construction and the Built Environment. Recognising the challenges of teaching during the pandemic, we have agreed that there will be dual running of this and the Progression qualification with the legacy qualifications, to allow centres to choose. We have deferred the new Apprenticeship (Level 3) qualifications until 2022.
- Having already approved a new GCSE in the Built Environment for first teaching September 2021, we approved the A level, ready for first teaching in 2022.
- We awarded around £192k through competitive grant funding to support awarding bodies making more qualifications available through the medium of Welsh. We have provided £38k for the new construction qualifications.
- We have provided grant funding of £356k to WJEC to contribute to their costs of providing bilingual qualifications. This is lower than previous years, reflecting the awarding process used in 2020. In addition, we provided WJEC with £176k to support the provision of the Welsh for Adults qualifications.
- Through an internal cross-organisation working group, we have begun to determine what outputs would be beneficial from our work on Manageability, Engagement, Reliability and Validity (MERV). Further work will continue in 2021-22.
- Throughout the year we continued to communicate and engage with our stakeholders on our reform activity.
- We hosted our first vocational qualifications (VQ) task and finish working group, with representation from QW, ColegauCymru, National Training Federation Wales (NTfW) and Welsh Government. We have since hosted seven meetings and they are proving to be an effective platform for shared solutions to VQ matters. We will continue to host these meetings going forward after 2021.
- We continue to host our Head Teachers Reference Group (HTRG) and our meeting for Trade Union and Representative Organisations (TURO), and work with the Association of Directors of Education in Wales (ADEW) and the regional consortia. We held many meetings with key stakeholders throughout the year and have also introduced a Higher Education 2021 task and finish group to work on specific progression matters in 2021.
- All of the regular stakeholder group meetings that we either host or attend continue to be platforms to provide updates, gather intelligence and inform our decision-making. We continue to identify new opportunities for engaging on reform activity.
- Our monthly newsletters and social media activity continue to act as an effective tool for sharing information.

### **Operational Priority 3 – Regulate**

#### **What we set out to achieve**

- Review and embed our regulatory framework, policies and approaches
- Regulate awarding bodies

- Designate qualifications
- Monitor qualifications
- Oversee the setting and maintenance of appropriate standards for qualifications
- Manage QiW
- Collect data and produce statistics
- Communicate and engage on Regulate priorities
- Manage the impact of COVID-19 on qualifications

### Progress

- We published our Welsh Language Strategy ('Choice for All') in spring 2020, which sets out our commitment to increase the availability of Welsh-medium qualifications and how we will support awarding bodies to do this. One of our focus areas is to prepare guidance for awarding bodies on developing, delivering and awarding Welsh-medium qualifications, and in 2020, we engaged with awarding bodies through a series of online workshops to discuss what they require in the guidance, and engaged with a wide range of organisations and set up a subject expert task and finish group, in which stakeholders advised on the content of the best practice guidance, including case studies. The guidance is due for publication in spring 2021.
- Following a comprehensive review of the Standard Conditions of Recognition and a joint consultation on proposed changes with fellow regulators, the revised Conditions came into effect on 1 October 2020 (with the exception of Condition F1, which we extended to 1 February 2021 to allow awarding bodies more time to prepare due to the public health pandemic).
- We have developed a suite of guidance for awarding bodies to support them with complying with the revised Standard Conditions of Recognition. We ran six online webinars in autumn 2020, during which awarding bodies, the Federation of Awarding Bodies (FAB) and the Joint Council for Qualifications (JCQ) provided feedback on draft guidance. 'Guidance on F1 – fee information' was published in February 2021 to coincide with the condition going live, and the suite of guidance will be published in spring 2021, alongside a refreshed web page.
- We improved our internal approach to completing Regulatory Impact Assessments and developed a new tool for cost-benefit analysis, which takes an integrated approach to assessing the effects of our regulatory decisions. We formulated a suite of tools and accompanying guidance on our integrated impact assessment approach, and completed a series of training sessions for staff, tailored to their roles.
- We carried out a number of policy reviews, and developed new regulatory policies:
  - We completed a thorough review of our Regulatory Framework Approach, which included embedding our regulatory outcomes and our well-being objectives into the document, updating content around our regulatory powers (e.g. monetary penalties and transfer conditions introduced since the document was first published), and adding our revised communications strategy.



- In line with legislative changes, we developed and published a policy related to unacceptable behaviour by complainants, and completed a review of our consultation policy. We have also reviewed our Conducting Reviews Policy and Welsh-medium and bilingual qualifications regulatory policies.
- Due to the pandemic, we updated our Regulatory Documents List, to include extraordinary regulatory frameworks and accompanying guidance for both general and vocational qualifications. We also reviewed regulatory policies and procedures to support qualification reform programmes.
- Given the pandemic, we took a proportionate approach to our regulation of awarding bodies. We worked with other regulators to streamline the annual process for requesting and reviewing Statements of Compliance, and reduced the lines of enquiry. We requested and monitored information about their financial position to monitor the impact of the pandemic, and consider the risks to awarding body viability.
- We continued to manage incidents, requests for recognition or surrender and complaints. We did, however, suspend individual regulatory update meetings.
- We recognised three new awarding bodies, while three other awarding bodies surrendered recognition.
- During the year, we designated 259 new qualifications, meeting our target response times.
- We considered how we may review and secure the wider offer of qualifications taken at the age of 16 to support the Qualified for the Future project. This included options to enhance the designation process and to operationalise the use of the selection process provided in our legislation. We now have a clear plan of work starting in 2021 and running over the next five years.
- We monitored the award of the November 2020 series (Mathematics, Mathematics Numeracy, English Language and Welsh Language GCSEs).
- We put on hold our plans to carry out reviews of standards in Modern Foreign Languages and English Language. We needed to use staff to support the summer 2020 awarding process, and we did not consider 2020 was an appropriate time for this work to be carried out.
- We continued to work with awarding bodies to improve the quality of the information and functionality of the QiW database and ensure that the information about 'other regulated' qualifications that was now visible on QiW was correct.
- Since examinations were cancelled for summer 2020, we did not publish our usual full suite of statistical releases. We adapted our data collections where possible, and published statistics where relevant. We also carried out extra work to secure additional data from Welsh Government and assess the accuracy of options to use statistical models to standardise grades.
- We hosted our annual fifth Awarding Bodies Forum virtually on 2 December. There were 75 attendees, and feedback from awarding bodies was very positive. We hosted other events throughout the year with the Federation of Awarding Bodies' Wales group to share updates and gather feedback. All presentations and the Forum recording are hosted on our [website](#).
- Following the closure of schools in March 2020, and the cancellation of the summer 2020 examinations series for GCSE, AS and A levels, our Board agreed to pay regard to the policy Direction received by the Minister for Education. As a result, we worked under pressure to set up

and communicate an awarding approach that would meet the policy, securing an award that was fair for all learners, enabling progression and supporting standards. We consulted on our proposed approach and received support. We published a decision report with clear guidance for centres.

- We worked closely with other UK regulators to put in place extraordinary regulatory frameworks for vocational qualifications that enabled awarding bodies to award qualifications under alternative arrangements during the pandemic. Key principles of the approach were to ensure that as many learners as possible were able to progress to further learning or employment as possible, and that learners studying for vocational qualifications were not disadvantaged compared to learners taking general qualifications.
- We reviewed and approved proposals from WJEC for the use of models to standardise results, and monitored the application of those models. When the Minister announced a change in approach in August 2020 to using Centre Assessment Grades, we supported that change and took the necessary regulatory actions. We ran extraordinary data collections and analysed results. We published reports on outcomes from Centre Assessment Grades on 13 August, and on attainment gaps in comparison to previous years on 4 September.
- In July, we agreed adaptations for GCSE, AS and A level examinations in 2021, enabling teachers to have this information before the start of the 2020-21 academic year.
- In autumn 2020, we advised the Minister on an approach that would minimise the requirement for examinations. Following the Minister's policy decision in November to cancel examinations for summer 2021, we worked with the Minister's Design and Delivery Group (DDAG) to provide technical input to help them formulate advice on options. The Minister considered this advice and issued a policy Direction in December that we were able to pay regard to and update our regulatory framework accordingly.
- When the schools closed for face-to-face teaching in January 2021, we reviewed the approach and discussed options with our Board. We took the decision to follow a revised policy Direction to enable awards to be made on Centre Determined Grades based on each centre's individual and variable assessment plans. The first [guidance](#) document (V1) was provided to centres on 9 February 2021; it has since been updated as details were clarified. We provided final guidance to centres on 23 March 2021.
- Engaging with stakeholders, such as teachers, Headteachers, unions, learners and parents, has been critical to the wider understanding of the decisions relating to assessment arrangements in 2021. We have made use of our social media channels and website to share as much information as possible in an appropriate way. We issued communications written specifically for learners, and held regular media briefings on the detail. We have created resources and assets to share with learners, centres and partners.
- We have worked closely with Welsh Government, the DDAG and WJEC on shared messaging and webinars. We will continue to do this to support centres, learners and parents and the wider public to understand the decisions and assessment arrangements for summer 2021.
- We have attended/hosted over 80 stakeholder engagement meetings/briefings since November 2020.
- In response to the Independent Review, we are improving our communication and engagement with learners. For example, we established our first Learner Advisory Group, appointing 18 learners (from over 60 applications), who will be members for two years. We will engage in

regular conversation with our group, and we have a work plan established for the next year. We want members of the group to challenge us, as well as assist us in our work.

#### **Operational Priority 4 – Corporate Resources**

##### **What we set out to achieve**

- Deliver corporate services that support and challenge the organisation to be efficient, effective and compliant
- Tender for new Finance and HR system and begin implementation
- Deliver the revised approach to performance and development
- Deliver our equality objectives
- Publish corporate reports on time and to a high standard
- Deliver the actions from the Welsh Language Scheme
- Support staff well-being and manage our environmental impact
- Work collaboratively with the Welsh public sector to improve efficiency and effectiveness
- Undertake QiW system enhancements
- Continuously improve communications and engagement team capability

##### **Progress**

- Our Finance, Governance, HR, IT, Procurement and Facilities corporate services have continued to deliver their role throughout the pandemic and remote working, being flexible to ensure that the organisation could continue to deliver its regulatory role and reform work.
- We completed six internal audits – with five having substantial assurance, and one having reasonable assurance.
- We completed the tender for new Finance and HR systems and awarded contracts to new providers. Implementation started on the core HR system, and Finance will start in July 2021.
- We rolled out our new performance development system, involving more frequent rolling performance discussions, and we provided staff with training on giving and receiving feedback.
- We published our Equalities progress report in spring 2020, giving an update on progress against our objectives.
- We published unqualified accounts in August 2020, and our Annual Report in November 2020, according to the timetable we are set.
- We monitored and reported our progress against our Welsh Language Scheme.
- Owing to the office being closed, we could not complete our applications for Silver Corporate Health Standard or the Green Dragon Environmental award. However, we were able to continue supporting our staff's health and well-being through training, virtual events and regular communication, including support links and initiatives. We also continued our corporate social responsibility responsibilities, including staff volunteering to provide oral readings of current newspapers and articles for the Sight Cymru charity for those with sight loss.

- We continued to deliver IT services to the National Academy of Education and Learning and to the Local Democratic Boundary Commission. Both organisations were also able to benefit from the flexible IT infrastructure enabling effective remote working. We used the funding from these Service Level Agreements to recruit a Digital Apprentice.
- We continued to support Welsh Government Sponsored Body (WGSB) networks in Finance, HR and IT. We formed a core group with HR colleagues from Sports Wales, Social Care Wales and HEFCW to set up a Leadership and Management training programme for all WGSBs. We led the procurement, and the group saw the first cohort start in autumn 2020, with a further three that have now commenced.
- We completed a major programme to introduce new functionality to our QiW database to cover 'other regulated' qualifications that are not publicly funded. This database is used by awarding bodies to upload information and by centres to view publicly funded qualifications.
- Responding to the findings of our 2019-20 internal audit of communications, the team reviewed the communications strategy and set up new improved processes for the management of campaigns. We increased our use of social media and reviewed the website to comply with the new accessibility legislation. These improvements were delivered during a period of intense pressure, relating to the need to communicate the decisions being taken on the awarding process for both 2020 and 2021. The audit recommendations are now all signed off as complete.
- We continued to listen and respond to employee views and concerns throughout the pandemic, and have prepared our office for a safe pilot return in 2021.
- We awarded 42 contracts following a procurement process, and reviewed all of our contracts in light of the COVID pandemic, issuing contract variation notices where required.
- We delivered savings of £33,615. These price reductions were achieved from running procurement processes in previous financial years and benefiting from reduced expenditure against these contracts this year. The savings are mainly from achieving better prices compared with previous prices paid, or through achieving a lower price compared with framework rates following a mini tender process under the particular framework.

<b>Signed</b> Philip Blaker	<b>Philip Blaker</b> Accounting Officer 15 July 2021
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## 2.2 Main risks

The main risks that we managed during the year are described below. They remain live, and we continue to monitor them closely.

### Awarding in 2020 and 2021

During the award of GCSE, AS and A level qualifications in 2020 there was a risk that the cancellation of examinations and the processes used to award qualifications would result in atypical results that would put at risk the maintenance of standards over time, and potentially devalue these qualifications in terms of currency and portability for the 2020 cohort of learners. We sought to mitigate this through using standardisation models that were based, where possible, on individual prior attainment and information provided by the learner's centre in the form of a Centre Assessed Grade and rank order position. Ultimately, these models were not publicly acceptable, and results were issued on the basis of Centre Assessment Grades without any standardisation. In autumn 2020, we published analysis showing that the overall award of GCSEs and A levels in 2020 demonstrated significant increases in grade profiles for the national cohort. However, this has not so far been of public concern.

We have set out guidance for the 2021 awarding process that gives flexibility to utilise the assessment evidence available to recognise that learners have not had the opportunity to cover the full content of qualifications due to the ongoing disruption. The alternative assessment arrangements for 2021 continue to pose a risk to public confidence in the results, due to the limited controls on these results. We will continue to monitor the grade outcomes in 2021 and the public perceptions, as well as considering the long-term risks to the maintenance of standards.

### Public confidence

In 2020, the standardisation process for Centre Assessment Grades was removed shortly after AS and A level results were issued, and before the issue of GCSE results, in response to late changes in other jurisdictions, which were then followed in Wales. The uncertainty in how qualifications were to be awarded during the pandemic and the use of standardisation led to high levels of learner anxiety. There is a risk that long-term public confidence in the current assessment design and awarding of qualifications and the qualifications system is dented as a result. Events this year mean the awarding of high-stakes qualifications are topical with stakeholders, politicians and the media. We have sought to mitigate this risk by issuing regular and clear communication as early as possible to those affected. We are also listening to feedback from stakeholders and are monitoring social media sentiment. We have carried out our annual research into public confidence; early analysis suggests that

confidence is not significantly different to previous years, but we will continue to monitor this.

Public confidence may also reduce if we do not identify and deal effectively with qualification delivery issues (including incidents and malpractice cases). We mitigate this by closely monitoring awarding bodies activities and working closely with Ofqual (the regulator in England) and CCEA (the regulator in Northern Ireland).

### **Curriculum reform**

On 9 March 2021, the Curriculum and Assessment (Wales) Bill was passed in the Senedd and is expected to gain Royal Assent in April 2021. We are continuing to deliver our project to consider reforms to qualifications to support the new curriculum. There is a risk that our approach or timing may need to change following a change in the administration and the appointment of a new Minister. There are also risks that the views of stakeholders, which inform our decisions, may change more rapidly during the course, and aftermath, of the pandemic than in previous years. We have mitigated this, to some extent, by limiting our current consultation to the range of qualifications subjects, and by giving ourselves more time to consider future assessment methods. We continue to engage on this work across the education system to understand all views. We have also commissioned research to learn from other countries that have made changes to their use of teacher assessment.

We continue to monitor risks relating to resourcing this work. We used additional funding this year to recruit the additional posts required. While our indicative budget for the coming year provides the additional funding needed, the risk remains that future funding will be reduced. We are mitigating this by working closely with Welsh Government and by detailed resource planning.

### **Implementing reform for vocational qualifications**

We have continued to work with awarding bodies to complete the development and introduction of new qualifications in Construction and the Built Environment, Digital Technology and to monitor the introduction of the new Health and Social Care qualifications. There is a risk that introducing new qualifications during the pandemic may cause difficulties for teachers and learners. However, there is also a risk that not introducing change delays the intended benefits. We mitigated this by discussing the issues with teachers, and in some cases, allowing dual running of new and legacy qualifications, or delaying the introduction of certain qualifications. We also continued to support change management in various forms.

### Education system risks

We look across the qualifications system and keep a close eye on what is happening around us. Apart from those qualifications that have been specifically developed for Wales, most other vocational qualifications are offered across the UK. Education and skills policies in England continue to evolve in different directions from those in Wales. Consequently, there is a risk that some qualifications that are currently available in Wales may cease to be made available. To mitigate these risks, we meet regularly with those awarding bodies who offer qualifications to large numbers of learners in Wales to explore opportunities to secure the availability of qualifications in Wales.

While reductions in the offer of such qualifications can reduce choice for all learners, they can disproportionately affect Welsh-medium learners for whom a particular qualification may be the only one available. In line with our Welsh-medium strategy, 'Choice for All', we continue to engage with awarding bodies to identify qualifications that can be used to fill any potential gaps, and to identify how we can support them to offer more qualifications through the medium of Welsh.

We have focused our sector review work in its second phase on both the generic availability of qualifications post-16 and, specifically, those available through the medium of Welsh.

### Awarding body viability

Awarding bodies have been impacted by the cancellation of exams, and there is a risk that some awarding bodies may experience financial difficulties. We are working closely with Ofqual to share information and monitor the position. We have commissioned in-depth reviews of those awarding bodies that provide the approved qualifications in Wales.

Having WJEC as a sole supplier of general qualifications in Wales brings both opportunities and risks. Developing an approach for awarding in 2020 and 2021 has been easier than might otherwise be the case. However, if WJEC were to fail, the impact would be high, so we continue to carry out detailed monitoring of their work and their financial position.

### Employee well-being

Throughout the year, there was a high risk that staff well-being was negatively impacted – both by remote working and the considerable pressure that many were working under to deliver solutions to support the awarding processes in 2020 and 2021. There was also a risk of over-reliance on individual staff and a risk from the emotional impact of negative media and stakeholder responses.

