



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

**QUINQUENNIAL REVIEW OF
THE QUALIFICATIONS, CURRICULUM AND
ASSESSMENT AUTHORITY FOR WALES
(ACCAC)**



STAGE II REPORT

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Quinquennial Review of ACCAC

Stage II Report

Executive Summary and Recommendations

This Report represents the final stage of the Quinquennial Review of ACCAC, conducted by Open Direction Ltd for the Welsh Assembly Government.

Stage I of the Review considered whether there is a continuing need for ACCAC's functions to be performed and, if so, whether an Assembly Sponsored Public Body model is the most appropriate way of performing them. It concluded that there remains such a need.

Stage II examines ACCAC's strategic effectiveness and corporate governance and concludes that the National Assembly for Wales and the Welsh Assembly Government should be heartened by the evidence of a soundly managed and professionally effective Assembly Sponsored Public Body which the present Review has gathered.

Stage I made 13 Recommendations, as follows:

1. We consider ACCAC's legal basis to be satisfactory but would **recommend** that ACCAC and its Sponsor Division explore ways in which they might correct the view that ACCAC has insufficient statutory powers in relation to post-16 qualifications and curriculum matters. *(para 19)*
2. We **recommend** that the Authority discuss with its Sponsor Division ways in which its annual remit letter might be developed to demonstrate a fuller engagement with the post-16 agenda. *(para 20)*
3. **We see no case on grounds of financial propriety or managerial efficiency for recommending** that an alternative ASPB should be charged with the responsibilities currently allocated to ACCAC or that a new ASPB should be created to replace ACCAC. *(para 69)*
4. **We do not recommend** that the Executive Agency model would be more appropriate than the ASPB model for the discharge of ACCAC's current functions. *(para 64)*
5. The general consensus which has emerged from our Review is that none of the other options considered (contracting out, market testing or privatisation) would improve ACCAC's operation as a whole and **we are not minded, therefore, to recommend** any of them as alternatives to the current ASPB model. *(para 78)*
6. **We recommend** that ACCAC's curriculum development and regulatory roles should not be separated. *(para 75)*
7. After careful consideration of alternative approaches, **we do not wish to recommend any change to ACCAC's commissioning remit.** We are persuaded that ACCAC discharges its remit well in this area of its work and do not believe that transfer of this responsibility to another ASPB (or similar public

body) would improve on its performance. We do believe that an entirely different approach, based on market principles, would be a considerable gamble and one which **we would not recommend**. (*para 85*)

8. **We caution against** radical change in the remit and terms of reference of an organisation which is working very effectively both as a corporate body, as a regulator (within the limited scope of its regulatory operation) and as an adviser which is trusted by Ministers and senior civil servants alike. (*para 86*)
9. **We recommend** that both the Assembly and the Authority give early and active consideration to the implications for ACCAC of the report of the Richard Commission as well as QCA's changing role and *modus operandi*. (*para 35*)
10. **We strongly recommend** that ACCAC and QCA, together with their respective Sponsors, conclude a Memorandum of Understanding at the earliest opportunity. (*para 37*)
11. Alongside this, **we recommend** that the Welsh Assembly Government seek an early opportunity to reinforce with DfES the mutual benefit arising from better adherence to the letter and spirit of the Concordat established between them. (*para 39*)
12. **We recommend** that the Assembly keep under close review its definition of "effective operation" in respect of the new Sector Skills Councils to ensure that they meet the particular needs of employment and workforce development in Wales within a framework given by the Assembly's other major strategies. Within this, **we recommend** that they liaise closely with those agencies – in particular, ACCAC – which have a responsibility for the quality assurance of qualifications, curriculum, assessment and delivery in Wales. (*para 45*)
13. **We recommend** that ACCAC, ELWa and Estyn agree and clarify their respective roles and responsibilities in relation to the Credit and Qualifications Framework for Wales, perhaps in the form of a Joint Statement. (*para 66*)

This Stage II Report makes a further 25 Recommendations:

1. ACCAC's annual remit letter should continue to be formulated so as to ensure that the key aspects of the Welsh Assembly Government's policies which impact on curriculum, qualification and assessment matters outside higher education be explicitly included within it (*para 3.6*)
2. The precise role which the Welsh Assembly Government wishes ACCAC to play in taking forward the development and review of the curriculum and qualifications for post-compulsory education and training outside schools should be specified more clearly within the annual remit letter (*para 3.6*)
3. Through dialogue with the Welsh Assembly Government, QCA and CEA, ACCAC should explore further the scope for more detailed consideration of those vocational qualifications and awards of the National Open College Network which have a distinctive Welsh aspect, whether in terms of their availability through the medium of Welsh or their specifically Welsh content or context (*para 3.11*)
4. ACCAC should consider in detail whether greater robustness in the moderation and standardisation of Key Skills portfolios might be achieved via the adoption of an accreditation scheme to underpin and support Key Skills awarding bodies and

should reflect on the organisational resource implications of such an approach (*para 3.23*)

5. ACCAC should further explore ways of encouraging more agencies to tender for commissioned work and continue to ensure that fair competition is maintained whilst value for money is secured (*para 3.31*)
6. ACCAC should work with others to give greater priority to the development of effective support mechanisms and materials for the assessment of vocational qualifications through the medium of Welsh (*para 3.40*)
7. ACCAC should seek to raise its profile and to promote a more dynamic image, as recommended by the 1999 Financial Management and Policy Review at para 9.12 (*para 3.49*)
8. The Authority should conduct a thorough review of its *Code of Best Practice for Members* to ensure that it reflects current best practice in corporate governance in both the public and private sectors (*para 4.23*)
9. The Welsh Assembly Government, advised by the Chairman of ACCAC, should consider how best to ensure that, within the framework governing public appointments in Wales and mindful of the Fourth Report of the Public Administration Committee of the House of Commons, it can secure the expertise which will benefit ACCAC into the future and ensure that it meets the Welsh Assembly Government's requirements for diversity and geographic representativeness (*para 4.23*)
10. In particular, the Welsh Assembly Government should consider whether a strengthening of the commercial and financial expertise available to the Authority might be advantageous (*para 4.23*)
11. The Authority should consider whether a more formal approach to assessing and meeting the training needs of its Members might be appropriate, especially in the light of recommendation 9.2 of the 1999 Financial Management and Policy Review (*para 4.23*)
12. ACCAC should review its 1997 position on openness of meetings to see whether it still matches best practice in balancing commercial and political confidentiality with public access to information (*para 4.42*)
13. ACCAC should consider the benefits of holding an annual public meeting or other electronically-mediated event to enhance both its public accountability and its public profile (*para 4.42*)
14. ACCAC should ensure that user-testing and feedback forms an essential component of any revision to its web-site. In particular, its current revision should encourage enhanced opportunities for external public engagement with the work of the Authority both through the provision of additional corporate governance and performance information and through flexible mechanisms to capture customer relationship information and comment (*para 4.42*)
15. ACCAC should seek to agree with its Sponsor Division a revised tolerance band for over- or under-spend on its annual accounts to take better account of the uncertainties and contingencies which characterise the annual budgeting process (*para 4.46*)

16. In moving towards any major restructuring of its operations, such as the introduction of an Electronic Record and Document Management System, ACCAC should ensure that it has formal business planning, risk assessment and project management control procedures in place, monitored by robust management and governance structures established by the Authority (*para 4.58*)
17. ACCAC should engage systematically in a process of rigorous self-evaluation designed to improve yet further its operational efficiency and effectiveness, including bench-marked evidence and customer feedback wherever possible (*para 4.62*)
18. Within the framework of risk assessment now firmly established, ACCAC should develop its ability at all levels within the team structure to distinguish more clearly between low, medium and high levels of risk and to ensure that these rankings are applied consistently across the whole organisation (*para 4.65*)
19. ACCAC's Objective 4 *Improving the Authority's intelligence and providing timely information regarding developments in education and training in Wales* should be re-examined in the context of the Authority's Strategic Plan and refocused *either* to make clear that this is predominantly an in-house function *or* to enable the Authority to plan for appropriate resources to underpin an effective curriculum and assessment research function which is not tied to specific pieces of work which fall annually within ACCAC's remit (*para 4.75*)
20. The Welsh Assembly Government should consider whether it has need of an agency or a commissioning process whereby longer-term research which is identified as of relevance and interest to Welsh education and training might be secured (*para 4.76*)
21. The Welsh Assembly Government (in partnership with the other UK National Administrations) may find it helpful to commission further detailed work on the standardisation of ASPB and NDPB financial reporting practices to enable benchmarked comparisons to be made more readily. Such comparisons should enable the additional cost (if any) of working in two official languages to be identified and factored out of judgments based on institutional performance outside Wales (*para 4.89*)
22. ACCAC should develop specific performance benchmark proposals for discussion and agreement with the Welsh Assembly Government (*para 4.90*)
23. ACCAC, together with its Sponsor Division, should examine the implications of a declining proportionate spend on programme activity to ensure that the Authority continues to deliver value for money on its grant-in-aid activities into the future (*para 4.94*)
24. ACCAC should consider the merits of moving more strongly towards a divisional and team structure which recognises commonalities *between* age phases and commonalities of award *within* age phases (*para 4.97*)
25. In taking forward its own thinking on future accommodation strategy, ACCAC should attend closely to the implications of the Disability Discrimination Act 1999, of the Welsh Assembly Government's Relocation Strategy 2002 – 2007 and of its own Work-Life Balance policy (*para 4.110*)

1. Introduction

- 1.1. This Report is the successor to Open Direction Ltd's Stage I Report, presented to the Education and Lifelong Learning Committee of the National Assembly for Wales in November 2003 and to Ministers (the Minister for Finance, Local Government and Public Services and the Minister for Education and Lifelong Learning) shortly thereafter. Following their consideration of the Stage I Report, the Ministers commissioned Open Direction Ltd to produce the current Report.
- 1.2. The Quinquennial Review of ACCAC – the Qualifications, Curriculum and Assessment Authority for Wales/ Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru – has been conducted in line with the standard requirements laid down by the Welsh Assembly Government for Quinquennial Reviews of Assembly Sponsored Public Bodies.
- 1.3. Stage I of the Review considered whether there is a continuing need for ACCAC's functions to be performed and, if so, whether an Assembly Sponsored Public Body model is the most appropriate way of performing them. It concluded that there remains such a need. Stage II examines ACCAC's strategic effectiveness and corporate governance. Terms of reference for the Quinquennial Review are given at Appendix 1.
- 1.4. ACCAC has two principal roles. It is:
- the Welsh Assembly Government's principal advisory body on matters relating to curriculum, assessment and qualifications in schools; and
 - the statutory regulatory authority in Wales with regard to all qualifications (outside higher education).
- 1.5. The Authority also has a key role in commissioning high quality Welsh and bilingual classroom materials to support the teaching of Welsh, other subjects through the medium of Welsh and Wales specific aspects of the school curriculum.
- 1.6. Its primary aim is "advancing education and training through the promotion of quality and coherence" and its major priorities are:
- "to ensure the framework of qualifications (outside higher education) meets the needs of learners and of Wales;
 - to ensure an integrated curriculum and assessment framework that:
 - provides a broad and balanced education
 - widens opportunity
 - raises standards of achievement;
 - to commission high quality Welsh and bilingual classroom materials;
 - to advise the Assembly as appropriate on educational policies; and
 - to ensure the Authority is managed efficiently and effectively."

2. Strategic Effectiveness

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

What have been the main strategic achievements of the Qualifications, Curriculum & Assessment Authority for Wales over the last 5 years?

- ***To what extent has it met its objectives?***
- ***What has been its performance against targets?***
- ***How does its performance compare with that of comparable bodies?***
- ***Are there performance issues that need to be addressed?***

2.1. In its own self-evaluation produced for this Review, ACCAC summarised its principal achievements against each of its five Objectives over the past five years as follows:

Objective 1. Developing a coherent and integrated framework of high quality qualifications, which meet the needs of Wales; improves levels of skill and educational achievement and commands the confidence of the public.

- In conjunction with QCA and CCEA, the Authority has been working since 1997 to establish a National Qualifications Framework for all qualifications. The vast majority of the programme will be completed by 2005. Rationalisation of existing qualifications continues. During 2002, 454 qualifications were accredited. Since 1999, A/AS levels, GCSEs, AEs, VGSEs, VCEs, over 200 VRQs, NVQs, the IBO diploma and a large range of Entry Level titles have been accredited.
- The *Arrangements for Monitoring and Reporting Publicly on External Qualifications* provides the basis for the current post accreditation monitoring arrangements, which has been phased in since 2000.

