

# Education Workforce Council



## Annual Report and Accounts for the year ending 31 March 2019

This document is being laid before the National Assembly for Wales jointly by the Auditor General for Wales and the Cabinet Secretary for Education in accordance with Schedule 1 of the Education (Wales) Act 2014.

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## Performance Report

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## **Foreword from Chair**

Dear colleague,

The EWC concludes its first four year term on 31 March following the renaming of the former General Teaching Council for Wales (GTCW) on 1 April 2015.

The Council has evolved significantly over this time. Most notably, Wales now has the widest public register of its type worldwide with the Council registering and regulating over 80,000 practitioners across seven groups within the education workforce. This model is attracting considerable interest from countries across the world, as others seek to learn from this significant world leading development in Wales.

As a regulator, it is important that we continue to provide public reassurance and act as a safeguard to learners, parents, guardians and the general public. The Council concluded 344 fitness to practice and suitability for registration cases during the year and received over 133,000 online checks of the public Register.

During 2018-19, the Council has again expanded its work and infrastructure.

In June, we announced details of the programmes of Initial Teacher Education (ITE) that our Accreditation Board led by Professor John Furlong had deemed as meeting the standards needed to prepare high quality new teachers in Wales. We were also asked by the Welsh Government to lead two high profile areas on its behalf, namely the promotion of careers in the education professions and to act as the secretariat to the Independent Welsh Pay Review Body (IWPRB), following the devolving of teachers' pay to Wales.

As an organisation whose core income is generated by registration fees, it is important that we continue to offer value for money and in this regard we have again increased our services to registrants. Requests for training and presentations from registrants, future registrants, governors and stakeholders are at their highest level since our inception. We are also seeing increased use of the online resources we provide, in particular the Professional Learning Passport and our range of good practice guides.

I look forward to welcoming eight new Council members to the EWC from 1<sup>st</sup> April 2019. They come with extensive experience across all of our seven registrant groups. I also thank those departing members for their work over the past four years.

The Auditor General for Wales has given an unqualified audit opinion on the 2017-18 accounts and our internal controls have again been verified by our internal auditors who have given us high levels of assurance about the quality of our systems.

It is with great pride and pleasure that I commend the Annual Report of the EWC to you.

Angela Jardine **(Chair)**

## **About us**

### **Introduction**

The Education Workforce Council (EWC) was established by the Education (Wales) Act 2014. Under the Act, the General Teaching Council for Wales (GTCW) was reconfigured and renamed to become the Education Workforce Council (EWC). The EWC came into being on 1 April 2015.

### **Our vision**

To be a credible, independent regulator and a trusted strategic partner in the education sector in Wales.

### **Our mission**

We are a national, independent regulator, ensuring professionalism and high standards of conduct and competence within the education workforce.

We regulate on behalf of the public and we support education professionals in a variety of roles including teachers and support staff from the foundation phase through to further education, youth work and work-based learning.

We are a credible source of data and intelligence on the education workforce in Wales.

### **Our role and remit**

The Education Workforce Council (EWC) is the independent regulator in Wales for teachers in maintained schools, Further Education teachers and learning support staff in both school and FE settings, as well as youth and youth support workers and people involved in work-based learning.

Under the Education (Wales) Act 2014, the principal aims and functions of the Council are to:

#### **Principal aims**

- Contribute to improving the standards of teaching and the quality of learning in Wales
- Maintain and improve standards of professional conduct amongst teachers and others who support teaching and learning in Wales
- Safeguard the interests of learners, parents and the public and maintain public trust and confidence in the education workforce

## Main functions

- Establish and maintain a Register of Education Practitioners
- Maintain a Code of Professional Conduct and Practice for the education workforce
- Investigate and hear allegations of unacceptable professional conduct, serious professional incompetence and / or relevant criminal offences that might call into question a registered person's fitness to practise
- Accredite programmes of ITE and monitor their compliance with national criteria
- Provide advice to the Welsh Government and others on matters related to the education workforce and teaching and learning
- Monitor Induction and hear Induction appeals (where applicable) for teachers
- Promote careers in the education workforce
- Undertake specific work in relation to teaching and learning at the request of the Welsh Government

The EWC is not a Welsh Government sponsored body; it is funded by registration fees, but receives grant funding from the Welsh Government for the following activities undertaken on its behalf:

- Administering the award of Qualified Teacher Status (QTS)
- Administering funding, tracking and recording arrangements for Induction
- Developing and hosting the Professional Learning Passport
- Hearing Induction appeals and the issuing of Induction certificates
- Promoting careers in the education professions
- Acting as the secretariat to the Independent Welsh Pay Review Body (IWPRB)

## **Structure**

The Education Workforce Council has 14 members. Seven members are directly appointed through the Welsh Government public appointments system and seven members are appointed following nomination from a range of stakeholders. Council members are appointed for a period of four years. The Council sets the strategic direction for the EWC, and is responsible for its governance. In addition, 64 members are appointed to fitness to practise panels and 13 members to the ITE board. During the year, the Council employed an average of 40.3 full-time equivalent staff.

## **Strategic objectives**

We will work to achieve our strategic aims through the following four objectives:

**Objective 1 - Maintain the professional standards of registrants and ensure their fitness to practise in the public interest**

**Objective 2 – Promote professionalism and professional learning within the education workforce**

**Objective 3 – Work as a strategic partner to help improve education policy and its implementation in Wales**

**Objective 4 – Ensure organisational capability and capacity whilst ensuring best value for registrants**

## **Overview**

The EWC highlights the following key achievements in 2018-19:

### **Objective 1 - Maintain the professional standards of registrants and ensure their fitness to practise in the public interest**

- Maintained a Register of Education Practitioners, comprising over 80,000 registrants. Processed 11,393 new applications for registration
- Introduced an online registration application facility which has helped to reduce processing times and cost. Attracted over 133,000 online searches of the Register by registrants, employers and the public
- Made over 50 presentations to trainees at universities and FE colleges to prepare them for registration on qualifying
- Initiated a large-scale data quality and completeness strategy to further populate and maintain the data held on the Register
- Effectively concluded 344 fitness to practise cases (65 FTP, 279 Suitability)
- Recruited 29 new fitness to practise panel members
- Provided all new registrants with a copy of the Code of Professional Conduct and Practice and expanded our suite of good practice guides for registrants, which accompany the Code
- Conducted public consultations on a revised Code of Professional Conduct and Practice (as required in legislation) and proposed additional powers of interim suspension (at the request of the Minister)
- Issued certificates to 1,104 trainees who achieved Qualified Teacher Status in Wales and to 997 people who met the relevant Induction standards in Wales
- Considered 30 applications for Qualified Teacher Status by qualified teachers from other UK or European countries, making 24 awards
- Reviewed procedures for assessing applications for Qualified Teacher Status by qualified teachers from outside of the UK in preparation for the implications of Brexit

### **Objective 2 – Promote professionalism and professional learning within the education workforce**

- Assessed 19 programmes of initial teacher education for accreditation, with 10 programmes being accredited and, in collaboration with Welsh Government confirmed trainee numbers for each of the programmes accredited
- Monitored ongoing compliance of programmes with national ITE accreditation criteria
- Made preparations to assess further ITE programmes in 2019-20, including new national part-time / employment based programmes

- Supported over 2,500 new teachers, over 960 induction mentors, over 430 external verifiers, and over 920 schools as part of the Induction and MEP programmes
- Further developed a national e-portfolio system (the Professional Learning Passport) on behalf of the Welsh Government, with user numbers expanding to over 18,300 and 168 training and support sessions for schools, colleges and associated organisations delivered in the year
- Continued to implement the Council’s Research Strategy, including funding nine projects as part of a pilot research bursary scheme for registrants, providing a range of online resources to registrants to encourage close to practice research and co-ordinating our outward facing Research Engagement Group

**Objective 3 – Work as a strategic partner to help improve education policy and its implementation in Wales**

- Assumed responsibility for the promotion of careers in the education professions in Wales, on behalf of the Welsh Government, with the intention of developing and launching a major new campaign and digital solution in 2019-20
- Appointed as the independent Secretariat to the Independent Welsh Pay Review Body (IWPRB), following the devolution of teachers’ pay to Wales
- Influenced education policy in Wales as a representative on a range of national groups covering matters such as curriculum change, recruitment and retention, leadership, professional standards, teacher supply, PCET reform, work- based learning qualifications and youth work strategy
- Responded to 14 national consultations / calls for evidence using unique data from the Register as a sound evidence-base. Provided an input into 16 high-profile national reviews / research projects on topical education issues
- Led six key research projects on behalf of the Welsh government covering ITE incentives, professional learning and FE / work based learning data
- Hosted a number of national events, including “Professionally Speaking” featuring Iolo Williams and Kirsty Williams and “Empowering Education” featuring Professors John Furlong and Jennifer Gore and made preparations for similar high profile events in 2019-20
- Provided a number of large scale “data packages” from the Register to support the Welsh Government, the National Academy for Educational Leadership and others. Published a number of “Data Insights”, including new national data on further education, work-based learning and youth work registrants
- Collaborated with a range of national organisations in running events, making keynote speeches and publishing / contributing to key documents
- Maintained a high presence with registrants, future registrants, employers, trade unions and other stakeholders. During the year, the Council delivered over 450

training & support sessions / presentations, attracted over 650,000 page views of the EWC website, worked to increase its Twitter presence with 5,900 followers, published 11 website blogs written by prominent figures in education, issued five stakeholder e-newsletters and four registrant correspondences

- Produced regular press releases and attracted significant press attention in year, particularly through our fitness to practise work

#### **Objective 4 – Ensure organisational capability and capacity whilst ensuring best value for registrants**

- Received an unqualified audit opinion for our annual accounts 2017-18
- Provided a comprehensive programme of training for Council members, fitness to practise panel members, ITE accreditation board members and staff
- Maintained a comprehensive suite of internal HR, financial and operational policies and procedures for staff
- Assisted Welsh Government in appointing a new EWC Council, commencing April 2019
- Appointed 29 additional fitness to practise panel members and four ITE Accreditation Board members
- Ensured we have met our statutory responsibilities in relation to GDPR, Welsh language and Equality
- Established a purpose built hearing facility at Eastgate House, reducing the cost of future fitness to practice hearings

#### **Key risks and challenges**

Council has robust procedures in place to manage organisational risk, and maintenance of a risk register ensures that areas identified are afforded close scrutiny and are regularly reviewed by management. Further information is provided in the 'Annual Accounts' section.