For all employees, we provided bi-weekly virtual 'town hall' events to keep them updated. We introduced social competitions, including an exercise/well-being team challenge. We

took regular pulse surveys to monitor emotional well-being. We also met regularly with the union at our partnership meetings.

For those working on the 2020 and 2021 awarding, we made sure that enough people were involved to provide cover and encouraged the use of annual leave. Not all the risks could be mitigated, and many people have worked under a level of pressure that cannot be sustained in the long term. We continue to monitor the impact on health and well-being and look for ways to mitigate the physical and emotional impact.

### **Governance**

Five of our 10 Board members are due to leave between December 2020 and July 2021; this is required by our legislation. If we did not recruit new members with a good understanding of regulation and assessment, there was a risk that our governance and decision making would be impacted by reduced scrutiny. We mitigated this risk by working with Welsh Government to recruit early, using head-hunters to target individuals and maximise applications from people with protected characteristics. We were successful in receiving over 100 applications and appointing in time to have new members shadow our March Board meeting.

### **Operational delivery**

The COVID-19 pandemic meant that we could not deliver our original operational priorities as planned. The additional work required to provide an awarding process for 2020 and 2021 also absorbed resources. We mitigated the risk of failing to deliver by re-planning; some activities were paused, others were delivered in different ways. We also set up a more flexible system to monitor delivery. The performance section of these accounts details these changes. We continue to manage a high level of uncertainty as we move into 2021.



## 2.3 Financial review

Qualifications Wales receives an annual funding allocation from Welsh Government to cover its expenditure. We also generate a small amount of income annually, through the provision of IT support services to two smaller Welsh Government Sponsored Bodies, which we are permitted to reinvest in our activities. We started the financial year with the following funding available:

	£'m
Core Grant Funding from Welsh Government	8.067
Specific funding from Welsh Government for our 'Qualified for the Future' project	0.981
'Welsh for Adults' qualification funding from Welsh Government (this is ringfenced grant funding to be issued to WJEC to cover their costs of this initiative)	0.200
Income from the provision of IT Support	0.040
<b>Total</b>	<b>9.288</b>

On 1 April 2020, we also held a usable reserve totalling £282k, which was specifically earmarked to fund the costs of our replacement HR and Finance systems, to be fully used by 31 March 2022.

As in previous years, and in accordance with our Medium-Term Finance Plan, we initially set an expenditure budget, based on the £9.288m funding available, to deliver the activities we planned to undertake, functionally split into the following broad areas:

- **Staff costs**
- **Grants to other bodies**, to support the qualifications system and learner needs, by ensuring the availability of Welsh-medium assessment and funding specific activities enabling qualification reform.
- **Programme budgets**, to commission the external support and expertise needed to deliver our programme of qualification review and reform, to regulate the awarding bodies that provide qualifications in Wales, and to undertake research.
- **Corporate running costs**, such as HR, IT, facilities, governance, legal advice, etc.

However, very early in the new financial year, we reviewed how the COVID-19 pandemic could impact on our operational plan. This confirmed that some regulatory activities (and therefore costs) were not going to progress as initially planned, and that remote working was going to change the way we undertook our continuing operational activities and costs. This immediately reduced our budget requirement to £8.977m.

Recognising the ongoing uncertainty and potential for further changes, we also confirmed at the time that significant elements of the revised budget requirement were at risk of further variation, and mechanisms were introduced to regularly review and report the rapidly evolving situation throughout the year.

The table below confirms our outturn and funding position for the year, compared to previous years.

Area	2018-19 Outturn £'000	2019-20 Outturn £'000	2020-21 Budget £'000	2020-21 Outturn £'000	Outturn Variance £'000	Outturn Variance %
<b>Core Budget Areas</b>						
Pay	4,589	4,829	5,124	5,079	-45	-1%
Grants	735	660	723	538	-185	-26%
Programme Costs	898	936	646	414	-232	-36%
Running Costs	1,442	1,380	1,196	1,157	-39	-3%
Accounting Officer Programme	0	0	179	0	-179	-100%
<b>Core QW Funding</b>	<b>7,664</b>	<b>7,806</b>	<b>7,868</b>	<b>7,188</b>	<b>-680</b>	<b>-9%</b>
Welsh For Adults Grant	180	190	195	176	-19	
<b>Sub-Total</b>	<b>7,844</b>	<b>7,996</b>	<b>8,063</b>	<b>7,364</b>	<b>-699</b>	<b>-9%</b>
<b>Qualified for the Future Budgets</b>						
Pay		196	706	567	-139	-20%
Programme Costs		119	158	115	-43	-27%
Running Costs		4	25	4	-21	-84%
Accounting Officer Programme		0	25	0	-25	-100%
		319	914	686	-228	-25%
<b>Total Expenditure</b>		<b>8,315</b>	<b>8,977</b>	<b>8,050</b>	<b>-927</b>	<b>-10%</b>
<b>Funded By</b>						
<b>Core WG Grant</b>	<b>7,487</b>	<b>8,000</b>	<b>7,828</b>	<b>7,100</b>		
<b>Welsh for Adults Funding</b>	<b>180</b>	<b>190</b>	<b>195</b>	<b>176</b>		
<b>Qualified for the Future Funding</b>			<b>914</b>	<b>686</b>		
<b>Income</b>			<b>40</b>	<b>41</b>		
<b>Use of Reserve</b>	<b>177</b>	<b>125</b>	<b>0</b>	<b>47</b>		
<b>Total</b>	<b>7,844</b>	<b>8,315</b>	<b>8,977</b>	<b>8,050</b>		

This confirms that we have underspent by £927k compared to our revised budget. This is a higher variance than in previous years, but is consistent with the levels of spend risk we initially identified and had actively monitored throughout the financial year. Our outturn position was in line with our forecasts and was fully communicated to Welsh Government colleagues.

Further information on the types of spend variations we have experienced this year are shown in the table below.

<b>Pay costs (Core and QFF)</b>	<p>Our Core pay expenditure increased from 2019-20, as anticipated in the Medium-Term Finance Plan, and was largely in line with the budget.</p> <p>Our QFF pay spend increased significantly from 2019-20, reflecting the increase in headcount to deliver this programme. However, not all recruitment was made in line with the original assumptions, largely due to the timing of additional resource needs changing as workstreams were replanned, so this budget underspent.</p>
<b>Grants to other bodies</b>	<p>As anticipated, we underspent against our grants budget, largely due to the impact on awarding bodies of COVID-19, e.g.</p> <ul style="list-style-type: none"> <li>• The cancelled Summer 2020 series and Welsh for Adults exams meant WJEC did not incur the same levels of costs as in previous years, and therefore a lower grant claim was agreed.</li> <li>• Other awarding bodies did not have the anticipated take-up of exam entries, and therefore were not able to claim the full level of translation funding allocated;</li> <li>• The delay in the approval of some of the new CBE qualifications has meant the associated translation funding will now be required in 2021-22.</li> </ul>
<b>Programme activities (Core and QFF)</b>	<p>Spends on our programme activities were significantly affected in 2020-21, as a result of our decisions to pause or amend certain activities, to reflect the changed approach to awarding qualifications, and to consider the regulatory burden on the awarding bodies that we regulate, e.g.</p> <ul style="list-style-type: none"> <li>• We took the decision not to carry out thematic audits of awarding bodies, thereby avoiding usual costs of £120k;</li> <li>• Because of the alternative awarding arrangements for the Summer 2020 exam series, we avoided £60k in monitoring costs;</li> <li>• The redirection of staff resources to address the Summer 2020 work priorities meant we suspended some of our research activity, saving £90k in budgeted costs;</li> <li>• We ran our awarding body and exam officer conferences virtually, avoiding £25k in venue costs;</li> <li>• Whilst continuing with most of our planned activity on qualification reform, our switch to remote engagement and consultation avoided much of the typical costs incurred, saving us approximately £50k;</li> <li>• In response to discussions with bodies in the sector, we both delayed the start and spread the timing of some activities over a longer period, resulting in costs of circa £50k, slipping into 2021-22 (e.g. Travel, tourism, hospitality and catering Review, Essential Skills Wales qualifications review, work supporting the QFF programme).</li> </ul> <p>This has meant that, whilst we have successfully delivered against most of our planned priorities, many of our spend needs changed markedly.</p>

	<p>This did allow us to create alternative budget provisions, enabling us to respond to any unforeseen emerging issues at such an uncertain time, which will be covered in the 'Accounting Officer Budget' section below.</p>
<p><b>Running costs (Core and QFF)</b></p>	<p>Consistent with our other spends, aspects of our running costs were also affected this year:</p> <ul style="list-style-type: none"> <li>• As a result of lockdown, our employees switched from visiting stakeholders to engaging with them remotely, thereby avoiding travel and subsistence costs. This meant we avoided costs of approximately £93k.</li> <li>• By working remotely, we also significantly reduced many of our building related costs, e.g. utilities, printing, maintenance, saving us circa £50k on budgeted spends.</li> </ul> <p>Conversely, we did incur some additional running costs as a result of the COVID-19 pandemic, e.g.</p> <ul style="list-style-type: none"> <li>• Helping our employees work remotely has required us to provide additional equipment, costing £9k.</li> <li>• Our postage costs, whilst still relatively small, quadrupled to £2k, due to our need to transport equipment to staff working at home;</li> <li>• We have carried out some office and facilities adjustments to adapt the work environment to accommodate a safe and agile way of working when we return, spending £22k.</li> <li>• Our work to establish arrangements for awarding in 2020 and 2021 has been supported by legal advice. This year £78k of our £92k spend on legal advice (which is higher than in previous years) - related to advice on matters associated with this work.</li> <li>• In order to take decisions required for awarding in 2020 and 2021 we convened 12 additional and extraordinary Board meetings, and asked our Board members to consider complex detailed reports. We therefore incurred an additional £30k in Board fees compared to a typical year, although this was partly offset by avoiding the £18k board travel costs we ordinarily incur each year.</li> </ul>
<p><b>Accounting Officer Budget</b></p>	<p>In recognition of the risk of unforeseen spend needs emerging, for example, significant increases in legal costs, we aggregated some of the funding released from other budgets into an Accounting Officer budget. Fortunately, as illustrated above, any new cost pressures that emerged were able to be covered from existing allocations, so ultimately this £179k provision was not required.</p>

The table below illustrates how our outturn position reconciles to the 'Comprehensive Net Expenditure' figure quoted in the 'Statement of Comprehensive Net Expenditure' (SOCNE), once capital qualifying expenditure, non-cash resource transactions and depreciation/ amortisation charges have been accounted for.

<b>Reconciliation of Outturn to SOCNE</b>	<b>£'000</b>
Budget Outturn	8,050
Exclude expenditure treated as Non-current (capital)	(143)
Add depreciation / amortisation / impairment	211
Non-cash expenditure recognised (Annual Leave accrual and provision increases)	124
Use of IT income generated	(41)
<b>Comprehensive Net Expenditure for the year</b>	<b>8,201</b>

The most notable non-cash movement in 2020-21 was the increase in our annual leave accrual, which has effectively doubled from 2019-20. This represents the amount of annual leave 'owed' to staff on 31 March 2020. Most of this increase is attributable to staff holding a higher amount of untaken annual leave, either as a result of work commitments or their leave patterns changing in the last year. This issue was identified early in the year, is common across our peer sponsored bodies and Welsh Government, and Management Board will be considering options to address this early in 2021-22.

We completed the tenders and signed contracts for both our replacement Finance and HR systems during 2020-21 and commenced the implementation of the HR system. We therefore utilised £47k of our usable reserve, and the remaining £235k balance will be used to complete both system implementations during 2020-21.

The nature of our funding and activity will continue to present us with three intrinsic financial challenges each year:

- There is always a risk that our annual funding allocation from Welsh Government will reduce;
- We must ensure that any new recurring spend proposals/commitments are affordable over the medium term; and
- Due to the fact that our programme activities don't neatly 'fit' into financial years, and as we must set aside provisional sums to cover potential commitments (such as legal costs, recruitment costs, etc), there will always be some uncertainty around the level and timing of some spends.

As we enter financial year 2021-22, we also continue to face the ongoing challenges and uncertainty caused by the pandemic. This will continue to affect the way that we work and require us to acknowledge the ongoing risk of further changes to our plans.

We have reflected this in our planning for 2021-22 and beyond, which we are committed to regularly reviewing. We will continue to maintain our Medium-Term Finance Plan, ensure open dialogue with Welsh Government, and have strong 'in-year' financial management arrangements.

We processed 738 invoices for payment in 2020-21, 658 (47%) fewer than in 2019-20 (1,396). This is again reflective of the changing nature of our spend activity during 2020-21. Ninety-eight per cent of the invoices continued to be paid 30 days (98% in 2019-20), and 72% of our invoices were paid within 10 days (68% in 2019-20) <sup>(1)</sup>. We continue to seek explanations for any payments taking longer than our targets and make process improvements where necessary.

Our cash balance on 31 March 2021 was £241k, which is within the carry-over limit approved by Welsh Government.

Due regard has been given to the regularity and propriety of the organisation's expenditure, and appropriate internal processes and controls are deemed to be in place.

Qualifications Wales is expected to remain in existence and funded by Welsh Government for the foreseeable future, meaning it is considered appropriate to adopt the 'going concern' basis for the preparation of these financial statements.

(1) In the absence of a statutory definition for the '10 day' target, we measure the time between a legitimate invoice being received by Qualifications Wales, and when the payment is made into the supplier's bank account.

## 2.4 Sustainability

Qualifications Wales occupies an area of 11,329 square feet within the Q2 Building, in a single shared office located to the west of Newport. Owing to the COVID-19 pandemic, the office was closed in March 2020, and remains closed until it is safe to open to staff.

Our modern and flexible approach to IT, using the latest technologies, allowed a seamless transition to homeworking for all our staff. Our IT infrastructure is cloud-based, meaning that we do not require large on-site servers. Our employees are all provided with 'two-in one' detachable tablets, allowing them access to the cloud services from any location with wi-fi availability.

The building is easily accessible by car, but less accessible by public transport. Therefore, in April 2020, we undertook a 'travel to work' survey to understand the environmental impact our staff commute has on the environment. The pandemic and office closure has allowed us to review our approach and going forward, we believe offering staff a more agile and flexible approach will help to further reduce the travel impact our staff have on the environment.

### Electricity

Due to the closure of the office, our typical electricity consumption will not be reflected in the 2020-21 figures. The office has been used by a small number of Qualifications Wales staff on an ad hoc basis, and is available for key maintenance contractors and a weekly cleaning service. We have continued to run key systems within the building, including our data room, which operates a stand-alone air-conditioning unit 24/7 to support our limited on-site IT infrastructure. We have also continued to run our HVAC (heating, cooling and ventilation) system for short, timed periods daily to ensure fresh air intake in line with COVID-19 guidance.

The table below shows our carbon footprint. Owing to the pandemic, there has been virtually no business travel for the period of 2020-21. This year has demonstrated that effective engagement has continued using digital methods and without the need for face-to-face meetings. Therefore, going forward, we will ensure that all staff carefully consider the need for business travel to reduce unnecessary travel, and we will promote responsible and sustainable travel in the performance of our duties.

The waste we create has reduced dramatically, from 4465kg to 139kg, owing to the building being closed in 2020-21. The small amount of waste generated has come from clear-outs and the small number of contractors and staff who have accessed the office.

We have an Environmental Policy Statement in place, supported by the Chief Executive and senior management. We intended to establish an Environmental Management System (EMS) with the aim of achieving a 'Green Dragon' environmental accreditation in 2021-22, but

recognised that our data would not currently be a true reflection of our typical business impact. We will therefore continue with this objective when we reopen our offices.

Scope	Non-financial information	Financial information	Greenhouse gas emissions
Scope 1 (Direct emissions):	N/A	N/A	N/A
Scope 2 (Energy indirect):	<b>Electricity</b> 50,629 kwh	£10,792	11,804 kg CO <sub>2</sub> e
Scope 3:	<b>Water</b> 131 units (*) <b>Sewerage</b> 125 units <b>Total 256 units</b>	£182 £213 <b>Total £395</b>	45 kg CO <sub>2</sub> e 43 kg CO <sub>2</sub> e <b>Total 88 kg CO<sub>2</sub>e</b>
	<b>Waste</b> General – 66kg (47.5%) waste Mixed – 52kg (37.5%) Recycling Food – 21kg (15%) Waste  <b>Total 139kg</b>	<b>Waste</b> General - £150 waste Mixed - £100 recycling Food - £100 waste  <b>Total £350</b>	<b>Waste</b> General – 1.39kg CO <sub>2</sub> e waste Mixed – 1.09kg CO <sub>2</sub> e recycling Food – 0.21kg CO <sub>2</sub> e waste  <b>Total 2.69kg CO<sub>2</sub>e</b>
	<b>Business travel</b>		
	<b>Car/Taxi</b> n/a	<b>Car/Taxi</b> n/a	<b>Car/Taxi</b> n/a
	<b>Rail</b> n/a	<b>Rail</b> n/a	<b>Rail</b> n/a
	<b>Air</b> n/a	<b>Air</b> n/a	<b>Air</b> n/a

### Table explanatory notes

Scope 1: Direct emissions arise directly from sources that are owned or controlled by Qualifications Wales – for example, from fuels used in our boilers, or the vehicles that departments and estate management own.

Scope 2: Emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling.

Scope 3: These emissions are a consequence of the activities of an organisation, but occur from sources not owned or controlled by the organisation. This includes emissions associated with waste, water, business travel, commuting and procurement.

(\*) Figures for water usage and costs for Quarter 4 have been estimated based on run rate, as this utility is billed on a six-month basis.



## Accountability report

### 3 Corporate Governance report

#### 3.1 Directors' report

The Qualifications Wales Board is constituted of the Chair, Chief Executive and between eight and 10 members. Its role is to:

- provide effective leadership for Qualifications Wales - defining and developing strategic direction, and setting objectives;
- provide effective leadership for the operation of the organisation - holding the Chief Executive to account for ensuring that Qualifications Wales's activities are conducted efficiently and effectively;
- monitor performance to ensure that Qualifications Wales fully meets its aims, objectives and performance targets; and
- promote high standards of public finance, upholding the principles of regularity, propriety and value for money.