Objective 2. Developing a coherent and integrated curriculum and assessment framework which raises standards of achievement and widens educational opportunity.

- Following the approval of a revised National Curriculum in 2000, the Authority has continued to support its implementation, publishing supplementary guidance and exemplification materials and providing further advice to Ministers including advice on PSE and WRE becoming statutory. Preparation is underway to prepare for the next review.
- The Authority has issued a range of materials to support and develop teachers' own assessment skills and has developed, distributed and marked statutory tests.

- The Authority has actively supported and promoted the teaching of religious education and has been at the forefront of work supporting pupils who have additional educational needs.

Objective 3. Commissioning high quality Welsh and bilingual classroom materials to support the teaching of Welsh, other subjects through the medium of Welsh and Wales specific aspects of the school curriculum.

- Since 1996, the Authority has commissioned 185 projects leading to the publication of 1329 titles. The Authority's commissioning strategy is reviewed every three years.

Objective 4. Improving the Authority's intelligence base with targeted research and providing timely information regarding developments in education and training in Wales.

- The Authority has provided clear and timely information on curriculum, assessment, examination and commissioning matters, through the ACCAC newsletter, exhibitions, regular meetings of teachers associations and the website.

Objective 5. Ensuring an effective and efficient organisation.

- The Authority maintains an efficient and effective organisation. Regular reports are provided to the Authority and the Assembly utilising quarterly performance reports and the Annual Report and Accounts.
- The Authority aims to conform to the prompt payment code and has done so with an average of 94.46% compliance since 2000.
- An IT Action Plan has been developed which includes upgrading the Authority website. This is aimed at meeting Government targets of making all government services available electronically by 2005.
- In the past five years, the Authority has worked successfully in improving its effectiveness (see reports of National Audit Office and Internal Auditors). The Authority has undertaken a number of personnel initiatives. These include, in October 2000, accreditation by Investors in People; completion of the Conditions of Employment Staff Handbook in March 2001; development of an Equal Opportunities Policy and a review of the pay and grading system in line with the Assembly's equal pay in 2001-2002. A number of policies nearing completion are the Work/Life Balance Policy, Working Time directive and the Data Protection Policy.
- The Authority maintains its commitment to bilingualism (English/Welsh). The Welsh Language Board approved our Welsh Language Scheme in 2001. Further actions will be undertaken this year in line with the Assembly's *Iaith Pawb* Action Plan.

- The Operational Plan for 2003-2004 also outlines how the Authority incorporates the Assembly's crossing cutting themes across its work.
- 2.2. The review team has tested the evidence base for these claims and can confirm that they are accurate. Since production of this statement of its own achievements a range of new work has been completed by the Authority and fully supports the positive judgment which the review team made in the Stage I Report.
- 2.3. The analysis which follows leans towards current work and its implications for the future role and effectiveness of ACCAC, as we believe that this will add greater value than a full historical analysis.

3. Efficiency and Effectiveness

Overview and Annual Remit Letter

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

Are there improvements which should be made to the way in which the Qualifications, Curriculum & Assessment Authority for Wales' functions are delivered, taking account of its statutory duties, how these have been translated into the aims and objectives of the Corporate Plan and the values and objectives of the National Assembly?

- ***Are there ways in which the functioning of its relationship with the National Assembly could be improved?***

Are reporting arrangements adequate between the Qualifications, Curriculum & Assessment Authority for Wales and the National Assembly, does the Authority need different freedoms and flexibilities?

- 3.1. We consider that ACCAC fulfils the terms of its annual remit letter very effectively and can demonstrate this through its Annual Report, its quarterly performance reports, its various outputs (such as advice to the Minister, publications, conferences) and the esteem in which it is held by virtually all of its key partners and stakeholder communities.
- 3.2. Although this Report will make certain suggestions about improving aspects of ACCAC's operations, the review team remains firmly of the view expressed in our Stage I Report, namely that

“From inspection of papers, observation of meetings and interviews with key players, we are in no doubt about the diligence and professionalism with which the Authority fulfils its remit each year. Equally, we have received overwhelming evidence from most of ACCAC's stakeholder communities that they value ACCAC's role and work, even when they may wish to enter a caveat about some aspect of it. We would advise the Assembly in the strongest terms that it would do well to consider very carefully the implications of major structural change for an organisation which is working very effectively both as a corporate body, as a regulator (within the limited scope

of its regulatory operation) and as an adviser which is trusted by Ministers and senior civil servants alike.”

- 3.3. The annual remit letter specifies and identifies those matters which are to be achieved by ACCAC both within the area of responsibility of the Department for Training and Education and within the framework of the Welsh Assembly Government's wider strategies and policies. The relationship between the Authority and its Sponsor Division is strong and constructive, underpinned by mutual respect. ACCAC's relationship with some other Divisions within the Department is less well developed, even though these Divisions may be responsible for key policy areas which impact directly on ACCAC's role and which would benefit from ACCAC's engagement. There may be scope for closer working beyond the Sponsor Division's boundaries, especially in relation to the life-long learning agenda.
- 3.4. Certain other Assembly policy initiatives which fall within the education and training field and impact on ACCAC's role and responsibilities do not appear to be included in the annual remit letter. These include in particular any reference to the Welsh Assembly Government's policies in relation to innovation and entrepreneurship central to *A Winning Wales*. This is all the more surprising given the clear priority in the Entrepreneurship Action Plan for Wales, 2000 to work “alongside ACCAC (Qualifications, Curriculum and Assessment Authority for Wales) to ensure that entrepreneurship is embedded into the National Curriculum at the earliest opportunity”.
- 3.5. More generally, we indicated in our Stage I report that we have been persuaded by the weight of consultation evidence from the post-compulsory sector that the role which the annual remit letter for 2003-04 envisages for ACCAC in relation to post-compulsory education and training is not widely understood by its stake-holders. We consider that it would be desirable for the annual remit letter to specify ACCAC's intended role in relation to post-compulsory education and training more precisely and thus encourage the Authority towards the greater proactivity in life-long learning which many of its stakeholders wish to see.
- 3.6. We therefore now recommend that
- ACCAC's annual remit letter continue to be formulated so as to ensure that the key aspects of the Welsh Assembly Government's policies which impact on curriculum, qualification and assessment matters outside higher education be explicitly included within it
 - The precise role which the Welsh Assembly Government wishes ACCAC to play in taking forward the development and review of the curriculum and qualifications for post-compulsory education and training outside schools be specified more clearly within the annual remit letter

ACCAC as Regulator of Qualifications

- 3.7. We have noted the work which ACCAC, together with QCA and CEA, have done over the period since 1999 in respect of *The Rationalisation of Qualifications*. An important part of this work relates to the streamlining of the accreditation process. This has led to significant improvements in the speed with which new qualifications have been accredited. The work which the regulatory

authorities have undertaken in the development of the openQUALS website has improved public access to information about accredited qualifications.

- 3.8. Equally, the revised procedures for accreditation of awarding bodies set out in *The Regulatory Authorities' Accreditation Handbook (September 2003)* represent a clear and comprehensive improvement over those which it replaced. ACCAC has been the first regulator to audit an awarding body, with its 2003 audit of WJEC.
- 3.9. The joint work which is currently nearing completion on *The Statutory Regulation of External Qualifications in England, Wales and Northern Ireland* is likely to provide yet further clarity and focus to the regulation of qualifications.
- 3.10. Although ACCAC plays as full a part as it can alongside QCA in the accreditation of vocational qualifications, there remains scope for considering whether it has sufficient resource to exercise the degree of oversight of Welsh variant qualifications (and qualifications offered through the medium of Welsh) which might be held to be desirable. This consideration applies not only to vocational awards but also to those made by the National Open College Network in Wales.
- 3.11. Without wishing to lose the essential cross-border portability and transferability which the present arrangement ensures, we recommend that
 - Through dialogue with the Welsh Assembly Government, QCA and CEA, ACCAC explore further the scope for more detailed consideration of those vocational qualifications and awards of the National Open College Network which have a distinctive Welsh aspect, whether in terms of their availability through the medium of Welsh or their specifically Welsh content or context

ACCAC as Adviser on Curriculum, Qualifications and Assessment

- 3.12. ACCAC has regularly delivered advice to the Minister and to the National Assembly's Education and Lifelong Learning Committee on different aspects of curriculum, qualifications and assessment. That advice has been carefully prepared, often on the basis of widespread consultation, and considered by the Authority at a formative and a final stage. It has been accepted and appears to have been warmly welcomed.
- 3.13. ACCAC is, however, not the only adviser on these matters within Wales. Quite properly, aspects of curriculum, qualifications and assessment – especially delivery aspects – form an essential part of the reports of Her Majesty's Chief Inspector of Education and Training in Wales. Quite apart from any less formal linkages, the attendance by HMCI as an Observer at ACCAC Authority meetings ensures that opportunity is taken for timely coordination of advice.
- 3.14. From time to time, the Minister will commission advice on a specialised aspect of these matters from an expert individual or agency other than ACCAC. This may arise when advice is needed on a limited issue with high political sensitivity or with evident public profile. On such occasions, even though ACCAC may not be the formal source of the advice, it is usually closely involved in the construction of that advice. Neither the Minister nor the Authority believes that

this impacts negatively on ACCAC's defined responsibility to offer advice on curriculum, qualifications and assessment.

- 3.15. ACCAC endeavours to work closely with QCA and CEA to ensure that, wherever possible and appropriate to national circumstances, all three authorities give coordinated advice to their respective Ministers. Generally, when advice is given to Ministers by one Authority, the others are aware of that. Occasionally this is not so and may cause some political embarrassment. We have no evidence to suggest that ACCAC is more usually at fault in this respect. It is for this reason that we recommended at Stage I that
- ACCAC and QCA, together with their respective Sponsors, conclude a Memorandum of Understanding at the earliest opportunity and that the Welsh Assembly Government seek an early opportunity to reinforce with DfES the mutual benefit arising from better adherence to the letter and spirit of the Concordat established between them. (*paras 37 and 39*)
- 3.16. ACCAC has been evidentially very effective both in advising on the appropriateness of assessment instruments to test pupils' progress against the National Curriculum and in commissioning test materials and managing their use within schools across Wales. The Authority has received and discussed regular reports both on the effectiveness of these arrangements and on pupils' achievements.
- 3.17. During 2002-03 it commissioned a study by the PPI Group into *Curriculum and Assessment Arrangements in Wales*. From its survey of classroom teachers, that Group confirmed the view which the Teacher Associations had been pressing on ACCAC, that Key Stage 2 tests no longer served a useful purpose for pupils or schools, whilst Key Stage 3 tests had helped to raise standards of attainment.
- 3.18. The Minister decided in 2003 to appoint a separate Assessment Review Group under the Chairmanship of Professor Richard Daugherty of the University of Wales, Aberystwyth to undertake "a full review of the National Curriculum Assessment arrangements currently in force for pupils [in maintained schools in Wales] at the end of Key Stages 2 and 3." That Group numbered the Chief Executive of ACCAC amongst its membership of ten and was charged to work alongside ACCAC, who are due to submit consolidated advice on these and other matters by April 2004.
- 3.19. The Group's Interim Report was published in January 2004 and indicated a number of provisional views: on statutory teacher assessments at Key Stages 2 and 3 and on the timing of the latter; on statutory provisions for transition planning; on Year 5 skills tests; on the development of assessment for learning practices; on the accreditation of schools to ensure comparability of teacher judgments at Key Stage 3; on statutory testing at Key Stage 3 and its phasing out; and on comparability of Welsh pupils' attainment with that of pupils elsewhere in the UK.
- 3.20. The Minister has encouraged the Review Group to complete its work. If its eventual recommendations reflect the provisional views offered in its Interim Report and are accepted by the Minister, we believe that this could have a significant impact on ACCAC's role in relation to National Curriculum testing. Initially at Key Stage 3 but potentially also at Key Stage 2 it could move away from direct involvement with assessment through external testing towards an

accreditation model of supervision of school-based teacher assessment. This could operate within a framework where that assessment is intended to support learning as well as check standards. This would represent both a significant change in ACCAC's style of engagement with schools and might bring in its wake the need for different skill sets on the part of its Officers.

