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## **CEDEFOP**

# **CONSOLIDATED ANNUAL ACTIVITY REPORT (CAAR) 2017**

REFERENCE: FR 1605/2002, FFR No 1271 /2013 <sup>(1)</sup>

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<sup>(1)</sup> REGULATION (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.

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### **Cedefop's Governing Board Analysis and Assessment of Cedefop's Consolidated Annual Activity Report (CAAR) 2017**

Article 47 of Cedefop's Decision of 9 January 2014 on the financial rules requires the Governing Board to send to the Court of Auditors, the European Commission, the Parliament and the Council the Consolidated Annual Activity Report (CAAR) of the previous financial year together with its assessment, no later than 1 July.

The Governing Board, based on its analysis and assessment of the Director's Consolidated Annual Activity Report 2017:

- takes note of Cedefop's report on the implementation of the annual work programme 2017, and in particular:
- welcomes the fact that Cedefop's work is well aligned with and highly relevant to the policy themes that are high on the EU agenda, such as skills shortages and high unemployment, validation of non-formal and informal learning;
- acknowledges the added value of Cedefop's continued support to the European Commission, Member States and social partners in their cooperation on VET within the so-called 'Copenhagen process' and the overall Education and Training 2020 framework through its research, policy analyses and expertise;
- welcomes the Agency's contribution to the Skills Agenda for Europe and in particular to the development, implementation, interaction and promotion of the common European tools, such as the European Qualifications framework, the Upskilling Pathways Recommendation, and the analysis of trends in skill needs and skill mismatch across Europe which, among others, supports the Blueprint for Sectoral Cooperation on Skills;
- appreciates Cedefop's forward looking approach, its engagement in cutting-edge projects and contributions to the reflections on the future of VET and jobs by combining the findings of its different strands of work;
- highly values the quality of the evidence produced by the Agency and in particular in 2017 the analyses provided on: skill needs and mismatch, adult learning and continuing vocational training and the role of VET in promoting excellence and innovation in the EU as well as preventing early leaving from education and training and supporting the economic and social integration of low-skilled adults; and acknowledges that sound evidence and data is the basis to help shape and implement policies and a *condition sine qua non* to support national reforms;
- acknowledges the added value of Cedefop's expertise in apprenticeship and other forms of work-based learning, validation of non-formal and informal learning and guidance that help individuals to gain higher skills and qualifications levels and manage better labour market transition;
- welcomes Cedefop's initiative to reinforce its work on lifelong guidance and career development by setting up a network for research and cooperation in this field and by

developing tools to integrate labour market intelligence into guidance; and acknowledges its contributions to the first European guidance week, held during the Estonian EU Presidency;

- acknowledges the strong evidence the Agency generates on future skills supply and demand, changing skill needs in times where digitalisation and other technological advances impact strongly on the future of work and jobs;
- welcomes the fact that Cedefop has continued to support to Member States and social partners and addressed the needs of a wider range of actors by: assisting countries in setting up effective systems for skills anticipation and matching and by reviewing and reforming their apprenticeships systems and schemes; organising policy learning fora and networking events; providing advice to Member States in applying common European tools and in developing skill needs anticipation methods and tools; providing practical guidelines and web-based toolkits on guidance, early leaving and other relevant areas of policy that help stakeholders implement the EU objectives and priorities at national level; and directly reaching European citizens through the Europass CV, its web portal and other social media;
- welcomes the initiatives undertaken by Cedefop to facilitate reflections and to bring together Member States, social partners and other relevant stakeholders in the definition and implementation of measures to improve literacy, numeracy and digital competences of adults with low level of skills, in line with the 2016 Council recommendation 'Upskilling pathways: new opportunities for adults';
- underlines the importance of Cedefop's contribution to the development of Europass and its high acceptance by European citizens as proved by statistics; and welcomes the further development of the Skills Panorama portal, which helps understand trends in skills across the EU and the performance of skills systems, and the high level of satisfaction it achieves among policy-makers, researchers and guidance counsellors;
- congratulates Cedefop on the award of a best practice certificate within the European public sector award (EPSA) competition for the Skills Panorama which it develops and manages on behalf of the European Commission;
- acknowledges that the added capacity to Cedefop's Brussels office has had a positive impact on the Agency's visibility, its cooperation with the Commission, European Parliament, European social partners as well as with the Permanent Representations of Member States and the Presidencies through the established Brussels-based seminars;
- takes note of Cedefop's good cooperation with EU Presidencies and its content support for VET-related events and activities, in particular regular background information and analyses provided for DGVT and ACVT meetings, as well as the joint Brussels-based Cedefop/Presidency seminars;
- acknowledges Cedefop's success in ensuring synergy and complementarity with ETF's and Eurofound's work, and in particular welcomes the initiative to join forces and resources with the latter for the next European Company Survey; values the outcomes of the cooperation with the OECD, ILO, UNESCO, World Bank and other world-leading



actors like the World Economic Forum;

- acknowledges Cedefop's contributions towards the reflections on the European Labour Authority announced by President Juncker in his State of the Union Address 2017 at the European Parliament;
- congratulates the Agency on its overall performance as attested by its indicators which confirm that it is a highly acknowledged centre of expertise in VET, qualifications and skills policies with high impact in its field of expertise thanks to the uniqueness of its research and policy analysis;
- notes that the 'other sources of assurance' function has been covered either by internal working groups or by external contractors selected from interinstitutional framework contracts and appreciates that this solution has been effectively applied and that it helped reduce administrative costs, thus benefiting operational expenditure;
- is highly satisfied that all recommendations from the agreed action plans resulting from previous IAS audits are implemented and are closed; takes note of the results of the IAS audit on Cedefop's web-based services and of the fact that the agreed recommendations will be implemented as planned throughout 2018;
- congratulates Cedefop on the fact that the final report of the European Court of Auditors on the annual accounts 2016 confirms the regularity and legality of the underlying transactions in all material aspects;
- acknowledges the progress achieved in improving planning and monitoring, and particularly appreciates the high level of budget implementation realised again in 2017 (99.95%) and the establishment plan's occupation of 96%;
- acknowledges with satisfaction the European Parliament's positive appreciation of Cedefop's work and its report on discharge in respect of the implementation of the Agency's budget for the financial year 2016;
- acknowledges the fact that, throughout 2017, Cedefop's management in cooperation with the Governing Board and the (Enlarged) Bureau finalised the Programming Document 2018-2020 and prepared the draft Programming Document 2019-2021;
- takes note of the reorganisation of the legal service and risks flagged by the IAS in this regard;
- takes note of the declaration of assurance of the Director and appreciates the information provided on all underlying building blocks for assurance that underpin the declaration;
- notes the results of the staff satisfaction survey carried out in 2017 and the identified areas of improvement, in particular the promotion of dignity at work and welcomes the approach taken to follow up its findings;
- congratulates Cedefop's staff and management on appreciates the high level of commitment and quality of work Cedefop achieved in 2017 to meet new requests despite

financial and human resource constraints;

- confirms that the Governing Board's analysis of the Consolidated Annual Activity Report 2017 is generally positive and, in its opinion, provides the necessary assurance for the positive assessment of the results achieved by Cedefop in 2017.

26 June 2018



Tatjana Babrauskiene  
Chair of the Governing Board

## INTRODUCTION – CEDEFOP IN BRIEF

Cedefop is one of the EU's oldest decentralised Agencies. Founded in 1975 <sup>(2)</sup> and based in Greece since 1995, Cedefop supports the development of European VET policies and contributes to their implementation. The Agency is supporting the European Commission, EU Member States and the social partners to develop and implement the European VET policies that attract learners and workers to lifelong learning.

In line with the vision and values set for the Agency, for 2017-2020, three strategic areas of operation have been defined:

- a) **Shaping VET** - Foster the renewal and modernisation of VET systems and institutions in response to rapidly changing policy needs and priorities, and support the development and use of European tools and principles promoting lifelong and lifewide learning;
- b) **Valuing VET** - Support the development and implementation of VET policies and programmes helping all citizens to achieve competences and skills required for work, employability, entrepreneurship, and lifelong learning in a constantly changing labour market.
- c) **Informing VET** - Inform the design of VET and employment policies that ensure the availability of a qualified workforce and its continuous as well as effective skilling, and promote jobs that value, develop and make the best possible use of people's skills throughout their working lives.

Cedefop's multiannual objectives - provide evidence and new knowledge; monitoring and analysing policies; acting as a knowledge broker for countries and stakeholders - reflect the core functions of the Agency. Combined with the thematic strategic areas of operation, they define the type and scope of the work the Agency delivers. The multi-annual objectives steer the activities of Cedefop's annual work programmes and ensure continuity of its work allowing the necessary flexibility to respond to changing needs.

Cedefop is governed by a Board made up of three members from each Member State representing the Government, employers' and employees' organisations; and three members representing the European Commission. Member States' representatives are appointed by the Council for three years (renewable). Commission's representatives are appointed by the Commission. The Governing Board convenes once a year.

To operate and be more closely involved in the monitoring of the agency's activities, with a view to reinforcing supervision of administrative and budgetary management, the Governing Board establishes a smaller-sized Bureau. The Bureau usually meets 3-4 times per year. The Governing Board may decide to enlarge the Bureau to discuss strategic issues to inform future Governing Board decisions.

Cedefop is an independent European body, which receives by decision of the budgetary authority (European Parliament, Council) the majority of its funds in the form of a Union subvention. Its parent DG in the European Commission is the General Directorate for

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<sup>(2)</sup> Council of the European Union. Council Regulation of 10 February 1975 establishing the European Centre for the Development of Vocational Training (Cedefop) EEC No 337/75, *Official Journal of the European Communities*, L 39, 13.2.1975 as last amended by Council Regulation EC No 2051/2004. Available from Internet: [http://www.cedefop.europa.eu/EN/Files/Consolidated\\_version\\_Founding\\_Regulation\\_EN\\_01975R0337-20041221-en.pdf](http://www.cedefop.europa.eu/EN/Files/Consolidated_version_Founding_Regulation_EN_01975R0337-20041221-en.pdf)

Employment, Social Affairs and Inclusion (EMPL) <sup>(3)</sup>. Cedefop receives additional revenues from the associated countries Norway and Iceland. Representatives of these countries also participate in the meetings of the Governing Board and (Enlarged) Bureau as observers.

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<sup>(3)</sup> Mission letter by President Juncker to Commissioner Thyssen of 1 November 2014  
[http://ec.europa.eu/commission/2014-2019/thyssen\\_en](http://ec.europa.eu/commission/2014-2019/thyssen_en). SEC(2014) 572 final (not publically available).

## EXECUTIVE SUMMARY

Performance
38 publications
53 meetings 1 159 external participants
39 contributions to EU-level documents; 6 to documents by international organisations
334 references to Cedefop work in 144 EU-level policy documents 293 references to Cedefop work in 118 documents issued by international organisations (OECD, UNESCO, ILO, World Economic Forum, World Bank, Council of Europe)
167 contributions to senior stakeholder meetings that support policy implementation, including: <ul style="list-style-type: none"> <li>meetings of Directors General (DGVT) and the Advisory Committee for Vocational Training (ACVT), European Commission working groups on VET (teachers and trainers) and digital skills</li> <li>meetings with national stakeholders related to thematic country reviews</li> </ul>
Website traffic: 506 000 visits, 1 365 000 page views
EU Skills Panorama: the total number of page views was more than 204 000 (with an average of 1.38 minutes and 2.63 page views per visit)
90 contributions to other conferences and major events, including keynote speeches and participation in discussion panels, such as: <ul style="list-style-type: none"> <li>EU open data portal datathon <i>Reusing EU open data for jobs and growth</i></li> <li>European big data hackathon</li> <li>Public employment service network seminar: Career guidance and lifelong learning</li> <li>Validation of prior learning biennale</li> <li>World skills conference 2017</li> <li>5th World forum on lifelong learning</li> <li>OECD conference: Adapting to changing skill needs</li> <li>ILO – International conference on jobs and skills mismatch</li> </ul>
377 000 downloads of Cedefop publications
545 citations in academic literature 2016-17. Most frequently quoted themes: skills supply and demand, qualification frameworks, validation of non-formal and informal learning, lifelong guidance and learning outcomes
96% occupation rate of the establishment plan
Budget implementation rate: 99.95%

Most notable in 2017, was the proposed Council recommendation on a European framework for quality and effective apprenticeships <sup>(4)</sup>. The recommended criteria include elements of

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<sup>(4)</sup> (a) European Commission (2017). *Proposal for a Council recommendation on a European framework for quality and effective apprenticeships*. COM/2017/0563 final. <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2017%3A563%3AFIN>

(b) European Commission (2017). *Staff working document accompanying the Proposal for a Council recommendation on a European framework for quality and effective apprenticeships*. SWD/2017/0322 final. <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD:2017:322:FIN> [accessed 1.4.2018].

the analytical framework that Cedefop designed for its apprenticeship country reviews. This framework was also used for a report by the Commission monitoring learning commitment within the construction sector.

Use of Cedefop findings and acknowledgments in European Commission and European Parliament documents clearly signals the relevance and quality of the Agency's work on work-based learning. Its contributions to the European alliance for apprenticeships (EAfA) <sup>(5)</sup> is widely recognised. Its expertise in this field also contributed to the work of the inter-agency working group, a forum for collaboration between the European Commission, the European Training Foundation (ETF), the OECD, the ILO, UNESCO and Cedefop.

'By bringing different countries together, Cedefop helped us invent our own apprenticeship system' stated Lithuania's Vice Minister for Social Security and Labour at Cedefop's policy learning forum in September. Gathering representatives of the countries participating in Cedefop's apprenticeship reviews, this forum contributed to the European vocational skills week. 'On this occasion Commissioner Thyssen <sup>(6)</sup> emphasised that 'The perception that VET is the "poor neighbour" of a university education is mistaken. It is not a poor neighbour, it's an equal!'

Understanding people's views and their reasons is no less important than facts or statistics when we want to shape European initiatives to support national VET policies. Cedefop examined citizens' opinions on VET's attractiveness and effectiveness in all Member States. The results released in 2017 are partly contradictory: while VET's role in the economy and society is generally considered positive, it is still seen as a path for low performers by many. Negative public discourse, little information and guidance and underestimating VET's role in lifelong learning – these factors contribute to its image as second choice education.

Information and guidance play a crucial role at transition stages throughout people's lives. The 2017 Agency work on lifelong guidance was marked by its contributions to the first European guidance week, held during the Estonian EU Presidency. The first meeting of Cedefop's new **CareersNet** featured among the opening events of the week. A conference jointly organised by Estonia and Cedefop focused on the changing role of lifelong guidance in the digital age. Cedefop piloted and tested its upcoming tools to support their use: a handbook of practices; an online dynamic platform demonstrating ways to integrate labour market intelligence; training modules to help managers and guidance staff using ICT tools and labour market intelligence in their services.

Cedefop's work on integrating labour market intelligence in guidance is just one example of how different strands of the Agency's work complement and reinforce one another. The EU Skills Panorama managed by Cedefop on behalf of the European Commission provides a single entry point for labour market and skills intelligence. Its primary target groups have been policy-makers and experts; this goal has been achieved, as the user survey showed. In 2017, work commenced on redesigning the platform to serve also employment services and guidance staff. The latter confirmed that it can provide valuable support to their work.

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<sup>(5)</sup> <http://ec.europa.eu/social/main.jsp?catId=1147>

<sup>(6)</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9002&furtherNews=yes>

Labour market and skills intelligence is also crucial for VET's responsiveness to new economic and technological demands and other trends influencing the labour market. Using such data to inform qualifications and VET programmes is still an area for improvement.

As several countries were seeking assistance in this endeavour, Cedefop launched an initiative to support them. Country reviews in 2017 focused on governance of skills anticipation and matching systems in Bulgaria, Greece and Slovakia. Cedefop also supported Greece in its work on a skills diagnosis system.

Cedefop's work on skills continued to feature prominently in EU level policy documents and reports. Findings from its work on skills anticipation and mismatch, increasingly accessed through the EU Skills Panorama, accounted for around 60% of the citations and references to Cedefop work. In documents and reports of international organisations, 45% relate to skills anticipation and matching.

The Skills Panorama exemplified the growing use of research and analyses Cedefop made available online. Data visualisation and multiple entry points to country specific information, alongside targeted promotion activities, increased the number of visitors to the Agency's website by 22% compared to 2016. Information on national qualifications frameworks released in February, and also made accessible through the maps in the country data section, electronic newsletters, video clips and interviews, helped increase web visits.

Cedefop's Brussels-based seminar during the Estonian Presidency discussed whether VET systems are prepared for the future of work. The debate drew on Cedefop's skills analyses and its comprehensive study on the changing nature and role of VET. Initial findings of the latter informed discussions of Directors General (DGVT) and the Advisory Committee for Vocational Training (ACVT) on the future of VET beyond 2020.

Discussions with Members of the European Parliament in November reflected on digitalisation and skills policies for workers in the online economy. Cedefop also contributed to the World Economic Forum's spring 2017 dialogue series on the jobs of the future and to the June workshop on the fourth industrial revolution.

Reflections on jobs of the future and the future of VET draw more attention to ensuring a solid key competence base to develop their skills and adapt to changing work environments and processes. With its position paper on key competences in VET, Cedefop contributed to the consultations and discussions of the key competence revision planned for 2018.

Everyone has the right to quality and inclusive education, training and life-long learning, to maintain and acquire skills that enable them to participate fully in society and manage transitions in the labour market successfully; this is a core principle of the European Pillar of Social Rights that the Council, the European Parliament and the European Commission proclaimed in November 2017.

The Council recommendation on *Upskilling pathways* supports this principle. Addressing and preventing low skills, one of its key themes, was discussed at a seminar in Brussels organised by Cedefop and the Maltese Presidency. Cedefop's study on the economic and social costs of low-skilled adults in the EU, and its work on guidance and validation of non-formally and informally acquired skills, informed the debate.

The *Upskilling pathways* recommendation aims to ensure that European citizens get a chance to acquire qualifications at EQF levels 3 or 4. This draws attention to countries' progress on developing national qualifications frameworks (NQFs) to implement the recommendation on a European framework helping to 'translate' qualifications across national borders. Hence, Cedefop's peer learning conference discussing whether these frameworks have a policy impact and benefit learners and citizens was opportune. The conference was organised jointly with the European Commission and Ireland's Quality and Qualifications authority. It provided a platform for policy-makers and researchers from within and outside Europe to exchange views and experiences, particularly on the challenge of measuring the impact of NQFs.

Work on NQFs and the increasing need to validate skills and competences acquired outside formal education and training has drawn more attention to the outcomes of what people learn. Defining and describing learning outcomes for curricula, standards and qualification levels is a challenging task. Cedefop published a handbook to help overcome these challenges and use the learning outcomes approach more effectively.

### **Key performance findings**

Top users of Cedefop work were the European Commission (more than 50% of the documents), the European Parliament, the European Economic and Social Committee and the European Training Foundation. Several of the Commission documents and a paper by the European Institute for Gender Equality that used Cedefop findings were submitted to the Council. 50% of the references drew on Cedefop's work to inform VET by offering labour market intelligence: its skills supply and demand data and analyses, its work on skills mismatch, and the information made available through the EU Skills Panorama.

Several documents by the European Commission, the European Economic and Social Committee, and the European Parliament acknowledged Cedefop's work and support to EU level initiatives and/or its benefits.

The OECD was responsible for nearly two thirds of the documents and reports by international organisations citing or referring to Cedefop findings. The ILO and UNESCO followed suit. More than a third of the references relating to skills anticipation and matching confirm the relevance of Cedefop's work in this field.

Several publications predating 2010 among the top 10 downloaded from the Agency's website, demonstrate that Cedefop's research and analyses do not only serve short-term policy goals. Downloads of the 2017 publications confirmed the popularity of the Agency's briefing notes and were more related to the current policy agenda. The high interest in the statistical data for VET policies and Cedefop's research on investing in skills and the handbook of learning outcomes, are noteworthy. While Cedefop reduced the number of its publications, it prepared more country-specific information and provided interactive content on various themes. Besides the EU Skills Panorama, Cedefop made available a toolkit for VET to help prevent and remedy early leaving from education and training; it also updated and complemented the information available in the mobility scoreboard.

As in previous years, Cedefop support services proved efficient and effective with a high level of budget implementation (99.95%).



## I. PART I: ACHIEVEMENTS OF THE YEAR

### I.1. Operational Activity: Shaping VET by modernising VET systems and institutions and by supporting the use of EU tools and principles Activity: Policy analysis and reporting

To reinforce its knowledge base on **key competences** in upper secondary VET and provide new evidence, Cedefop shaped the concept of a study that will start in 2018. The study will build on information collected from Cedefop's ReferNet, its European network of expertise on VET <sup>(7)</sup>. This information served as a basis for informing ACVT discussions and also fed into Cedefop's position paper on the review of the key competence framework which is expected to be adopted during the Austrian Presidency of the EU. In this study, language and digital competences are selected for analysis. Languages refer to literacy in the mother tongue and foreign languages, reflecting Europe's multicultural and multilingual reality. Digital competences refer to information and data literacy, communication and collaboration, digital content creation, safety and problem-solving.

In line with Cedefop's multiannual objective to monitor policy trends and analyse developments, the Agency prepared an **interim report** on countries' progress towards the 2015-20 priorities (deliverables) agreed in the Riga conclusions within European cooperation on VET. The approach and work on the report have been coordinated with the ETF, Cedefop's partner in this exercise. This included joint papers and presentations informing ACVT and DGVT meetings on the approach and findings, as well as joint sections in the synthesis report. Initial findings were integrated in a Commission paper on implementing the recommendation on upskilling pathways that the DGVT discussed at their spring meeting. For the EU-28+, the interim report drew mainly on information provided by Cedefop's ReferNet, as well as on other Cedefop and EU sources. The report comprises two parts: country chapters presenting developments in Member States, Norway and Iceland <sup>(8)</sup>; and a synthesis of trends across countries. The country chapters started being published online in autumn, while the final version of the synthesis report and the briefing note accompanying it will be completed in early 2018, taking into account feedback from the ACVT.

As in previous years, **short descriptions** <sup>(9)</sup> and **Spotlights** <sup>(10)</sup> on VET in the Presidency countries (Malta and Estonia) were published online and made available in hard copy to the DGVT and participants at VET-related conferences. Video animations based on the Spotlights were published on Cedefop's website <sup>(11)</sup>. Taking into account human resources constraints, work was reprioritised to focus on reporting on the Riga deliverables. Substantial work was completed on 18 Spotlights; 10 were published in 2017 and eight more will be made available in early 2018. Work on nearly all 2016 *VET in Europe* reports, offering more

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<sup>(7)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/country-reports/key-competences-in-vet>

<sup>(8)</sup> Including candidate countries provided by the ETF.

<sup>(9)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/4151>  
<http://www.cedefop.europa.eu/en/publications-and-resources/publications/4155>

<sup>(10)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/8106>  
<http://www.cedefop.europa.eu/en/publications-and-resources/publications/8114>

<sup>(11)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/videos/vocational-education-and-training-malta>; <http://www.cedefop.europa.eu/en/publications-and-resources/videos/vocational-education-and-training-estonia>

comprehensive system information, was completed and the updated reports published online <sup>(12)</sup>.

**ReferNet** is the main source of information for building an evidence base for Cedefop's review of progress towards the 2015-20 deliverables agreed in Riga. Cedefop organised the 15<sup>th</sup> annual plenary ReferNet meeting <sup>(13)</sup> in Thessaloniki on 29-30 November and welcomed the 30 partners under the 2016-19 framework partnership agreement, and the national representatives for ReferNet. The agenda included information sessions on the latest EU VET policy developments and the future of VET; preparing the network's 2018 work plan; the outcomes of the ex-post evaluation of ReferNet; and experience-sharing on specific issues such as quality criteria for reports and editing. Two partnership forums were organised: the first in Helsinki <sup>(14)</sup> (11-12 May) in cooperation with the Finnish National Agency for Education, and the second in Riga <sup>(15)</sup> (17-18 May) in cooperation with the Academic Information Centre, ReferNet Latvia. A workshop on digital marketing <sup>(16)</sup> was organised on 14 February as a follow-up to initiatives aiming at raising the visibility of Cedefop/ReferNet publications.

The thematic coverage of the **mobility scoreboard** was finalised. The scoreboard had been set up in 2015, following the 2011 Council recommendation *Youth on the move*. Offering country fiches, country scorecards, maps, indicators, and overview tables, the scoreboard supports monitoring of Member States' progress in implementing the recommendation. In 2017, the tools to monitor the areas of portability, disadvantaged learners and multipliers were finalised. The complete version of the online scoreboard (10 thematic areas; 29 countries; 14 indicators) was published in September.

Combining different research methodologies and six work assignments, the ***Changing nature and role of VET*** project (2015-18) aims to provide in-depth insights into the overall standing and role of VET in Europe today. Preliminary results have been shared with the ACVT (April and December), the Directors General for Vocational Training (May), and VET providers (June). The first two research papers were published in 2017. Further research papers will be published throughout 2018.

The first research paper on **conceptions of VET** outlines a conceptual model for better understanding the (changing) character of VET, combining systemic, epistemological and socioeconomic perspectives. The second research paper, on **results of a survey among European VET experts**, attempts to test empirically the perspectives and learning approaches examined in the first paper. It explores how the definition and conceptualisation of VET has changed in the 30 countries covered by the project over the past two decades. These two papers provide interesting insights into the longer-term developments of VET in

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<sup>(12)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/country-reports/vet-in-europe-country-reports>

<sup>(13)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/refernet-annual-plenary-meeting-2017>

<sup>(14)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/2017-refernet-partnership-forum-helsinki>

<sup>(15)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/2017-refernet-partnership-forum-riga>

<sup>(16)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/making-refernet-products-more-visible-digital-marketing-workshop>

Europe and the challenges and opportunities arising. A briefing note summarising these findings was published in September 2017 <sup>(17)</sup>.

