



ANNUAL ACCOUNTS 2022-23



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

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Performance Report

1. Overview

1.1 Scope of responsibility

Qualifications Wales was established in August 2015, through the *Qualifications Wales Act*, and we assumed our duties and powers in September of that year. This year (April 2022 to March 2023) is our seventh 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, 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 to fulfil them. We published our latest Annual Report in November 2022, covering the period September 2021 to August 2022, and this was scrutinised by the Senedd's Children, Young People and Education Committee.

This set of Annual Accounts covers the period from 1 April 2022 to 31 March 2023.

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 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 2022-23, we set five operational priorities:

Operational Priority 1 - Review

We will review and evaluate aspects of the qualification system to ensure that they continue to meet learners needs and strengthen public confidence in qualifications. We will undertake research, engage with stakeholders and keep up-to-date with wider policy in Wales and other parts of the UK.

Operational Priority 2 – Reform

Once we have completed the review and evaluation of a set of qualifications, or of an aspect of the system, this may lead to changes to the range, content or assessment approach of qualifications offered in Wales.

Operational Priority 3 - Regulate

Awarding bodies can apply to be recognised by us. When recognised an awarding body must comply with the rules that we set. We will monitor compliance against our *Standard Conditions of Recognition* and where appropriate, use enforcement powers to ensure that the system meets the needs of learners. We monitor qualifications that are developed and delivered by the awarding bodies that we regulate.

Operational Priority 4 – Corporate Resources

We know that having strong and effective corporate capabilities supports our ability to deliver and enhances our reputation with stakeholders. We strive to take decisions that are balanced, and evidence based. We listen to stakeholders and provide clear information. We aim to continue to earn trust through robust and effective management of our resources and compliance corporate practices. We will continue to support employee wellbeing as we develop our future ways of working.

Operational Priority 5 – Reach

Promoting and maintaining public confidence in qualifications and the Welsh qualification system is central to our work. We ensure this by continually improving the ways that we communicate and engage with key audiences across the country. We have a range of channels and techniques and work with partners across the education sector and civil service to convey our regulation and reform duties.

Our [2022/23 Business Plan](#) identified our focus for the year and outlined the work that we intended to deliver in support of our five 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

Review

Our review work focused on reviewing and evaluating aspects of the qualification system to ensure they continued to meet learners needs and strengthen public confidence in qualifications. During this period we:

- developed and consulted on proposals for reshaping the Full Offer of qualifications for learners aged 14-16 to ensure that we establish a coherent and inclusive offer to meet the needs of all learners
- worked closely with awarding bodies and other stakeholders to identify and manage risks to the range of qualifications in Wales resulting from policy changes in England
- established a small team focused on considering the opportunities, benefits, challenges and risks of the greater use of digital technology in qualifications and assessment to support the development of a longer-term strategy to modernise assessment for learners in Wales
- carried out research to inform strategic thinking and our work in reviewing qualifications and preparing for change; talked to stakeholders in further education to understand how they used grades to help us decide on the future of the GCSE grade scale, completed the latest cycle of our public confidence survey with key stakeholders and researched concepts of continuous assessment and different approaches to standards
- published the findings of the Sector Review in Agriculture, Horticulture and Animal Care
- completed the Travel, Tourism, Hospitality and Catering sector review, publishing the report in January 2023
- undertook a Sector Review of Business, Administration, Retail and Legal Services – the findings of which will be published in 2023/24

Reform

In 2022/23 we moved into a critical phase of our *Qualified for the Future* programme of work to reform qualifications for learners aged 14 to 16. We continued with our active co-construction approach, involving academics, subject experts, practitioners and learners in the design of new qualifications and went on to consult on design proposals. Our work considered the needs of all learners aged 14 to 16 and we engaged widely to ensure that that the qualification aims, content and assessment approaches developed benefited from a variety of perspectives.

We embraced opportunities to innovate and modernise assessment to realise benefits from making better use of technology and digital tools, and worked closely with awarding bodies and centres to ensure changes were manageable.

During this period we:

- developed and agreed the high-level design proposals for the content and assessment of a new suite of Made-for-Wales GCSEs in the expressive arts, health and wellbeing, languages, the sciences, humanities and in mathematics
- these proposals will help ensure new qualifications support the delivery of the Curriculum for Wales and are fit for the future
- worked with awarding bodies to strengthen their recording of learner language preferences
- reviewed post-16 qualifications to identify priority areas for securing bilingual provision
- awarded £120k through competitive grant funding to support awarding bodies to make more qualifications available through the medium of Welsh
- provided £410k of grant funding to the WJEC to contribute to the cost of preparing bilingual qualifications
- continued to oversee the development of the reformed Advanced Skills Baccalaureate Wales and approved the new qualification in July 2022 for first teaching in September 2023
- approved amendments to the Application of Number, Communications and Employability elements of the Essential Skills Wales qualifications and engaged with awarding bodies to identify changes to the 'Digital Literacy' qualifications for introduction in September 2023
- listened and responded to colleges' experiences in implementing the new qualifications – overseeing the actions arising from our review of the implementation of Made-for-Wales Health and Social Care qualifications, including the development of a new Level 3 Extended Diploma in Health and Social Care.
- conducted a review of the implementation of Made-for-Wales Construction and Building Services Engineering qualifications and identified actions to be taken to address known issues.
- supported teachers in schools and colleges with a programme of change management to help effectively deliver the new Digital Technology GCSE and A-level qualifications
- implemented the actions from the Engineering, Advanced Manufacturing and Energy sector review

Regulate

Summer 2022 saw the secure delivery of the first exam series following the pandemic. Measures were put in place to support learners including adapted assessments, and a grading approach whereby results were broadly midway between the 2019 and 2021 results. We monitored the awarding process closely to secure fair outcomes for learners, and the lessons learned during this period will help inform our approach to standards in the next academic year and beyond. During this period we:

- continued our recognition, monitoring and compliance activities, developing further guidance where needed
- monitored awarding body viability following the impact of the pandemic on revenues
- monitored qualifications, including the delivery and award of the summer 2022 and the winter 2022-23 examination series, delivery of the Essential Skills Wales qualifications, and the new approved vocational qualifications in Health, Social Care and Childcare, Construction and Building Services Engineering
- supported the 14-16 *Qualified for the Future* qualification reforms =by providing advice and support on impact assessments and overseeing the cost-benefit analysis
- reviewed and developed regulatory policy solutions to underpin and support the 14-16 qualification offer
- continued to designate qualifications against our rules and evidence requirements, with 100% to target timescales, and processed amendments to qualifications
- conducted scheduled regulatory policy reviews and reviewed the effectiveness of our regulatory approach in the context of continued qualification policy divergence with England
- consulted on proposals that would require awarding bodies to proactively promote their Welsh-medium qualifications
- launched a new strategic partnership with Coleg Cymraeg Cenedlaethol to work together so that learners and apprentices who choose Welsh-medium and bilingual provision have accessible bilingual qualifications available in all relevant subject areas
- published guidance on contingency assessment arrangements for approved GCSEs, AS and A levels should there be a decision taken to cancel a summer exam series
- published a procedure outlining the data that had to be provided by WJEC during the January 2023 data exchange and a report summarising our framework and approach to regulating awarding bodies and the qualifications they offer
- published an overview of the summer 2022 awarding which included details of how we managed the impact of the COVID-19 pandemic on the awarding of qualifications

Corporate Resources

During 2022/23 we reviewed and refreshed our overall strategic approach. We published our strategic priorities for the next 5 years, bringing together what we have learned and achieved since we were established to set out our future vision for qualifications and the qualification system. As we moved into a regular pattern of hybrid working, we agreed new policies to formalise our flexible and inclusive approaches to how our staff work, and changed the layout of our offices to better support these ways of working. We continued to focus on employee well-being, our equalities and future generations objectives and our environmental impact, while reinforcing our commitment to making Qualifications Wales a great place to work. During the period we:

- continued to ensure the smooth running of the organisation
- supported the wellbeing of our employees through events and regular communication and initiatives
- delivered our Equality and Well-being of Future Generations Objectives
- published our Anti-Racism Action Plan

- delivered actions from our Welsh Language Scheme and supported carbon reduction by monitoring our carbon impact and setting out a Carbon Reduction Action Plan to identify actions to support a reduction in emissions
- successfully delivered a programme of internal audit with all audits reporting substantial or reasonable assurance
- embedded our 'collaboration, creativity, caring and community' guiding principles that inform why and when we come together to work in the office
- worked with partners across the public sector, both to support the qualification system and to make use of opportunities for greater efficiency and effectiveness
- continued to provide an effective induction for our new board members and completed a formal Board effectiveness review. We developed an action plan to implement the recommendations arising from this review and will continue to deliver against the plan in 2023/24
- implemented a bilingual on-line recruitment system to support effective and efficient working and continued with work to implement of our new finance system
- supported the 'Pathway to Board' project run by a group of housing trusts to encourage more board membership from people of an ethnic minority background

Reach

During 2022/23 we continued to improve the ways in which we communicate and engage with key audiences and stakeholders to promote and maintain public confidence in qualifications and the Welsh qualifications system. During this period we:

- continued to develop our use of social media to better engage with our learner audience including reviewing the content offer across all our channels and developing a new strategy to improve our digital engagement
- developed and launched a new audience-focused website
- delivered the strategic engagement plan to maintain and develop existing and new stakeholder relationships
- communicated and engaged on the post-pandemic return to examinations and assessment
- communicated and engaged on our review and reform priorities; developing and delivering dedicated plans and performance targets

<p>Signed</p> <p><i>Philip Blaker</i></p>	<p>Philip Blaker Accounting Officer 21 September 2023</p>
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Performance Analysis

2.1 Progress against our operational priorities for 2022-23

The 2022-23 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:

Operational Priority 1 – Review
What we set out to achieve
<ul style="list-style-type: none"> • Develop and consult on proposals for reshaping the Wider Offer for 14-16 qualifications (*now referred to as the Full Offer) • Review and strengthen the post-16 qualification offer • Complete the Travel, Tourism, Hospitality and Catering Sector Review • Review the Essential Skills Wales suite of qualifications • Develop a strategic approach to modernising assessment • Carry out research to inform strategic thinking and review • Support delivery of our Equalities Objective – ‘Engaging with and informing the qualifications system’
Progress
<p>During 2022/23 we have developed, and impact assessed proposals for reshaping the full range of qualifications available at 14-16. In May 2022 we reviewed the available data on the current range of qualifications and undertook extensive stakeholder engagement to understand learner needs, share our ideas and test initial suggestions. We talked to teachers from all types of schools, learner groups, employers, work-based learning providers, colleges and universities. In November 2022, our Board considered and supported the proposals for the Full Offer and in March 2023 formal consultation commenced. Our proposals recognise the need to develop a fully inclusive range of qualifications for all learners in Wales. Our proposals include a Skills Suite, Pre-Vocational qualifications, and Foundation Qualifications that together with GCSE's will form the full 14-16 qualifications suite, designed to enable a more comprehensive, cohesive offer for young people in Wales.</p>

We also reviewed and strengthened the post-16 qualifications offer during 2022/23. We identified and managed the risks to learners in Wales resulting from policy changes to post-16 qualifications in England and published the findings of the Phase 2 Sector Review in Agriculture, Horticulture and Animal Care which can be found on our [website](#). We undertook a Phase 2 Sector Review of Business, Admin, Retail and Legal Services and will publish the findings in 2023/24.

We completed the Travel, Tourism, Hospitality and Catering sector review and the report was published in January 2023 and can be found on our [website](#). In completing this review, we talked to employers, learners and schools and colleges across Wales to understand their needs. We set out plans to work with awarding bodies to improve qualifications in travel and tourism. Having concluded that new qualifications were needed in hospitality and catering we launched a consultation in March on our intention to restrict the market and start the commissioning of new qualifications.

Over the past twelve months work to develop a strategic approach to modernising assessment has progressed and we have established a 'Modernising Assessment' team to champion this priority within the organisation and across Wales. We identified opportunities for change by analysing existing approaches to assessment and by developing an understanding of the potential benefits that innovative approaches to assessment can bring. Work with stakeholders and experts enabled us to consider how assessment practices can be updated so that they achieve the best balance between manageability, engagement, reliability, and validity of qualifications. Our work this year has focused on developing the understanding that will enable us to more effectively move the qualifications system forward towards more innovative assessment making best use of technology. More digital assessment will be introduced in the reformed GCSEs, and we will continue to work with awarding bodies and the wider education system to support and promote the delivery of bilingual digital assessment.

The review of Essential Skills Wales qualifications progressed well during 2022/23. We completed the first phase of the review which included a technical review of the content and assessment of the qualifications, undertaken by the Australian Council for Educational Research (ACER). We also completed the first stage of interviews with learning providers to gather their views about the qualifications. A survey for stakeholders will be launched in summer of 2023 and our stakeholder advisory group will meet for the first time in April 2023, before we begin focus groups with learners to gather their views in autumn 2023.

Our research to inform strategic thinking focused on assessing public confidence, the use by stakeholders of GCSE grade scales, building organisational engagement with external researchers and debates on future assessment. During 2022/23, we conducted a small-scale research project to inform a decision on whether we should retain the grades F and G in the GCSE grade scale, concluding that we should. We also ran a series of workshops and focus groups and spoke to a wide range of learners across Wales, to gather their views. This engagement complemented our work to co-construct reformed qualifications that align to the Curriculum for Wales, for first teaching from 2025-2027.

Operational Priority 2 - Reform
What we set out to achieve
<ul style="list-style-type: none"> • Co-construct new GCSEs and related qualifications as part of Qualified for the future (*our project to reform 14-16 qualifications) • Reform the Advanced Skills Baccalaureate Wales • Revise existing Essential Skills Wales qualifications • Support the introduction of the suite of Construction and Building Services Engineering qualifications • Support the introduction of new Digital Technology qualifications • Implement the actions from the Engineering, Advanced Manufacturing and Energy sector review • Build on progress in delivering 'Choice for All', our five-year strategy for increasing the availability of Welsh-medium qualifications • Manage and review the award of grants • Support delivery of our Equalities Objectives – 'Regulated qualifications are designed and assessed in a way that is fair for all learners'
Progress
<p>Work to co-construct new GCSE's and related qualifications has progressed at pace during the year. We developed and agreed the high-level design proposals for the content and assessment of a new set of GCSE's Made-for-Wales, in Expressive Arts, Health and Wellbeing, Languages, the Sciences, Humanities, and Mathematics. In the Autumn of 2022, we consulted on those proposals and have worked with co-construction groups to refine and agree the high-level design of the new GCSEs and related qualifications in response to the feedback received. Between January and March 2023 our Board considered and supported recommendations for reforming GCSEs. We aim to publish the final design requirements for the new Made-for-Wales GCSEs, along with a report on the 2022 consultation and decisions we have taken, in summer 2023/24.</p> <p>During 2022/23 we continued to oversee the development of the reformed Advanced Skills Baccalaureate Wales and approved the new qualification in July 2022 for first teaching in September 2023.</p> <p>We engaged with awarding bodies to identify changes to the Essential Skills design principles, and planned, tested and implemented the necessary changes to those principles.</p> <p>2022/23 saw the first awards for new qualifications in Health and Social Care and in Construction and Building Services Engineering. We closely monitored the experiences of those involved. Where we identified areas for improvement and where appropriate we took action, working with awarding bodies.</p>

We also supported the introduction of new qualifications in Digital Technology with grant funding to enable the awarding body to improve teaching resources.

Since the publication of our sector review of qualifications and the qualifications system in Engineering, Advanced Manufacturing and Energy, we have worked with awarding bodies and wider stakeholders to address the issues raised by the review, with this work concluding in 2022/23. As part of our Qualified for the Future work, we developed and consulted on proposals for a new GCSE in Engineering, inviting feedback from interested stakeholders and learners.