- 3.21. As we are not in a position to anticipate the final recommendations of the Daugherty Assessment Review Group, we make no recommendation on this point but would ask simply that it be noted.
- 3.22. In another area of its work, the definition of assessment requirements for Key Skills, ACCAC has undertaken very detailed work both directly and via the use of consultants and gave advice to the Minister in July 2003 that Key Skills tests be replaced by enhanced portfolios, subject to more rigorous external moderation. This raised directly the question of centre accreditation as one means by which the quality and standards of Key Skills work could be assured.
- 3.23. In the light of the Minister's decision to replace Key Skills tests with enhanced portfolios, we therefore recommend that
- ACCAC consider in detail whether greater robustness in the moderation and standardisation of Key Skills portfolios might be achieved via the adoption of an accreditation scheme to underpin and support Key Skills awarding bodies and reflect on the organisational resource implications of such an approach

ACCAC as Commissioner of Classroom Materials

- 3.24. Our Stage I Report considered the question of ACCAC's role in relation to the commissioning of classroom materials at some length. We found that ACCAC's experience of commissioning curriculum materials (including Welsh language materials) and its robust procedures for ensuring probity and value for money demonstrate a commitment to the principles of externality and market competition alongside a determination to ensure the proper use of public monies.
- 3.25. We confirmed from our own review of ACCAC's papers that it has strong and transparent procedures both for the identification of needs and the commissioning of materials. This has been attested by most of the respondents to our Consultation. We recognised the scale and significance of this work, within ACCAC's overall remit and did not believe that transfer of this responsibility to another ASPB (or similar public body) would improve on ACCAC's performance.
- 3.26. We did consider whether this role creates and maintains an artificial market by distorting schools' expectations of the price which they should expect to pay for such materials. That argument suggests that a more realistic approach to pricing of materials could lead to a greater willingness by publishers to risk investment in a wider range of publications than those supported through the public commissioning process. This could be facilitated by diverting funds which are presently voted to ACCAC to schools themselves, perhaps ear-marked (initially, at least) for Welsh-medium classroom materials purchase.
- 3.27. We gave careful thought to this argument and did not wish to support it. Support for Welsh-medium education is a high priority for the National Assembly and its Government. It is reasonable for it to wish to retain levers of control –

whether in the form of incentives or constraints – in this area. It is difficult to see how it could ensure that such ear-marking could be given practical effect in an environment where Assembly funds might not easily be hypothecated via LEAs to schools or, indeed, within schools themselves.

- 3.28. Furthermore, the Assembly would be gambling on the commercial acumen of a limited range of publishers who would need to be prepared to risk significant investment in the production of materials for which they would need to create a market.
- 3.29. For these reasons, and despite the apparent attractiveness of a redirection of public subsidy away from an intermediary (ACCAC) to direct beneficiaries (schools and their pupils), we decided not to recommend any change to ACCAC's commissioning remit.
- 3.30. However, it is clear that the present arrangements for securing commissioned work may become forced by aggressive pricing on the part of a small number of publishing houses to become oligopolistic. This would be disadvantageous both to ACCAC and to Welsh schools if it were unchecked. ACCAC is aware of this danger and is currently considering what steps might be taken to reduce its likelihood. It has already tested to ensure that no potential tenderers have been excluded from the most recent tendering round.
- 3.31. We therefore recommend that
- ACCAC further explore ways of encouraging more agencies to tender for commissioned work and continue to ensure that fair competition is maintained whilst value for money is secured

Delivering the Strategic Priorities of the National Assembly for Wales

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

How effective is the strategic relationship between the Qualifications, Curriculum & Assessment Authority for Wales and the National Assembly, including the Welsh Assembly Government's strategic guidance and the Authority's arrangements for responding to the National Assembly's strategic objectives, guiding themes and values (including equal opportunities, tackling social disadvantage and sustainable development)?

- ***How might they be improved?***

- 3.32. In common with all ASPBs, ACCAC is charged with ensuring that it plays its part in delivering the strategic priorities of the Welsh Assembly Government not only within its own specialist area (in ACCAC's case, against the policies and strategies outlined in *The Learning Country* together with *Wales: A Better Country*, *The National Basic Skills Strategy for Wales*, *A Winning Wales*, *the Education and Training Action Plan*, *the Skills and Employment Action Plan* and *laith Pawb (The National Action Plan for a Bilingual Wales)*) but also against the

underpinning priorities of sustainable development, social inclusion and equality of opportunity.

- 3.33. To achieve this, ACCAC is directed by its Annual Remit Letter to attend in particular to certain wider priorities. In 2003-04, these have included Welsh Language Mainstreaming, the Relocation Strategy, Communities First, Community Strategies, Bio-diversity, Bureaucratic Burdens and Rural Issues. Some of these lend themselves to be more readily addressed by the Authority than others. Welsh Language Mainstreaming, for example, is central to ACCAC's work both in terms of its own operation and the outcomes which it seeks to achieve. It was already ahead of the field with its 2001 publication, *Equal opportunities and diversity in the school curriculum in Wales*. A number of cross-cutting themes are woven together around the issues of equal opportunities and diversity, such as the case study example of good practice in a small rural school illustrated in "A cross-curricular project celebrating diversity in a rural primary school" (p. 30)
- 3.34. In the Remit Letter for 2004-05, the Minister has indicated her expectation that ACCAC will have regard to the four key priority outcomes identified in *Wales: A Better Country* (helping more people into jobs; improving health; developing strong and safe communities; and creating better jobs and skills) and will play a role in relation to the first and last of these. She has specifically identified her expectations of ACCAC's role in partnership working with local authorities (on their Community Strategies and Communities First Action Plans and on the implications of the Wales Spatial Plan), strategic communication and mainstreaming, both of the Welsh language and of the Welsh Assembly Government's policies on race equality and disability.
- 3.35. ACCAC has taken effective steps to ensure that it becomes a more environmentally sensitive organisation by committing staff resources to a sustainable development agenda, supported by external consultants, at the same time as it has ensured that one of its key documents *Developing the Curriculum Cymreig* marks up opportunities for young people to follow a curriculum which is sensitive not only to sustainability, but also to Wales' other underpinning priorities. It is likely to prove a powerful tool in support of the Authority's new remit to underpin the intention of the Wales Spatial Plan that all parts of Wales' varied geography should be celebrated and sustained. ACCAC's Guidance Booklet *Education for Sustainable Development and Global Citizenship*, published in 2002 in conjunction with DfID, Estyn and the Welsh Assembly Government, is an excellent example of ACCAC's use of case studies to support education for sustainability which "is part of the existing school curriculum and of school life. It is not an additional requirement." (p. 3) Sustainable development is also a key theme of the *National Curriculum Order for Geography*, 2000, explicitly referenced at Key Stages 2 and 3.
- 3.36. ACCAC has played a significant role in developing the curriculum and classroom materials through the medium of Welsh. It is itself a bi-lingual organisation where Welsh and English speakers feel equally comfortable. Yet in the Consultation Exercise undertaken for this Quinquennial Review, it was ACCAC's commitment to Welsh medium education which came under fiercest attack from certain quarters.
- 3.37. We noted in particular the views expressed by the Welsh Language Board and considered it advisable for ACCAC and the Board to seek a common understanding of certain critical issues (especially those relating to the Key Stage

2 to 3 continuum) to ensure that effective collaboration in taking *laith Pawb* forward is not vitiated.

3.38. We suggested then, and repeat the recommendation now, that

- The Welsh Assembly Government produce revised guidance on the respective roles of ACCAC and the Welsh Language Board in respect of the full implementation of *laith Pawb*

3.39. We also noted the concerns shared by many with an interest in vocational training that insufficient attention is being paid to those work-based learners who seek to have their vocational achievement assessed through the medium of Welsh. We indicated that this is not solely a matter for ACCAC and its resolution will depend on action by awarding bodies, training providers and employers alike. Indeed, we note ACCAC's existing guidance in this area, *The Use of the Welsh Language in the Delivery and Assessment of Vocationally-related Qualifications* and *The Use of the Welsh Language in the Delivery and Assessment of NVQs*.

3.40. We advise now, especially in the light of the greater focus on jobs and skills which the Remit Letter for 2004-05 has given it, that

- ACCAC should work with others to give greater priority to the development of effective support mechanisms and materials for the assessment of vocational qualifications through the medium of Welsh.

Partners and image

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

Is the Qualifications, Curriculum & Assessment Authority for Wales sufficiently responsive to its partners and customers, does it understand the nature of its relationships with them and does it have their confidence as a body with which they can do business, are there ways in which relationships might be strengthened?

3.41. ACCAC works in partnership with a number of other ASPBs and agencies. From the Consultation undertaken for this Review, we can confirm the strength of those partnerships and the value which ACCAC's partners ascribe to its role and engagement. We comment elsewhere in this Report on the Authority's relationship with the Teachers' Associations and the Churches, both of which are particularly strong.

3.42. ACCAC sees itself as relating to a number of defined stakeholder communities, rather than to the general public as a whole. Its relationship with Government and Assembly is strong and positive, as minutes of the Education and Lifelong Learning Committee as well as our own interview evidence will attest. Within the "professional communities" of national education and training agencies (including ELWa, HEFCW, Estyn, QCA, CEA, SQA) ACCAC is

particularly valued, even though at times – as indicated in our Stage I Report – tensions can arise in the relationship with QCA.

- 3.43. Awarding Bodies (all of which work with both ACCAC and QCA) either speak positively of ACCAC or see it in a more positive light than its English counterpart. Its contractors for commissioned materials praise the transparency of its commissioning process and clearly enjoy being challenged to produce high quality materials.
- 3.44. Agencies with an interest in education and training have rather more mixed views. Whilst wishing to retain a separate Welsh qualifications and curriculum authority to reflect Wales' particular needs, some of these believe ACCAC to be doing a first rate job whilst others are critical either of its scope or its style.
- 3.45. Criticisms of scope are levelled especially by agencies in the post-compulsory arena who do not believe that ACCAC is sufficiently visible or proactive in relation to their concerns. Because post-compulsory education and training is non-statutory, it is felt that it is accorded lesser emphasis by the Authority. The review team's enquiries suggest that this view is not entirely unfounded.
- 3.46. Criticisms of style are to be found quite widely. These range from a view that ACCAC's profile is too subdued to a view that the Authority is just too cautious to a view that it is aloof. In the experience of the review team, whilst there may be some truth in these characterisations they ought not to weigh too heavily in a balance which is tipped by soundness of judgment, discretion and reliability.
- 3.47. Perhaps the most telling empirical comment on ACCAC's style is that, despite a letter from the review team being distributed to every one of Wales' 2,065 schools and colleges inviting them to comment on ACCAC's role and performance, the number of responses barely reached double figures. We are not prepared to claim that this represents hostility, indifference or support. Those teachers with whom we have consulted during the Review have all been very positive about the ways in which ACCAC's workshops, conferences and publications have benefited their schools. We believe this to be a better reflection of ACCAC's true standing within this most important of its stakeholder communities than the overwhelming silence received from the formal Consultation.
- 3.48. However, we are not convinced that the Authority has taken sufficient action to meet the recommendation made in the 1999 Financial Management and Policy Review that it should "seek to raise its profile and to promote a more dynamic image". We do not counsel trivial media popularity but we do believe that there is scope for greater public awareness of the highly professional work which the Authority produces.
- 3.49. We therefore recommend that
- ACCAC seek to raise its profile and to promote a more dynamic image, as recommended by the 1999 Financial Management and Policy Review (*para 9.12*)

4. Corporate Governance

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

Do the current arrangements for governing the Qualifications, Curriculum & Assessment Authority for Wales continue to be appropriate?

- *Is there sufficient public accountability for the conduct of the Qualifications, Curriculum & Assessment Authority for Wales?*

Does the Qualifications, Curriculum & Assessment Authority for Wales' conduct of business meet the standards of practice expected of public bodies in relation to procurement, openness, codes of conduct and the handling of complaints (including whistle blowing)?

Is there an effective mutual understanding of the roles of the members of the Authority and the senior management team in setting corporate objectives and monitoring their implementation?