During 2020-21, the Board was made up of the following members:



David B Jones  
OBE DL  
Chair



Philip Blaker  
Chief Executive



Dr Caroline Burt



Robert Lloyd Griffiths  
OBE



Claire Morgan



Anne Marie Duffy  
OBE



Angela Maguire-Lewis



Dr Arun Midha



Isabel Nisbet



David W Jones



Ellen Donovan



Jayne Woods

Angela Maguire-Lewis left the Board on 31 December 2020. Arun Midha's term ended on 31 March 2021, and the terms of Isabel Nisbet, Claire Morgan and Dr Caroline Morgan end on 15 June 2021.

To replace these Board members, the following new members were appointed to the Board to start in post in 2021:

Sharon Lusher MBE and Hannah Burch (starting 1 April 2021).

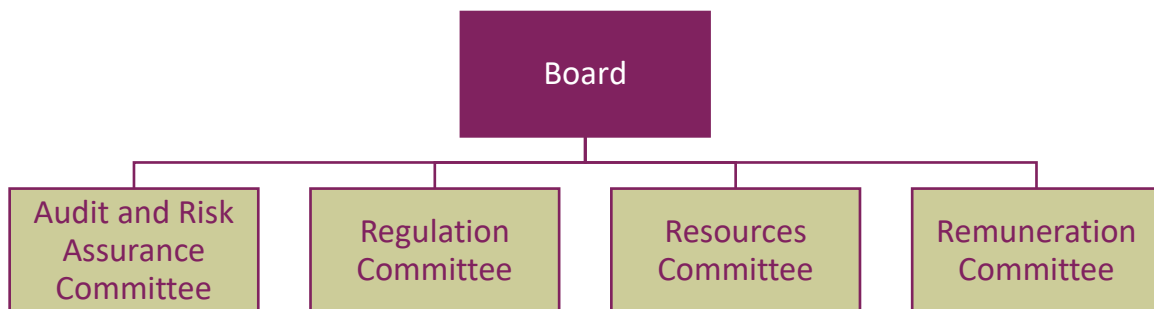
Douglas Blackstock, Graham Hudson and Michael Griffiths (starting 14 June 2021).

## The Chair of Qualifications Wales

The Chair of Qualifications Wales, David Jones, answers to the Senedd for our activity and conduct, and the exercise of our statutory functions as set out in the Qualifications Wales Act.

## Board committees

The Board has designated four committees charged with supporting the Board in the delivery of its duties. The committees are as follows:



The role of each committee, together with attendance, can be seen within the Governance Statement section.

The Board and its committees and the Management Board are supported by the Head of Corporate Governance.

## Board member conflicts of interest

All members of staff and Board members have completed a conflicts/declarations of interest form. Qualifications Wales publishes an active register of Board interests, which can be viewed [here](#).

All related party transactions have been noted and can be seen in Note 14 of this document, on pages 100 to 101.

## The Chief Executive Officer and Accounting Officer

As Accounting Officer of Qualifications Wales, the Chief Executive, Philip Blaker, is personally responsible for:

- the proper stewardship of the public funds;
- day-to-day operations and management of Qualifications Wales; and
- ensuring compliance with the requirements of *Managing Welsh Public Money*.

The Chief Executive Officer has several direct accountabilities to the Board of Qualifications Wales, as well as acting as Principal Officer for ombudsman cases. More detail about these aspects of the role can be viewed in the Qualifications Wales Framework Document, which can be viewed [here](#).

The Qualifications Wales **Executive** team comprises:



Philip Blaker  
Chief Executive



Alison Standfast,  
Executive Director,  
Corporate  
Resources



Jo Richards,  
Executive Director,  
Regulation

The **Management Board**, including the Directors for Qualifications Policy and Reform, the Director for Communications and Stakeholder Engagement, the Head of Corporate Governance and the Head of Finance, support the Chief Executive and the wider Executive team in the exercise of their responsibilities.

**Management Board** is the principal collective decision-making group for the organisation, providing direction on operational activity and corporate matters. The role and purpose of the Management Board is to:

- be the principal decision-making group for matters delegated from the Board, with a focus on operational matters;
- ensure compliance with legislation and relevant public-sector policy;
- establish all operational decision-making groups and delegate responsibilities to them, as appropriate;
- where appropriate, make recommendations to the Board on matters reserved for the Board;
- propose strategy and relevant policies to the Board;

- approve strategies and policies where not reserved by the Board;
- manage corporate risk within the Board's risk appetite;
- deliver the Operational Priorities;
- manage corporate resources; and
- coordinate activity across the organisation.

### 3.2 Statement of Accounting Officer's responsibilities

Under Schedule 1, Part 1, paragraphs 32 and 33 of the Qualifications Wales Act 2015, Welsh Ministers, with the consent of the Treasury, have directed Qualifications Wales to prepare for each financial year our statement of account in the form and basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of Qualifications Wales and of its net resource outturn, application of resources, 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 (FRoM), and in particular to:

- observe the accounts direction issued by Welsh Ministers, 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 as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to assume Qualifications Wales will continue in operation.

The Principal Accounting Officer for the Welsh Ministers has designated me, as Chief Executive, to be the Accounting Officer for Qualifications Wales. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Qualifications Wales's assets, and are set out in the Accounting Officer's Memorandum, Framework Document and *Managing Welsh Public Money*.

In producing these accounts, I have taken into account comment and assurance from the Qualifications Wales Management Board, Audit and Risk Assurance Committee, internal auditors and members of the wider staff team.

As the Accounting Officer for Qualifications Wales, I confirm that:

- the annual report and accounts as a whole for the period 1 April 2020 to 31 March 2021 are fair, balanced and reasonable;
- I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and reasonable;

- as far as I am aware, there is no relevant audit information of which our auditors are unaware; and
- I have taken all reasonable steps to make myself aware of any relevant audit information, and to establish that our auditors are aware of that information.

<b>Signed</b> Philip Blaker	<b>Philip Blaker</b> Accounting Officer 15 July 2021
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### 3.3 Governance Statement

#### Introduction and scope of responsibility

This Governance Statement sets out an account of the corporate governance structure for Qualifications Wales, together with an overview of the risk management arrangements and a description of the principal risks the organisation faces.

As the Accounting Officer, I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control the resources of Qualifications Wales during the period.

My designation as the Accounting Officer is set out in the designation letter sent on behalf of the Principal Accounting Officer from the Welsh Government. My full responsibilities as the Accounting Officer are set out in the Qualifications Wales Framework Document.

#### Corporate governance

Corporate governance is the system within which the organisation's work is directed and controlled. Equally important, governance concerns itself with 'how' business is done, and the way in which decisions are made. The Chief Executive is responsible for ensuring that a sound system of internal control is maintained to support the achievement of policies, aims and objectives and for regularly reviewing the effectiveness of the system.

The Board of Qualifications Wales provides leadership and direction to the organisation. It has a key role in ensuring that the organisation has a sound and appropriate governance structure in place that allows the Board to scrutinise the performance of the Executive team, and therefore the organisation's delivery of its principal aims and business plan.

The Board is made up of a Chair, the Chief Executive and a minimum of eight and maximum of 10 other members, all of whom (except for the Chief Executive) are appointed by the Welsh Ministers.

#### Governance framework

We use *Corporate Governance in Central Government Departments (2017)* as our principal reference point for good practice in governance. As the Accounting Officer, I have reviewed the Code and have provided an overview, within the governance statement, of how I believe we comply with this code.

#### Overview of the Qualifications Wales governance framework

The Board and its four committees have operated since Qualifications Wales was established. The committees have key roles in relation to the system of governance and assurance, scrutiny, development discussions, assessment of current risks and also performance monitoring. All committees are chaired by a Board member, are attended by relevant

members of the Executive team and serviced by the Head of Corporate Governance. All committees report directly to the Board, with all minutes available to all Board members. Below is an overview of the activity of the Board and its committees during the year.

## The Board

### Main Board meetings

The Board has met six times during the period (May, July, September, November, January and March). Minutes of Board meetings are made available through the Qualifications Wales website once they have been approved.

The key decisions taken by the Board during the period included the following:

- approving the 2020-21 Business Plan, budget allocation and staffing resource levels;
- approving publication of the Annual Equalities Progress report, the Welsh Language Scheme Progress Report and the Future Generations Progress Report;
- approving an increase of three to the permanent headcount (finance manager, HE Engagement manager, HR manager);
- approving the annual accounts for the period 1 April 2019 to 31 March 2020;
- approving the annual report for the period 1 September 2019 to 31 August 2020;
- agreeing that officials should start discussions with the landlord to consider options to extend the building lease;
- reviewing proposals for the second Qualified for the Future consultation and ultimately deciding to streamline the consultation scope to cover the range of subject domains and defer the consultation launch until January 2021;
- agreeing the criteria for the Qualified for the Future project to use to evaluate options to secure qualifications to support the new curriculum, and then approving recommendations to use the unrestricted approved process;
- reviewing proposals to take forward work on the Advanced Skills Challenge Certificate/ Welsh Baccalaureate. Over the year, the Board gave permission to consult on detailed proposals, reviewed the responses and, given the support for the proposals, decided to proceed with commissioning a new qualification and issuing an 'intention to restrict' notice;
- approving procurement activity for contracts over the EU Threshold – for the Advanced Skills Challenge Certificate and for the public confidence surveys;
- agreeing proposals to further develop the Vocational Qualifications Strategy and how to take forward sector reviews in the remaining lower-volume sectors;
- reviewing the report and recommendations from the engineering and advanced manufacturing sector review, prior to publication;
- discussing and agreeing actions as a result of the recommendations from the Independent Review on Qualifications in Wales;
- agreeing principles to use in implementing the Ministerial Direction for 2021.

At some of its meetings (where appropriate), the Board also received or considered:

- updates from the Chief Executive and Chair;
- updates on arrangements for awarding in 2020 and 2021;
- updates on staff well-being during the COVID-19 pandemic and remote working;
- risk management reports and risk registers;
- monitoring of operational plan delivery and financial activity, and revisions to the Medium-Term Finance Plan;
- updates from each of its committees;
- a report on the 2020 staff survey outcomes;
- updates on communications and engagement activities and a presentation of the 2021 Communications and Engagement Strategy;
- updates on the Autumn 2020 examination series.

Any ex-committee discussions and decisions are recorded in Board papers and the relevant minutes.

The Board held a development day in May 2020, which it used to consider how the Qualified for the Future project was being structured and delivered, and to continue to consider the awarding arrangements for 2020.

All Board meetings were observed by a member of the Welsh Government sponsor team. The Minister for Education met with the Board at the March 2021 meeting.

### **Extraordinary Board meetings**

The Board also held 12 Extraordinary Board Meetings (EBMs) across the year (in June, July, September, October, November, December and January). These were required to take the decisions necessary to meet the challenge of awarding qualifications in 2020 and 2021 during the extended closure of schools and the cancellation of examinations. Four meetings were held prior to the 2020 results day, and eight were held between September and March 2021.

Between April and June 2020, a Task and Finish Group of four Board members also met to scrutinise plans being developed by the Executive prior to decisions being taken to Board.

### **Summary of decisions relating to the 2020 and 2021 award of qualifications**

In March 2020, the Minister for Education took the decision to close schools. On 6 April 2020, she issued a policy Direction to Qualifications Wales to take regulatory action so that GCSEs, AS and A levels were awarded through a fair and robust approach based on centre judgements, and that results should be standardised.

Between April and May 2020, Qualifications Wales officers worked with WJEC and other qualifications regulators to develop options for how this could be done. A public



consultation was issued on the principles to be used to underpin the approach. In line with Welsh Government advice, a small Task and Finish working group of Board members was convened to provide scrutiny. During June, two Extraordinary Board meetings (16 June, 30 June) were held to present options and take decisions on the approach. This included approving publication of the Decisions report on the consultation. Centres received guidance explaining their role in providing rank ordering and Centre Assessment Grades. The Board considered how standardisation should be carried out. It agreed the criteria for selecting statistical models and then, during June and July (30 June, 7 July, 21 July), considered and approved models proposed by WJEC that met the criteria, maximising accuracy and where possible using prior learner attainment data. On 17 August, following decisions in other jurisdictions, and public opposition to the use of a standardisation model, the Minister issued a Direction outlining its policy that learners should be awarded their Centre Assessment Grades for GCSE, AS, A level and the Skills Challenge Certificate, except where grades already published or calculated were higher than their Centre Assessment Grade – or, in the case of A levels – their AS level grade was higher than their Centre Assessment Grade.

Planning for 2021, the Board took the decision to require WJEC to make adaptations to GCSE, AS and A level qualifications for 2021 to recognise the reduction in learners' opportunities for teaching and learning. It also decided not to require an autumn examination series (21 July).

In early September, the Board considered early plans for the approach to awarding in 2021 (4 September). At the end of September, the Minister for Education wrote to Qualifications Wales to ask for advice on the best options for learners due to sit examinations in 2021, given the potential for disruption to learning to continue over the coming months.

The Board considered options and agreed on what should be recommended (8 October). Advice was provided to the Minister on 16 October 2020, outlining options and recommending that exams for most qualification types should be cancelled and replaced by other forms of assessment. Our advice was that there should be non-timetabled assessment for GCSEs and A levels with an additional single timetabled assessment for each A level. Our proposals recognised that alternative assessment plans were needed to provide a fair assessment for a cohort of learners that had experienced more disruption than the cohort of 2020.

In September 2020, the Minister for Education announced an Independent Review of the Arrangements to Award General Qualifications in Summer 2020. This review published interim findings on 29 October 2020 which included recommending the creation of a Ministerial Advisory group of Headteachers and FE principals.<sup>1</sup> The Board met to discuss the interim findings on 2 November. Shortly after this, the Minister established a 'Design and Delivery Advisory Group' (DDAG), which met from November 2020 onwards. Senior staff from Qualifications Wales and WJEC attended as observers to provide technical advice. The

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<sup>1</sup> The Independent Review published its final report, '[Independent Review of the Summer 2020 Arrangements to award grades, and considerations for Summer 2021](#)', on 25 January 2021.

DDAG was asked to consider options for awarding in 2021, and to provide advice to the Minister. The advice the group provided was similar to that of Qualifications Wales – with the exception of the A level qualifications, where it proposed no timetabled assessment.

The Board met twice in November (2 November and 11 November) to discuss options for 2021 in more detail ahead of receiving a further Ministerial Direction. The Minister issued a Direction on 17 November, confirming that Welsh Government policy was for learners not to sit exams, but to be awarded qualifications based on centre-based outcomes linked to a national approach. The Board met to discuss this Direction (19 November main Board meeting). It concluded that it would act in accordance with the policy Direction, given the continued disruption to teaching and learning and variability between different regions and centres. This was confirmed to the Minister on 24 November.

The Minister issued a further policy Direction on 14 December 2020, confirming that Welsh Government policy supported a combination of existing non-examined assessment, internal assessment and externally marked assessment. The Qualifications Wales Board met (10 and 15 December) and concluded that it would act in accordance with the policy Direction. As a result, centres were informed of new arrangements before the Christmas break.

However, in January, it became apparent that even these new arrangements would not be possible, as schools remained closed. A new approach had to be considered.

On 18 and 19 January 2021, the Board met, and agreed that it could support a more flexible approach to assessment and that grades would be awarded on the basis of Centre Determined Grades. A Ministerial Direction was received on 19 January and the approach was further developed. A further Direction was received on 19 February.

A critical part of our work in the early part of the 2021-22 year will be finalising the regulatory arrangements to make this happen and monitoring the implementation.

## Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee supports the Board and Accounting Officer (the Chief Executive) by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, the integrity of financial statements and the annual accounts. It is for the Board to define and communicate the organisation's risk appetite.

How it manages key risks and responsibility for risk management and internal control lies with the Board; however, the oversight of this has been delegated to the Audit and Risk Assurance Committee.

The terms of reference for the Audit and Risk Committee can be seen on our [website](#).

The Audit and Risk Committee met four times in the period (May, July, November and February). Minutes of these meetings have been provided to the Board. Our internal and external auditors also attend this committee.

During this period, the committee has:

- reviewed the draft annual accounts for 2019-20 and provided an assurance report to the Board and Accounting Officer;
- reviewed all the internal audit reports carried out in the period;
- overseen the monitoring of all internal audit recommendations;
- received technical updates from officials, internal and external auditors;
- considered Welsh Government 'Dear Accounting Officer' (DAO) letters;
- reviewed reports in relation to fraud, bribery, gifts and hospitality management;
- received risk management reports, reviewed relevant aspects of the corporate risk register and conducted a deep dive into the risks related to budget management and the increase to financial controls during the pandemic;
- received information security updates throughout the year;
- received financial update reports throughout the year and scrutinised the processes used for budget management and forecasting;
- received reports on any departures from the procurement procedures; and
- considered its schedule of future meetings.

No issues of concern were raised to the Board.

In addition to its usual meetings, ARAC also convened a special meeting in February 2021, which included Chairs of other committees, to consider high-level risks across the organisation, given the impact of the pandemic on the organisation and on the approach to awarding qualifications.

Closed meetings will be held with the internal and external auditors at the committee's May 2021 meeting.

## Resources Committee

This committee provides an environment for detailed discussion on financial and business planning matters, and several human resource areas. The committee has also been delegated the authority to approve HR policies on behalf of the Board. A summary of its terms of reference is available on our [website](#).

Accountability for the financial strategy and policies of the organisation lies with the Board; the Chief Executive and Executive team have responsibility for managing finances within these parameters.

The Resources Committee met three times in the period (July, October and March). The minutes of these meetings have been provided to the Board.

During this period, the Resources Committee:

- reviewed the 2020-21 quarterly progress report on the operational plan and financial position;
- reviewed the draft 2021-22 operational plan and budget;
- reviewed the Medium-Term Financial Plan;
- received HR updates covering resourcing, learning and development, absence statistics, and well-being;
- reviewed and approved HR-based policies, including the Travel & Subsistence Policy;
- reviewed proposals for changes to staffing permanent headcount within specific areas of the organisation, and recommended approval to Board;
- discussed employee well-being and reviewed outcomes from the COVID-19 pulse survey;
- reviewed outcomes from the annual people survey.

## Regulation Committee

The purpose of this committee is to consider and provide recommendations to the Board on issues arising from Qualifications Wales's regulatory approach. The Committee has delegation from the Board to approve Regulatory Policies. A summary of the committee's terms of reference is available on our [website](#).

The Regulation Committee has met three times during 2020-21, twice in June 2020 and also in February 2021. One of the June meetings was an Extraordinary Regulation Committee. During the pandemic, the majority of regulatory decisions were taken at Board level (through Extraordinary Board Meetings), owing to the nature of the decisions being taken. Further information is available on page 40. Where these decisions required changes to regulatory documents, these documents were reviewed by Regulation Committee. Minutes of these meetings have been provided to the Board.

