

# Education Workforce Council



## Annual Report and Accounts for the year ending 31 March 2017

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,

This is the second Annual Report of the Education Workforce Council (EWC), following the renaming of the former General Teaching Council for Wales (GTCW) under *the Education (Wales) Act 2014*.

One of the significant changes brought about by the Act was the extension of professional registration and regulation to six additional groups in the education workforce between 2015 and 2017. This was a response to the changing education landscape and composition of the workforce in Wales, and was aimed at paving the way for greater understanding and recognition of the important role that all practitioners play in educating learners and developing their potential.

Within this context, 2015-16 saw over 34,000 learning support workers in schools and Further Education institutions join the Register of Education Practitioners. This number was far in excess of that anticipated by government and confirms that the composition of the workforce in our schools and colleges has changed beyond recognition. The Register now comprises over 75,000 practitioners in Wales and 2017-18 will see the Register expand further to include youth / youth support staff and work-based learning practitioners from April 2017. Over the past year, we have met practitioners, employers and stakeholders from across Wales in these sectors. They are clearly keen to embrace professional registration, and see it as a way of demonstrating their commitment and professionalism, raising their status, and increasing public understanding of their work.

In addition to the developmental work described above, the Council has maintained its high standards of performance in carrying out both its ongoing statutory duties and grant funded work for Welsh Government. The Register is relied upon by employers and the public as an important safeguard in Wales and the Code of Professional Conduct and Practice continues to be heavily used by registrants, employers and the public. We handled over 380 fitness to practise investigations and hearings during the year, including cases concerning learning support workers for the first time. We are ready to take on similar responsibilities in respect of youth work and work based learning from April 2017.

In March 2017, the EWC launched arrangements which introduced new requirements for programmes of initial teacher education (ITE) in Wales to be assessed against stringent new criteria set by the Welsh Government. This change is the result of new legal powers given to the EWC in February by the Welsh Government in response to Professor John Furlong's report "Teaching Tomorrow's Teachers". The requirement for the EWC as a professional, regulatory body to accredit ITE programmes and ensure they remain up to standard will be a new concept in Wales. However, for

teaching in other countries and, in other professions such as medicine, the law and social work, this has long been the case.

The Council's work in promoting professionalism has also been prominent this year. The EWC was pleased to work with the Welsh Government in the introduction of a world leading e-portfolio (the Professional Learning Passport) for all registrants. It also carried out the first national education workforce survey in Wales, to which over 10,000 registrants gave their views about matters such as professional learning, performance management and workload.

The Council was represented on national working groups on matters such as the establishment of a national academy of educational leadership, the revision of professional standards, curriculum and assessment reform, and initial teacher education. We also used our unique data from the Register to provide formal evidence to a number of National Assembly Committees on matters such as professional learning, initial teacher education and the Welsh language.

The Council's core income is generated by registration fees, as set by the Welsh Government. It is important that these remain at a realistic level and indeed they are extremely reasonable and modest compared to other professions. We must offer value for money and services that registrants find helpful. We are helped to do this by acting upon the feedback from our extensive programme of registrant and stakeholder engagement.

The Auditor General for Wales has given an unqualified audit opinion on the 2015-16 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. Our cycle of internal policy reviews has ensured that our approaches remain relevant and robust.

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

Yours sincerely,

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 regulator and a trusted strategic partner in the education sector in Wales.

### **Our mission**

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

We regulate on behalf of the public and we support education professionals in a variety of roles from the Foundation Phase through to further education and beyond.

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

### **Legislative framework**

Under the Education (Wales) Act 2014, the principal aims of 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.

### **Our role and remit**

Under the Education (Wales) Act 2014 (as amended), the Council's main functions are to:

- 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 or relevant criminal offences that might call into question a registered practitioner's fitness to practise;

- accredit programmes of initial teacher education (ITE) and monitor their compliance thereafter;
- 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. The EWC 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, the Masters in Educational Practice (MEP), and Early Professional Development (EPD);
- developing and hosting the Professional Learning Passport (PLP);
- hearing Induction appeals and issuing Induction certificates;
- establishing an ITE Accreditation Committee within the EWC and preparing to accredit programmes.
- other ad hoc projects.

## **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. The EWC employed 35 staff as at 31 March 2017.

## **Strategic objectives**

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

**Objective 1 - In the interests of the public, to maintain the professional standards of registrants and ensure their fitness to practise**

**Objective 2 – To enhance the status of the education workforce and promote professionalism**

**Objective 3 – To establish public confidence in the EWC and position the EWC as a key strategic stakeholder in Welsh education**

**Objective 4 – To run an efficient and cost effective organisation**

## **Overview**

The Education Workforce Council would like to highlight the following key achievements of in 2016-17:

### **Objective 1 - In the interests of the public, to maintain the professional standards of registrants and ensure their fitness to practise**

- worked closely with employers, unions and Welsh Government to register over 34,000 learning support staff in schools and further education for the first time from 1 April 2016
- registering a total of 75,708 practitioners in year and processed over 10,500 new applications for registration
- undertook extensive preparatory work in readiness to register youth and youth support workers and work-based learning practitioners from April 2017
- developed and extended the Register of Education Practitioners, attracting over 125,000 online searches by registrants, employers and the public
- disseminated data from the Register through an Annual Statistics Digest, press releases and analyses
- effectively dealt with 384 fitness to practise cases, including the first cases involving learning support staff in Wales
- widely disseminated a Code of Professional Conduct and Practice for the education workforce
- issued certificates to 1146 people who achieved Qualified Teacher Status in Wales and to 1042 people who met the Practising Teacher standards in Wales. Granted recognition to 19 teachers with qualifications from EEA countries as qualified teachers in Wales