The Council carried out extensive preparations in readiness for the introduction of the General Data Protection Regulations in May 2018 and received substantial assurance from its internal auditors when reviewing this area in March 2019.

Cyber security issues constitute a global threat, and organisations are susceptible to risk on an ongoing basis, irrespective of size or business type. We have fully committed to ensuring the security of our IT network and welcome external scrutiny of our systems to enable us to improve. In April 2018, the Council gained Cyber Essentials certification and continues to ensure that it is PCI compliant on a quarterly basis. These safeguards provide additional assurance about the robustness of our systems which help to mitigate against risk. In tandem with this, staff are provided with regular updates about IT security and a

programme of random phishing tests are conducted with staff to ensure that they remain vigilant against potential cyber threats. We continue to use a range of tools to enable staff to send personal and potentially sensitive data securely via email, for example Egress Switch.

The impact of Brexit has been considered and has implications for the Council's function of recognising EU qualifications on behalf of the Welsh Government. A series of meetings took place with both Welsh and Westminster Governments and revised procedures have been scoped out in the event of either a "deal" or "no deal" scenario.

It is recognised that in the current economic climate, the activities supported via Welsh Government funding are subject to change and it is imperative that this area is afforded sufficient scrutiny to ensure that this does not impact adversely on the organisation or on the services provided to registrants. Ensuring flexibility of staff and providing ongoing training and support will be fundamental. It is also important to acknowledge that whilst we undertake specific, regular activities on behalf of Welsh Government, we can also be requested to undertake bespoke work on an ad hoc basis, and this can invariably impinge upon other planned activity and impact upon staff resources. This area needs to continue to be kept under constant review via Council and senior management meetings to ensure that the organisation remains focussed on activity which supports our own strategic objectives.

## **Performance Analysis**

The Council's operational plan sets out detailed actions and measures for each of its strategic objectives. Responsibility for achievement of the objectives is distributed to senior officers and further delegated to teams as appropriate. Progress is monitored by both Council and the senior team through monthly and quarterly processes. A detailed documentary is provided below.

### **(A) Performance Objectives**

#### **Objective 1 - Maintain the professional standards of registrants and ensure their fitness to practise in the public interest**

##### **Registration**

The Register of Education Practitioners is integral to the EWC's work in ensuring high standards of professionalism are maintained within the workforce.

The EWC now has the most comprehensive register of education practitioners worldwide, covering seven groups within schools, further education, work-based learning and youth work. As at 31 March 2019, over 80,000 education practitioners were registered, and 11,393 new registration applications were processed in year. The introduction of a new online registration facility has proved popular with two thirds of all applications now online.

We have worked extensively with employers over the past year to ensure that they comply with their legal responsibilities to only employ EWC registered staff. The public-facing Register available via our online platform, enables employers, members of the public and others to conduct registration checks on education practitioners and plays a pivotal role in safeguarding learners. Over 133,000 online checks were made by registrants, employers, and the public between 1 April 2018 and 31 March 2019.

The Council has expanded its programme of visits to universities and FE colleges, undertaking over 50 sessions in year. These are important in explaining the legal requirements to register with the EWC to trainees should they decide to practice in Wales and what they can expect from their future professional body.

A comprehensive exercise to populate registrant records and ensure their accuracy is underway. All registrants were sent a data capture card during the year to encourage them to check and update their details.

## **Qualified teacher status (QTS) and statutory Induction**

The Council issued certificates to 1,104 people who achieved Qualified Teacher Status in Wales through initial teacher education and employment based routes. We granted recognition to 24 teachers with qualifications from EU countries as qualified teachers in Wales. We issued 997 certificates to school teachers who successfully completed their Induction.

We have worked with both the Welsh Government and Westminster Governments to consider the implications for teachers seeking to work as teachers in Wales post Brexit, refining procedures in the event of either a “deal” or “no deal” scenario.

## **Fitness to Practise**

The EWC has a statutory responsibility to investigate and, if necessary, hear cases where it is alleged that a registrant is guilty of unacceptable professional conduct, serious professional incompetence and/or a conviction for a relevant offence. The majority of cases considered by the Council are referred to us by employers and supply agencies in line with Welsh Government legislation. The Council concluded 65 fitness to practise cases during the year.

All our inward and outward facing fitness to practise procedures and documents were reviewed and amended, where appropriate. Following the expansion of the Register to the wider education workforce from April 2015, we are dealing with more referrals than in the past. The Council appointed and trained 29 new panel members in year to ensure we have the resilience to deal with this casework efficiently.

The Council extensively disseminated its Code of Professional Conduct and Practice for the education workforce throughout the year. All new registrants received a copy of the Code. To assist registrants, employers and governors in understanding and applying the Code, we continued to provide face to face training and support to registrants and extended our suite of good practice guides which complement the Code.

Two public consultations were held, both of which attracted a large number of responses. The first, on proposed revisions to the Code, which is required by legislation every three years. The second, on proposed additional powers of interim suspension was at the request of the Minister for Education. A revised Code will be issued to registrants in May and take effect from September 2019. The Minister is considering the report setting out responses on interim suspension powers.

### **Suitability for registration**

Part of our core functions is to ensure the suitability of registrants to practise. Every education practitioner is asked to declare their criminal and disciplinary/regulatory history as part of their application for registration.

We have concluded a total of 279 applications for registration where current or pending criminal, disciplinary or regulatory action involving the applicant was declared. We have adhered in all cases to the timescales and standards set out in our published procedures.

A comprehensive annual report on the Council's fitness to practise and suitability for registration work, including outcomes has been produced separately and will be made available online.

### **Induction Appeals**

The Council has responsibility for hearing appeals from newly qualified school teachers who fail assessment against the relevant Induction standards, but are dissatisfied by such a decision. No appeal was received in year.

## **Objective 2 – Promote professionalism and professional learning within the education workforce**

### **Accreditation of ITE**

The Council gained new statutory powers in March 2017 to accredit initial teacher education programmes in Wales and monitor their compliance.

We assessed 19 programmes of ITE for accreditation. 10 programmes to run from September 2019 were granted accreditation, subject to conditions which were monitored during the remainder of the year. In addition, the Council, in collaboration with the Welsh Government confirmed student numbers that each provider may recruit to their programmes.

Preparations have been made to assess further programmes in 2019-20, including new national part-time / employment based programmes.

### **Professional learning**

The EWC administers funding, recording and tracking arrangements for school teachers' Induction on behalf of Welsh Government. This involves working closely with local authorities, consortia, mentors, newly qualified teachers and Welsh Government. The Council also continued to undertake a small amount of work in respect of the MEP programme which is now coming to an end in Wales. This work included:

- Supporting over 2,500 new teachers, over 960 induction mentors, over 430 external verifiers and over 920 schools as part of the Induction and MEP programmes
- Settling funding payments for Induction of over £1.9 million to schools which equates to over 3,100 payments for those participating in either induction or the MEP
- Releasing over £1.8 million to the four regional consortia on behalf of the Welsh Government for the provision of the external verifier role
- Providing tailored administrative support to each of the four consortia regions dependent on their own Induction programme arrangements, including leading the matching of external mentors to teachers in Induction for two of the regions
- Providing on-line services, help desk facilities and demonstrations to all registered practitioners accessing their Induction Profile, external verifiers, consortia, local authorities and schools

The Council continued to develop the world leading Professional Learning Passport (e-portfolio) for its registrants. We are pleased to report that over 18,300 practitioners have created their PLP to plan, record and reflect upon their professional learning since the launch. There has been an increase of over 6,000 accounts since 31 March 2018. We have

also seen a high demand for our face-to-face training and support sessions, with 168 have been completed in year. The inclusion of the new Welsh Government suite of professional standards for education practitioners and the development of the PLP App have, in particular encouraged interest in the tool.