During this period, the committee:

- approved the Vocational Qualifications (VQ) Regulatory Framework and Extraordinary Regulatory Framework for General Qualifications;
- considered contingency planning for summer 2020;
- discussed GCSE Design Features;
- reviewed the Qualifications Wales Consultation and Engagement Policy;
- considered risk management reports and the regulatory risk register;
- received an update on the Winter 2020 examination series;
- considered proposals for awarding in summer 2021;
- discussed the recovery of qualifications standards.

### Remuneration Committee

The purpose of this committee is to consider and provide recommendations on the remuneration of staff and Board members. The Committee has delegation from the Board to approve the Pay Policy. Any substantial changes to terms and conditions must be agreed by the Welsh Ministers. A summary of the Committee's terms of reference is available on our [website](#).

The committee met three times in the period in November, February and March 2021. During these meetings, the committee considered:

- the pay review for Executives;
- the performance of the Chief Executive;
- the Chief Executive succession plan;
- Board T&S guidance.

### Board performance and effectiveness review

A Board effectiveness review was carried out for 2018-19 by Carter Corson, and the conclusions and an action plan were considered by the Board in May 2019. The action plan had four main areas – reviewing the Scheme of Delegation to consider opportunities to delegate responsibilities to committees; Chairs of committees continuing to provide assurance to Board; identifying opportunities for Board to input earlier into strategic thinking, with more space in agendas; considering testing crisis scenarios.

The Scheme of Delegation and terms of reference for committees were updated and a document summarising the role of Chairs of committees was agreed. The COVID-19 pandemic and the issues involved in awarding qualifications has tested Board effectiveness in a crisis, and a lessons learned session was held in April 2021. Although work on the longer-term development of strategy was put on hold to enable time to be given to Summer 2020 and 2021 awarding, the Board did provide regular input to the development of the Qualified for the Future project, and received updates on delivery of the vocational reforms.

The next formal review of Board effectiveness is due to be carried out later in 2021-22, to enable new Board members to have first experienced a series of meetings.

### Committee governance health checks

Having completed committee governance health checks last year, the focus has been on addressing any points raised. A target has been set for minute production and papers for Board and Committees are now provided in PDF format with bookmark use. The intention is to procure Board meeting software during 2021-22.

**Board member one-to-one sessions** - The Chair met separately with each Board member regularly during the year to conduct performance reviews and listen to feedback.

**Chair's review** – During the course of a demanding year due to the pandemic, the Chair met regularly with the Minister for Education and the Minister met with the Board on two occasions. The Minister conducted a review of the Chair's performance in November 2020. Two Board members conducted a performance review of the new Chair, covering the period December 2019 to March 2021. This drew on feedback from all Board members and the Executive.

**Learning and development** – Board members have the opportunity to identify and request individual or group training. Information security training was provided, and some Board members joined Allyship equalities training (provided by Stonewall) alongside employees. Other Board members attended Non-Executive Director training provided by the Civil Service college.

### Attendance at Board and Committee meetings (1 April 2020 to 31 March 2021)

	Board	EBM	ARAC	Regulation Committee	Resources Committee	Remuneration Committee
<b>Number of Meetings held</b>	7	12	5	2	3	3
<b>Board Member Name</b>	<b>Attendance</b>					
David B Jones (Chair)	7	12	(1)	2	3	3
Philip Blaker (CEO)	7	12	(5)	2	3	(1)
Caroline Burt**	7	12	4	2	N/A	3
Ellen Donovan	6	12	N/A	N/A	3	3
Robert Lloyd Griffiths	7	10	(1)	N/A	3	3
Angela Maguire-Lewis*/***	6	5	1	N/A	2	N/A
Claire Morgan***	7	6	N/A	1	N/A	N/A
Isabel Nisbet	7	12	4	2	N/A	N/A
David W Jones	7	12	5	N/A	N/A	N/A

Arun Midha***	6	4	N/A	1	N/A	N/A
Jayne Woods	7	12	5	N/A	N/A	N/A
Anne Marie Duffy	7	10	N/A	2	N/A	N/A

( ) indicates attendance, but not as a member

\* Board Member Term of Office Ended Dec 2020

\*\* Joined ARAC from July 2020

\*\*\* Unable to attend some Board Meetings due to conflict of interest

## The system of internal control

Our system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risks; it can therefore only provide reasonable, and not absolute, assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the period ending 31 March 2021 and up to the date of approval of the annual accounts. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. In doing so, I am informed by the work of the internal auditors, Audit Wales and the Directors within the organisation, who have responsibility for the development and maintenance of the internal control framework.

## Internal Audit

We outsource our internal audit services and have appointed TIAA, through a competitive tender, as our internal auditors.

During 2020-21, six internal audits have been completed (plus one follow-up audit) as follows:

Audit name	Assurance rating	Number of recommendations
Governance - Monitoring of Operational Plan	Substantial	0
Well-being, Equality and Diversity and Absence Management	Substantial	0
Risk Management - Business Continuity	Substantial	0
Cyber Security	Substantial	2
Key Financial Controls - Payroll and Pensions	Reasonable	4
Project Management – Qualified for the Future	Substantial	1
Communications Follow-up	N/A	

The Audit and Risk Assurance Committee has given oversight to the Internal Audit Plan and the audit reports and will continue to monitor the implementation of recommendations raised during the year. The table below provides a summary of the recommendations raised:

Recommendations raised	Priority			
	High	Medium	Low	Total
Recommendations raised in 2017-18	-	3	13	16
Recommendations raised in 2018-19	-	4	18	22
Recommendations raised in 2019-20	5	1	19	25
Recommendations raised in 2020-21	0	2	5	7
<b>Total</b>	5	10	55	70

A monitoring and tracking system was introduced that reported to the Audit and Risk Committee. TIAA, our internal auditors, also reviewed the recommendations at the end of the financial year to ensure compliance and provide assurance to the Accounting Officer and Audit and Risk Assurance Committee. The table below provides an overview on the status of recommendations at the end of the year:

Priority	Recommendations			Status				
	Brought forward from 2019-20	Raised in 2020-21	Total	Implemented in 2020/21	Overdue	Not yet due	Not implemented	Carried forward
Urgent	0	0	0	0	0	0	0	0
Important	0	2	2	0	0	2	0	2
Routine	11	5	16	11	2	3	0	5
<b>Total</b>	11	7	18	11	2	5	0	7

As at 31 March 2021, two recommendations (low-priority recommendations) had passed their initial due dates; both of these are in progress. In summary, the recommendations are:

- Project Management - Construction and Built Environment review - updating the project management guidance was due for completion by 31 March 2021. This is in draft, with approval expected in July 2021.
- Cyber Security review – the exploration of implementing two-factor authentication for the website was due by 31 March 2021. This will now be trialled during 2021 as part of a website upgrade.

All internal audit recommendations are tracked and reported at each Audit and Risk Assurance Committee meeting.



The purpose of the Head of Internal Audit opinion is to contribute to the assurances available to the Accounting Officer and the Board, which underpin the Board's own assessment of the effectiveness of the system on internal control. The report below is provided by our Head of Internal Audit from TIAA.

### Head of Internal Audit Opinion

#### HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

**TIAA is satisfied that, for the areas reviewed during the year, Qualifications Wales has reasonable and effective risk management, control and governance processes in place.**

**This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Qualifications Wales from its various sources of assurance.**

### Audit Summary

**Control weaknesses:** There was one area reviewed by internal audit, Corporate Governance – Communications, where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' assurance. Recommendations were made to further strengthen the control environment in this area and progress was evidenced in an update report that was presented to the February 2020 Audit and Risk Committee by the Director Communications and Stakeholder Relations and in TIAA's follow-up of Priority 1 recommendations.

**Recommendations made:** We have analysed our findings/recommendations by risk area, and these are summarised below.

Risk Area	Urgent	Important	Routine
<b>Directed</b>			
<b>Governance Framework</b>	-	2	2
<b>Risk Mitigation</b>	-	-	-
<b>Compliance</b>	-	-	2
<b>Delivery</b>			
<b>Performance Monitoring</b>	-	-	1

<b>Financial Constraint</b>	-	-	-
<b>Resilience</b>	-	-	-

**Operational Effectiveness Opportunities:** One of the roles of internal audit is to add value, and during the financial year, we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed. These are best practice suggestions that would further enhance the organisation's systems if implemented. However, as these are only suggestions for management's consideration, these are not subject to follow-up. The number of these opportunities is summarised below.

<b>Operational Effectiveness</b>
<b>2</b>

### **Independence and Objectivity of Internal Audit**

There were no limitations or restrictions placed on the internal audit service that impaired either the independence or objectivity of the service provided.

TIAA – April 2021

## Risk management and control framework

The Board has overall responsibility for the organisation's risk management, and has risk as a standing agenda item at each Board - either for discussion or information. The risk register is included within the papers for each meeting. The Board is supported by the Audit and Risk Committee (ARAC), which has responsibility for providing advice and assurance on the organisation's approach to risk management and satisfying itself of the way that risk is managed within the organisation. ARAC also has risk management as a standing agenda item as part of its core business.

Although the Board did not formally review its risk appetite this year, we received a 'Dear Accounting Officer' (DAO) letter from Welsh Government in March 2020, recognising that we would be moving into a period where decisions would need to be made in a higher-risk environment with conditions more uncertain, and recommending that appropriate use be made of non-Executives to provide oversight and scrutiny. We adopted this advice in forming a Task and Finish group of four Board members to provide scrutiny of plans for the 2020 award of qualifications.

In April 2020, a risk register specific to COVID-19 (coronavirus) was opened. For much of 2020-21, the risk register was split into three main themes: Regulatory, Corporate and a dedicated COVID-19 register. In the Summer of 2020, following the awarding of grades, an additional Management Board, the 'Summer 21 (S21) Management Board' was established, and opened its own risk register. By February 2021, the COVID-19 risk register was closed, with risks either closing or transferring to one of the three registers to become business as usual.

The Executive team, via the Management, Regulation, Reform and S21 Boards are responsible for maintaining the risk registers and supporting team/project risk registers. Risk reports and registers were brought to meetings of these boards for discussion, revision and / or information. The S21 Board covered risks related to the impact of COVID-19 for the awarding of qualifications in 2021, and these were reported to, and/or reviewed by, ARAC and the main Board.

The Board committees actively discuss risk and review relevant risk registers as follows:

- ARAC review specific aspects of the corporate risks and the S21 risks;
- Regulation Committee reviews the regulatory risks.

The role of the committees is to provide both support and challenge to the Executive team. Committees also have a role to provide assurance to the Board that risk is being actively considered within committee discussions and managed appropriately.

In February 2021, ARAC held a separate meeting to consider risks both to Qualifications Wales and in the qualifications sector. The committee was joined by the chairs of the other committees for the meeting. The committee received a presentation on risk management within the organisation. Both short- and long-term risks and new risks that were emerging as

a consequence of the pandemic were discussed. A further consideration of the identified risks and an exploration of the impact and management of these risks was planned for the Board away day in April 2021.

Since the decision to close the office in mid-March 2020, all Board meetings, Committee meetings and management meetings have been run virtually, with electronic papers. There has been no compromise to the established governance and controls, and the organisation has continued to operate effectively.

## **Risk Registers**

Qualifications Wales managed strategic risks during 2020-21 relating to our corporate and regulatory functions. In April 2020, the organisation decided to open a specific COVID-19 risk register, which contained 44 risks. This was managed until January 2021, when risks were either closed (a number had related to the summer 2020 award) or incorporated into the strategic risk register – either as new risks, or by impacting the scoring or actions relating to existing risks. In September 2020, a Summer 2021 (S21) Management Board was set up and has its own specific risk register. Thirty-four risks were raised, with 27 currently live. This is a temporary governance structure that will cease once Summer 2021 awards are made. As was the case with the COVID-19 register, some of these risks also relate to longer-term strategic risks held on the main register.

## **Strategic risk profile - Main Regulatory and Corporate Risk Register**

There are 17 regulatory risks that relate to our operational activity when regulating recognised awarding bodies and the qualifications system, including our work to review and reform qualifications. Three of these were added when the COVID-19 register closed, and these remain our red-rated risks, relating to the increased risk of malpractice, rapid introduction of use of technology and awarding body viability. The majority of the other regulatory risks are medium or amber-rated, relating to the recovery of standards, stakeholder understanding, public confidence, general controls in the monitoring and overseeing of qualifications and the qualifications system, as well as capacity in the system to handle awarding this summer and to engage with longer-term reform. There are also risks relating to the reform of qualifications to support implementation of the new Curriculum for Wales – driven by the unknown impact of a new administration and the impact of the awarding experience of 2020 and 2021 on stakeholder views. We were able to reduce the rating for risks associated with changes to the qualifications system in England and their potential impact on Wales as awarding body intentions have become clearer.

There are 21 corporate risks; the majority of these are medium amber-rated. The main corporate risks relate to the risk of a reduced financial settlement and the impact of planning our activities, staffing and expenditure while dealing with a high level of uncertainty - which may risk delivery of the operational plan if not done effectively. Other risks include the risk of

not managing stakeholder relationships effectively, or not having robust communications processes in place. We continue to monitor risks relating to information management and security, data protection, employee engagement, and the future implementation of the Welsh Language Standards. Six new risks were added when the COVID-19 register closed; these related to employee well-being while working from home for an extended period – risks to mental health, Display Screen Equipment (DSE) risks, risk to our culture, and the risk of over-reliance on individuals, as well as increased risks of fraud or errors. Following successful recruitment exercises, we were able to reduce the rating for risks associated with resourcing. We have recruited high-calibre staff to deliver qualifications reform, and new Board members have been appointed early to enable shadowing and knowledge transfer.

### **Strategic Risk profile - Summer 2021 (S21) Risk Register**

There are 27 Summer 2021 risks relating to the Summer 2021 award. Some have become issues; some remain as risks. These cover risks associated with the awarding process, including the practical difficulties of awarding licence to practise qualifications while colleges and work-placements are closed, the uncertainty over actions in other jurisdictions, the perceptions of fairness of the proposed awarding approach, the increased risks of errors or malpractice and the manageability of aspects of the proposed process. There are also longer-term risks relating to awarding body viability and to public perceptions. Once the Summer 2021 award has concluded, the remaining risks will be incorporated into our main register.

### **Summary**

Overall, the risk profile has increased over the year. This is likely to continue as we navigate through the delicate and uncertain education climate to secure an effective award of qualifications for Summer 2021 and beyond, and consider how and when to return to some form of office working. There are also longer-term risks to consider, as we better understand the impact of 2020 and 2021 on public perceptions and confidence.

All risks are actively considered on a regular basis and reviewed in line with the Board's current risk appetite. The risk appetite document is due for review in the coming year.

### **Procurement and departures from procurement procedures**

Our published Procurement Policy aligns to the Wales Procurement Policy Statement, and we therefore openly advertise opportunities over £30k (including VAT) on Sell2Wales.gov and consider how to make our opportunities available for Small and Medium Sized Enterprises (SMEs) to successfully tender.

Our Procurement Policy is delivered via our Procurement Strategy and supported by tendering and quotation procedures, in which all budget holders have been given training.

Our procedures require that (unless we are using existing contracts or collaborative framework agreements such as those let by the National Procurement Service):

- three quotes are obtained for goods and services between £6,000 and £29,999;
- an invitation to tender is issued for goods and services over £30,000 and below the EU threshold; and
- an advert is issued to the Official Journal of the European Union for tenders over the EU threshold.

A departure process is in place to allow the effective management of any deviation from these procurement procedures. In most cases, goods and services are purchased only after competitive tenders/quotations have been sought, following advice from the Procurement Team. In certain circumstances, this may not be possible. When such a circumstance arises, the approval of the Chief Executive must be given.

In order that appropriate justification is provided, the template 'Request for approval for a departure from procurement procedures' is completed. The request is logged on the quotation/tender register.

The Head of Procurement reviews the request and if the request is justified, will forward it to the Chief Executive for approval. For all contracts, including those resulting from a departure, where the value is above the threshold for advertising in Europe (and since January 2021 the World Trade Organisation Government Procurement Agreement (WTO GPA) threshold), prior approval for the expenditure must have been sought from the Board prior to commencing procurement activity.

Any departures are reported to both the internal Management Board and the Audit and Risk Assurance Committee. During the period 1 April 2020 to 31 March 2021, two departures were approved, with a combined value of up to £74,000, depending on the demand for the services that were subject to the departure. These related to an extension to a trial of an alternative recruitment advertising arrangement which was subsequently re-tendered, and the extension to the contract for regulatory legal advice, where the re-tender had to be delayed until the Welsh Government NPS framework had been awarded.

### Information governance

We have an Information Security Policy that sets out the roles and responsibilities of all employees in relation to IT and information security. The policy is supported by several guidance documents, including Information Classification and Handling Guidelines.

The Executive Director for Corporate Resources is the Senior Information Risk Officer (SIRO), and is accountable to the Accounting Officer and the Board for information and data governance. The Head of IT is responsible for developing, maintaining and implementing relevant IT policies, whilst the Head of Corporate Governance is responsible for data

management policies and Freedom of Information requests. The Information Governance Manager is the Data Protection Officer, and is responsible for compliance with the General Data Protection Regulations.

We are committed to openness and transparency in the way we do business. Our Publications Scheme commits us to making certain relevant information routinely available to the public and is available on our [website](#).

We have continued to develop our system, processes and ways of working in relation to GDPR, and the internal audit on ICT Data Assurance and Quality conducted in 2019-20 returned substantial assurance, with four low-risk actions. These were completed.