- *Are the processes for decision-making by members clear and efficient and the delineation between what is for the Authority and management clear?*

4.1. Our Stage I Report considered alternative options for providing ACCAC's current functions and concluded that each of these would bring with it disadvantages which might outweigh any possible advantage. An Executive Agency, for instance, would remove the advantage of independence from Government in respect both of the regulatory and the advisory functions which ACCAC performs and would not self-evidently be more efficient in the discharge of these functions than ACCAC in its ASPB form. Furthermore, such an Agency would lose the benefit of the expertise which Members of the Authority bring to bear on its decisions and its advice. It would almost certainly need to create some form of Steering or Advisory Group mechanism to give it that independent purchase.

4.2. We therefore recommended that the ASPB form of governance should continue unchanged.

The Authority – recruitment, induction, training, deployment

4.3. Appointments to the Authority are made by the Minister for three years in the first instance following the careful procedures for public appointments which operate in Wales. No Member may serve for more than two consecutive terms. There are fifteen Members. Senior Officers attend to brief Members. The Welsh Assembly Government's Department for Training and Education, Estyn, QCA, the WJEC and ELWa attend with Observer status. The Authority meets four times per annum.

4.4. Some concern has been raised about the number of appropriately qualified and experienced individuals who apply through the public appointments process to become members of the Authority. At times, this has affected the Authority's ability to be fully representative of the ethnic diversity of Wales and the geographical distribution of its population. ACCAC's Chairman is mindful both of the need to ensure the Authority's representativeness and to secure the right balance of expertise within its membership. There is no formal mechanism available to the Authority to ensure that it secures appropriate representation of all its key stakeholder communities. It can do no more than encourage applications from individuals who might be considered potentially effective voices for those communities. The issue of combining the qualities of merit and diversity in public appointments was recently debated at length by the Public Administration Committee of the House of Commons and its Report (*Government by Appointment: Opening up the Patronage State, HC165, the Fourth Report of the 2002-03 Session, June 2003*) is worthy of careful reading noting that its key recommendations on this point (recommendations 21-23) have already been accepted by Her Majesty's Government (*Cm 6056, December 2003, p. 7*).

4.5. Like many public bodies, most of whose members are unpaid [†], there is a tension between the Authority's supervisory role as governing body and its supportive role as sounding board for its executive. This tension is managed well by the Chairman, Deputy Chairman and Chief Executive.

[†] [Although it is worth noting that the recent recommendations of the *Report of the Review of Remuneration and Expenses of Chairs and Members of ASPBs and NHS Bodies* would have the effect of remunerating all members of ASPBs and NHS Trusts in Wales on a common set of scales and would thereby lead to higher expectations of their performance. (*Recommendations 1 and 11, pp 7 and 9*)]

4.6. Members serve on at least one of ACCAC's five standing committees:

Audit Committee
Commissioning Committee
Executive Committee
Qualifications Committee
Remuneration Committee

4.7. Most committees have five Members. The Qualifications Committee is larger – at eleven – and the Remuneration Committee smaller – at three. The Audit and Qualifications Committees meet twice per annum, the other committees three times.

4.8. During the period since January 1999, there have been twenty meetings of the Authority, two of which have been held in North Wales, the remainder being held at the Authority's offices in Cardiff. The lowest attendance recorded (in October 2000) was six; the highest (in January 2003) was thirteen. The average for the period was ten. Attendance at Committee meetings is similar. The Authority's Standing Orders (revised January 2003) require that a quorum of one-third of the membership of the Authority or a committee is required for business to proceed. Only one meeting has been inquorate (the Audit Committee in July 2001) and proceeded as an informal meeting to brief the Committee's Chairman.

4.9. Agendas and supporting papers are carefully produced, indicating clearly the actions required of the Authority/committee. Often an item will appear before a committee or the Authority several times – on the first occasion to outline the

issue and brief Members; next to present a set of options and seek a steer from Members; and finally to agree the Authority's position. This typically occurs when advice for the Minister is being prepared or when there are major changes to systems and procedures under way.

4.10. From observation of several complete cycles of meetings, the review team can confirm that Members are encouraged to participate fully in these discussions and that the minutes of meetings reflect accurately and fully the texture of debate and decision. Where appropriate, Observers are invited to respond to questions from the Chairman or Members but do not usually participate in active debate.

4.11. Members and Officers are clear about their respective roles. This is equally so of the relationship between the Chairman and Chief Executive. All work closely together but respect one another's particular responsibilities and accountabilities.

4.12. The Authority has comprehensive Standing Orders which cover:

Part I	The Conduct of Meetings
Part II	Committees and the Delegation of Functions
Part III	Contract Regulations
Part IV	Financial Regulations

4.13. They were approved by the Authority in January 2003 and are explicitly subsidiary to the Financial Memorandum and Management Statement. They are supported by Schedules defining Delegation of Responsibility for Budget Management, which identify named budget holders and the limits to their delegated authority to approve expenditure.

4.14. These are clear and unambiguous documents which both define and accurately represent the way in which the Authority conducts its business.

4.15. The Authority has a well-established *Code of Best Practice for Members* which was last revised in March 1999. This sets out clearly the responsibilities and expectations of Members and is firmly grounded upon the Seven Principles of Public Life. It is consistent with the model given in the Cabinet Office's *Guidance on Codes of Practice for Board Members of Public Bodies* of January 1997.

4.16. Newly appointed Members receive this *Code* along with other documents which describe the Authority's work and its operational processes. They are invited to discuss these with the Chairman at an early stage.

4.17. The Authority has introduced a scheme whereby each Member reviews his or her contribution to the work of the Authority with the Chairman at the end of his/her first, third and, where appropriate, fifth year of membership. These reviews are confidential to the Member and the Chairman and result in an agreed joint document which is also held in confidence by the two parties. It is not a *pro forma* in years one and five, although the Authority did agree in January 2003 that it would follow a performance appraisal *pro forma* in year three.

4.18. The Chairman sees these reviews as an opportunity for a two-way reflection and review, although the *Code* makes clear the Chairman's responsibility for "providing an assessment of performance of individual Authority members, on request, when they are being considered for re-appointment to the Authority or

appointment to the board of some other public body". He has responded to requests on this basis.

- 4.19. It is the intention to use these review sessions as the occasion when Members' individual training needs can be identified. At present such training needs are identified informally, if at all. Already, a common training need for all members of the Audit Committee has been identified and steps are being taken to provide such specific training for Audit Committee members. This is not intended to be a substitute for individual training.
- 4.20. Given the infrequency of the review cycle, even when fully established, we question whether this is a sufficiently robust vehicle for all of its intended purposes – reflection, performance review of both the individual, the Chairman and the Authority, training needs identification – and would suggest that the Authority might find merit in re-visiting its approach to its own Members' performance appraisal, training and development alongside, though separate from, corporate effectiveness review.
- 4.21. We are not persuaded that the Authority has moved significantly beyond the position reported in the 1999 Financial Management and Policy Review, when it was recommended that "ACCAC, in consultation with Schools Performance Division, should prepare an individual training plan for each new member appointed to the Authority; and any outstanding training needs of existing members should also be taken into account". (*para 9.2*)
- 4.22. We are conscious that, although the Cabinet Office appears not to have updated its 1997 guidance and there appears to be no current Welsh equivalent guidance for ASPBs, the Chief Executives' Forum in Northern Ireland has recently published *On Board: A Guide for Board Members of Public Bodies in Northern Ireland* which touches on a number of areas which ACCAC might find appropriate to consider. We are also aware that the revised *Combined Code* published by the Financial Reporting Council in July 2003 contains within it a range of best practice advice which has relevance beyond the public limited company sector for which it has been designed.
- 4.23. We therefore recommend that
- The Authority conduct a thorough review of its *Code of Best Practice for Members* to ensure that it reflects current best practice in corporate governance in both the public and private sectors
 - The Welsh Assembly Government, advised by the Chairman of ACCAC, consider how best to ensure that, within the framework governing public appointments in Wales and mindful of the Fourth Report of the Public Administration Committee of the House of Commons, it can secure the expertise which will benefit ACCAC into the future and ensure that it meets the Welsh Assembly Government's requirements for diversity and geographic representativeness
 - In particular, that the Welsh Assembly Government consider whether a strengthening of the commercial and financial expertise available to the Authority might be advantageous
 - The Authority consider whether a more formal approach to assessing and meeting the training needs of its Members might be appropriate,

especially in the light of recommendation 9.2 of the 1999 Financial Management and Policy Review

Openness, Quality and Complaints Handling

- 4.24. ACCAC sees openness as most appropriately achieved through its involvement of a wide range of practitioners across Wales and the carrying out of very open consultations of matters of interest and concern in education. The consultation exercise undertaken as part of the Quinquennial Review confirmed that this was perceived by most of ACCAC's stakeholder communities as a reasonable claim. There was some adverse comment amongst the post-compulsory education and training community that ACCAC was not as visible as they would wish and ACCAC may wish to consider whether this is a reasonable and realistic perception or rather a reflection of the lack of any specific consultation exercise with those interests at the time of the consultation.
- 4.25. ACCAC can illustrate its approach to openness amongst the educational community through its extensive use of practitioners in working groups established to advise on curriculum and assessment matters and through its regular meetings with the Teachers' Associations in Wales. The latter – the Teachers' Associations Forum - take place three times per annum and are generally well attended. Agendas for these meetings are constructed through agreement between the Associations and ACCAC. ACCAC uses the meetings to explain its current work and to seek the Associations' views on matters of current concern.
- 4.26. The Authority puts a meeting room at the disposal of the Associations during the morning, provides a buffet lunch and begins the formal business of the Forum immediately after lunch. Meetings are chaired by ACCAC's Chairman, supported by the Chief Executive. From observation of the June 2003 meeting, the review team formed the view that the relationship between ACCAC and the Associations was excellent and that the Authority's work was valued. This was confirmed by responses to the consultation exercise.
- 4.27. A similar arrangement is in place with the Churches in Wales. ACCAC's Chairman and Chief Executive meet annually with representatives of Wales' Churches and religious organisations. The review team did not have the opportunity to attend such a meeting, but the responses to the consultation exercise from Churches and religious organisations in Wales were unanimously supportive of ACCAC's commitment to openness and receptiveness to their views, particularly on matters relating to religious education and personal and social education.
- 4.28. These arrangements could well serve as models for engagement with those stake-holder communities which appear to be less well integrated with ACCAC's work – in education and training, the post-compulsory sector; in business, the trade unions and employer organisations; and in the public service, LEAs. Although there are linkages at officer level, there may be scope for further and closer engagement at Authority level.
- 4.29. The Authority has recently agreed a Complaints Procedure which includes an appropriate degree of externality at the final stage of the procedure. This procedure was strengthened following Members' comments on an earlier draft. It is succinct yet robust and conforms to best practice. It has not yet been tested, although it is now in the public domain. It also has a "whistle-blowing policy"

which conforms to the Public Interest Disclosure Act 1998 as outlined in the Department for Trade and Industry's leaflet PL502 Rev 2 *Disclosures in the Public Interest: Protections for Workers who 'Blow the Whistle'*. ACCAC's policy is more clearly written than this guidance leaflet. It is contained within the Authority's comprehensive Conditions of Employment Handbook and has not been tested.

4.30. The Authority does not hold its meetings in public as a matter of policy last determined in 1997. This is because "the bulk of the work at Authority meetings involves:

- The consideration and formulation of advice to Ministers (e.g. the review of the school curriculum, baseline assessment, the qualifications framework);
- The consideration and approval of documents such as the Annual Report, the Annual Accounts, the Corporate Plan, the Operational Plan etc which, by convention, are not made public prior to approval by Ministers and/or before they are laid before Parliament; and
- Financial and personnel matters (including the allocation of contracts)"

4.31. It does not accept that an annual general meeting would increase public knowledge, as "the agenda would necessarily be contrived and many of the items would be of historic value only".

4.32. It now sees its web-site as an important source of public information about both its professional activities and outcomes and its corporate performance. It is intending to develop this further once its new web-site is operational (currently 31st March 2004).