### **Supporting practitioner research**

In line with the Council's Research Strategy, we have continued to promote and support research engagement across our registrant groups, guided by our Research Engagement Group. Through our pilot research bursary scheme, we funded a number of registrants to undertake practice-based action research, their research reports being published on our website. We commissioned and published a range of online resources for registrants to encourage close to practice research, including free access to the EBSCO package of academic journals and e-books.

### **Objective 3 – Work as a strategic partner to help improve education policy and its implementation in Wales**

#### **New functions on behalf of Government**

The Council was pleased to assume responsibility for two high profile activities which have the potential to add significant value for our registrants and education more generally in Wales.

We are asked by the Welsh Government to take the lead in promoting careers in the education professions in Wales. The Education (Wales) Act 2014 already sets out a role for the Council in this respect and in the first instance we took on management of the Discover Teaching campaign from the regional consortia. This work will develop further in 2019-20 with the procurement of a new digital platform, possible rebranding of the existing campaign and the creation of a national steering group and an advisory service.

In February, we agreed to act as the independent secretariat for the Welsh Independent Pay Review Body in Wales, following the devolving of teachers' pay to Wales for the first time.

#### **Supporting educational policy**

The organisation is committed to contributing to influencing policy in the interest of registrants. In year, we have been represented on a range of high profile national groups covering a range of policy areas including curriculum reform, recruitment and retention, leadership, professional standards, teacher supply, PCET reform, work-based learning qualifications and youth work strategy.

The EWC responded to 14 national consultations and requests for evidence during the year and provided an input to 16 national reviews / research projects on education issues.

We have hosted a number of national events, including “Professionally Speaking” featuring Iolo Williams and Kirsty Williams and “Empowering Education” featuring Professors John Furlong and Jennifer Gore. We have also collaborated with a range of national organisations in running joint events, making keynote speeches and publishing key documents such as ‘Youth Work: Principles and Purposes’.

The Chair, Chief Executive and senior officers meet regularly with a range of stakeholders in Wales. This includes the Minister for Education and education leads from each of the political parties in Wales. We also work closely with a range of organisations such as trade unions, regional consortia, employers, Estyn, the National Academy for Educational Leadership, HEFCW, Colleges Wales, National Training Federation for Wales, the Principal Youth Officers Group and the Council for Wales of Voluntary Youth Services.

## **Research and Analysis**

The Register of Education Practitioners in Wales offers a wealth of information that can be used to influence policy and workforce planning in Wales.

We have had high demand for the Council's data over the past year, providing large scale data packages to support the Welsh Government, the National Academy for Educational Leadership and others. The Council published a number of "Data Insights" during the year, including new national information on further education, work-based learning and youth work registrants. The Council's data continues to be used nationally as part of policy development and workforce planning and is frequently referred to in the press.

The Council was asked to lead six key research projects for the Welsh Government during the year covering ITE incentives, professional learning and FE / work-based learning. We have worked with a number of renowned experts in developing these projects.

## **Communication and engagement**

As a relatively new body, we continued to maintain a high presence with registrants, future registrants, employers, trade unions and other stakeholders. This is important to ensure we raise awareness and create an understanding about our role and remit. A variety of channels have been utilised to maximum potential.

Face-to-face training & support sessions / presentations that we deliver have proved particularly popular, with a high demand for topics such as the Code of Professional Conduct and Practice, the 'do's and don'ts of social media for registrants and the Professional Learning Passport. We have delivered over 450 such sessions over the past year.

In addition to this face-to-face interaction, we also communicate directly with our registrants through *MyEWC News*, an email bulletin published termly and through *Education Wales*, our stakeholder newsletter. Both correspondences continue to be well received, attracting open rates of 50% plus.

We have maintained and developed our website throughout the year, introducing new material. We attracted almost 650,000 page views of our website in year (our highest annual figure to date) and maintained a vibrant blog featuring prominent figures in education. We continued to utilise Twitter to promote key messages to our stakeholders.

The Council produced several press releases and was featured in the media over 150 times with particular interest in cases progressing through the fitness to practise process.

## **Objective 4 – Ensure organisational capability and capacity whilst ensuring best value for registrants**

### **Finance**

The EWC annual report and annual accounts were laid at the National Assembly for Wales in July 2018. We received an unqualified audit opinion and have also been commended by our internal auditors for the quality of our financial and operational processes.

### **Legislative responsibilities**

Following extensive preparatory work, the Council is fully compliant with new GDPR Regulations and was pleased to receive substantial assurance from its internal auditors at the end of the year. We submitted a detailed report to the Welsh Language Commissioner in September setting out our commitment and compliance with the Welsh Language Standards. Our Strategic Equality Plan and Objectives (available on our website) and our implementation of these demonstrate our corporate commitment to equity and fairness.

### **Human resources**

The Council has a robust programme in place to review and update its existing human resource, financial, and operational policies and processes on a cyclical basis. A number of new policies have also been introduced in line with organisational need.

We recognise that our staff are our key asset and as such focus has been on ensuring they are provided with training and development opportunities to enable them to flourish. We have a comprehensive staff training programme in line with organisational objectives. Staff numbers have increased again in 2018-19 in line with the evolution of the EWC and we provide comprehensive Induction training to new starters so that they are able to provide a high quality service to registrants.

Having signed up to the disability confident scheme and signed the employer pledge for mental health awareness in 2017-18, we have continued our commitment to these initiatives this year.

### **Supporting members**

Appointments to EWC Council are made through the Welsh Government public appointments process every four years. The first term of Council ended on 31 March 2019 and we assisted the Welsh Government in appointing a new Council starting on 1 April 2019. The new Council sees six members remaining for a second four year term and eight members joining Council for the first time. The fourteen members come with an extensive range of experience, with knowledge spanning all of the Council's seven registrant groups as well as a "lay" presence.

We also recruited 29 additional fitness to practise panel members and four additional ITE Accreditation Board members to ensure the Council has the capacity to discharge its statutory regulatory functions effectively.

Council and members received extensive training to ensure that their skills and competencies remained up to date with best practice.

### **Facilities**

The Council has established a purpose built facility at its offices in Eastgate House to hold fitness to practice hearings. As well as reducing costs, this will improve logistics.

## **(B) Wider performance matters**

### **Review of activities and developments**

For the financial year ending 31 March 2019, the Council reported a surplus of £544,000 (£1,027,000 surplus in 2017-18) and total net assets of £4,071,000 (£3,570,000 at 31 March 2018).

### **Environmental and community matters**

The Council is committed to minimising its impact on the environment. As a small body, opportunity is limited but wherever possible the Council seeks to reduce its impact via the following steps:

- Stationery consumption: Staff are encouraged to print documents only when necessary and to use the duplex printer function whenever possible. Recyclable printer cartridges are used where practical; ring binders and files are reused as appropriate.
- Travel: Where practical, public transport is used by officers. Car sharing is encouraged as appropriate and where car hire is required, the type of vehicle is chosen to maximise environmental efficiency. Staff and council members use video-conferencing for meetings where possible and encourage use of this facility amongst stakeholders to ensure value for money and minimum environmental impact.
- Energy: As a tenant in a managed building, certain functions are managed centrally. Heating is managed via thermostat controls located within the office, and the majority of lighting within the office is operated via a motion sensor and will switch off if not triggered by movement. The Energy Performance Assessment for the building is assessed as C (A is most - and G least - energy efficient); Carbon Trust energy saving stickers / posters have been placed at strategic points around the office to encourage staff to consider the environment by switching off electrical items and lights as appropriate. EWC has contributed to the cost of replacing windows within the building.
- Waste disposal: the Council is committed to recycling all waste, subject to external restrictions, including the separate disposal of plastic, paper and other waste. Disposable plastic cups have been replaced with glassware. Office furniture replaced in year has been recycled via Track 2000, and small office equipment has been donated to charitable causes.
- Sustainability awareness-raising activity has been conducted with staff as part of the regular health and well-being promotion.

- Communication with registrants and stakeholders via email where possible to reduce need for print material.

### **Consultation with employees and stakeholders**

The Council recognises the importance of communication with all employees, and of keeping them informed of internal and external developments. This includes regular all-staff meetings, team meetings, a staff intranet and e-mail bulletins on developments from the senior management team, as and when necessary. Council members and staff are encouraged to contribute to the strategic planning process via dedicated workshop sessions. This enables the organisation to capitalise upon the wealth of knowledge amongst staff and to engage them in developing the strategic direction of the organisation.

We have made deliberate steps to further engage stakeholders in developing our corporate strategy. We consulted on our strategic plan and also invited registrants to feedback on the types of services they think we could develop to support them going forward.

The Council's HR Forum is being revisited and refocused to ensure it is fit for purpose.

### **Employment policy**

The Council adopts an equal opportunities approach to the recruitment, development and promotion of staff. Recruitment processes are continually monitored to ensure compliance with Welsh language standards and equality responsibilities.

**Hayden Llewellyn**  
**Chief Executive**  
**12 July 2019**

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## **Corporate Governance Report**

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## **Directors' Report**

### **Council**

The Council has 14 members including:

- seven members appointed by Welsh Ministers from nominees of organisations set out in Schedule 2 of the *Education Workforce Council (Membership and Appointment) (Wales) Regulations 2014*; and
- seven members appointed directly by Welsh Ministers.