To build on progress in delivering 'Choice for All', our Welsh language strategy for qualifications, we worked with awarding bodies, centres and stakeholders to identify priority areas and qualifications to be made available in Welsh for post-16 learners. We also encouraged awarding bodies to strengthen their recording of the language's preference for each learner to further improve information and data on take-up of Welsh-medium qualifications. We focused the Welsh language grant funding on priorities identified through our work with awarding bodies, centres and stakeholders and undertook regular monitoring and reporting against the six key indicators from the strategy.

We continued to manage the Welsh for Adults grant and Welsh Language Support grant and ran a seminar with interested awarding bodies to promote and explain the grants available for translating qualifications into the medium of Welsh. Work to review the grant portfolio and develop a longer-term grant strategy has not progressed as planned this year as Welsh Government's VQ Review is likely to impact this work. We continued with our current approach to grants, and plan to revisit our approach in 2023/24 when the outcomes of the VQ Review are known. We will also review the general qualifications WJEC grant during 2023/24 and preparations for this work commenced during the 2022/23 financial year.

To support the delivery of our Equalities Objectives we sought to ensure regulated qualifications were designed and assessed in a way that was fair for all learners. When developing new qualifications, we continually reflected on the potential impacts our proposals could have on learners and carried our Equality Impact Assessments to ensure our proposals were fair, met the needs of learners and did not inadvertently discriminate against any protected group. We also developed and consulted on proposals for reshaping the Full Offer of qualifications available to learners aged 14-16. This will help us ensure that, in addition to GCSE's, there is a coherent and inclusive offer of qualifications that meet the needs of all learners, enabling them to demonstrate their skills and knowledge.

Operational Priority 3 – Regulate

What we set out to achieve

- Regulate awarding bodies
- Monitor qualifications
- Support 14-16 QFF qualification reforms with regulatory policies and approaches
- Work with other regulators and wider partners on regulatory matters, including to manage regulatory burden
- Designate qualifications
- Review and update regulatory policies and documents to ensure they are up-to-date
- Manage QiW
- Collect data and produce statistics
- Determine the approach to assessment and regulation of qualifications in 2022/2023
- Determine the approach to assessment and regulation of qualifications in subsequent years
- Support our Equalities Objective – ‘Regulated qualifications are delivered and awarded in a way that is fair for all learners’

Progress

Over the year we continued to regulate awarding bodies. Having allocated additional resources to support our reform work, we re-planned our activities to prioritise essential work. We completed our annual statement of compliance exercise, where awarding bodies are asked to report their compliance with our conditions of recognition, working in partnership with Ofqual and CCEA. We completed follow up monitoring of 2021 compliance issues, with a continued focus on financial viability. We completed monitoring of the award of qualifications with a focus on ‘made for Wales’ qualifications and WJEC’s preparation for the summer 2022 and summer 2023 awards. We monitored incident reporting and managed complaints. We continued to take appropriate action where instances of non-compliance were identified, including formal regulatory action where necessary, and managed awarding body surrenders of recognition.

Summer 2022 saw the return of a full exam series after the cancellation of exams across the UK in 2020 and 2021. In the previous year we had agreed and communicated our policy approach to standards and adaptations to qualifications. In May we published official statistics on entries into the summer 2022 series and worked with the WJEC to understand the technical issues related to implementing our proposed policy approach to grading in summer 2022: results broadly midway between 2019 and 2021 results. The summer exam series was delivered successfully and, overall, the results were well received. The summer 2022 results showed an increase in outcomes compared to 2019, and a decrease compared to 2021 landing at a broadly midway position, in line with the policy approach.

We agreed and communicated our approach to standards for 2023, adopting an approach whereby results would be broadly midway between 2019 and 2022 outcomes to reflect the disruption experienced by learners in previous years and the potential for on-going disruption from teacher industrial action. We decided that the adaptations put in place for summer 2022 would not be carried forward. Instead, advance information from WJEC giving the topics and themes that would be in the assessments in summer 2023 would be released to support learners to focus their revision for the exams for 'made for Wales' qualifications. This approach reflected our journey back to pre-pandemic outcomes.

In November learners entered GCSE English Language, GCSE Mathematics, GCSE Mathematics-Numeracy and GCSE Welsh Language, while the January 2023 exam series included unit exams for GCSE English Literature and GCSE Welsh Literature, a final resit opportunity for GCSE ICT, Welsh Baccalaureate Skills Challenge Certificates and some components of Level 2 and 3 Health and Social Care qualifications and Level 2 and 3 Childcare qualifications. We monitored WJEC's delivery of this series, and the approach taken to awarding grades, and worked to ensure the Skills Challenge Certificate challenges were awarded in line with the broadly midway policy approach agreed for summer 2023.

Our work to support the 14-16 QFF qualification reforms with regulatory policies and approaches continued during 2022/23. We completed impact assessments and cost-benefit analyses. We reviewed and developed regulatory policy solutions to underpin and support the 14-16 qualification offer and developed guidance for staff on the policy making process.

During the year we continued to designate qualifications against rules and evidence requirements, meeting our target response times, and processed amendments to qualifications. We conducted scheduled regulatory policy reviews and reviewed the effectiveness of our regulatory approach in the context of continued qualification policy divergence with England. We made revisions to the Priority Qualifications List and Restricted Priority Qualifications Policy, the associated Scheme made under Section 17 of the Qualifications Wales Act, and the Designation Policy, to set out more clearly how the duration of approval is applied in the context of restricted priority qualifications. We published guidance on contingency assessment arrangements for approved GCSEs, AS and A levels should there be a decision taken to cancel a summer exam series. In September we published a report summarising our framework and approach to regulating awarding bodies and the qualifications they offer, and in October published conditions of Recognition for the Advanced Skills Baccalaureate Wales (Level 3). We also published an overview of the summer 2021 awarding which included details of how we managed the impact of the COVID-19 pandemic on the awarding of qualifications.

Operational Priority 4 – Resources: Corporate Capability

What we set out to achieve

- Review and refresh our overall Strategic Approach

- Deliver corporate services that support and challenge the organisation to be efficient, effective and compliant
- Publish corporate reports on time and to a high standard
- Deliver our Equality and Wellbeing of Future Generations Objectives
- Deliver the actions from the Welsh Language Scheme
- Embed new ways of working to support staff engagement
- Support carbon reduction
- Work collaboratively with the Welsh Public Sector to improve efficiency and effectiveness
- Support Board development
- Implement the new Finance and HR System
- Support our Equalities Objective – ‘Our workforce and Board reflect the diversity of the population in Wales that we regulate for and work amongst’
- Support our Equalities Objective – ‘We continue to build an inclusive culture’

Progress

Over the year our Board developed and published a document outlining our ten year vision, and five year strategic priorities covering the period 2022 to 2027. This work has informed our 2023/24 operational plan.

During 2022/23 our corporate functions have continued to support and challenge the organisation to be efficient, effective, and compliant, ensuring we deliver our regulatory and reform work. We published our Annual Equality Report 2021/22 which looked at how we had delivered against our Strategic Equality Objectives. In autumn we published our 2021/22 Annual Report which included a progress update against our Welsh Language Scheme, along with a progress report against our voluntary Wellbeing of Future Generations objectives. We published our unqualified 2021/22 accounts, Anti-Racism Plan, Carbon Reduction Plan and successfully oversaw the delivery of the 2022/23 Internal Audit Plan with all reports showing substantial or reasonable assurance.

As well as delivering against our current Strategic Equalities and Wellbeing of Future Generations Objectives, work started to review and refresh our objectives for 2024 onwards. In January 2023, we established a Future Generations Task and Finish Group. During 2022/23 we will apply the five ways of working to the development of new Future Generations Objectives. We also established an Equalities Champions Group tasked with monitoring progress against our current objectives and supporting the work to develop new objectives for 2024-28.

To support our Strategic Equalities Objectives, we have continued to build our inclusive culture. In 2022/23 we commissioned Active Learning Team to undertake an equality and inclusion review which informed the development of a bespoke training programme for our staff and Board. The pilot training session took place in March and was well received by the staff who participated. Further training will be rolled out in 2023/24 along with a number of other initiatives designed to further build and embed inclusivity across Qualifications Wales.

During 2022/23 our Board supported the 'Pathway to Board' Project, run by the housing sector and designed to help individuals from ethnic minority backgrounds develop the skills necessary to become effective board members. Our Board mentored several participants from the first cohort. In January 2023, our Board agreed to continue to mentor participants from the second cohort, with the aim of helping boards in Wales to better reflect the diversity of the population.

We have continued to work collaboratively with the Welsh Public Sector to improve efficiency and effectiveness and supported networks in Finance, HR and IT. Our Executive Director for Corporate Resources sits on the Programme Board and HR workstream for the Commission for Tertiary Education and Research implementation programme and our Head of IT supports the systems and processes workstream. We support the sponsored body networks for heads of resources, IT, finance and HR. Our Head of HR attends sessions with other public sector bodies to consider how we can work collaboratively on equalities objectives to maximise our collective impact and we are represented on the Further Education Post-16 Anti-Racist Steering Group.

Work to embed our new ways of working has progressed well during the year with the adoption of hybrid working and the introduction of a new hybrid working policy. Our office space was re-designed to support our new ways of working and staff were engaged in the development and implementation of the proposed approach. Feedback from staff has been positive with colleagues reporting that our new ways of working has helped them achieve a better work life balance while still being able to connect with other work colleagues.

To support carbon reduction, we have fitted passive infrared sensors for heating and cooling in our meeting rooms and applied environmental criteria when procuring facilities management and the renewal of our office space. Our Senior Facilities Manager completed Carbon Literacy Training and delivered a lite bite learning session to staff. Our new electricity contract offers 76% green energy and our 2022/23 corporate social responsibility activities have supported the carbon reduction agenda, with employees helping local communities to clear bracken to improve biodiversity and access to green spaces.

Over the year we have continued to implement the new finance system. The P2P element of the system required considerable configuration to meet our specification and we experienced significant delays and repeat testing. The provider also had difficulties in successfully completing full data and document migration. We have therefore deferred go live to 2023/24. While this has absorbed employee resource, the external implementation costs are fixed.

Our new bilingual HR system continued to perform well, and we completed a successful upgrade. We also went live with the bilingual recruitment module.

Operational Priority 5 – Reach: Communications and Engagement

What we set out to achieve

- Build public confidence and understanding of Qualifications Wales and the qualifications system
- Focus continuous improvement to deliver effective Communications and Engagement activity
- Deliver the Communications and Engagement Strategy to promote understanding of the pandemic’s effects on qualifications
- Deliver the strategic engagement plan to maintain and develop existing and new stakeholder relationships
- Deliver the digital channels strategy to effectively reach our key audiences
- Communicate and engage on QW Review and Reform priorities
- Support delivery of our Equalities objective – ‘Engaging with and informing the qualifications system’

Progress

Over the year we have continued to work to build public confidence and understanding of Qualifications Wales and the qualifications system, seeking out new ways to engage and communicate with stakeholders through a range of channels. We launched ‘Have Your Say’ a dedicated platform designed to enable stakeholders to easily engage and contribute to surveys and consultations and switched to a new social media management platform to help us drive conversation and promote participation. We contributed to Welsh Government’s ‘Power Up’ content hub, a shared exam support campaign aimed to help learners taking exams, and increased video content for use on our website, YouTube, and other channels. We also launched our new website designed to improve the user experience and be accessible to all.

We continued to deliver a range of informal and formal stakeholder engagement activity, with our established stakeholder groups meeting termly. This activity focused on informing and engaging the following key stakeholders, learners; school and college leaders; Higher Education; Regional Consortia colleagues and the Association of Education Directors from Local Authorities. We established a Cymraeg stakeholder group to support delivery of our ‘Choice for All’ strategy objectives and engaged individually with each of the teaching unions. We collaborated with a number of partners to reach wider audiences of key stakeholders and to gather feedback from a range of diverse groups including; the Children's Commissioner; the Welsh Language

Commissioner; the Future Generations Commissioner; the Federation of Awarding Bodies; the Institute of Welsh Affairs; the Bevan Foundation; Diverse Cymru; the Equality and Human Rights Commission; the Youth Parliament and Parentkind.

We supported the post-pandemic return to examinations and assessment, including creating dedicated campaigns on the approach to a return to exams in 2022-23. We also supported communication and engagement on key review and reform priorities.

Throughout the year we launched several consultations. In October we launched our Qualified for the Future: Design Proposals for Made-for-Wales GCSEs and related qualifications; in November we launched a consultation on proposed requirements on promoting the availability of, and facilitating access to, Welsh-medium qualifications; and in January we launched a consultation on our proposals for new Made-for-Wales Hospitality and Catering qualifications. In February we launched our Securing the Offer (Made-for-Wales GCSEs and related qualifications) consultation and in March launched a consultation on the full 14-16 qualifications offer setting out our proposals for a fully inclusive range of qualifications for all learners in Wales, that supports future success in life, learning and work. Each consultation was supported by a communications and engagement plan designed to drive awareness and participation in the consultation. We also developed a strategic approach to communicating post-16 reforms, with a particular focus on sector reviews.

Signed <i>Philip Blaker</i>	Philip Blaker Accounting Officer 21 September 2023
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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.

Improvements in risk profile during 2022-23

Our risk profile has changed since last year. There are several key risk areas that have improved during the year, particularly as the impact of the pandemic has reduced:

- we consider that our overall relationship with stakeholders has improved as we see the benefit of our co-creative approach and wider reach
- with key changes in our communications and engagement team, we have seen the risk of failing to communicate effectively about our role and our work reduce
- risks in relation to employee engagement and well-being have reduced as we have formalised our hybrid working arrangements – retaining the benefits of home working flexibility but with more regular face-to-face engagement
- we closely monitor awarding body viability and, while some individual issues remain, the overall risk level has reduced
- we were able to close some risks following the successful transition back to an examination series
- we have also seen a reduction in some risk areas in relation to our work on qualifications reform, although (as covered below) risks have fluctuated during the course of the year

The main risks that we are continuing to manage are described below. They remain live, and we continue to monitor them closely.

Awarding in 2023 and 2024

We took an early decision in autumn 2022 that the award of qualifications in summer 2023 should lead to outcomes that are broadly midway between summer 2019 and summer 2022 outcomes, with a return to pre-pandemic standards in 2024. We also decided that the adaptations put in place for summer 2022 would not be carried forward. Instead, WJEC provided advance information giving topics and themes that would be in the assessments in summer 2023 would be released to support learners to focus their revision for the exams for 'made for Wales' qualifications. This decision reflected the disruption that learners had already experienced and also served to mitigate the risk of further disruption whether due to the pandemic or anticipated industrial action. Both decisions reflected the journey back to pre-pandemic standards in summer 2024.

While this decision was well received by stakeholders, risks remain with this approach. Despite early communication of our decision, these changes may not be understood by some stakeholders and individual learner expectations may have been raised by higher than usual results in 2020, 2021 and 2022. Learners may also consider that their individual circumstances have led to additional unfairness compared to others. Looking ahead, it may still be difficult to fully return to the pre-pandemic standard in 2024. A further risk is that differences in approach in 2023 across jurisdictions may impact perceptions of results in Wales.

We have sought to mitigate all these risks by closely monitoring the position, scenario planning, and by providing early information to learners, teachers and parents, and higher education institutions supported by an on-going communications campaign. We have continued to brief stakeholder groups throughout and we have also engaged with the Children's Commissioner for Wales and the Equality and Human Rights Commission. We maintain regular dialogue with regulators in other jurisdictions and with awarding bodies.

Reform of qualifications for 14-16 year olds

We are continuing to deliver our project to reform qualifications to support the new Curriculum for Wales, with most reformed GCSEs due for first teaching in 2025, some in 2026, and other reformed qualifications (comprising the 'full offer') due for first teaching 2027.

We are managing various risks within this project - including reforms not aligning to the new curriculum, stakeholder buy-in, centre readiness, timely and clear communication by Welsh Government on related education policy, internal resourcing and timely achievement of milestones, awarding body capacity and commitment and setting awarding standards during the transition.