4.33. Openness and transparency have achieved ever greater significance since ACCAC last reviewed its policies in this area. The National Health Service, for example, commits itself to provide information on demand unless it falls within one of the following categories:

- i) "Personal information. People have a right of access to their own health records but not normally to information about other people.
- ii) Requests for information which are manifestly unreasonable, far too general, or would require unreasonable resources to answer.
- iii) Information about internal discussion and advice, where disclosure would harm frank internal debate, except where this disclosure would be outweighed by the public interest.
- iv) Management information, where disclosure would harm the proper and effective operation of the NHS organisation.
- v) Information about legal matters and proceedings, where disclosure would prejudice the administration of justice and the law.
- vi) Information which could prejudice negotiations or the effective conduct of personnel management or commercial or contractual activities. This does not cover information about internal NHS contracts.
- vii) Information given in confidence. The NHS has a common law duty to respect confidences except when it is clearly outweighed by the public interest.
- viii) Information which will soon be published or where disclosure would be premature in relation to a planned announcement or publication.

- ix) Information relating to incomplete analysis, research or statistics where disclosure could be misleading or prevent the holder from publishing it first.”

4.34. This refers to NHS exemptions from providing information on demand. It could be argued that similar exemptions characterise the bulk of ACCAC’s business and that “having made the meetings open, the majority of issues would be discussed in closed session”. That would be the opinion of the review team, having attended three cycles of ACCAC meetings as privileged observers. It would not preclude the agendas and minutes of those meetings being made public after the event, although the latter would probably need to protect items of particular sensitivity.

4.35. It would seem timely for ACCAC to review its 1997 position to see whether there might be adjustments which it might reasonably make to its current stance. For example, it might develop e-delivery mechanisms through which it could achieve the objective of transparency without compromising the confidentiality of so much of its business.

4.36. ACCAC’s present web-site does no more than nod in the direction of openness, in that it presents the Authority’s most recent Annual Report and Corporate Plan in its Corporate Information section. It does carry the report of its Audit of WJEC’s Qualifications Operations and has kindly carried the Consultation Document for the Quinquennial Review. In the view of the review team, it could include more information without breaching the confidence or sensitivity which it carefully guards.

4.37. In the review team’s view, good practice within Wales can be found in the web-site of the National Museums and Galleries of Wales. Its section *About NMGW* includes the following items:

Who's who at NMGW

- Divisional Map
- Members of NMGW Directorate
- Members of NMGW's Council

NMGW Aims & Objectives

- Royal Charter & Statutes
- Corporate Plan
- Annual & Financial Reports
- NMGW - Past and Future
- NMGW Quinquennial Review
- Welsh Assembly Remit Letter
- NMGW Yearbook

Strategy & policy at NMGW

- Industrial Strategy
- Projects
- Consultation on the Display of Art
- Code of Practice on Complaints
- Equal Opportunities
- Welsh Language Scheme
- Working in Partnership
- Health & Safety Policy
- Staff Training and Development

Accountability at NMGW

- Minutes of Meetings of Court of Governors
- Minutes of Meetings of Council
- Freedom of Information

Facts and Figures

- Visitor Figures

NMGW News

- Current News
- Jobs at NMGW

4.38. In redesigning its web-site in a more accessible form (both from the user's point of view and from that of the teams who will provide the information feeds from ACCAC) ACCAC could usefully consider whether any elements of the following checklist (adapted from the NHS checklist) might be appropriate:

- detailed information on activity;
- information about professional staff (including qualifications, areas of special interest, key contributions);
- areas which have been market-tested, with details of decisions reached;
- tenders received by value, but not by name of tenderer;
- information on manpower and staffing levels and staff salaries by broad bandings;
- policies for Authority Members and staff, eg equal opportunities, standards of conduct;
- environmental items, eg fuel usage and sustainability;
- volume and categories of complaints and letters of appreciation (without identifying individuals), and performance in handling complaints;
- results of user surveys and action to be taken;
- standing orders and waivers of standing orders;
- standing financial instructions;

- external audit management letter, and Authority response, time when response is made;
- details of administrative costs;
- funds held on trust, such as bequests and donations;
- performance against quality standards in contracts;
- performance against targets and/or benchmarks for qualification approval;
- names and contact (office) numbers of Authority Members and senior officers;
- basic salaries, ie excluding PRP and distinction awards, of staff, by bandings and in anonymised form;
- audit reports on Awarding Bodies;
- information about the use of outside management consultants, including expenditure

4.39. It may be that none of these items is considered appropriate. It is important, however, that, in coming to such a judgment, considered reasons be given for their rejection.

4.40. More generally, if the corporate web-site is to assume greater significance in ACCAC's work into the future, it will be essential for it to develop robust and inclusive mechanisms for ensuring user-testing and feedback from both sophisticated and naïve users. It will not be sufficient simply to test it in-house or "amongst friends".

4.41. Web-sites now contribute greatly to an organisation's profile and reputation for accessibility. We have noted earlier that a significant number of respondents to the Consultation Exercise expressed concern at ACCAC's relatively low profile. "Getting it right" with the new web-site will be an important complement to the strong reputation for quality and professionalism which ACCAC enjoys amongst those within its stakeholder communities who work most closely with it.

4.42. We recommend therefore that

- ACCAC review its 1997 position on openness of meetings to see whether it still matches best practice in balancing commercial and political confidentiality with public access to information
- ACCAC consider the benefits of holding an annual public meeting or other electronically-mediated event to enhance both its public accountability and its public profile
- ACCAC ensure that user-testing and feedback forms an essential component of any revision to its web-site. In particular, its current revision should encourage enhanced opportunities for external public engagement with the work of the Authority both through the provision of additional corporate governance and performance information and through flexible mechanisms to capture customer relationship information and comment

This section of our Report considers the following question posed by the Terms of Reference for Stage II of the Review:

Do the financial and managerial control arrangements between the Qualifications, Curriculum & Assessment Authority for Wales and National Assembly meet established requirements?

Financial and Management Control Arrangements

4.43. The financial and managerial control arrangements between ACCAC and the National Assembly for Wales are defined in the Authority's *Management Statement and Financial Memorandum*. This falls into two parts. The *Management Statement* covers Responsibilities and Accountability; Policies and Priorities; Compliance and Monitoring; and Staffing and Personnel Management, whilst the *Financial Memorandum* covers Funding Arrangements (Income and Payments from Exchequer Sources; Income from Non-Exchequer Sources; Assets), Expenditure Regulation and General Financial Matters.

4.44. The Additional Assurance Report from the Authority's External Auditors tests ACCAC's compliance with the *Financial Memorandum and Management Statement* (sic). We have examined the Additional Assurance Report for every year from 1998-99 to 2002-03. No significant non-compliances were reported, although there were several minor infringements and/or areas of disputed interpretation, as follows:

1998 - 99

- The Authority disposed of a number of assets including a photocopier with a net book value in excess of the maximum permitted to its discretion. The photocopier was not working, and was not repairable. The Authority believed its estimated total value to be nil and it received no proceeds from the disposal.
- The Authority failed to comply with the Prompt Payment Code of Practice in that it paid only 90.7% of undisputed invoices within 90 days, against an agreed minimum target of 95%.
- The Authority had failed to invoice the Welsh Books Council promptly for a publication which the latter sells on the Authority's behalf.

1999 – 2000

- As in the previous year, the Authority failed to meet the minimum target of 95% prompt payment, achieving only 92.3%
- In three cases, contracts over £50,000 had been let to the only tenderer for commissioned classroom materials, even though three or more potential suppliers had been invited to tender. The Authority disputed whether this constituted a single or restricted contract basis.

2000 – 01

- No instances of non-compliance reported

2001 – 02

- As in 1998-99 the Authority had failed to invoice for royalties due from the sale of publications at the earliest opportunity
- The Fixed Asset Register was found to include a number of items which had either been disposed of or were no longer in use.

2002 – 03

- No material departures from the *Management Statement and Financial Memorandum* identified

4.45. The Chief Executive himself has recognised a conflict between the Commissioning Committee's historical practice of awarding contracts due to the sensitive nature of the work when it commenced in 1995 and the requirement in the Authority's Standing Orders that a Member of the Authority shall be invited to be involved in the award of any contract in excess of £100,000. This was brought to the attention of the Commissioning Committee prior to further discussion with the Chairman and Deputy Chairman of the Authority. As a result of those discussions it has been decided that the present arrangements remain valuable and should continue. The review team would concur with this decision.

4.46. Finally, we recognise the inflexibility which the Welsh Assembly Government's 2% tolerance band on carry-forward has caused ACCAC. We understand that this is currently the subject of a consultation between the Welsh Assembly Government and all ASPBs. We recommend that

- ACCAC seek to agree with its Sponsor Division a revised tolerance band for over- or under-spend on its annual accounts to take better account of the uncertainties and contingencies which characterise the annual budgeting process

Internal and External Audit

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

Do the arrangements for governing the Qualifications, Curriculum & Assessment Authority for Wales continue to be appropriate?

- ***Is the Qualifications, Curriculum & Assessment Authority for Wales managing its finances effectively and in accordance with the requirements of regularity, propriety and value-for-money?***
- ***What progress has the Qualifications, Curriculum & Assessment Authority for Wales made in improving operational efficiency?***

Do internal and external audit reports provide confidence that the Qualifications, Curriculum & Assessment Authority for Wales is managing its finances in line with the Assembly's expectations of public bodies?

- ***Is the Qualifications, Curriculum & Assessment Authority for Wales' internal audit committee working effectively?***

Is the Qualifications, Curriculum & Assessment Authority for Wales managing its finances and assets effectively?

- ***Are value-for-money issues (including policy evaluations) and risk management being rigorously pursued?***

Does the Qualifications, Curriculum & Assessment Authority for Wales have good arrangements for monitoring/challenging the quality and efficiency of its service delivery?

Does the Qualifications, Curriculum & Assessment Authority for Wales have a good track record in and robust plans for improving efficiency?

4.47. ACCAC has an enviable reputation for managing its finances effectively and with due regard to regularity and propriety. It regularly receives very positive reports from both its Internal Auditors, Deloitte and Touche LLP, and its External Auditors, the National Audit Office for Wales. It is not uncommon for the Internal Audit Assurance Statement to give Full Assurance judgments on the basis of a strong overall control framework and its application. Similarly, the National Audit Office regularly reports the Authority's full compliance with its Management Statement and Financial Memorandum and corporate governance requirements (most recently, those given in Dear Accounting Officer Letter 9/03).

4.48. The Audit Committee has five Members and is attended by the Chief Executive, Assistant Chief Executive (Central Services and Commissioning), Finance Manager and Corporate Support Officer. It meets twice per annum, normally in July and November. Since 1999 one meeting (April 1999) has been cancelled due to insufficiency of business, there subsequently being a meeting in June 1999 and one was held as an informal meeting (July 2001) due to the absence (with apologies) of four of the five Members. Excluding this meeting, the

average number of Members present at the nine meetings held over this period was four with one apology.

- 4.49. Since November 2002 Members have held a private meeting with Auditors immediately following the meeting of the Audit Committee. In both years, Internal and External Auditors have confirmed that the Authority is well run, with a robust and positive relationship between its senior staff and Auditors and an appropriate engagement by Members in their scrutiny of the work of the Authority. Auditors confirmed the view which they had previously expressed to the review team in private interviews that ACCAC features strongly at the right end of the spectrum of competence amongst ASPBs.
- 4.50. Specific reviews of discrete areas of ACCAC's work have been undertaken by both Internal and External Auditors. For example and most recently, the External Auditors reviewed the Authority's procurement procedures and found them to be of a high standard. This is not an uncommon outcome for ACCAC. Especially since the Authority has taken steps to build risk assessment into its planning cycle through the mechanism of team targets, Auditors appear to have found it difficult to suggest any significant area of potential improvement.
- 4.51. In commending ACCAC for the effective controls and procedures which have enabled it consistently to receive strong plaudits from both its Internal and External Auditors, we make no recommendations in respect of Internal and External Audit.

Efficiency Framework

- 4.52. As indicated earlier, it is extremely difficult to find appropriate comparators to make value for money judgments. Each of the UK's qualifications regulators has a different functional remit and differences in size, scope and scale make simple bench-marked comparisons difficult. Furthermore, the fact of bilingualism in Wales and the Authority's commitment to its Welsh Language Scheme adds an element to ACCAC's costs which is not borne elsewhere in the UK.
- 4.53. In one area of its work, ACCAC does produce quantified efficiency indicators which can serve to demonstrate increased (or worsened) value for money. That area is procurement, where savings are logged. For example, in the period April 2002 – March 2003, savings of some £227k were achieved, nearly half of which came from negotiated cost reductions in tenders against the Authority's Objective 2 *Developing a coherent and integrated curriculum and assessment framework which raises standards of achievement and widens educational opportunity*. Similarly in the period April 2003 to January 2004, savings of nearly £204k had been achieved, most of which again could be set against Objective 2. A large part of this resulted from savings which had been achieved by bringing Mathematics test development in-house, following a competitive tendering exercise in which an in-house bid had been permitted (subject to careful safeguards to prevent anti-competitive preference in favour of the in-house team).
- 4.54. Objective 3 *Commissioning high quality Welsh and bilingual classroom materials to support the teaching of Welsh, other subjects through the medium of Welsh and Wales specific aspects of the school curriculum* does not report savings in this way but does track value for money in terms of the rate of return through sales on the capital invested in commissioned publications. For example, over the period between 1995 and 2001, the Commissioning Committee was

informed that for every £1 invested by the Authority, schools spent an average of 44p in purchasing the materials.