### **Objective 2 – To enhance the status of the education workforce and promote professionalism**

- worked in partnership with Welsh Government to establish new arrangements for improving initial teacher education in Wales, by instituting accreditation procedures overseen by the EWC and a separate Board
- launched an enhanced Professional Learning Passport (e-portfolio) on behalf of the Welsh Government, and supported over 7,700 registrants to become users
- delivered over 70 PLP training and support sessions for schools and colleges
- developed a Learning Exchange hosting development opportunities for registrants in the STEM subjects and ICT
- represented the workforce on a range of national working groups, including professional standards, accreditation of initial teacher education, curriculum review and leadership

- made a significant contribution to education policy development through written and oral evidence to the National Assembly's Committees
- supported over 3000 teachers in the first three years of their careers, 429 mentors and 1,000 schools by efficiently administering funding, tracking and recording arrangements for Induction, EPD and the MEP in Wales, meeting all targets set by government
- hosted the first Professionally Speaking national event, attended by over 250 people

**Objective 3 – To establish public confidence in the EWC and position the EWC as a key strategic stakeholder in Welsh education**

- undertook the first ever national workforce survey on behalf of the Welsh Government with responses from over 10,000 registrants
- worked extensively with the Welsh Government in developing consultation documents and draft legislation in relation to the extension of registration and regulation to the wider education workforce
- responded to over 20 national consultations or requests for evidence
- established a national Research Engagement Group
- completed an extensive programme of face to face registrant and stakeholder engagement, with senior staff participating in over 200 presentations and meetings,
- attracted over 588,000 page views of the EWC website
- increased the Council's social media impact to nearly 4,400 followers on Twitter, and extended our presence into Pinterest and Vimeo
- produced nine press releases and five issues of *Education Wales* our e-newsletter for stakeholders. We also communicated directly with registrants through *MyEWC News* an email bulletin published termly

**Objective 4 – to run an efficient and cost effective organisation**

- received an unqualified audit opinion for our annual accounts 2015-16
- further developed a more strategic and rigorous EWC planning and reporting process
- provided a comprehensive programme of training for Council members, Fitness to practise panel members and staff
- appointed new further education and learning support fitness to practise panel members
- undertook developmental work in preparation for the move to Welsh Language Standards from 1 April 2017
- reviewed internal human resource, finance and operational policies in line with Council's ongoing cyclical programme

## **Key risks and issues**

The “annual accounts” section of this report provides extensive information about the Council’s risks and how they were managed during the year. The Council has an established risk management process and Risk Register which underpin its approach to risk. Notable risks and issues during the year which were all dealt with successfully included:

- extending the registration and regulation to new registrant groups in line with Welsh Government legislation;
- continuing to discharge statutory fitness to practise responsibilities in an appropriate manner;
- implementing the “high profile” Professional Learning Passport in line with Welsh Government targets.

## **Performance Analysis**

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

## **Objective 1 In the interests of the public, to maintain the professional standards of registrants and ensure their fitness to practise**

### **Registration**

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

This year, we have focused on extending and developing the EWC's Register of education practitioners to include school and further education learning support staff for the first time. We have developed excellent working relationships with employers, unions and other stakeholders to successfully expand the Register. As at 31 March 2017, 75,708 school and FE teachers and learning support staff were registered and over 10,500 new registration applications were processed in year.

The Council has undertaken extensive preparatory work during the year in readiness to register youth and youth support workers and work-based learning practitioners from April 2017. This has included exchanging data with employers, the collection of registration fees and a comprehensive programme of engagement and communications to explain the new legal requirements concerning these groups.

Specific information on the Register is available to registrants, employers and the public and this is a powerful means for all our stakeholders to interact with us and use the Register to safeguard learners. Over 125,000 online checks were made by registrants, employers and the public between 1 April 2016 and 31 March 2017.

The Register is also a source of unique information on the education workforce, which, in partnership with Welsh Government and others, we use to inform policy development. In addition to our annual Statistics Digest, we also provided annual data and analysis to assist the Welsh Government with teacher training and workforce planning. We responded to 31 further ad-hoc data and analysis requests from the Welsh Government and other stakeholders this year.

The Council enhanced its registration database and improved its I.T. infrastructure to ensure that an expanding number of registrants and stakeholders can access the Register and its other online services quickly and efficiently.

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

The Council issued certificates to 1,146 people who achieved Qualified Teacher Status in Wales through initial teacher education and employment based routes. We granted recognition to 19 teachers with qualifications from EEA countries as qualified teachers in Wales. We issued 1,042 certificates to people who met the Practising Teacher standards in Wales.

## **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 Welsh Government legislation.

During the year, all our outward facing fitness to practise documents and publications were reviewed and amended. Our internal procedures have also been reviewed. We have recruited 11 additional panel members and all have received comprehensive training.

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 and officers made regular presentations about the Code to key audiences such as registrants, trade unions and governors.

We have considered all cases in accordance with the timescales and standards set out in our *Disciplinary Procedures and Rules*. During the reporting year, a total of **44** cases have been concluded. The following tables provide a summary of this work.