Our ways of working in the previous year, involving stakeholders in every stage of development, have reduced some risks to buy-in levels and alignment to the curriculum. While our proposals on changes to qualifications in Science, English and Cymraeg are not supported by all stakeholders, we have carefully considered stakeholder views and adapted our proposals where appropriate to take these into account. We are mitigating this risk by regular communication with key stakeholders, where we are able to promote the benefits of integration and the views of the Learned Societies and Welsh Government.

The risk relating to lack of clarity in Welsh Government policy has reduced to some extent, and the clarity on the approach to Cymraeg has been welcome. However, uncertainty remains over future arrangements for school accountability/performance measures and aligning expectations around grading and standards. We continue to mitigate this by close working with Welsh Government and regular 'policy forum' discussions.

Resourcing the work on reform continues to be a high risk. The risks relating to awarding body capacity have reduced over the year and we have secured the necessary teacher participation. Within Qualifications Wales we transferred some internal resource from regulation to reform to support this work, which generated some temporary risks to our ability to respond to unplanned regulatory issues. We also completed our review of what qualifications were needed alongside the GCSEs, and considered the resource needed to deliver this 'full offer'. We identified that additional employees had to be recruited. For a few months this risk was very high but was successfully mitigated when Welsh Government agreed to convert temporary funding to core, enabling the successful completion of a recruitment campaign to fill permanent posts. Funding for 2024 onwards remains uncertain and we continue to discuss our resource needs with Welsh Government and to monitor the risks of not planning effectively.

Change Management

With all reforms there are risks that centres are not sufficiently prepared for change and that this impacts the successful delivery of new qualifications, limiting the benefits realised and impacting public confidence. In addition to schools preparing for qualifications to support the new curriculum, colleges and work-based learning providers also manage changes to vocational qualifications. Following our reviews of how newly reformed qualifications in health and social care and construction and building services have been implemented, we have increased the risk scoring in relation to change management, and it remains high. We are mitigating this by impact assessing change and resources required and continuing to monitor all reformed qualifications, working with awarding bodies on any issues identified. We have also established sector groups to facilitate regular discussion between awarding bodies and centres.

Review of Vocational Qualifications

Following the establishment of the Co-operation Agreement between the Welsh Government and Plaid Cymru in 2021, Welsh Government announced a review into vocational qualifications to consider how to achieve the ambition of more “made-in-Wales” qualifications. We are providing the review with advice and technical input. The review raises several potential risks for us - that the recommendations it makes may be financially or practically unachievable, or that awarding bodies may perceive its purpose as supporting awarding bodies based in Wales. This may make them less inclined to invest in offering bilingual qualifications and the impact of this risk would grow if there were any delay to completion of the review. We are mitigating these risks by working closely with the review panel and by regular discussions with awarding bodies.

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 may cease to be made available in Wales. There is also a risk that awarding bodies need to focus resource to respond to changes in England.

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.

To mitigate these risks, we meet regularly with those awarding bodies who offer qualifications to large numbers of learners in Wales. We explore opportunities with them to secure the availability of qualifications in Wales and support them to offer more qualifications through the medium of Welsh. In line with our Welsh-medium strategy, ‘Choice for All’, we also look to identify qualifications that can be used to fill any potential gaps. We have also 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. As a result of these activities the overall risk level has reduced.

2.3 Financial review

Qualifications Wales receives an annual funding allocation from Welsh Government to cover its expenditure. In line with the Public Sector Financial Framework, we receive a mix of revenue, capital and 'non-cash' funding (non-cash funding provides budget cover for depreciation / asset impairment costs which all entities following resource-based accounting principles and standards are required to recognise). 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:

Funding Type	Revenue £'000	Capital £'000	Total £'000
Welsh Government Funding			
Core Funding	8,067	250	8,317
Welsh For Adults Grant	200	0	200
Qualified for the Future	1,350	0	1,350
Non-cash revenue funding	250	0	250
Total (Resource Based) Funding	9,867	250	10,117
Total funding excluding non-cash allocation	9,617	250	9,867
Plus Income Generated	41	0	41
Total Funding Available	9,658	250	9,908

In recognition of the potential for our funding needs in relation to *Qualified for the Future* (QFF) to exceed the £1.35m allocation, Welsh Government also made available further funding of up to £150k. We consequently incorporated this additional funding assumption into our initial budget for 2022-23, setting a £10.058m budget (£9.908m plus £150k). Once it became clearer during the year that our *Qualified for the Future* funding needs were more in line with the original allocation, we removed the additional £150k and reduced our overall budget requirement to £9.908m.

As in previous years, and in accordance with our Medium-Term Finance Plan and Operational Plan, we set an expenditure budget to deliver our planned activities, 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

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

Area	2019-20	2020-21	2021-22	2022-23	2022-23	Outturn Variance	
	Outturn £'000	Outturn £'000	Outturn £'000	Budget £'000	Outturn £'000	£'000	%
Core Budget Areas							
Pay	4,829	5,079	5,372	5,575	5,567	-8	0%
Grants	660	538	476	621	561	-60	-10%
Programme Costs	936	414	374	498	460	-38	-8%
Running Costs	1,380	1,157	1,303	1,564	1,456	-108	-7%
Core QW Funding	7,806	7,188	7,525	8,258	8,044	-214	-3%
Welsh For Adults Grant	190	176	195	200	200	0	0%
Sub-Total	7,996	7,364	7,720	8,458	8,244	-214	-3%
Qualified for the Future Budgets							
Pay	196	567	774	1,100	981	-119	-11%
Programme Costs	119	115	351	337	296	-41	-12%
Running Costs	4	4	17	13	49	36	277%
	319	686	1,142	1,450	1,326	-124	-9%
Total Expenditure	8,315	8,050	8,862	9,908	9,570	-338	-3%
Funded By							
Core WG Grant	8,000	7,100	7,250	8,317	8,003		
Welsh for Adults Funding	190	176	195	200	200		
Qualified for the Future Funding	0	686	1,142	1,350	1,326		
Income	0	41	41	41	41		
Use of Reserve	125	47	234	0	0		
Total	8,315	8,050	8,862	9,908	9,570		

Our £9.57m spend in 2022-23 is the highest we have incurred since our establishment in 2015. Our £338k underspend (3% of budget) is in line with the position we had been forecasting for some months 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.

Pay costs (Core and QFF)	<p>Our Core pay spend, which continues to increase as per our Medium-Term Finance Plan, was in line with the budget, and confirms that our higher than anticipated turnover enabled us to cover both the initial budget overcommitment of £200k, and the 2022-23 pay award.</p> <p>Our QFF pay spend also increased from 2021-22, reflecting the continued increase in headcount to deliver this reform. 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 was underspent.</p>
Grants to other bodies	<p>Despite over-committing to the £180k competitive grants budget by £50k, based on our experience of previous years, we have seen actual claims again fall well below the budget. This is the result of some awarding bodies not requiring the level of funding that they bid for. Unfortunately, these variations often only emerge late in the financial year, by which point we are unable to reallocate the funding to other areas. It is an area of spend that we are constantly trying to improve visibility of.</p>

Core Programme activities	Underspends in this area are less than in previous years, as a direct result of the budget realignment exercise undertaken at the start of the year, which released funding from this area to our pay budget. There were still some budget variances where we took the decision during the year to divert capacity to our QFF programme, which in turn reduced spends on monitoring and engagement activities.
Core Running costs	We underspent by £108k against our £1.5m running costs budgets, where certain provisions were not fully utilised.
QFF Non-pay budgets	It is in this significant area of activity and major reform where we initially acknowledged and subsequently experienced the most budget volatility. As reported last year, our main activity in this area was the co-construction work, comprising 24 Subject Level Working Groups, each sitting within one of the six AOLE Network groups, and the commissioning of circa 50 subject advisers and 80 practitioners. Spends in this area were again lower than initially anticipated.

£263k of our £9.57m spend was capital related, meaning we slightly exceeded the initial £250k allocation. This additional spend need was highlighted early in the financial year and endorsed by Welsh Government colleagues.

IFRS 16, the new accounting standard for leases, took effect from 1 April 2022. This introduced a new requirement to calculate and recognise both a 'Right of Use' Asset value, and the corresponding liability, together with the associated depreciation and financing costs, for all new and existing leases covered by the standard, replacing the previous approach which was to recognise the annual lease costs as revenue expenditure.

This accounting change also required a budget adjustment during the year right across central government, including Welsh Government Sponsored Bodies. This budget adjustment was confirmed by Welsh Government's June 2022 Supplementary Budget Motion.

- We were allocated further (capital) budgets to cover any new leases planned for financial year 2022-23 (HM Treasury concluded that capital budgets weren't required to cover the existing leases being recognised as right of use assets and liabilities for the first time on 1 April 2022),
- We received new revenue budgets for the depreciation and financing charges associated with both existing and new leases covered by the standard, and
- Our existing revenue budget was reduced, in recognition that the annual lease costs, whilst still cash outflows requiring grant in aid, were no longer to be recognised as resource based expenditure.

These new accounting transactions required further adjustments to our management accounts to produce our 'Comprehensive Net Expenditure' in our 'Statement of Comprehensive Net Expenditure' (SOCNE). The table below shows a reconciliation illustrating how our management accounts have been adjusted to produce our Comprehensive Net Expenditure

(once capital qualifying expenditure, non-cash resource transactions and depreciation / amortisation charges have been accounted for.)

Reconciliation of Outturn to SOCNE	£'000
Budget Outturn	9,570
Exclude expenditure treated as Non-current (capital)	(263)
Add depreciation / amortisation / impairment	203
Adjust for non-cash movements recognised (Annual Leave accrual and provision changes).	(42)
Add IFRS 16 Right of Use Asset - Depreciation charge	94
Add IFRS 16 Right of Use Asset - Financing Costs	62
Remove IFRS 16 Lease cashflows	(108)
Use of IT income generated	(41)
Comprehensive Net Expenditure for the year	9,475

Our pre IFRS 16 adjusted depreciation spend (£203k) was within the £250k non-cash budget allocation, and the accounting adjustments made for IFRS 16 were also covered by the budget changes made by the June 2022 Supplementary Budget Motion.

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 not match our anticipated spend needs
- we must ensure that any new recurring spend proposals/commitments are affordable over the medium term
- due to the fact that our programme / reform 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
- to achieve our aim of maximising the benefit of the funding available, we develop and use financial models that initially over-commit against certain budgets based on the assumption that in-year movement will bring spends back into line with budgets Whilst a prudent approach is taken there remains the risk that movements do not deliver the level of saving required

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 1,327 invoices for payment in 2022-23, 249 (19%) more than in 2021-22 (1,078), 99% of these invoices were paid within 30 days (98% in 2021-22), and 73% of our invoices

were paid within 10 days (68% in 2021-22)¹. 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 2023 was £62k, which is well within the £197k carry-over limit permitted 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.

2.4 Sustainability

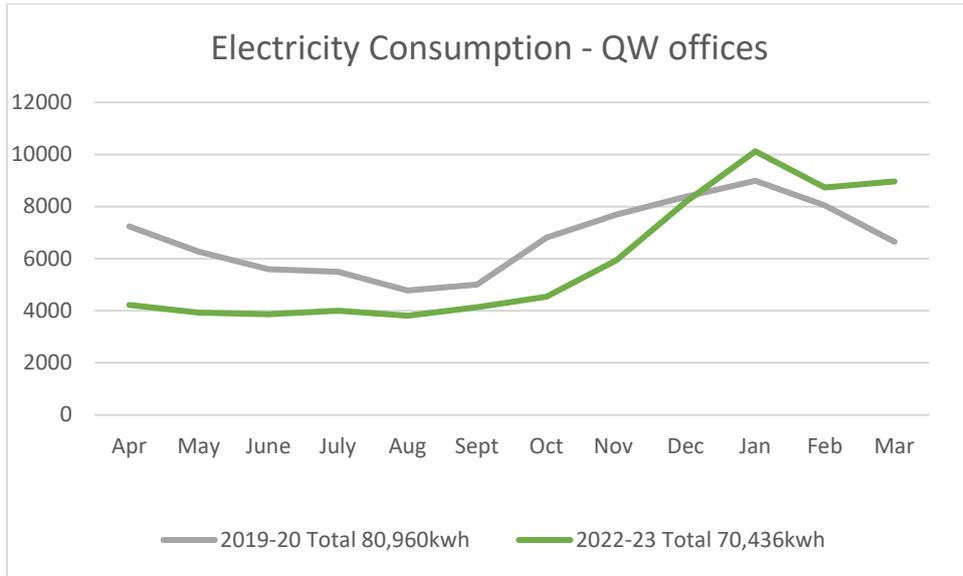
Qualifications Wales occupies an area of 11,329 square feet within the Q2 Building, in a single shared office located to the west of Newport.

Owing to the COVID-19 pandemic the office closed in March 2020 and remained closed to employees until June 2021 when we reopened to allow employees the option of returning. In May 2022 we transitioned to a hybrid working approach, where we asked that all employees return to the office, with a general expectation of attending a minimum of 2 days a week. The building is easily accessible by car; but less accessible by public transport, therefore, this hybrid working approach will assist in reducing the travel/ commute impact our staff have on the environment.

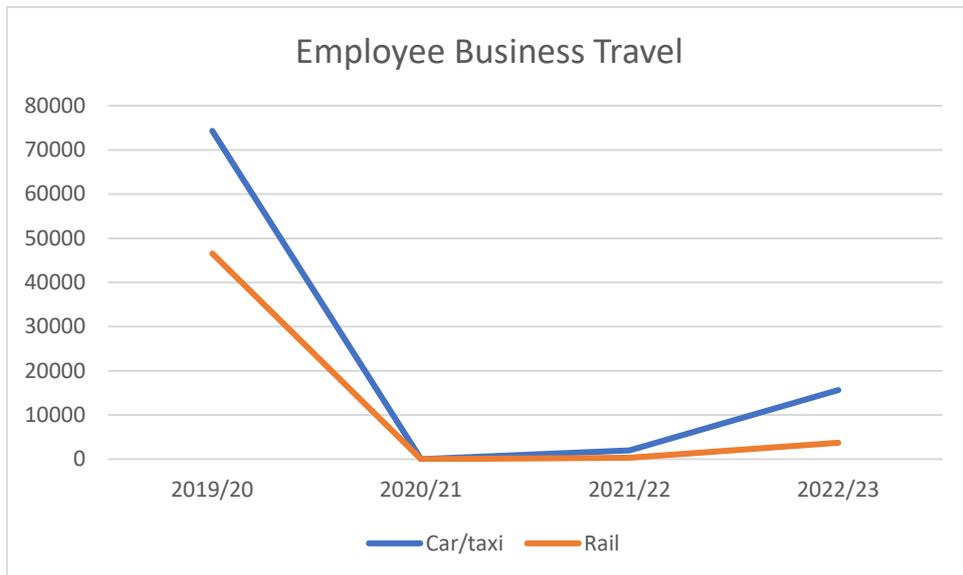
Our modern and flexible approach to IT, using the latest technologies allowed a seamless transition from office-based working in 2019/20 to homeworking in 2020 and more recently to hybrid working in 2022. Our IT infrastructure is mainly cloud-based, meaning that we do not require large on-site servers. 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. We provide an annual carbon emissions report to Welsh Government to support their route map for decarbonisation across the Welsh public sector by 2030. From 2021/22 the figures have included an estimate for the impact of homeworking. In 2022 we published our own Carbon Reduction Action Plan.

Due to the closure of the office in 2020 and an optional return for employees from 2021 our typical electricity consumption is not reflected in the 2021-22 figures. Therefore, the graph below shows the electricity consumption of 2022-23 against 2019-20 figures. Using 2019-20 as a benchmark the graph shows a reduction in electricity consumption of over 10,500kwh. Going forward, we hope to see a continuation of this trend, as we have recently fitted occupancy sensors linked to the heating and cooling system in all meeting rooms.

¹In 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.