Members for the period, 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 were:

Angela Jardine, Chairperson	Clare Jones
Paul Croke	Helen O'Sullivan
Isobel Davies	Kevin Pascoe
Roberto De Benedictis	Hugh Pattrick
Joanne Gauden (to 9 <sup>th</sup> May 2018)	Jane Setchfield
John Griffiths	Robert Townsend
James Harris	Berni Tyler

In addition, the Audit & Scrutiny Committee includes one lay member (Andrew Bellamy).

### **Senior officers**

Senior officers for the period, 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 were:

Chief Executive	Hayden Llewellyn
Director of Qualifications, Registration & Fitness to Practise	Elizabeth Brimble
Deputy Chief Executive (Finance, HR & Corporate Services)	Julia Evans (to 31 <sup>st</sup> December 2018)
Director of Finance & Corporate Services	Lisa Winstone (from 26 <sup>th</sup> November 2018)
Director of Professional Development, Accreditation & Policy	Bethan Holliday-Stacey (from 3 <sup>rd</sup> December 2018)

The Council maintains a Register of Members' interests – available on the EWC website - which reports any interests which are or may be relevant to their work as a member of Council. Senior officers are required not to hold any remunerated post which would conflict with their duties for the Council, and any other unpaid positions are reported. Details of transactions with related parties including Council members and senior officers are disclosed at Note 17 to the Accounts.

## **Statement of Council's and Chief Executive's responsibilities**

Under Paragraph 21 of Schedule 1 to the Education (Wales) Act 2014, the Council is required to prepare for each financial year a statement of accounts in the form and on the 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 Council's state of affairs at the year-end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts, the Council is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Welsh Government, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The responsibilities of the Chief Executive, including responsibility for the propriety and regularity of the public finances for which the Chief Executive is answerable, for keeping proper records and for safeguarding the Council's assets, are set out in "Managing Welsh Public Money" published by the Welsh Government.

As Chief Executive, I confirm that:

- as far as I am aware, there is no relevant audit information of which the Council's auditors are unaware;
- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Council's auditors are aware of that information; and
- this Annual Report and Accounts as a whole is fair, balanced and understandable and that I take personal responsibility for this Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

## **Annual Governance Statement**

The Council is committed to achieving high standards of governance in the performance of its corporate objectives, including the proper management and control of its resources. This statement describes the governance arrangements for the Council in 2018-19 and the Council's risk and control framework, concluding with an assessment of their effectiveness in the year.

### **Role of the Education Workforce Council**

The principal aims and functions of the Council are to:

- Contribute to improving the standards of teaching and the quality of learning in Wales
- Maintain and improve standards of professional conduct amongst teachers and others who support teaching and learning in Wales
- Safeguard the interests of learners, parents and the public and maintain public trust and confidence in the education workforce

### **Governance framework**

The governance framework consists of the systems and processes employed in the achievement of its activities, and is underpinned by the mission, vision and values of the Council. It enables the Council to monitor and control its operations.

The Education Workforce Council is a body corporate, established by the Education (Wales) Act 2014 and various Welsh Government Regulations, including the EWC (Main Functions)(Wales) Regulations 2015. The Council comprises 14 members including seven members directly appointed through the Welsh Government public appointments system and seven members appointed following nomination from a range of stakeholders. Members are required to comply with the Code of Conduct and Best Practice for Members.

Members sit on one of three Council standing committees: Executive Committee, Registration & Regulation Committee, and Audit & Scrutiny Committee. The Council meets three times annually, and typically each committee also meets three times annually, with business reported to the next Council meeting. In addition, the Council has established a Performance Review Committee, consisting of the Chairperson and two other members which agrees the performance assessment of the Chief Executive, confirms the award of any increment and sets the objectives for the future year.

The governance framework is formalised through the Council's Standing Orders, which set out how the Council and Committees function. In support of that are a series of policies and procedures detailing how the Council operates and the process for achievement of corporate objectives. These make up the Council's system of internal control.

The Chairperson is responsible for providing effective strategic leadership on matters such as formulating the Council's strategy for discharging its statutory duties; encouraging high standards of propriety, and promoting efficient and effective use of staff and other resources throughout the Council; and ensuring that the Council, in reaching decisions, takes proper account of the Council's statutory responsibilities.

Members' roles are strategic and include focussing on corporate strategy, key strategic objectives and targets, approval of major policy documents and major decisions involving the use of financial and other resources. Under Standing Orders, the Council may delegate responsibility for specified matters to committees of the Council, the Chairperson or the Chief Executive. Council members and officers have complementary responsibilities with regard to the formulation and implementation of Council policy.

Responsibility for day-to-day management is delegated to the Chief Executive and senior staff, within a clear framework of strategic control by members. The Chief Executive has responsibility, under the Council, for the overall organisation, management and staffing of the Council, including staff conduct and discipline; for ensuring that the Council complies with all relevant legislation; and for monitoring compliance with Council's internal policies and regulations. He is responsible for the Council's proper corporate governance, the effective management of the executive, its financial management and communications with stakeholders. In his absence, the Chief Executive has established deputising arrangements in place with the Director of Qualifications, Registration and Fitness to Practice covering the role.

The Chief Executive is supported by his Senior Management Team (SMT) which comprises of three Directors as Senior Officers, listed in the Directors' Report. The SMT structure has been reviewed during the year which resulted in the creation of an additional Director post (Director of Professional Development, Accreditation and Policy). The SMT meets on a monthly basis. Its remit is to advise the Chief Executive on progress against its primary activities, to confirm resource allocation, to monitor and control management accounts based on agreed budgets, to review and amend the Risk Register and to review and approve new and revised policies affecting all aspects of the Council's operations.

In 2018-19, the Council committed to four corporate objectives, namely to:

- Maintain the professional standards of registrants and ensure their fitness to practise in the public interest;
- Promote professionalism and professional learning within the education workforce;

- Work as a strategic partner in education to help improve education policy and its implementation in Wales; and
- Ensure organisational capability and capacity whilst ensuring best value for registrants.

Objectives are interpreted into activities via the three-year Strategic and annual Operational Plans. Operational and financial performance is overseen by the Executive Committee via Quarterly Reviews, which report on achievements against objectives for the reported period. Financial accountability is achieved via the annual budget-setting – based on approved plans - with production of monthly management accounts, which are scrutinised by the Senior Management Team. The format of the annual accounts is determined by the Accounts Direction, issued by the Welsh Government and based on the Treasury’s Financial Reporting Manual. This ensures clarity about disclosure of financial performance. These Accounts – and the supporting financial systems - are then subject to external audit, confirming their accuracy and disclosure compliance and the regularity of financial transactions.

### **Risk and control framework**

The risk and control framework is underpinned by the Risk Management policy which forms a key strand of the Council’s internal control and corporate governance arrangements. The policy acknowledges that it is not possible to eliminate all risk but through the Risk Register, documents the processes by which risk is reduced to an acceptable level. It also notes that whilst the SMT is responsible for managing the risks, all staff have a role in identifying new potential risks.

The Risk Register details all key threats to achieving the corporate objectives, agreed in the Strategic and Operational Plans. Each key risk is given a score based on its potential impact on the business of the Council and its likelihood of occurring. The management strategy involves accepting, avoiding, reducing or transferring risks in response. Specific actions required are identified, allocated to a senior manager and actioned by set deadlines. The Risk Register includes an evaluation of the level of “residual risk” after the application of the control. Both opening and residual risks are represented using the traffic light warning system, and are coloured accordingly (Red/ Amber/ Green). All risks were considered at the quarterly review.

At the year-end, the Risk Register included the following main risks:

- Failure to register and regulate registrants in line with Welsh Government legislation;
- Operational activity is such that Council expenditure exceeds registration fee income; and

- Reputational damage caused by an inappropriate decision taken by a Fitness to Practise Committee, or in the event a High Court appeal.

The impact of all risks was mitigated to some degree by the stated controls.

The Risk Register is reviewed quarterly by senior officers, and at meetings of the Audit & Scrutiny Committee, which has a remit to oversee the Council's Risk Management policy. Progress is reported and new risks and controls identified during the regular review by the Senior Management team. The Risk Register is also taken to Council for consideration once annually, when members confirm that the overall assessment is consistent with Council's overall risk appetite. This is currently defined as being risk averse.

Financial risks are controlled by a detailed Finance Manual setting out financial procedures and specifying responsibilities and levels of delegation. Compliance with this manual promotes high standards of good governance.

Council is determined to ensure that fraud is not accepted or tolerated. It has a number of steps in place to ensure that fraud is prevented including separation of functions set out in the Finance Manual, regular financial monitoring and reconciliation, a Staff Code of Conduct describing the standards expected of EWC officers, clear line management systems and a Whistleblowing Policy. There were no whistleblowing incidents in the year, nor were any allegations of misconduct received otherwise.

The system of internal control is designed to manage risk to a reasonable level - rather than to eliminate all risk of failure - to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance 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 Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Council for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Council's Business Continuity and Disaster Recovery plan addresses key risks to the Council in the event of a threat to business continuity relating to buildings or information systems. This includes an annual testing of the plan, with the scenario this year based on FTP case papers going missing in the mail and details of the cases leaked online resulting in a deluge of complaints; and an excel spreadsheet containing registrant details sent to a teacher involved in an FTP case in error. A scenario test is repeated annually.