**Table 1: Cases concluded in the operational year 2016-2017**

<b>Council Actions</b>	<b>Number of Cases</b>
<b>Cases concluded by an Investigating Committee or authorised officers as no case to answer, no further action or case discontinued</b>	<b>11</b>
<b>Cases considered by a Fitness to Practise Committee, following referral by an Investigating Committee</b>	<b>33</b>
<b>Cases considered by a Fitness to Practise Committee under Rule 32 (Eligibility for Registration following a Prohibition Order)</b>	<b>0</b>

**Table 2: Outcomes of cases considered by a Fitness to Practise Committee in the operational year 2016-2017**

Type of Disciplinary Order	Number of Cases
Prohibition Order	13
Voluntary Prohibition Order	0
Suspension Order (without conditions)	6
Suspension Order (with conditions)	4
Conditional Registration Order	4
Reprimand	6
Facts not proved	0
Application for Eligibility to Register following a Prohibition Order under Rule 32 – refused	0

Equality and welsh language data concerning fitness to practise cases can be viewed on our website [www.ewc.wales](http://www.ewc.wales)

### Suitability for registration

In order to register with the EWC, we must be satisfied that an applicant is suitable. Every education practitioner is asked to declare their criminal and disciplinary/regulatory history as part of their application for registration.

We have considered all declarations received in accordance with the timescales and standards set out in our *Registration Rules*.

We have concluded a total of **340** applications for registration where current or pending criminal, disciplinary or regulatory action involving the applicant was declared. Twenty one applications were granted by a Suitability Committee, one was refused. Fifteen applicants withdrew their applications for registration before the Council had concluded its assessment and 18 applicants did not respond to the Council and their applications were closed.

The following tables provide a summary of this work.

**Table 3: Suitability assessments concluded by the Council in the operational year 2016-2017**

<b>Council action</b>	<b>Number of assessments</b>
<b>Registration applications granted without a Suitability Committee</b>	<b>285</b>
<b>Registration applications referred to a Suitability Committee</b>	<b>22</b>
<b>Applications for registration withdrawn</b>	<b>15</b>
Applicants did not respond to the Council and their applications were closed	<b>18</b>

**Table 4: Outcomes of applications considered by a Suitability Committee in the operational year 2016-2017**

<b>Applications granted or refused</b>	<b>Number of assessments</b>
<b>Granted</b>	<b>21</b>
<b>Refused</b>	<b>1</b>

Equality and welsh language data concerning suitability can be viewed on our website [www.ewc.wales](http://www.ewc.wales).

#### **Induction Appeals**

The Council has responsibility for hearing appeals from NQTs who fail assessment against the Practising Teacher standards, but are dissatisfied by such a decision. No appeal was received in year.

## **Objective 2 To enhance the status of the education workforce and promote professionalism**

### **New statutory powers**

The Council worked in partnership with Welsh Government to establish new arrangements for improving initial teacher education in Wales. This included the provision of additional statutory powers for the EWC to accredit ITE programmes in Wales and monitor their compliance thereafter. Following receipt of these powers, Council launched new accreditation arrangements in March.

### **Professional learning**

The Council launched an enhanced Professional Learning Passport (e-portfolio) for its registrants in September. Over 7,700 registrants have subsequently created their PLP to plan, record and reflect upon their professional learning. Extensive engagement with practitioners and stakeholders and product research continues to inform refinements and improvements to the PLP.

In year, the Council also delivered two discrete projects for Welsh Government associated with professional learning. We launched a website to showcase the best teacher inquiry projects from the Masters in Educational Practice, and the Learning Exchange for STEM and ICT was also introduced.

The EWC administers funding, recording and tracking arrangements for teachers' Induction, Early Professional Development and the Masters in Educational Practice. This involves working closely with local authorities, consortia, mentors, newly qualified teachers and Welsh Government. This work included:

- supporting over 3,000 new teachers, 429 external mentors and over 1,000 schools as part of the Induction, EPD and MEP programmes
- settling funding payments for Induction of over £1.5 million to schools
- settling funding payments in relation to external Induction and MEP mentors of over £11,000 to schools
- leading the matching of external mentors to teachers who participated MEP programmes
- providing tailored administrative support to each of the four consortia regions dependent on their own individual Induction programmes including leading the matching of external mentors to teachers in Induction for two of the regions
- providing on line services and help desk facilities to all registered practitioners accessing their PLP, external mentors, consortia, local authorities, schools and the MEP course provider

## **Enhancing the status of the workforce**

The EWC continued to play a significant role on, a number of prominent Welsh Government groups during the year, on matters such as the revision of professional standards for teachers and the development of standards for other practitioners, the implementation of Professor Donaldson's recommendations on curriculum and assessment, the drafting of new arrangements for the accreditation of initial teacher training, and the establishment of a national academy for educational leadership.

We also made a significant contribution to policy development on youth work, 'a million Welsh speakers by 2050', professional learning, and the accreditation of ITE, through written and oral evidence to the Committees of the National Assembly.

### **Objective 3 To establish public confidence in the EWC and position the EWC as a key strategic stakeholder in Welsh education**

#### **Providing high quality advice**

The Council carried out the first ever national workforce survey in Wales on behalf of the Welsh Government, securing over 10,000 responses from registrants.

The Council worked extensively with the Welsh Government and the National Assembly in developing consultation documents and draft legislation in relation to the extension of registration and regulation to the wider education workforce.

The EWC responded to over 20 consultations and requests for evidence during the year, a significant increase on previous years. The Chair and Chief Executive provided oral evidence to National Assembly for Wales Committee inquiries concerning Welsh language and professional learning / ITE.

#### **Practitioner research**

Following establishment of the Council's first research strategy, work has begun in implementing a number of the objectives therein. This included the establishment of a Research Engagement Group comprising practitioners and leading academics and the planned introduction of a research bursary pilot scheme.

#### **Engagement**

As a new body, the main focus of our communications strategy have been to launch / position the EWC and communicate the requirement for new workforce groups to be registered, utilising all channels at our disposal.

The Council placed a particular emphasis on face to face engagement, attending over 200 meetings and presentations with registrant groups and stakeholders during the course of the year.