- 4.55. ACCAC takes seriously its responsibility for using and spending public money wisely as well as the more formal requirement to account for it properly. The team culture within the organisation, led by its senior management team, emphasises the need to demonstrate both accountability and value for money in the use of public funds. Its professionalism, every bit as much as its constrained resources, drives it towards improved efficiency in the use of those resources.
- 4.56. A principal motive behind several of ACCAC's current e-initiatives (such as its new web-site or its consideration of an Electronic Data Recording and Management System) is the desire to drive greater efficiency through an organisation whose lifeblood is high quality information within its field of focus. Subsidiary motives relate to improved customer awareness and satisfaction and sustainability – to move increasingly away from the use of non-renewable resources.
- 4.57. These initiatives are to be commended. However, they appear to the review team to have proceeded on the basis of an informality in project planning and a level of trust in both external consultants and internal staff capability which carries a potentially substantial element of risk.
- 4.58. We recommend, therefore, that
- In moving towards any major restructuring of its operations, such as the introduction of an Electronic Record and Document Management System, ACCAC should ensure that it has formal business planning, risk assessment and project management control procedures in place, monitored by robust management and governance structures established by the Authority
- 4.59. Control within ACCAC is strong. Self-evaluation is under-developed.
- 4.60. Although ACCAC has responsibility for auditing the operational effectiveness of Awarding Bodies and has very properly recommended to WJEC that, *inter alia*, it “implement a consistent, integrated and coherent quality control and assurance system” and develop its self-evaluation process further “to provide a rigorous means of reviewing the contribution of the various sections to the organisation's overall performance”, it does not appear to the review team to practise these disciplines itself. Such a situation is not easy to defend.
- 4.61. There are many models which ACCAC might find appropriate in assisting it to develop a culture of self-evaluation. At the most inclusive, a commitment to the EFQM's European Quality Framework would sit neatly with initiatives elsewhere within the Welsh Assembly Government's purview. On the other hand, and especially for its operational self-evaluation, ACCAC may find the Office of Government Commerce's Capability Maturity Assessment approach more helpful. There are other models and approaches which may be adopted. Conducted comprehensively and rigorously, self-evaluation can be a powerful force for reducing the external burden of regulation on ASPBs.
- 4.62. We recommend that

- ACCAC engage systematically in a process of rigorous self-evaluation designed to improve yet further its operational efficiency and effectiveness, including bench-marked evidence and customer feedback wherever possible

Risk Assessment and Risk Management

4.63. Work on the formalisation of risk identification and assessment processes began in the latter part of 2000. Following a one-day workshop for some 18 members of ACCAC's staff early in 2001 and detailed work thereafter, by 2003 the Authority had in place a comprehensive risk management process which tied the identification and assessment of risk into the system of team targets setting and monitoring which was part of the Authority's standing procedures and ensured the comprehensiveness of its Risk Register. This has ensured ownership of risk management throughout the organisation and has won praise from ACCAC's Auditors for ensuring that key corporate and strategic risks are identified and assessed and that robust risk management procedures are embedded within the organisation's operations.

4.64. However, one of the consequences of such embedding is that teams across the Authority may apply slightly different criteria to the ranking of risks, despite training workshops designed to achieve standardisation of approach. There is a recognition within the Authority that more work needs to be done to ensure consistency in the rankings applied by all teams.

4.65. We therefore recommend that

- Within the framework of risk assessment now firmly established, ACCAC develop its ability at all levels within the team structure to distinguish more clearly between low, medium and high levels of risk and to ensure that these rankings are applied consistently across the whole organisation

Corporate Planning

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

How effective has been the Qualifications, Curriculum & Assessment Authority for Wales' corporate planning in developing clear strategic direction, setting targets and allocating resources to objectives and priorities?

Does the corporate planning process reflect an integrated approach to the functions delivered by the Qualifications, Curriculum & Assessment Authority for Wales?

4.66. Despite the turbulence and uncertainty which have surrounded many of its functions in recent years, ACCAC has a settled and tested corporate planning system in which the several components link reasonably seamlessly together. The Authority's Plans are prepared within the framework provided by the Management Statement and Financial Memorandum issued by the Welsh

Assembly Government and take account of advice set out in the Welsh Assembly Government's *Guidance on Corporate Planning by executive sponsored public bodies (2001)*.

- 4.67. ACCAC produces an annual Corporate Plan, which it refines through discussion both within the Authority and with its Sponsor Division and which it seeks to align closely to its Remit Letter and the financial resources available to it. The Corporate Plan is published in February each year and covers a three year period. It offers stated assumptions where necessary to cover those areas of policy and resources where final decision has not yet been made. The Corporate Plan sets out a narrative on the Authority's future direction, Objective by Objective, and gives a summary of planned expenditure by Objective, together with performance indicators and output measures.
- 4.68. The Authority's Corporate Plan targets are translated into an Annual Operational Plan, which gives a more finely grained view of the Authority's planned work. Quarterly Performance Reports then present a summary of work undertaken by Objective, a tabular presentation of achievements against targets against performance measures for each Objective and a financial summary showing expenditure (budgeted, actual and forecast to year end) for the Authority as a whole and by Objective.
- 4.69. The Quarterly Performance Reports for the periods to end September and end December are considered by the Authority at its October and January meetings respectively.
- 4.70. With the assistance of the Corporate Support Officer, staff teams translate the Annual Operational Plan into Team Targets which are then ranked on the basis of an assessment of the risk to the Authority of their failure to be achieved, both in terms of impact and of likelihood.
- 4.71. There is little doubt that this planning process is fully integrated and that it continues to help the Authority at all levels to maintain clear strategic direction, set and monitor targets and allocate resources to meet objectives and priorities. In general, targets are SMART – that is, they are specific, measurable, achievable, realistic and time-related. At every level it is generally possible to identify who is responsible to whom for what and by when. It is also possible to gauge the consequences of the task or activity not being completed as planned.
- 4.72. Occasionally, however, there is a mismatch between the target set and the achievement reported, such that it is not possible to make the judgment about effectiveness or risk. For example, a commissioning target is defined in terms of the percentage of titles scheduled for publication in a particular year, whilst the achievement is reported as the number of titles published to date. Similarly, there is some lack of clarity between the expressions "in hand" and "on target" which, to the naïve reader, may either mean the same thing as or something quite different from one another. It would be helpful if those reporting against targets were to be reminded of the benefit of consistency of expression. This is not a serious problem for the Authority or for the National Assembly.
- 4.73. There is, however, a rather more serious issue around ACCAC's consistent use of five Objectives. The first three of these represent the main areas of its work, whilst the fifth is essential "house-keeping":

Objective 1. Developing a coherent and integrated framework of high quality qualifications, which meet the needs of Wales; improves levels of skill and educational achievement and commands the confidence of the public.

Objective 2. Developing a coherent and integrated curriculum and assessment framework which raises standards of achievement and widens educational opportunity.

Objective 3. Commissioning high quality Welsh and bilingual classroom materials to support the teaching of Welsh, other subjects through the medium of Welsh and Wales specific aspects of the school curriculum.

Objective 4. Improving the Authority's intelligence base with targeted research and providing timely information regarding developments in education and training in Wales.

Objective 5. Ensuring an effective and efficient organisation

4.74. It is Objective 4 which stands out as the least central and, arguably, most misunderstood of ACCAC's five Objectives. The budget allocated to it constitutes barely 2% of the Authority's total budget and currently supports the development of the new corporate web-site, exhibitions and the publishing costs of certain reports. It does not support any longer term development research or any wider enquiry which could help to "improve the Authority's intelligence base". It is by no means the Objective which drives ACCAC's role as the National Assembly's principal adviser on developments and policy options in that part of the world of learning which has to do with curriculum and assessment. Advice on this is informed by work undertaken under Objectives 1 and 2. It is, therefore, something of a misleading misnomer. It would be better if it were redefined *either* to subsume it within another Objective *or* to emphasise it more strongly as a separate and legitimate Objective in its own right.

4.75. We recommend that

- ACCAC's Objective 4 *Improving the Authority's intelligence and providing timely information regarding developments in education and training in Wales* be re-examined in the context of the Authority's Strategic Plan and refocused *either* to make clear that this is predominantly an in-house function *or* to enable the Authority to plan for appropriate resources to underpin an effective curriculum and assessment research function which is not tied to specific pieces of work which fall annually within ACCAC's remit

4.76. If such a refocusing were to result in the *former* option, we recommend that

- The Welsh Assembly Government consider whether it has need of an agency or a commissioning process whereby longer-term research which is identified as of relevance and interest to Welsh education and training might be secured

4.77. In every area of its remit, ACCAC monitors its performance against plan and reports regularly both to the Authority and to its Sponsor Division. In many of its activities, it seeks user feedback on the quality of its work, taking the form either of conference evaluation or of commentary on guidance and other materials. It tracks the take-up of commissioned classroom materials very closely and plans to

use its new web-site as an additional evaluation instrument. As noted at paras 4.60 to 4.62 above, it could do rather more to evaluate itself as an organisation, rather than simply rely on evaluation of its products. Nonetheless, it is an organisation whose control systems are such that every confidence can be placed in its ability to meet requirements for both efficiency and quality improvement.

Human Resource Management and the “Corporate Overhead”

This section of our Report considers the following questions posed by the Terms of Reference for Stage II of the Review:

Are the Qualifications, Curriculum & Assessment Authority for Wales’ running costs and staffing levels being controlled and scrutinised?

Can useful comparisons be made with the operating costs of similar bodies?

- 4.78. There are several mechanisms for controlling and scrutinising ACCAC’s running costs and staffing levels: the Senior Management Team, the Authority’s Executive Committee and the Authority itself. There is no assumption that job vacancies will be automatically filled.
- 4.79. The Authority’s approach to staff management via teams, which are themselves fully engaged in determining their team targets within the overall plans of the Authority, has resulted in a very high level of motivation and commitment. This has been independently assessed during 2003 by an ELWa Investors in People Assessor who claimed that ACCAC was the best example of meeting the Investors in People Standard that he had had the opportunity to assess.
- 4.80. He described the culture of the organisation as “a mixture of involvement and early self-direction” and reported that
- “Managers work closely with their team members and these teams are based on networking, knowledge and skills.
 - Two-way communication is prompted and management are interested in the employees’ response, actively encouraging employees to contribute and implement new ideas
 - The manager’s role is supportive, creating the right environment for individual development
 - Targets are set after consultation with team members.”
- 4.81. The review team can confirm this judgment from our own observation of team working throughout the Authority.
- 4.82. In seeking to build benchmarks or comparisons with the other twelve Executive ASPBs we face no easy task. Each operates in a different policy arena and there are considerable variations in scale and complexity to their work.

4.83. The recent *Report of the Review of Remuneration and Expenses of Chairs and Members of ASPBs and NHS Bodies* has proposed a “simple and unbureaucratic” method of classifying ASPBs (both Executive and Advisory) and NHS Trusts. It has assigned each ASPB to one of five bands for each of four criteria.

Criterion	Score 1	Score 2	Score 3	Score 4	Score 5
Gross expenditure	Budget under £5m	Budget between £5m and £75m	Budget between £75m and £150m	Budget over £150m	Not applicable
Staff numbers (FTE)	Fewer than 50	50 - 99	100 - 499	500 or more	Not applicable
Complexity of role	Advisory body; single task	More complex advisory or single tasked executive body	Executive body; complex work; some sensitivity	Executive body; very complex work; frequent difficult or sensitive issues	Executive body; very complex work with an international dimension, involving wide range of partners, notably the private sector; frequent difficult or sensitive issues
Risk/exposure	Low	Medium	High	Very high	Not applicable

4.84. Each band is scored. The Review of Remuneration scores ACCAC 2: 2: 3: 2, giving a total score of 9. Whilst there may be some debate about whether its work is best seen as “complex with some sensitivity” or “very complex with frequent difficult or sensitive issues”, a score of 9 or 10 would seem appropriate.