Findings were also discussed at Cedefop's workshop '**VET in the 21st century – New pressures and changing expectations**' <sup>(18)</sup> organised in Thessaloniki on 16-17 February. They were disseminated at several events, including the December Brussels-based seminar with the Estonian Presidency '**Is the vocational education and training system prepared for the future of work?**' <sup>(19)</sup> and the joint UNESCO/UNEVOC-Cedefop workshop '**Enhancing the attractiveness of TVET**' <sup>(20)</sup> in July. The project is attracting much attention from VET stakeholders across Europe. The decision to publish research papers as soon as results become available helps boost this interest. The European Commission is referring to the findings of this project as directly feeding into the debate on the future of VET and EU-level cooperation in this field beyond 2020.

The study on the **opportunities of globalisation for the review and renewal of VET** was completed. It identified how European countries and international bodies at the forefront of global developments shape international standards on skills and qualifications, and the way they interact with countries that want to modernise their VET systems to increase their global competitiveness. The research focused on 15 European countries and five economic sectors highly exposed to globalisation: road transport and logistics; hospitality; automotive manufacturing; information and communication technology; and health-care (paramedics).

Throughout the year, Cedefop continued to support the political and institutional processes underpinning implementation and **further development of the EQF**. Cedefop provided substantial input to the drafting of the staff working document and the revised EQF recommendation, which was adopted in May 2017 <sup>(21)</sup>. Cedefop provided substantial input to the EQF work programme 2018-19, including seven fiches focusing on key areas for supporting implementation of the recommendation: (a) referencing reports; (b) EQF levels and guidance for communicating; (c) updating the referencing report; (d) qualifications and learning outcomes; (e) levelling qualifications; (f) international qualifications; and (g) third countries' national and regional qualifications frameworks.

Cedefop provided substantial conceptual input to the **EQF advisory group meetings** in February, March, June, October, and December, and to the EQF referencing process (providing comments to the referencing reports of Cyprus, Finland, Slovakia and Turkey). It also contributed to the work on horizontal comparison of levelled qualifications, and actively supported the peer learning activity on this issue (Warsaw, 18-19 May).

Cedefop analysed national qualifications framework (NQF) developments in 39 countries participating in the EQF implementation during 2015-16. The sixth report since Cedefop started its **regular monitoring of national qualifications framework development** shows

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<sup>(17)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9123>

<sup>(18)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/vet-21st-century-new-pressures-and-changing-expectations>

<sup>(19)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/vocational-education-and-training-system-prepared-future-work>

<sup>(20)</sup> <http://www.cedefop.europa.eu/en/news-and-press/news/vet-researchers-meet-practitioners>

<sup>(21)</sup> <https://publications.europa.eu/en/publication-detail/-/publication/ceed970-518f-11e7-a5ca-01aa75ed71a1/language-en>

that political commitment to the implementation of NQFs remains high. This is demonstrated by: the growing number of fully operational frameworks; the almost completed referencing of NQFs to the EQF; and the increasing visibility of national qualifications frameworks (and their levels) in qualifications documents and/or databases. NQFs primarily add value by promoting the learning outcomes perspective and by adopting a comprehensive approach seeking to cover all levels and types of qualifications. In spite of positive developments, NQF labour market use is still limited in most European countries. Many employers are still not aware of their existence and do not make use of them. Few NQFs reach individual citizens, learners, and students. European countries have built the 'back office' but given too little attention to the 'front office'. This is an important priority for the coming years.

Increased effort was also made to take forward international dialogue on qualifications frameworks, in close collaboration with the ETF, UNESCO-HQ and UNESCO (UIL). Cedefop coordinated the third **edition of national and global qualifications frameworks inventory**, published in 2017 <sup>(22)</sup>. The publication analyses national qualifications frameworks in 100 countries in all five continents. It covers seven regional qualifications frameworks, including the European qualifications framework. The country chapters are supported by thematic chapters of transversal analysis.

Outcomes reveal that more than 150 countries worldwide are now developing and implementing qualifications frameworks. The number of frameworks has not grown much from the last edition of the global inventory in 2015. However, the years between 2015 and 2017 show a trend towards strengthened **regional cooperation between NQFs**. This is not only the case in Europe, related to the revision of the EQF recommendation; it is also observed in Asia related to the now operational Association of Southern Asian Nations (ASEAN) reference framework and the (renewed) SADC cooperation in the Southern African context. Research and evidence on use, contribution and impact of NQFs is growing as they are increasingly embedded into national policies and practices. Global cooperation is also growing at technical expert level, for example through work on world reference levels, led by UNESCO. The findings of the global inventory were presented at the 6<sup>th</sup> Asia-Europe education ministers' meeting in Seoul, South Korea, in November. Cedefop's work on EQF/NQFs was also presented in the UNESCO TVET International Congress in Tangshan, China, in July 2017.

In July, Cedefop celebrated the **hundred millionth CV created online** through the Europass portal. This figure rewards Cedefop's commitment to the conceptual development of Europass, its efficient management of the Europass portal and its close cooperation with the Commission.

Throughout the year Cedefop provided technical and conceptual support to the Commission in shaping the **new Europass** by providing extensive feedback to the deliverables from the Commission's external contractor working on the business analysis for the future Europass platform. Cedefop also delivered other inputs: ensured the ongoing maintenance of the

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<sup>(22)</sup> (a) Cedefop; ETF; UNESCO; UNESCO Institute for lifelong learning (2017). *Global inventory of regional and national qualifications frameworks 2017 – Volume I: thematic chapters*.

<http://www.cedefop.europa.eu/en/publications-and-resources/publications/2221>

(b) Cedefop; ETF; UNESCO; UNESCO Institute for lifelong learning (2017). *Global inventory of regional and national qualifications frameworks 2017 – Volume II: national and regional cases*.

<http://www.cedefop.europa.eu/en/publications-and-resources/publications/2222>

current Europass portal (interoperability with Monster, a leader global job portal (January)); produced a promotional infographic for the 100 million CVs generated online (November); introduced a new interoperability portal (June); developed a new statistical tool to produce tailored reports (October); redesigned the CV editor; and enabled the selective import of the cover letter/CV/European skills passport in the editor (November). Cedefop also supported national Europass centres and end-users.

Cedefop continued its cooperation with the European Commission and Member States in supporting implementation of the **ECVET** recommendation, providing analytical support to the ECVET user group. It also supported the **EQAVET** annual meeting and the steering committee.

Following last year's agreement between the European Associations of VET providers, Cedefop, and the European Commission, the **Community of VET practitioners** for promoting quality in learning delivery was set up. The Community's agreed work programme 2017-20 includes three themes with three dedicated sub-groups: learning providers and the challenge of technology-enhanced learning; learning providers and EU mobility; learning providers and migration. The first meetings of the sub-groups took place in May 2017. The sub-groups work through information sharing and expert cooperation with the aim of formulating practical guidelines on how best to support VET providers in meeting these challenges.

Over recent years, Cedefop has carried out several studies <sup>(23)</sup> mapping and analysing the use of **learning outcomes** for different purposes, supporting policy developments at EU, national and sectoral levels. It also organised several events <sup>(24)</sup> fostering exchange of experiences and comparison of practices. In 2017, these efforts were strengthened by the development of a *European handbook on learning outcomes* providing direct support to policy-makers, including social partners, and stakeholders.

The study *The use of learning outcomes to support dialogue between education and training and the labour market* was finalised. It compared ten VET qualifications in ten countries and used the learning outcomes approach to identify similarities and differences between countries. The need for review and renewal of qualifications is also analysed using the learning outcomes approach as a starting point. Cedefop cooperated with the ETF and UNESCO to extend the comparison to countries outside Europe, covering a total of 26 countries. The study shows how learning outcomes and competence requirements have been defined in different countries. It also offers a unique insight into national ambitions, demonstrating both similarities and differences in requirements and priorities. The study also investigates the 'feedback-loop' between the world of education and training and that of work, seeking to identify how this can be improved and strengthened. It makes clear that VET qualifications need to change continuously and rapidly, and draws attention to the challenge of balancing national and international needs.

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<sup>(23)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/projects/learning-outcomes/publications>

<sup>(24)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/projects/learning-outcomes/events>



## **I.2. Operational Activity: Valuing VET to empower people to achieve competences and skills for work and life**

In 2017, the second round of the thematic country reviews (TCRs) on apprenticeships involving Greece, Italy and Slovenia was concluded. Together with the countries of the first round (Lithuania and Malta), this completed the TCRs in five countries. The third round was initiated involving Croatia and Cyprus, while a pilot exercise of a lighter version of the TCR, the so-called flash TCRs on apprenticeships, was initiated in Sweden and Belgium-French Community. The findings of the five completed TCRs show that countries share similar challenges, which broadly fall under four areas of Cedefop's analytical framework on apprenticeships: (a) place in the education and training system, (b) governance, (c) training content and learning outcomes, and (d) participation of, and support to, companies. The common challenges were discussed with the representatives of all TCR countries at the policy learning forum on apprenticeships on 7-8 September in Thessaloniki. Participants confirmed their interest in developing their apprenticeship schemes further and the need to reinforce the evidence and methodological tools related to cost-benefit analysis of apprenticeships.

The study *Apprenticeships: a cross-national overview* mapped the main apprenticeship schemes, well-established and underpinned by a legal basis at the point of data collection, in the EU Member States, Iceland and Norway. These schemes were analysed by function and main defining features. Preliminary findings confirm that apprenticeships are fundamentally different in their strategic function, with implications in the way they are defined and placed in the overall education and training system. Apprenticeships generally serve two main functions: as a VET model for occupational expertise and as a mode of learning. The study's main outputs, an online database and a synthesis report, will be available in 2018. The study is the first EU-level study that aims at depicting the presence and distribution of apprenticeships across the EU, Iceland and Norway. Most importantly, it aims at shedding light on what accounts for the fundamental differences that hamper a common and shared understanding of the concept of apprenticeship. As a result, the study is also attracting attention at the political level, including from members of the European Parliament.

Complementing the 2016 publication <sup>(25)</sup> of the research paper *Leaving education early: putting vocational education and training centre stage*, 15 country reports were published in 2017 <sup>(26)</sup>. They provide information on the national monitoring systems and rates of early leavers from education and training (ELET), the national and regional strategies to tackle ELET, and recent policy initiatives. To support policy-making, drawing on the successful practices analysed, the reports identify several factors that contribute positively to the effectiveness of VET in reducing ELET, and factors that may hamper the success of policies in different national contexts.

The policy learning forum 'VET as a solution to leaving education early' <sup>(27)</sup> took place on 16-17 May in Thessaloniki. The 100 participants <sup>(28)</sup> learned from the new evidence provided by

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<sup>(25)</sup> <http://www.cedefop.europa.eu/en/news-and-press/news/leaving-education-early-putting-vocational-education-and-training-centre-stage>

<sup>(26)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/projects/early-leaving-education-and-training/country-reports>

<sup>(27)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/policy-learning-forum-vet-solution-leaving-education-early>

Cedefop and benefited from a poster exhibition of 26 good practices<sup>(29)</sup> that triggered knowledge sharing. At the forum, Cedefop launched a web **VET toolkit for tackling early leaving**<sup>(30)</sup> which provides guidance, good practices and tools to support VET policy-makers and providers to: identify learners at risk of early leaving or who have already left education<sup>(31)</sup>; intervene to keep learners in or bring them back to the system<sup>(32)</sup>; evaluate measures implemented<sup>(33)</sup>. The toolkit includes a self-reflection tool for policy-makers and two evaluation plans developed by Cedefop to help monitor and evaluate the performance of policies and practices. To support policy-makers and VET providers, a *VET toolkit for tackling early leaving* leaflet<sup>(34)</sup> was published in six languages. The project outcomes supported several initiatives and policy developments at local<sup>(35)</sup>, national<sup>(36)</sup> and European levels<sup>(37)</sup>.

The study ***Investing in skills pays off: the economic and social costs of low-skilled adults in the EU*** was published<sup>(38)</sup>. It provides a comprehensive and robust evidence-base on low-skilled adults in the EU, analysing trends in low skills among adults as well as characteristics, determinants and risks of being low-skilled. The study provides an estimation of the individual and social value, in monetary terms, of a faster increase in the general level of skills in Member States compared to the current trend. Fully appreciating the benefits of updating the skills of individuals through adult and lifelong learning is essential to strengthening the rationale for public intervention in this area, and to designing and implementing effective policies tailored to this particular target group. The study's outcomes were the basis of the third Cedefop Brussels-based seminar<sup>(39)</sup>, dedicated to addressing and preventing low skills, held in June in cooperation with the Maltese Presidency of the EU. Drawing on evidence gathered in this Cedefop study and continuing research on guidance, validation and training, seminar participants discussed the possibility of designing integrated and comprehensive policy responses.

The first phase of the study ***Apprenticeships for adults*** was concluded. The desk research into existing academic research, national policies, initiatives and apprenticeship opportunities for adults shows that evidence on this topic is limited but that there seem to be few opportunities for apprenticeships exclusively addressed to adults. The study includes more

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<sup>(28)</sup> National, regional and local policy-makers, institutional level actors and social partners from different countries, as well as representatives from European and international organisations involved in the design and implementation of measures to tackle early leaving from education and training (ELET).

<sup>(29)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/policy-learning-forum-vet-solution-leaving-education-early/posters>

<sup>(30)</sup> <http://www.cedefop.europa.eu/TEL-toolkit>

<sup>(31)</sup> <http://www.cedefop.europa.eu/en/toolkits/vet-toolkit-tackling-early-leaving/identify>

<sup>(32)</sup> <http://www.cedefop.europa.eu/en/toolkits/vet-toolkit-tackling-early-leaving/intervene>

<sup>(33)</sup> <http://www.cedefop.europa.eu/en/toolkits/vet-toolkit-tackling-early-leaving/evaluate>

<sup>(34)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/8110>

<sup>(35)</sup> <https://www.dcy.gov.ie/viewdoc.asp?DocID=4440> [accessed 12.1.2018].

<sup>(36)</sup> Such as the Spanish research project *Success and dropout pathways in VET in Spain* (EDU2013-42854-R).

<sup>(37)</sup> Collaboration with the Council of Europe on migrant and refugee early leavers and contributing to Erasmus+ projects (CroCooS and TiTA).

<sup>(38)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/5560>

<sup>(39)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/3rd-edefop-brussels-seminar-addressing-and-preventing-low-skills>

in-depth research in 10 selected countries where apprenticeship for adults is more developed.

The first phase of the research ***Financing of apprenticeships/dual VET in the EU*** was completed. It resulted in (a) an overview of major costs related to on-the-job training in existing apprenticeship schemes in the EU-28 and the source of their funding; and (b) a mapping of the main joint funding instruments, such as grants, tax incentives and training funds. The second phase, launched in May, explores the characteristics of financing company and school-based parts of apprenticeship schemes, focusing on selected cost categories where data are available across the board and on shared funding instruments most commonly used across the EU-28; it collects data on their scope, characteristics, results, strengths and weaknesses. The draft final report and the accompanying database combine descriptive information on schemes and joint funding instruments, comparative information on such instruments used across 31 schemes, and analytical work including approaches for a typology of financing arrangements. Cedefop presented the key findings to national experts from 11 EU Member States in a dedicated validation workshop, the outcomes of which will inform the final report (expected in 2018).

The first report of the ***Opinion survey on VET*** was published in 2017. The survey provides unprecedented data on Europeans' opinions on awareness, attractiveness and effectiveness of VET in Europe. It shows that VET has a positive image in Europe, especially in relation to its capacity to provide job opportunities and prepare people for the world of work, meeting employers' needs. However, when compared to general education, most respondents still continue to see VET as a second choice for second-rate students. Lack of information seems to play a major role in this perception bias. ReferNet partners provided articles using country level data from the survey in November-December 2017. The articles will be published on Cedefop's website in 2018. Drawing on survey results, Cedefop also contributed to the European Investment Bank publication *Skills in Europe*.

Throughout 2017, Cedefop continued to provide support to the **ET 2020 working group on VET**. This group focuses on professional development of VET teachers and (in-company) trainers <sup>(40)</sup>, as well as on good practices for VET teachers and trainers in dealing with early leavers from education and training. Cedefop also contributed to the steering group of the Commission's study *Teachers and trainers in WBL/apprenticeships* <sup>(41)</sup>. The ReferNet national thematic perspectives *Supporting teachers and trainers for successful reforms and quality of VET* were used as a starting point for shaping the Commission's study. Cedefop also helped to prepare the peer review of the October DGVT on teacher and trainer professional development in apprenticeship and work-based learning.

Throughout 2017, Cedefop continued to provide support to the **ET 2020 working group on adult learning** <sup>(42)</sup> focusing on policies and practices to promote and support workplace learning for low-skilled adults and those with medium skills in need of upskilling.

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<sup>(40)</sup> Professional development of VET teachers and (in-company) trainers is the thematic focus of the ET 2020 working group on VET for 2016-18.

<sup>(40)</sup> <http://ec.europa.eu/social/BlobServlet?docId=17990&langId=en> [accessed 12.1.2018].

<sup>(41)</sup> <http://ec.europa.eu/social/BlobServlet?docId=17990&langId=en> [accessed 12.1.2018].

<sup>(42)</sup> [https://ec.europa.eu/education/policy/strategic-framework/expert-groups/adult-learning\\_en](https://ec.europa.eu/education/policy/strategic-framework/expert-groups/adult-learning_en) [accessed 12.1.2018].



Cedefop jointly organised in September the **European guidance week** in cooperation with the Estonian Presidency. During the Presidency conference on lifelong guidance, three workshops on the development of LMI and ICT in career guidance were staged by Cedefop, piloting tools to support the work of policy-makers, practitioners and managers. The tools, to be made available in 2018, include a toolkit, a handbook on transferability of practices, and training. The event was also the occasion of the launch of the new Cedefop network for research and cooperation in lifelong guidance and career development (CareersNet). CareersNet was created to collect comparable and reliable information and evidence, on a European scale, in lifelong guidance and career development, with a view to informing relevant Cedefop tools and supporting countries in policy development through identification of gaps and possible solutions.

**National reports on outreach and guidance** practices across the EU were completed by ReferNet and reviewed. They reflect national efforts to extend upskilling opportunities to less privileged groups and individuals, particularly the NEETs and the long-term unemployed.

In June 2017, in cooperation with the OECD, Cedefop published the briefing note ***Vocational education and training: bridging refugee and employer needs*** <sup>(43)</sup>. It covered upskilling, reskilling and employing adult refugees/migrants, based on the results of a survey implemented via ReferNet. The briefing note highlights VET-related integration mechanisms which have been stepped up, innovations, and gaps in provision which can be addressed by improved transnational cooperation.

In 2017, the synthesis report of the *European inventory of validation of non-formal and informal learning–2016 update* <sup>(44)</sup> was published. It complements the 36 country reports and the four thematic reports already published in 2016.

The inventory shows that Member States are gradually placing validation of non-formal and informal learning higher up on their policy agendas. All countries studied offer individuals the opportunity to have their knowledge, skills and competences validated or are developing arrangements to do so. However, this is not common practice across all sectors within countries. There is still considerable diversity and fragmentation of practices but progress has been made, for instance in creating or identifying national coordination institutions. Cedefop worked closely with the European Commission in preparing the next inventory update and provided input to the Commission's study on skills audits across Member States.

In the framework of the active cross-agency collaboration, the study ***Towards age-friendly work in Europe: a life-course perspective on work and ageing from EU Agencies*** <sup>(45)</sup> was published. It reviews the challenges associated with the ageing workforce and considers innovative solutions. Each agency contributed from the perspective of its core domain of expertise: Cedefop explored how VET can be used to support active ageing at work; EU-OSHA presented policy examples of integrated approaches to occupational safety and health for an ageing workforce; Eurofound examined working conditions for workers of all ages, related work sustainability outcomes and how the right policies can support longer working lives; and EIGE provided a gender perspective on the ageing workforce and discussed the different challenges that men and women face.

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<sup>(43)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9120>

<sup>(44)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/4153>

<sup>(45)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/2220>

### I.3. **Operational Activity: Informing VET by offering labour market intelligence and skill needs analysis**

In 2017, new data and analysis offered in the **Skills Panorama** included a collection of 28 analytical highlights on **skills anticipation in EU countries**, released in April. The articles depict the methods and tools used by EU countries to produce labour market and skills intelligence (LMSI) and how this information and data are disseminated to key stakeholders and used for policy-making <sup>(46)</sup>. To draw attention to innovative data and information, nine blog articles were published. Their topics are: *Cedefop's European skills index*; *Assessing and matching skill needs in EU countries*; *Underskilling in the EU*; *The use of big data skills needed by employers*; *Skills required in future key occupations*; *Cedefop's skills governance framework for supporting EU countries*; *New forms of self-employment – Gig economy*; *The role of skills in complementary pathways for refugees* and *Four essential skills questions we helped to answer in 2017* <sup>(47)</sup>.

After its launch in autumn 2016, Cedefop's **European skills index: making skills work** immediately became the most visited section of the Skills Panorama, demonstrating the value of this new composite indicator in measuring and comparing the performance of the skills formation and matching systems in EU Member States <sup>(48)</sup>. To refine and fine-tune some methodological aspects of the index and debate how to broaden its reach to a wider audience, in May Cedefop organised a workshop with methodology and policy experts <sup>(49)</sup>. Participants agreed on a strategy to refine and promote the index further. Work has already started in this direction, to lead to the release of an upgraded index in 2018.

The **Skills Panorama satisfaction survey**, available on the platform from June 2016 to the end of 2017 (over 2 000 responses collected), reveals very positive feedback by the users of the site. The survey shows that users find what they are looking for (71%) and are satisfied or very satisfied with the information found on the site (92%). It also confirms that the website is visited mostly by policy-makers, policy experts, policy analysts and researchers (its primary target group). Other frequent groups of users are guidance advisors and counsellors.

The Skills Panorama was among the 34 projects short-listed out of 150 applications submitted to the European public sector award 2017 (EPSA 2017) and was awarded a **Best practice certificate** <sup>(50)</sup>.

To produce **more and better data on skills supply and demand**, Cedefop continued to pursue several activities.

Skills forecasting activities focused primarily on setting up a sound base for the production of the next forecast release in 2018. Assumptions on future trends were reviewed, taking into consideration the current uncertainties of the EU economy. The new set of results will provide projections of skill needs up to 2030. Eurofound and Cedefop collaborated to

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<sup>(46)</sup> [http://skillspanorama.cedefop.europa.eu/en/analytical-highlights?ff0=field\\_collection%3A765](http://skillspanorama.cedefop.europa.eu/en/analytical-highlights?ff0=field_collection%3A765)

<sup>(47)</sup> <http://skillspanorama.cedefop.europa.eu/en/blog>

<sup>(48)</sup> <http://skillspanorama.cedefop.europa.eu/en/indicators/making-skills-work-index3>

<sup>(49)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/making-skills-work-index-experts-workshop-0>

<sup>(50)</sup> [https://epsa2017.eu/files/EPSA2017\\_Best\\_Practices\\_EU\\_and\\_national.pdf](https://epsa2017.eu/files/EPSA2017_Best_Practices_EU_and_national.pdf) [accessed 12.1.2018].

integrate Eurofound's job tasks approach into the forecasting analysis. Eurofound has also adopted Cedefop's skill needs forecasting framework for producing alternative scenarios on the **future of manufacturing**, a project sponsored by DG GROW and the European Parliament.

Cedefop took the first steps towards developing a **pan-European tool for understanding skill demand by employers using online vacancies and big data analysis techniques**. In 2017, Cedefop focused on groundwork aimed at understanding the state of development and shape of the online labour market in each of the EU Member States: How is the online vacancy market organised? What share of all vacancies is published online? Who publishes vacancies online? Which occupations are advertised online? What is the richness of the data in vacancies in terms of skills? A workshop took place in September, in which experts debated the preliminary results of their country review <sup>(51)</sup>. The information obtained by this 'landscaping exercise' will help analyse and understand the data that will be retrieved from online vacancy scraping and identify the best websites for data collection in each EU country. Using this process, over 530 sources were selected for the whole EU and ESCO v1 was integrated into the system to enable multilingual classifications of job titles and skills into occupations. Cedefop organised a series of visits in the USA, the UK and the Netherlands to meet with key producers and users of online vacancy data and deepen the Agency's understanding of the potential and limitations of the data, possible big data applications, and combinations with conventional statistical data.

This cutting edge project attracted the attention of the European Commission. First, DG EMPL and Commissioner Thyssen's Cabinet asked Cedefop to anticipate to 2018 (instead of 2020 as originally planned) the delivery of a first set of data covering seven countries <sup>(52)</sup>; in early 2017 all activities of the project were rescheduled to achieve this deadline. Second, an agreement was signed with Eurostat aiming to link Cedefop's project to activities of the Eurostat's big data task force. Even though the primary aim of Cedefop's work is to gather and analyse data on skill demand by employers using vacancies, rather than to deliver a system able to produce vacancy statistics, Cedefop and Eurostat agree that Cedefop's system could lay the foundation for EU-wide online vacancy scraping that could become part of the EU statistical system (ESS) and contribute to the production of vacancy statistics. The agreement foresees structured collaboration between Cedefop and Eurostat and the involvement of ESSnet members to develop a multilingual system for online vacancy analysis that meets the quality standards of the ESS. In March and September Cedefop attended meetings of the ESSnet members involved in online vacancy analysis.