The coronavirus pandemic demonstrated that work could be successfully carried out remotely, therefore, we have ensured that all employees consider the need for business travel, reducing unnecessary travel and promoting responsible and sustainable travel in the performance of our duties. This is evidenced as since returning to business as normal we have reduced employee business travel by car by almost 60,000 miles since 2019/20 and have reduced employee rail travel by almost 43,000 miles.



The waste we create is segregated into four streams. We have seen a small increase in general waste and food waste since 2021-22 which is due to staff returning to the office more regularly. Our mixed recycling has increased considerably from 2021-22, we believe this is due to staff recycling more as well as a mass shredding exercise and general clear out before office reconfiguration took place in October 2022. Mixed waste, electrical and electronic equipment (WEEE) recycling is separated in the figures for the first time this year. Overall, across all four streams our waste disposal is a third lower than in 2019-20. Going forward, we expect waste data to stabilise at similar levels to this year, as we continue our hybrid working approach.

We have an Environmental Policy Statement in place, supported by the Chief Executive and senior management. We had intended to put in place an Environmental Management System (EMS) and achieve Green Dragon Environmental accreditation in 2020-21. However, without regular office use the measures would not have been a true reflection of our business impact. Now that business has returned to normal, we will continue with this objective for 2023/24.

Scope	Non-financial information	Financial information	Greenhouse gas emissions
Scope 1 -Direct emissions:	N/A	N/A	N/A
Scope 2 (Energy indirect):	Electricity 70,436 kwh	£23,375.43	18,423 kg CO2e
	F-Gas* 39kg	n/a	46,098 kg CO2e
Scope 3:	Water 140 units (**) Sewerage 133 units Total 273 units	£394.16 £524.13 Total £918.29	21 kg CO2e 36 kg CO2e Total 57 kg CO2e
	Waste General – 308 kg waste Food – 266 kg waste Mixed – 544 kg recycling Mixed WEEE - 88kg Total 1206kg	Waste General - £474 waste Food waste - £650 Mixed - £462 recycling Mixed WEEE (included above) Total £1586	Waste General – 1447kg CO2e waste Food – 3kg CO2e waste Mixed – 11.5 CO2e recycling Mixed WEEE 1.9kg Total 160 kg CO2e
	Business travel		
	Car Staff - 14,373 miles Board - 6,694 miles Members Total Miles – 21,067	Car Staff - £6,486 Board - £3,008 Members Total - £9,494	Car (***) Staff - 3,840kg CO2e Board - 1,745kg CO2e Members Total - 5,585kg CO2e
	Taxi Staff - 892 miles Board - 49 miles Members Total Miles - 941	Taxi Staff - £862 Board - £102 Members Total - £964	Taxi Staff - 299kg CO2e Board - 16kg CO2e Members Total - 315 kg CO2e

	Rail Staff - 3,688 miles Board - 240 miles Members Total Miles – 3,928	Rail Staff - £1,507 Board - £ 128 Members Total - £1635	Rail Staff - 263kg CO2e Board - 17kg CO2e Members Total - 280kg CO2e
	Air Staff - 13,889miles Board - 1,964miles Members Total Miles – 15,853	Air Staff - £3,134 Board - £ 666 Members Total - £3,800	Air Staff - 6,587kg CO2e Board - 530kg CO2e Members Total -7117kg CO2e
	Estimated Staff Commute****		
	Car 194,831 miles		Car 69,552 kg CO2e
	Bus 514 miles		Bus 100 kg CO2e

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.

(*) FGas has been added for the first time to this table. This is used in the air conditioning system provided by the landlord.

(**) 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.

(***) Figures for car CO2 calculated using UK Government GHG Conversion Factors for Company Reporting – based on an 'upper-medium' car type.

(****) Staff commuting figures calculated using staff home postcodes cross referenced with the desk booking system to confirm attendance. The emissions are based on an upper medium car type.

Operational and Supply chain emissions

We have previously reported our carbon emissions impact to Welsh Government for the years 2019-20 and 2021-22 to assist in their 'net zero carbon' overall public sector target for 2030. This is now a regular annual process. We have also produced our own [Carbon Reduction Action Plan](#).

The Welsh Government model used covers operational emissions (electricity, waste and water), supply chain emissions (calculated by the value of consumption of purchased goods and services multiplied by an emission factor drawn from the given SIC industry code, and business travel, staff commute and homeworking (with a calculation provided for homeworking).

	Total kg CO2e emissions	Buildings (electricity, FGas water and waste)	Business Travel, commute and homeworking	Supply Chain emissions
2019-20	727,469 kg	21,232 kg	318,330 kg	387,906 kg
2021-22	322,917.5 kg	21,226.5 kg	72,279 kg	301,691 kg
2022-23	467,446 kg	64,738 kg	85,371 kg	317,357 kg

Buildings emissions (electricity, F-Gas, waste, water): The significant increase in 2022-23 is driven by the inclusion of F-Gas in the model (46,098kg) which is used in the heating and cooling system installed by the landlord. For electricity, water and waste (18,639kg) there was a small reduction. In May 2022 we returned to working 2 days a week in the office, with all Board meetings being held in the office. We now expect figures to stabilise at these levels and to sustain the improvements made in comparison to our 2019 baseline. We have also recently fitted occupancy sensors linked to the heating and cooling system in all meeting rooms which will help us continue to reduce our carbon impact.

Business travel, commute and homeworking: This has increased since last year as we have adopted our new ways of working, including some travel to engage with stakeholders or attend conferences. The figures are significantly below 2019-20 and we expect to stabilise at current levels.

Supply chain emissions: Our procurement expenditure increased by £429,048 from £1,585,133 in 2021/22 to £2,014,181 in 2022/23. Significant increases related to furniture for the office re-design and IT hardware and development to the QiW database. The overall impact of this increased expenditure was offset by changes in the WG model where the calculations for several SIC codes were significantly reduced (these mainly related to professional services provided remotely, and computer services such as software). Next year we will be tracking subject expert travel and anticipate this resulting in a reduction in the associated emission figures.

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 ten 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
- promote high standards of public finance, upholding the principles of regularity, propriety and value for money

During 2022-23, the board was made up of the following members:



David Jones
OBE DL
(Chair)



Philip Blaker
Chief Executive



Douglas
Blackstock



Julie Brannan



Hannah Rowan



Anne-Marie
Duffy OBE



Michael
Griffiths OBE



Graham
Hudson



David Jones



Professor
John Latham
CBE



Sharron
Lusher
MBE DL



Jayne Woods

Sharron Lusher stepped down on 15/07/2022 to lead the Welsh Government Vocational Qualifications Review. It is anticipated she will re-join the board in 2023 once the review concludes.

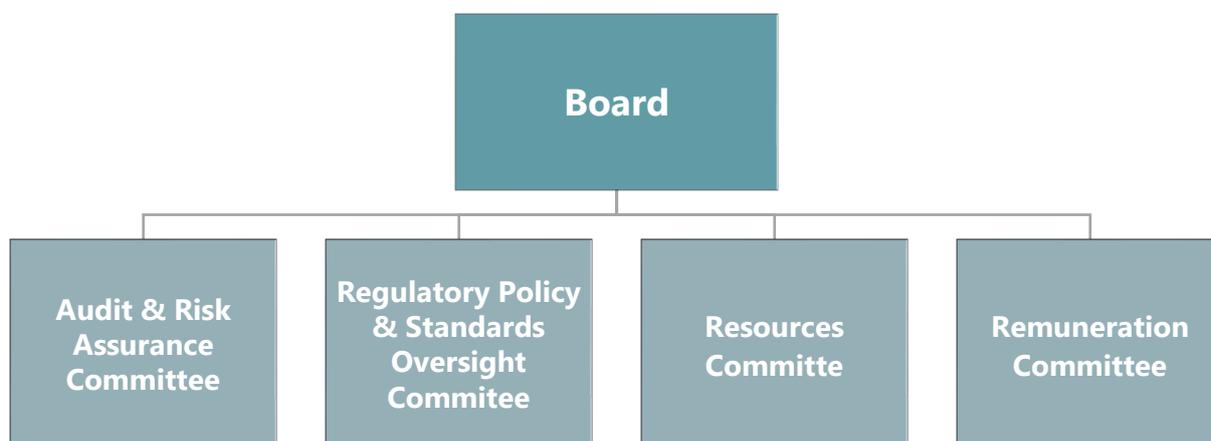
Ravi Pawar also joined the board as a special advisor during 2022/23. While not classified as a full Board member, he assists the board by sharing his relevant experience of the education sector in Wales.

The Chair of Qualifications Wales

The Chair of Qualifications Wales, David Jones, answers to the Senedd Cymru 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 Qualifications Wales 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 15 of this document, on page 98.

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
- ensuring compliance with the requirements of *Managing Welsh Public Money*

The Chief Executive Officer has several direct accountabilities to the board, 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 on our [website](#).

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 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
- 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 (FReM), 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
- 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 2022 to 31 March 2023 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

- 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.

Signed <i>Philip Blaker</i>	Philip Blaker Accounting Officer 21 September 2023
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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 Qualifications Wales Board 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 ten 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 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 Qualifications Wales Board

The board had six regular meetings 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. A number of briefing sessions and two board development sessions were also held throughout the year in addition to the formal meetings of the Board.

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

- approving the 2023-24 Business Plan, budget allocation and staffing resource levels
- approving the organisation's Strategic Priorities for the period 2022 – 2027
- approving publication of the organisation's Anti-Racism Plan
- approving an increase of twenty-three to the permanent headcount
- approving the annual accounts for the period 1 April 2021 to 31 March 2022
- approving the annual report for the period 1 September 2021 to 31 August 2022
- approving the organisation's decisions in respect of the proposed reforms to GCSE English, GCSE Cymraeg, GCSE The Sciences and GCSE Mathematics and Numeracy, following the consultation process undertaken during the year
- agreeing to consult on the proposals for qualifications that will sit alongside GCSEs to form [the Full 14-16 Qualifications Offer](#)
- agreeing the board's continuing participation in the 'Pathway to Board Membership' project
- reviewing and approving the board's risk appetite statement
- agreeing to progress with plans for advance information for the Winter 2022/23 and Summer 2023 exam series, as a form of mitigation for lost teaching and learning time

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

- updates from the Chief Executive and Chair
- updates on the progress of the *Qualified for the Future* project
- updates on arrangements for awarding qualifications in 2022 and 2023 risk management reports and risk registers
- monitoring of operational plan delivery and financial activity
- updates from each of its committees
- a report on the annual staff survey outcomes
- the results of the Board Effectiveness Review and the action plan developed in response to the report's recommendations

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

The Board held a development day in January 2023, which included external speakers from the Future Generations Commissioner for Wales and Coleg Cymraeg Cenedlaethol. The session provided the board with an opportunity to reflect on the organisation's progress against its voluntary Wellbeing of Future Generations objectives, the availability and delivery of Welsh language qualifications and the organisation's digital and communications strategies. It also

enabled the board to contribute to the development of the organisation's long term strategic thinking, and in particular the future evolution of GCSEs.

Members of the Welsh Government sponsor team were given the opportunity to observe meetings of the board.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee supports the Board and Accounting Officer 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.

Accountability for risk management and internal control lies with the board. However, responsibility for oversight of these areas 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 March), and the board received regular reports highlighting the important issues emerging from the Committee's discussions and the material judgements reached. Committee meetings were also attended by internal and external auditors.

During this period, the committee:

- reviewed the draft annual accounts for 2021-22 and provided an assurance report to the board and Accounting Officer
- considered the threshold at which risks were reported to board
- monitored the implementation of the new financial system
- reviewed progress against our actions to reduce carbon emissions
- reviewed all the internal audit reports carried out in the period
- oversaw 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 staff health and wellbeing
- 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
- considered its schedule of future meetings

No issues of concern were raised to the board.

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) and reports from these meetings were provided to the board.

During this period, the Resources Committee:

- reviewed the 2022-23 quarterly progress report on the operational plan and financial position
- reviewed the draft 2023-24 Business Plan, Operational Plan and budget;
- reviewed the Medium-Term Financial Plan
- received HR updates covering resourcing, learning and development, absence statistics, and well-being
- received updates on the implementation of the new finance system
- received updates on progress against our Strategic Equalities Objectives and the development of our Anti-Racism Action Plan

Regulation Policy and Standards Oversight 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. The committee's terms of reference are available on our [website](#).

The committee met four times during 2022-23 (April, July, November, February) and reports from these meetings were provided to the board.

During this period the Regulation Policy and Standards Oversight Committee:

- considered the approach to providing mitigations for learners completing GCSEs, AS and A levels and the Skills Challenge Certificate qualifications in winter 2022/23 and summer 2023
- considered proposed conditions, requirements and guidance that would form the basis of a consultation on promoting Welsh-medium qualifications
- considered proposed conditions to secure the new Made-for-Wales GCSEs and related 14-16 qualification offer
- considered the proposed approach to reviewing aspects of the Regulatory Framework
- approved the Revised Priority Qualifications List and Restricted Priority Qualifications Policy
- reviewed its Terms of Reference and recommended that the Committee's title be changed to Regulation Policy and Standards Oversight Committee to better reflect the Committee's role and remit
- received regular regulatory risk management reports

- received regular updates on ongoing monitoring and compliance issues
- monitored the situation in relation to an awarding body experiencing severe financial difficulty, ensuring learners were supported in their move to equivalent qualifications
- received updates on the November 2022, January 2023, and summer 2023 examination series
- received an update on the review of A level mathematics standards
- received a summary of the findings from the 2021 Statement of Compliance exercise

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 four times during 2022-23 (July, September, November, March), during which it considered the executive pay award.

Board performance and effectiveness review

A board effectiveness review was carried out in autumn of 2022 by the Halpin Partnership, and an action plan to address the reviews recommendations was considered and approved by the board in January 2023.

During 2022/23 the Chair met separately with each board member regularly during the year to conduct performance reviews and listen to feedback. This feedback was collated by the Chair into a report with suggested improvements to the way Board meetings were organised and the support provided to board members. These included:

- that board meetings should be face to face, and that committee meetings could be completed effectively through Microsoft Teams
- reports were sometimes too long for the purposes of the board and the PDF format could be improved by the introduction of a board portal
- the self-assessment forms for board reviews should be reviewed to ensure they reflect current and emerging themes
- that the Board receive regular PR/Communications updates and copies of weekly political monitoring reports
- the recommendation that the Regulation Committee return to regular scheduled meetings² and that the organisation consider opportunities to improve the diversity of board membership

In response to these points board members took part in a Communications and Engagement workshop which enabled them to contribute to the development of our Stakeholder Engagement and Digital Channels strategies and received copies of weekly press reports. For some regular items a reporting dashboard was introduced to replace longer written updates.

² During the pandemic regulatory issues were decided at Board and as a result the Committee met less frequently during that period.

Face-to-face board meetings were re-introduced, while committee meetings continued to be held online via Microsoft Teams, and the regular schedule of Regulatory Policy and Standards Oversight Committee meetings was organised. The board self-assessment forms will be reviewed and revised during 2023 and work is underway to explore the introduction of board portal software.

Chair's review – During the course of the year the Chair, Chief Executive and other members of the Executive Team met regularly with the Minister for Education and Welsh Language, updating him on key aspects of the work of Qualifications Wales, and attended the Senedd's Children, Young People and Education Committee to discuss the Summer 2022 results. The Chair also held a number of meetings with various key stakeholders to develop stronger links and engender a better understanding of the work of Qualifications Wales. Two board members led the 2022/23 performance review of the Chair, drawing on feedback from all board members and the Executive, and the Minister conducted his annual review of the Chair's performance.