We have established an Information Risk Appetite statement, categorising data into the following areas, applying a risk ranking, stating our risk appetite and setting associated management actions:

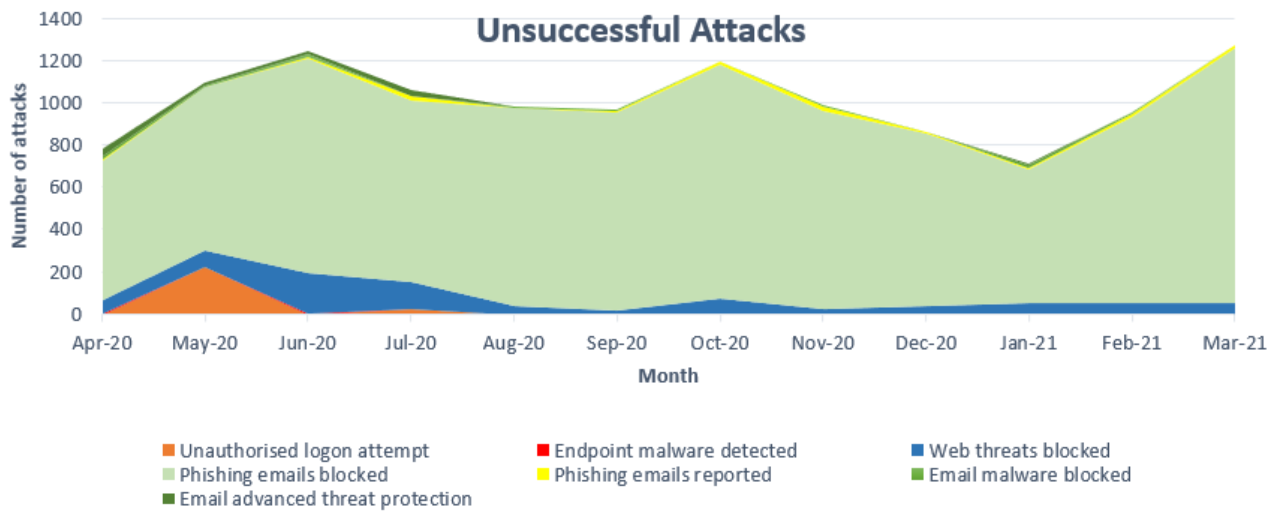
- public information;
- internal corporate;
- sensitive personal information about staff and third parties;
- QiW (our regulatory database); and
- social media.

The Head of IT is responsible for regularly reviewing our risk appetite statement and proposing updates to the Management Board. This year, we have undertaken third-party penetration testing of our in-house application QiW, and also undertaken a third-party review of the security configuration of our cloud services, which did not identify any significant issues.

### Cyber security

In this financial year, there were no data breaches or losses. We had one near miss reported; this was due to a software bug in our QiW application that could have exposed commercially sensitive data to a potential breach. We refreshed our Cyber Essentials Plus accreditation in April 2021.

The chart below summarises the unsuccessful attacks experienced over the year.

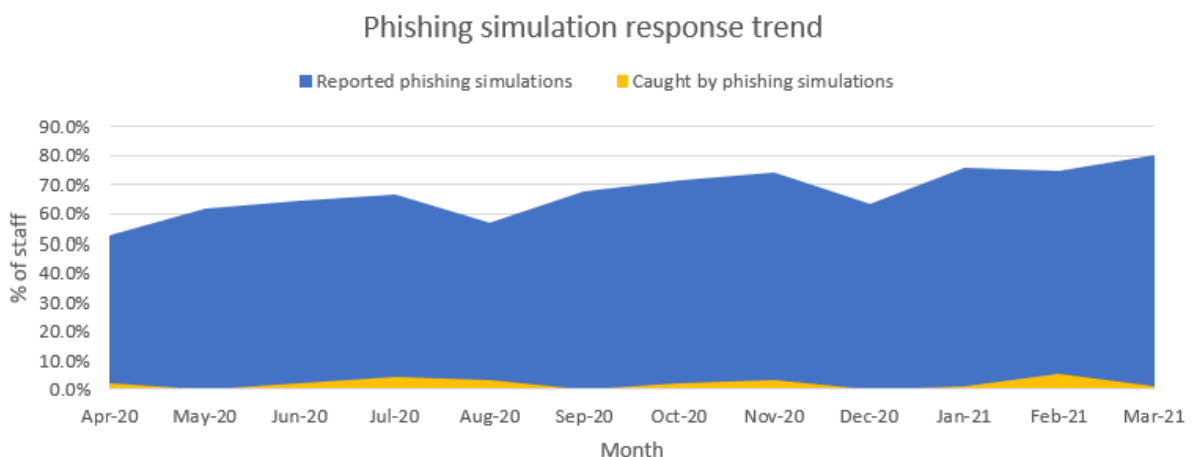


Phishing emails continue to be the most significant threat and form of attack we experience. We share our data regularly with the Welsh Government SIRO (Senior Information Risk Owner). As we still consider email ‘phishing’ to be one of our top threat vectors, our email filters provide advanced threat protection against phishing emails containing malicious links and attachments.

Activities we have undertaken during the year to counter the cyber threat include:

- disabling the use of USB media storage and further restricting local administration rights on our managed devices;
- running monthly simulated phishing attacks on our staff to test their response and alert them to the dangers of phishing; and
- requiring all staff to complete ongoing interactive online information security awareness training.

The results of simulated phishing attacks (which have become more sophisticated over time) are shown in the chart below (staff responses do not total to 100%, as some staff did not open the emails, and these are not included in the figures):





### Personal data reported incidents

Qualifications Wales has no personal data incidents to report.

### Freedom of Information requests

We received 17 requests for information during the year, all of which were responded to in accordance with the appropriate timescales.

### Complaints

We received and investigated three corporate complaints. We received a complaint in relation to the link to our youth consultation not working temporarily on our website. This complaint was partially upheld. A complaint from a Year 10 student was received concerning a regulatory decision using our corporate complaint form. We provided an explanation to the complainant, rather than processing it as a corporate complaint. We received a complaint relating to our decision not to allow an appeal under our Exam Procedure Review Service. This was investigated and while it was not upheld, recommendations were made for improvement, and a full explanation was provided to the complainant. We received 15 complaints about awarding bodies. Of these, three were within our remit to investigate. We upheld one complaint and partially upheld two.

### Whistleblowing

Qualifications Wales has a Whistleblowing Policy, which provides details to our staff about the policy purpose and process for raising any concerns. We did not receive any corporate whistleblowing disclosures in this financial year.

We also have a Regulatory Whistleblowing Procedure. We did not receive any regulatory whistleblowing disclosures in this financial year.

### Well-being of Future Generations (Wales) Act 2015 (FGA)

Qualifications Wales is committed to sustainable development. Although we are not currently subject to the Well-being of Future Generations (Wales) Act 2015 (FGA), we consider that our role supports its purpose and that its requirements are compatible with how we work.

We have, therefore, adopted the FGA Act provisions to underpin how we deliver our functions. It is natural for us to work in this way, as education necessarily requires a long-term view.

We developed well-being objectives, which were published in April 2018, and can be seen on our [website](#). We produce an annual progress report which can also be viewed on our [website](#).

Our work particularly supports long-term economic prosperity by ensuring that qualifications are fit for purpose, and by considering how well they meet the needs of employers and further and higher education establishments. This supports academic progression and employability, and, therefore, prosperity and economic growth. Good education makes a difference to long-term life chances, and it is important to be able to demonstrate achievement through robust and meaningful qualifications.

### **Welsh Language Standards**

We communicate with our stakeholders bilingually, as appropriate. Although we are not yet subject to the Welsh Language Standards, we have chosen to voluntarily publish a corporate Welsh Language Scheme, which can be viewed on our [website](#). We have an action plan, and our focus has been on embedding the Scheme throughout the organisation. Our progress report can also be viewed on our [website](#).

### **Promoting and supporting Welsh-medium and bilingual qualifications**

In spring 2020, we published our Welsh-medium Qualifications Strategy, 'Choice for All', which sets out our commitment to increasing the availability of Welsh-medium qualifications and how we will support awarding bodies to do so.

During the last year, we have led the Welsh Language Support Group, which is made up of around 20 awarding bodies that currently offer or wish to offer Welsh-medium qualifications in future to share best practice and ideas. We facilitated topics on terminology, Welsh-language skills development, and the Active Offer, and had stimulating discussions with external guest speakers, including Bangor University and the National Welsh Language Teaching Centre. We have worked closely with awarding bodies to develop guidance on the development, delivery and awarding of Welsh-medium qualifications and are currently revising our Regulatory Welsh-medium Qualifications Policy.

This year, we have also supported awarding bodies with developing their capacity, including discussions on accessing on-line Welsh-language skills tools and training nationally.

We provide extensive grant funding to help support the availability of Welsh-medium qualifications and assessment for both general qualifications (GCSEs and A levels) and vocational qualifications, including the Welsh for Adults qualifications.

## Equality Act

We comply with the general duties under the Equality Act 2010, and we have taken care to consider equality issues in all our activities. Examples of our approach include the design of our office, our recruitment practices, our website design standards and the organisation of our events. Equality considerations are built into the design of our policies and the delivery of our services, and they are kept under review.

As a regulator, we also monitor how well awarding bodies meet their equalities duties. We have reviewed and updated our *Fair Access by Design* guidance for the awarding bodies that we regulate. This seeks to ensure that the design of qualifications has no in-built discrimination. Our Conditions of Recognition require that learners receive reasonable adjustments, and we monitor awarding body compliance. Our External Relations team also provide guidance to examination officers who are responsible for implementing access arrangements.

We have published an annual progress [report](#) against our 2019-22 objectives, which highlights progress against each of the five objectives - most notably our work on Regulatory Impact assessments, our review of *Fair Access by Design*, our partnership with Remploy and our commitment to corporate social responsibility. We will continue to monitor and review these on an annual basis.

Supporting equality was a core consideration for our approach to awarding in summer 2020 and 2021, fairness to all learners being one of the awarding principles that we set. We completed Equalities Impact Assessments and in 2020, published an analysis of changes in attainment gaps for those with protected characteristics. In 2020, we provided guidance to centres involved in providing ranking and estimated grades. For summer 2021, we have completed several Equalities Impact Assessments, to support decision-making at different stages. As part of the final arrangements, WJEC has provided a comprehensive programme of training for centres in assessment to support the provision of Centre Determined Grades, including training on avoiding unconscious bias, in collaboration with Diverse Cymru. We also worked with the Equalities and Human Rights Commission to support their publication on guidance for centres on complying with the Public Sector Equality Duty in the arrangements for summer 2021. We have worked with Welsh Government to ensure that all private candidates have the opportunity to secure a qualification award in 2021.

## Conclusion

As the Accounting Officer for Qualifications Wales, I confirm that the statements made in this report are correct for the period from 1 April 2020 to 31 March 2021. There have been no significant internal control or governance issues, and I confirm that there were sound systems of internal control in place to support the delivery of the organisation's policy aims and objectives.

<b>Signed</b> Philip Blaker	<b>Philip Blaker</b> Accounting Officer 15 July 2021
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## 4 Remuneration and staff report

### Remuneration policy

Qualifications Wales employees are employed on terms and conditions agreed by the Board. Remuneration is aligned with Welsh Government pay bands and scales. Progression through the pay scales is on an annual increment basis, subject to satisfactory performance. Changes to salary structure for all employees (including the Executive) are reviewed annually by the Remuneration Committee, and any changes to our approach to pay must be approved by the Minister for Education.

The remuneration package includes membership of the Civil Service Pension Scheme. Upon appointment, employees are offered a choice of two types of pension: 'Alpha' (a career-average scheme) and 'Partnership', which is a defined contribution arrangement. Details of the Civil Service Pension Scheme can be found at <http://www.civilservicepensionscheme.org.uk>.

Board fees and travel costs are paid in accordance with Welsh Government rates for public appointments.

### Remuneration (including salary) and pension entitlements – senior officials and Board members

The following tables provide details of the remuneration and pensions interests, for the period from 1 April 2020 to 31 March 2021, of the senior officials and Board Members who have authority or responsibility for directing or controlling our major activities.

Single total figure of remuneration						
	2020-21			2019-20		
Non-executive Board Members	Fees (banded)	Pension Benefits	Total	Fees (banded)	Pension Benefits	Total
	£'000	£	£'000	£'000	£	£'000
Chair David B Jones OBE DL (Joined QW Board 01/10/2019)	30-35	-	30-35	15-20	-	15-20
Former Chair Ann Evans (Left QW Board 30/09/2019)	-	-	-	10-15	-	10-15
Angela Maguire-Lewis (Left QW Board 31/12/2020)	0-5	-	0-5	5-10	-	5-10
Caroline Burt	5-10	-	5-10	10-15	-	10-15
Claire Morgan	5-10	-	5-10	5-10	-	5-10
Isabel Nisbet	5-10	-	5-10	5-10	-	5-10
Ellen Donovan	5-10	-	5-10	5-10	-	5-10
Robert Lloyd Griffiths OBE	5-10	-	5-10	5-10	-	5-10
Arun Midha	5-10	-	5-10	5-10	-	5-10
David W Jones	10-15	-	10-15	5-10	-	5-10
Jayne Woods	5-10	-	5-10	5-10	-	5-10
Anne-Marie Duffy OBE	5-10	-	5-10	5-10	-	5-10
The following will take up a board role in 2021-22 and received remuneration during 2020-21 for attending the Board meeting on 25 March 2021 in a shadow capacity only	2020-21			2019-20		
	Fees (banded)	Pension Benefits	Total	Fees (banded)	Pension Benefits	Total
	£'000	£	£'000	£'000	£	£'000
Douglas Blackstock (Joining 14/06/2021)	0-5	-	0-5	0	-	0
Graham Hudson (Joining 14/06/2021)	0-5	-	0-5	0	-	0
Hannah Burch (Joining 01/04/2021)	0-5	-	0-5	0	-	0
Michael Griffiths OBE (Joining 14/06/2021)	0-5	-	0-5	0	-	0

'Fees' include the reimbursement of travel expenses to and from Qualifications Wales as these, in accordance with HMRC requirements, are treated as taxable benefits.

This table is subject to audit.

Single total figure of remuneration						
	2020-21			2019-20		
Executive Officials	Salary (banded)	Pension Benefits (to the nearest £1000)	Total	Salary (banded)	Pension Benefits (to the nearest £1000)	Total
	£'000	£1000)	£'000	£'000	£1000)	£'000
<b>Chief Executive</b> Philip Blaker	130-135	48,000	180-185	125-130	47,000	175-180
<b>Executive Director - Regulation</b> Jo Richards	85-90	34,000	115-120	80-85	33,000	115-120
<b>Executive Director - Corporate Resources</b> Alison Standfast	85-90	43,000	125-130	80-85	35,000	115-120
<b>Director - Qualification Policy and Reform</b> Cassy Taylor	85-90	43,000	130-135	85-90	38,000	125-130
<b>Director - Qualification Policy and Reform</b> Emyr George	70-75	29,000	100-105	70-75	28,000	100-105
<b>Director of Communications &amp; External Relations</b> Kate Stokes-Davies (Left 31/08/2020)	30-35	12,000	40-45	70-75	29,000	100-105
<b>Director of Communications &amp; External Relations</b> Leonie White (Joined QW 26/10/2020)	30-35	13,000	45-50	-	-	-

This table is subject to audit.

Salary includes gross salary and any other allowances subject to UK taxation. The report is based on accrued payments made and thus recorded in these accounts.

There were no benefits in kind or bonus payments made in 2020-21.

The 'pensions benefits' figures above are calculated for disclosure purposes, by our pensions administrators. These figures are calculated as the 'real increase in pension' (see 'Senior Employees' Pension Benefits' table below) multiplied by 20, plus the real increase in any lump sum, less contributions made by the employee during the period.

<b>Senior Employees Pensions Benefits</b>					
<b>Officials</b>	<b>Total accrued pension at pension age as at 31 March 2021</b>	<b>Real increase in pension at pension age</b>	<b>CETV at 31 March 2021</b>	<b>CETV at 31 March 2020</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Chief Executive</b> Philip Blaker	15-20	2.5-5	239	195	28
<b>Executive Director - Regulation</b> Jo Richards	15-20	0-2.5	221	192	16
<b>Executive Director - Corporate Resources</b> Alison Standfast	30-35	2.5-5	491	440	25
<b>Director - Qualification Policy and Reform</b> Cassy Taylor	35-40	0-2.5	615	563	28
<b>Director - Qualification Policy and Reform</b> Emyr George	15-20	0-2.5	143	123	9
<b>Director of Communications &amp; External Relations</b> Kate Stokes-Davies (Left 31/08/2020)	0-5	0-2.5	47	37	6
<b>Director of Communications &amp; External Relations</b> Leonie White (Joined QW 26/10/2020)	0-5	0-2.5	9	0	7

This table is subject to audit.



Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or 'alpha', which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined 'alpha'. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes). 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 4.6% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages).

Further details about the Civil Service Pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### **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 which 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, 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.

## Fair pay disclosures

We are also required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce. This is shown below.

Median Remuneration		
	2020-21	2019-20
Band of highest earner's Remuneration (£'000)	130-135	125-130
Median Total Remuneration	43,760	44,270
Ratio	3.03	2.88

The median remuneration remains within our Band 4 staff pay grade, but is slightly lower than last year, resulting in this ratio slightly increasing from 2.88 in 2019-20. This is due to us increasing our headcount this year by 7 – across Bands 1 – 4 - which meant that the median point, whilst remaining within the Band 4 grade, was at a lower salary point within the band range than in 2019-20. This more than offsets the 2020-21 pay award which applied across all pay bands.

This table is subject to audit.

## Staff report

During 2019, we had made some structural adjustments which configured our Directorates and teams in a different way to better suit our work. During 2020-21, we were able to confirm that these changes worked well in terms of delivering our planned operational priorities. Whilst we adjusted our planned work in early April to respond to the emerging pandemic, the new structure enabled us to respond agilely and create project teams to deliver new awarding arrangements for Summer 2020 and 2021. In the last financial year, we confirmed three new permanent roles, and we increased our approved fixed-term roles to deliver Qualified for the Future. Our headcount at 31 March 2021 was 95, compared to a figure of 87 in the previous year; full-time equivalent (FTE) has increased from 85.28 in 2020 to 94.24 in 2021. Headcount and FTE fluctuate during the year, as we respond to turnover and recruit accordingly. Our average number of employees during the last 12 months, along with a comparison to previous years is outlined in the table below:

Year	Average headcount	Average Full Time Equivalent (FTE)
2020-2021	90.1	89.1
2019-2020	81.6	80.2
2018-2019	77.3	76.61
2017-2018	78.5	76.14
2016-2017	72	-

This table is subject to audit.

In the last year, 10 employees have left the organisation. Three of these were appointed on short-term, fixed-term contracts and the appointments ended at the planned end point. The remaining seven moved onto new career opportunities. We have had 14 new employees join the organisation. Our turnover has increased from 7.4% to 11.1% (11.2% FTE). During the last 12 months, we have run 15 individual recruitment exercises; four were schemes run for multiple numbers of the same post. We have also had internal movement due to development opportunities.