Cedefop collaborated with Eurostat to offer its prototype data from online vacancy scraping in five countries to the 22 teams that competed for the European big data hackathon. Inspired by the outcomes of the hackathon, Eurostat and Cedefop decided to capitalise on the ideas and solutions generated and to boost their further development. A follow-up event was organised in September to support the development of solutions that integrate various data sets, big data techniques and powerful visualisations to offer policy-relevant evidence on skills mismatch in Europe <sup>(53)</sup>.

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<sup>(51)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/online-recruitment-eu-countries-diffusion-and-use>

<sup>(52)</sup> CZ, DE, FR, IE, IT, FR and the UK.

<sup>(53)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/prototype-production-0>

Systematic cooperation between Cedefop and Eurostat continued in **education, training and labour market statistics**. The aim is to improve VET, lifelong learning and skills data and statistics, and their use for policy. There were several key achievements in 2017. The reconstruction of time series for VET data allowed reliable comparison of key data over time and against policy-relevant baselines. The reconstruction is available for countries which have voluntarily joined the exercise; it was published by Eurostat in December 2017. Proposals for having better and more frequent data on the educational background of individuals in the EU labour force survey (LFS) include capturing work-based learning as part of the highest level of qualifications and fields of study. The proposals were endorsed by Eurostat, and their operational definitions are being discussed with countries. They will support better investigation of incidence and outcomes of initial education and training, including work-based learning. DG EAC and Cedefop's proposal, which the 2022 ad hoc module of the LFS focus on job skills, was endorsed. The work of the technical group on statistics for skills and human capital, to which Cedefop contributed, resulted in the publication of Eurostat experimental statistics on skills as a first step towards the establishment of a framework of ESS-based skills-related statistics.

The 2017 country statistical overviews were published early in the year <sup>(54)</sup>. In this report, Cedefop selected 36 indicators to quantify key aspects of VET and lifelong learning. Selection was based on policy relevance and their importance in achieving the Europe 2020 objectives.

Understanding the **incidence and drivers of skills mismatch in the EU and designing better targeted and more effective policy solutions** is also a core priority for Cedefop. In this context, Cedefop not only pursues its own research but also offers capacity-building support to national stakeholders. Outcomes in 2017 include the following.

Cedefop initiated three new **country reviews**, focused on the **governance of skills anticipation and matching systems of Greece, Bulgaria and Slovakia**. In all three countries kick-off meetings took place with newly formed national steering committees, and a dedicated scoping exercise was carried out. Cedefop offered a tailor-made review for each country, identifying key priority areas and associated actions. The Agency developed a comprehensive analytical framework to assess the key elements of a country's skills anticipation and matching infrastructure, while notes (on issues such as EU practices of dissemination of labour market and skills intelligence) were prepared to assist the reviewed Member States. Participation of Cedefop staff in the Greek scientific and coordination committees for the national skills diagnosis system has enabled effective cooperation and support between Cedefop and its host country. After consultation with the country representative, the review of Estonia was postponed due to the high resource and time demands of the EU Presidency in the second half of 2017.

In June the Agency organised a dedicated **policy learning forum (PLF) focused on effective and innovative vocational training policies and practices for the long-term unemployed** <sup>(55)</sup>. For the purposes of the PLF, Cedefop collected evidence from 13 policy programmes from 12 EU countries and prepared a research report synthesising recent evidence on elements of training practices that may support sustainable employment. The

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<sup>(54)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/5561>

<sup>(55)</sup> <http://www.cedefop.europa.eu/en/events-and-projects/events/policy-learning-forum-vocational-training-long-term-unemployed>

PLF attracted the interest of about 60 stakeholders, including representatives of public employment services, ministry officials, VET providers and EU institutions. Building on its previous inventory of EU skills mismatch policies, Cedefop is working on the systematic collection of more than 100 examples of recent skills matching policies in the EU, with emphasis on effective examples of labour market and skills intelligence.

In 2017 Cedefop continued the dissemination of its **skill mismatch** findings and analysis of the Cedefop European skills and jobs survey. In June, the **Cedefop-IZA volume** in the series *Research in labor economics* entitled ***Skill mismatch in labour markets*** was published <sup>(56)</sup>. It presents a compilation of 11 original research studies and analyses, some reliant on data provided by the Cedefop European skills and jobs (ESJ) survey. Topics include: the way graduate jobs can be defined; the labour market decisions and outcomes of graduates; the determinants of the overeducation wage penalty; the determinants and consequences of underskilling; the wage return of skills; the impact of skill mismatch on aggregate productivity; and the role of work-related training and job complexity on skill development. Cedefop also provided expertise and participated in major international conferences (such as the ILO skill mismatch conference) focused on the policy challenges and methods of measurement of skill mismatch.

In 2017 Cedefop also initiated a new strand of work on **digitalisation and the future of work**. A briefing note on the impact of robots, digitalisation and automation on employment was published <sup>(57)</sup>, using evidence from the European skills and jobs survey. The interaction between VET systems and trends associated with a changing future world of work was also the main theme of Cedefop's fourth Brussels-based seminar, organised with the cooperation of the Estonian EU Presidency. Following background research on the research gaps in existing literature, the concept and scope of a study on the 'implications of online platform work for the continuing skills formation and skills matching of digital labour' were shaped. The study was initiated at the end of 2017. Cedefop discussed initial policy implications of its analysis on the continuing learning practices of online platform workers at an MEP dinner event organised at the European Parliament in December.

Cedefop participated in the **Spring 2017 World Economic Forum dialogue on the future of jobs and a new deal on lifelong learning** <sup>(58)</sup>. This entailed participation in several virtual meetings, together with leaders from business, government, academia and civil society, and the provision of inputs for two documents on these topics. A critical part of the dialogue series was a **workshop held at the WEF Centre on the fourth industrial revolution** in June 2017. The workshop convened WEF partners, members of the Global Future Council and selected academic and public sector experts, including Cedefop. It pursued three main goals: (a) developing a common vision on bolstering adult education and reskilling, (b) identifying emerging and growing jobs, and (c) developing strategies for accelerating gender parity in high growth sectors, building on the work done so far through the virtual meetings of the dialogue series.

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<sup>(56)</sup> Polachek, W. et al. (eds) (2017). *Skill mismatch in labor markets*. Bingley (UK): Emerald Publishing. Research in labor economics series, Vol. 45. Cedefop and IZA volume.  
<http://www.emeraldinsight.com/doi/book/10.1108/S0147-9121201745> [accessed 1.4.2018].

<sup>(57)</sup> Cedefop (2017). *People, machines, robots and skills*. Briefing note; July 2017.  
<http://www.cedefop.europa.eu/en/publications-and-resources/publications/9121>

<sup>(58)</sup> <https://www.weforum.org/projects/future-of-work> <https://www.weforum.org/whitepapers/accelerating-workforce-reskilling-for-the-fourth-industrial-revolution> [accessed 12.1.2018].



The **fourth round of the European company survey (ECS) in collaboration with Eurofound** will focus on skills strategies in EU companies: how businesses recruit, use and develop a skilled workforce; how this forms part of their competitive strategy in a context of increasingly digitalised work and jobs; and the outcomes it generates. During the first semester, both agencies specified the terms of their collaboration and launched a joint call for tender for a contractor to carry out the survey fieldwork. The joint call for tender was successful and the contract signed in November. The fourth ECS will be a fully pan-European web-based survey. The total sample size will be about 23 000 observations across the 28 EU countries. The survey questionnaire was finalised in November, benefitting from suggestions received from an expert group consisting of academics with experience in survey design and organisational issues and with the support of a policy steering group composed of members of both agencies' governing boards. In parallel, another project focusing on **companies' skill strategies** collected qualitative case studies on skills and learning in selected industries <sup>(59)</sup> in five EU countries <sup>(60)</sup>. The evidence collected will feed into Cedefop's research on skills development and utilisation at work.

**Developing and running an establishment skills survey**, the last volume of the compendium of six guides on skills anticipation and matching prepared together with the ILO and the ETF, was published in March <sup>(61)</sup>.

#### 1.4. Transversal activity: Communication, information and dissemination

This activity is dedicated to communicating Cedefop's key messages on VET to stakeholders, and to promoting a positive image of Cedefop at European, national and local levels. Throughout 2017, Cedefop organised events and visits for key accounts and other stakeholders to keep them up to date with VET issues and Cedefop's corresponding role. In March, Cedefop provided tailored information about European approaches to the classification and validation of skills to a delegation of the Swedish Retail and Wholesale Council's secretariat and Skills and Occupations Committee. In April, the Greek Deputy Minister of Education, Mr Dimitris Baxevanakis, visited the Agency, discussing the Hellenic qualifications framework and the importance of apprenticeships. In the second semester, Cedefop hosted a resident researcher from KRIVET-South Korea, received and exchanged information with two members of the European Parliament, Mr Zdechovsky (CONT) and Mr Zagorakis (CULT/EMPL) (June), with the German Ambassador to Greece Mr Jens Plötner and Consul General Walter Stechel (August), with the Vice mayor of Thessaloniki Lina Liakou and Resilient City team member Aphrodite Bouikidis (September) and with Norwegian, Swedish and Danish representatives of the pan-Scandinavian Union of Electrical Workers (November). Cedefop also participated in the second EU jobs and mobility roadshow <sup>(62)</sup>, organised by Europe Direct from 20 to 25 November in six northern Greek cities: Alexandroupoli, Xanthi, Drama, Komotini, Serres and Thessaloniki. Besides Cedefop, representatives of the European Commission and the European Parliament, Erasmus+, EURES, EU Careers, the European Solidarity Corps, liaison offices from the universities of the various cities and other organisations contributed to the events.

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<sup>(59)</sup> Digital media, food processing, telecommunications and manufacturing.

<sup>(60)</sup> Germany, Estonia, Portugal, Slovenia and Finland.

<sup>(61)</sup> <http://www.cedefop.europa.eu/de/publications-and-resources/publications/2219>

<sup>(62)</sup> <https://www.facebook.com/EURoadshow/>

In June, the Agency's Brussels liaison office organised the third and fourth Cedefop Brussels-based seminars 'Addressing and preventing low skills' in cooperation with the Maltese Presidency of the Council of the EU and 'Is the vocational education and training system prepared for the future of work?' with the Estonian Presidency. High attendance indicates that these seminars, which Cedefop has organised with the sitting Presidency of the Council since 2016, are now established as a regular feature of the Brussels education/training and employment calendar.

In November, a working dinner on 'Digitalisation and new forms of work: promoting upskilling and skills policies for workers in the online economy' was hosted by MEP Martina Dlabajová.

The collaboration between Cedefop and DG EMPL was intensified, focusing on joint social media activities for the 60<sup>th</sup> anniversary of the Treaties of Rome, as well as the #CedefopPhotoAward 2017, designed as an integrated part of the award concept of the European vocational skills week 2017. Endorsed by the European Commission and supported by European VET provider associations, **the #CedefopPhotoAward campaign** 'Vocational education and training: tell your story' proved an excellent tool for raising VET's visibility, engaging Cedefop's stakeholders, and reaching out to young Europeans in initial VET and to learners in continuing vocational training and adult learning. Cross-promotion in all Cedefop communication channels, including a joint social media communication campaign with DG EMPL and a promotional video <sup>(63)</sup> which Cedefop produced at a local VET school, created a notable outreach (more than 1 million single users reached by a social media ad campaign).

More than 75 organisations were engaged in communicating the #CedefopPhotoAward competition on social media. As a result Cedefop received 140 photo stories from VET learners in 20 EU Member States. 78 vocational schools and institutions and a total 376 team members were engaged in the competition. Two teams of VET learners from Lithuania and Ireland were the winners of the 2017 competition for telling a personal story of their VET experience. #CedefopPhotoAward 2017 exhibitions and award ceremonies were organised at the Thessaloniki international film festival (3 November) and the European vocational skills week 2017 (20-24 November).

Cedefop published five **briefing notes**: *Shaping, valuing and informing vocational education and training policy* <sup>(64)</sup>; *Vocational education and training: bridging refugees and employer needs* <sup>(65)</sup>; *People, machines, robots and skills* <sup>(66)</sup>; *Looking back to look ahead* <sup>(67)</sup>; and *Skills anticipation: looking to the future* <sup>(68)</sup>. Three more were prepared for dissemination in 2018. A total of 12 **press releases** were produced <sup>(69)</sup>: *Looking to the future: anticipating skills*; *Vocational education and training in Europe beyond 2020*; *Here is what Europeans think of vocational education and training*; *Apprenticeships discussed at Cedefop policy learning forum*; *Digital plus: in the digital age, digital skills are not enough*;

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<sup>(63)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/videos/video-cedefopphotoaward-2017>

<sup>(64)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9118>

<sup>(65)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9120>

<sup>(66)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9121>

<sup>(67)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9123>

<sup>(68)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/9124>

<sup>(69)</sup> <http://www.cedefop.europa.eu/news-and-press/press-and-media/press-releases>

*#CedefopPhotoAward 2017 winners announced; Vocational education and training: bridging refugee and employer needs; Towards age-friendly work in Europe: a life-course perspective on work and ageing from EU Agencies; Cedefop launches online toolkit for tackling early leaving; #CedefopPhotoAward is back!; As national qualifications frameworks are taking shape, their benefits become visible across the European Union; and Building the right workforce for the future.* Three dedicated media alerts were sent to European journalists.

Communication activities also included three issues of Cedefop's print magazine **Skillset and match** <sup>(70)</sup>, 25 video clips and interviews <sup>(71)</sup>, 10 issues of Cedefop's electronic newsletter and 80 website headlines. The press service accomplished 15 mailings to international media and a continuous flow of social media postings (127 Facebook posts, 1 690 tweets and retweets).

Linguistic support, layout/design and dissemination services were provided for a variety of communication and public relation activities. Most publications were published online only. Briefing notes and research papers were also made available in e-book format. However, printing-on-demand and the dissemination of hard copy publications continue to play an important role. Bi-annual **video animations for Presidency country VET systems** have been added successfully to the product portfolio of the publications service. Animations on vocational education and training in Malta and vocational education and training in Estonia were published in May <sup>(72)</sup> and November <sup>(73)</sup>.

**Cedefop's web portal** <sup>(74)</sup>, a hosted cloud-based platform, continues focusing on new data visualisation functionalities for increased usability and outreach. The VET toolkit for tackling early leaving was successfully developed and finalised in May <sup>(75)</sup> and the mobility scoreboard for IVET was successfully updated with data for 2017 <sup>(76)</sup>.

Other online publishing projects are in preparation and/or continuing. Two new online publishing activities were added in the second semester: a pilot *Resources for guidance* was developed and tested by users at a workshop during the European guidance week 2017 (pilot version available for internal use). An apprenticeship information tool, providing a comprehensive overview of apprenticeship schemes in the EU, Iceland and Norway was delivered in December 2017 and is available for internal testing by the content owner.

The Research Support Centre continued providing valuable scientific information to Cedefop's operational departments and access to all subscribed electronic resources and open access databases. Archive and records management successfully continued the preservation of the memory of the Agency and ensured that organisational records are authentic, reliable, and accessible to meet business, financial, and legal obligations.

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<sup>(70)</sup> <http://www.cedefop.europa.eu/en/news-and-press/magazines>

<sup>(71)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/videos>

<sup>(72)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/videos/vocational-education-and-training-malta>

<sup>(73)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/videos/vocational-education-and-training-estonia>

<sup>(74)</sup> <http://www.cedefop.europa.eu/>

<sup>(75)</sup> <http://www.cedefop.europa.eu/en/toolkits/vet-toolkit-tackling-early-leaving>

<sup>(76)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/data-visualisations/mobility-scoreboard/>



## II. PART II (A): MANAGEMENT

Cedefop's administration and internal services support operations effectively and efficiently. Cedefop conducts its operations in compliance with the applicable rules and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

### II.1. Governing Board

The 95<sup>th</sup> Governing Board meeting was held in Thessaloniki on 5-6 October 2017.

Throughout the year, Cedefop reported on a regular basis to its (Enlarged) Bureau and Governing Board members on risks and control issues. Regular updates were provided on audit and evaluation activities (ECA, IAS, and other sources of assurance) at Bureau, Enlarged Bureau <sup>(77)</sup> and Governing Board meetings. Related key issues submitted to or discussed with the Bureau/Governing Board included:

a) Enlarged Bureau meeting on 17 March 2017 <sup>(78)</sup>:

- Discussion on Cedefop legal service <sup>(79)</sup>;
- Governing Board self-assessment: follow-up to the action plan on Cedefop's external evaluation (recommendation 6.1) <sup>(80)</sup>;
- Key Performance Indicators for the Director - draft questionnaire on Governing Board/stakeholder consultation and draft questionnaire Staff Survey <sup>(81)</sup>;
- Audits and Evaluations <sup>(82)</sup>;
- Annual Management Plan 2017 <sup>(83)</sup>, including evaluation and audit plan and other sources of assurance 2017, risk assessment 2017 (generic risks and risk assessment by activities/projects) and anti-fraud strategy action plan 2017.

b) Bureau meeting on 29 and 30 June 2017:

- Additional Budget requirements and proposals for the Skills Panorama <sup>(84)</sup>;
- Governing Board self-assessment <sup>(85)</sup>;
- Key Performance Indicators for the Director - update of questionnaire on Governing Board/stakeholder consultation; Results of the staff survey; update on extra working hours <sup>(86)</sup>;
- Analysis and proposals concerning efficiency gains in administrative issues - Review of the Administration (ROTA) and interim report on the review of the legal service <sup>(87)</sup>;
- Audits and Evaluations <sup>(88)</sup>.

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<sup>(77)</sup> In compliance with Article 3(5) of its revised Rules of Procedure, the Governing Board may decide to enlarge the Bureau for meetings with strategic issues for future Governing Board decisions. – OJ C182 of 04.08.2006, p.2

<sup>(78)</sup> RB(2017)00385

<sup>(79)</sup> No documentation - discussion under Item 6

<sup>(80)</sup> RB(2017)00324 - Item 9

<sup>(81)</sup> RB(2017)00467, RB(2017)00469 and RB(2017)00470 – Item 10

<sup>(82)</sup> RB(2017)00326 - Item 12a

<sup>(83)</sup> RB(2017)00385 - Item 13a

<sup>(84)</sup> RB(2017)01333 - under Item 3

<sup>(85)</sup> RB(2017)01271 - Item 6

<sup>(86)</sup> RB(2017)01256, RB(2017)01251 and RB(2017)01372 – Item 8a&b and Item 11c

<sup>(87)</sup> RB(2017)01316 and RB(2017)01341 – Item 10a (part 1 and 2)

c) Governing Board meeting on 5 and 6 October 2017:

- Outcomes of Cedefop's legal and administrative review <sup>(89)</sup>;
- Governing Board self-assessment: follow-up to the action plan on Cedefop's external evaluation (recommendation 6.1) <sup>(90)</sup>;
- Key Performance Indicators for the Director and results of the staff survey <sup>(91)</sup>;
- Renewal of the term of office of the Director <sup>(92)</sup>;
- Information on Audits – European Court of Auditors (ECA), Internal Audit Service (IAS) and other sources of assurance <sup>(93)</sup>;
- Information on ex-post evaluations (ReferNet framework partnership agreements 2012-2015, Skills obsolescence and mismatch among EU workers, Travel agency service-Eurostar ATEBE) <sup>(94)</sup>.

d) Bureau meeting on 5 December 2017:

- Final outcomes of Cedefop's legal and administrative review <sup>(95)</sup>;
- Recruitment procedure for a new Cedefop Director;
- Update on the Director's Key Performance Indicator and on Cedefop's consultation with its key stakeholders <sup>(96)</sup>;
- Staff survey: update on the progress of an action plan <sup>(97)</sup>;
- Information on audits and evaluations <sup>(98)</sup>.

At each meeting, the Governing Board, the Enlarged Bureau and the Bureau were informed by the representatives of the European Commission on progress of the ongoing revision of Cedefop's Founding Regulation and the cross-cutting evaluation of the four EU agencies falling under the remit of DG Employment.

A list of key decisions adopted by the Governing Board in 2017 is available in annex X.

## II.2. Major developments

The European Commission's annual growth survey 2017 stressed that 'Member States need to invest more in creating supportive conditions for greater labour market participation, more quality jobs and effective training and upskilling' <sup>(99)</sup>. The European policy agenda has acknowledged the key role that VET can play in these efforts. Besides the European cooperation process dedicated to VET <sup>(100)</sup>, a range of Council and European Commission

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<sup>(88)</sup> RB(2017)01200 – Item 10b

<sup>(89)</sup> RB(2017)01895 and RB(2017)1885 – Item 10e

<sup>(90)</sup> RB(2017)01811 and RB(2017)01812 - Item 7 (a&b)

<sup>(91)</sup> RB(2017)01840 and RB(2017)01854 – Item 8 (a&b)

<sup>(92)</sup> RB(2017)01937 – Item 9

<sup>(93)</sup> RB(2017)01853 - Item 10a

<sup>(94)</sup> RB(2017)01850 - Item 10b

<sup>(95)</sup> RB(2017) 02313 and RB(2017)2281 – Item 5 (part I and II)

<sup>(96)</sup> RB(2017)02291- Item 8

<sup>(97)</sup> RB(2017)02295– item 9

<sup>(98)</sup> RB(2017) 01853– item 10a

<sup>(99)</sup> European Commission. Annual growth survey 2017. [https://ec.europa.eu/info/publications/2017-european-semester-annual-growth-survey\\_en](https://ec.europa.eu/info/publications/2017-european-semester-annual-growth-survey_en) [accessed on 07.05.2018].

<sup>(100)</sup> 2010 Bruges Communiqué, 2015 Riga conclusions as part of the enhanced cooperation on VET launched in 2002 (known as Copenhagen process) [http://ec.europa.eu/education/policy/vocational-policy\\_en](http://ec.europa.eu/education/policy/vocational-policy_en) [accessed on 07.05.2018].

initiatives in the past few years <sup>(101)</sup> guided Cedefop's work in 2017 or required adjusting it. A major one among these is the 2016 skills agenda for Europe.

One of the main initiatives linked to it is the Council recommendation on upskilling pathways. It aims at giving the 63 million low-qualified adults the chance to upgrade their skills and acquire medium-level qualifications (EQF levels 3 and 4; see below). It also reinforces Member States' commitment to enhancing access to VET and qualifications for all – one of the current priority areas within their cooperation on VET. Together with the Council conclusions on inclusion in diversity to achieve high quality education for all <sup>(102)</sup> it underpins the European pillar of social rights prepared in 2016 and proclaimed at the end of 2017 <sup>(103)</sup>. The Pillar enshrines equal rights to quality and inclusive education, training and lifelong learning so that everyone can gain and maintain the skills to partake in society and manage labour market transitions.

The follow-up of upskilling pathways has led to an increased demand on Cedefop's work; not only within its specific strand of work dedicated to VET for labour market integration and social inclusion but also others. These include the Agency's reviews of countries' common priorities for VET and its expertise on: career guidance; validation of non-formally acquired skills; qualification frameworks. The 2017 revision of the Council recommendation to establish a European framework (EQF) <sup>(104)</sup> that helps understand better and compare national qualifications clearly entails that Cedefop extends its long standing Cedefop support.

Other policy initiatives related to the skills agenda influencing Cedefop's work in 2017 include: the forthcoming key competence revision; initiatives within the digital skills and jobs coalition <sup>(105)</sup>; the Council recommendation on tracking graduates <sup>(106)</sup> to reinforce feedback loops to VET provision; and the Council resolution on promoting socio-economic development and inclusiveness through education <sup>(107)</sup> which points to the importance of addressing skills gaps and mismatches.

Reflections on the future of VET and the related EU-level cooperation commenced in 2017. They are closely linked to the effects of new economic and technological demands on the future of work. This has raised the demand for Cedefop's expertise at the interface between

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<sup>(101)</sup> for instance: European Alliance for apprenticeship <http://ec.europa.eu/social/main.jsp?catId=1147>; youth guarantee <http://ec.europa.eu/social/main.jsp?catId=1079&langId=en>; recommendation on supporting the long-term unemployed <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016H0220%2801%29&qid=1456753373365>; the European adult learning agenda <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32011G1220%2801%29> [accessed on 07.05.2018].

<sup>(102)</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52017XG0225%2802%29> [accessed on 07.05.2018].

<sup>(103)</sup> <http://www.consilium.europa.eu/en/press/press-releases/2017/11/17/european-pillar-of-social-rights-proclamation-and-signing/> and [https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights\\_en](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en) [accessed on 07.05.2018].

<sup>(104)</sup> <https://publications.europa.eu/en/publication-detail/-/publication/cee970-518f-11e7-a5ca-01aa75ed71a1/language-en> [accessed on 07.05.2018].

<sup>(105)</sup> <https://ec.europa.eu/digital-single-market/en/digital-skills-jobs-coalition> [accessed 10.11.2017].

<sup>(106)</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017H1209%2801%29> [accessed 10.11.2017].

<sup>(107)</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:42016Y0319\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:42016Y0319(01)&from=EN) [accessed 10.11.2017].

education and training and the labour market, particularly as regards effective governance of skills anticipation and matching systems. The Commission's interest in one of the cutting edge projects to understand employers' skill demand entailed advancing and rescheduling the work in 2017 and concluding an agreement with Eurostat.

The Commission's increasing need for more evidence-based research and regular up-to-date country-based information have stretched Cedefop's capacities: among others, in 2017, these included input to its work on the European semester, the education and training monitor and the support to the European alliance for apprenticeship.

In line with the Agency's vision and values, three main thematic strategic areas of operation have been defined for the programming period 2017-20: shaping VET, valuing VET and informing VET. In addition, the programming document aims at balancing Cedefop's three key functions: maintaining and further reinforcing research and analyses to provide new evidence, monitoring and analysing policy developments; and strengthening its knowledge broker role for countries and stakeholders, providing country-based evidence to support policy learning and implementation.