Attendance at Board and Committee meetings (1 April 2022 to 31 March 2023)

Board Member	Board	Audit Committee	Regulatory Committee	Resources Committee	Remuneration Committee
David B Jones OBE (Chair)	6/6	1/1 ³	4/4	3/3	4/4
Philip Blaker (Chief Executive)	6/6	4/4	4/4	3/3	n/a
Douglas Blackstock	6/6	4/4	2/4	n/a	n/a
Julie Brannan	6/6	n/a	4/4	n/a	n/a
Hannah Rowan	5/6	n/a	n/a	3/3	n/a
Anne-Marie Duffy OBE	5/6	n/a	3/4	n/a	4/4
Michael Griffiths OBE	5/6	n/a	n/a	3/3	4/4
Graham Hudson	5/6	n/a	4/4	3/3	n/a
David W Jones	4/6	3/4	n/a	n/a	n/a
Prof. John Latham CBE	5/6	3/4	n/a	n/a	n/a
Sharron Lusher MBE ⁴	2/2 ⁵	n/a	n/a	1/1 ⁶	n/a
Jayne Woods	6/6	4/4	n/a	n/a	4/4

In September 2022, Ravi Pawar was invited to join the Board by the Chair as a special advisor and attended three out of a possible four Board meetings during the period.

³ The Chair of the Board was invited to attend the November 2022 Audit and Assurance Committee meeting.

⁴ Sharron Lusher stepped down from the Board in July 2022 after being appointed to Chair the Welsh Government Vocational Qualifications Review panel.

⁵ Sharron Lusher had the opportunity to attend a total of two board meetings during 2022/23.

⁶ Sharron Lusher stepped down from the Committee in July 2022 and had the opportunity to attend one Resources Committee meeting during 2022/23.

As a result of the public health risk linked to the pandemic, virtual board, committee and management meetings were introduced in 2020/21 and we moved to a system of electronic papers. During 2022/23 the organisation continued to provide electronic papers and run its committee meetings virtually as we embraced the benefits associated with agile working. While board meetings were initially held on a hybrid basis, face-to-face meetings were re-introduced from November 2022.

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 2023 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 2022-23, seven internal audits have been completed plus an annual Follow-up Review which establishes the management action that has been taken in respect of the recommendations arising from the internal audit reviews.

The Audits for 2022-23 were as follows:

Audit name	Assurance rating	Number of recommendations
ICT – Data Management	Substantial	0
Risk Management – Assurance Framework	Substantial	5
Key Financial Controls (Budgetary Control, Cash and Bank and Treasury Management)	Substantial	0
New Ways of Working	Substantial	3
ICT – HR System Post Implementation Review	Substantial	0
HR – Staff Performance Development	Reasonable	3
Governance – Strategic Planning	Substantial	0

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			
	Urgent	Important	Routine	Total
Recommendations raised in 2017-18	0	3	13	16
Recommendations raised in 2018-19	0	4	18	22
Recommendations raised in 2019-20	5	1	19	25
Recommendations raised in 2020-21	0	2	5	7
Recommendations raised in 2021-22	0	3	8	11
Recommendations raised in 2022-23	0	2	9	11
Total	5	15	72	92

A monitoring and tracking system is used to report 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 accounting year:

Priority	Recommendations			Status				
	Brought forward from 2021-22	Raised in 2022-23	Total	Implemented in 2022/23	Overdue	Not yet due	Not implemented	Carried forward
Urgent	0	0	0	0	0	0	0	0
Important	1	2	3	1	0	2	0	2
Routine	0	9	9	6	0	3	0	3
Total	1	11	12	7	0	5	0	5

As at 31 March 2023, 5 Internal Audit recommendations remained outstanding due to delays in the audit programme which resulted in reports being received late during Q4 of 2022/23 and early during Q1 2023/24.

Two of the five outstanding recommendations relate to the New Ways of Working Internal Audit report issued in February 2023 and considered by our Audit and Risk Assurance Committee in March 2023. The first recommendation suggested we undertake an Equality Impact Assessment for the Hybrid and Homeworking Policy by 31 May 2023, and work is underway to achieve this deadline. The second recommendations suggested that once the review of the Hybrid and Homeworking Policy had concluded the Working Hours Policy be

reviewed and updated. The target date for completion of this work is the 31 May, and it is anticipated we will meet the agreed deadline. The audit returned an assurance rating of substantial, and the two outstanding recommendations are routine priority.

The three remaining outstanding recommendations relate to the Staff Performance and Development Internal Audit report issued in May 2023. The first recommendation suggested the completion and review dates of the EIA be recorded on the version control table of the Performance and Development Policy. A review date will be confirmed, and the EIA completed as part of the schedule of policy work. The target date for completion of this work is the 31 December 2023, and it is anticipated we will meet the agreed deadline. The second recommendation suggested that the Senior Leadership Group (SLG) develop a means of monitoring compliance with the Performance and Development Policy and we are planning to schedule six monthly checks with SLG members to ensure there is oversight of the process by Heads of Teams. The target date for completion of this work is the 31 October 2023, and it is anticipated we will meet the agreed deadline. The final recommendation suggested appropriate arrangements are put in place to ensure that objectives are agreed on a timely basis, particularly where there is a vacancy or transition to a new post or Line Manager, and we will clarify this expectation with line managers and staff. The target date for completion of this work is the 1 September 2023, and it is anticipated we will meet the agreed deadline. The audit returned an assurance rating of reasonable. Recommendation 1 is routine priority, while recommendations 2 and 3 are rated important.

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 the Qualifications Wales from its various sources of assurance.

Audit Summary

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'.

Recommendations Made: We have analysed our findings/recommendations by risk area, and these are summarised below (with last year's comparators in brackets).

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	0(0)	0(1)	7(6)
Risk Mitigation	0(0)	0(0)	0(0)
Compliance	0(0)	0(2)	2(1)
Delivery			
Performance Monitoring	0(0)	1(0)	0(0)
Sustainability	0(0)	0(0)	0(0)
Resilience	0(0)	0(0)	1(1)

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 and the number of these opportunities is summarised below.

Operational
9(4)

Follow Up: Prior year recommendations have been subject to follow up as part of our audit plan. All 2021/22 recommendations were subject to follow up by Internal Audit and all agreed recommendations had been implemented.

Independence and Objectivity of Internal Audit

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

Risk management and control framework

The board has overall accountability for the organisation's risk management and has risk as a standing agenda item at each Board. This includes all risks on the strategic risk register with a residual risk score of 12 or above. 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.

The board formally approved its risk appetite statement in March 2023, following a review undertaken by the Audit and Assurance Committee at its Annual Risk Workshop held in February 2023. The board's risk appetite reflects different facets of the organisation and is stated to provide a framework to guide the Executive and employees in how they should develop options, consider risk mitigation or take delegated decisions. It does not mean any compromise to taking decisions properly through the appropriate governance with full consideration of the options and impact assessments or risks involved, nor does it imply any assumption on the decisions that will be taken. Given the nature of our work the Board generally has a low appetite for risk but accepts that in specific areas some risk needs to be tolerated and managed. The included:

- as part of qualification reform, a high-risk appetite for the use of digital technology to enhance or improve assessment or awarding processes
- a moderate risk appetite in respect of resourcing, relationships / public perception and the operation of the qualifications market as a whole

The Executive team, via the Management Board and its underlying governance structures are responsible for maintaining the risk registers and supporting team/project risk registers. Risk reports and registers were presented to meetings of these boards for discussion, revision and/or information.

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

- Audit and Risk Assurance Committee reviews the corporate and communications risks
- Regulatory Policy and Standards Oversight Committee reviews the regulatory and reform 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.

Risk Register

During 2022-23 the Strategic Risk Register was continuously updated to capture new risks as they were identified. Overall, the risk profile decreased during 2022/23, as the impact of the pandemic continued to reduce. A full review of our main strategic risks can be found on page 20.

All risks are actively considered on a regular basis and reviewed in line with the board's current risk appetite. All risks with a residual rating of 12 or above are routinely reported to the Board and during 2022/23 the Audit and Risk Assurance Committee undertook a review of the risk reporting threshold. Following a recommendation by the Audit and Risk Assurance Committee, the board resolved to maintain the current reporting threshold of 12 which it felt continued to provide an appropriate level of strategic oversight. As at 31 March 2023 there were 45 strategic risks detailed within the register: 17 reform risks; 9 regulation risks; 16 corporate risks; and 3 communications risks. Of the 45 strategic risks detailed within the register, 18 had a residual risk score of 12 and above.

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 new staff have been given training as part of their induction.

Our procedures require that (unless we are using existing contracts or collaborative framework agreements such as those let by the Welsh Government Commercial Delivery Team):

- three quotes are obtained for goods and services between £6,000 and £29,999
- an invitation to tender is published on Sell2Wales for goods and services over £30,000 and below the GPA threshold
- a notice is published on 'Find a Tender' for tenders over the GPA 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 World Trade Organisation Government Procurement Agreement threshold, prior approval 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 2022 to 31 March 2023, one departure was

approved, with a value of £37,200. This related to the additional development days for our QiW support contract that exceeded the original contract value.

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 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)
- social media

The Head of IT is responsible for regularly reviewing our risk appetite statement and proposing updates to the Management Board.

Cyber security

In this financial year, there were no data breaches or losses. We renewed our Cyber Essentials Plus accreditation in May 2022 and at May 2023 have received our new Cyber Essentials certificate (with process underway to complete Essentials Plus).

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

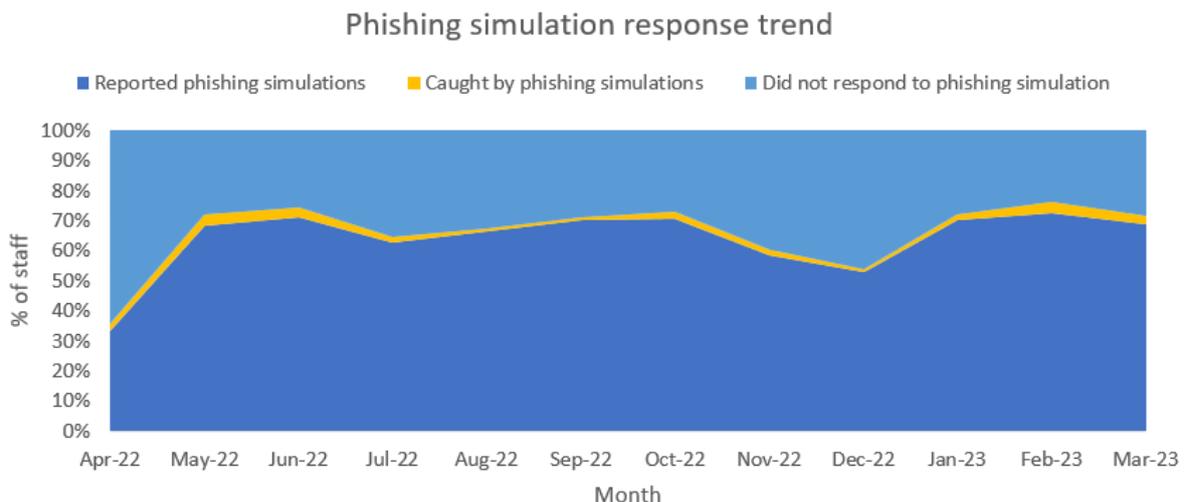


Attempts to compromise user accounts using unauthorised logons (password guessing) are now the most prevalent form of attack. However, the overall risk of account compromise remains low due to the additional protection provided by multi-factor authentication. Phishing emails continue to pose the most significant cyber risk. Our email filters with advanced threat protection provide the first line of defence against phishing. We also recognise the important role our staff play in further mitigating the risk from phishing.

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

- monitoring changes to the threat landscape
- running monthly simulated phishing attacks on our staff to test their response and alert them to the dangers of phishing
- requiring all staff to complete ongoing interactive online information security awareness training

The results of simulated phishing attacks are shown in the chart below. Further training is provided to staff regularly caught by phishing simulations.



Freedom of Information requests

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

Complaints

We received two corporate complaints during 2022/23. One was resolved informally at stage one of our corporate complaints handling process and the other was withdrawn.

We received thirteen complaints about awarding bodies. Of these, two were accepted for investigation. One complaint was not upheld while the other is still ongoing. We received no applications under the Exam Procedures Review Service during 2022/23.

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)

During 2022/23 Welsh Government carried out a review of the public bodies subject to the well-being duty of the Well-being of Future Generations (Wales) Act 2015 (FGA) and consulted on extending the well-being duty to a further eight devolved Welsh public bodies, including Qualifications Wales, with a proposal to commence the duty in April 2024.

Although we will not be subject to the FGA until April 2024, we are committed to sustainable development. We consider that our role supports its purpose and that its requirements are compatible with how we work. In 2018 we voluntarily adopted the FGA provisions to underpin how we deliver our functions and published well-being objectives which can 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.

In 2022/23 work commenced to review our wellbeing statement and objectives, using the '5 ways of working' to ensure that our objectives meet legislative requirements and maximise our contribution to achieving the wellbeing goals. This work will conclude in 2023/24 and will result in the publication of refreshed objectives and an accompanying wellbeing statement.

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 and report on a corporate Welsh Language Scheme, which can be viewed on our [website](#). During 2022/23 our focus has been on continuing to embed the Scheme throughout the organisation.

Promoting and supporting Welsh-medium and bilingual qualifications

Our [Choice for All](#) strategy clearly sets out our commitment to Cymraeg and our aim to increase the availability of Welsh-medium qualifications. During 2022/23 we provided £730k grant funding to promote and support Welsh medium and bilingual qualifications.

To support our 'Choice for All' commitments, we have been working with awarding bodies and stakeholders such as the Coleg Cymraeg Cenedlaethol, Welsh Government and learning providers to identify qualifications that should be prioritised to be made available in Welsh. We have also created a form that is available on our 'Have your Say' platform for stakeholders to notify us of any demand for Welsh-medium qualifications. We have used the information collected through our work to target our Welsh Language Support grant towards the areas of priority.

We provided over £120k through competitive grant funding to support awarding bodies to make more qualifications available through the medium of Welsh and provided grant funding of £410k to WJEC to contribute to their costs of preparing bilingual qualifications.

We also developed and published an interactive resource pack, '[Cynnig Cymraeg - the Active Offer](#)', to support awarding bodies to promote Welsh-medium or bilingual qualifications to learners in Wales. The resource pack was officially launched at the National Eisteddfod in August 2022 and provides guidance for awarding bodies on how the Cynnig Cymraeg - Active Offer can be delivered alongside a learner's qualification journey. It encourages awarding bodies to provide learners with targeted information about Welsh-medium and bilingual qualifications and to proactively promote and advertise Welsh language or bilingual qualifications by highlighting their availability and encouraging their take-up.

Towards the end of the 2022, we consulted on proposals to require awarding bodies to promote the availability of and facilitate access to Welsh-medium qualifications. To ensure that the learner voice was heard as part of this consultation, we met with learners from schools and further education colleges to discuss their experiences of taking Welsh-medium qualifications as well as their views on our proposals. We will announce our decisions in summer 2023.

As we continue to increase the number of Made-for-Wales qualifications, we have started to review our regulatory framework, and consider what changes are needed in the context of continued qualification policy divergence. We held a call for evidence, inviting awarding bodies to provide views on a range of matters, including whether a baseline of regulatory requirements for all approved qualifications should be introduced, and what those could look like. This baseline could include what schools and colleges can expect to see and receive in terms of service provision and qualification delivery through the medium of Welsh. We have subsequently established an awarding body reference group to help us further develop our

thinking. We will consider the findings before making decisions on any changes to our regulatory framework. These will also be subject to a further consultation in 2023.

We established 12 Sector Qualification Groups which include representatives from providers, awarding bodies and sector groups. The demand and supply of Welsh-medium qualifications will continue to be an issue for discussion in these fora.

Beyond working with awarding bodies, we have agreed a strategic partnership with Coleg Cymraeg Cenedlaethol, underpinned by a three-year action plan. This action plan, structured across four different themes, has been developed to help us achieve our common goal - aligning the development of Welsh-medium and bilingual courses (provision) alongside suitable bilingual qualifications for learners studying those courses. We also meet regularly with the Welsh Language Commissioner's office to discuss matters of mutual interest relating to the Welsh language.