Council is a data-rich organisation in respect of the education workforce in Wales. Data is contained within the Council's databases but shared with individual registrants and specified information with employers or potential employers from time to time. Other

internal data is also stored securely. There have been no losses of personal data during the year, as confirmed at monthly meetings of the Senior Management Team.

Information security is supported by the nightly backup of Council data to an off-site cloud-based backup service.

Council has a published Standards of Service document with a system and timescale for dealing with complaints. No complaints were received through this process during the year.

Council is committed to deploying its human resources to promote strong corporate governance. It is committed to developing competent and well-trained people to perform the various Council and executive functions. During the year, it continued with an all-staff training programme – covering specific and general topics. This is in addition to individual identified training provision, including support for studying toward relevant professional qualifications.

During the year, members were also provided with a series of briefing sessions, covering for example Fitness to Practice (presented by one of the Council's FTP panel chairs); a briefing from Estyn with regards to the Estyn and OECD partnership on developing a self-evaluation framework for teachers; and the Director of Skills, Higher Education and Lifelong Learning also addressed members on Welsh Government developments.

The Council has its own annual Performance and Development Review (PDR) programme, which assesses officers' performance over the previous year and identifies specific objectives and training needs for the following year.

All officers are obliged to comply with the Code of Conduct for Council Officers. Council has a range of HR policies to ensure consistent expectations and levels of support. Staff have recourse to a Whistleblowing Policy including named Council members should the need arise. No matters were raised in 2018-19.

### **Review of Council's effectiveness**

Members' attendance at meetings held during 2018-19 is detailed in the following table:

Member	Council attendance (total possible in brackets)	Standing Committee attendance (total possible in brackets)		
		Executive	Registration & Regulation	Audit & Scrutiny
Angela Jardine	3 (3)	3 (3)		
Paul Croke	3 (3)	2 (3)		
Isobel Davies	3 (3)	3 (3)		
Roberto De Benedictis*	2 (3)			3 (3)
Joanne Gauden (to 9 <sup>th</sup> May 2018)	0 (0)		0 (1)	
John Griffiths	3 (3)			2 (3)
James Harris	2 (3)			2 (3)
Clare Jones	3 (3)			3 (3)
Helen O'Sullivan	1 (3)		4 (5)	
Kevin Pascoe	2 (3)	3 (3)		
Hugh Pattrick	3 (3)		4 (5)	
Jane Setchfield	3 (3)		4 (5)	
Robert Townsend	2 (3)	2 (3)		
Berni Tyler	3 (3)		4 (5)	

\*Chairperson of Audit & Scrutiny Committee

Members participate in an annual Members' Review Process - including an annual self-assessment of performance by members themselves, and also an assessment of performance of all members by the Chairperson. This has recently been completed for the 2018-19 year, and continues to be very successful.

Achievements against operational objectives are reported and reviewed regularly throughout the year via Quarterly Reviews. These reviews note achievement on the short-term outcomes and highlight any action remaining. This document is considered by the Chief Executive and the Senior Management Team and is overseen by the Executive Committee. A summary of the Council's achievements of objectives in 2018-19 is given in the Annual Report and Account's Executive Summary.

In addition, in respect of activities which are publicly funded, regular meetings are held with Welsh Government officials to monitor the achievement of those specific operational objectives. All operational targets were achieved.

### **Audit & Scrutiny Committee**

The Audit & Scrutiny Committee plays a significant role in the corporate governance structure, and through its review advises the Chief Executive on the efficacy of policies, systems and procedures. Its Terms of Reference are included within Council's Standing Orders.

During the year, it has received and reviewed various reports from both internal and external auditors, completed an assessment of internal and external auditors' performance, approved the revised Finance Manual and reviewed the Risk Register at each meeting. The committee also received an annual report on compliance with the Freedom of Information Act and Data Protection Act, an annual report on IT services and an internal audit report on our compliance with the General Data Protection Regulation (substantial assurance opinion given). Developments in year have included the request for management to complete the WAO best practice checklist for cyber security. This assessment will be presented to committee at its meeting in July 2019 as part of the annual IT services report.

All committee activity has supported a positive assessment of the Council's governance arrangements.

### **Internal audit**

Deloitte LLP act as internal auditors. Within an over-arching three year plan which ensures cyclical coverage of all areas, an annual programme of work is agreed prior to the financial year. As reviews are then completed during the year, reports are presented to the Audit & Scrutiny Committee. The results of the year are then summarised in an Annual Report.

A total of four reports were completed in 2018-19, covering the induction process; human resources – starters and leavers; GDPR; and financial systems including budgetary control, revenue and receivables. The following table summarises the level of assurance, and recommendations from each review:

Area	Assurance	Recommendations: Priority		
		High	Medium	Low
Induction	Substantial	-	-	-
Human Resources – Starters and Leavers	Substantial	-	-	-
GDPR	Substantial	-	-	1
Finance:				
Revenue and Receivables	Substantial	-	-	-
Budgetary Control	Substantial	-	-	-

The Annual Report concluded that “...the Education Workforce Council has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of the Education Workforce Council’s objectives.”

### External audit

Assessment on the effectiveness of the governance framework is also implicit in the findings and reports of the financial audit. The Auditor General for Wales is the statutory external auditor of the Education Workforce Council, appointed under the Education (Wales) Act 2014. The audit of the 2018-19 Annual Accounts was completed on his behalf by the Wales Audit Office.

Comments on the audit of the 2017-18 Annual Accounts were positive – with the AGW issuing an unqualified audit opinion and confirming that no significant matters had arisen as a result of audit testing, and noting that auditors had not found any material instances where resources have not been properly used and accounted for.

### **Significant governance issues**

The Council has not identified any significant governance issues in the year. Nor have any areas of concern been identified which require strengthening or improvement.

My operational focus has been on:

- (a) registering and regulating each of the seven registrant groups set out in legislation;
- (b) implementing ITE accreditation processes in line with Welsh Government requirements;
- (c) delivering all Welsh Government grant funded activities to standards agreed and integrating a number of new grant funded activities this year;
- (d) ensuring that the EWC made a significant contribution to policy development in Wales; and
- (e) communicating and disseminating the work of the EWC to registrants, future registrants and stakeholders.

There were no losses or special payments incurred in the year.

In addition, no complaints were received by officers during the year, nor were there any referrals to the Information Commissioner in respect of activity in-year.

### **Statement by Chief Executive**

In summary, I am satisfied that the governance framework of the Council during the year has been effective, giving assurance of the proper stewardship of resources in performance of its objectives.

**Hayden Llewellyn**  
**Chief Executive**  
**12 July 2019**

## **Remuneration and Staff Report**

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## **Remuneration policy**

The Remuneration and Staff Report details remuneration practices in respect of Council members and staff:

### **Service contracts**

Staff appointments are made in accordance with the Council's Recruitment and Selection policy, which requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

The senior staff covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

With the exception of the Chief Executive, all staff salaries are based on the Welsh Government salary scales. The Chief Executive's remuneration is based on an incremental scale, and any progression is approved by the Chairperson and confirmed by the Performance Review Committee. No bonuses are payable.

### **Members' remuneration\***

The Chairperson is the only member of Council who may be remunerated; the office is not entitled to membership of the Council's pension scheme.

During the year, Angela Jardine continued as Chairperson of the Council, having been re-elected to serve for the period until March 2019. As a serving teacher, this appointment is treated as a secondment and a proportion of salary is reimbursed to her employer. Mrs Jardine received no remuneration directly nor any benefits-in-kind. The Chairperson's commitment is estimated at an average two days per week.

All other Council members are paid for their expenses, including the reimbursement of costs incurred in travelling to meetings and also payment of supply cover to their employers or equivalent costs, as appropriate. This expenditure is reported as Members' costs at Note 2 (Direct programme costs).

	<b>2018-19</b>	<b>2017-18</b>
	<b>£000's</b>	<b>£000's</b>
Reimbursement of costs to employer - Chairperson:	20	20
Angela Jardine		

\*This information is subject to audit

### Senior staff remuneration\*

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior officers of the Council were, as follows:

<b>Single total figure of remuneration*</b>								
	Salary (£'000)		Bonus payments (£'000)		Pension benefits (£'000) <sup>1</sup>		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Hayden Llewellyn (M) Chief Executive	90-95	90-95	-	-	22	58	115-120	150-155
Julia Evans (F) * Deputy Chief Executive (Finance, HR & Corporate Services)	50-55	70-75	-	-	(1)	10	50-55	80-85
Elizabeth Brimble (F) Director of Qualifications, Registration & Fitness to Practice	70-75	65-70	-	-	49	31	120-125	95-100
Lisa Winstone (F) * Director of Finance & Corporate Services	20-25	-	-	-	9	-	30-35	-
Bethan Holliday-Stacey (F) * Director of Professional Development, Accreditation & Policy	20-25	-	-	-	24	-	40-45	-

\* Julia Evans resigned 31/12/18 and Lisa Winstone appointed 26/11/18. Bethan Holliday Stacey promoted to Director from 01/12/18 and was previously employed in non-director role prior to this. Costs above only relate to proportion of time employed as a Director.