The trend that Member States seek Cedefop's expertise more frequently to assist them in putting European policies in place, manifested itself in 2017 in several ways: a) further countries seeking Cedefop's assistance in setting up/revising apprenticeship schemes; b) extension of individual country support from one to two key areas, i.e. apprenticeship and skills governance schemes; c) more events focused on policy learning which require more targeted and in-depth preparation than traditional conferences; d) adjusting existing and providing more electronic/web-based tools to reach a wider spectrum of stakeholders; e) supporting the community of VET practitioners set up following a 2016 agreement between the European Associations of VET providers, Cedefop and the European Commission.

Cedefop has been managing Europass<sup>(108)</sup> and the Skills Panorama<sup>(109)</sup> on behalf of the Commission. The Commission intends to bring these and other portals and web-based tools together in a 'new Europass platform'. Since October 2016, Cedefop has been contributing to the Commission's business analysis devised to define how this vision can be realised while maintaining and attuning the current portals. This created uncertainty on Cedefop's future involvement in and contributions to the latter.

With increasing demands on VET and Cedefop, managing the same budget in nominal terms over time implies a cut in real terms. The Agency used every available financial resource to promote VET with a budget execution of almost 100% (99.9%). Having to do more with less also applied to human resources. With a cut of two posts in Cedefop's establishment plan it stood at 92 in 2017 (down from 100 staff in 2013). It will be further reduced to 91 in 2018 to bring the total cuts up to 10%, as requested by the Institutional agreement and the establishment of a redeployment pool for agencies<sup>(110)</sup>. This required identifying even more negative priorities in Cedefop's core business than in the past.

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<sup>(108)</sup> A portfolio of five documents to make people's skills and qualifications clearly and easily understood in Europe <https://europass.cedefop.europa.eu/>.

<sup>(109)</sup> The Skills Panorama turns labour market data into useful, accurate and timely intelligence that helps policy-makers in making their decisions on skills and jobs in Europe <http://skillspanorama.cedefop.europa.eu/>

<sup>(110)</sup> Interinstitutional Agreement of 2/12/2013 in OJ C 373 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2013:373:FULL&from=LVN> and Commission communication on Programming of human and financial resources for decentralised

Limited resources affected staff development opportunities and led to a review of its administrative procedures. Building on earlier rationalisation and streamlining efforts, its aim was to identify efficiency gains and the potential to redeploy staff from the Department of Resources and Support to core business. Related actions will be implemented as of 2018.

As regards internal developments, the Department for Resources and Support faced further challenges: the unfruitful recruitment for a new head of department (vacant since April 2016) and the departure of the head of service for human resources (in April 2017). Subsequently, the acting interim head of department also took on responsibility as interim head of HR. 2017 also saw the departure of the Agency's legal advisor following the Director's decision to abolish the internal legal service and make use instead of a combination of external sources for the provision of legal advice. This made it necessary to conclude agreements with other agencies and the Commission as well as new in-house procedures as regards legal advice/support. These developments caused disruptions and additional workload for staff.

As requested by its Bureau, the Agency carried out a staff survey in spring 2017. It included standard questions for all EU agencies and others related to the key performance indicators for the Director <sup>(111)</sup>. Overall, Cedefop's survey showed good overall satisfaction, but also identified areas for improvement, including: non-discrimination at work, communication/cooperation, management and decision-making, HR issues. At the end of the year, staff working groups were set up to propose ways to address these. The proposals will lead to an action plan to be implemented as of 2018.

Following the decision of Cedefop's Governing Board in October, which was subsequently confirmed by the Commission in December, the Director's contract (ending in October 2018) will not be renewed. The Director resigned end May 2018. A procedure to select a new Director is ongoing.

2017 was also marked by an external evaluation of Cedefop and the other agencies under the remit of DG Employment – Eurofound, EU-OSHA and ETF. The four agencies were assessed individually and from a comparative perspective and considered potential future synergies and scenarios in the light of the Common Approach adopted in 2012. The final report and the Commission's conclusions are expected for 2018. The evaluation coincided with: the pending revision of Cedefop's founding regulation adopted by the Commission and submitted to the European Parliament and the Council in August 2016; and President Juncker's announcement to propose a European Labour Authority <sup>(112)</sup>. The agency was closely following these developments to consider potential future effects.

### **II.3. Budgetary and financial management**

This section summarises information presented in Cedefop's Report on Budgetary and Financial Management for the financial year 2017.

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agencies 2014-2020; COM(2013) 519; 10/07/2013. final <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0519&from=en> [accessed on 07.05.2018].

<sup>(111)</sup> Commission Staff working document 'Guidelines on key performance indicators (KPI) for directors of EU decentralised agencies', SWD (2015) 62 of 13/3/2015. <https://ec.europa.eu/transparency/regdoc/rep/10102/2015/EN/10102-2015-62-EN-F1-1.PDF> [accessed on 07.05.2018].

<sup>(112)</sup> President Juncker's State of the Union address. [https://ec.europa.eu/commission/state-union-2017\\_en](https://ec.europa.eu/commission/state-union-2017_en) [accessed on 07.05.2018].

### ***Rate and type of implementation of appropriations***

In 2017, Cedefop continued to utilise essentially all of its available funding with an overall budget implementation rate of 99.95%. In particular:

- from a total final Title 1 budget of EUR 10 075 076 commitments to the value of EUR 10 074 583 were raised, representing an execution rate of 100.00%;
- from a total final Title 2 budget of EUR 1 385 575 commitments to the value of EUR 1 384 135 were raised, representing an execution rate of 99.90%;
- from a total final Title 3 budget of EUR 6 480 738 commitments to the value of EUR 6 402 083 were raised, representing an execution rate of 99.90%.

The budget revenue available and executed in 2017 included, besides the EU contribution of EUR 17 434 000, an amount of EUR 425 389 of contributions from associated countries Norway and Iceland, and an amount of EUR 10 000 of miscellaneous own revenue.

### ***Indication of commitments for actions that will extend for more than one financial year; major items only***

Title 3 appropriations are differentiated appropriation and multi-annual in nature.

The contracts <sup>(113)</sup> signed in 2017 which gave rise to commitments extending for more than one financial year, which were booked on Title 3 (Operational activities) of the budget, are listed below:

Budget line	Title of procedure	Expires	Amount (committed in 2017)
3240	Order form 2 - Real Time LMI	30/04/2018	241.795,00
3240	Order form 3 - Real Time LMI	31/12/2018	186.353,00
3340	Order form 4 - Europass Services Work Package 4	31/08/2018	180.763,00
3440	VET for labour market integration and social inclusion	31/12/2019	281.550,00
3440	Validation of non-formal and informal learning and career guidance	31/08/2019	199.650,00
3440	The potential of work-based learning in developing Upskilling Pathways for adults	30/06/2019	303.070,00
3340	Key competences in VET	30/09/2019	449.870,00
3240	Skills formation and skills matching in online platform work	21/12/2019	301.362,00
3240	Preparation & Implementation 4th European Company Survey (with Eurofound)	15/12/2018	513.865,00
3240	Order form 6 - Skills intelligence	31/12/2018	140.005,00
3340	Order form 1 - WA 1 - Comparing VET Qualifications	19/06/2019	109.500,00
3340	Order form 2 - WA 2 - Comparing VET Qualifications	19/06/2019	101.700,00
3440	Order form 1 - WA 1 - Adult refugees and VET	18/01/2019	125.326,00

### ***Information on transfers and amending budgets***

The Director signed transfers between budget items, during 2017, which are summarised below (net effect between Titles):

- a **decrease** in Title 1 (staff expenditure) appropriations by EUR 528 424;

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<sup>(113)</sup> Major contracts are shown only, with the threshold set at 100.000 EUR.

- a **decrease** in Title 2 (administrative expenditure) appropriations by EUR 126 865;
- an **increase** in Title 3 (operational expenditure) appropriations by EUR 655 289.

The transfers directed the surplus created in Titles 1 and 2, mainly attributed to the departure of staff and ongoing recruitment procedures for vacant posts in high grades, to Title 3, in order to support Cedefop's core business by supplementing operational projects and contributing to the Work Programme 2017 implementation. The transferred funds were successfully invested in operational projects launched before the end of the year.

The Agency did not adopt any amending budget in 2017.

### ***Appropriations carried forward to the following financial year***

The Agency committed its annual budget (at a rate of 99.95%, as detailed above), within the year 2017. No non-automatic carry overs were needed.

The appropriations carried forward to 2018 in order to honour commitments made in 2017, are summarised below:

- Title 1 appropriations carried forward to 2018 were EUR 220 053 or 2.18% of the final Title 1 funds for the year;
- Title 2 appropriations carried forward to 2018 were EUR 358 564 or 25.88% of the final Title 2 funds for the year;
- Title 3 appropriations are differentiated appropriation and multi-year in nature.

### ***Implementation of appropriations carried forward from the previous financial year***

Of Euro 129 077 Title 1 appropriations brought forward, Euro 23 814 were cancelled.

Of Euro 445 546 Title 2 appropriations brought forward, Euro 28 953 were cancelled.

Title 3 appropriations are differentiated appropriation and multi-year in nature.

### ***Percentage of procurement procedure types used***

36 procurement procedures were processed in 2017.

Type of procedure	2017		
	Number	%	Comments
Open	12	33%	Of which 1 (8%) were calls for proposals
Negotiated	24	67%	Of which 2 (8%) were calls for proposals
Restricted	0		
<b>Total</b>	<b>36</b>	<b>100%</b>	

### ***Information on interest charged by suppliers through late payments (> 30 days)***

Not applicable.

### ***Summary information on budgetary operations***

Cedefop continues to use its funds effectively and efficiently with a budget implementation rate of 99,95%. These exceptionally high figures were achieved in spite of the staff turnover

observed in 2017 which not only increased the workload on the remaining staff but resulted in savings in the personnel budget which were utilised efficiently within the programme. Cedefop utilises bespoke systems to constantly track its current and anticipated expenditures to ensure all funds are utilised by the end of the year.

#### **II.4. Human Resources management**

On 31 December 2017 the occupation rate of the establishment plan was 96% (88 posts filled in the establishment plan which had 92 authorised posts). The overall gender balance at Cedefop was 59% female to 41% male. Women are well represented at all grades including at management level. Cedefop also aims to ensure a geographical balance.

The general provisions on the implementation of telework in Cedefop were adopted by the Governing Board on 06/10/2017 (CEDEFOP/DGE/33/2017). They are based on the model decision for the Agencies drafted by the Commission and the Standing Working Party. The provisions reflect the peculiarities of the Agency and have been positively assessed by both management and staff. From the staff members' perspective the teleworking provided them with an opportunity to increase the quality of their work-life balance. Management also found teleworking beneficial in terms of productivity and fulfilment of the objectives of staff.

As a follow-up to the Commission's opinion on Cedefop's Programming Document 2017-2020 and as agreed by the Governing Board (GB), Cedefop carried out a staff survey in 2017. The survey used the inter-agency standard questionnaire and methodology allowing relative comparisons across agency clusters as well as Cedefop-specific questions of relevance to the organisational context and the Director's KPI.

Overall, the results offer a picture of Cedefop being formed by a group of professionals who are willing to contribute to a job that for them is interesting and challenging. Also some areas for further development were identified and an action plan was designed with four key pillars directly derived from the survey findings, namely: 'Communication and cooperation', 'Management and decision-making', 'HR issues' and 'Non-discrimination at work'. Work on the action-plan implementation is ongoing and the Bureau/Governing Board systematically kept informed of developments.

A key focus of the learning and development activities in house was the promotion of staff wellbeing, respectful work environment and dignity at work. A series of initiatives were organised in this broader context: practical conflict management training; management workshop on stress and burnout prevention; session for all staff on individual and collective resilience building, complemented by tailored resilience coaching programmes for 5 staff members. A mandatory session on dignity at work and prevention of harassment was delivered by an external contractor in March which, to respond to staff demand, was followed by workshops on positional dialogue in November. As Cedefop places high importance on all issues related to good governance, a systematic approach is used to keep staff up-to-date and further raise their awareness on these issues. Held on 28 November 2017, the annual good governance session was mandatory not only for the newcomers but also for staff members that have not received a refresher on the Cedefop internal control standards in the last 2 years.

#### **II.5. Assessment by management**

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives. These elements are: a) comprehensive set of processes and documents to plan its annual work programme; b) comprehensive set of processes to monitor and report on the implementation of its annual work programme and the deployment of its human and financial resources; c) processes to



monitor and report on legality and regularity; d) internal control system and e) safeguarding of assets.

a) The Agency has developed a comprehensive set of processes and documents to plan its annual work programme.

- 1) The multi-annual programming document 2017-2020 adopted by the Governing Board on 15 December 2016 by written procedure.
- 2) The annual work programme 2017 was designed within the framework of the multi-annual programme. The risk management plan - which results from an in depth ex-ante assessment of the generic risks and risks by project and by ABB <sup>(114)</sup> activity - is an integral part of the annual work programme. The work programme also includes a set of indicators within Cedefop's Performance Measurement System (PMS).
- 3) Along with the adoption of the annual budget (estimate of revenue and expenditure) a multi-annual staff policy plan sets out the human resources (and related budget) required for the implementation of the annual work programme.
- 4) Finally, the annual management plan (AMP) 2017 was prepared. The AMP comprises detailed planning for the Agency's key deliverables (e.g. conferences, publications, procurement procedures) as outlined in the annual work programme. It also includes evaluation and audit plans 2017, risk assessment 2017 (generic risks at the level of the organisation and risk assessment by ABB activities and projects) and anti-fraud strategy action plan 2017.

b) The Agency has also developed a comprehensive set of processes to monitor and report reliably on the implementation of its annual work programme and the deployment of its human and financial resources.

- 1) The Director, Deputy Director and Heads of Departments meet on a biweekly basis. The aim of these meetings, chaired by the Director, is to monitor developments in all operational and support activities and take decisions on issues related to financial and human resource management, internal controls, activities including outreach activities of management and experts as well as the day-to-day administration of the Agency. Follow-up actions are reviewed on a regular basis.
- 2) The Director, Deputy Director, Heads of Departments and Services, and selected senior experts meet in Management Team Meetings (two meetings per year) in which systematised reports on financial issues (budget implementation, procurements), human resources developments, and monitoring reports on achievements compared to the planned objectives are discussed. Achievements are monitored through the performance indicators and targets set in the annual work programme. In addition, these meetings aid strategic considerations and opinion exchange on policy issues, planning, and other operational and organisational issues.
- 3) A budgetary mid-term review is conducted in early July and September to discuss in detail progress on the implementation of the budget and the work programme and to agree on corrective actions as necessary. The 'budget correspondents' assigned to each Department provide regular monitoring of the budget's (planned) commitments and payments throughout the year.
- 4) The progress report, the annual report and the consolidated annual activity report are discussed with the Governing Board, besides the regular reporting to the Bureau/Governing Board on the results of audits and evaluations, budget implementation, transfers of appropriations. Bureau members are also systematically informed on key changes that may occur in the implementation of the annual work programme.

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<sup>(114)</sup> Activity Based Budgeting

- 5) As requested under Art. 31.4 of the Cedefop Financial Rules <sup>(115)</sup>, the list of contracts is posted on the Agency's website.

c) The Agency has developed processes to monitor and report on legality and regularity and has deployed its own anti-fraud strategy <sup>(116)</sup> and a policy on prevention and management of conflicts of interests <sup>(117)</sup>.

- 1) As regards the legality and regularity of underlying transactions, the objective is to ensure that the estimated annual risk of errors in commitments and payments at the time of the authorisation of the transactions is less than 2%. Cedefop's standard quantitative material threshold is set at EUR 200.000 <sup>(118)</sup>. Deviations from this materiality threshold must be justified in the Consolidated Annual Activity Report. No deviations were recorded in 2017.
- 2) As foreseen in the Commission's Anti-Fraud Strategy (CAFS) <sup>(119)</sup> and in the action plan of the Inter Institutional Working Group's roadmap, Cedefop adopted its Anti-Fraud Strategy on 22 October 2014, along with the Policy on prevention and management of conflicts of interests at Cedefop. In addition to the Anti-fraud strategy, an internal procedure on reporting on irregularities/whistleblowing, including the legal framework and basic principles as well as steps to be followed by staff members has been issued by Cedefop's management already in 2008 <sup>(120)</sup>. These procedures have been complemented with Cedefop's Guidelines on Whistleblowing of 9 February 2017 which are based on the Commission's Guidelines and satisfy the requirements as set out in Art. 22c of the Staff Regulations.

d) Revised Internal Control standards are in place since 2009 and were adopted by Cedefop's Governing Board. They are structured in six building blocks (Mission and values, Human Resources, Planning and risk management processes, Operations and control activities, Information and financial reporting and Evaluation and Audit). The Internal Control Standards are systematically monitored and followed-up by the Internal Control Coordinator.

e) With regard to safeguarding of assets, regular controls and checks are in place, which are in line with the Commission's control structures. They are tested and have proven to be sound. Procedures and recordkeeping concerned with the safeguarding of assets and reliability of financial records are designed to provide assurance that:

- 1) transactions are executed in compliance with management's (delegated) authorisation;
- 2) transactions are recorded as necessary to permit preparation of financial statements in conformity with the Agency's Financial Rules and to maintain accountability for assets;
- 3) access to assets is restricted through the hierarchical structure of verifications and in line with the Financial Rules;
- 4) the recorded value of assets is compared with existing asset checks e.g. inventory controls and bank reconciliations at reasonable intervals.

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<sup>(115)</sup> Cedefop financial rules DIR RB(2014)00032 dated 9 January 2014

<sup>(116)</sup> RB(2014)02387 adopted on 22 October 2014

<sup>(117)</sup> RB(2014)02388 adopted on 22 October 2014

<sup>(118)</sup> See annex VII - Materiality

<sup>(119)</sup> COM(2011) 376 24.06.2011

<sup>(120)</sup> DIR/CFL/2008-312 dated 20 June 2008

## II.6. Budget implementation tasks entrusted to other services and entities

Not applicable to Cedefop

## II.7. Assessment of audit results during the reporting year

Cedefop's internal auditor is the Internal Audit Service of the European Commission (IAS) and the Agency is annually controlled by the European Court of Auditors. The Agency informs the European Parliament annually on the results of the audits through the Discharge procedure.

Following each audit, Cedefop draws up an action plan for the implementation of recommendations. A regular monitoring of actions is carried out by the Internal Control Coordinator <sup>(121)</sup>. A consolidated action plan, updated at least biannually, is posted on Cedefop's intranet, accessible to all staff.

Cedefop regularly reports to its Bureau and Governing Board members on risks and control issues (see 2.1 above).

Cedefop is also following up closely on the recommendations received from the Discharge Authority.

In addition to the audits conducted by the IAS and ECA, Cedefop has also developed several procedures and tools to allow ex-ante and ex-post controls and evaluations throughout the year and thus further ensures that controls and actions are in place and implemented.

The action plan of the anti-fraud strategy <sup>(122)</sup> is updated on a yearly basis and is included in the Annual Management Plan <sup>(123)</sup>. The actions are also included in the Agency's consolidated action plan, which is made available to all staff in Intranet.

### II.7.1. Internal Audit Service (IAS)

Following the agreed IAS Strategic Audit Plan for 2017-2019, the IAS conducted an **audit on Cedefop's web-based services** from 15 to 19 May. The audit focused on: Europass, Skills Panorama, Mobility Scoreboard and the EQF web pages. The IAS final report was received on 20 November. It concluded that the design and functioning of the internal control system put in place by Cedefop in relation to these tools is effective and efficient. The resulting action plan was submitted to the IAS on 18 December. Agreed actions will be implemented throughout 2018.

As part of the IAS Strategic Audit Plan 2017-2019, the IAS conducted an audit on HR Management and Ethics from 15-19 January 2018. To prepare the audit and refine its scope and objectives, the IAS conducted preliminary interviews in Cedefop on 13-17 November 2017. Prior to the audit, as per common practice, the IAS launched a survey to Cedefop staff.

All recommendations from the agreed action plans resulting from previous IAS audits are implemented and are closed.

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<sup>(121)</sup> Mara Brugia, Deputy Director

<sup>(122)</sup> DIR/RB(2014)02387 adopted on 22 October 2014

<sup>(123)</sup> Annex 7 - Anti-fraud strategy - 2016 Action Plan

## II.7.2. Other sources of assurance

### a) Ethics, Integrity and Internal control

To implement its anti-fraud strategy, adopted by the Governing board in October 2014 <sup>(124)</sup>, the action plan is updated on a yearly basis and is included in the Annual Management Plan. Related actions are also included in the Agency's consolidated action plan, posted in Cedefop document management system and available to all staff.

Regular mandatory sessions on **good governance** continued. The sessions, mandatory for new comers and open to all staff members, specifically address ethics, integrity and Internal Control issues. The 2017 session took place on 28 November and focused in particular on data protection and whistleblowing.

Presentations on the **dignity at work** policy also continued. One day session on mindfulness open to all staff took place on 19 October, with a targeted session for management on 18 October. Targeted sessions on positional dialogue took place on 23-24 November 2017.

### b) Evaluation activities

In compliance with Article 45 of Cedefop Financial Rules, **ex-ante evaluations** are carried out for procurement procedures above 200.000 Euros.

In compliance with Article 29(5) of Cedefop Financial Rules, and with a view to improving decision-making under the principle of sound financial management, Cedefop carries out **ex-post evaluations** for completed programmes/activities which entailed a spending of above EUR 500.000. Ex-post evaluations on 2016 activities <sup>(125)</sup> were finalised and action plans prepared to address the resulting recommendations. Final reports and resulting action plans were presented to the Governing Board (October) and the Bureau (December).

Ex-post evaluations on 2017 activities are in progress. An ex-post evaluation working party was appointed by the Director on 19 May. Performed with the support of an external company selected from an interinstitutional framework contract led by EFSA, 2017 ex-post evaluations cover the following activities:

- Development and maintenance services for Europass;
- Building maintenance services;
- Pan-European skills supply and demand forecasts.

### c) Audit activities

As part of the **ex-post controls** plan, a sample of three ReferNet files and five Cedefop payments were audited.

Five Cedefop payments were selected at random by the Internal Control Coordinator and reviewed by Cedefop's Accountant who checked that procedures have been followed and that the supporting documentation was in place and in line with Cedefop's financial rules. The report was submitted on 17 January 2018.

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<sup>(124)</sup> DIR/RB(2014)02387 adopted on 22 October 2014.

<sup>(125)</sup> ReferNet 2012-2015; Skills Obsolescence; Travel Agency services.

Following the decision in 2013 not to move to ABAC, Cedefop has been requested to conduct an annual internal **technical review of** the Agency's Financial and Budgetary **(Fibus)** operating platform. The second technical review was conducted in October 2015 concluding that there was no immediate technological threat in Fibus. A third technical review was conducted in October 2016. The review confirmed that there was no immediate technological threat in Fibus. The fourth technical review was finalised on 14 December 2017. It confirmed that there was no immediate technological threat in Fibus. In parallel, to address the recommendations from the working group set up by the director to review the administration, the director will appoint a project team to review advantages and disadvantages of migrating to ABAC. Results are expected by May 2018.

As foreseen in the 'Note on Internal controls ex-post' of 12 December 2012 and as recommended by the Internal Audit Service, on 23 September 2016, Cedefop introduced **annual ex-post controls on a sample of procurement procedures**. For 2016, work was finalised and the action plan is being implemented. For 2017, a working group was appointed by the Director on 6 October 2017 and is expected to finalise its work by September 2018.

As a follow-up to the 'IAS consulting engagement on Cedefop's efficiency-gains review of its legal service – Final results' <sup>(126)</sup>, and the Governing Board conclusions in October 2017, Cedefop contracted an external audit firm to review the risk assessment and cost-effectiveness analysis of the in-house legal service. Final results were shared with the Bureau at its meeting on 5 December 2017.

#### II.7.3. European Court of Auditors (ECA)

On 7 November the European Court of Auditors published the report on Cedefop's **annual accounts 2016** which was adopted by the Chamber IV on 12 September 2017 <sup>(127)</sup>.

In the Court's opinion, Cedefop's annual accounts 2016 present fairly, in all material respects, the financial position of the Centre at 31 December 2016. The results of its operations, its cash flows, and the changes in net assets for 2016 are in accordance with its Financial Rules and the accounting rules adopted by the Commission's accounting officer. The transactions underlying the annual accounts 2016 are legal and regular in all material respects.

The European Court of Auditors included in its final report the follow-up to previous years' comments regarding the level of committed appropriations in 2015 and safety issues identified in Cedefop's building. Cedefop addressed both comments and they are considered completed.

According to the new arrangements for the annual audits under Article 208 (4) and Article 107 of the new Financial Regulation, Cedefop contracted an external audit company (MAZARS) to audit Cedefop's accounts 2016, based on a DG BUDG framework contract. The audit of the external audit company took place from 3 to 7 April 2017 and did not lead to any recommendations.

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<sup>(126)</sup> Ares (2017)4729353 received on 28 September 2017

<sup>(127)</sup> <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=41975>

## II.8. Follow up of observations from the discharge authority

### II.8.1. Discharge in respect of the implementation of the budget of Cedefop for the financial year 2016

The report on discharge in respect of the implementation of the budget of Cedefop for the financial year 2016 <sup>(128)</sup> was adopted by the European Parliament on 18 April 2018.

The report outlines good practices of Cedefop and acknowledges the progress made in several issues including budget and financial management, commitments and carry-overs, transfer, procurement, staff policy, Prevention and management of conflicts of interests, transparency and democracy.