We have maintained a vibrant website, introducing new sections on research and statistics, including launching our 'Professional Insights' - research blog. We attracted over 588,000 page views of our website in year. We strengthened our social media presence, using Twitter, and branched out into Pinterest and Vimeo.

The Council produced nine press releases and five issues of 'Education Wales' our e-newsletter for stakeholders. We also communicated directly with registrants through *MyEWC News* an email bulletin published termly.

#### **Objective 4 To run an efficient and cost effective organisation**

The first EWC annual report and annual accounts were laid at the National Assembly on 14 July 2016. We received an unqualified audit opinion and have also been commended by our internal and external auditors for the quality of our financial and operational processes.

The Council has a robust programme in place to review and update its human resource, financial and operational policies and processes on a cyclical basis. It provided a comprehensive programme of training for all staff within the year.

We have continued to successfully operate our Welsh Language scheme, while extensive work has been undertaken in preparation for a move to the new standards in April 2017.

Progress towards our annual equality objectives is reported through senior management team and Executive Committee of Council. All objectives were met including; conducting our annual staff survey, training panel members, and publishing equality data in our annual Statistics digest.

#### **Supporting Council and fitness to practise panel members**

Council members received training at Council and Committee meetings during the year, which included risk appetite and a fruitful meeting with the Welsh Language Commissioner to discuss the introduction of Welsh Language Standards.

Annual training for Fitness to Practise panel members was held in June. New FE teacher and learning support panel members have been recruited and trained.

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

For the financial year ending 31 March 2017, the Council reported a surplus of £1,771,000 (£525,000 surplus in 2015-16) and total net assets of £2,543,000 (£772,000 at 31 March 2016).

#### **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;
- Travel: Where practical, public transport is used by officers, and where car hire is required, the type of vehicle is chosen to maximise environmental

efficiency. In addition, members are encouraged to attend committee meetings via video conferencing;

- Energy: As a tenant in a managed building, certain functions are managed centrally. Heating is managed via thermostat controls located within the office, and lighting 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);
- Waste disposal: the Council is committed to recycling all waste, subject to external restrictions, including the separate disposal of eg plastic, paper and other waste.

### **Consultation with employees**

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 and e-mail bulletins on developments from the Management Team, as and when necessary.

The Council consults with staff through employee fora, covering the areas of Personnel (including consultation on HR policy development) and the Welsh Language.

### **Employment Policy**

The Council adopts an equal opportunities approach to the recruitment, development and promotion of staff. Full and fair consideration is given to applications for employment from disabled people where they have the appropriate skills and abilities to perform the job.

### **Personal data related incidents**

Within the financial year, there have been no personal data loss incidents to report.

## **Accountability Report**

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## **Corporate Governance Report**

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## **Directors' Report**

### **Council**

The Council has 14 members, made up of:

- 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 2016 to 31<sup>st</sup> March 2017 were:

Angela Jardine, Chairperson	Mark Isherwood
Paul Croke	Helen O'Sullivan
Isobel Davies	Kevin Pascoe
Roberto De Benedictis	Hugh Pattrick
Joanne Gauden	Jane Setchfield
John Griffiths	Robert Townsend
James Harris	Berni Tyler

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

### **Senior officers**

Senior officers for the period, 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 were:

Chief Executive	Hayden Llewellyn
Deputy Chief Executive (Finance, HR & Corporate Services)	Julia Evans
Deputy Chief Executive (Teachers' Qualifications, Registration & Fitness to Practise)	Elizabeth Brimble

The Council maintains a Register of Members' interests, 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 Public Money".

## **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 2016-17 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 of the Council are to contribute to improving the standards of teaching and the quality of learning, to maintain and improve standards of professional conduct amongst teachers and others who support teaching and learning in Wales and to 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 2016-17, the Executive Committee held a fourth meeting to consider proposals relating to the Council's new function, the accreditation of Initial Teacher Education.

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 of the Council. 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.

The Chief Executive is supported by his Senior Management Team (SMT) including two Deputy Chief Executives, and the Policy, Planning and Communications Manager. The SMT meets regularly 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 2016-17, the Council committed to four corporate objectives, namely:

- In the interests of the public, to maintain the professional standards of registrants and ensure their fitness to practise;
- To enhance the status of the education workforce and promote professionalism;
- To establish public confidence in the EWC and position the EWC as a key strategic stakeholder in Welsh education;
- To run an efficient and cost effective organisation.

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.

During the year, officers have developed the Risk Register to include an assessment of risk appetite. Members received training on the definition of risk appetite, and subsequently confirmed the overall assessment was consistent with Council's overall risk appetite, that being risk averse.

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

- Failure to register and regulate the new registrant groups 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.

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. Whistleblowing training was held in 2016-17 for the two nominated contact points, with the Audit & Scrutiny Committee. There were no whistleblowing incidents in the year, nor were any allegations of misconduct received otherwise. In addition, awareness-raising activities have been completed during the year, including an all-staff training session on anti-fraud and anti-bribery, and occasional "for information" e-mails. Finance staff also attended webinars on fraud during the year, and receive regular updates from the Council's banking service.

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 2017 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 changing relations with Welsh Government and the potential removal of proposed additional functions. 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. This is confirmed at monthly meetings of the Management Team.

Information security is supported by the weekly lodgement of Council's back-up tapes at an off-site storage facility. Plans are currently being developed to move to an off-site cloud-based back-up arrangement.

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 – which all staff are required to attend. This is in addition to individual identified training provision.

During the year - in addition to the training on risk appetite - members were also provided with a series of briefing sessions, covering eg the Welsh Language standards, the FE and LSW sectors and also on Welsh Government developments in education.