We usually advertise permanent and long-term fixed-term opportunities externally, and internal candidates can apply via that route. We operate an approach of a guaranteed interview for applicants who meet the minimum score for consideration at interview and indicate that they are disabled. We run internal exercises for short-term development opportunities, which cover maternity leave or specific project work. The decision to recruit is taken by our Management Board. At this point, we consider whether we have sufficient internal candidates to warrant a competitive internal exercise; we did not take this approach within the last financial year. Recruitment exercises in the last 12 months have been across all four Directorates within the organisation: Regulation, Qualifications Policy and Reform, Communications and Engagement and Corporate Resources.

Our workforce comprises 91% of employees on permanent contracts (compared to 94% at 31 March 2020). In previous years, we have had a small number of inward secondments; in the last year we did not have any of these. Our first outward secondment commenced in 2019 and concluded in June 2020, and the employee returned to our organisation on promotion. We remain open to secondments and these arrangements will continue to be used where they offer the opportunity to interchange with other organisations and to make the best use of skills, particularly in areas of professional expertise. Our current fixed-term contracts are in place to deliver time-bound pieces of work. Six of these contracts are longer-term, and are in place to support Curriculum Reform.

During the year, we have used agency staff to fill vacancies or short-term work for which a secondment or fixed-term appointment was not suitable. During the last 12 months, we have appointed two people via an agency to undertake defined roles. As at 31 March, no agency contracts were engaged. These temporary contracts are not included in calculations for headcount or FTE calculations.

	Female	Male	
Apprenticeship	0	1	
Fixed term	8	0	
Permanent	56	30	
	64	31	95

Headcount at 31 March 2021

We review all appointments with those contracted to ensure compliance with IR35 (intermediaries' legislation).

### Learning and development

We are committed to employee development. Specific needs are either identified through our business planning, our senior managers or through individual performance discussions. Individual requirements might be met with formal training, through access to different opportunities or working across teams within our organisation.

Some of our training meets a corporate or statutory need, and is delivered across the organisation. This year, we ran mandatory online manual handling and fire safety training for all staff. We had planned for First Aid training, but have paused the face-to-face training until it is safe to deliver. In the meantime, we are planning basic online training for staff. In terms of IT, employees undertook an online Security Awareness and Common Threats training.

In the spring and summer of 2020, Qualifications Wales led a core group of four sponsored bodies (Sport Wales, Social Care Wales and HEFCW) to procure, develop and deliver a Leadership and Management programme that would meet the needs of our organisations and the wider sponsored body network. This collaborative exercise has now designed and launched two programmes – one aimed at line managers and the others at the strategic management level. Four cohorts have commenced, comprising employees from three of the core group (HEFCW are currently running their own specific training using the programme). This is the first time the sponsored bodies have undertaken a collaborative exercise of this type. The training is currently being delivered online, but can move to face-to-face delivery when it is safe to do so. Both programmes cover practical elements of management, which will ensure that managers are aware of their role and their statutory responsibilities. Further cohorts will commence in the autumn of 2021.

We also procured and delivered training in 'Giving and Receiving Feedback'. This supported the launch of a new Performance and Development policy in July 2020. Whilst it was initially designed to be delivered face-to-face, the content was reshaped for online delivery and eight sessions were delivered successfully across the organisation.

We have delivered training in Menopause Awareness, Mindfulness and Mental Health awareness as part of our commitment to employee well-being. Three employees also attended Positive Psychology sessions with Academi Wales. We have also run Introduction to Allyship and Unconscious bias training.

We support personal development, and in the last year have supported five employees in higher education learning, including a Masters in Education, a PhD in Mathematics and a Professional Doctorate in Education. We are committed to employee professional development, and have supported an employee in her studies to achieve her AAT Advanced Diploma. This year, we employed our first Digital Apprentice, who is also studying with the University of South Wales.

Employees have also attended external training and conferences to develop and enhance their professional skills and maintain their CPD in fields such as assessment, procurement, corporate governance, HR, finance, research and communications. We ran 'Presenting and Communicating Complex Information' training, and 'Social Media and Media' training, based on business need. We have also worked with the NSPCC to deliver Safeguarding training to support the launch of our new Learner Advisory Group.

Employees also run internal 'Lite Bite' sessions to inform the wider organisation about pieces of work that teams or individuals are working on, to explain organisational policies and to share learning they have experienced.

Trade union members have also been supported to attend courses to ensure that they have the knowledge and ability to undertake their union roles.

### Pay band and gender

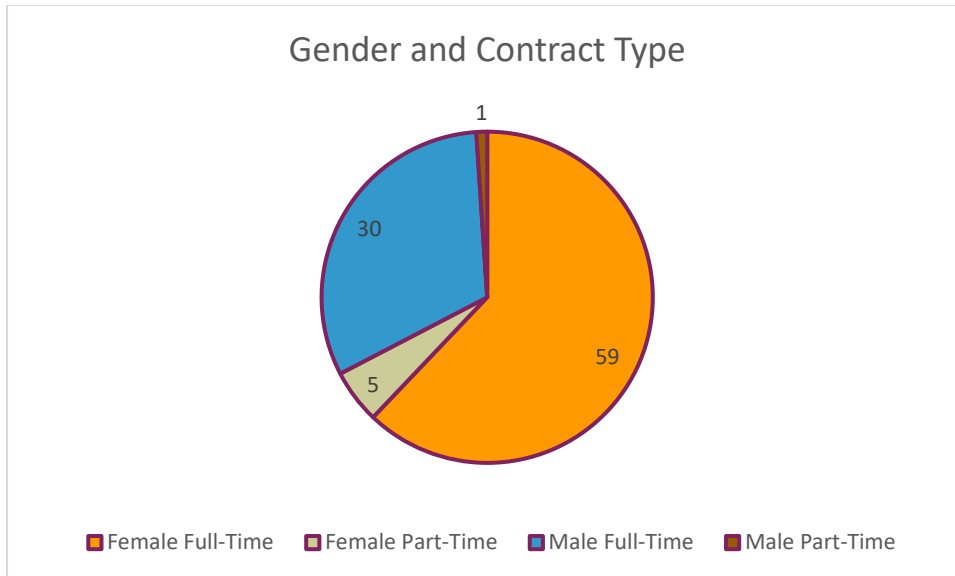
The following tables outline our employee composition as of 31 March 2021, by their substantive band, gender, age and contract type (full-time hours are 37 hours per week, part-time contracts are those agreed with fewer than 37 hours).<sup>2</sup> We have six employees on a contract of fewer than 37 hours, which is a decrease of four, as at 31 March 2021 (in 2020, 10 employees – nine female, one male – worked part-time). The predominance of requests to work on contracts below 37 hours continues to be from female employees.

We continue to have a greater proportion of female to male employees, which is representative of the education sector more generally. In terms of recruitment statistics, we tend to receive a greater number of applications from female candidates at all bands. We review this information regularly and consider our advertisement approach to broaden our diversity more generally.

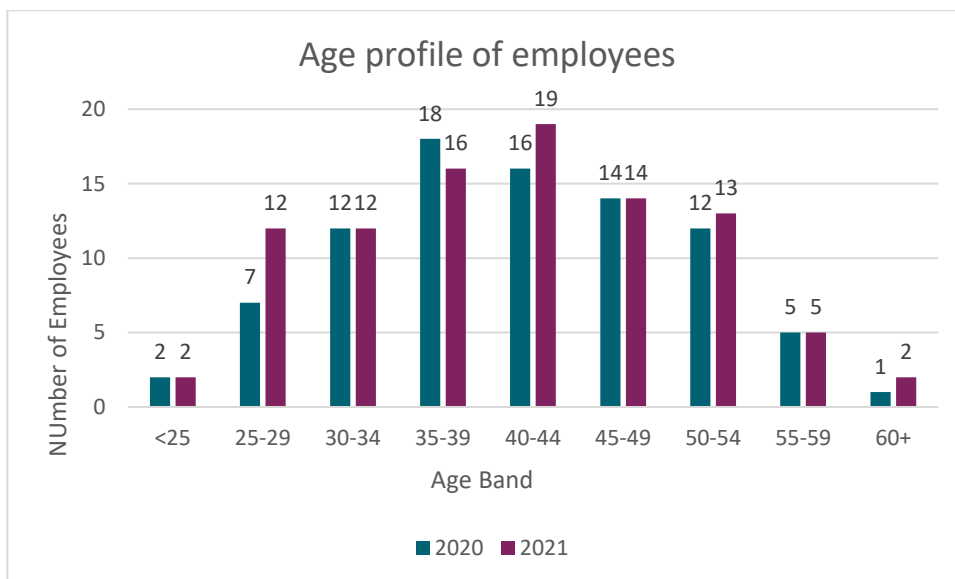
Band	Female Full-Time	Female Part-Time	Male Full-Time	Male Part-Time	Total
1	4	0	2	0	6
2	8	0	1	0	9
3	14	2	8	0	24
4	20	3	9	1	33
5	8	0	6	0	14
6	3	0	3	0	6
7	2	0	0	0	2
8	0	0	1	0	1
Total	59	5	30	1	95

<sup>2</sup> The table indicates an employee's substantive (contracted) band. It does not reflect when an employee may be temporarily working at a higher band, and therefore conflicts with the table on p58, which is based on an employee's actual pay in this year.

**Gender and contract type**



**Age**



Our age profile has remained relatively static, and the turnover and recruitment we have seen has not significantly affected how our profile looks. However, in the last 12 months, our numbers of employees in the age groups 25-29 through to 50-54 are relatively similar, and have a smaller upwards curve towards our largest age grouping (which this year is 40-44, compared to the 35-39 group last year). Some of the changes are because of aging and crossing into the next age band, and some due to recruitment. We remain relatively stable at both ends of the spectrum, <25 and 55-59 and 60-64.

## Sickness absence

Our sickness absence rates have decreased over the last 12 months, and in total, 423.5 working days were lost, compared to 488 working days lost in 2019-2020. The Chartered Institute of Personnel and Development (CIPD) Health and Well-being at Work Survey published in March 2020 reports the yearly average for the public sector has dropped from 8.4 to 8 days per employee, with an overall average of UK workplaces at a new low figure of 5.8 days. We use these figures as our monthly benchmark. The average for organisations with between 50 and 249 employees has increased to 4.5 this year (up from 4.4 in 2019). Our annual average level of absence has decreased from 5.98 days to 4.7 days per employee. This figure is calculated using the annual average number of employees, which in 2020-21 was 90.1. Our annual average FTE is 89.1, which adjusts our average to 4.8 days, which is a reduction from last year's figure of 6.1 days.

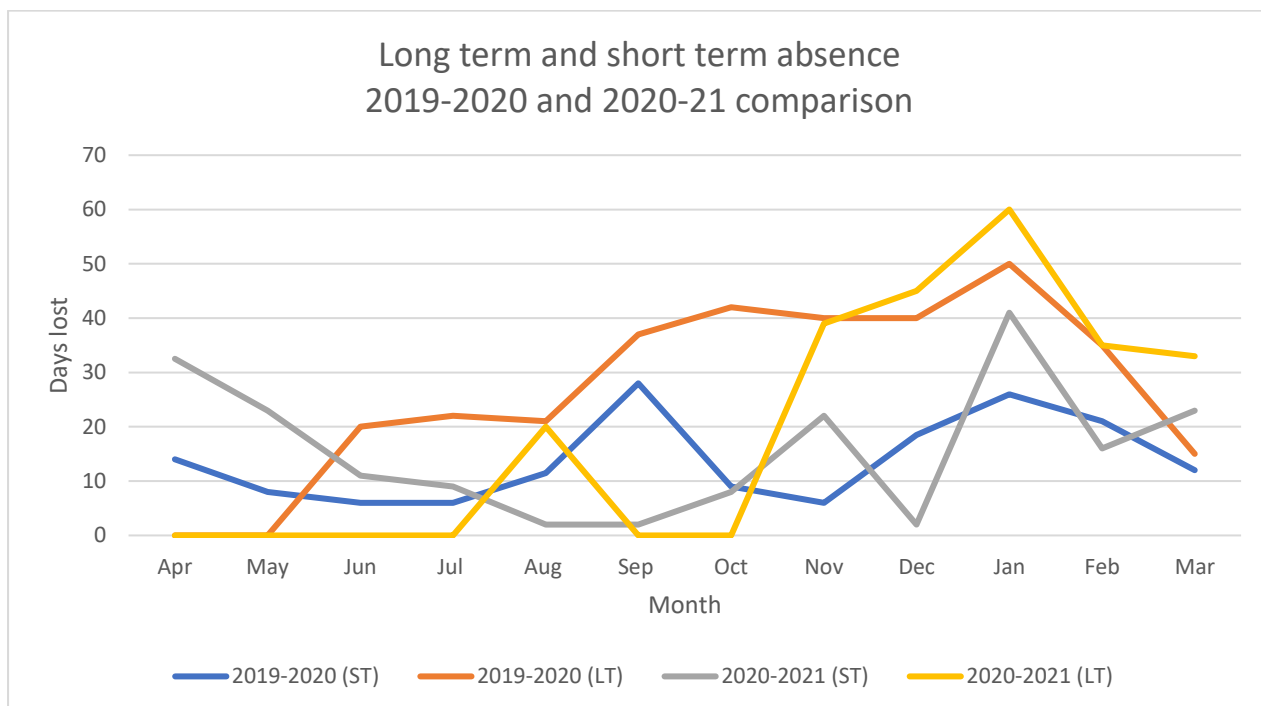
We have seen a decrease in long-term absence (90 days) in the past 12 months, and no long-term absence was recorded between April and October, with the exception of one period of absence in August. Short-term absence has increased by 25.5 days during the year. Whilst there were falls in some months, this was offset by increases in other months. COVID-19 has not significantly affected these results, and there are no trends in absence that indicate specific issues. Long-term absences are managed using Occupational Health and HR support to facilitate successful returns to work. Whilst we were unable to provide flu vaccinations on site this year, we did offer to reimburse employees who wished to claim for a flu vaccination that they sourced privately. There was low take-up of this.

The tables below outline our sickness absence statistics in more detail.

### Sickness absence totals by month

Month	2016-2017 (ST)	2016 - 2017(LT)	2017 - 2018 (ST)	2017 - 2018 (LT)	2018-2019 (ST)	2018 - 2019 (LT)	2019-2020 (ST)	2019-2020 (LT)	2020-2021 (ST)	2020-2021 (LT)
Apr	9.5	0	0.5	16	14	20	14	0	32.5	0
May	21.5	0	8.5	0	7.5	21	8	0	23	0
Jun	16	0	4.5	0	0	21	6	20	11	0
Jul	10	0	18	0	12.5	22	6	22	9	0
Aug	12.5	0	18	0	15.5	22	11.5	21	2	20
Sep	1	1	9	21	8.5	20	28	37	2	0
Oct	18.5	34	14	22	10	15	9	42	8	0
Nov	19	60	13	22	3	0	6	40	22	39
Dec	25	24	25.5	16	11.5	0	18.5	40	2	45
Jan	18.5	22	34	29	9.5	0	26	50	41	60
Feb	13.5	16	33.5	20	10.5	0	21	35	16	35
Mar	11.5	23	4	21	19	0	12	15	23	33
<b>Total</b>	176.5	180	182.5	167	121.5	141	166	322	191.5	232





We are committed to encouraging a healthy lifestyle and a good work/life balance. We contract an occupational health provider to help us, and to:

- offer assistance and advice to employees;
- support attendance at work; and
- facilitate successful return to work after a long-term absence;
- deliver well-being days, which can include health-checks and winter flu vaccinations.

All employees have access to an Employee Assistance Programme that can offer advice and support on a range of issues. This is available initially via a telephone service or via the internet at any time of day or night, and is completely confidential.

During the pandemic, we have strived to support our employees in terms of their physical and mental well-being. We have done this through training (mental health awareness and mindfulness), through physical activity (we used an app called we+ to engage teams of employees in physical activity which also had an online social aspect), and through promotion of positive working practices through our internal communications.

We promote and encourage a healthy work/life balance through the support services provided and organisational policies. In our 2020 People Survey, 88% of employees agreed that the organisation supports their health and well-being, and 97% agreed that we promote health and well-being messages and information to staff. Our Well-being and Equalities group work together to promote a range of initiatives across the organisation to reinforce positive behaviours and the support available to employees, such as Mental Health First Aiders. We achieved the Bronze Corporate Health Standard in March 2019, and were hoping to achieve our Silver accreditation in 2020. This has been delayed due to the pandemic,

although actions and objectives are being worked on in readiness for an assessment hopefully in 2021-22.

During this year, we signed the [TUC Dying to Work Charter](#), in support of the TUC initiative, which means that if an employee receives a terminal diagnosis, they will not be dismissed. This gives the employee choice and financial security.

### Summary of 2020-21 staff costs

	2020-21		2019-20		Total	2020-21		2019-20		Total
	Permanently Employed Staff	Temporary Staff	Others	Agency Staff		Permanently Employed Staff	Temporary Staff	Others	Agency Staff	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and Salaries	3946	177	-	-	4,123	3,490	81	-	-	3,571
Social Security Costs	442	18	-	-	460	391	8	-	-	399
Other Pension Costs	1078	47	-	-	1,125	965	22	-	-	987
Agency Costs	-	-	-	25	25	-	-	-	43	43
<b>Total</b>	<b>5,466</b>	<b>242</b>	<b>0</b>	<b>25</b>	<b>5,733</b>	<b>4,846</b>	<b>111</b>	<b>0</b>	<b>43</b>	<b>5,000</b>

This section is subject to audit.

There were no 'off payroll' engagements made in 2020-21.

There were no exit packages in 2020-21.