The European Parliament praises three main achievements by the Centre in 2016, namely that it (a) released the outcome of its three-year project on the role that vocational education and training (VET) can play in addressing early leaving from education and training; (b) designed a toolkit that provides practical guidance, tips, good practices and tools drawn from VET to feed into activities and policies which help young people at risk of becoming early leavers to remain in education and training and qualify and to help early leavers to reintegrate into education or training and the labour market; and (c) published the updated skills and demand forecast projecting trends in employment up to 2025.

More specifically, the EP:

- notes with satisfaction that the Court's comment on the building, repair work, structural strengthening and various safety issues is now marked as 'completed';
- Notes with satisfaction that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 99,99 %, representing an increase of 1,43 % compared to the previous year [...];
- notes that the Centre was able to utilise additional savings resulting from the downward adjustment in the salary weighting factor from 79,9 % to 79,3 % [...];
- notes that carry-overs may often be partly or fully justified by the multiannual nature of the Centre's operational programmes, do not necessarily indicate weaknesses in budget planning and implementation [...];
- notes that on 31 December 2016 the occupation rate of the establishment plan was 98%, namely 92 posts filled in the establishment plan which had 94 authorised posts;
- notes with appreciation the fact that the Centre remained committed to supporting equal opportunities in recruitment and employment;
- recalls that the Centre adopted a decision concerning the psychological and sexual harassment in November 2011; calls on the Centre to support the organisation of training and information sessions to increase the awareness of the staff;
- notes that the Centre adopted guidelines on whistleblowing on 9 February 2017, which are based on the Commission's Guidelines and which satisfy the requirements as set out in Article 22c of the Staff Regulations; notes that there was no whistleblowing case in 2016 in the Centre;
- regrets that the Centre does not make public the minutes of its management board meetings; calls on the Centre to change its policy in this regard;

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<sup>(128)</sup> <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A8-2016-0082+0+DOC+PDF+V0//EN> [accessed on 15/02/2017]

- notes the Centre's close cooperation with the European Training Foundation and with the European Foundation for the Improvement of Living and Working Conditions, formalised in collaboration agreements;
- acknowledges the fact that the Centre actively contributed to a number of activities of the Union Agencies Performance Development Network; notes that the Centre's performance measurement system is an integral part of its planning and reporting processes;
- notes the ongoing external evaluation of the Centre, required by the financial regulation, which started in April 2017;
- refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of 18 April 2018 on the performance, financial management and control of the agencies.

II.8.2. Progress related to the recommendations outlined in Cedefop discharge for the financial year 2015

The table below outlines the recommendations for Cedefop discharge 2015, related progress and status on 31 December 2017.

Discharge 2015: European Centre of the Development of Vocational Training (Cedefop) P8_TA-PROV(2017)0159			
Rec no.	Recommendations for Cedefop Discharge 2015	Progress as of 19/12/2017	Status/Opened issues
8	Notes that there was a downwards salary adjustment at the end of 2015; <b>calls</b> on the Centre to ensure that this does not lead to a negative impact on the living and working conditions of staff members and the Centre's ability to make its positions competitive and attractive;	<p>The weighting factor for Greece has decreased from 95.3 in 2008 to 79.9 in 2017. To counteract the decreasing weighting factor, Cedefop is doing its best to support its staff with measures without heavy expenditure.</p> <p>HR policy supports the mission of Cedefop by ensuring that the Agency selects and retains staff with the right combination of skills and experience.</p> <p>1. Regularly updated job descriptions as well as annual objectives clearly define expected staff deliverables. Annual individual objectives are directly related to the strategic priorities and objectives set in the Work Programme and the Programming Document. This contributes to staff motivation and commitment and lays the foundation for the annual appraisal.</p> <p>2. Cedefop learning and development strategy reflects the strategic priorities of the Agency and responds to the Agency's need and staff demand for increased professional development opportunities. In 2016 the average number of training days per staff member was 7.</p> <p>3. Cedefop is an equal opportunities employer and all vacancy notices underline this. On a day-to-day basis, parents of young children can work part time. Additionally, flexitime provisions provide a healthy environment and a reasonable work-life balance. Furthermore, Cedefop has</p>	Completed



Discharge 2015: European Centre of the Development of Vocational Training (Cedefop) P8_TA-PROV(2017)0159			
Rec no.	Recommendations for Cedefop Discharge 2015	Progress as of 19/12/2017	Status/Opened issues
		<p>adopted the Agencies' model for teleworking.</p> <p>4. In the absence of a European School in Thessaloniki, Cedefop finances the International Baccalaureate (IB) for children of Cedefop staff since September 2015. Additionally, since September 2016, in order to compensate for the double ceiling decrease (due to the decrease in the weighting factor) in combination with the increase of local school fees, Cedefop increased financial support for primary and secondary schooling of children of staff members in Thessaloniki. These two social measures are designed to match more closely the working conditions of Cedefop staff with those of other staff working in locations where European schools are available. It also contributes to ongoing efforts to attract staff from a wide geographical spectrum.</p> <p>The staff survey conducted in April 2017 shows a very positive staff engagement level at Cedefop, above the average of EU Agencies. To address the identified areas of improvement, an action plan was prepared and presented to Cedefop's Bureau in December 2017. Implementation is underway.</p>	
18	Notes that the Centre is addressing various safety issues related to the construction of the building; notes, in particular, a safety issue concerning the building's glass façade and the skylights of the Centre's conference rooms, which is affecting the availability of the Centre's facilities; <b>calls</b> on the Centre and the Commission to prepare a risk-assessment paper to serve as a basis for future decisions to be taken as to possible repairs to the construction or eventual decisions on reallocation to another building;	<p>The repair works for the glass façade and skylights of the conference rooms were completed early November 2016 and there is no longer a safety issue in this respect; all conference rooms are fully operational since November 2016.</p> <p>Cedefop prepared a specific risk-assessment on the building. It is integrated in Cedefop's overall risk assessment which is an integral part of Cedefop's planning process and is carried out annually. The outcomes of the specific risk assessment on the building are reflected in the final risk assessment 2018 which is an integral part of the PD 2018-2020 which was adopted by written procedure by Cedefop's Governing Board on 18 December 2017.</p>	Completed
20	Observes that the Centre still experiences various safety issues related to the building's glass façade and the skylights of the Centre's conference rooms, which exhibit specific accelerated wear-and-tear; notes that the works aimed at completely resolving those issues were completed in	<p>This is partially linked to recommendation 18.</p> <p>The repair works for the glass façade and skylights of the conference rooms were completed early November 2016 and there is no longer a safety issue in this respect; all conference rooms are fully operational since November 2016.</p> <p>Together with the specific risk assessment mentioned in recommendation 18, Cedefop prepared a report on the effective completion of</p>	Completed

<b>Discharge 2015: European Centre of the Development of Vocational Training (Cedefop)</b> <b>P8_TA-PROV(2017)0159</b>			
<b>Rec no.</b>	<b>Recommendations for Cedefop Discharge 2015</b>	<b>Progress as of 19/12/2017</b>	<b>Status/Opened issues</b>
	<p>November 2016; notes also that because repairs to the windows were critical, the works were financed from the Centre's budget and the Centre is now actively following up the issue of financial liability with the Greek authorities; calls on the Centre to report to the discharge authority about the completion and effectiveness of the works, as well as the issue of financial liability; further, calls on the Centre to assess whether the recurring problems with the current building call into question not only its economic viability, but, more importantly, the safety and security of its personnel and whether relocation to a new building would be a more preferable solution.</p>	<p>the works and on the economic viability and safety of the building and its staff and whether relocation to a new building would be a more preferable solution. This report includes the analysis and conclusions of the technical report received on 15/06/2017 from the Greek Authorities, which confirms that the building, following the reinforcements that have already been done, can preserve its safety and structural integrity/safety for the next 25 years. Cedefop, together with the Greek Authorities, will continue to monitor the building, in order to regularly verify if this is consistent with the conclusions of the technical report.</p> <p>Concerning the issue of financial liability with Greek Authorities, Cedefop sent two letters to the Ministry of Foreign Affairs: on 10/02/2017 by the Chair of the Governing Board, and on 24/03/2017 by Director General of DG EMPL. The Alternate Minister of Foreign Affairs has undertaken in his answer of 10/05/2017 to explore ways of finding additional funds. Cedefop will carefully follow up this issue with the Ministry.</p>	

## **PART II (B): EXTERNAL EVALUATIONS**

As required by the Financial Rules, Cedefop is subject to periodic external evaluations which are carried out by the Commission. The current external evaluation covering the period 2013-2016 started in April 2017 and was finalised in 2018. The final report of the evaluation of the EU Agencies under the remit of DG Employment - Eurofound, Cedefop, ETF and EU-OSHA - was sent to Cedefop Director on 12 April 2018. Reception of Cedefop's specific report is still pending.

Cedefop was evaluated with regards to its relevance, effectiveness, efficiency, coherence and EU added value. The external evaluation covered the whole of Cedefop's thematic and geographical remit, including its role in dealing with cross-sector themes (e.g. early leaving). It also included in-depth case studies on: VET policy monitoring; apprenticeship country reviews; the European tools (particularly EQF and Europass); forecasting skills demand and supply; and VET for labour market integration, social inclusion and adult learning.

In addition, using a cross-cutting perspective, the external evaluation aimed to identify potential synergies and overlaps with Cedefop and the three other EU agencies under the remit of DGEMPL (the European Training Foundation, the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work), as well as with the European Commission and other relevant EU instruments and networks, concerning their objectives, activities, governance and internal organisation.

The evaluation is also examining possible duplications and/or opportunities for deeper cooperation with agencies and other relevant EU instruments and networks not under DG Employment's remit, but working in close areas, such as the Fundamental Rights Agency, the European Institute for Gender Equality and Eurydice. It is also looking at possible synergies and overlaps with alternative forums where social partners can participate.

### III. PART III: ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

Cedefop adopted revised internal Control Standards (ICS) in 2009 aimed at ensuring the achievement of policy and operational objectives. In addition, as regards financial management, compliance with these standards is a compulsory requirement.

Cedefop put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which the Agency operates.

#### III.1. Risk Management

Risk assessment and management is an integral part of Cedefop's planning and reporting processes since 2006 and is governed by a (revised) policy the Agency adopted in 2011<sup>(129)</sup>. It is aimed at:

- raising awareness of Cedefop's staff and management on risks which may impact on the achievement of the Agency's objectives as outlined in its annual work programme;
- identifying high risks requiring particular attention, thereby also allowing prioritization of actions in view of limited resources;
- providing a basis for systematic follow-up and strengthening of the internal control system.

The scope of Cedefop's policy extends to internal risk assessment and management, including frauds risks as outlined in Cedefop's Anti-Fraud Strategy<sup>(130)</sup>. It does not cover the risk assessment of the IAS, which builds the basis for the IAS multi annual strategic audit plan<sup>(131)</sup>.

Cedefop's risk assessment is a form of ex-ante evaluation which considers generic risks at organisational level as well as at the level of operational and transversal activities.

Risks are evaluated based on their potential impact on the organisation (scale 1 to 5) and likelihood that risks will materialise (scale 1 to 5). Multiplication of the two indicators provides the risk level. Risks for which residual risk levels are 15 or higher become part of the risk management plan and are followed up by management closely, meaning regular checks on impact of mitigating actions and assessment of developments. Residual risks are a result of assessment of original risk levels and impact of mitigating actions.

For the work programme 2017, management agreed that risks on activity/project level are well controlled and thus risk levels are below the benchmark. As regards generic risks one issue was identified which remains above the benchmark of 15 points. In consequence, the 2017 risk management plan contains one issue<sup>(132)</sup>: Unforeseen demands by stakeholders.

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<sup>(129)</sup> DIR/CFL/TBG/2011/ 426 of 14 October 2011

<sup>(130)</sup> RB(2014)02387 adopted on 22 October 2014

<sup>(131)</sup> The IAS full risk assessment in Cedefop is scheduled to take place in March 2016. It will cover all processes of the Agency (administrative, financial, operational and IT) and will constitute the basis for preparing the IAS Strategic Audit Plan 2017-2019 for the Agency.

<sup>(132)</sup> A complete overview of risk assessments is included in the annual management plan 2017. In the risk management plan, only risks assessed above the benchmark of 15 points are reflected.

The risk management plan (RMP) and related mitigating actions are followed up by the internal control coordinator.

### III.2. Compliance and effectiveness of Internal Control Standards

Adapted to the needs and reality of the Agency, Cedefop Internal Control Standards follow the framework outlined in the communication SEC(2007)1341 of 16 October 2007 of the Commission. In 2009, Cedefop's Governing Board adopted internal control standards for Cedefop structured in six building blocks: Mission and values; Human resources; Planning and risk management processes; Operations and control activities; Information and financial reporting; and Evaluation and audit.

The effectiveness of the internal control takes into consideration its management, supervision processes and audits reports and in particular:

- a) the planning, monitoring and reporting processes: already existing guidelines and workflows are updated when needed to be kept in line with the latest rules and which are the object of regular staff trainings performed by Human Resources, Finance and Procurement services, under the supervision of the Internal Control Coordinator;
- b) the Performance Measurement System against which progress is measured;
- c) the financial and human resources management processes, regularly monitored by management throughout the year;
- d) the Activity Based Budgeting (ABB) and time recording systems, regularly monitored by management throughout the year;
- e) the risk assessment process that is performed annually and reviewed throughout the year to consider emerging risks or the need for additional mitigating actions. The Risk Management Plan is amended in case critical and highly probable new risks are identified;
- f) the annual report on exceptions and non-compliances events. In 2017, eight exceptions were recorded in the 2017 report on exceptions <sup>(133)</sup>, of which four were triggered from non-compliance events;
- g) the ex-ante and ex-post evaluations carried out on all programmes and activities which entail significant spending;
- h) the ex-post control procedures on payments and evaluations, as well as the procedure on ex-post control on procurement procedures provide an additional assurance that controls are in place and well-functioning.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place in 2017 and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

In April 2017, Commissioner Oettinger issued a new Communication revising the Internal Control Framework of the European Commission <sup>(134)</sup>. The new framework consists of five internal control components and 17 principles based on the COSO 2013 Internal Control-Integrated Framework <sup>(135)</sup>. The aim is to provide reasonable assurance regarding the achievement of five objectives set in Article 32.2 of the Financial Regulation: (a) effectiveness, efficiency and economy of operations; (b) reliability of reporting; (c) safeguarding of assets and information; (d) prevention, detection, correction and follow-up of fraud and irregularities, and (e) adequate management of the risks relating to the legality and

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<sup>(133)</sup> RB(2017)00289

<sup>(134)</sup> C(2017) 2373 final

<sup>(135)</sup> The full text of the Internal Control-Integrated Framework is available at [www.coso.or](http://www.coso.or)

regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

The internal control components of the new Internal Control Framework are: the control environment, risk assessment, control activities, information and communication and monitoring activities. The five components are interrelated and must be present and effective at all levels of the organisation for internal control over operations to be considered effective.

In 2017, Cedefop started working to adapt its internal control standards to the new framework and which is expected to be finalised in 2018.

#### **IV. PART IV: MANAGEMENT ASSURANCE**

##### **IV.1. Review of the elements supporting assurance**

Cedefop's internal control system is built under the direct supervision of the management.

Taking account Cedefop's size, a flat hierarchical structure has been adopted. Heads of Departments delegate various functions such as staff assessment of contract agents or contract implementation to Heads of Service and experts.

Heads of Departments, Heads of Service and experts are closely and actively involved in the planning, risk assessment as well as in the reporting and monitoring processes. This not only assures alignment of objectives but also ensures a common understanding of the strategic objectives and the annual work programme.

Planning and monitoring tools for the Activity Based Budget, procurement, events and publications have been developed and are used to inform management decisions.

A comprehensive set of procedures and guidelines was developed to build and implement the Internal Control System. All main procedures have been documented, backups appointed (as also outlined in the job descriptions of staff) and regular trainings performed to ensure implementation of the annual work programme and effective controls.

Additionally, departments meetings and project team meetings or written briefings by the Heads of Departments/Services are used to inform all staff of relevant issues and new developments.

The Director in his capacity as authorising officer and the authorising officers by delegation in their areas of responsibility base their assurance declarations on the results of their direct management supervision. Statements of assurance delivered to the Director by the Deputy Director, Internal Control Coordinator (ICC), Heads of Department and Heads of Service represent an additional layer of internal control and assurance.

##### **IV.2. Reservations (where applicable)**

Not applicable.

##### **IV.3. Overall conclusion on assurance (where applicable)**

Not applicable.



## V. PART V: DECLARATION OF ASSURANCE



DIRECTOR

Thessaloniki, 18 May 2018  
RB(2018)00972

### DECLARATION OF THE DIRECTOR

I, the undersigned,

Director of Cedefop

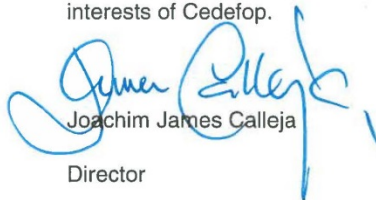
In my capacity as authorising officer

Declare that the information contained in this report gives a true and fair view <sup>(1)</sup>,

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the ex-post and ex-ante evaluations, ex-post controls and other sources of assurance as steered by the Internal Control Coordinator, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of Cedefop.



Joachim James Calleja

Director

Thessaloniki,

18.05.2018

<sup>(1)</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the Centre

## **ANNEXES**

## Annex I: Core business statistics

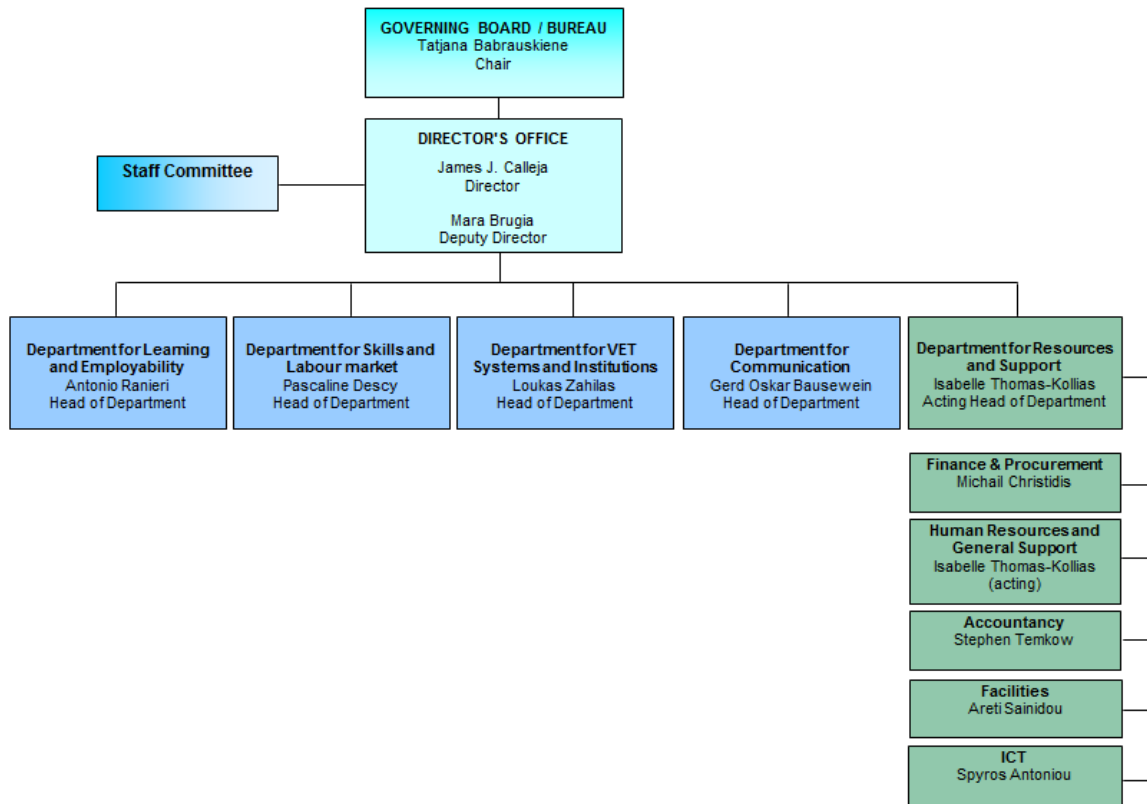
Type	Indicator	2017
Cedefop value 2017-20	<b>Cedefop is a key player in attaining the EU policy objectives for VET, skills and qualifications</b>	
	Policy documents to the preparation of which Cedefop has participated of EU institutions	45
	of international organisations	39
	Active participation of Cedefop in policy relevant meetings of senior stakeholders	6
	167	
	<b>Cedefop is acknowledged and valued as a European source for evidence and information on VET and skills</b>	
	EU policy documents citing Cedefop's work	144
	Policy documents of international organisations citing Cedefop's work	118
	Downloads of Cedefop Publications	377 000
	of which briefing notes	63 150
	Citations of Cedefop publications/studies in the literature	545
	Active participation in conferences and events	90
	Quality and expected impact of events organised by Cedefop	97%
	Web site traffic	
	Visits	506 000
	Unique Visitors	318 000
	Page views	1 365 000
	Media coverage, take-up of articles and press releases	732
	Europass outcomes among citizens	
	Visits to the Europass website	25.15 m
	Creation of Europass CVs online	21.17 m
	Skills Panorama portal traffic	
	Users	55 000
	Sessions	78 000

**Annex II: Statistics attesting an efficient, well-run and compliant Agency**

<b>Cedefop is an efficient, well-run and compliant Agency providing a nurturing environment to a qualified and motivated staff</b>		
<b>KPIs for the Director</b>	Rate of implementation of commitment appropriations (budget execution)	99.95%
	Rate of outturn (payment appropriations)	92.80%
	Rate of payments completed within the legal/contractual deadlines	98.89%
	Rate of accepted audit recommendations implemented within agreed deadlines	100.00%
	Percentage of establishment plan filled (including outgoing procedures)	96%
	Engagement of Cedefop staff members	71.00%
	Quality of Cedefop consultation with stakeholders (GB members)	77.00%
	Timeliness of recruitment procedures (average number of days)	
	from deadline for applications [date] to finalisation of selection board report to AIPN [date]	50
	from publication of vacancy notice [date] to decision of AIPN [date]	97

### Annex III: Organisational chart

Situation on 31 December 2017



## Annex IV: Establishment plan

### Annex IV a: Establishment plan 2017

Department for Resources and Support  
Human Resources Service

Establishment Plan 2017

ANNEX I

EUROPEAN CENTRE FOR THE DEVELOPMENT OF VOCATIONAL TRAINING		
Categories and grade	Table of posts	
	2017	
	Permanent posts	Temporary posts
AD16		
AD15		1
AD14		1
AD13		2
AD12	4	4
AD11		10
AD10		10
AD9		5
AD8		5
AD7		4
AD6		2
AD5		
<b>Total AD</b>	<b>4</b>	<b>44</b>
AST11		1
AST10	1	1
AST9		2
AST8	2	2
AST7	3	7
AST6	4	5
AST5	1*	6
AST4		9
AST3		
AST2		
AST1		
<b>Total AST</b>	<b>11</b>	<b>33</b>
<b>Grand Total</b>	<b>15</b>	<b>77</b>
	<b>92</b>	

\*On 1 January 2017, there are 2 AST5 permanent posts, one of which will be cut as a result of the retirement of 1 staff member

Adopted by the Governing Board by written procedure  
19 December 2016

Micheline Scheys  
Chair of the Governing Board

JB

Annex IV b: Results of the screening exercise 2017

Job Type (sub) category	Year 2016 (%)	Year 2017 (%)
<b>Administrative support and Coordination</b>	23.75%	21.34%
Administrative Support	20.72%	18.06%
Coordination	3.04%	3.28%
<b>Operational</b>	67.48%	70.65%
Top Level Operational Coordination	4.72%	5.10%
Programme Management & Implementation	62.75%	65.55%
Evaluation & Impact Assessment	0%	0%
General operational	0%	0%
<b>Neutral</b>	8.77%	8.01%
Finance/Control	8.77%	8.01%
Linguistics	0%	0%



## Annex V: Human and financial resources by activity

On 31 December 2017, 88 out of the 92 posts on the establishment plan were occupied which translates into an occupation rate of 96%. Two selection procedures were ongoing.

During the financial year under consideration (2017), staff movements were as follows:

	Staff on 31 Dec. 2016	Increase			Reduction			Staff on 31 Dec. 2017
		Internal mov.	Recruit.	Total	Internal mov.	Depart.	Total	
	(a)	(b)	(c)	(d)=(b+c)	(e)	(f)	(g)=(e+f)	(h)=(a+d-g)
OFF	16			0		3	3	13
TEMP	76	1		1		4	4	73
SNE	3		2	2		1	1	4
CTST	26		2	2	1	1	2	26
Total	121			5			10	116

## Activity Based Budget 2017

CEDEFOP

ABB DECEMBER 2017

Compact report

Activity Name	*FTE		Title 1	Title 2	Title 3	Total		
	Initial	Current				Initial	Current	(%)
Shaping VET	39.36	36.25	3,455,447.52	491,666.98	2,285,451.90	6,232,566.40	6,121,917.01	98.22%
Informing VET	33.95	32.72	2,992,309.93	424,019.86	1,599,744.06	5,016,073.85	5,367,897.44	107.01%
Valuing VET	34.36	33.93	2,988,354.19	429,121.51	1,594,832.32	5,012,308.02	4,679,329.23	93.36%
Communication and dissemination	13.41	13.44	1,167,393.25	167,631.54	273,420.48	1,608,445.27	1,599,752.28	99.46%
ABB :	121.08	116.34	10,603,504.89	1,512,439.89	5,753,448.76	17,869,393.54		
Budget 2017 :			10,603,500.00	1,512,440.00	5,753,449.00	17,869,389.00		

\*FTE: The FTE comprises of a) the direct staff allocation and b) the redistribution of staff in support or non-operational activities. The initial redistribution key is based on the planned costs while the "current" is based on the activities' actual costs (blocked).