<sup>1</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Council and thus recorded in these accounts.

No bonuses are payable by the Council.

\*This information is subject to audit

## Pay multiples\*

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2018-19		2017-18	
Band of highest paid individual's remuneration (£'000)	90-95	Band of highest paid individual's remuneration (£'000)	90-95	
Median total	27,400	Median total	27,400	
Ratio	3.4	Ratio	3.4	

The banded remuneration of the highest-paid director in the Council in the financial year 2018-19 was £90,000 - £95,000 (2017-18, £90,000 - £95,000). This was 3.4 times (2017-18, 3.4) the median remuneration of the workforce, which was £27,400 (2017-18, £27,400). The median has remained static in 2018-19.

In 2018-19, no employees (2017-18, nil) received remuneration in excess of the highest-paid director (the Chief Executive). Remuneration ranged from £19,240 to £93,950 (2017-18, £17,200 to £93,950).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

**Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the Council and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were paid during the year.

## Pension benefits\*

	Accrued pension at pension age as at 31/3/19 and related lump sum <b>£'000</b>	Real increase in pension and related lump sum at pension age <b>£'000</b>	CETV at 31/3/19 <b>£'000</b>	CETV at 31/3/18 <b>£'000</b>	Real increase in CETV <b>£'000</b>
Hayden Llewellyn (M) Chief Executive	30-35 plus lump sum of 75-80	0-2.5 plus lump sum of 0	624	545	7
Julia Evans (F) Deputy Chief Executive (Finance, HR & Corporate Services)	30-35 plus lump sum of 90-95	0 - 2.5 plus lump sum of 0-2.5	725	665	-1
Elizabeth Brimble (F) Director of Qualifications, Registration & Fitness to Practice	20-25	2.5 - 5	343	272	35
Lisa Winstone (F) Director of Finance & Corporate Services	10-15	0 – 2.5	141	136	3
Bethan Holliday-Stacey (F) Director of Professional Development, Accreditation & Policy	15-20 plus lump sum of 35-40	0 - 2.5 plus lump sum of 0-2.5	267	249	15

## Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of **classic**, **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 a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% 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](http://www.civilservicepensionscheme.org.uk)

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The

Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**Compensation for loss of office**

No compensation payments for loss of office were made in the year to those staff included in this Remuneration and Staff Report, or any other employees.

## Staff report

### Number of persons employed by employment type\*

During 2018-19, the Council employed an average of 42.3 staff\* (2017-18 - 38.9) (including officers on maternity leave), as follows:

	EWC	WG	TOTAL	2017-18
Permanent contract	24.8	11.8	<b>36.6</b>	33.8
Fixed term contract	2.5	1.1	<b>3.6</b>	3.0
Temporary	1.9	0.1	<b>2.1</b>	2.0
<b>Total</b>	29.2	13.1	<b>42.3</b>	<b>38.9</b>

\*Full Time Equivalent

The staff composition by gender as at the end of the financial year was, as follows:

By gender	31 March 2019			31 March 2018		
	Male	Female	TOTAL	Male	Female	TOTAL
Staff						
Senior	1	3	<b>4</b>	1	2	<b>3</b>
General	11	27	<b>38</b>	12	26	<b>38</b>
Temporary	1	2	<b>3</b>	1	2	<b>3</b>
<b>Total</b>	<b>13</b>	<b>32</b>	<b>45</b>	<b>14</b>	<b>30</b>	<b>44</b>

The average age of the Council's staff on 31<sup>st</sup> March 2019 was 39 years (39 years, at 31<sup>st</sup> March 2018).

### Sickness absence

The Council monitors sickness absence on an ongoing basis, reviewing both cumulative and long-term absences. In 2018-19, employees reported a total of 109.5 days sickness absence (174 days, 2017-18) of which 36.5% was in respect of long-term sickness (51%, 2017-18).

Absence due to sickness is low, reporting an average of 2.7 days per employee (4.3 days, 2017-18). The most recently reported national average was 4.1 days per employee (ONS, 2017). There were no retirements on the grounds of ill health.

## Staff costs\*

	Council		WG activities		2018-19	2017-18
	Permanent staff	Other	Permanent staff	Other	TOTAL	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's
Salaries	943	35	390	31	<b>1,399</b>	1,239
Social Security costs	96	3	41	3	<b>142</b>	128
Pension costs	196	6	82	6	<b>290</b>	257
<b>Total</b>	<b>1,235</b>	<b>44</b>	<b>513</b>	<b>39</b>	<b>1,831</b>	<b>1,624</b>
Agency costs		<b>63</b>		<b>1</b>	<b>64</b>	64
<b>Total</b>	<b>1,235</b>	<b>107</b>	<b>513</b>	<b>40</b>	<b>1,895</b>	<b>1,688</b>

As we have developed our activity during the year, the Council also engaged additional temporary agency staff, with expenditure totalling £64,417 (2017-18, £62,682)

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS) - known as "alpha" - are unfunded multi-employer defined benefit scheme but the Council is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation [here](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts) (www.civilservicepensionscheme.org.uk/about-us/resource-accounts).

For 2018-19, employers' contributions of £288,993 were payable to the PCSPS (2017-18, £257,245) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. No Council employees took up this option, and therefore no employer's contributions were made.

### **Off-payroll arrangements**

No payments were made under off-payroll arrangements during the year (2017-18, nil).

**Exit packages**

There were no redundancy or other departure costs in the year (2017-18, £nil).

The above information is subject to audit.

**Hayden Llewellyn**  
**Chief Executive**  
**12 July 2019**

## **Audit Report**

### **The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales**

#### **Report on the audit of the financial statements**

##### **Opinion**

I certify that I have audited the financial statements of Education Workforce Council for the year ended 31 March 2019 under paragraph 21 of Schedule 1 of the Education (Wales) Act 2014. These comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union/United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of Education Workforce Council's affairs as at 31 March 2019 and of its surplus for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Education (Wales) Act 2014.

##### **Basis for opinion**

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

##### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to

continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Accounting Officer is responsible for the other information in the annual report and financial statements. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. 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.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on regularity**

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

### **Report on other requirements**

#### **Opinion on other matters**

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

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Education (Wales) Act 2014; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared are consistent with the financial statements and have been prepared in accordance with HM Treasury's Financial Reporting Manual.

#### **Matters on which I report by exception**

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

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

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

## **Report**

I have no observations to make on these financial statements.

## **Responsibilities**

### **Responsibilities of the Chief Executive for the financial statements**

As explained more fully in the Statement of the Council and Chief Executive's Responsibilities, the Chief Executive is responsible for preparing the financial statements in accordance with the Education (Wales) Act 2014 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Chief Executive determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

## **Responsibilities for regularity**

The Chief Executive is responsible for ensuring the regularity of financial transactions.

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

Adrian Crompton

Auditor General for Wales

18 July 2019

24 Cathedral Road

Cardiff

CF11 9LJ

## **Financial Statements**

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**Statement of Comprehensive Income  
for the year ending 31 March 2019**

	Note	2018-19 £000's	2017-18 £000's
<b>INCOME</b>			
Grant from Welsh Government		6,162	6,122
Registration fees		2,548	2,543
Other income		33	6
Release from Accommodation Reserve	13	44	-
<b>Total income</b>		<b>8,787</b>	<b>8,671</b>
<b>EXPENDITURE</b>			
Staff costs	*	1,895	1,688
Direct programme costs	2	1,747	1,083
Induction, EPD & MEP programme costs	3	3,928	4,410
Other operating costs	4	493	388
Depreciation	6	71	43
Amortisation	7	140	99
<b>Total expenditure</b>		<b>8,274</b>	<b>7,661</b>
<b>Surplus/ (Deficit) on ordinary activities</b>		<b>513</b>	<b>1,010</b>
Interest receivable	5	31	17
<b>Net income for the year transferred to reserves</b>		<b>544</b>	<b>1,027</b>

All Council-funded activities are continuing.

\*A breakdown of staff costs is included in the Staff Report (see, page 46).

The notes on pages 56 – 68 form part of these Accounts.

**Statement of Financial Position  
as at 31 March 2019**

	Note	31 March 2019 £000	31 March 2018 £000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	365	108
Intangible assets	7	362	290
<b>TOTAL NON-CURRENT ASSETS</b>		<b>727</b>	<b>398</b>
<b>CURRENT ASSETS</b>			
Short-term investments		2,500	2,500
Trade and other receivables	8	985	919
Cash and cash equivalents	9	2,259	1,869
<b>TOTAL CURRENT ASSETS</b>		<b>5,744</b>	<b>5,288</b>
<b>TOTAL ASSETS</b>		<b>6,471</b>	<b>5,686</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	(2,195)	(1,949)
Provisions for liabilities and charges	11	-	(30)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(2,195)</b>	<b>(1,979)</b>
<b>NON-CURRENT ASSETS +/- NET CURRENT ASSETS/ LIABILITIES</b>		<b>4,276</b>	<b>3,707</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred grant income	10	(157)	(130)
Deferred creditor	10	(48)	(7)
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>(205)</b>	<b>(137)</b>
<b>ASSETS LESS LIABILITIES</b>		<b>4,071</b>	<b>3,570</b>
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
General reserve		3,215	2,770
Database reserve	13	300	200
Fitness to Practise reserve	13	300	300
Accommodation reserve	13	256	300
<b>TOTAL CAPITAL AND RESERVES</b>		<b>4,071</b>	<b>3,570</b>

**Hayden Llewellyn**  
**Chief Executive**  
**12 July 2019**

The notes on pages 56 – 68 form part of these Accounts.