Qualifications Wales incurred the following consultancy costs during 2020-21:

Consultancy - 2020-21		
Consultant	Consultancy Work Undertaken	Total £
Four Cymru	<p>Four Cymru is an integrated marketing agency who were commissioned to carry out a content and audience analysis for QW. This was in order for QW to understand who their main audiences are on social media.</p> <p>Work included:</p> <ul style="list-style-type: none"> <li>• Reviewing each of Qualifications Wales' social media channels to understand and evaluate who follows and engages with QW channels, and</li> <li>• A thorough audience segmentation of followers which included teachers, learners and parents.</li> </ul>	6,000
Four Cymru	<p>Four Cymru were further commissioned to carry out further analysis into understanding QW key audiences activity on social media. This piece of work enabled QW to react and become more effective in targeting specific audiences with social media content and activity. This work identified personas for six of QW key stakeholders: Teacher, Head Teacher, Learner, Parent, Awarding Body, Politician. The personas were used to help support content creation, paid social and media targeting, driving web traffic and influencer identification.</p>	21,000
Digital Accessibility Centre Ltd	<p>DAC is a website accessibility specialist company. They were engaged to test the Qualifications Wales website and submit a comprehensive report identifying how accessible the website is for disabled visitors and identifying the aspects needing to be addressed to bring it up to full compliance with current regulations.</p>	5,670

## Equalities

Our [Strategic Equality plan](#) outlines the objectives that we have set ourselves to underpin our commitment to equality. The plan covers all aspects of our operations, including staff, facilities, expenditure, qualifications development and regulation, stakeholder engagement and monitoring. This includes monitoring our performance on equal pay between genders.

The table below outlines our position on equal pay at the end of March 2021.<sup>3</sup>

<sup>3</sup> The table reflects an employee's actual pay in this financial year; it therefore takes account of additional remuneration received for temporarily working up to a higher band. Numbers are therefore different from those in the table on page 74.

	Pay Band	Women	Men	2020/2021 remuneration gap (-ve if women paid less)	2019/2020 Remuneration gap (-ve if women paid less)	Difference	2020/2021 remuneration gap as a % of the male (-ve if women paid less)	2019/2020 remuneration gap as a % of male (-ve if women paid less)	Change
mean	<b>1</b>	£22,578	£21,330	£1,248	£1,083	£165	6%		
median		£22,160	£21,330	£830	£0	£830	4%		
mean	<b>2</b>	£26,650			-£1,601				
median		£26,290			£0				
mean	<b>3</b>	£34,436	£35,341	-£905	-£1,315	£410	-3%	-4%	↑
median		£34,490	£37,410	-£2,920	£0	-£2,920	-8%	0%	↓
mean	<b>4</b>	£44,727	£46,186	-£1,459	-£2,061	£602	-3%	-4%	↑
median		£47,000	£47,000	£0	£0	£0	0%	0%	-
mean	<b>5</b>	£58,765	£60,662	-£1,897	-£2,086	£189	-3%	-4%	↑
median		£58,725	£60,830	-£2,105	-£2,058	-£47	-3%	-3%	-
mean	<b>6</b>	£79,712	£73,050	£6,662	£7,622	-£960	9%	12%	↓
median		£74,730	£74,730	£0	£0	£0	0%	0%	-
mean	<b>Exec</b>	£85,522							
median		£85,522							
mean	<b>CEO</b>		£132,938						
median			£132,938						

The median salary at 31 March 2020 (which excludes the CEO's salary) is £43,760, compared to £44,270 in 2020. The ratio of CEO salary (at the mid-point of the pay band) to the median is 3:03 in 2021, compared to 2:88 in 2019.

Bands 1-6 have scale points within them that employees move up annually, subject to satisfactory performance, on an incremental basis. Consequently, all employees can expect to be at the maximum of their current band within two years (Bands 1 and 2) or within three years (Bands 3- 6). Bands 7 and 8 are our Executive (our equivalent to the Welsh Government Senior Civil Service). Figures in this table are based on gross salary, and include allowances paid. Where employees are working at a higher band temporarily, our report is based on that higher salary.

This year, we have no comparator at Pay Band 2, as the male employee is working at a higher pay band. The remuneration gap in the middle of our pay structure (Bands 2-5) is fairly static. This year the median pay is equal in Pay Bands 4 and 6, but negative differences in Pay Bands 3 and 5. Where the median pay is equal, the figure is the target rate/top of the pay band. The differences tend to be where new employees have been recruited and are appointed nearer the lower end of the pay scale. There is no change at the Executive level within the organisation.

We monitor our gender pay information alongside our recruitment data and have an objective to improve our workforce diversity with a view to positively impact all protected characteristics, including gender.

**At the end of March 2021, our gender pay gap was 12.8% (this compared to 10.9% in 2020).**

In the 2020-21 financial year, we made 15 appointments, starting at, or near, the bottom of our pay-scales. Thirteen of the appointees were women, and two men. In Pay Bands 1-6, 67% of men are at the maximum of the band (last year this figure was 78%), compared to 47% of women (last year 58% of women were at the maximum of the pay band). We also recognise that we have a greater proportion of female employees in Bands 1-4, compared to men.

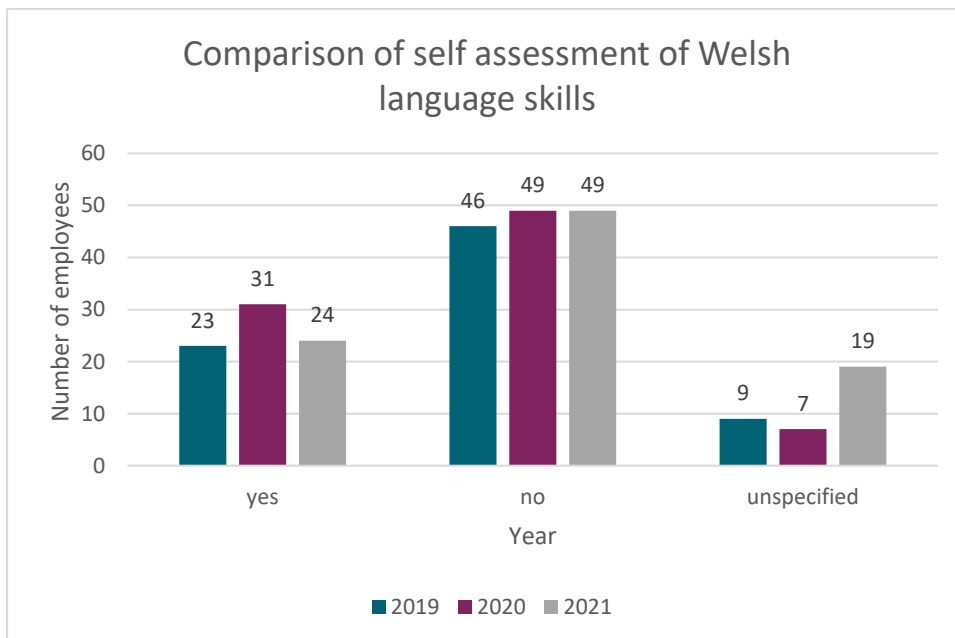
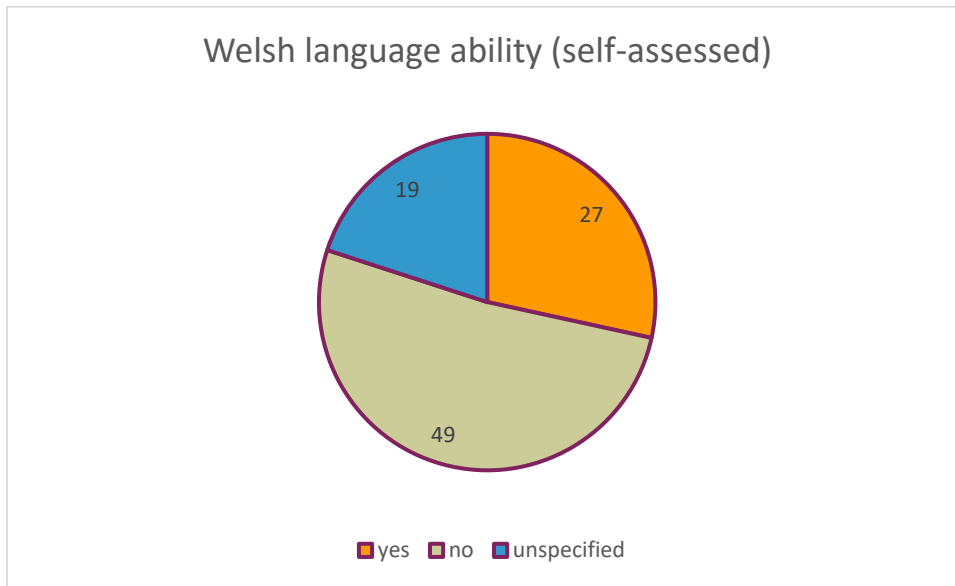
Our objective relating to gender focuses on recruitment and, in particular, ensuring that the roles we advertise are attractive to either gender and to people with other protected characteristics, so as to encourage a diverse workforce. We publish our public sector equality data in an open format on our website. During the course of the year, we have engaged with Chwarae Teg and staff were surveyed in March 2021 as part of their FairPlay Employer initiative.

### Welsh language

We review the level of our employees' Welsh-language ability as part of our approach to the Welsh language and our development of skills. Employees self-assess their ability and rate themselves on a scale of 1 (Fluent) – 5 (No ability) against reading, speaking, understanding and writing. At 31 March 2021, 27 employees (28%) rated themselves as having Welsh-language skills (a decrease of 4 employees on last year), and 49 (52%) indicated that they did not (this figure has remained the same this year, but the percentage has decreased by 4). Nineteen (20%) employees have not assessed their ability. Of those who do have skills, 14 consider themselves fluent across all measures (general ability, speaking, understanding and writing). Some employees who declare no skills do rate themselves as having some limited ability across one or some of the measures.

New employees are asked to review and confirm their skills upon joining. We also ask current employees annually to review their skills, acknowledging that those learning will improve their ability during their employment.

It is possible that the decrease in numbers identifying themselves as having Welsh-language skills is due to leavers. It may also be due to employees reviewing their data and realising that they incorrectly identified their ability.



We continue to support employees who wish to learn Welsh by funding training and providing access to e-learning modules, as well as informal, practical support within the office environment from fluent speakers, who encourage and unofficially mentor those who are learning. We have explored opportunities to work with other similarly sized public bodies to provide on-site Welsh-language training, and keep this under review. We have not had any requests to financially support Welsh-language studies; this is most likely due to face-to-face learning not taking place. We have instead promoted the range of online learning opportunities available to all employees.

<p><b>Signed</b> Philip Blaker</p>	<p><b>Philip Blaker</b> Accounting Officer 15 July 2021</p>
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## **The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd**

### **Opinion on financial statements**

I certify that I have audited the financial statements of Qualifications Wales for the year ended 31 March 2021 under paragraph 33(2) of Schedule 1 of the Qualifications Wales Act 2015. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of Qualifications Wales' affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Qualifications Wales Act 2015.

### **Opinion on regularity**

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

### **Basis of opinions**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

**Conclusions relating to going concern**

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

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

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

**Other information**

The other information comprises the information included in the annual report other than the financial statements and parts of the remuneration report that are audited, and my auditor's report thereon. Legislation and directions issued to Qualifications Wales do not specify the content and form of the other information to be presented with the financial statements. The Accounting Officer is responsible for the other information in the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

**Report on other requirements****Opinion on other matters**

As legislation and directions issued to Qualifications Wales do not specify the content and form of the other information to be presented with the financial statements, I am not able to confirm that the other information in the Annual Accounts (outside of the financial statements) have been prepared in accordance with guidance.

In my opinion, based on the work undertaken in the course of my audit, the other information given in the annual accounts is consistent with the financial statements.

Although there are no legislative requirements for a Remuneration Report, Qualifications Wales has prepared such a report and in my opinion, that part ordinarily required to be audited has been properly prepared in accordance with HM Treasury guidance.



**Matters on which I report by exception**

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or Accountability Report which includes the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- proper accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

**Responsibilities****Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Qualifications Wales Act 2015 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

**Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Qualifications Wales' policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and management over-ride of controls;
- Obtaining an understanding of Qualifications Wales' framework of authority as well as other legal and regulatory frameworks that Qualifications Wales operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Qualifications Wales;

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

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

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Qualifications Wales' controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Responsibilities for regularity**

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements.

Adrian Crompton

Auditor General for Wales

19 July 2021

24 Cathedral Road

Cardiff

CF11 9LJ

## Financial Statements

### 5 Statement of comprehensive net expenditure

Statement of Comprehensive Net Expenditure			
	Notes	2020-21	2019-20
		£'000	£'000
Revenue from contracts with customers	2	(41)	(54)
Other operating income		-	(3)
<b>Total Operating Income</b>		<b>(41)</b>	<b>(57)</b>
<b>Expenditure</b>			
Staff Costs	**	5,733	5,000
Programme Costs			
Grants	3	714	850
Other	4	524	1036
Other operating expenditure	5	1,060	1,220
Provision expense	11	-	3
Depreciation, Amortisation and Impairment	6&7	211	226
<b>Total Operating Expenditure for year ended 31 March 2021</b>		<b>8,242</b>	<b>8,335</b>
<b>Net Operating Expenditure</b>		<b>8,201</b>	<b>8,278</b>
<b>Net Expenditure for the year</b>		<b>8,201</b>	<b>8,278</b>
<b>Comprehensive net expenditure for the year</b>		<b>8,201</b>	<b>8,278</b>

\*\* See remuneration report on page 74 for a breakdown of staff costs.

All activities are continuing.

There are no recognised gains or losses for the period to 31 March 2021.

The notes on pages 88-103 form part of these accounts.

## 6 Statement of financial position

<b>Statement of Financial Position</b>			
		<b>2020-21</b>	<b>2019-20</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	224	297
Intangible assets	7	508	503
Trade and Other Receivables	8	13	-
<b>Total non-current assets</b>		<b>745</b>	<b>800</b>
<b>Current assets</b>			
Cash and cash equivalents	9	241	301
Trade and Other Receivables	8	149	102
<b>Total current assets</b>		<b>390</b>	<b>403</b>
<b>Total assets</b>		<b>1,135</b>	<b>1,203</b>
<b>Current liabilities</b>			
Trade and other payables	10	(464)	(315)
Provisions within one year	11	(10)	(10)
<b>Total current liabilities</b>		<b>(474)</b>	<b>(325)</b>
<b>Total assets less current liabilities</b>		<b>661</b>	<b>878</b>
<b>Non-current liabilities</b>			
Provisions	11	(165)	(175)
<b>Total assets less total liabilities</b>		<b>496</b>	<b>703</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		262	421
Usable Reserve		234	282
		<b>496</b>	<b>703</b>

The notes on pages 88-103 form part of these accounts.

<p><b>Signed</b> Philip Blaker</p>	<p><b>Philip Blaker</b> Accounting Officer 15 July 2021</p>
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## 7 Statement of cash flows

Statement of Cash Flows			
		2020-21	2019-20
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating cost		(8,201)	(8,278)
Adjustments for non-cash transactions			
Depreciation	6&7	211	226
(Increase) / Decrease in trade and other receivables	8	(60)	(50)
Increase / (Decrease) in trade and other payables	10	149	(58)
Movement in provisions	11	(10)	(35)
<b>Net cash outflow from operating activities</b>		<b>(7,911)</b>	<b>(8,195)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(21)	(50)
Purchase / Enhancement of intangible assets	7	(122)	(177)
<b>Net cash outflow from investing activities</b>		<b>(143)</b>	<b>(227)</b>
<b>Cash flow from financing activities</b>			
Funding from Welsh Government		7,994	8,355
<b>Net decrease in cash and cash equivalents</b>		<b>(60)</b>	<b>(67)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	301	367
<b>Cash and cash equivalents at the end of the period</b>	9	241	301

The notes on pages 88-103 form part of these accounts.

## 8 Statement of changes in taxpayers' equity

<b>Statement of Changes in Taxpayers' Equity</b>			
	<b>General Fund £'000</b>	<b>Usable Reserve £'000</b>	<b>Total £'000</b>
Balance as at 31 March 2019	273	353	626
Grant in aid from Welsh Government	8,355	0	8,355
Comprehensive net expenditure for the year	(8,278)		(8,278)
Transfers between reserves	71	(71)	-
<b>Balance as at 31 March 2020</b>	<b>421</b>	<b>282</b>	<b>703</b>
Grant in aid from Welsh Government	7,994	-	7,994
Comprehensive net expenditure for the year	(8,201)	-	(8,201)
Transfers between reserves	48	(48)	-
<b>Balance as at 31 March 2021</b>	<b>262</b>	<b>234</b>	<b>496</b>

The notes on pages 88-103 form part of these accounts.

Welsh Government have given their approval for the usable reserve to be held and used for the implementation of the replacement HR and Finance systems, which is to be fully utilised by 31 March 2022.

## Notes to the Accounts for the year ended 31 March 2021

### 1. Statement of accounting policies

#### (a) Basis of accounting

These accounts are prepared in accordance with a direction issued by Welsh Ministers, in exercise of the powers conferred by paragraph 32(2) of schedule 1 of the Qualifications Wales Act 2015.

The Direction requires compliance with the Government Financial Reporting Manual (FReM). The accounting policies contained within the FReM apply International Financial Reporting Standards (IFRS) for the public-sector context and are issued by HM Treasury.

Where the FReM permits a choice of accounting policy, the policy which is judged to be the most appropriate to our particular circumstances for the purpose of giving a true and fair view has been selected. They have been applied consistently in dealing with items that are considered material to the accounts.

#### (b) Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of certain assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of the Financial Reporting Manual standards.

#### (c) Funding

Qualifications Wales receives funding from Welsh Government (known as the grant allocation) to finance its revenue and capital activities. In accordance with the FReM, these amounts are regarded as financing, rather than income, and are credited to the General Fund. The FReM also confirms that this financing is to be accounted for on a cash basis unless an alternative agreement has been agreed with the sponsoring department.

#### (d) Going concern

The fact that Qualifications Wales receives its funding from Welsh Government, and is expected to remain in existence and funded by Welsh Government for the foreseeable future, means it is considered appropriate to adopt the 'going concern' basis for the preparation of these financial statements.



**(e) Property, plant and equipment**

Property, plant and equipment are carried at fair value. Depreciated historic cost is used as a proxy for fair value for all classes of assets, as all have either short useful lives, low value, or both. All property plant and equipment are essentially grouped into one of three classes: Property, IT assets or Fixtures, Furniture and Equipment (F+E).

During the initial set-up phase, IT and F+E assets were purchased by Welsh Government on behalf of Qualifications Wales, totalling £378,800. These assets were all transferred over to Qualifications Wales, and an invoice was raised by Welsh Government in 2015-16 to recover these costs. All these initial costs have been capitalised.

Thereafter, IT assets costing £500 or more, and F+E assets costing £1,000 or more, are capitalised.

The premises are leased, but it is possible for internal or external adaptations to be carried out following discussion with the landlord. Any such works over £10,000 will be capitalised.

Depreciation is provided for on all these assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, shown below. A full year's depreciation is charged in the year the asset is brought into use.