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 2016-17.

Other aspects of the HR function were also reviewed and enhanced during the year, supporting a more efficient and focussed HR service and including the automation of certain HR-related documentation.

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

Members' attendance at meetings held during 2016-17 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)	4 (4)		
Paul Croke	3 (3)	4 (4)		
Isobel Davies	3 (3)	3 (4)		
Roberto De Benedictis	3 (3)			2 (3)
Joanne Gauden	3 (3)		2 (3)	
John Griffiths	2 (3)			2 (3)
James Harris	2 (3)			2 (3)
Mark Isherwood	3 (3)			0 (3)
Helen O'Sullivan	2 (3)		3 (3)	
Kevin Pascoe	2 (3)	4 (4)		
Hugh Patrick	3 (3)		1 (3)	
Jane Setchfield	3 (3)		3 (3)	
Robert Townsend	2 (3)	4 (4)		
Berni Tyler	3 (3)		2 (3)	

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 2016-17 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 2016-17 is given in the Annual 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. Financial reporting of the 2015-16 grant funding was certified by the Auditor General for Wales, who confirmed that grant-finding had been properly reported. 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. 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. A new standing agenda item was also introduced in the year, being a financial update to members which summarised the management accounts, actual compared with forecast in respect of income and expenditure, the cash balance, supplier payment performance and any issues arising with regards Welsh Government-funded activity. 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 2016-17, including reviews of the Human Resources function; IT general controls and follow-up reviews of corporate governance & risk management; the registration process; and financial systems including budgetary control, purchasing and payment, and payroll. The following table summarises the level of assurance, and recommendations from each review:

Area	Assurance	Recommendations: Priority		
		High	Medium	Low
HR	Substantial	-	-	2
IT; Corporate governance/ Risk management follow-up	Substantial	-	-	-
Registration process	Substantial	-	-	-
Finance:				
Budgetary control	Substantial	-	-	-
Purchasing & payments	Moderate	-	2	3
Payroll	Substantial	-	-	-

The Annual Report concluded that “...the Council has a basically sound system of internal control, which should provide **substantial assurance** regarding the achievement of 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 2015-16 Annual Accounts was completed on his behalf by the Wales Audit Office.

Comments on the audit of the 2015-16 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) the registration and regulation of the wider workforce, including all new registrant groups with effect from 1<sup>st</sup> April 2017;

- (b) working with Welsh Government officials in readiness for taking on new powers in respect of ITE accreditation; and
- (c) continued communication and engagement to establish the EWC as a key player in education.

There were not 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**  
**7<sup>th</sup> July 2017**

## **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 include 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.

### **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 4 (Direct programme costs).

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000's</b>	<b>£000's</b>
Reimbursement of costs to employer - Chairperson: Angela Jardine	19	25

## 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:

Single total figure of remuneration								
	Salary (£'000)		Bonus payments (£'000)		Pension benefits (£'000) <sup>1</sup>		Total (£'000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Hayden Llewellyn (M) Chief Executive	85-90	80-85	-	-	54	103	140-145	185-190
Julia Evans (F) Deputy Chief Executive (Finance, HR & Corporate Services)	65-70	65-70	-	-	8	31	75-80	100-105
Elizabeth Brimble (F) Deputy Chief Executive (Teachers' Qualifications, Registration & Professional Standards)	60-65	55-60	-	-	33	55	95-100	110-115

### 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.

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<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.

## 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 31/3/17 and related lump sum <b>£'000</b>	Real increase in pension and related lump sum at pension age <b>£'000</b>	CETV at 31/3/17 <b>£'000</b>	CETV at 31/3/16 <b>£'000</b>	Real increase in CETV <b>£'000</b>
Hayden Llewellyn (M) Chief Executive	25-30 plus lump sum of 70-75	2.5-5.0 plus lump sum of 2.5-5.0	478	425	30
Julia Evans (F) Deputy Chief Executive (Finance, HR & Corporate Services)	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	615	581	7
Elizabeth Brimble (F) Deputy Chief Executive (Teachers' Qualifications, Registration & Professional Standards)	15-20	0-2.5	236	205	19

## 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 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on 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.

### 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.

	2016-17		2015-16	
Band of highest paid individual's remuneration (£'000)	85-90	Band of highest paid individual's remuneration (£'000)	80-85	
Median total	26,400	Median total	26,400	
Ratio	3.3	Ratio	3.1	

The banded remuneration of the highest-paid director in the Council in the financial year 2016-17 was £85,000 - £90,000 (2015-16, £80,000 - £85,000). This was 3.3 times (2015-16, 3.1) the median remuneration of the workforce, which was £26,400 (2015-16, £26,400).

In 2016-17, no employees (2015-16, nil) received remuneration in excess of the highest-paid director (the Chief Executive). Remuneration ranged from £17,200 to £88,032 (2015-16, £17,200 to £84,180).

The small increase reflects no change in the median due to very limited turnover amongst a number of long-standing officers with approximately half of the officers on the maximum point of their pay scales; and, no pay increase awarded in 2016-17. In contrast the Chief Executive salary increased in line with the incremental salary scale.