4.85. Its comparators are thus the Arts Council of Wales (10); the National Library of Wales (9); the National Museums and Galleries of Wales (10); and the Welsh Language Board (10).

4.86. A review of the most recent Annual Reports of these ASPBs is revealing in terms of the key information which is missing from them. Neither the Arts Council of Wales nor the National Library of Wales published its staff numbers in its Annual Report for 2002-03. The National Museums and Galleries of Wales gave a staff number but did not indicate whether this was an average monthly number or a total number – it was certainly not an FTE number. ACCAC and the Welsh Language Board gave average monthly staff numbers. It is thus difficult to establish a benchmark indicator for staffing levels for comparator ASPBs.

4.87. Similarly, these ASPBs’ treatment of non-Direct Running Costs differs. Any attempt to gauge and compare the “corporate overhead” of these bodies is thus fraught with difficulty. ACCAC’s “corporate overhead”, defined as the proportion of total income expended on management and administration was 29% in 2002-03. It had 90 staff. The Welsh Language Board, with 32 staff, spent 19% of its income on corporate overhead, whilst the National Museums and Galleries of Wales with 553 staff spent 5%. The National Library of Wales spent 11% on corporate overhead, whilst the Arts Council of Wales spent 9%.

4.88. Comparisons with other UK Qualifications Regulators are also not easy because of the lack of exact correspondence between their functions and differences in the way in which their annual financial statements are constructed. The Council for the Curriculum, Examinations and Assessment in Northern Ireland (CEA) had a turnover in 2001–02 of £16.8m and a deficit of nearly £0.5m. 36% of its costs were staffing costs, supporting 53 professional and 230 administrative staff. In the same year, ACCAC's turnover was £10.7m, its deficit was £0.2m and 24% of its costs were staffing costs. It had 34 management, professional and technical staff and 49 support staff – 83 in all. In the last year for which it has made an Annual Report, QCA spent 22% of its £68.5m turnover on 466 staff. In its most recent Annual Report, SQA recorded that it spent 41% of its £46.6m turnover on 704 staff.

4.89. There appears to be a considerable lack of transparency in this area which makes accurate comparison and benchmarking extremely difficult. Consequently,

- The Welsh Assembly Government (in partnership with the other UK National Administrations) may find it helpful to commission further detailed work on the standardisation of ASPB and NDPB financial reporting practices to enable benchmarked comparisons to be made more readily. Such comparisons should enable the additional cost (if any) of working in two official languages to be identified and factored out of judgments based on institutional performance outside Wales

4.90. In the light of such progress being made in standardising ASPB/NDPB financial reporting practices, it would be desirable for ACCAC to

- Develop specific performance benchmark proposals for discussion and agreement with the Welsh Assembly Government

4.91. On the basis of existing data available to us, therefore, we do not feel able to make reliable comparisons with the operating costs or staffing levels of similar bodies or to make any specific recommendation on these matters. However, we can track ACCAC's financial performance over the Review period:

	1998-99	1999-2000	2000-01	2001-02	2002-03
Gross income £'000s	9,556	9,816	9,621	10,659	12,352
Programme expenditure £'000s	7,089	7,730	6,909	7,661	8,154
Programme expenditure as % of gross income	74.2%	78.7%	71.8%	71.9%	66.0%
Staff costs and administration £'000s	2,275	2,592	2,767	3,099	3,628
Staff costs and administration as % of gross Income	23.8%	26.4%	28.8%	29.1%	29.4%

4.92. The Authority declared a deficit in each year from 1999-2000 until 2002-03 when it was able to put aside a surplus of £450,000.

	1998-99	1999-2000	2000-01	2001-02	2002-03
Annual surplus/(deficit) £'000s	80	(620)	(181)	(210)	450

4.93. Clearly, the 2002-03 financial settlement proved extremely helpful in providing some headroom for reinvestment. However, even if that had been committed as programme expenditure, the level of programme expenditure as a percentage of gross income would still have slipped marginally below 70% for the first time. That proportion has declined significantly across the period from 1998-99 when test development at Key Stages 1, 2 and 3 was devolved to ACCAC from SCAA/QCA. It thus shifted expenditure from programme to staff expenditure. Such a shift may be no bad thing if it supports ACCAC's capacity for longer-range work which is not programme specific. If, however, it represents simply increased overhead then it does not represent effective value for money.

4.94. We recommend, therefore, that

- ACCAC, together with its Sponsor Division, examine the implications of a declining proportionate spend on programme activity to ensure that the Authority continues to deliver value for money on its grant-in-aid activities into the future

4.95. Apart from its Central Services and Commissioning Division, ACCAC is structured into three development and delivery Divisions: 5-14 Curriculum and Assessment; 14-19 Qualifications and Curriculum; and Vocational Qualifications and Lifelong Learning. Each Division is structured differently, to meet the needs of its area of responsibility and there are variations in the balance between full-time staff and external consultants. There is a strong team culture within each Division and, within Divisions, amongst staff working in closely cognate areas.

4.96. This does not militate against corporate working – rather, it underpins and strengthens it. Already, the Authority uses cross-divisional groups to progress a range of domestic and cross-cutting themes. In the medium term, however, it is likely that closer working across Divisions on common themes which are central to the Authority's principal purposes – for example, accreditation and quality assurance, transition or Welsh-medium provision – will assume greater significance.

4.97. Without wishing to propose a complex matrix structure, we recommend that

- ACCAC consider the merits of moving more strongly towards a divisional and team structure which recognises commonalities *between* age phases and commonalities of award *within* age phases

Accommodation Strategy

This section of our Report considers the following question posed by the Terms of Reference for Stage II of the Review:

In support of the aim to spread prosperity, inclusiveness and public services throughout Wales, what scope is there for the Qualifications, Curriculum & Assessment Authority for Wales to mirror the Assembly Government's strategy in locating more jobs outside of Cardiff?

- 4.98. ACCAC currently has two sets of offices in Cardiff (at Castle Buildings, Womanby Street and at Southgate House). These are held on three leases, two of which are in respect of Castle Buildings, which is not fully accessible. One of the leases at Castle Buildings (2,280 of 8,625 sq ft) is due to expire in 2005, at which point ACCAC could consolidate its operation at Southgate House which has the advantage of being more accessible. In doing so, it would surrender its licence agreement for the shared use of the reception and conference rooms at Castle Buildings.
- 4.99. Work has already begun on the review of the Authority's accommodation requirements and the Authority is committed to taking a paper setting out a business case for those requirements in June 2004. The last date on which notice to exercise the break clauses in the lease and licence can be given is 24th December 2004. The licence is not determinable separately from the lease.
- 4.100. The first date on which ACCAC could exercise its right to break the lease on Southgate House, which runs to February 2017, is June 2009 which coincides with the termination of its other leases at Castle Buildings. Any break before then would involve financial penalty.
- 4.101. There is, therefore, scope to consider total relocation without penalty with effect from mid-2009. More urgently, there is need to make robust decisions to maintain ongoing operations from mid-2005.
- 4.102. The Welsh Assembly Government has asked the Authority to mirror its own strategy of seeking to relocate more jobs outside Cardiff and to submit a business case which includes a fully costed and realistic option for location elsewhere in Wales. The case which ACCAC will make to the Assembly in June 2004 will, therefore, need to include options for relocation away from Cardiff, whether from 2009 or some earlier date.
- 4.103. The starting point for ACCAC's analysis will be its staffing requirement into the future. At the time of its last business case in 2001 which accompanied the proposal to acquire additional space at Southgate House the Authority employed 80.5 full time equivalent staff. It now has 94.2 and there is headroom within the Authority's Direct Running Cost limit for 2002-05 for an additional three posts.
- 4.104. However, there are significant uncertainties about staffing levels for the future, not least because of likely changes to the arrangements for National Curriculum statutory tests and key skills tests. We are not in a position to pre-

judge these, but it would seem unlikely that ACCAC's staffing requirement will diminish over the next period, even though its expertise and skill base may change.

- 4.105. Several of ACCAC's professional staff have home-bases in other parts of Wales and come to Cardiff as needed, maintaining contact with the office electronically. Whether or not the Authority decides to relocate from Cardiff, other policies are likely to encourage remote working by its staff. The Authority will need to ensure that its extranet and e-delivery systems are robust enough to support such tele-working.
- 4.106. The most likely medium-term scenario is that ACCAC will face a continuing need for more office space, preferably in a single location. A rather less likely scenario (although one which is quite possible in the longer term) is that a significant number of ACCAC's staff will choose to exercise their opportunity under the Authority's Work/Life Balance Policy to base themselves away from the Cardiff office and engage with their colleagues electronically from a remote location.
- 4.107. In either of these scenarios, it is difficult to see more new jobs being created locally in other parts of Wales.
- 4.108. It is also difficult to see how the efficiency of those Officers whose work requires them to attend meetings in London or Sheffield on a regular basis would be improved by relocating ACCAC's offices away from South East Wales.
- 4.109. It may be, however, that the Authority determines to work towards such a relocation by 2009 or earlier. If it does so, it would be well advised to consider early consultation with its staff at all levels to ascertain the likely impact on its operation.
- 4.110. Recognising that such longer-term intentions must necessarily colour the more short-term decision to be reached later in 2004, we recommend that
- In taking forward its own thinking on future accommodation strategy, ACCAC attend closely to the implications of the Disability Discrimination Act 1999, of the Welsh Assembly Government's Relocation Strategy 2002 – 2007 and of its own Work-Life Balance policy

5. Conclusions

- 5.1. Both Stage I and Stage II of this Quinquennial Review have indicated the strengths which ACCAC brings to education in Wales, delivering the remit which the Welsh Assembly Government on behalf of the National Assembly for Wales expects of it.
- 5.2. It is a small organisation which is well run and strongly supported by its Members and its staff. Its standing is high amongst its most immediate partners and the Assembly Government.
- 5.3. It necessarily works very closely with its counterparts in England and Northern Ireland and makes its mark with them, despite its relatively small size. There are some aspects of its relationship with QCA which might be improved but these form just a part of a broader relationship between the two Authorities' sponsor Departments.
- 5.4. In developing and promoting the Curriculum Cymreig, ACCAC has responsibilities for a national heritage which is more explicit than either its English or Northern Irish equivalents. It pursues these responsibilities effectively and professionally, measuring the special characteristics of a curriculum for Wales against the common culture which all in the United Kingdom share. As our extensive consultation exercise demonstrated, the overwhelming view is that if ACCAC did not exist, it would need to be invented.
- 5.5. At a time when organisations can run out of control because of their lack of effective systems or because of the personal agenda of their leaders, the National Assembly should be heartened by the evidence of a soundly managed and professionally effective Assembly Sponsored Public Body which the present Review has gathered.
- 5.6. There is, of course, room for improvement in some aspects of ACCAC's operation as there is in its relationship with other key partners. Our Recommendations address these aspects. We commend them to the Welsh Assembly Government, the National Assembly for Wales itself and the Authority.

APPENDIX I

Terms of Reference for the Quinquennial Review

WELSH ASSEMBLY GOVERNMENT QUALIFICATIONS, CURRICULUM & ASSESSMENT AUTHORITY FOR WALES (ACCAC): QUINQUENNIAL REVIEW TERMS OF REFERENCE

Introduction

The Quinquennial Review of the Qualifications, Curriculum & Assessment Authority for Wales (the Authority) is being undertaken in the context of the Welsh Assembly Government's published Quinquennial Review Guidelines. The Guidelines set out the process for conducting the reviews. This includes self-assessment by the sponsored body, discussion with Members of the Authority and senior managers, inviting views from major stakeholders including staff and their trade unions, partners and customers.

The Terms of Reference sets out the key questions that the Review has to address. The issues common to all reviews are identified in the Guidelines, but the Terms of Reference also take account of issues specific to the Authority. The Review will take into account the Department for Education and Skills quinquennial review of the Qualifications and Curriculum Authority and consider the emerging conclusions from the review.

The key output of the review is a single report, which will be in two parts. The first part of the report on functions (Strategic Review – Stage I) will be considered at an interim stage, which will also set out emerging issues for the rest of the review.