Surface Pros / Notebooks, and associated equipment	Three years
Room Screens, video conferencing facilities, and associated peripherals	Four years
LAN / Servers and associated peripherals	Five years
Fittings, Furniture and equipment	Up to 10 years
Property	The shorter of the remaining life of the lease or the life of the work

Assets are assessed each year for any indications of impairment. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

**(f) Intangible fixed assets**

An intangible asset is an identifiable non-monetary asset without physical substance. Qualifications Wales will capitalise intangible assets in excess of £10,000, including software licences of a duration in excess of one year, and software developments. They are valued at historic cost less accumulated amortisation and impairment losses as a proxy for depreciated replacement cost.

Where intangible assets have a finite useful life, they are amortised in equal instalments over their anticipated useful economic life. A full year's amortisation is charged in the year the asset is brought into use. The amortisation period is reviewed annually.

Where intangible assets are assessed as having an indefinite useful life, they are not amortised. This position will also be reviewed annually.

**(g) VAT**

Qualifications Wales is not VAT registered. Consequently, all transactions in the accounts are stated inclusive of any attributable VAT.

**(h) Operating leases**

Operating lease rentals are charged to the statement of comprehensive net expenditure in the year to which they relate. Annual operating lease charges could vary in accordance with the lease agreement, whereas the annual economic benefit derived from the lease remains constant. This applies to the lease in place for the building. In these circumstances, IAS 17 allows the charge to the statement of comprehensive net expenditure to be adjusted to 'equalise' the annual lease charges, through the creation of, or utilisation of, a provision.

**(i) Cash and cash equivalents**

Cash and cash equivalents solely comprise the balances Qualifications Wales holds with the Government Banking Service.

**(j) Income**

Income will be recognised in the statement of comprehensive net expenditure in accordance with IFRS 15 – Revenue from contracts with customers, as adapted for the public sector by the FReM, and will be categorised as either 'operating' – generated in pursuit of its activities, or 'non-operating' – generated from the sale of non-current assets. Whilst Qualifications Wales is not established as a trading entity, it did generate some operating income during 2020-21 through the provision of some services. Further information, demonstrating the application of IFRS 15 to our 2020-21 income, is shown in Note 2.

**(k) Financial instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. IFRS 7 requires an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance, and on the extent of its risk

exposure. Given the nature of Qualifications Wales's funding arrangements, i.e. funded entirely by Welsh Government grant, and its contract arrangements, i.e. for the supply of non-financial items in line with expected purchasing and usage requirements, it is not considered to be exposed to any significant level of credit, liquidity or interest rate risk.

**(l) Segmental reporting**

IFRS 8 requires entities to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers. Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information. Qualifications Wales is not deemed to have operating segments as defined, but provides supplementary spend information in support of the statement of comprehensive net expenditure.

**(m) Provisions**

A provision is recognised in the financial statements when Qualifications Wales considers it has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

As noted above in (h) Operating leases, Qualifications Wales utilises a provision for the building lease, where annual operating lease costs vary, but where the economic benefit derived is constant. This will equalise the annual charge to the statement of comprehensive net expenditure.

Where a general provision is created, and cash flows are expressed at current prices, costs are discounted in accordance with HM Treasury Guidance. A general provision has been created to meet the dilapidation provision contained within the building lease.

**(n) Grants payable**

Qualifications Wales has the power to make grants to external bodies where this is consistent with its principal aims.

Grant claim reimbursements are charged to the statement of comprehensive net expenditure in the period in which the expenditure is incurred.

**(o) Employee benefits**

Salaries and National Insurance contributions for current employees are recognised in the statement of comprehensive net expenditure as the employee's services are rendered. Qualifications Wales accounts for short-term compensated absences (paid

annual leave) as a liability (accrued expenses), where the compensation for absence is due to be settled within 12 months after the end of the period.

**(p) Pension costs**

Employers' pension costs are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) arrangements. In accordance with the FReM, Qualifications Wales has treated this scheme as a defined contribution plan, and has accordingly recognised the employer's contributions due in 2020-21. A summary of the total employer's pension contributions is shown in the table on page 64.

**(q) Inventories**

IAS 2 defines inventories as assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in process), and materials and supplies that are consumed in production (raw materials). IAS 2 also prescribes the accounting treatment for inventories. Qualifications Wales does not have any inventory items as defined by this standard.

**(r) Contingent liabilities**

A contingent liability arises where an event has taken place that gives an entity a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the body.

Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

In accordance with IAS 37, contingent liabilities are not recognised in the balance sheet, but disclosed in a note to the Accounts.

## 2. Income

### Revenue from contracts with customers

Whilst not established as a trading entity, Qualifications Wales has entered into agreements to provide services to other bodies. *Managing Welsh Public Money* confirms the approach public sector bodies should take to determine the charges that apply to such service provision, namely 'to set charges to recover full costs', which 'should be calculated on an accruals basis, including overheads, depreciation and the cost of capital'. The table below summarises the income received during 2020-21, and how IFRS 15 has been applied to its treatment.

Service Provided and nature of arrangements	Key IFRS 15 Judgements	Income Recognised	
		2020-21 £'000	2019-20 £'000
<b>Revenue From Contracts with Customers</b>			
The provision of an agreed number of days per month of 'ongoing ICT support', via 'shared service agreements', to two other Welsh Government Sponsored Bodies. Invoices are raised in arrears, based on agreed daily rates.	Each of these arrangements has been treated as a single, distinct performance obligation, on the basis that the components are highly interdependent, and the inputs are substantially the same each month following the set up period. Revenue will be recognised over time for each agreement, on the basis that the customer receives and consumes the benefits at the same time. Charges are based on inputs, calculated in accordance with the principles of 'Managing Welsh Public Money', which requires all costs to be recovered.	41	45
<b>Total revenue from contracts with customers</b>		<b>41</b>	<b>45</b>

The nature of the service provided, and the content of the agreements in place means that there is not considered to be any risk to this outstanding income, or any risk of returns, refunds or other similar obligations.

As at 31 March 2021, there were no contract assets or contract liabilities (£nil 2019-20).

As all the current IT agreements extend into 2021-22, there will continue to be income generated in 2020-21 of circa £41k.

Both IT support service agreements are reviewed annually and are expected to be renewed.

Note: The 2019-20 comparator total excludes the £9k income received in relation to the European Qualification Framework reference work, as there was no similar income in 2020-21.

### 3. Summary of grant expenditure

Summary of Grant Expenditure	2020-21	2019-20
	£'000	£'000
<b>Support for Welsh medium assessment</b>		
WJEC	356	290
Pearson	91	28
Agored Cymru	9	-
City and Guilds of London Institute	35	31
British Canoeing	-	5
Swimming Teachers Association	-	36
Vocational Training Charitable Trust	-	52
Rock School Limited	-	38
<b>sub-total</b>	<b>491</b>	<b>480</b>
<b>Support for Qualification Reform</b>		
Colegau Cymru	23	13
WJEC	-	167
City and Guilds of London Institute	24	-
<b>sub-total</b>	<b>47</b>	<b>180</b>
<b>Welsh for Adults Qualifications Support</b>		
WJEC	<b>176</b>	<b>190</b>
<b>Overall Total</b>	<b>714</b>	<b>850</b>

#### 4. Summary of other programme expenditure

Summary of Other Programme Expenditure	2020-21	2019-20
	£'000	£'000
Use of subject experts / stakeholder engagement	274	538
Research Costs	114	314
Communications & External Relations Activities	133	184
Transcription	3	-
<b>Overall Total</b>	<b>524</b>	<b>1,036</b>

#### 5. Summary of other operating costs

Summary of 'Other Operating Expenditure	2020-21	2019-20
	£'000	£'000
Facilities related costs	298	361
HR Related Costs	132	160
ICT Related Costs	237	251
Board Costs	114	109
Legal Support Costs	92	39
External Audit Fees	19	19
Other professional support *	114	120
Travel and Subsistence	10	103
Admin and Office costs	44	58
<b>Overall total</b>	<b>1,060</b>	<b>1,220</b>

\* Other professional support includes internal audit fees, translation costs, etc.

## 6. PPE analysis

Property, Plant and Equipment	Furniture and Fittings	Information Technology	Buildings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 April 2020	222	417	66	705
Additions in the period	13	8	-	21
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	-	-	-
Impairments in the period	-	-	-	-
At 31 March 2021	235	425	66	726
<b>Depreciation</b>				
At 1 April 2020	94	289	25	408
Charged in the year	24	62	8	94
Disposals for the period	-	-	-	-
Impairments in the period	-	-	-	-
At 31 March 2021	118	351	33	502
Carrying Value at 31 March 2020	128	128	41	297
Carrying Value at 31 March 2021	117	74	33	224

Property, Plant and Equipment	Furniture and Fittings	Information Technology	Buildings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 April 2019	202	454	66	722
Additions in the period	20	30	-	50
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	(67)	-	(67)
Impairments in the period	-	-	-	-
At 31 March 2020	222	417	66	705
<b>Depreciation</b>				
At 1 April 2019	72	286	17	375
Charged in the year	22	70	8	100
Disposals for the period	-	(67)	-	(67)
Impairments in the period	-	-	-	-
At 31 March 2020	94	289	25	408
Carrying Value at 31 March 2019	130	168	49	347
Carrying Value at 31 March 2020	128	128	41	297



## 7. Intangible assets

Intangible Assets	Licences for systems under development	Information Technology	Total
	£'000	£'000	£'000
Cost			
At 1 April 2020	-	976	976
Additions in the period	42	80	122
Transfers from 'under development'	-	-	-
Disposals in the period	-	-	-
At 31 March 2021	42	1,056	1,098
Amortisation			
At 1 April 2020	-	473	473
Charged in the year	-	117	117
Disposals for the period	-	-	-
At 31 March 2021	-	590	590
Carrying Value at 1 April 2020	-	503	503
Carrying Value at 31 March 2021	42	466	508

Intangible Assets	Licences for systems under development	Information Technology	Total
	£'000	£'000	£'000
Cost			
At 1 April 2019	-	800	800
Additions in the period	-	177	177
Transfers from 'under development'	-	-	-
Disposals in the period	-	-	-
At 31 March 2020	-	976	976
Amortisation			
At 1 April 2019	-	347	347
Charged in the year	-	126	126
Disposals for the period	-	-	-
At 31 March 2020	-	473	473
Carrying Value at 1 April 2019	-	453	453
Carrying Value at 31 March 2020	-	503	503

During 2020-21, a number of enhancements were made to the QiW database and, in accordance with IAS 38, the associated costs have been treated as 'additions'. Also, an obsolescence review has concluded that this database will remain technologically viable

for a further five years, and an amortisation charge has been calculated based on this revised useful life. Had the remaining useful life not been changed, the amortisation charge in 2020-21 would have been circa £146k.

## 8. Trade and other receivables

Trade and other receivables	2020-21	2019-20
	£'000	£'000
<b><u>Amounts falling due within one year</u></b>		
Trade Receivables	-	10
Other Receivables		
Prepayments	149	92
<b><u>Amounts falling due after more than one year</u></b>		
Other Receivables		
Prepayments	13	-
<b>Total</b>	<b>162</b>	<b>102</b>

## 9. Cash and cash equivalents

Cash and cash equivalents	2020-21	2019-20
	£'000	£'000
Balance at start of period	301	367
Net change in cash and cash equivalent balances	(60)	(66)
<b>Balance as at 31 March</b>	<b>241</b>	<b>301</b>

This is all held with the Government Banking Service. The balance held at 31 March 2021 is within the level approved by Welsh Government, and is largely related to the usable reserve, further information on which is provided in the 'Statement of changes in taxpayers equity', shown on page 87.

## 10. Trade payables and other current liabilities

Trade payables and other current liabilities	2020-21	2019-20
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade Payables	149	128
Accruals	315	187
<b>Total</b>	<b>464</b>	<b>315</b>

## 11. Provisions for liabilities and charges

Provision for liabilities and charges	Dilapidation condition within Building Lease £'000	Annualised Building Lease Costs £'000	Total £'000
Balance as at 1 April 2020	132	53	185
Provided in the year	-	-	-
Utilised / released in the year	-	(10)	(10)
<b>Balance as at 31 March 2021</b>	<b>132</b>	<b>43</b>	<b>175</b>
<b>Analysis of the expected timings of the future liabilities</b>			
Not later than one year	-	10	10
Later than one year and not later than five years	132	33	165
Later than 5 years	-	-	-
<b>Total</b>	<b>132</b>	<b>43</b>	<b>175</b>

The 'dilapidation' provision has been set up to recognise the condition within the building lease to restore the premises to their original state upon termination of the lease. The current lease term ends on 17 May 2025. An approximate 'cost per square foot' was obtained, from an independent source, on which to base this calculation. The annualised building lease costs provision has been set up in recognition that the actual (fluctuating) annual lease costs do not match the annual economic benefit, which remains constant. Consequently, a provision has been set up to allow the 'equalising' of charges to the

Statement of comprehensive net expenditure. This has created a provision that will now be utilised over the remaining life of the lease.

## 12. Capital commitments

<b>Contracted capital commitments at 31 March 2021 not otherwise included in these financial statements</b>	<b>2020-21 £'000</b>	<b>2019-20 £'000</b>
Intangible Assets		
HR System - Implementation	37	-
Finance System - Licences and Implementation	80	-
<b>Total</b>	<b>117</b>	<b>-</b>

## 13. Commitments under leases

	2020-21			2019-20		
	Lease Costs	Service Charges	Total	Lease Costs	Service Charges	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Obligations under operating lease comprise:</b>						
<b>Buildings</b>						
Not later than one year	163	64	227	166	32	198
Later than one year and not later than five years	509	107	616	650	128	778
Later than 5 years	-	-	-	21	4	25
<b>Total</b>	<b>672</b>	<b>171</b>	<b>843</b>	<b>837</b>	<b>164</b>	<b>1,001</b>
<b>Multi Functional Devices</b>						
Not later than one year	4	2	6	4	6	10
Later than one year and not later than five years	2	3	5	2	3	5
Later than 5 years	-	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>5</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>15</b>

## 14. Related party transactions

The FRoM confirms that IAS 24 (Related Party Transactions) applies. The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position may have been affected by the existence of related parties and by transactions with such parties. A related party is a person or entity that is 'related' to the entity that is preparing its financial statements (Qualifications Wales), i.e. has control, significant influence, or is a key member of management.

A related party transaction is a transfer of resources, services or obligations between a reporting entity, i.e. Qualifications Wales, and a related party.

As Qualifications Wales is a Welsh Government Sponsored Body, the Welsh Government is regarded as a related party. In addition, Ellen Donovan, Board Member at Qualifications Wales, is also a Non-executive director on the Welsh Government Board. During the year, we had a number of material transactions with Welsh Government, which is regarded as the parent department.

- We recognised grant funding of £7.994m from Welsh Government (£8.355m in 2019-20).
- We made payments to Welsh Government, mainly to reimburse them for our payroll costs, including board costs, and payments for payroll services. Actual payments of £5.817m were made (£5.145m in 2019-20), and further costs of £20k were accrued (£40k in 2019-20).

The FReM also confirms that related parties include 'the composition of the management board (including advisory and non-executive members). This means those who have influence upon the decisions of the entity as a whole.'

Paragraph 11 of IAS 24 confirms that two entities are not related simply because they have a director or other member of key management personnel in common. We have therefore listed below the transactions that have taken place with entities with whom we share Board members, or members of their immediate family, for completeness only. It is highly unlikely that Board members would have been aware of these financial transactions, as they would not have been involved in the operational decisions to incur these costs.

Amount	Organisations	Nature of Transaction	Nature of Related Party
£4,500 (2019-20 £5,800)	University of Cambridge	Payments for QW staff training	Caroline Burt, Board Member, is the Director of Admissions and Fellow at Pembroke College, Cambridge and her partner is the Senior Tutor, Senior Admissions tutor and Fellow of Churchill College, Cambridge.
			Isabel Nisbet is an Affiliated Lecturer at the Faculty of Education, University of Cambridge
£5,484 (2019-20 £3,604)	Cardiff University	Payments for QW staff tuition fees.	Claire Morgan, Board Member, is Pro Vice-Chancellor, Education and Students and sits on the Cardiff University Executive Board
			The partner of Arun Midha, Board Member, is the Director of HR and sits on the Cardiff University Executive Board
£497.50 (2019-20 £1,945)	Cambridge Assessment Group	Payments for QW staff training	The partner of Caroline Burt, Board Member, is a member of the University of Cambridge Press and Assessment Board, which is the governing body of the Cambridge Assessment Group. As such he holds the following relevant roles within the Cambridge Assessment Group: <ul style="list-style-type: none"> <li>- Member of the Press and Assessment Board;</li> <li>- Chair of the Standards Committee;</li> <li>- Member of the Press &amp; Assessment Regulatory Compliance Committee;</li> <li>- Member of the Press &amp; Assessment Remuneration Committee; and</li> <li>- Member of the Press &amp; Assessment Nominations Committee</li> </ul>

Qualifications Wales has a 'Conflicts of Interest' Policy, and maintains a register of other interests (as defined) relating to staff and directors. This policy prevents Board members/senior management from participating in decisions involving organisations with whom they also have an interest.

Finally, in delivering its principal aims, Qualifications Wales has made grant payments during the year to third party organisations (see disclosure Note 3), but again does not regard these as being related parties.

## 15. Contingent liabilities

None

## 16. Events after the reporting period

There were no events since the date of the statement of financial position that affect the understanding of these financial accounts.

## 17. Impact of standards not yet effective

Qualifications Wales has considered the impact of standards and interpretations which have been issued but are not yet effective and which have not been adopted early.

As previously reported, IFRS 16 largely removes the current classifications of finance and operating leases and introduces a single lessee accounting model. A lessee will be required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position.

The new standard was expected to apply from 2020-21. However, HM Treasury have agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 Leases until 1 April 2022 for public-sector financial reporting. This is because of the circumstances caused by COVID-19.

When implemented, this will affect the way Qualifications Wales recognises transactions relating to its buildings lease, and will result in the recognition of a 'right of use asset' and a corresponding liability of circa £471k.

As the Accounting Officer for Qualifications Wales, I confirm that the statements made in this report are correct for the period from 1 April 2020 to 31 March 2021.

<p><b>Signed</b> Philip Blaker</p>	<p><b>Philip Blaker</b> Accounting Officer 15 July 2021</p>
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