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 our recruitment practices, our website design standards, and the design of our office. We regularly partner with other organisations to support and embed our equality policies and practices. We are also committed to a programme of corporate social responsibility which is included as an operational activity in our annual operational plan.

Equality considerations are built into the design of our policies and the delivery of our services, and they are kept under review.

During 2022/23 we proactively sought to better understand the views of those with experience and expertise in equality and diversity when exploring options for delivering a coherent and inclusive qualification offer for 14–16-year-olds in Wales. We carried out surveys, semi-structured interviews and focus groups with a wide range of contributors and improved our approach to learner engagement, with a particular focus on accessing under-represented learners. We also developed Youth Friendly and Easy Read versions of our consultation documents to enhance accessibility. Our engagement with stakeholders allowed us to reflect on the merits of variety in assessment and how flexibility in unit delivery could support inclusion. This feedback was central to the design of our proposed Skills for Life and Work units and qualifications.

We completed Integrated Impact Assessments to support and inform our decision-making on the design of new, Made-for-Wales GCSEs and the future shape of the Full 14-16 Qualifications Offer. Integrated Impact Assessments were also produced to inform decisions on regulatory matters, such as securing the Made-for-Wales GCSE qualification offer and on reforming qualifications as part of our sector reviews. We also created a central resource for staff to help make sure that our impact assessments are informed by the most relevant and up-to-date evidence and research.

As a regulator, we also support awarding bodies in meeting their equalities duties by publishing our 'Fair Access by Design' guidance. This document provides guidance on how

good qualification and assessment design can give all learners the fairest possible opportunities to show what they know, understand and can do. The document is intended to support and complement the best practice of awarding organisations in the design of qualifications and assessment and provide guidance on complying with regulatory requirements. Our Conditions of Recognition require awarding bodies to have in place clear arrangements for making reasonable adjustments in relation to their qualifications, and we monitor awarding body compliance. We also undertake Regulatory Impact Assessments. Our External Relations team also provide guidance to examination officers to support them in implementing access arrangements.

During 2022/23 we published our annual equality report for the period 2021/22, which highlights progress against each of the equality objectives and which can be found on our [website](#). We also commenced work to review and revise our 2022-24 Equalities Objectives which can be found on the [website](#). During 2023/24 we will continue to undertake a full evaluation of our objectives before setting new objectives that will run from 2024-2028, in line with the four-year reporting cycle of Welsh Government and other sponsored bodies.

We are committed to continuously improving our overall approach to undertaking integrated impact assessments and ensuring that they are used effectively to inform our policy decisions. As part of this commitment, and in preparation for becoming subject to the Well-being of Future Generations (Wales) Act 2015, we will develop an internal policymaking toolkit over the coming year. In developing this toolkit, we will review the way we conduct impact assessments and consider how the wellbeing duty can provide a key integrating framework for all assessments of impact.

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 2022 to 31 March 2023. 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.

<p>Signed</p> <p><i>Philip Blaker</i></p>	<p>Philip Blaker Accounting Officer 21 September 2023</p>
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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 2022 to 31 March 2023, of the senior officials and Board Members who have authority or responsibility for directing or controlling our major activities.

Single total figure of remuneration						
Non-executive Board Members	2022-23			2021-22		
	Fees (banded)	Pension Benefits	Total	Fees (banded)	Pension Benefits	Total
	£'000	£	£'000	£'000	£	£'000
Chair						
David B Jones OBE DL	20-25	-	20-25	20-25	-	20-25
David W Jones	0-5	-	0-5	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
Douglas Blackstock	5-10	-	5-10	5-10	-	5-10
Graham Hudson	0-5	-	0-5	0-5	-	0-5
Hannah Rowan (Previously Hannah Burch)	0-5	-	0-5	0-5	-	0-5
Michael Griffiths OBE	5-10	-	5-10	5-10	-	5-10
Sharron Lusher MBE DL	0-5	-	0-5	0-5	-	0-5
Julie Brannan	5-10	-	5-10	0-5	-	0-5
Professor John Latham CBE	5-10	-	5-10	0-5	-	0-5

This table is subject to audit.

* Sharron Lusher - temporarily stepped down from the board July 2022
 'Fees' includes the reimbursement of travel expenses to and from Qualifications Wales as these, in accordance with HMRC requirements, are treated as taxable benefits.

Single total figure of remuneration						
	2022-23			2021-22		
Executive Officials	Salary (banded)	Pension Benefits (to the nearest	Total	Salary (banded)	Pension Benefits (to the nearest	Total
	£'000	£1000)	£'000	£'000	£1000)	£'000
Chief Executive Philip Blaker	135-140	48,000	180-185	130-135	47,000	175-180
Executive Director - Regulation Jo Richards	85-90	74,000	160-165	85-90	30,000	115-120
Executive Director - Corporate Resources Alison Standfast	85-90	-10,000	75-80	85-90	25,000	110-115
Director - Qualification Policy and Reform Cassy Taylor	75-80	-5,000	70-75	80-85	16,000	95-100
Director - Qualification Policy and Reform Emyr George	75-80	31,000	105-110	75-80	29,000	100-105
Director of Communications & Engagement Ashok Ahir	75-80	31,000	105-110	5-10	2,000	5-10

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 2022-23.

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.

The negative pension benefit figures relate to those officials with some membership in one of the (final salary based) Principal Civil Service Pensions Schemes, where the annual pay increase has not been sufficient to offset inflationary increases. In these instances, our pensions administrators have calculated a reduction rather than an increase in pension benefits.

Senior Employees Pensions Benefits					
Officials	Total accrued pension at pension age as at 31 March 2023	Real increase in pension at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive Philip Blaker	20-25	2.5-5	337	282	28
Executive Director - Regulation Jo Richards	20-25	2.5-5	286	223	39
Executive Director - Corporate Resources Alison Standfast	30-35	0	579	536	-16
Director - Qualification Policy and Reform Cassy Taylor	40-45	0-2.5	728	668	-16
Director - Qualification Policy and Reform Emyr George	15-20	0-2.5	187	162	10
Director of Communications & Engagement Ashok Ahir	5-10	0-2.5	103	76	18

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: 3 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 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015

and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and 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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 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

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.

The median remuneration remains within our Band 4 staff pay grade. The 4% increase in the median total remuneration was primarily due to the 2022-23 pay award.

Remuneration	Pay & Benefits		Salary	
	2022-23	2021-22	2022-23	2021-22
Band of highest earners remuneration (£'000)	135-140	130-135	125-130	120-125
% change from the previous financial year for the highest paid director	2%	0%	2%	0%
Median Total Remuneration (£)	45,970	44,200	45,970	44,200
% change from the previous financial year for the employees as a whole	4%	1%	4%	1%
25th Percentile Pay (£)	39,690	35,180	39,690	35,180
26th Percentile Pay Ratio	3.46	3.77	3.21	3.48
Median Percentile Pay (£)	45,970	43,858	45,970	43,858
Median Pay Ratio	2.99	3.00	2.77	2.77
75th Percentile Pay (£)	52,423	47,470	52,423	47,470
75th Percentile Pay Ratio	2.62	2.79	2.43	2.58
Range of staff remuneration:				
Highest paid employee (£'000)	135-140	130-135	125-130	120-125
Lowest paid employee (£'000)	20-25	20-25	20-25	20-25

This table is subject to audit.

Staff report

Whilst our structure, comprising of four directorates, remained unchanged there have been changes due to turnover, some growth to deliver operational priorities such as curriculum reform, and recruitment to support both of these. A significant change this year has been our transition to hybrid working in May/June of 2022. Our employee headcount at 31 March 2023 was 103, compared to a figure of 97 in the previous year; full-time equivalent (FTE) has continued to increase from 94.73 in 2022 to 101.01 in 2023. In addition, we had one inward secondee in post, and one temporary worker at the end of the financial year (a total of 105).

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)
2022-2023	97.7	96
2021-2022	95.5	94.3
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.

We have had 20 new employees join our organisation at range of levels from head of team through to office assistant, ten of these appointments were on a fixed-term basis either to backfill maternity gaps or as a result of fixed-term funding to deliver the qualifications reform agenda. In early 2023 we were able to consolidate our temporary funding for the reform work into core budget and subsequently those appointed on a fixed-term basis to roles with a longer-term need were confirmed as permanent contracts. This has significantly changed the proportion of employees on permanent and fixed-term contracts.

Our turnover rate is broadly the same, 14.7% last year compared to 14.3% in this financial year (14.6% FTE). We regularly review turnover, and the rates fluctuate during the year. In the last year, 14 employees have left the organisation. Exit interviews are conducted with all leavers and there were different reasons for employees leaving, with no causes for concern. During the last 12 months, we have run 17 external recruitment exercises, some for multiple posts, and six internal development opportunities. We have also had internal movement due to internally advertised temporary development opportunities which have provided cover for maternity and a career break.

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 94% of employees on permanent contracts (compared to 88% at 31 March 2022), 6% on fixed term. We are currently hosting one inward secondment as part of Academi Wales' All-Wales Public Service Graduate programme; this is their second and final year of the programme having completed the first year with Social Care Wales. 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.

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 three people on agency contracts to undertake defined roles. As at 31 March, one agency contract was engaged. These temporary contracts are not included in calculations for headcount or FTE calculations.

	Female	Male	
Apprenticeship	0	1	
Fixed term	4	1	
Permanent	68	29	
	72	31	103

Headcount at 31 March 2023

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 through 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, fire safety, first aid and risk training for staff. Employees also undertook online security awareness training, which they complete annually.

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. In 2022-2023 four cohorts were launched, two Strategic

Leaders and two Line Management Essentials. Both cover practical elements of management, which will ensure that managers are aware of their role and their statutory responsibilities. The training is still being delivered online, with some on a hybrid basis, bringing participants together in person alongside online sessions. 58% of our employees with a managerial or leadership role have either completed, or are attending a programme, we have also trained five employees who are aspiring to managerial roles. The programmes have been successful both in terms of building skills, some employees acknowledging this in their open feedback as part of our employee survey, and also in terms of building connections between peers across the Welsh Government sponsored body sector.

We support personal development, and in the last year have continued to support three employees in higher education learning, including a 'Masters' in Education and a Professional Doctorate in Education.

Employees have also attended external training and conferences to develop and enhance their professional skills and maintain their CPD in fields such as assessment, project management, corporate governance and data management, HR, statistics and communications. Training has also been delivered in presentation skills for employees in our lower bands, in response to their identified needs, we worked in partnership with the Wales Union Learning Fund on this. Employees have attended external sessions in relation to assessment, speaking with impact, survey and questionnaire design, social media and accessibility and safeguarding training as well as conferences delivered by Association for Educational Assessment (AEA) or Westminster Forum. Two employees travelled to Mexico to present at the International Association for Educational Assessment.

We have delivered Mental Health First Aid training and also commenced a programme of training to run for all employees and Board Members on equality and inclusion.

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. In response to employee feedback and their need to feel connected across the organisation we ran our first in-person employee day since 2019 at the end of March. The event brought together the majority of our organisation to learn more about the Well-being of Future Generations Act and to discuss how we can all engage in our different roles. We also used the session to learn more about each other, to view us as individuals with different skills and consider how we can work effectively together.

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 2023, 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).⁷ We have eight employees on a contract of fewer than 37 hours as at 31 March 2023, which is an increase of 1 compared to

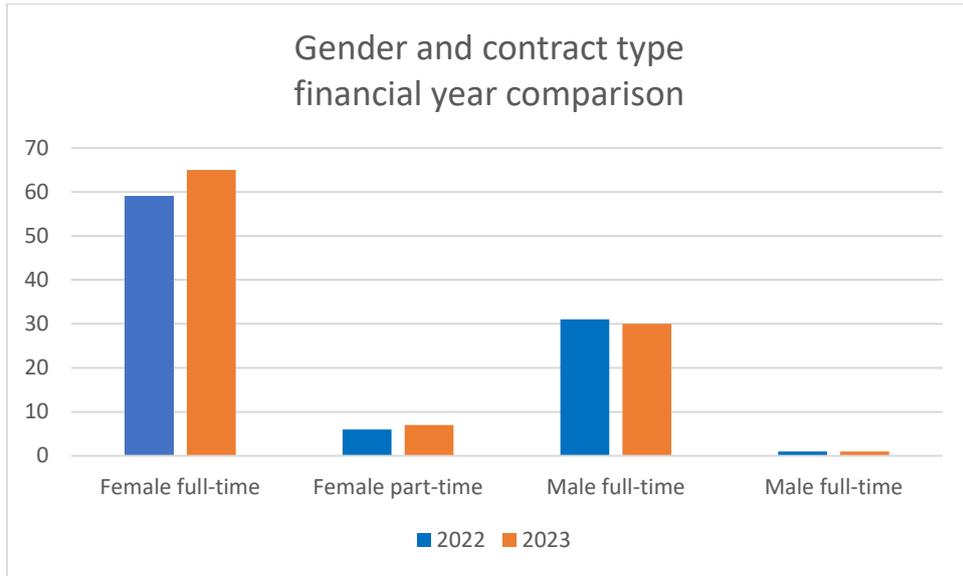
the previous year but is still less than 2020 when we had 10 part-time employees. We continue to have just one male part-time employee with seven female part-time employees. Four of our part-time employees are in pay band 4 in the middle of our organisation, two are at head of team level (band 5) and the remaining two are in lower pay bands. The proportions are relatively unchanged from 2022, with just one additional female part-time employee.

We promote our flexible working approach with all employees so it may be the case that some employees do not feel they need to formally request to reduce hours and may still achieve a work-life balance on full-time hours. In our 2022 employee survey 89% of employees agreed that they were able to achieve a good balance between their work and private life, this was an increase of 4% compared to 2021 and an increase of 12% from 2020.

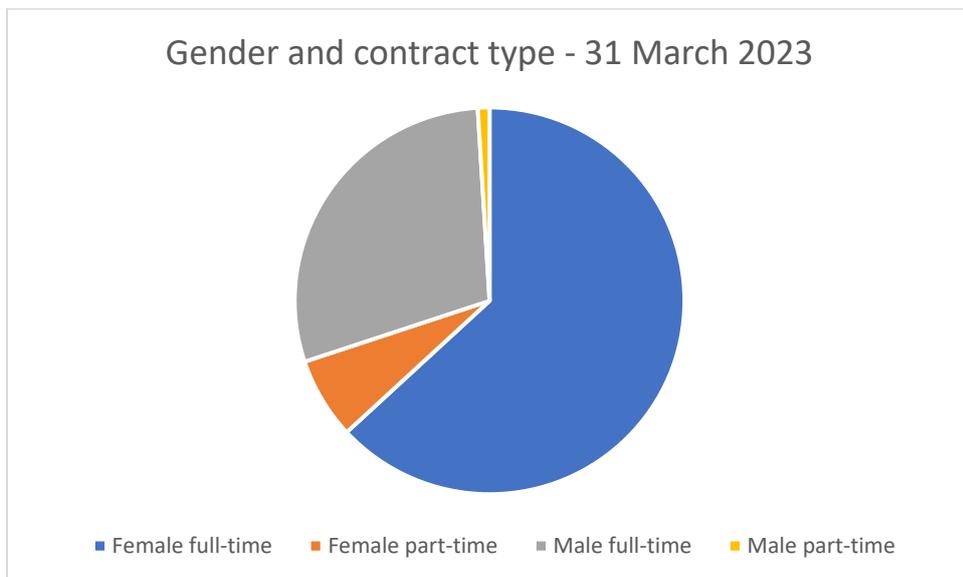
We continue to have a greater proportion of female to male employees, which is representative of the education sector more generally. In terms of recruitment statistics, we tend to receive a greater number of applications from female candidates at all bands. We review this information regularly and consider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

Gender and contract type (2)

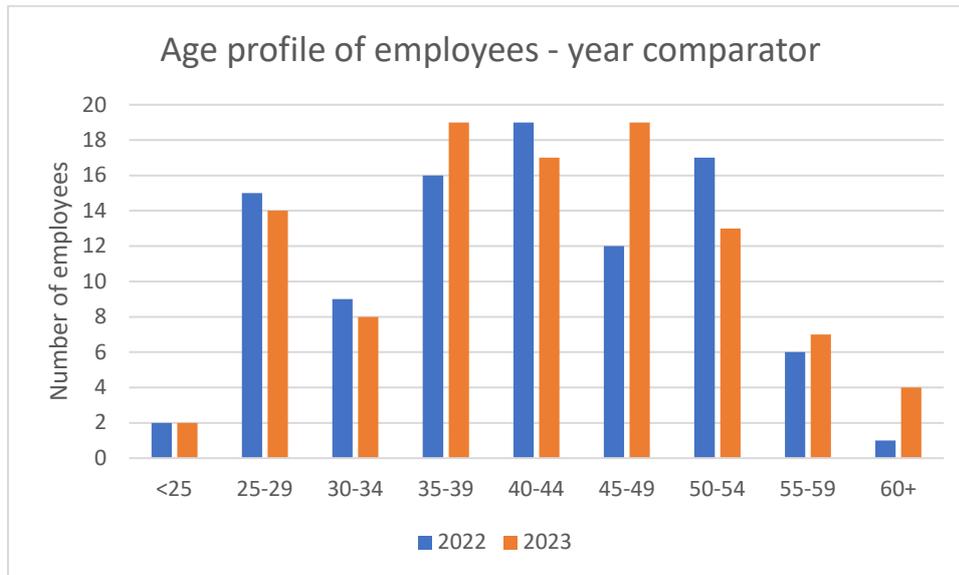
Band	Female full-time	Female part-time	Male full-time	Male part-time	Total
1	3	1	2	0	6
2	5	1	1	0	7
3	16	0	4	0	20
4	28	3	12	1	44
5	9	2	5	0	16
6	2	0	5	0	7
7	2	0	0	0	2
8	0	0	1	0	1
Total	65	7	30	1	103



² 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 p71, which is based on an employee’s actual pay in this year.