The context for the review is the Assembly's strategic plan, *Plan for Wales 2001*, and related Assembly strategic document *The Learning Country*.

Stage I: Strategic Review

Functions

In the light of the statutory duties and functions of the Qualifications, Curriculum & Assessment Authority for Wales, the objectives of the National Assembly and models of good practice elsewhere, is there a continuing need for all the functions of Qualifications, Curriculum & Assessment Authority for Wales and, if so, is the current organisational framework for delivering those functions the most appropriate?

- What is the legal framework governing the Qualifications, Curriculum & Assessment Authority for Wales?
- Are the functions of the Qualifications, Curriculum & Assessment Authority for Wales still necessary?
- Do the functions need to be carried out by an Assembly Sponsored Public Body – are other options for undertaking the functions likely to be more effective?
- Are the functions best carried out by a single body? Is there a need to rationalise functions between the Qualifications, Curriculum & Assessment Authority for Wales and other public bodies engaged in the provision of like services in Wales?

Stage II: Strategic Effectiveness & Corporate Governance Review

Strategic effectiveness

Subject to the findings in Stage I: are there improvements which should be made to the way in which the Qualifications, Curriculum & Assessment Authority for Wales' functions are delivered, taking account of its statutory duties, how these have been translated into the aims and objectives of the Corporate Plan and the values and objectives of the National Assembly. Are there ways in which the functioning of its relationship with the National Assembly could be improved?

This should take account of any independent studies, for example by the National Audit Office, and the actions taken following the previous FMPR.

- What have been the main strategic achievements of the Qualifications, Curriculum & Assessment Authority for Wales over the last 5 years? To what extent has it met its objectives? What has been its performance against targets? How does its performance compare with that of comparable bodies? Are there performance issues that need to be addressed?
- How effective is the strategic relationship between the Qualifications, Curriculum & Assessment Authority for Wales and the National Assembly, including the Welsh Assembly Government's strategic guidance and the Authority's arrangements for responding to the National Assembly's strategic objectives, guiding themes and values (including equal opportunities, tackling social disadvantage and sustainable development)? How might they be improved?
- How effective has been the Qualifications, Curriculum & Assessment Authority for Wales' corporate planning in developing clear strategic direction, setting targets and allocating resources to objectives and priorities?
- Does the corporate planning process reflect an integrated approach to the functions delivered by the Qualifications, Curriculum & Assessment Authority for Wales?
- Is there an effective mutual understanding of the roles of the members of the Authority and the senior management team in setting corporate objectives and monitoring their implementation? Are the processes for decision-making by members clear and efficient and the delineation between what is for the Authority and management clear?
- Is the Qualifications, Curriculum & Assessment Authority for Wales sufficiently responsive to its partners and customers, does it understand the nature of its relationships with them and does it have their confidence as a body with which

they can do business, are there ways in which relationships might be strengthened?

- Are reporting arrangements adequate between the Qualifications, Curriculum & Assessment Authority for Wales and the National Assembly, does the Authority need different freedoms and flexibilities?

Corporate governance

Do the arrangements for governing the Qualifications, Curriculum & Assessment Authority for Wales continue to be appropriate? Is the Qualifications, Curriculum & Assessment Authority for Wales managing its finances effectively and in accordance with the requirements of regularity, propriety and value-for-money? What progress has the Qualifications, Curriculum & Assessment Authority for Wales made in improving operational efficiency?

- Do the current arrangements for governing the Qualifications, Curriculum & Assessment Authority for Wales continue to be appropriate? Is there sufficient public accountability for the conduct of the Qualifications, Curriculum & Assessment Authority for Wales?
- Do the financial and managerial control arrangements between the Qualifications, Curriculum & Assessment Authority for Wales and National Assembly meet established requirements?
- Do internal and external audit reports provide confidence that the Qualifications, Curriculum & Assessment Authority for Wales is managing its finances in line with the Assembly's expectations of public bodies? Is the Qualifications, Curriculum & Assessment Authority for Wales' internal audit committee working effectively?
- Is the Qualifications, Curriculum & Assessment Authority for Wales managing its finances and assets effectively? Are value-for-money issues (including policy evaluations) and risk management being rigorously pursued?
- Does the Qualifications, Curriculum & Assessment Authority for Wales' conduct of business meet the standards of practice expected of public bodies in relation to procurement, openness, codes of conduct and the handling of complaints (including whistle blowing)?
- Are the Qualifications, Curriculum & Assessment Authority for Wales' running costs and staffing levels being controlled and scrutinised? Can useful comparisons be made with the operating costs of similar bodies?
- Does the Qualifications, Curriculum & Assessment Authority for Wales have good arrangements for monitoring/challenging the quality and efficiency of its service delivery?
- Does the Qualifications, Curriculum & Assessment Authority for Wales have a good track record in and robust plans for improving efficiency?
- In support of the aim to spread prosperity, inclusiveness and public services throughout Wales, what scope is there for the Qualifications, Curriculum & Assessment Authority for Wales to mirror the Assembly Government's strategy in locating more jobs outside of Cardiff?

Appendix II

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Appendix III

Stage I Report

Executive Summary

- (01) This summary covers Stage I of the Quinquennial Review of ACCAC, the Qualifications, Curriculum and Assessment Authority for Wales. The remit for the Review and the questions for Stage I are as follows:
- (02) “In the light of the statutory duties and functions of the Qualifications, Curriculum & Assessment Authority for Wales, the objectives of the National Assembly and models of good practice elsewhere, is there a continuing need for all the functions of Qualifications, Curriculum & Assessment Authority for Wales and, if so, is the current organisational framework for delivering those functions the most appropriate?
- What is the legal framework governing the Qualifications, Curriculum & Assessment Authority for Wales?
 - Are the functions of the Qualifications, Curriculum & Assessment Authority for Wales still necessary?
 - Do the functions need to be carried out by an Assembly Sponsored Public Body – are other options for undertaking the functions likely to be more effective?
 - Are the functions best carried out by a single body? Is there a need to rationalise functions between the Qualifications, Curriculum & Assessment Authority for Wales and other public bodies engaged in the provision of like services in Wales?”
- (03) The Review is being undertaken in the context of the Welsh Assembly Government’s published Quinquennial Review Guidelines which set out the process for conducting the reviews. This includes self-assessment by the Authority, discussion with its Members and senior managers and inviting views from major stakeholders including staff and their trade unions, partners and customers. The Review Team has undertaken an extensive consultation exercise with ACCAC’s many stakeholders and the outcomes of this exercise are reported in this Interim Report insofar as they relate to the questions posed at Stage I.
- (04) Stage II of the Review will consider the Authority’s strategic effectiveness, its contribution to the policies and priorities set by the Welsh Assembly Government on behalf of the National Assembly for Wales and corporate governance issues.
- (05) The key findings of this stage of our Review are set out below.
- (06) The legal and political framework governing the Qualifications, Curriculum & Assessment Authority for Wales is described in an introductory section of the

Report. This identifies the three main roles which ACCAC plays: as regulator of all qualifications outside HE, as advisor on curriculum, qualifications and assessment in schools and as commissioner of classroom materials.

- (07) We consider the strategic policy context both in respect of the National Assembly and more widely within the UK and beyond.
- (08) We outline ACCAC's remit and performance, presenting an overview of the Authority's planning processes which ensure that it meets the terms of that remit. We present ACCAC's own view of its achievements over the past five years and confirm the accuracy of this view.
- (09) We then review the findings of the previous Quinquennial Review of ACCAC and the recent Quinquennial Review of QCA to identify issues which have previously been identified as worthy of further consideration. We note the lack of progress which has been made on the proposed Memorandum of Understanding with QCA first mooted in 1997.
- (10) **On the basis of the evidence gathered from our Consultation exercise and interviews with key stakeholders, from Assembly and Authority papers and observation of meetings, we are of the firm view that the functions which ACCAC is currently charged to perform are still necessary.**
- (11) In considering alternative models, we are also persuaded that an Assembly Sponsored Public Body is an appropriate constitutional model through which those functions may be most effectively and independently be performed. The ASPB model permits delegation of statutory responsibility for certain Governmental functions to a body which operates at arm's length from it. It is thus in a position to act independently of Government *and be seen to do so*. This is of significance both to the regulatory and to the advisory functions which ACCAC performs. It is of less significance to the classroom materials commissioning and production role which ACCAC performs.
- (12) We consider the question whether there is a need to rationalise functions between the Qualifications, Curriculum & Assessment Authority for Wales and other public bodies engaged in the provision of like services in Wales and conclude that – for a number of constitutional and practical reasons – this would not be desirable in respect of either its regulatory or its advisory functions. We discuss the advantages and disadvantages of rationalising the commissioning and production of curriculum materials and conclude that ACCAC's robust procurement systems and the quality of the materials which it produces appear to serve Wales well and should not be lightly overturned.
- (13) ACCAC has certain defined responsibilities in relation to the Welsh language to exercise which are common to all ASPBs in Wales. However, in relation to commissioning classroom materials to support Welsh medium education, ACCAC has additional obligations. There are mixed views about the effectiveness with which it pursues these obligations, particularly in relation to the promotion of second language Welsh. This suggests at the very least a need for clarification of engagement in this area, given different local conditions and taking account of the views of the many different stakeholders with an interest in this issue. We will wish to explore this in greater detail at Stage II as part of our review of ACCAC's strategic effectiveness.

- (14) Audit and corporate governance evidence available to us at this Stage of the Review demonstrates that ACCAC is exercising its responsibilities and functions with integrity and propriety according to the terms of its Remit from the Welsh Assembly Government and is widely regarded as a “safe pair of hands”. **We see no case on grounds of financial propriety or managerial efficiency for recommending that an alternative ASPB should be charged with the responsibilities currently allocated to ACCAC or that a new ASPB should be created to replace ACCAC.** Our review of audit and corporate governance evidence at this point has been limited to this particular question. We shall report more fully on these aspects of ACCAC’s work in our Stage II Report.
- (15) We are very aware that neither the present constitutional settlement between Wales and the United Kingdom nor the position and role of the Qualifications and Curriculum Authority can be seen as being in steady state. We do not believe that ACCAC will emerge from the next quinquennium unchanged. We recommend that both the Assembly and the Authority give early and active consideration to the implications for ACCAC of further constitutional change as well as QCA’s changing role and *modus operandi*.
- (16) Finally, we indicate the other avenues of enquiry which we intend to pursue at Stage II of the Review.
- (17) Our Conclusions are that
- The legal framework governing the Qualifications, Curriculum & Assessment Authority for Wales is sufficient and adequate for the purposes which the National Assembly wishes to achieve.
 - The regulatory and advisory functions of the Qualifications, Curriculum & Assessment Authority for Wales are still necessary and are likely to become more so into the future. Its assessment function will continue to be necessary for as long as Wales retains a National Curriculum and a commitment to Welsh medium and bilingual provision and this may also be true of its commissioning function.
 - Those functions could be carried out by an Executive Agency but this would remove the advantage of independence from Government in respect both of the regulatory and the advisory functions which ACCAC performs. There is no evidence that an Executive Agency would be more efficient in the discharge of these functions than ACCAC in its ASPB form.
 - Although some Stakeholders may wish to see a realignment of functions between ACCAC and other agencies (whether statutory or not), we cannot see that this would be more efficient or more effective. However, we do see considerable scope for clarification of these agencies’ respective functions.
 - From inspection of papers, observation of meetings and interviews with key players, we are in no doubt about the diligence and professionalism with which the Authority fulfils its remit each year. Equally, we have received overwhelming evidence from most of ACCAC’s stakeholder communities that they value ACCAC’s role and work, even when they may wish to enter a caveat about some aspect of it.

- We would advise the Assembly in the strongest terms that it would do well to consider very carefully the implications of major structural change for an organisation which is working very effectively both as a corporate body, as a regulator (within the limited scope of its regulatory operation) and as an adviser which is trusted by Ministers and senior civil servants alike.
- We have been very mindful of ACCAC's particular responsibility for the Welsh medium and second language Welsh curriculum, together with its key role in relation to the Cwricwlwm Cymreig. We are concerned that insufficient attention appears to be paid (by ACCAC and by other agencies) to those work-based learners who seek to have their achievement assessed through the medium of Welsh.

(18) We make thirteen Recommendations.