**Statement of Cash Flows  
for the year ending 31 March 2019**

	Note	2018-19 £000's	2017-18 £000's
<b>Cash flows from operating activities</b>	12	898	915
<b>Cash flows from investing activities</b>			
Interest received	5	31	17
Purchase of property, plant and equipment	6	(327)	(46)
Purchase of intangible assets	7	(213)	(204)
Purchase of short-term investments		-	(2,500)
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>		<b>389</b>	<b>(1,818)</b>
<b>Cash and cash equivalents at 1 April</b>		<b>1,869</b>	<b>3,687</b>
<b>Cash and cash equivalents at 31 March</b>		<b>2,258</b>	<b>1,869</b>

**Statement of Changes in Taxpayers' Equity  
for the year ending 31 March 2019**

	General reserve	Designated reserves	Total	2017-18
Balance at 1 April	2,770	800	<b>3,570</b>	2,543
Surplus for the year	544	-	<b>544</b>	1,027
Transfers to/ (from) designated reserves (Note 13)	(100)	56	<b>(44)</b>	-
<b>Balance at 31 March</b>	<b>3,214</b>	<b>856</b>	<b>4,070</b>	3,570

The notes on pages 56 – 68 form part of these Accounts.

## Notes to the Accounts

### 1. Accounting policies

#### 1.1 Accounting Convention

These financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Education Workforce Council (the Council) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Council are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting standards issued, not yet effective:

In January 2016, IFRS 16 – Leases was issued, and is effective for annual periods beginning on or after 1 January 2019. This accounting standard is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2020 and is not reasonably estimable at this stage.

#### 1.2 Registration fee income

The registration year runs from 1 April to 31 March annually with the fee becoming due on 1 April every year. The fee is required to be paid in full regardless of the date a teacher actually registers with the Council – there is no reduction for part-year registration.

Fee income was credited to the Statement of Comprehensive Income on an accruals basis, with any fees received in advance for the following financial year being treated as pre-paid income and recorded in the Statement of Financial Position as a liability.

#### 1.3 Induction & Early Professional Development (EPD) and Masters in Educational Practice (MEP) expenditure

Induction & EPD programme expenditure is recognised on the basis of the academic term in which the training activity was completed. Grant expenditure and income due in respect of the Spring term is included within Accruals (grant expenditure due to schools) and Receivables (grant due from the Welsh Government) depending on the timing of payment and receipt of relevant grants.

A similar approach is adopted for the payment of MEP mentor payments, with all programme payments accounted for by the academic term.

#### **1.4 Non-current Assets**

Non-current assets are defined as any single piece of equipment, costing more than £1,000 (inclusive of VAT) that has an estimated economic/ operational life of more than one year. Where it is more usual to treat individual components as a group, these are treated as assets so long as their collective value exceeds the capitalisation threshold.

Non-current assets have been valued at historic cost at the year-end as, in the opinion of the Council, any revaluation adjustments are not material.

#### **1.5 Depreciation**

Depreciation is provided on all non-current assets at rates calculated to write off the cost, less any estimated residual value of each asset, evenly over their expected useful lives as follows:

- All electrical equipment, including computers and office equipment, is depreciated on a straight-line basis over three years; and
- Furniture and fixtures and fittings are depreciated on a straight-line basis over five years.

In all cases, depreciation will commence from the month following purchase.

#### **1.6 Intangible assets**

Software development work and licences costing more than £1,000 (inclusive of VAT) and with an estimated economic/ operational life of more than one year are capitalised.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset over its expected useful life:

- Database development work is amortised on a straight line basis over three years; and
- Software licences are amortised on a straight line basis over their life.

In both cases, amortisation will commence from the month following purchase.

### **1.7 Government grants**

The Council receives grant income from the Welsh Government (WG) for the administration of the Induction and EPD, and MEP funding programme, in support of the award of Qualified Teacher Status, the administration of Induction Appeals and issue of Induction certificates and a subsidy towards the registration fee for all practitioners. In addition, grant is receivable in respect of the administration, maintenance and development of the Professional Learning Passport (PLP), the administration and notification of ITE accreditation and also further commissioned data capture and analysis. In 2018-19 WG funding has also been received in relation to; providing the Secretariat function to the Independent Welsh Pay Review Body; Promotion of Careers; three Incentives projects; and a Blended Learning project.

Grants received are credited to the Statement of Comprehensive Income in the year they are received (on an accruals basis), with any outstanding balances credited to accrued or deferred income at the year-end accordingly.

Where funding is received in respect of the purchase of non-current and intangible assets, grant income is treated as deferred (Long Term Liability) and released in proportion to the value of the asset consumed annually.

### **1.8 Pension costs**

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described within the Remuneration and Staff Report. The defined benefit elements of the schemes are unfunded. The Council recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and the Civil Servant and Other Pension Scheme (CSOPS). In respect of the defined contribution elements of the schemes, the Council recognises the contributions payable for the year.

### **1.9 Value Added Tax (VAT)**

The Council is not registered for VAT. All expenditure and non-current and intangible asset purchases in the accounts are stated inclusive of VAT, as VAT is irrecoverable.

### **1.10 Operating Leases**

Expenditure on leases of property is charged to the Statement of Comprehensive Income on a straight-line basis spreading the total whole-life cost of the lease evenly over the term of the lease. Operating lease rentals of equipment are charged to the Statement of Comprehensive Income in equal amounts over the term of the lease.

### **1.11 Prepayments**

The Council has adopted a de minimis threshold of £1,200 (£100 monthly equivalent charge) for the recognition of prepayments. Other than for full month prepayments, the profiled charge will commence from the month following payment.

### **1.12 Provisions for liabilities and charges**

The Council provides for all legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. In accordance with IAS 37, provisions are only recognised where the transfer of economic benefit is probable, and the amount can be reasonably estimated.

### **1.13 Short term investments**

In accordance with its Cash Management policy, the Council holds short-term investments – for up to 12 months – on deposit with one of the main High Street banks.

### **1.14 Employee benefits**

As required, the Council recognises the cost of employee benefits including:

- Short-term employee benefits, being the “cost” of untaken annual leave at the year-end; and
- Post-employment benefits, in respect of termination benefits.

### **1.15 Cash and cash equivalents**

The Council’s core functions are funded from fee income from the statutory annual registration of practitioners, and other activities completed on behalf of the Welsh Government are funded by grant. Fee income is received annually in advance and grant funding is drawn down on a quarterly and then monthly basis, as required. Because of the non-trading nature of these activities and these sources of funding, the Council is not exposed to any degree of financial risk.

Its cash balances are held in commercial bank accounts: the Council is exposed to minimal interest rate risk. Although the Council can borrow funds, it has not required to do so in this financial year.

### **1.16 Foreign exchange**

Transactions which are denominated in a foreign current are translated into sterling at the exchange rate ruling on the date of the transaction.

## 2. Direct programme costs

	£000's Council	£000's WG	2018-19 £000's TOTAL	2017-18 £000's
Members' costs	30	-	30	29
Panel members' costs	305	-	305	307
ITE accreditation board costs	-	142	142	67
Professional Learning Passport	-	175	175	-
Database maintenance and development	13	2	15	19
Legal and professional fees - FTP	830	-	830	565
Translation costs	18	-	18	11
Printing, postage, promotional costs & professional fees	121	111	232	85
<b>Total</b>	<b>1,317</b>	<b>430</b>	<b>1,748</b>	<b>1,083</b>

Direct programme costs include expenditure incurred specifically in completion of the Council's core activities. The increase is largely attributable to fitness to practise casework, whereby cases on average have taken longer and have been more complex, and also the full-year of expenditure in support of the ITE accreditation function (2017-18 costs were part-year). In addition, direct programme costs this year includes costs attributable to the Professional Learning Passport – in 2017-18 these were included in note 3 for the Induction & MEP programme costs. Printing, postage, promotional costs & professional fees has increased largely due to professional fees incurred for Welsh Government funded projects (Incentives, Blend and Promotion of Careers) and professional fees associated with the 9<sup>th</sup> and 10<sup>th</sup> Floor refurbishment projects.

## 3. Induction & MEP programme costs

	2018-19 £000's	2017-18 £000's
All Welsh Government expenditure		
Administration	89	252
Induction grant expenditure	3,838	3,768
EPD Year 1 grant expenditure	-	-
EPD Year 2 grant expenditure	-	1
MEP mentor expenditure	-	358
MEP Additional Learning Days	1	31
		-
<b>Total</b>	<b>3,928</b>	<b>4,410</b>

In 2018-19, we are now only funding Cohort 4 of MEP which has significantly reduced numbers of participants. This has resulted in the net reduction of programme expenditure. In 2017-18, administration expenditure included expenditure relating to the administration of the Professional Learning Passport (PLP) - funded by Welsh Government grant (£300,000). This has been separated out in 18-19 and PLP costs are included in Note 2 above, Direct Programme Costs. All other associated costs are reported within Staff costs and Note 7 (Intangible assets).