Budget 2017	Title 1	Title 2	Title 3	Total
Initial Amount:	10,603,500.00	1,512,440.00	5,753,449.00	17,869,389.00
Various Transfers:	-528,423.98	-126,865.30	655,289.28	0.00
BRS (supplementary amending budget):	0.00	0.00	0.00	0.00
Final Amount:	10,075,076.02	1,385,574.70	6,408,738.28	17,869,389.00

Budget Execution 2017	Title 1	Title 2	Title 3	Total
Blocked:	10,042,411.80	1,369,789.11	6,381,392.59	17,793,593.50
(Blocked/Final Amount) %	99.68%	98.86%	99.57%	99.58%
Paid:	9,854,529.26	1,025,570.82	1,829,457.99	12,709,558.07
(Paid/Final Amount) %	97.81%	74.02%	28.55%	71.12%

**Note:** In addition, to the committed and paid title 3 direct cost as shown in the table on the top of the page there are also transversal title 3 cost which are not directly attributed to activities and which are included in the table on budget execution above. These account for the differences between the committed and paid direct cost for title 3 and the committed and paid total costs for title 3.

**\*Paid:** The final stage, that is, the payment run or physical payment which is made via the banking system.

**\*Blocked (or legal commitment):** is the act whereby the authorising officer enters into or establishes an obligation which results in a charge (for instance a contract, grant agreement or order form).

January 2018

## **Annex VI: Draft annual accounts and financial reports**



Thessaloniki, 20<sup>th</sup> March 2018  
RB(2018)00547

### **Provisional Annual Accounts**

**Amended 20 March 2018**

**Financial year 2017**

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## **Introduction**

In accordance with Articles 92 and 93 of the financial rules of Cedefop (the European Centre for the Development of Vocational Training), hereafter “the Financial Rules”, adopted by the Governing Board on 9 January 2014 and replacing the former financial rules adopted by the Governing Board on 5 June 2009, Cedefop’s annual accounts comprise:

- the report on budgetary and financial management;
- the reports on implementation of the budget of the Centre;
- the financial statements of the Centre.

The accounts are kept in accordance with the provisions of Cedefop Decision of 9 January 2014, as supplemented by a Decision laying down detailed rules for the implementation of that Decision, adopted by the Governing Board on 3 June 2014 and replacing the former implementing rules adopted by the Governing Board on 17 December 2010.

The Centre has non-differentiated appropriations for administrative expenditure (Titles 1 and 2) and differentiated appropriations for operational expenditure (Title 3).

The accounts are kept in Euro, and the revenue and expenditure account and the balance sheet are presented in Euro. Operations are carried out at the monthly accounting rates in force when they are transacted. The Euro exchange rate used for the preparation of the balance sheet is the rate applicable on 31 December.

The subsidies received from Norway and Iceland are subsumed into the budget along with the subsidy from the Commission.

### **Certification**

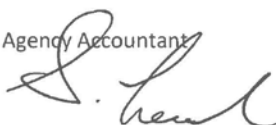
The provisional annual accounts of Cedefop (the European Centre for the Development of Vocational Training) for the year 2017 have been prepared in accordance with the Title IX of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of Cedefop in accordance with Article 68 of the Financial Regulation.

I have obtained from the authorising officer, who certified its reliability, all the information necessary for the production of the accounts that show Cedefop's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of Cedefop.

Stephen Temkow - Agency Accountant



Thessaloniki 20 March 2018



**CEDEFOP**

European Centre for the Development  
of Vocational Training

**REPORT ON BUDGETARY AND  
FINANCIAL MANAGEMENT  
FINANCIAL YEAR 2017**

---

**1. INTRODUCTION**

**1.1. Legal basis – financial rules**

This report on budgetary and financial management has been prepared in accordance with Articles 93 and 94 of the Financial Rules.

**1.2. IT management systems**

Budgetary accounting is provided by Fibus, a software application developed within Cedefop which covers general accounting and budgetary accounting.

The various budgetary and financial reports are produced using the Fibus application.

The integration of the two sets of accounts guarantees that all budgetary operations are included in the general accounts.

A reconciliation of the two sets of accounts is included in the Annex.

**1.3. Nomenclature of appropriations**

The nomenclature of appropriations is defined by the Governing Board (Article 36 of the Financial Rules and Article 12 of the Implementing Rules) and is subdivided into three titles.

- Title 1: Staff
- Title 2: Infrastructure and operating expenditure
- Title 3: Operational expenditure

In order to provide a more detailed analysis of costs in relation to the work programme, Title 3 is subdivided into chapters, with each operational department having its own chapter, which also corresponds to ABB activities.



Note: in 2015 Cedefop reorganised its operational departments to better reflect the three essential elements of its work. The agency's budget was amended and republished to reflect these changes. See the conclusions at the end of this section for further details.

Chapter 32: Skills and Labour Market (previously: Research and Policy Analysis)

Chapter 33: VET Systems & Institutions (previously: Enhanced cooperation in VET and LLL)

Chapter 34: Learning and Employability (New)

Chapter 35: Communication (previously: Communication, information and dissemination)

Chapters 30 & 31: transversal activities & use of assigned revenue respectively.

#### **1.4. Non-automatic carryovers of appropriations**

No non-automatic carryovers were made from 2017 to 2018.

#### **1.5. Supplementary and amending budget**

In December 2013 the Centre was granted a supplementary and amending budget to the value of Euro 1 100 000; Euro 600 000 of this total was entered in the 2013 budget. The first Euro 600 000 relating to the grant were received in 2014 and a second tranche of Euro 445 000 received in 2015. The grant is treated as external assigned revenue and is to fund studies requested by DG Employment in the field of labour skills demand and supply. No additional funds were received in 2017. After expenditure of Euro 70 749 in 2017 the year-end balance of funds held as part of this Contribution Agreement was Euro 345 860.

#### **1.6. Monies received**

Amounts received in consideration of expenditure are entered in the accounts as a reduction in the expenditure if they are received in the same financial year as the expenditure is made and as sundry revenue if they are received in a subsequent financial year. As of 2014 amounts received as interest accruing on bank accounts constitutes revenue for Cedefop.

#### **1.7. Debit Notes**

The Centre issued eight debit notes in 2017 for a total value of Euro 32 958. Their breakdown being: the request for Iceland's 2017 contribution (Euro 17 434), two debit notes for the return of unspent Refernet funds (Euro 10 142) and sundry claims for expenses to be reimbursed generally being travel related - (Total Euro 5 382).

**Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2017**

Article Item	Heading	Initial Budget	Transfers	Final budget
	<b>Title 1 - STAFF EXPENDITURE</b>	<b>10,603,500</b>	<b>-528,424</b>	<b>10,075,076</b>
	<b>Title 2 - ADMINISTRATIVE</b>	<b>1,512,440</b>	<b>-126,865</b>	<b>1,385,575</b>
	<b>Title 3 OPERATING EXPENDITURE</b>			
<b>3 0</b>	<b>TRANSVERSAL ACTIVITIES</b>	<b>310,000</b>	<b>-91,357</b>	<b>218,643</b>
3050	Management Board meetings	160,000	-70,164	89,836
3070	Transversal technical support	150,000	-21,193	128,807
<b>3 1</b>	<b>PARTICIPATION OF NON-MEMBER STATES IN THE OPERATIONAL WORK PROGRAMME</b>	<b>0</b>	<b>0</b>	<b>0</b>
3100	Participation of Non-Member states	0	0	0
3122	DG employment Grant	0	0	0
<b>32</b>	<b>SKILLS AND LABOUR MARKET (previously: Research and Policy Analysis)</b>	<b>1,360,000</b>	<b>601,546</b>	<b>1,961,546</b>
3200	Missions, meeting, interpretation	200,000	-7,422	192,578
3240	Pilot studies and projects	1,160,000	608,968	1,768,968
<b>3 3</b>	<b>VET SYSTEMS AND INSTITUTIONS (previously: Enhanced cooperation in VET and LLL)</b>	<b>2,135,500</b>	<b>10,500</b>	<b>2,146,000</b>
3300	Missions, meetings, interpretation	180,500	500	181,000
3330	ReferNet annual grants (Specific Grant Agreements) (was 3250)	980,000	-16,000	964,000
3331	ReferNet other cost	100,000	-8,000	92,000
3340	Pilot studies and projects	875,000	34,000	909,000
<b>34</b>	<b>LEARNING AND EMPLOYABILITY (new)</b>	<b>1,310,000</b>	<b>137,120</b>	<b>1,447,120</b>
3400	Missions, meetings, interpretation	270,000	0	270,000
3440	Pilot studies and projects	1,040,000	137,120	1,177,120
<b>3 5</b>	<b>COMMUNICATION (previously: Communication, information and dissemination)</b>	<b>637,949</b>	<b>-2,519</b>	<b>635,430</b>
3500	Missions, meeting, interpretation	40,000	-3,400	36,600
3510	Publications and dissemination	205,449	-3,812	201,637
3520	Translation expenses	112,500	-18,064	94,436
3540	Establishment of operational documentation	100,000	0	100,000
3541	Contracts for update and maintenance of databases	160,000	22,757	182,757
3546	Promotional activities and public relations	20,000	0	20,000
	<b>Title 3 – TOTAL</b>	<b>5,753,449</b>	<b>655,289</b>	<b>6,408,738</b>
	<b>GRAND TOTAL</b>	<b>17,869,389</b>	<b>0</b>	<b>17,869,389</b>

**Evolution of payment appropriations  
of the European Centre for the  
Development of Vocational Training  
(Cedefop) for the financial year  
2017**

Heading	Initial Budget	Transfers	Estimated Assigned Revenue	Final Budget
Title 1 - STAFF EXPENDITURE	10,603,500	-528,424		10,075,076
Title 2 - ADMINISTRATIVE	1,512,440	-126,865		1,385,575
Title 3 OPERATING EXPENDITURE	5,318,060	655,289	10,000	5,983,349
TOTAL	17,434,000	0	10,000	17,444,000
Grant				
Norway & Iceland	425,389			425,389
GRAND TOTAL	17,859,389	0	10,000	17,869,389

## 2 BUDGET IMPLEMENTATION 2017

Revenue			Expenditure										
Source of Revenue	Revenue entered in the final budget for the financial year	Revenue received for the financial year	Allocation of expenses	Final budget appropriations for the financial year					Appropriations carried over from previous years				
				Entered	Committed	Paid	Carried Over	Cancelled	Available	Committed	Paid	Carried Over	Cancelled
Own revenue			Title I Staff (NDA)										
Union contribution	17,434,000	17,434,000		10,075,076	10,074,583	9,854,529	220,053	493	152,891	152,891	129,077		23,814
Other subsidies	425,389	425,389	Title II Administration (NDA)	1,385,575	1,384,135	1,025,571	358,564	1,440	445,546	445,546	416,593		28,953
Other revenue	10,000	11,217	Title III Operating Activities (DA)										
			- CA	6,408,738	6,402,083			6,655	0	0			
			- PA	6,408,738		5,141,717	0	1,267,022	0		0		0
Assigned revenue	0	131,629	Assigned revenue	0	0	0	0	0	444,357	499,323	70,752	373,605	0
Total	17,869,389	18,002,235	Total CA	17,869,389	17,860,800		578,617	8,589	1,042,794	1,097,760		373,605	52,767
			Total PA	17,869,389		16,021,817	578,617	1,268,955	1,042,794		616,422	373,605	52,767

- **2.1. Appropriations for the current financial year: Analysis of the use of appropriations and of the main changes compared with the previous year.**

- **2.1.1. Title 1: Staff**

Budget item and heading		2017			2016		Change comm. % 2017/ 2016
		Final budget	Comm.	Payments	Comm.	Payments	
110	Officials and temporary staff occupying a post (includes Social Security contributions, supplementary services and weightings)	7,813,343	7,813,317	7,813,317	7,740,580	7,740,580	1%
1111	Seconded national experts	157,865	157,865	157,115	168,361	168,191	-6%
1112	Contract staff	1,201,656	1,201,656	1,201,656	1,169,623	1,169,623	3%
1113	Trainees	110,560	110,560	110,560	103,422	103,422	7%
114	Miscellaneous allowances and grants	166,948	166,948	166,948	167,560	167,560	0%
120	Allowances and expenses on leaving and entering the service	53,194	53,194	30,694	174,731	142,381	-70%
130	Mission expenses	94,384	94,081	86,030	91,187	88,146	3%
143	Medical service	48,000	47,970	23,984	13,500	11,048	255%
149	Other expenditure	132,931	132,931	130,631	129,366	124,373	3%
150	Training	120,000	119,945	48,303	149,973	91,476	-20%
160	Supplementary services	159,596	159,596	77,043	126,710	81,993	26%
170	Representation expenses	16,600	16,520	8,250	35,255	28,585	-53%
<b>TITLE 1 – TOTAL</b>		<b>10,075,076</b>	<b>10,074,583</b>	<b>9,854,529</b>	<b>10,070,267</b>	<b>9,917,376</b>	<b>0%</b>



**Significant variations from 2016 to 2017 in commitments can be explained by:**

1200 (Allowances and expenses on leaving and entering the service) – In 2016 the expenditure was rather high due to an increased number of installation allowances, in 2017 this returned to more usual levels.

1430 (Medical service) – The increased expenditure was due to the successful procurement procedure for a new Cedefop medical officer.

1500 (Training) – In 2017 it was decided to decrease the training budget by -30,000 EUR. This was as a result of the need to set negative priorities stemming from the shortfall in Title 3.

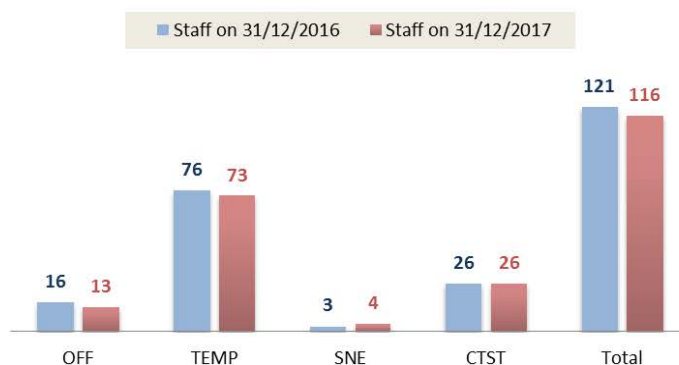
1600 (Supplementary services) – A risk assessment and cost/benefit analysis of legal service sourcing and a stakeholder feedback service funded from this budget line in 2017 led to an increase in commitments.

1700 (Representation expenses) – The decrease of the budget of Cedefop's sports and leisure club led to lower expenditure, similarly as a result of the shortfall in Title 3.

During the financial year under consideration, staff movements were as follows:

	Staff on 31/12/2016  (a)	Increase			Reduction			Staff on 31/12/2017  (h) = (a + d - g)
		Internal movements  (b)	Recruit.  (c)	Total  (d) = (b + c)	Internal movements  (e)	Depart.  (f)	Total  (g) = (e + f)	
OFF	16			0		3	3	13
TEMP	76	1		1		4	4	73
SNE	3		2	2		1	1	4
CTST	26		2	2	1	1	2	26
Total	121			5			10	116

**Staff movements 2016-2017**

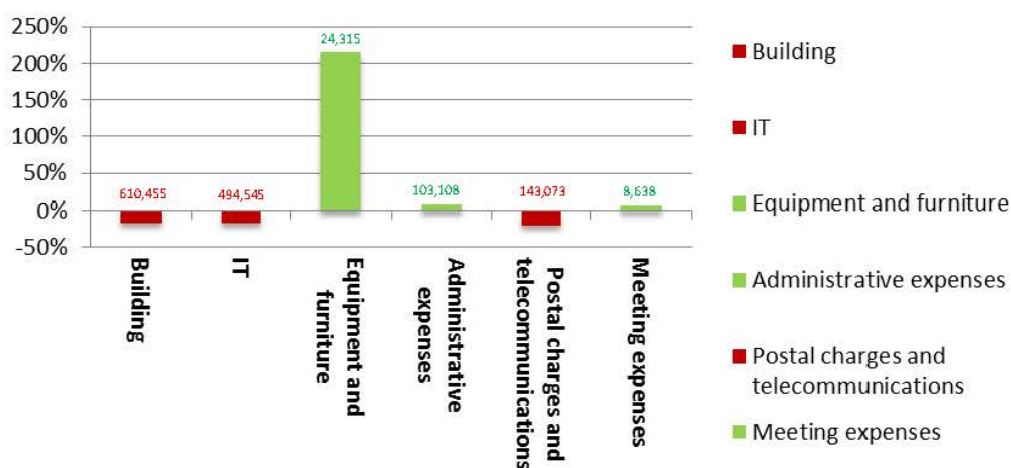


On 31 December 2017, 882 out of the 92 posts on the establishment plan were occupied and there were two ongoing selection procedures.  
 The distribution by grade of occupied posts in the establishment plan is attached to this document in the Annex to the Financial Statements.

#### 2.1.2. Title 2: Infrastructure and operating expenditure

		2017			2016		Change comm. In % 2017/2016
		Final budget	Comm.	Payments	Comm.	Payments	
20	Building	610,455.40	610,455.40	502,489.18	738,469.72	672,137.26	-17%
21	IT	495,878.89	494,545.49	340,827.98	598,501.59	328,627.60	-17%
22	Equipment and furniture	24,316.74	24,314.74	23,932.91	7,728.00	7,274.11	215%
23	Administrative expenses	103,108.23	103,108.23	72,951.11	94,614.48	66,910.90	9%
24	Postal charges and telecommunications	143,078.00	143,072.94	79,397.87	178,591.59	98,406.76	-20%
25	Meeting expenses	8,737.44	8,637.77	5,971.77	8,082.31	7,085.14	7%
	<b>TITLE 2 TOTAL</b>	<b>1,385,574.70</b>	<b>1,384,134.57</b>	<b>1,025,570.82</b>	<b>1,625,987.69</b>	<b>1,180,441.77</b>	<b>-15%</b>

#### Annual changes in infrastructure and Operating Expenditure 2017/2016



**The significant variation from 2016 to 2017 can be explained by:**

- Chapter 20: (Building): a decrease in the expenditure (17%) on building maintenance works and services attributed to unforeseen works performed in 2016, while the 2017 expenditure is aligned with the regular maintenance expenditure levels.
- Chapter 21: (ICT): a decrease (17%) in expenditure as 2016 budget execution included investments in hardware and network equipment (mainly servers' capacity increase) which was not repeated in 2017.
- Chapter 22: (Equipment and furniture): a significant increase in expenditure (215%) purely attributed to investment (of 14k EUR approx.) in foldable tables and other furniture for the meeting rooms and offices.
- Chapter 24: (Post and telecommunications): the decrease of 20% was recorded mainly due to investments on telecommunication equipment which occurred in 2016 and did not repeat in 2017, as well as a drop on mobile telephony costs following a signature of a new contract ensuring better prices

At the end of 2017 the Centre carried forward Euro 220 053 of Title 1 and Euro 358 564 of Title 2 appropriations, respectively 2.2% and 25.9% of total available appropriations after transfers.

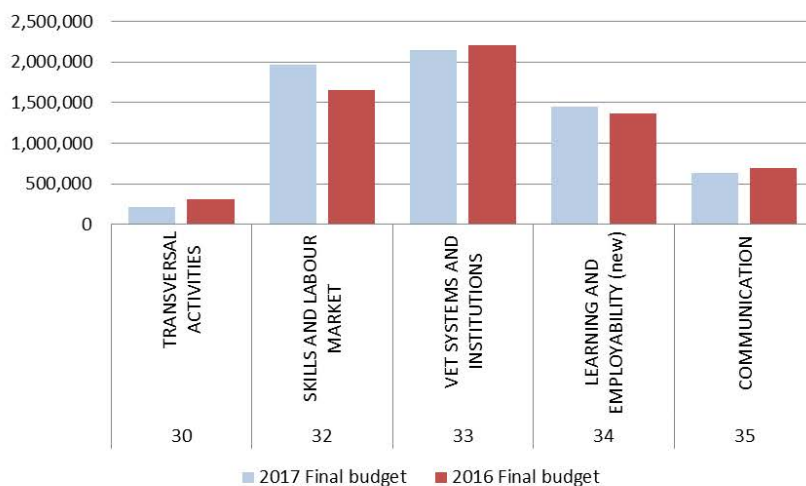
The corresponding figures for the previous year were Euro 152 891 for Title 1 and Euro 445 546 for Title 2.

**2.1.3. Title 3: Operational expenditure (commitments) excluding Grants**

Chapter		2017			2016		
		Final budget	Comm.	%	Final budget	Comm.	%
30	<b>TRANSVERSAL ACTIVITIES</b>	218,643	218,643	100.00%	312,500	312,500	100.00%
32	<b>SKILLS AND LABOUR MARKET</b> (previously: Research and Policy Analysis)	1,961,546	1,961,546	100.00%	1,650,205	1,650,125	100.00%
33	<b>VET SYSTEMS AND INSTITUTIONS</b> (previously: Enhanced cooperation in VET and LLL)	2,146,000	2,144,561	99.93%	2,203,660	2,203,570	100.00%
34	<b>LEARNING AND EMPLOYABILITY (new)</b>	1,447,120	1,442,058	99.65%	1,368,640	1,368,633	100.00%
35	<b>COMMUNICATION</b> (previously: Communication, information and dissemination)	635,430	635,276	99.98%	687,131	686,757	99.95%
	<b>TITLE 3 - TOTAL</b>	<b>6,408,738</b>	<b>6,402,083</b>	<b>99.90%</b>	<b>6,222,136</b>	<b>6,221,584</b>	<b>99.99%</b>



### Operational expenditure (Commitments) 2016-2017



Transversal activities cover the costs relating to the Governing Board meetings and transversal technical (IT) support.

Each Department has its own lines for the costs of missions, meetings and interpretation, pilot studies and projects. Budget lines by Department for translation and publications expenses are included in chapter 35 of the Communications Department.

Cedefop continues to fully utilise all its operational funding year on year with an implementation rate for 2017 of 99.9%.

#### 2.1.4. Title 3: Operational expenditure (Payment Appropriations) excluding Grants and Norway and Iceland

Heading	Initial Budget	Transfers	Estimated Assigned Revenue	Final Budget	Payments	Balance
Title 1 – Staff	10,603,500	-528,424		10,075,076		
Title 2 - Administrative	1,512,440	-126,865		1,385,575		
Title 3 - Operational	5,318,060	655,289	10,000	5,983,349	4,716,328	1,267,022
Total	17,434,000	0	10,000	17,444,000	4,716,328	1,267,022
Grant						
Norway & Iceland	425,389			425,389	425,389	0
Grand Total	17,859,389			17,869,389	5,141,717	1,267,022

Payment appropriations for Title 3 following transfers but excluding Norway and Iceland funds came to a total of Euro 5 983 349 of which Euro 4 716 328 were disbursed.

- **2.2. Other classes of appropriations**
- **2.2.1. Assigned revenue received – previous financial year – Class L**

	Appropriations carried over	Comm.	Payments	Comm./Bud.	Carried-over	Cancelled
<b>Title 1 – Staff</b>	-	-	-	-	-	-
<b>Title 2 - Administrative expenditure</b>	-	-	-	-	-	-
<b>Title 3 - Operational expenditure</b>	3.56	3.56	3.56	100.00%	0	-
<b>Total</b>	<b>3.56</b>	<b>3.56</b>	<b>3.56</b>	<b>0.00%</b>	<b>0</b>	<b>-</b>

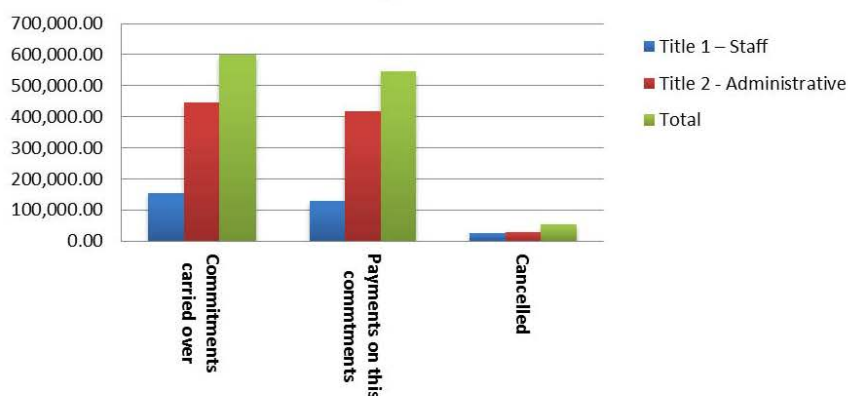
Class L Title 3 costs relate to translation and editing costs for the operational departments and onsite technical support.

- **2.2.2. Appropriations carried over automatically from 2016 to 2017 – Class A for Titles 1 and 2 (operational expenditure being treated as differentiated appropriations).**

	Appropriations carried over	Commitments carried over	Payments	Pay/com m.	Cancelled
<b>Title 1 – Staff</b>	152,890.95	152,890.95	129,077.45	84%	23,813.50
<b>Title 2 - Administrative</b>	445,545.92	445,545.92	416,592.52	94%	28,953.40
<b>Total</b>	<b>598,436.87</b>	<b>598,436.87</b>	<b>545,669.97</b>	<b>91%</b>	<b>52,766.90</b>

Class A represents funds carried over from the previous year.