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

## **Staff report**

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

The Council employed 35 staff as at 31 March 2017 (31, 2015-16) (including officers on maternity leave), as follows:

<b>By contract type</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Permanent contract	30	27
Fixed term contract	3	2
Temporary staff	2	2
<b>Total</b>	<b>35</b>	<b>31</b>

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

<b>By gender</b>	<b>31 March 2017</b>			<b>31 March 2016</b>		
	<b>Male</b>	<b>Female</b>	<b>TOTAL</b>	<b>Male</b>	<b>Female</b>	<b>TOTAL</b>
Senior staff	1	2	3	1	2	3
General staff	11	21	32	9	19	28
<b>Total</b>	<b>12</b>	<b>23</b>	<b>35</b>	<b>10</b>	<b>21</b>	<b>31</b>

### **Sickness absence**

The Council monitors sickness absence on an ongoing basis, reviewing both cumulative and long-term absences. In 2016-17, employees reported a total of 129 days sickness absence (99 days, 2015-16) of which 56% was in respect of long-term sickness (38%, 2015-16). Absence due to sickness is low, reporting an average of 4.2 days per employee (3.4 days, 2015-16), and continues to be lower than the national average of 4.3 days per employee (ONS, 2017).

There were no retirements on the grounds of ill health.

### **Off-payroll arrangements**

No payments were made under off-payroll arrangements during the year (2015-16, nil).

**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.

**Exit packages**

There were no redundancy or other departure costs in the year (2015-16, £nil).

The above information is subject to audit.

*Hayden Llewellyn*  
*Chief Executive*  
*7<sup>th</sup> July 2017*

## **Audit Report**

### **Certificate and Report of the Auditor General for Wales to the National Assembly for Wales**

I certify that I have audited the financial statements of Education Workforce Council (EWC) for the year ended 31 March 2017 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 and Statement of Changes in Taxpayers' Equity and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Chief Executive and auditor**

As explained more fully in the Statement of the Council and Chief Executive's Responsibilities, the Council is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Education (Wales) Act 2014 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to EWC's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by EWC; and the overall presentation of the financial statements.

In addition, I obtain evidence sufficient 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.

In addition, I read all the financial and non-financial information in the Annual Report 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 certificate and report.

### **Opinion on Financial Statements**

In my opinion the financial statements:

- give a true and fair view of the state of EWC's affairs as at 31 March 2017 and of its surplus, recognised gains and losses and cash flows, for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Education (Wales) Act 2014.

### **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.

### **Opinion on other matters**

In my opinion:

- 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 in the Annual Report is consistent with the financial statements.

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

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

- the Annual Governance Statement does not reflect compliance with Welsh Ministers' guidance;
- 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.

Huw Vaughan Thomas

24 Cathedral Road

Auditor General for Wales

Cardiff

11 July 2017

CF11 9LJ

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

## **Financial Statements**

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**Statement of Comprehensive Income  
for the year ending 31 March 2017**

	Note	2016-17 £000's	2015-16 £000's
<b>INCOME</b>			
Grant from Welsh Government		6,156	6,596
Registration fees		3,313	1,767
Other income		6	3
<b>Total income</b>		<b>9,475</b>	<b>8,366</b>
<b>EXPENDITURE</b>			
Staff costs	3	1,409	1,238
Direct programme costs	4	746	449
Induction, EPD & MEP programme costs	5	5,125	5,888
Other operating costs	6	344	191
Depreciation	8	18	21
Amortisation	9	65	57
<b>Total expenditure</b>		<b>7,707</b>	<b>7,844</b>
<b>Surplus/ (Deficit) on ordinary activities</b>		<b>1,768</b>	<b>522</b>
Interest receivable	7	3	3
<b>Net income for the year transferred to reserves</b>		<b>1,771</b>	<b>525</b>

All Council-funded activities are continuing.

The notes on pages 48 – 62 form part of these Accounts.

**Statement of Financial Position  
as at 31 March 2017**

	Note	31 March 2017 £000	31 March 2016 £000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	105	26
Intangible assets	9	185	108
<b>TOTAL NON-CURRENT ASSETS</b>		<b>290</b>	<b>134</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	481	1,053
Cash and cash equivalents	11	3,687	1,497
<b>TOTAL CURRENT ASSETS</b>		<b>4,168</b>	<b>2,550</b>
<b>TOTAL ASSETS</b>		<b>4,458</b>	<b>2,684</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	(1,787)	(1,886)
Provision for accommodation costs	13	(50)	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>(1,837)</b>	<b>(1,886)</b>
<b>NON-CURRENT ASSETS +/- NET CURRENT ASSETS/ LIABILITIES</b>		<b>2,621</b>	<b>798</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred grant income	12	(67)	(26)
Deferred creditor	12	(11)	-
<b>ASSETS LESS LIABILITIES</b>		<b>2,543</b>	<b>772</b>
<b>FINANCED BY: TAXPAYERS' EQUITY</b>			
General reserve		1,943	772
Database reserve	15	150	-
Fitness to Practise reserve	15	250	-
Accommodation reserve	15	200	-
<b>TOTAL CAPITAL AND RESERVES</b>		<b>2,543</b>	<b>772</b>

*Hayden Llewellyn  
Chief Executive  
7<sup>th</sup> July 2017*

The notes on pages 48 – 62 form part of these Accounts.

**Statement of Cash Flows  
for the year ending 31 March 2017**

	Note	2016-17 £000's	2015-16 £000's
<b>Cash flows from operating activities</b>	14	2,426	188
<b>Cash flows from investing activities</b>			
Interest received	7	3	3
Purchase of property, plant and equipment	8	(97)	(18)
Purchase of intangible assets	9	(142)	(86)
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>		<b>2,190</b>	<b>87</b>
<b>Cash and cash equivalents at 1 April</b>		<b>1,497</b>	<b>1,410</b>
<b>Cash and cash equivalents at 31 March</b>		<b>3,687</b>	<b>1,497</b>

**Statement of Changes in Taxpayers' Equity  
for the year ending 31 March 2017**

	General reserve	Designated reserves	<b>Total</b>	2015-16
Balance at 1 April	772	-	<b>772</b>	247
Surplus for the year	1,771	-	<b>1,771</b>	525
Transfers (to)/ from designated reserves (Note 15)	(600)	600	-	-
<b>Balance at 31 March</b>	<b>1,943</b>	<b>600</b>	<b>2,543</b>	772

The notes on pages 48 – 62 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 2016-17 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.