Age



There has been more movement in our age profile, some of which is attributed to employees moving between categories as well as in response to turnover and recruitment. The most significant change is within the 45-49 group and a small increase in the 60+ group with other areas remaining relatively static.

Sickness absence

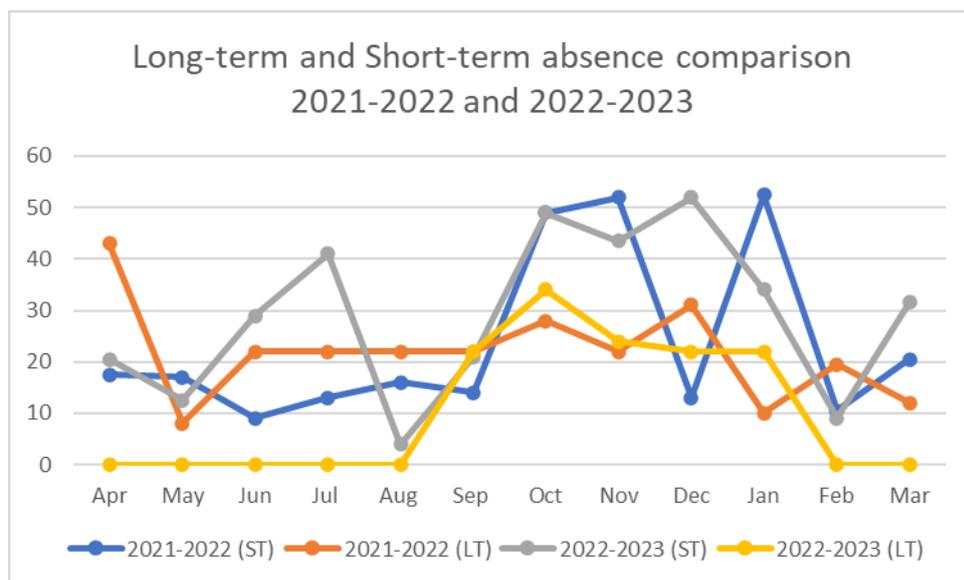
Our sickness absence rates have decreased in the last 12 months, and in total we lost 471 working days, compared to 545.5 in the previous year, a decrease of 74.5 days. This was driven by a reduction in our long-term absence. Our short-term absence is higher than the previous year, 347 days lost compared to 284. This year our Covid absence was higher, and we lost a total of 101.5 days, in 38 absences, this is compared to 96 days lost last year. Cold and Flu symptoms account for 37 instances and 73.5 working days lost. Mental Health was the reason for 143 days absence, these instances were not work-related stress.

Our annual average level of absence, calculated with the annual average number of employees (97.7), is 4.8 days, this is a decrease from 5.7 days last year, and brings us in line with the 2021 figure (4.7). When using this year's average FTE of 96 the figure is 4.9, also down from 5.8 last year.

The [Office for National Statistics reports the 2022](#) public sector absence rate to be 3.6%, this has increased by 0.6 percentage points from 2021. Private sector workers' absence rate is 2.3%. Our absence rate calculated using 217 working days as a base is 2.2% - for both average number of employees and FTE equivalent, showing that we benchmark against private sector rates. The rate for Wales, all sectors, was also 3.6% so we are below this figure.

Sickness absence totals by month

Month	2019-2020 (ST)	2019-2020 (LT)	2020-2021 (ST)	2020-2021 (LT)	2021-2022 (ST)	2021-2022 (LT)	2022-2023 (ST)	2022-2023 (LT)
Apr	14	0	32.5	0	17.5	43	20.5	0
May	8	0	23	0	17	8	12.5	0
Jun	6	20	11	0	9	22	29	0
Jul	6	22	9	0	13	22	41	0
Aug	11.5	21	2	20	16	22	4	0
Sep	28	37	2	0	14	22	21	22
Oct	9	42	8	0	49	28	49	34
Nov	6	40	22	39	52	22	43.5	24
Dec	18.5	40	2	45	13	31	52	22
Jan	26	50	41	60	52.5	10	34	22
Feb	21	35	16	35	10.5	19.5	9	0
Mar	12	15	23	33	20.5	12	31.5	0
Total	166	322	191.5	232	284	261.5	347	124



Employee well-being

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 an employee’s ability to work
- facilitate successful return to work after a long-term absence

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. Employees can also access free counselling via this programme.

We have always sought to create a working environment that supports employee health and wellbeing. Following the pandemic, we sought to embed ways of working that retained the benefits of flexibility and remote working but also encouraged employee engagement. We adopted the 4Cs as principles for working in the office – collaboration, creativity, caring and community. During the year we confirmed our new hybrid working policy, taking into account views of our employees and trade union. Our hybrid policy encourages a balance of 2 days in the office and 3 days at home for a full-time employee. When we transitioned to hybrid working we encouraged heads of teams to discuss preferred ways of working, recognising individual preferences and balancing those with the needs of the team and the work to be delivered. A number of teams agreed these ways of working through team charters. We also adapted the office to better support the new ways of working.

We brought all employees together in the Summer for team activities outdoors, ensuring that newer colleagues mixed with those who had been with the organisation for longer and fostering and building new links and relationships.

In the last year we re-ran Mental Health First Aid training and now have eleven Mental Health First Aiders. We have also run training to support economic wellbeing, this focussed on financial awareness and planning for retirement. Employees can also access training relating to their pensions.

Our employee group QWEST organises corporate social responsibility and activities focussed on wellbeing themes and publishes information and encourages employee participation. The group leads on our accreditation with Public Health Wales and this year we were re-assessed for their Corporate Health Standard and once again awarded their bronze standard. Fundraising activities this year have supported 'Latch' a children's cancer charity that was chosen by employees.

Summary of 2022-23 staff costs

	2022-23		2021-22		Total	2022-23		2021-22		Total
	Permanently Employed Staff	Temporary Staff	Others Seconded Staff	Agency Staff		Permanently Employed Staff	Temporary Staff	Others Seconded Staff	Agency Staff	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and Salaries	4,148	373	2	-	4,523	3,899	361	-	-	4,260
Social Security Costs	497	42	-	-	539	438	37	-	-	475
Other Pension Costs	1,160	101	-	-	1,261	1,068	98	-	-	1,166
Agency Costs	-	-	-	199	199	-	-	-	157	157
Total	5,805	516	2	199	6,522	5,405	496	-	157	6,058

This section is subject to audit.

There were no 'off payroll' engagements made in 2022-2023.

There were no exit packages in 2022-23.

Qualifications Wales incurred the following consultancy costs during 2022-23:

Consultancy - 2022-23		
Consultant	Consultancy Work Undertaken	Total £
Halpin Partnership Limited - Board review	Halpin Partnership provided a Board effectiveness review.	19,500
Four Communications	Four Communications were commissioned to provide consultation regarding communicating Bilingual launches and promotions of various reforms.	5,760
Active Learning Team	The Active Learning Team have been commissioned to provide consultation and training regarding Equality and Inclusion within the organisation.	23,900

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 median salary at 31 March 2023 (which excludes the CEO's salary) is £45,970 compared to £44,200 in 2022. The ratio of CEO salary (at the mid-point of the pay band) to the median is 2:99 in 2023, compared to 3:00 in 2022.

The table below outlines our position on equal pay at the end of March 2023.⁸

³ 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 [65].

	Pay Band	Women	Men	2022/2023 remuneration gap (-ve if women paid less)	2021/2022 remuneration gap (-ve if women paid less)	Difference	2022/2023 remuneration gap as a % of the male (-ve if women paid less)	2021/2022 remuneration gap as a % of the male (-ve if women paid less)	Change
mean	1	£24,753	£23,885	£868	-£668	£1,536	6%	-3%	↑
median		£25,620	£23,885	£1,735	£0	£1,735	no gap	no gap	-
mean	2	£29,085	£30,610	-£1,525	£710	-£2,235	-5%	3%	↓
median		£29,520	£30,610	-£1,090	£1,305	-£2,395	-4%	no gap	↓
mean	3	£35,532	£35,040	£492	-£645	£1,137	1%	-2%	↑
median		£39,690	£35,555	£4,135	-£1,490	£5,625	12%	-4%	↑
mean	4	£46,652	£47,488	-£835	-£491	-£344	-2%	-1%	↓
median		£49,370	£49,370	£0	£0	£0	no gap	no gap	-
mean	5	£59,838	£61,526	-£1,688	£609	-£2,297	-3%	1%	↓
median		£59,480	£63,900	-£4,420	£0	-£4,420	-7%	no gap	↓
mean	6	£78,500	£78,500	£0	£0	£0	no gap	no gap	-
median		£78,500	£78,500	£0	£0	£0	no gap	no gap	-
mean	Exec	£88,942							
median		£88,942							
mean	CEO		£135,397						
median			£135,397						

Of the 20 new employees joining us during the last financial year, 17 of them were women. Appointments are usually made within a pay band but very rarely at the top of the scale and this impacts our remuneration gap, particularly when higher proportions of women are recruited and men in the pay band have been with the organisation for some time and are at the maximum of the pay band. Employees progress through our pay scales on the anniversary of their appointment to the role so the picture can change during the year as employees have different increment dates.

In pay band 3 there have been relatively fewer new employees and 55% of those in this pay band are at the maximum. 80% of employees in this band are women.

The other differences identified in bands 2, 4 and 5 are due to new employees.

At the end of March 2023, our gender pay gap was 14.8% (this compared to 16.3% in 2022).

We have a reduction in our pay gaps at pay band 1 and band 3, in both of these bands, we have more women than men, but a higher proportion of these women are now at the maximum of the pay band. This shift has created an overall decrease in our pay gap. 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.

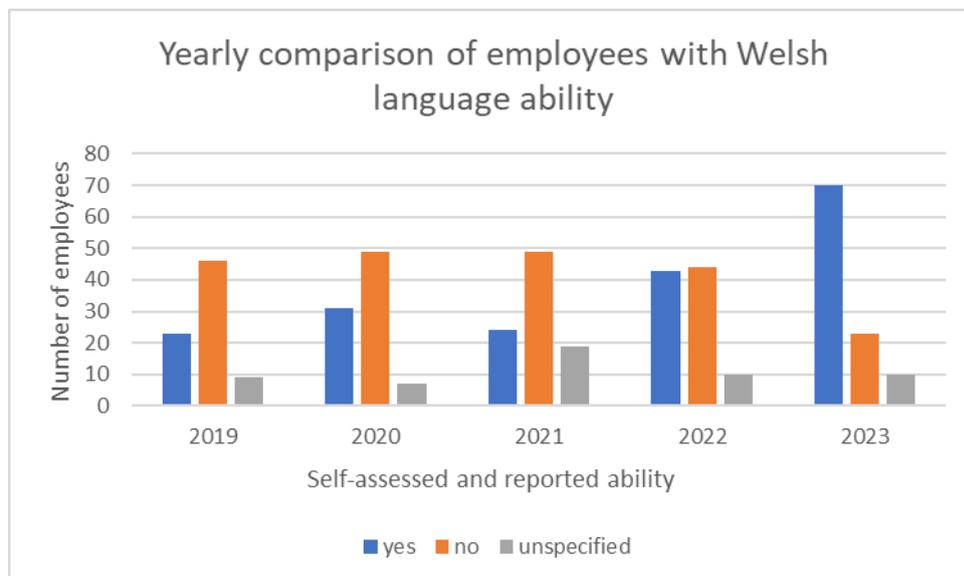
Our objective relating to gender focuses on recruitment and, in particular, ensuring that the roles we advertise are attractive to either gender and to people with other protected characteristics, so as to encourage a diverse workforce. We publish our public sector equality data in an open format on our website.

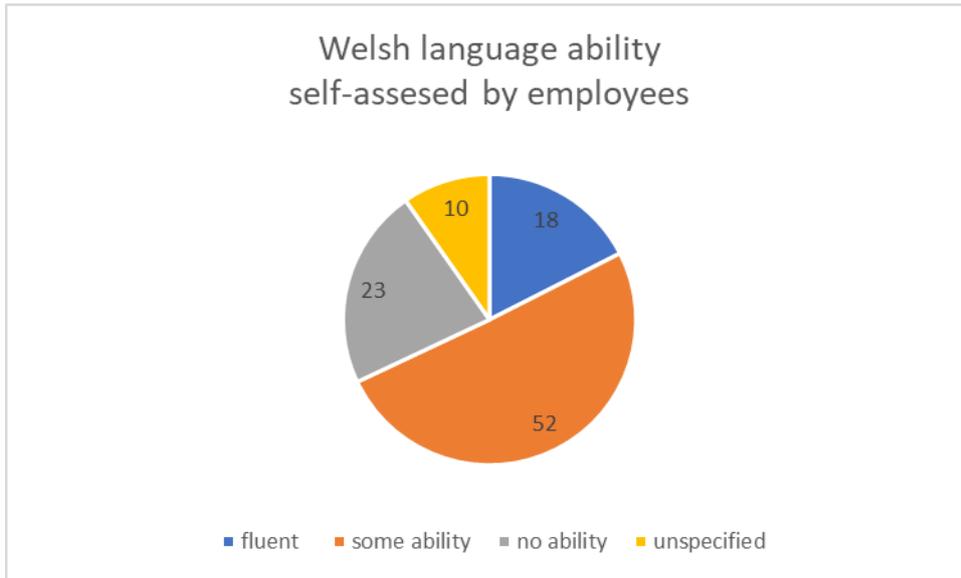
Welsh language

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 2023, our records indicate 18 employees (17.5%) who rated themselves as fluent in all four areas (reading, speaking, understanding and writing), this is an increase of 2 compared to last year. Twenty-three (22%) self-assessed as having no ability, this is an improvement on last year where the figure was 44 employees. This is likely due to improved reporting by employees rather than an increase in skill levels. Fifty-two employees indicate some ability across at least one, or more of the areas. We ask employees to update their Welsh language ability on an annual basis as skill levels may change, 10 employees have not self-assessed their language levels (93 have).