**Appropriations carried over  
automatically from 2016 to 2017**  
*Class A for Titles 1 and 2*



### 2.2.3. Assigned revenue

Note as of 2017 the Norway and Iceland payment appropriations are subsumed into the total Commission budget and are no longer treated as Assigned Revenue.

**MONITORING TABLE FOR ASSIGNED REVENUE 2017**

DG EMPL projects & third countries	BALANCE: total carryovers on 31/12/16 a	New funds b	Payment in 2017 c	Funds returned d	Carryover balance - present e=a+b-c-d	New approp. 2017 e	Payment in 2017 f	Balance h=d+e-f
Contribution Agreement VS/2013/0554	416,608.87		70,748.50		345,860.37			345,860.37
<b>Total projects 2014</b>	<b>416,608.87</b>		<b>70,748.50</b>		<b>345,860.37</b>			<b>345,860.37</b>
Contribution Agreement no30/CE- 0538371/00-03	-131,629.00	131,629.00	0.00		0.00			0.00
Participation Norway 2012	3,334.46		0.00		3,334.46			3,334.46
<b>Total projects 2012</b>	<b>-128,294.54</b>	<b>131,629.00</b>	<b>0.00</b>		<b>3,334.46</b>			<b>3,334.46</b>
Participation Norway 2011	24,410.45		0.00		24,410.45			24,410.45
<b>Total projects 2011</b>	<b>24,410.45</b>		<b>0.00</b>		<b>24,410.45</b>			<b>24,410.45</b>
Other assigned revenue 2007	3.56		3.56		0.00			0.00
<b>Total projects 2007</b>	<b>3.56</b>		<b>3.56</b>		<b>0.00</b>			<b>0.00</b>
<b>TOTAL</b>	<b>312,728.34</b>	<b>131,629.00</b>	<b>70,752.06</b>	<b>0.00</b>	<b>373,605.28</b>	<b>0.00</b>	<b>0.00</b>	<b>373,605.28</b>

### 3. CONCLUSIONS

#### Implementation of the 2017 work programme

2017 was the first year of the new multi-annual planning that applies to all EU agencies (Programming Document 2017-2020). Cedefop's multi-annual objectives are: providing new knowledge and evidence; monitoring policy trends and providing policy analysis; acting as knowledge broker.

Taking full account of the EU policy framework, these objectives reflect the aims to inform and support VET-related policy making in response to economic, social and employment challenges in the EU and their implementation. Combined with three strategic areas of operation – shaping VET, valuing VET and informing VET – they guide type and scope of the Agency's work in the period 2017-20. Together with communication and documentation, the strategic areas of operation make up the agency's four central ABB activities.

In 2017, Cedefop's work informed the Commission staff working documents and proposed recommendations on reviewed key competences and a European framework for quality and effective apprenticeships<sup>(1)</sup>. Findings and events contributed to the European vocational skills week organised by the Commission. Cedefop also extended its assistance to individual countries. Policy learning events encouraged exchanges between policy makers, social partners and other VET and labour market actors. More country-specific information and interactive content on various themes were prepared to meet stakeholder demands.

The information below summarises the implementation of the Agency's 2017 work programme highlighting main activities and results achieved.

[More detailed information on Cedefop's multi-annual objectives and strategic areas of operation is available in its 2017-20 programming document; a detailed presentation of its performance indicators is/will be available in its annual report and the Consolidated Annual Activity Report ([www.cedefop.europa.eu](http://www.cedefop.europa.eu))].

#### ABB activity: Shaping VET

In line with its mandate, Cedefop, together with ETF, prepared an **interim report** on countries' **progress towards the commonly agreed 2015-20 priorities for VET**. Updated **descriptions of VET systems** help understand developments in their context. The online **mobility scoreboard for VET**, developed upon the Commission's request pursuant to the 'Youth on the Move' recommendation, was completed.

The 2015-18 research investigating **VET's nature and role** in the past two decades to understand challenges and generate scenarios for the future yielded first results. They were published in two research papers and a briefing note; shared with high-level policy makers and social partners; and discussed at a Cedefop workshop and a joint event with UNESCO/UNEVOC.

According to the upskilling pathways recommendation, all EU citizens should have the chance to acquire at least a qualification at level 3 or 4 of the **European qualifications framework (EQF)**. Hence,

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<sup>(1)</sup> European Commission. Proposal for a Council recommendation on a European framework for quality and effective apprenticeships. COM(2017)0563 final. 05.10.2017 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2017%3A563%3AFIN> and Staff working document accompanying the proposal. SWD(2017)0322 final, 05.10.2017 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD:2017:322:FIN>.



at a **peer learning conference**, policymakers and other actors discussed with researchers whether national frameworks (**NQFs**), linking their qualifications to EQF, benefit citizens. This joint event with the Commission and Ireland's quality and qualifications authority showed that NQFs have made VET qualifications more visible. Measuring their impact and reaching end-users remain major challenges. Cedefop's 2017 **update of countries' progress in establishing NQFs** informed the debate.

The 2017 review of the EQF recommendation reflected Cedefop's substantial input. In 2017, Cedefop continued its support to the Advisory Group. The Agency contributed to horizontal comparisons of qualifications assigned to the same EQF levels and a related peer learning activity. It also coordinated the third **edition of the national and global qualifications frameworks inventory**, published jointly with ETF and UNESCO.

EQF/NQFs and validation of people's competences focus on the outcomes of learning. In 2017, Cedefop published a **handbook** to assist those who define and describe **learning outcomes** for qualification levels, standards and curricula. A study analysing how **learning outcomes are used to support dialogue between education and training and the labour market** was also completed.

Its work to maintain and adjust the current **Europass** portal continued. In summer the hundred millionth CV was created online. Throughout the year Cedefop provided technical and conceptual support to the Commission in shaping a 'new **Europass**' foreseen by the Skills Agenda.

#### **ABB activity: Valuing VET**

Cedefop's work in the field of **apprenticeships** - a priority in several EU-level initiatives - attracted high interest, including that of the European Parliament. Commission documents and national policy makers acknowledged its value. In 2017, Cedefop concluded

- **country reviews** supporting Greece, Italy and Slovenia in their work on establishing/adapting apprenticeships; work commenced with Croatia and Cyprus and, using a lighter approach, Belgium (Fr) and Sweden; a **policy learning forum** allowed participating countries to exchange their experience;
- a **cross-national overview on apprenticeships** in the EU-28, Iceland and Norway;
- the first phase of its research on **financing apprenticeships/dual VET** in the EU-28;
- the first phase of a study on **apprenticeships for adults**.

The study '**Towards age-friendly work in Europe: a life-course perspective on work and ageing from EU Agencies**', the result of cross-agency collaboration between Cedefop, EU-OSHA, Eurofound and EIGE, was published. Cedefop's contribution explored how VET can be used to support active ageing at work. Throughout the year, Cedefop continued to support the ET2020 working groups on **adult learning** and VET. Its contributions to the latter, focusing on **professional development of VET teachers and trainers**, informed a Commission study and a high-level peer review.

The results of Cedefop's **opinion survey** on VET's attractiveness and effectiveness, released in 2017, showed that VET is still seen as a path for low performers by many, although its role in economy and society is considered positive. Negative public discourse, lack of information and guidance and little understanding of VET's role in lifelong learning lead to underrating its value.

The crucial role of **information and guidance** at transition stages throughout people's lives is also reflected in the policy framework. In 2017, Cedefop's work in this field was marked by contributions to the first 'European guidance week' during the Estonian EU Presidency:

- a **conference on the changing role of lifelong guidance in the digital age**, jointly organised with Estonia;

- the launch of **CareersNet**, a network of national experts to help strengthen the Agency's evidence base and research, reinforce its support to policy development.

Addressing the challenge of low skills is a key theme of the upskilling pathways recommendation. Findings of Cedefop's study on **the economic and social costs of low-skilled adults in the EU** and its work on guidance and validation of non-formal and informal learning informed the debate at a joint seminar with the Maltese Presidency in Brussels. A joint briefing note with OECD highlights gaps and innovations in upskilling, reskilling and employing adult **refugees/migrants**.

In 2017, a synthesis complementing the **2016 update** of the **European inventory of validation of non-formal and informal learning** was published. The Agency's **toolkit to help prevent and remedy early leaving from education and training** and several **country reports** made available on its website contribute to the goals of the social rights pillar. The toolkit was launched at a policy learning forum. It helps identify learners at risk of leaving or who have already left; retain or bring them back and evaluate measures taken.

#### **ABB activity: Informing VET**

The **EU Skills Panorama** managed by Cedefop on behalf of the European Commission provides a single entry point to labour market and skill needs. In 2017:

- work commenced to offer more information tailored to the needs of guidance staff;
- analytical highlights on **skills anticipation in the EU-28** were released;
- blogs informed on several themes, including Cedefop's **European skills index**, which aims to measure and compare the performance of skills formation and matching systems in the EU.

As a user poll showed, three in four respondents found what they were looking for and 92% were satisfied or very satisfied with the information; 45% more visitors returned than in 2016. In 2017, Cedefop received a **best practice certificate for Skills Panorama** within the European public sector award (EPSA) competition. It was assessed as innovative, highly relevant to its target groups' needs and transferable and seen as increasing citizens' confidence 'that [the EU] can bring added value'.

Cedefop's activities to anticipate **skills supply and demand** focused on

- preparing its 2018 **forecasts** up to 2030, which will integrate Eurofound's job tasks approach; Eurofound adopted Cedefop's skill needs **forecasting framework** to produce scenarios on the future of manufacturing, a project sponsored by DGGROW and the European Parliament;
- ground work for a pan-European tool to help understand skill demand by employers using **online vacancies and big data analysis techniques** and preparing delivery of initial data in 2018, as requested by the Commission. Collaboration with Eurostat started in view of developing an EU-wide online vacancy scraping system and vacancy statistics. Cedefop's prototype data were used in the European Big Data Hackathon competition.

Cooperation with Eurostat on **education, training and labour market statistics** continued to help generate better data on VET and the educational background of individuals in the Labour Force Survey. Cedefop also contributed to the work of the technical group on statistics for skills and human capital which led to experimental statistics on skills. Cedefop's 2017 **country statistical overview updates** on key aspects of VET and lifelong learning relevant for policy making and achieving the Europe 2020 objectives were released.

Labour market and skills intelligence needs to inform qualifications and VET to ensure they meet new demands. The necessity to understand **skills mismatch** and design more effective policy solutions is reflected in the EU policy framework and is also one of Cedefop's priorities. In 2017, Cedefop:

- initiated **country reviews** in Greece, Bulgaria and Slovakia on **governance of skills anticipation and matching systems**. A comprehensive analytical framework was designed. This work supports capacity-building of national stakeholders and is steered by them. Cedefop also supported Greece in its work on a skills diagnosis system;
- organised a **policy learning forum on effective and innovative vocational training policies and practices for the long-term unemployed**;
- initiated a new strand on **digitalisation and the future of work**. A briefing note was published and a study was launched to explore skills matching of digital labour and how online platform work affects continuing skills formation;
- contributed to the Spring 2017 World Economic Forum dialogue on the Future of jobs and a new deal on lifelong learning;
- collaborated with Eurofound to prepare the **4<sup>th</sup> wave of the European Company Survey** which will focus on skills strategies in EU companies and is closely followed by a policy steering group composed of members of both Agencies' Governing Board.

In 2017, trends from previous years in take up of its work in EU level documents and reports continued: documents from different policy domains beyond education and employment cited Cedefop findings or referred to its work; documents by the European Commission, the European Economic and Social Committee and the European Parliament acknowledged its work and support to EU level initiatives or proposed collaborating with Cedefop on various themes. Findings from skills anticipation and mismatch, increasingly accessed through the EU Skills Panorama, made up around 60% of the citations and references in 2017.

As regards international organisations, over 40% of the references relate to skills anticipation and matching including those accessed through Skills Panorama. The latter exemplified the growing use of research and analyses Cedefop made available online. Data visualisation and multiple entry points to country specific information as well as targeted newsletters, video clips and interviews helped increase the number of visitors to the Agency's website.

### PERFORMANCE 2017

- (a) 25 million visits to Europass website;  
 more than 204 000 page views of EU skills panorama (on average 2.63 page views per visit; returning visitors increased by 45.5% compared to 2016).  
 506 000 visits to Cedefop website
- (b) References to Cedefop's work in 144 EU-level policy documents and 118 issued by international organisations
- (c) Key EU policy users:
  - European Commission: 53% (incl. documents presented to the Council of the EU)
  - European Parliament: 14%
  - EU agencies: 15% (incl. documents presented to the Council of the EU)
 International organisations:  
 OECD (66%), ILO, UNESCO, World Economic Forum, World Bank, Council of Europe.
- (d) 377 000 downloads of Cedefop publications
- (e) 545 citations in academic literature in 2016-2017. Most frequently quoted themes:

skills supply and demand, qualification frameworks, validation of non-formal and informal learning, lifelong guidance and learning outcomes.

(f) 96% occupation rate of the establishment plan

(g) 99.95% budget implementation rate

#### **REPORTS ON IMPLEMENTATION OF THE 2017 BUDGET**

In accordance with Article 97 of the Financial Rules and Articles 82 and 83 of the Implementing Rules, the budget implementation reports of the Centre for the financial year 2017 comprise:

- ☒ the report which aggregates all budgetary operations for the year in terms of revenue and expenditure (*previously*: budget outturn account),
- ☒ the explanatory notes, which supplement and comment on the information given in the reports.



### 1. Report aggregating all budgetary operations

Revenue and expenditure account for the financial year 2017 and 2016		
	2017	2016
<b>Revenue</b>		
Own revenue		
Commission contributions inc Norway and Iceland 2017	17,859,389.00	17,434,000.00
Sundry revenue		
Assigned revenue	131,629.00	475,949.00
Other revenue	11,216.72	554.79
<b>Total revenue (a)</b>	<b>18,002,234.72</b>	<b>17,910,503.79</b>
<b>Expenditure</b>		
<i>Staff – Title 1 of the budget</i>		
Payments	9,854,529.26	9,917,376.23
Appropriations carried over	220,053.28	152,890.95
<i>Administration – Title 2 of the budget</i>		
Payments	1,025,570.82	1,180,441.77
Appropriations carried over	358,563.75	445,545.92
<i>Operating activities– Title 3 of the budget</i>		
Payments	1,829,457.99	2,201,711.67
Payments against outstanding commitments at 31/12/n-1	3,312,258.61	3,731,381.21
Payment appropriations carried over	-	-
<i>Assigned revenue (Grants + third countries and others)</i>		
Payments	70,752.06	918,051.26
Carryovers including assigned revenue not entered in the budget	373,605.28	312,728.34
<b>Total expenditure (b)</b>	<b>17,044,791.05</b>	<b>18,860,127.35</b>
<b>Outturn of the financial year (c = a - b)</b>	<b>957,443.67</b>	<b>- 949,623.56</b>
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	52,766.90	49,644.98
Appropriations carried over from assigned revenue	312,728.34	1,230,779.60
Payment appropriations carried over from the previous year (Title 3)	-	-
Exchange-rate differences	666.51	2,962.74
<b>Balance for the financial year</b>	<b>1,323,605.42</b>	<b>333,763.76</b>

## **2. Explanatory note**

The Centre has had differentiated appropriations for Title 3 since 2004, which explains why no carryovers of appropriations for operational activities appear in the calculation of the budget outturn.



**CEDEFOP**

European Centre for the Development  
of Vocational Training

## **FINANCIAL STATEMENTS**

### **FINANCIAL YEAR 2017**

In accordance with Article 96 of the Financial Rules and Articles 79, 80 and 81 of the Implementing Rules, the financial statements of the Centre for the financial year 2017 comprise:

- ☒ the balance sheet and the statement of financial performance  
(*previously: economic outturn account*),
- ☒ the statement of changes in net assets,
- ☒ the cash-flow statement,
- ☒ the notes to the financial statements.

## 1.1. BALANCE SHEET

	2017	2016
<b>ASSETS</b>		
<b>A. NON CURRENT ASSETS</b>		
Intangible fixed assets	30,661.56	65,080.12
Tangible fixed assets	2,849,826.85	3,128,671.56
Land and buildings	2,294,556.23	2,555,579.15
Plant and equipment	86,739.28	151,280.73
Computer hardware	435,501.18	380,052.17
Furniture and vehicles	16,154.50	20,361.27
Other fixtures and fittings	16,875.66	21,398.24
Leasing	0.00	0.00
Tangible fixed assets under construction	0.00	0.00
Long-term pre-financing	0.00	0.00
Long-term pre-financing <i>LT pre-financing with consolidated EC entities</i>	0.00	0.00
Long-term receivables	5,076.41	5,076.41
Long-term receivables <i>LT receivables with consolidated EC entities</i>	0.00	0.00
<b>TOTAL NON CURRENT ASSETS</b>	<b>2,885,564.82</b>	<b>3,198,828.09</b>
<b>B. CURRENT ASSETS</b>		
Stocks	0.00	0.00
Short-term pre-financing	0.00	484,631.40
Short-term pre-financing <i>ST pre-financing with consolidated EC entities</i>	0.00	484,631.40
Short-term receivables	774,495.62	800,902.09
Current receivables	487,884.77	495,842.66
Long-term receivables falling due within a year		
Sundry receivables	29,520.87	22,466.87
Other	257,089.98	282,592.56
-Accrued income	0.00	0.00
-Deferred charges	257,089.98	282,592.56
<i>Deferrals and Accruals with consolidated EC entities</i>	0.00	0.00
<i>Short-term receivables with consolidated EC entities</i>	0.00	0.00
Cash and cash equivalents	1,642,847.21	598,394.13
<b>TOTAL CURRENT ASSETS</b>	<b>2,417,342.83</b>	<b>1,883,927.62</b>
<b>TOTAL</b>	<b>5,302,907.65</b>	<b>5,082,755.71</b>

	2017	2016
<b>LIABILITIES</b>		
<b>A. CAPITAL</b>	<b>2,791,953.79</b>	<b>3,800,687.02</b>
Reserves		
Accumulated surplus/deficit	<b>3,800,687.02</b>	<b>3,679,630.68</b>
Economic result of the year - profit+/loss-	-1,008,733.23	121,056.34
<b>B. Minority interest</b>		
<b>C. NON CURRENT LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
Employee benefits	0.00	0.00
Provisions for risks and charges	0.00	0.00
Other long-term liabilities	0.00	0.00
Other long-term liabilities	0.00	0.00
Other LT liabilities with consolidated EC entities	0.00	0.00
Pre-financing received from consolidated EC entities	0.00	0.00
Other LT liabilities from consolidated EC entities	0.00	0.00
<b>TOTAL CAPITAL + NON CURRENT LIABILITIES</b>	<b>2,791,953.86</b>	<b>3,800,687.02</b>
<b>D. CURRENT LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
Provisions for risks and charges	<b>6,735.64</b>	<b>6,735.64</b>
Accounts payable	<b>2,510,953.86</b>	<b>1,275,333.05</b>
Current payables	520,429.18	361,365.64
Long-term liabilities falling due within the year	0.00	0.00
Sundry payables	8,311.03	7,949.53
Other	306,012.22	287,274.25
- Accrued charges	306,012.22	287,274.25
- Deferred income	0.00	0.00
Deferrals and accruals with consolidated EC entities	0.00	0.00
Accounts payable with consolidated EC entities	1,669,465.79	618,743.63
Pre-financing received from consolidated EC entities	1,669,465.79	618,743.63
Other accounts payable against consolidated EC entities	0.00	0.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,510,953.86</b>	<b>1,282,068.69</b>
<b>TOTAL</b>	<b>5,302,907.65</b>	<b>5,082,755.71</b>

## 1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2017	2016
Revenues from administrative operations	117,286.90	125,614.92
Other operating revenue	16,617,480.45	17,970,389.89
<b>TOTAL OPERATING REVENUE</b>	<b>16,734,767.35</b>	<b>18,096,004.81</b>
Staff and administrative expenses	-11,969,467.27	-11,726,626.36
Staff expenses	-9,647,766.70	-9,440,769.91
Fixed asset related expenses	-577,043.93	-582,141.30
Administrative expenses	-1,744,656.64	-1,703,715.15
Operational expenses	-5,770,853.94	-6,244,513.89
Other operational expenses	-5,770,853.94	-6,244,513.89
<b>TOTAL OPERATING EXPENSES</b>	<b>-17,740,321.21</b>	<b>-17,971,140.25</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>-1,005,553.86</b>	<b>124,864.56</b>
Financial revenues	666.51	0.00
Financial expenses	-3,845.88	-3,808.22
Movement in pensions (- expense, + revenue)		
<b>SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES</b>	<b>-3,179.37</b>	<b>-3,808.22</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>-1,008,733.23</b>	<b>121,056.34</b>
Extraordinary gains (+)		
Extraordinary losses (-)		
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>	<b>0.00</b>	<b>0.00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>-1,008,733.23</b>	<b>121,056.34</b>

### **1.3. STATEMENT OF CHANGES IN NET ASSETS**

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2016			3,679,630.68	121,056.34	3,800,687.02
Changes in accounting policies				0.00	0.00
Balance as of 1 January 2017	0.00	0.00	3,679,630.68	121,056.34	3,800,687.02
Other					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			121,056.34	-121,056.34	0.00
Amounts credited to Member States					0.00
Economic result of the year				-1,008,733.23	-1,008,733.23
Balance as of 31 December 2017	0.00	0.00	3,800,687.02	-1,008,733.23	2,791,953.79



#### 1.4. CASH-FLOW STATEMENT (INDIRECT METHOD)

	2017	2016
<b>Cash Flows from ordinary activities</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>-1,008,733.23</b>	<b>121,056.34</b>
<b>Operating activities</b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	41,551.77	43,508.05
Depreciation (tangible fixed assets) +	535,492.16	538,633.25
Increase/(decrease) in Provisions for risks and liabilities	0.00	6,735.64
Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
(Increase)/decrease in Stock	0.00	0.00
(Increase)/decrease in Long term Pre-financing	0.00	0.00
(Increase)/decrease in Short term Pre-financing	484,631.40	-322,934.10
(Increase)/decrease in Long term Receivables		
(Increase)/decrease in Short term Receivables	26,406.47	831,772.90
(Increase)/decrease in Receivables related to consolidated EC entities	0.00	0.00
Increase/(decrease) in Other Long term liabilities	0.00	0.00
Increase/(decrease) in Accounts payable	178,163.01	-344,502.33
Increase/(decrease) in Liabilities related to consolidated EC entities	1,050,722.16	-119,167.76
<b>Net cash Flow from operating activities</b>	<b>1,308,233.74</b>	<b>755,101.99</b>
<b>Cash Flows from investing activities</b>		
Increase of tangible and intangible fixed assets (-)	-263,780.66	-400,323.71
Proceeds from tangible and intangible fixed assets (+)		
<b>Net cash flow from investing activities</b>	<b>-263,780.66</b>	<b>-400,323.71</b>
Net increase/(decrease) in cash and cash equivalents	1,044,453.08	354,778.28
<b>Cash and cash equivalents at the beginning of the period</b>	<b>598,394.13</b>	<b>243,615.85</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,642,847.21</b>	<b>598,394.13</b>



## **ANNEX**

### **1. Introduction**

Cedefop adopted its new Financial Rules (Decision DIR/RB(2014)00032) on 9 January 2014 in conformity with Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework Financial Regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council ("the general Financial Regulation"). In that context, Cedefop applies the accounting rules referred to in Article 152 of the general Financial Regulation to allow its accounts to be consolidated with those of the Commission.

In accordance with Article 248 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, all assets entered in the Centre's balance sheet are those with a purchase value equal to or higher than the accounting threshold and with a utilisation value higher than one year.

The depreciation of assets is calculated *pro rata temporis* from the time the asset enters into service, whereas its inclusion in the inventory takes place on the basis of its date of delivery.

Cedefop also adopted on 3 June 2014 its new Implementing Rules to the Financial Rules adopted on 9 January 2014 (and entered into force on 01.01.2014), which make the subject of a Governing Board Decision (DIR/RB(2014)01414) that also entered into force on 01.01.2014 (as per DG BUDG instruction of 28.04.2014). Articles 96 to 103 of that Decision (referring to Article 106 of the Financial Rules) include detailed provisions in regard to the inventory system.

#### **Changes to the calculation of accruals and pre-financing given to suppliers.**

The 2014 accounts introduced a new method of calculating accruals whereby the figure is derived primarily from an analysis of invoices received in the following year plus those amounts where services or goods have been received but invoices are yet to be registered. This approach to the recognition of accrued expenses differs from previous years which included an internally generated estimate of the value of works performed by suppliers.

The new approach, agreed with the Court of Auditors, offers a more transparent figure supported by third party documentation and is more in keeping with recognised accountancy practice.

Similarly, pre-financing given to suppliers had in previous years been adjusted to incorporate an estimate of work performed by suppliers. This estimate is no longer included in the calculation.

## 2. Remarks relating to fixed assets

The accounting threshold depends on the date of purchase of the asset (see table below).

Ref.	from	To	Amount
Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012	1.1.2013		€ 420
Regulation (EC, Euratom) No 2342/2002 of 23 December 2002	1.1.2003	31.12.2012	€ 420
Commission Regulation (EC) No 1687/2001 of 21 August 2001	31.8.2001	31.12.2002	€ 420
Decision 2000/716/EC	1.1.2000	30.8.2001	€ 420
Decision 97/594/EC	1.1.1997	31.12.1999	ECU 400

These assets were depreciated. The straight line depreciation method was used. The depreciation rates applied are those applied at the Commission, namely:

- ☒ Software and intangible assets: 4 years;
- ☒ land and buildings: 25 years
- ☒ plant and equipment: 4 or 8 years;
- ☒ furniture: 10 years;
- ☒ transport equipment and IT equipment: 4 years;

### A. Intangible fixed assets

Development costs of new software systems have not been capitalised as they fall below the Agency's threshold of Euro 150 000. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved, processes, systems or services before the start of production.