#### 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 the issue of Induction certificates. In addition, grant is also receivable in respect of transition costs connected with the registration of Youth Workers and Work-Based Learner practitioners, and also further commissioned WG activity including the completion of a Workforce Survey . 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 and Note 3. 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 Segmental reporting**

For the purpose of segmental reporting, the Council has identified two separate transaction streams relating to Council-funded activity and Welsh Government-funded activity. All income and expenditure has been analysed into these two groups within the specific notes to the Accounts.

### **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 have been funded from fee income from the annual registration of registrants, 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. The Council has invested surplus funds but this is as a short-term Treasury deposit and does not change the risks faced in performing the Council's functions. As this is regarded as highly liquid, the Council classifies this balance as cash rather than investment.

### 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. Segmental reporting

IFRS 8 (Operating segments) requires the Council to report financial information by segment on the same basis as that information is considered by the Council's Management Team when allocating resources or assessing performance. Typically financial performance by activity is considered in terms of its funding source, whether it be self-funded, that is via registration fee income, or funded by Welsh Government grant. Notes to the Statement of Comprehensive Income have therefore analysed balances between these two segments.

Note: Segmental review is completed on an expenditure basis only. No analysis is made of any Statement of Financial Position headings in support of Management Team review and decision-making, and this information is therefore not presented here.

### Reconciliation

	<b>2016-17 £000's</b>	2015-16 £000's
Surplus/ (deficit), as per Management Accounts March	<b>2,445</b>	<b>(138)</b>
Adjustments:		
WG year-end accruals (net)	(608)	664
Council year-end accruals (net)	(66)	(1)
Surplus/ (deficit) for year transferred to reserves, as per Financial Statements	<b>1,771</b>	<b>525</b>

### 3. Staff costs

	Council		WG activities		2016-17	2015-16
	Permanent staff	Other	Permanent staff	Other	TOTAL	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's
Salaries	712	16	304	-	<b>1,032</b>	952
Social Security costs	74	1	30	-	<b>105</b>	76
Pension costs	144	3	63	-	<b>210</b>	194
<b>Total</b>	<b>930</b>	<b>20</b>	<b>397</b>	<b>-</b>	<b>1,347</b>	<b>1,222</b>
Agency costs		60	-	2	<b>62</b>	16
<b>Total</b>	<b>930</b>	<b>80</b>	<b>397</b>	<b>2</b>	<b>1,409</b>	<b>1,238</b>

Due to staff shortages, the Council also engaged additional temporary agency staff in the year, with expenditure totalling £62,421 (2015-16, £15,671)

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 2016-17, employers' contributions of £209,668 were payable to the PCSPS (2015-16, £193,294) 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 2015-16 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.

Detail of salary and pension entitlements of Council members and senior staff is given in the Remuneration and Staff Report at pages 32 - 40 of these financial statements.

#### 4. Direct programme costs

	£000's Council	£000's WG	2016-17 £000's TOTAL	2015-16 £000's
Members' costs	7	-	7	14
Panel members' costs	233	-	233	129
Database maintenance and development	12	2	14	13
Legal and professional fees	438	-	438	240
Translation costs	6	-	6	10
Printing, postage and promotional costs	46	2	48	43
<b>Total</b>	<b>742</b>	<b>4</b>	<b>746</b>	<b>449</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, including an increase in the number of hearings held in 2016-17 and also the increased complexity of those hearings, requiring additional resource.

#### 5. Induction, EPD & MEP programme costs (including Professional Learning Passport)

	2016-17 £000's	2015-16 £000's
All Welsh Government expenditure		
Administration	234	99
Induction grant expenditure	3,122	2,139
EPD Year 1 grant expenditure	1	10
EPD Year 2 grant expenditure	8	47
MEP mentor expenditure	1,637	3,442
MEP Additional Learning Days	123	151
<b>Total</b>	<b>5,125</b>	<b>5,888</b>

The net reduction in programme expenditure is due to the WG decision to revise the funding programme, including the closure of the MEP programme with only one cohort of students remaining, and also closure of the EPD grant scheme from 2015-16 with only reducing payments for those NQTs still within the specific programme.

The significant increase in administration expenditure relates wholly to the administration of the Professional Learning Passport - funded by Welsh Government

grant (£300,000). Other associated costs are reported at Note 3 (Staff costs) and Note 9 (Intangible assets).

## **6. Other operating costs**

	<b>2016-17 £000's</b>	2015-16 £000's
Officers' expenses	7	10
Training and recruitment	16	8
Rent and rates	69	38
Service charge and utilities	96	32
Professional fees	2	3
Insurance	13	13
Printing & stationery	13	9
Postage	44	10
Computer costs	21	20
Venue hire	17	13
Audit fees	16	16
Maintenance	8	3
Other costs	22	16
<b>Total</b>	<b>344</b>	191

Other operating costs in respect of the Induction & EPD administration charge are summarised at Note 5.

Other operating costs have increased as a result of, for example, the increased rental charges following the lease renewal and other accommodation costs; increased postage costs resulting from the workforce survey completed during the year; and minor increases in other headings.

## **7. Interest Receivable**

Interest of £2,788 (2015-16: £2,567) was received during the period in respect of the Council's bank accounts, with no accrual (2015-16, £nil).