#### 4. Other operating costs

	<b>2018-19</b> <b>£000's</b>	2017-18 £000's
Officers' expenses	16	15
Training and recruitment	23	17
Rent and rates	138	71
Service charge and utilities	74	54
Professional fees	16	22
Insurance	9	9
Printing & stationery	20	20
Postage	36	22
Computer costs	35	31
Venue hire	22	23
Audit fees	20	16
Maintenance	3	3
Other costs	80	35
<b>Total</b>	<b>493</b>	<b>338</b>

Other operating costs in respect of the Induction & EPD administration charge are summarised at Note 3. The increase in rent and rates and service charges are due to the acquiring of the 10<sup>th</sup> Floor of Eastgate House during the year. In addition, the increase in other costs is largely attributable to the costs of research and awarding of bursaries plus new items of expenditure in 2018-19 relating to the publication of the revised Code of Conduct.

#### 5. Interest Receivable

Interest of £31,254 (2017-18: £17,138) was received during the period in respect of the Council's bank accounts, including an accrual of £19,329 (2017-18, £14,363).

## 6. Non-current assets

	Office equipment £000's	Computer equipment £000's	Furniture and fittings £000's	<b>Total</b> <b>£000's</b>
<b>Cost or valuation</b>				
As at 1 April 2018	122	315	151	588
Additions	20	48	258	326
Disposals	-7	-	-	-7
<b>As at 31 March 2019</b>	<b>135</b>	<b>363</b>	<b>409</b>	<b>907</b>
<b>Depreciation</b>				
As at 1 April 2018	99	270	110	479
Charge for year	13	32	26	71
Disposals	-7	-	-	-7
<b>As at 31 March 2019</b>	<b>106</b>	<b>301</b>	<b>136</b>	<b>543</b>
<b>Net Book Value as at 31 March 2019</b>	<b>29</b>	<b>62</b>	<b>273</b>	<b>364</b>
Net Book Value as at 1 April 2018	22	46	40	109

Of the Net Book Value at 31 March 2019, £24,000 was in support of Welsh Government-funded activities (£9,000, as at 31 March 2018).

## 7. Intangible assets

	Database developments £000's	<b>Total</b> <b>£000's</b>
<b>Cost or valuation</b>		
As at 1 April 2018	770	770
Additions	213	213
Disposals	-	-
<b>As at 31 March 2019</b>	<b>983</b>	<b>983</b>
<b>Amortisation</b>		
As at 1 April 2018	481	481
Charge for year	141	141
Disposals	-	-
<b>As at 31 March 2019</b>	<b>622</b>	<b>622</b>
<b>Net Book Value as at 31 March 2019</b>	<b>361</b>	<b>361</b>
Net Book Value as at 1 April 2018	289	289

Of the Net Book Value at 31 March 2019, £274,000 was in support of Welsh Government-funded activities (£222,000, as at 31 March 2018), mainly relating to the development of the PLP.

There has been no impairment of either Non-Current or Intangible assets, which are shown at cost and considered to be at “fair value”.

#### 8. Trade and other receivables

	<b>31 March 2019 £000's</b>	31 March 2018 £000's
<b>Amounts falling due within one year</b>		
Other receivables	880	829
Prepayments	105	90
<b>Total</b>	<b>985</b>	<b>919</b>

The increase in other receivables is mainly due to the timing and value of the WG year-end debtor.

#### 9. Cash and cash equivalents

	<b>2018-19 £000's</b>	2017-18 £000's
Balance at 1 April	1,869	3,687
Net change in cash and cash equivalent balances	390	(1,818)
<b>Balance at 31 March</b>	<b>2,259</b>	<b>1,869</b>

The Council's cash balances were held in a commercial bank at year end. No balances were held with the Office of HM Paymaster General.

## 10. Trade and other payables

	<b>31 March 2019 £000's</b>	31 March 2018 £000's
<b>Amounts falling due within one year</b>		
Registration fees prepaid	611	781
Other payables	408	243
Other taxation and social security	40	42
Pension	32	29
Deferred income: Welsh Government grant	141	101
Accruals	964	753
<b>Total</b>	<b>2,195</b>	<b>1,949</b>
<b>Amounts falling due after more than one year</b>		
Deferred income: Welsh Government grant	157	130
Deferred creditor	48	7
<b>Total</b>	<b>205</b>	<b>137</b>

The Council holds an operating lease in respect of office accommodation, which includes a variable rental over the life of the lease. A new 10 year lease was agreed with the landlord during the year to include additional office space on the 10<sup>th</sup> floor. Operating lease costs are charged on a straight-line basis over the lease term in accordance with IAS 17. The deferred creditor will release in full in Year 10 of the lease (2028-29).

The Council received grant income from the Welsh Government toward the cost of non-current assets. Since these assets will be depreciated over their useful economic life, a deferred liability is recognised at purchase which will be released over the life of the assets. The increase in these balances reflect the value of additions in-year, primarily in support of the PLP.

### **11. Provisions for liabilities and charges**

Provisions are recognised in the financial statements when the Council considers that- as a result of a past event - it has a legal or constructive obligation which will probably result in the transfer of economic benefit and which can be reliably estimated.

	<b>HMRC retrospective correction</b>	<b>Buildings refurbishment</b>	<b>TOTAL</b>
			<b>£000's</b>
Balance at 1 April	30	-	30
Provided in the year	-	-	-
Released in the year	30	-	30
<b>Balance as at 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>

### **12. Notes to the Cash Flow Statement**

#### **Reconciliation of surplus on ordinary activities to net cash inflow from ordinary activities**

	<b>2018-19 £000's</b>	2017-18 £000's
(Deficit)/ Surplus on ordinary activities	513	1,010
Depreciation	71	43
Amortisation	140	99
Increase/ (Decrease) in Trade and other payables	246	162
(Increase)/ Decrease in Trade and other receivables	(66)	(438)
Increase/ (Decrease) in Deferred creditor	41	(4)
Increase/ (Decrease) in Deferred liability	28	63
Increase/ (Decrease) in provisions	(30)	(20)
Release from designated reserves (Note 13)	(44)	
<b>Net cash inflow/ (outflow) from ordinary activities</b>	<b>898</b>	<b>915</b>

#### **Analyses of changes in net funds during the period**

	<b>2018-19 £000's</b>	2017-18 £000's
Net funds as at 1 April	1,869	3,687
Net cash inflow/ (outflow)	389	(1,818)
<b>Net funds at 31 March</b>	<b>2,259</b>	<b>1,869</b>

All balances as at 31 March 2019 were held with a commercial bank (including an amount of £2,500,000 on deposit), and cash.

### **13. Designated reserves**

In accordance with the Council's financial strategy, the following designated reserves have been established:

**Fitness to Practise (FTP) reserve** - to minimise the effect of fluctuation in the volume of referred cases on the Council's financial position and to provide for the costs of any legal challenge above and beyond those costs covered by Professional Indemnity Insurance.

**Database reserve** – to accrue funding for the future replacement of the Register of Education Practitioners database.

**Accommodation reserve** - to support the Council's future costs in respect of its accommodation needs, including the requirement for additional space to host FTP hearings in-house.

	<b>Database reserve</b>	<b>Fitness to Practise reserve</b>	<b>Accom- modation reserve</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Balance at 1 April	200	300	300	800
Release from reserves	-	-	(44)	(44)
Addition to reserves	100	-	-	100
<b>Balance at 31 March</b>	<b>300</b>	<b>300</b>	<b>256</b>	<b>856</b>

### **14. Capital Commitments**

At 31 March 2019, the Council had no capital commitments (2017-18, £nil).

## **15. Operating leases**

	<b>31 March 2019</b>	31 March 2018
	£000's	£000's
Amounts charged to Statement of Comprehensive Income for operating lease payments	123	68
	<b>123</b>	<b>68</b>
Annual commitment on building leases by year:		
Within one year	137	68
Between one year and five years	628	136
Beyond five years	667	-
<b>Total</b>	<b>1,432</b>	<b>204</b>

As per Note 10, the Council negotiated a new 10 year lease with the landlord (which includes an additional floor) during the year.

## **16. Derivatives and other Financial Instruments**

The Council has no borrowings and mitigates its exposure to liquidity risk by managing its resources.

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

## **17. Related Party Transactions**

The Welsh Government is regarded as a related party, and during the year the Council received grant totalling £6,162,000 (£6,122,000 2017-18).

Council members may also hold positions with organisations that the Council has transactions with. However, Council members have no influence over these transactions as they occur in the normal course of the Council's activities.

During 2018-19 neither members nor senior officers, or any of their family were involved directly or indirectly in any transactions with the Council, apart from the normal payment of expenses and salary.

**18. Contingent Liabilities**

There are no contingent liabilities (2017-18, £nil).

**19. Events after the reporting period**

There are no events to report as at the date of signing of these Accounts.

The Chief Executive authorised these Accounts for issue on 12 July 2019.