When recruiting we evaluate the need for Welsh language ability, and this will be specified in the published job description. New employees are asked to review and confirm their skills upon joining.





In respect of our Board members, four self-assess themselves as being fluent in the Welsh language, two as having basic ability and five as having no ability.

We continue to support employees who wish to learn Cymraeg 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. This year we have supported three employees to formally further their Cymraeg skills, two attended immersive week-long training provided by the National Centre for Learning Welsh. We also support attendance at courses run at FE colleges. We have previously explored opportunities to work with other similarly sized public bodies to provide on-site Welsh-language training, and we keep this under review.

<p>Signed</p> <p><i>Philip Blaker</i></p>	<p>Philip Blaker Accounting Officer 21 September 2023</p>
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The Certificate and 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 2023 under paragraph 33(2) of Schedule 1 of the Qualifications Wales Act 2015.

The financial statements 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 the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the state of Qualifications Wales' affairs as at 31 March 2023 and of its net expenditure, for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.
- 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 income and expenditure recorded 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 for 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 certificate.

My staff and I are 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 certificate.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and other parts of the Remuneration and Staff Report that are audited and my auditor's report thereon. 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.

Opinion on other matters

In my opinion, the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Qualification Wales Act 2015.

In my opinion, based on the work undertaken in the course of my audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Welsh Ministers' directions made under the Qualification Wales Act 2015; and
- the information given in the Performance Report, Performance Analysis and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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, Performance Analysis and 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:

- I have not received all of the information and explanations I require for my audit.
- 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 Accountability Report are not in agreement with the accounting records and returns;

- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing 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 the Accounting Officer anticipates that the services provided by body will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Qualifications Wales Act 2015.

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, expenditure recognition, posting of unusual journals and management override of controls;
- Obtaining an understanding of Qualifications Wales' framework of authority as well as other legal and regulatory frameworks that the [name of body] 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'; and
- Obtaining an understanding of related party relationships.

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 those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members 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. This description forms part of my auditor's report.

Other auditor's responsibilities

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton

Adrian Crompton
Auditor General for Wales
22 September 2023

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Financial Statements

4.1 Statement of comprehensive net expenditure

Statement of Comprehensive Net Expenditure			
	Notes	2022-23	2021-22
		£'000	£'000
Revenue from contracts with customers	2	(41)	(41)
Other operating income		-	-
Total Operating Income		(41)	(41)
Expenditure			
Staff Costs	**	6,522	6,058
Programme Costs			
Grants	3	762	671
Other	4	756	726
Other operating expenditure	5	1,130	1,105
Provision revaluation	13	(14)	-
Depreciation, Amortisation and Impairment	6,7 & 8	298	220
Total Operating Expenditure for year ended 31 March 2023		9,454	8,780
Net Operating Expenditure		9,413	8,739
Finance expenses	12	62	-
Net Expenditure for the year		9,475	8,739
Comprehensive net expenditure for the year		9,475	8,739

** See remuneration report on page 69 for a breakdown of staff costs.

All activities are continuing.

The notes on pages 83-99 form part of these accounts.

4.2 Statement of financial position

Statement of Financial Position			
		2022-23	2021-22
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	6	300	196
Intangible assets	7	523	567
Right of use assets	8	669	-
Trade and Other Receivables	9	14	16
Total non-current assets		1506	779
Current assets			
Cash and cash equivalents	10	62	35
Trade and Other Receivables	9	144	187
Total current assets		206	222
Total assets		1,712	1,001
Current liabilities			
Trade and other payables	11	(507)	(537)
IFRS 16 Liability within one year	12	(79)	-
Provisions within one year	13	-	(11)
Total current liabilities		(586)	(548)
Total assets less current liabilities		1,126	453
Non-current liabilities			
IFRS 16 Liability	12	(638)	-
Provisions	13	(117)	(153)
Total assets less total liabilities		371	300
Taxpayers' equity and other reserves			
General Fund		371	300
Usable Reserve		-	-
		371	300

The notes on pages 83-99 form part of these accounts.

<p>Signed</p> <p>Philip Blaker</p>	<p>Philip Blaker Accounting Officer 21 September 2023</p>
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4.3 Statement of cash flows

Statement of Cash Flows			
		2022-23	2021-22
	Notes	£'000	£'000
Cash flows from operating activities			
Net expenditure		(9,475)	(8,739)
Adjustments for non-cash transactions			
Depreciation	6,7 & 8	298	220
(Increase) / Decrease in trade and other receivables	9	45	(41)
Increase / (Decrease) in trade and other payables	11	(30)	73
Movement in provisions	13	(14)	(11)
Net cash outflow from operating activities		(9,176)	(8,498)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(198)	(69)
Purchase / Enhancement of intangible assets	7	(66)	(182)
Net cash outflow from investing activities		(264)	(251)
Cash flow from financing activities			
Funding from Welsh Government		9,546	8,543
IFRS 16 Liability	12	(79)	-
Net decrease in cash and cash equivalents		27	(206)
Cash and cash equivalents at the beginning of the period	10	35	241
Cash and cash equivalents at the end of the period	10	62	35

The notes on pages 83-99 form part of these accounts.

4.4 Statement of changes in taxpayers' equity

Statement of Changes in Taxpayers' Equity			
	General Fund £'000	Usable Reserve £'000	Total £'000
Balance as at 31 March 2021	262	234	496
Grant in aid from Welsh Government	8,543	-	8,543
Comprehensive net expenditure for the year	(8,739)	-	(8,739)
Transfers between reserves	234	(234)	-
Balance as at 31 March 2022	300	-	300
Grant in aid from Welsh Government	9,546	-	9,546
Comprehensive net expenditure for the year	(9,475)	-	(9,475)
Transfers between reserves	-	-	-
Balance as at 31 March 2023	371	0	371

The notes on pages 83-99 form part of these accounts.

4.5. Notes to the Accounts for the year ended 31 March 2022

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. From this year forward any such works over £5,000 (previously £10,000) will be capitalised. This brings us into line with the Welsh Government's threshold.

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 greater than £5,000 (previously £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) Right of use assets

As a Lessee

A right of use asset and lease liability is recognised at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments, and incentives.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use of fair value.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment assets.

IAS 36 Impairment of Assets is used to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Implementation and Assumptions

IFRS 16 has been applied using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease". IAS 17 operating leases are now included within the SoFP as a lease liability and right of use asset.

Previous treatment

In the comparative year, we classified leases that transfer substantially all the risks and rewards of ownership as finance leases.

Leases other than finance leases are classified as operating leases. Assets previously held under operating leases were not recognised in the SoFP. Payments were recognised in the SoCNE on a straight-line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

Policy applicable from 1 April 2022

At inception of a contract, it is assessed as to whether it contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset we would assess:

- * The contract involves the use of an identified asset;
- * We have the right to obtain and substantially all of the economic benefit from the use of the asset throughout the period of use, and
- * We have the right to direct the use of the asset

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

(h) VAT

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

(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 2021-22 through the provision of some services. Further information, demonstrating the application of IFRS 15 to our 2022-23 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 2022-23. A summary of the total employer's pension contributions is shown in the table on page 69.

(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 2022-23, and how IFRS 15 has been applied to its treatment.

Services Provided and nature of arrangements	Key IFRS15 Judgements	Income 2022-23 £'000	Income 2021-22 £'000
Revenue Provided and nature with Customers			
The provider of an agreed number of days per month of ongoing ICT support via 'shared services 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 independent, 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	41
Total revenue from contracts with customers		41	41

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 2023, there were no contract assets or contract liabilities (£nil 2021-22).

As all the current IT agreements extend into 2023-24, there will continue to be income generated in 2023-24 of circa £41k.

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

3. Summary of grant expenditure

Summary of Grant Expenditure	2022-23	2021-22
	£'000	£'000
Support for Welsh medium assessment		
WJEC	423	293
Pearson	37	36
Agored Cymru	13	25
City and Guilds of London Institute	48	43
NCFE	4	-
Chartered Institute of Waste Management	10	-
Chartered Institute of Housing	-	4
Excellence, Achievement & Learning Ltd	-	12
UK Coaching Solutions Ltd	-	9
Royal Society for Public Health	1	-
sub-total	536	422
Support for Qualification Reform		
WJEC	26	-
Colegau Cymru	-	7
City and Guilds of London Institute	-	46
Swansea University	-	1
sub-total	26	54
Welsh for Adults Qualifications Support		
WJEC	200	195
Overall Total	762	671

4. Summary of other programme expenditure

Summary of Other Programme Expenditure	2022-23	2021-22
	£'000	£'000
Use of subject experts / stakeholder engagement	386	379
Research Costs	181	165
Communications & External Relations Activities	180	158
Transcription	9	24
Overall Total	756	726

5. Summary of other operating costs

Summary of 'Other Operating Expenditure	2022-23	2021-22
	£'000	£'000
Facilities related costs	198	338
HR Related Costs	137	126
ICT Related Costs	438	327
Board Costs	81	84
Legal Support Costs	38	47
External Audit Fees	23	20
Other professional support *	121	98
Travel and Subsistence	38	13
Admin and Office costs	56	52
Overall total	1,130	1,105

* 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
Cost				
At 1 April 2022	236	492	66	794
Additions in the period	52	53	93	198
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	(127)	-	(127)
Impairments in the period	-	-	-	-
At 31 March 2023	288	418	159	865
Depreciation				
At 1 April 2022	142	414	42	598
Charged in the year	29	50	15	94
Disposals for the period	-	(127)	-	(127)
Impairments in the period	-	-	-	-
At 31 March 2023	171	337	57	565
Carrying Value at 31 March 2022	94	78	24	196
Carrying Value at 31 March 2023	117	81	102	300

Property, Plant and Equipment	Furniture and Fittings	Information Technology	Buildings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	235	425	66	726
Additions in the period	1	68	-	69
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	(1)	-	(1)
Impairments in the period	-	-	-	-
At 31 March 2022	236	492	66	794
Depreciation				
At 1 April 2021	118	350	34	502
Charged in the year	24	65	8	97
Disposals for the period	-	(1)	-	(1)
Impairments in the period	-	-	-	-
At 31 March 2022	142	414	42	598
Carrying Value at 31 March 2021	117	75	32	224
Carrying Value at 31 March 2022	94	78	24	196

7. Intangible assets

Intangible Assets	Licences for systems under development	Software Licences	Information Technology	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2022	76	59	1,145	1,280
Additions in the period	19	-	47	66
Transfers from 'under development'	-	-	-	-
Disposals in the period	-	-	-	-
At 31 March 2023	95	59	1,192	1,346
Amortisation				
At 1 April 2022	-	12	701	713
Charged in the year	-	12	98	110
Disposals for the period	-	-	-	-
At 31 March 2023	-	24	799	823
Carrying Value at 1 April 2022	76	47	444	567
Carrying Value at 31 March 2023	95	35	393	523

Intangible Assets	Licences for systems under development	Software Licences	Information Technology	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	42	-	1,056	1,098
Additions in the period	56	37	89	182
Transfers from 'under development'	(22)	22	-	-
Disposals in the period	-	-	-	-
At 31 March 2022	76	59	1,145	1,280
Amortisation				
At 1 April 2021	-	-	590	590
Charged in the year	-	12	111	123
Disposals for the period	-	-	-	-
At 31 March 2022	-	12	701	713
Carrying Value at 1 April 2021	42	-	466	508
Carrying Value at 31 March 2022	76	47	444	567

During 2022-23, 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 2022-23 would have been circa £120k.

8. Right of use assets

Right of Use Assets	Equipment £'000	Buildings £'000	Total £'000
Cost			
At 1 April 2022	-	-	-
IFRS 16 Recognition of Asset	-	751	751
Additions in the period	12	-	12
Disposals in the period	-	-	-
Impairments in the period	-	-	-
At 31 March 2023	12	751	763
Depreciation			
At 1 April 2022	-	-	-
Charged in the year	2	92	94
Disposals for the period	-	-	-
Impairments in the period	-	-	-
At 31 March 2023	2	92	94
Carrying Value at 31 March 2022	-	-	-
Carrying Value at 31 March 2023	10	659	669

A Right of use assets is a lease that conveys the right to control the use of an identified asset for a period.

In the 2021-22 Annual Accounts under Note 17. "Impact of standards not yet effective" it was estimated that the value of the leased building to be capitalised was £436k. During the year an extension was signed on the building lease increasing the term of the lease from 17 May 2025 to 17 May 2030. This, together with the increase in the contract interest rate means that the value of the leased building increased to £751k. This was not considered as an addition in the year as the original lease was in existence at the start of the year.

The addition to Right of use assets in the year relates to a new contract for the lease for Multi-Function Devices which started on the 1 October 2023 and will run through until June 2027.

9. Trade and other receivables

Trade and other receivables	2022-23 £'000	2021-22 £'000
<u>Amounts falling due within one year</u>		
Trade Receivables	-	-
Other Receivables		
Prepayments	144	187
<u>Amounts falling due after more than one year</u>		
Other Receivables		
Prepayments	14	16
Total	158	203

10. Cash and cash equivalents

Cash and cash equivalents	2022-23 £'000	2021-22 £'000
Balance at start of period	35	241
Net change in cash and cash equivalent balances	27	(206)
Balance as at 31 March	62	35

This is all held with the Government Banking Service.

The balance held at 31 March 2023 is within the level approved by Welsh Government.

11. Trade payables and other current liabilities

Trade payables and other current liabilities	2022-23	2021-22
	£'000	£'000
Amounts falling due within one year		
Trade Payables	93	41
Accruals	414	496
Total	507	537

12. IFRS 16 Right of use liability

IFRS 16 Liability	Office Equipment	Buildings	Total
	£'000	£'000	£'000
At 1 April 2022	-	-	-
IFRS 16 Recognition of Asset	-	751	751
Additions in the period	12	-	12
Re paid in the year*	(2)	(106)	(108)
Interest Charged	-	62	62
At 31 March 2023	10	707	717
Analysis of the expected timings of the future liabilities			
Not later than one year	2	77	79
Later than one year and not later than five years	8	378	386
Later than 5 years	-	252	252
Total	10	707	717

* Re paid in the year includes the release of the Annualised Building Lease Costs (Note 13. Provisions for liabilities and charges).

13. 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 2022	131	33	164
Provided in the year	-	-	-
Utilised / released in the year	(14)	(33)	(47)
Balance as at 31 March 2023	117	-	117
Analysis of the expected timings of the future liabilities			
Not later than one year	-	-	-
Later than one year and not later than five years	-	-	-
Later than 5 years	117	-	117
Total	117	-	117

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 2030 (extended from 17 May 2025 during the year). An approximate 'cost per square foot' was obtained, from an independent source, on which to base this calculation.

The annualised building lease costs provision had 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 had been set up to allow the 'equalising' of charges to the Statement of comprehensive net expenditure. This provision is now no longer required as the building lease costs are now being accounted for under IFRS 16 with the creation of a right of use building asset and corresponding liability.

14. Capital commitments

Contracted capital commitments at 31 March 2023 not otherwise included in these financial statements	2022-23 £'000	2021-22 £'000
Intangible Assets		
Finance System - Licences and Implementation	5	24
Developments to the QiW regulatory database	5	19
Total	10	43

15. Related party transactions

The FReM 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. 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 £9.546m from Welsh Government (£8.544m in 2021-22).
- 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 £6.476m were made (£6.116m in 2021-22), and further costs of £21k were accrued (£8k in 2021-22).

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
£365* (2021-22 £1,200)	e-Assessment Association	Costs for Annual Subscription	Graham Hudson Chair
At the Year End there was no money due from e-Assessment Association to Qualifications Wales * The £365 was due by way of an accrual at the Year End Other than the above there was no further money due to e-Assessment Association from Qualifications Wales at the Year End			

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.

16. Contingent liabilities

None

17. 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.

These financial statements were authorised for issue on 21 September 2023 by Phillip Baker, Accounting Officer

Signed <i>Philip Blaker</i>	Philip Blaker Accounting Officer 21 September 2023
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