## 8. Non-current assets

	Office equipment	Computer equipment	Furniture and fittings	Total
	£000's	£000's	£000's	£000's
<b>Cost or valuation</b>				
As at 1 April 2016	90	252	102	444
Additions	13	42	42	97
Disposals	-	-	-	-
<b>As at 31 March 2017</b>	<b>103</b>	<b>294</b>	<b>144</b>	<b>541</b>
<b>Depreciation</b>				
As at 1 April 2016	90	230	98	418
Charge for year	2	14	2	18
Disposals	-	-	-	-
<b>As at 31 March 2017</b>	<b>92</b>	<b>244</b>	<b>100</b>	<b>436</b>
<b>Net Book Value as at 31 March 2017</b>	<b>11</b>	<b>50</b>	<b>44</b>	<b>105</b>
Net Book Value as at 1 April 2016	-	22	4	26

Of the Net Book Value at 31 March 2017, £9,000 was in support of Welsh Government-funded activities (£4,000, as at 31 March 2016).

## 9. Intangible assets

	Database developments £000's	Total £000's
<b>Cost or valuation</b>		
As at 1 April 2016	425	425
Additions	142	142
Disposals	-	-
<b>As at 31 March 2017</b>	<b>567</b>	<b>567</b>
<b>Amortisation</b>		
As at 1 April 2016	317	317
Charge for year	65	65
Disposals	-	-
<b>As at 31 March 2017</b>	<b>382</b>	<b>382</b>
<b>Net Book Value as at 31 March 2017</b>	<b>185</b>	<b>185</b>
Net Book Value as at 1 April 2016	108	108

Of the Net Book Value at 31 March 2017, £125,000 was in support of Welsh Government-funded activities (£48,000, as at 31 March 2016).

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

#### **10. Trade and other receivables**

	<b>31 March 2017 £000's</b>	31 March 2016 £000's
<b>Amounts falling due within one year</b>		
Other receivables	361	992
Prepayments	120	61
<b>Total</b>	<b>481</b>	<b>1,053</b>

The decrease in other receivables is mainly due to the timing and value of the WG year-end debtor. The increase in prepayments is due to the launch of the PLP and inclusion of an amount in respect of prepaid licences.

#### **11. Cash and cash equivalents**

	<b>2016-17 £000's</b>	2015-16 £000's
Balance at 1 April	1,497	1,410
Net change in cash and cash equivalent balances	2,190	87
<b>Balance at 31 March</b>	<b>3,687</b>	<b>1,497</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.

## 12. Trade payables and other liabilities

	<b>31 March 2017 £000's</b>	31 March 2016 £000's
<b>Amounts falling due within one year</b>		
Registration fees prepaid	704	954
Other payables	163	522
Other taxation and social security	28	22
Pension	23	16
Deferred income: Welsh Government grant	96	27
Accruals	773	345
<b>Total</b>	<b>1,787</b>	<b>1,886</b>
<b>Amounts falling due after more than one year</b>		
Deferred creditor	11	-
Deferred income: Welsh Government grant	67	26
<b>Total</b>	<b>78</b>	<b>26</b>

The Council holds an operating lease in respect of office accommodation, which includes a variable rental over the life of the lease. 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 5 of the lease (2020-21).

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. Grant income has also been deferred in respect of the prepaid amount of Professional Learning Passport annual licences at the year-end.

### **13. 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>2016-17</b>
	<b>£000's</b>
Balance at 1 April	-
Provided in the year	50
Utilised/ release in the year	-
<b>Balance as at 31 March</b>	<b>50</b>

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

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

	<b>2016-17</b>	2015-16
	<b>£000's</b>	£000's
(Deficit)/ Surplus on ordinary activities	1,768	522
Depreciation	18	21
Amortisation	65	57
Increase/ (Decrease) in Trade and other payables	(99)	119
(Increase)/ Decrease in Trade and other receivables	572	(536)
Increase/ (Decrease) in Deferred creditor	11	-
Increase/ (Decrease) in Deferred liability	41	5
Increase in provisions	50	-
<b>Net cash inflow/ (outflow) from ordinary activities</b>	<b>2,426</b>	<b>188</b>

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

	<b>2016-17</b>	2015-16
	<b>£000's</b>	£000's
Net funds as at 1 April	1,497	1,410
Net cash inflow/ (outflow)	2,190	87
<b>Net funds at 31 March</b>	<b>3,687</b>	<b>1,497</b>

All balances as at 31 March 2017 were held with a commercial bank (including an amount of £2,500,000 on deposit), and cash.

## 15. 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.

	Database reserve	Fitness to Practise reserve	Accommodation reserve	Total
Balance at 1 April	-	-	-	-
Release from reserves				-
Addition to reserves	150	250	200	600
<b>Balance at 31 March</b>	<b>150</b>	<b>250</b>	<b>200</b>	<b>600</b>

## 16. Capital Commitments

At 31 March 2017, the Council had capital commitments valued at £3,503 (2015-16, £97,020) relating to an enhancement to the Register of Education Practitioners database.

## **17. Operating leases**

	<b>31 March 2017</b>	31 March 2016
	£000's	£000's
Amounts charged to Statement of Comprehensive Income for operating lease payments	69	64
	<b>69</b>	<b>64</b>
Annual commitment on building leases by year:		
Within one year	72	54
Between one year and five years	216	288
Beyond five years	-	-
<b>Total</b>	<b>288</b>	<b>342</b>

## **18. 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.

## **19. Related Party Transactions**

The Welsh Government is regarded as a related party, and during the year the Council received grant totalling £6,156,000 (£6,596,000, 2015-16).

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 2016-17 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.

## **20. Contingent Liabilities**

There are no contingent liabilities (2015-16, £nil).

**21. 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 7<sup>th</sup> July 2017.