No research costs were incurred in 2017 i.e. costs associated with planned and original investigation with the prospect of gaining new technical knowledge and understanding leading to the production of new or substantially improved software or systems.

	Software
<b>A. Purchase value:</b>	
Previous financial year	324,815.22
Additions	7,133.21
Withdrawals or transfers from other headings	-
<b>At the end of the financial year:</b>	<b>331,948.43</b>
<b>B. Depreciation:</b>	
Previous financial year	259,735.10
Additions	41,551.77
Transfer from other headings	-
<b>At the end of the financial year:</b>	<b>301,286.87</b>
<b>Net book value (A – B)</b>	<b>30,661.56</b>

#### B. Tangible fixed assets

	Land and buildings	Plant and equipment	Furniture	Transport equipment	IT equipment	Other tangible assets	Total
<b>A. Purchase value:</b>							
Previous financial year	6,872,029.66	871,525.54	295,843.45	70,897.80	1,524,825.63	175,707.64	9,810,829.72
Additions	-	6,558.32	-	-	248,129.08	1,960.05	256,647.45
From other headings							
Transfers							
<b>At the end of the financial year:</b>	<b>6,872,029.66</b>	<b>878,083.86</b>	<b>295,843.45</b>	<b>70,897.80</b>	<b>1,772,954.71</b>	<b>177,667.69</b>	<b>10,067,477.17</b>
<b>B. Depreciation</b>							
Previous financial year	4,316,450.51	720,244.81	275,482.18	70,897.80	1,144,773.46	154,309.40	6,682,158.16
Additions	261,022.92	71,099.77	4,206.77		192,680.07	6,482.63	535,492.16
From other headings							
Transfers							
<b>At the end of the financial year:</b>	<b>4,577,473.43</b>	<b>791,344.58</b>	<b>279,688.95</b>	<b>70,897.80</b>	<b>1,337,453.53</b>	<b>160,792.03</b>	<b>7,217,650.32</b>
<b>Net book value (A – B)</b>	<b>2,294,556.23</b>	<b>86,739.28</b>	<b>16,154.50</b>	<b>-</b>	<b>435,501.18</b>	<b>16,875.66</b>	<b>2,849,826.85</b>

Through the course of 2016 repair works and replacement of the glass façade and the skylights in the three meeting rooms was undertaken and completed. An

independent study confirmed that the observed damage which necessitated the repairs was linked to faulty construction. Cedefop has contacted the Greek authorities as the first step to initiate proceedings to recover the cost of these repairs. Although Cedefop believes it has a strong case for settlement of these costs, approximately Euro 180 000, no income was accrued in the accounts in 2016. As at the end of 2017 discussions were still ongoing.

#### **C. Long-term receivables**

Long-term receivables represent deposits to Greek utilities for water and electricity.

#### **D. Stocks**

Cedefop no longer includes a valuation for its stock of publications as their market valuation is negligible.

#### **E. Short-term pre-financing**

Pre-financing is a payment intended to provide the beneficiary with a cash advance. The advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditures he/she has the obligation to return the pre-financing advance to Cedefop. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs where a tangible benefit or product has been received as explained in the introduction to these notes.

At year-end outstanding pre-financing amounts are valued at the original amount(s) paid, less amounts returned, eligible amounts cleared and/or value reductions. No pre-financing payments matching the conditions described above were outstanding at the year end.

#### **F. Short term receivables**

Consisting of:

- a) current receivables, chiefly of VAT charges to be recovered from Member States,
- b) sundry receivables, being advances on missions and school fees,
- c) deferred charges, being expenses paid in 2017 but relating to 2018,

<b>Analysis of Accounts Receivable</b>		
	<b>2017</b>	<b>2016</b>
VAT charges to be recovered from all EU countries	487 884.77	495 842.66
Staff related advances including school, canteen VAT and mission advances	29 520.87	22 044.39
Staff recovery of weighting factor adjustment	0.00	0.00
Deferred charges, i.e. expenses paid in advance e.g. insurance	257 089.98	282 592.56
Other small sundry items	0.00	422.48
	<b>774 495.62</b>	<b>800 902.09</b>

In February 2016, in accordance with Article 60(4) of the Agency's Financial Rules, Cedefop was obliged to issue debit notes to the Greek authorities representing the agency's claim for interest on these late settlements of outstanding VAT. These debit notes of Euro 35 930 and Euro 22 000 relating to the years 2012 and 2013 respectively are still outstanding and will be recognised as income on receipt of the funds.

#### **G. Cash and cash equivalents**

This figure represents the sum of balances held in the Agency's two bank accounts BNP Paribas Fortis NV in Brussels and its local account with Alpha Bank A.E. and small petty cash and any positive credit card balances.

#### **H. Long term provision**

There are no long term provisions in the 2017 accounts.

#### **I. Provisions for risks and charges**

Provisions for risks and charges are recognised when Cedefop has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Following a tax audit conducted in 2016 by the General Directorate of the Tax Administration relating to VAT and withholding taxes, Cedefop received notice that the Agency was liable to pay an amount of Euro 6 735.64 for underpaid taxes and an associated penalty. Cedefop disputes the findings of the audit and may appeal. However, in line with the principal of prudence the Agency has charged its 2016 expenses with this amount and carries an equivalent provision in its balance sheet along with a receivable to be recovered from the Tax authorities. This provision remains outstanding as at the end of 2017. Efforts will be made in 2018 to resolve this issue.

#### **J. Accounts payable**

Consisting of:

- a) current payables, relating chiefly to invoices received from suppliers at the end of 2017 to be processed in 2018,
- b) sundry payables, payables relating to amounts to be paid from assigned revenue or to staff costs e.g. withheld taxes,
- c) accrued charges, expenses relating to 2017. See the beginning of the Notes for details on the changes to accrual calculation introduced in 2014.

	2017	2016
Accrued costs	128,206	104,225
Accrued leave	177,806	183,050
<b>Total</b>	<b>306,012</b>	<b>287,275</b>



d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid increased from Euro 618 744 in 2016 to Euro 1,669,466 in 2017. This figure consists of:

	2017	2016
Surplus on Budget Account	1,323,605	333,764
Grants Received 2013 or B/fwd	-161,629	36,671
Amount Rec'd (+) or Disp'd (-)	161,629	-168,300
Grants Received 2014 or B/fwd	416,609	641,959
Less amount dispersed on above grant	-70,749	-225,350
<b>Total</b>	<b>1, 669,466</b>	<b>618,744</b>

#### **K. Contingent Liabilities**

Contingent liabilities as at 31 December 2017 of budgetary commitments amounting to Euro 8 249 563 (Euro 6 622 764 in 2016) representing standing financial commitments to suppliers not appearing on the balance sheet. Cedefop also reported in its consolidated accounting package an adjusted figure for these outstanding contingencies of Euro 7 779 991 where recognised but unpaid expenses have been deducted.

#### **L. Pension Obligations**

Cedefop's staff are members of the European Communities Pension Scheme which is a defined benefit pension plan.

A defined benefit plan is a pension plan that generally defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. Cedefop's staff contribute 10.10% of their basic salaries to the pension scheme and an additional 20.20% contribution is made by the European Commission. The cost to the European Commission is not reflected in the Agency's accounts.

Future benefits payable to Cedefop staff under the European Communities Pension Scheme are accounted for in the accounts of the European Commission. No provisions for such pensions are made in these accounts.

### **3. Notes to the financial statements**

#### **A. Revenue**

Revenue and corresponding receivables are measured at the fair value of the consideration received or receivable and are accounted for in the period to which they relate. Cedefop's main source of revenue is the annual contribution from the European Commission. Calculation of this revenue is based on the results of the statement of financial performance. A positive result is shown as a liability and returned to the Commission the following year. As the disbursement or

commitment of funds is a factor in the budgetary outturn it also forms part of the final calculation of revenue.

The amount received from the Commission is thus reduced by Euro 1 323 605 (representing the balance on the Statement of Financial Performance for 2017) when calculating the revenue.

The table below shows a detailed breakdown of the other sources of revenue.

#### **Analysis of Revenue in the Economic Result Account 2017**

Funds received from the Commission	17,434,000	
Less net surplus on the Budgetary Outturn Account	-1,323,605	
		16,110,395
<b>Grant Income</b>		
Agreement n° VS/2013/0554 disbursed	70,748	70,748
<b>Other Operational Income</b>		
Norway	407,955	
Iceland	17,434	
Reimbursements	10,142	
Interest	806	
		436,337
<b>Subtotal</b>		<b>16,617,480</b>
<b>Revenue from Administrative and Financial operations</b>		
Canteen		117,019
Gain on Exchange Rate		667
Commission		268
<b>Grand Total Income</b>		<b>16,735,434</b>

#### **B. Expenditure**

Expenditure and corresponding payables are measured at their fair value and accounted for in the period to which they relate.

Cedefop's statements follow the format used by the Commission and divide expenses into three categories: Administrative expenses, Operational expenses and Financial expenses.

a) Administrative expenses. These are subdivided into three sub-categories:

i) Staff expenses.

All salary calculations giving the total staff expenses included in the Statement of financial performance of the Agency are externalized to the Office for

administration and payment of individual entitlements (also known as the Paymaster's Office-PMO) which is a central office of the European Commission.

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission, to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the health insurance fund of the Institutions, together with processing and paying the claims of reimbursement from staff members. The PMO also manages the pension fund and pays the pensions of retired staff members. PMO is being audited by the European Court of Auditors.

The Agency is only responsible for the communication to the PMO of reliable information allowing them to calculate the staff costs. Cedefop is also responsible to check that this information has been correctly handled in the monthly payroll report used for accounting payroll costs. It is not responsible for the calculation of the payroll costs performed by PMO.

Staff costs essentially (although not entirely) correspond to Title 1 budget lines. Staff expenses are sometimes considered "administrative expenses" but it should be noted that the Centre employs a large number of experts performing operational tasks and in-house research. Approximately 66% of staff costs relate to operational personnel and hence should be interpreted as operational costs.

ii) fixed asset expenses, relating to depreciation costs (see above for further details).

iii) other administrative expenses, essentially following the Title 2 budget costs. These include such items as utilities, telecommunications, IT and building upkeep.

b) Operational expenses corresponding to Title 3 costs.

The 2017 figure of Euro 5 770 854 compares to the corresponding 2016 figure of Euro 6 244 514.

The report on Budgetary and Financial Management above gives a description of the various operational areas to which Cedefop is committed. A large part of these costs relate to commissioning research, meetings and publication costs for the dissemination of Cedefop's research and policy analysis work as well as for knowledge brokering activities with Member States and other VET and labour market stakeholders. As mentioned in the administrative expenses these costs do not include the personnel costs of staff engaged in operational work.

c) Financial expenses relating to bank charges.

### **C. Economic Result for the Year**

The deficit of Euro 1 008 733 (5.8% of Revenue) compares to last year's surplus of Euro 121 056. Funds disbursed as pre-financing are not considered as expenditure until such time as the final or intermediate request for funds is received.



#### 4. Reconciliation between budgetary result and economic result

Cedefop's financial statements are prepared on an accruals basis, where transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the economic outturn account. However, the Agency uses a modified cash accounting system for preparing the statement of financial performance and its other budgetary reporting. In this system only the payments made and revenues received in the period are recorded, together with payment appropriations that are carried forward.

The difference between the budgetary result and the economic result is made up as follows:

	2017	2016
<b>Economic result</b>	<b>-1 008,733.23</b>	<b>121,056.34</b>
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.2016)	-287,274.25	-578,850.21
Adjustments for Accrual Cut-off (cut-off 31.12.2017)	306,012.22	287,274.25
Unpaid invoices net of VAT at year end but booked in charges	498,938.71	351,996.61
Depreciation of intangible and tangible fixed assets	577,043.93	582,141.30
Provisions	0.00	6,735.64
Value reductions	-167.49	256.98
Recovery Orders issued in 2017 and not yet cashed	0.00	0.00
Prefinancing given in previous year and cleared in the year	484,631.40	161,697.30
Prefinancing received in previous year and cleared in the year	-70,748.50	-393,649.86
Payments made from carry over of payment appropriations	545,669.97	523,084.81
Increase in prepayments to suppliers & reverse 2016 invoices	-326,494.03	-546,047.42
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-263,780.66	-400,323.71
New pre-financing paid in 2017 and remaining open as at 31.12.2017	0.00	-484,631.40
New pre-financing received in 2017 remaining open as at 31.12.2017	1,455,234.42	333,763.76
Budgetary recovery orders issued before 2017 and cashed in the year	-	-
Payment appropriations carried over to 2017	-952,222.31	-911,165.21
Cancellation of unused carried over payment appropriations from previous year	52,766.90	49,644.98
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	312,728.34	1,230,779.60
<b>Adjustments Total</b>	<b>2,332,338.65</b>	<b>212,707.42</b>
<b>Budgetary result</b>	<b>1,323,605.42</b>	<b>333,763.76</b>

**5. Distribution by grade of occupied posts in the 2017 establishment plan**

<b>Annex A</b>		
<b>Categories Grades</b>	<b>Permanent posts</b>	<b>Temporary posts</b>
AD 16	-	-
AD 15	-	1
AD 14	-	1
AD 13	-	2
AD 12	4	4
AD 11	-	8
AD 10	-	9
AD 9	-	5
AD 8	-	5
AD 7	-	4
AD 6	-	2
AD 5	-	-
	4	41
AST 11	-	1
AST 10	1	1
AST 9	-	2
AST 8	1	2
AST 7	3	7
AST 6	4	5
AST 5	-	7
AST 4	-	9
AST 3	-	-
AST 2	-	-
AST 1	-	-
	9	34
	13	75
<b>Total</b>		<b>88</b>
<b>Vacant</b>		<b>4</b>

## Annex VII: Materiality criteria



**CEDEFOP**

European Centre for the Development  
of Vocational Training

DIRECTOR

17 May 2018  
RB(2018)00951

### NOTE

#### Annex VII — Materiality criteria

##### Introduction:

Materiality criteria define the elements for determination of significant weaknesses that should be subject to a formal reservation in the assurance declaration of the Authorising Officer in the context of the Consolidated Annual Activity Report.

The definition of the following criteria has been informed by the EC Guidelines for defining materiality and the references made in the standing instructions for the Consolidated Annual Activity Report of the Commission.

The decision whether a weakness is significant, remains a matter of judgement of the Authorising Officer (by Delegation). In this judgement the overall impact of a weakness needs to be identified and an assessment needs to be made on whether the issue is material enough so that would have an influence on the decisions or conclusions of the users of the assurance declaration. Further consideration may in some cases also take the tolerability of risks of error into account.

##### Assessment criteria:

In consequence judgement needs to be based on a qualitative and a quantitative assessment. In addition, reputational events may be considered.

The qualitative assessment of a weakness (deficiency) should first consider if the type of deficiency falls within the scope of the assurance declaration which refers to the use of resources, sound financial management, and legality and regularity of transactions.

Second, in considering the significance of the materiality criteria, one should include the nature and scope of the weakness, the duration of the weakness, the existence of mitigating actions reducing the impact of the weakness and the existence of corrective actions (action plans and financial corrections) which have had measurable impact.

Third, in quantitative terms it is necessary to quantify the financial impact which may refer to the monetary value of the identified problem; or the amount considered erroneous; or the amount considered at risk.

The proposed standard quantitative materiality threshold is 2 %.

**Considerations:**

Related to Cedefop's overall budget of EUR 17 869 389 for 2017, the 2 % threshold would define an amount of about EUR 357 387.

Considering potential cases this amount seems too high. Thus, the (standard) quantitative threshold should be set at EUR 200 000.

Cedefop activities are defined in a much more detailed way than EC activities and usually have much lower financial resources at their disposal. Thus, to introduce a materiality threshold at activity level does not really make much sense at all. In fact most weaknesses or deficiencies conceivable would refer to generic services and procedures which should be compared with the Cedefop budget.

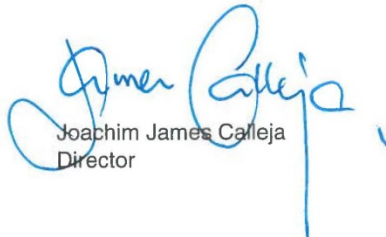
**In conclusion:**

The Cedefop standard quantitative materiality threshold is therefore being set at EUR 200 000.

Deviations from this materiality threshold must be fully justified in the Consolidated Annual Activity Report.

It is however necessary to underline that some deficiencies also below this threshold may be deemed significant on the basis of the qualitative assessment.

In addition, it may be considered that specific reputational events on the basis of specific assessments may give rise to a reservation.



Joachim James Calleja  
Director

## **Annex VIII: Cooperation with EU agencies**

### **Cooperation with the ETF**

The collaboration of the two agencies has a long standing tradition. Since its outset in 1997, ETF and Cedefop have aimed at creating synergies in areas that are relevant to both agencies, taking into account their different mandates, geographical scope and stakeholders. This has led to increased efficiency, economies of scale and increased service levels. The current framework (2014-2017) aims at more structured cooperation in thematic areas, projects and activities of common concern to each of the agencies' stakeholders and regulatory functions. In 2017 the two agencies concluded work on the new framework of cooperation that will cover the period 2018-2020.

In 2017, Cedefop and ETF experts were involved in events and projects of mutual interest organised by both agencies. The two agencies continued joint work on the reporting of VET policies and systems. In line with Cedefop's multi-annual objective to monitor policy trends and analyse developments, the Agency prepared an interim report on countries' progress towards the 2015-20 priorities ('deliverables') agreed in the Riga conclusions within European cooperation on VET. Approach and work on the report have been coordinated between the two agencies. This included joint papers and presentations informing ACVT and DGVT on the approach and findings as well as joint sections in the synthesis.

Increased effort was also made in taking forward the international dialogue on qualifications frameworks, in close collaboration with the ETF and UNESCO-HQ and UNESCO (UIL). Cedefop has coordinated the third edition of national and global qualifications frameworks inventory, published in 2017 <sup>(136)</sup>. Cedefop cooperated with the ETF and UNESCO in the study 'The use of learning outcomes to support dialogue between education and training and the labour market' that was finalised in April 2017. The study covers 10 VET qualifications in 26 countries and uses the learning outcomes approach to identify similarities and differences between countries including countries outside Europe.

The two agencies continued their close collaboration in the area of work-based learning and adult learning also in the frame of the Inter-Agency Working Group on work-based learning together with the OECD, ILO, UNESCO and other major international organisations.

Since 2013, Cedefop, the ETF and the ILO have engaged in a joint endeavour to promote methods for skills anticipation and matching. Part of this effort was the preparation of six guides on methods and approaches to be used to anticipate skill needs. Developing and running an establishment skills survey, the last volume of the compendium of the six guides prepared together with ILO and ETF, appeared in March.

In 2017, ETF and Cedefop conducted two joint thematic meetings to ensure knowledge-sharing and further reinforce complementarity in their activities. The Thessaloniki event

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<sup>(136)</sup> Cedefop, ETF, UNESCO, UNESCO Institute for lifelong learning. (2017). Global inventory of regional and national qualifications frameworks – Volume 1: thematic

chapters. <http://www.cedefop.europa.eu/en/publications-and-resources/publications/2221> Cedefop, ETF, UNESCO, UNESCO Institute for lifelong learning UIL; (2017). Global inventory of regional and national qualifications frameworks – Volume II: national and regional cases. Cedefop

focused on ETF's work on qualifications systems in the ETF partner countries and on 'Skills and Migration'. The Torino event focused on Cedefop's work on 'the changing nature and role of VET: methods and findings' and 'people, machines, robots and platforms: Cedefop's agenda on the impact of digitalisation and automation on skills needs and adult learning'. In 2017 the two agencies mutually attended the Governing Board meetings and close cooperation was ensured between the two Agencies Brussels offices.

### **Cooperation with the Eurofound**

Cooperation between Eurofound and Cedefop takes place in the framework of a collaboration agreement renewed in 2016. Each year, based on an early analysis of the respective work programmes, activities of common interest are identified. This helps to structure the exchange of knowledge and sharing of expertise between the two Agencies, to avoid overlaps as well as to identify promising areas for close collaboration, such as in the case of the European Company Survey.

In 2017, Cedefop and Eurofound agreed to organise together the next round of the European Company Survey. To do so, both agencies reflected upon a thematic focus for the survey that would be policy relevant, answer key questions about European companies' strategies and tap on the respective expertise of both agencies, while increasing cost-effectiveness. The resulting proposal for a survey was approved by Governing Boards of both agencies and subsequently included in their Programming Documents 2017-2020. The joint European Company survey will focus on the link between company skills and business strategies - including the response to digitalisation - and how they affect business outcomes. The project leading to the survey started in 2017 and first results will be available in 2020. A steering group composed of members of both Agencies' Governing Board has been appointed to monitor and steer the project's advancement. It met twice in 2017.

Another topic on which cooperation took place in 2017 is the 'Future of Manufacturing'. Eurofound is in charge of the project and has sought collaboration with Cedefop to develop projections of employment under different scenarios for the future of manufacturing. Furthermore, Eurofound Job/Tasks analysis (from the European Job Monitor) was 'plugged' into the forecast to give insights on skills needed in the future under different economic and energy scenarios. Cedefop provided input and feedback on the scenarios developed by Eurofound, and monitored alignment with the standards set of projections. Eurofound participated in Cedefop's forecasting workshop to present the results of these projections. A joint publication will appear in 2018.

Additional activities in 2017 included a presentation by Cedefop to the Eurofound Internal Seminar Series (ISS) on Open Science and ongoing collaboration took place on library services. Exchange of information and expertise was also initiated regarding the Agencies' respective work on the platform economy and new forms of digital work.

### **Cooperation with ENISA**

In 2017, Cedefop signed a Service Level Agreement (SLA) with the European Union Agency for Network and Information Security (ENISA), which is located in Greece. The SLA enables both Agencies to share and rationalise resources for mutual benefit.

- In the field of ICT, Cedefop will provide physical space for the ENISA servers, while ENISA will provide support in Cybersecurity matters.



- Cedefop and ENISA will launch joint procurement calls of common interest, particularly but not limited to the Greek market.
- ENISA will provide legal advice to Cedefop on non-standard issues related to staff regulations and procurement. Cedefop and ENISA will share knowledge related to the anti-fraud strategy and the risk assessment methodology. The Agencies are also exploring sharing Confidential Counsellors functions.
- Cedefop and ENISA will share their conference facilities and Cedefop will provide storage space to ENISA.
- Cedefop and ENISA will cooperate in negotiations with the Greek authorities on any revisions to their respective headquarters' agreements.
- Cedefop will provide technical advice to ENISA communication services. The two agencies will cooperate on common communication campaigns.

### **Cooperation with the EU Agencies Performance Development Network**

Cedefop contributed to the work of the EU agencies performance development network (PDN) which feeds directly to the common approach of EU decentralised agencies for more balanced governance, improved efficiency and coherence between them. Cedefop participated in two meetings of the network, contributed to the PDN evaluation handbook and shared with other EU agencies its approach to establish Key Performance Indicators (KPIs) for the Director. Cedefop is an active member of the PDN working group on intervention logic and KPIs and has participated in three PDN surveys to support the discussions of the EU agencies network with the European Commission: revision of the Programming Document, improvement of the PD implementing guidelines and EU agencies actions towards sustainable development. PDN provided in 2017 a good forum for Cedefop to exchange views with Cedefop's 'sister' agencies EUROFOUND, ETF and EU-OSHA on a number of topics of common interest.

### **Cooperation with the EU Agencies Coordination**

Cooperating with the other EU agencies enables significant knowledge sharing and efficiency gains. In particular, Cedefop systematically answers to inter-agency consultations which results are in turn disseminated. Cedefop contributes actively to the sub-networks (meetings, work programme and outputs, knowledge sharing). Cedefop participates in joint procurement actions when appropriate <sup>(137)</sup>. It is also common practice to share staff members for evaluation and selection committees (for procurement and recruitment procedure respectively). In 2017, Cedefop collaborated with EUIPO to implement an ICT Business Continuity Site.

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<sup>(137)</sup> e.g. Interinstitutional call for tenders for auditing services, launched by EFSA at the end of 2016



## **Annex IX: Risk Management Plan 2017**

### **1) Risk management plan (RMP) - generic risk**

Issue	Unforeseen demands by stakeholders
Responsible in Cedefop	Management
Risk	Delivery/quality is affected as demands from stakeholders, including European institutions, are not backed up by additional resources and, thus, are overstressing the available resources without allowing activities to be well planned and aligned. This may affect Cedefop's reputation and the quality and impact of the outcomes it produces.
Planned actions	Streamlining of activities in the early planning phase of the work programme, discuss negative priorities in-house and with Governing Board and Bureau and regular reporting to the latter on changes in the implementation of the work programme. Clear communication of Cedefop's objectives and capacity, anticipation of needs, monitoring of developments.

## Annex X: Key decisions of the Governing Board

The table below outlines the decisions and documents adopted by the Governing Board in 2017 and provides links to Cedefop's website for public documents/information:

Date	Written procedure - Meeting	Decision/Document ( <i>link if public document</i> )
30/01/2017	Written procedure	Programming Document 2018-2020 – draft – internal ref. no RB(2017)00127
06/02/2017	Written procedure	Decision of the Governing Board on enlargement of Bureau for the meeting of 17 March 2017
27/03/2017	Enlarged Bureau meeting on 17 March 2017	Adoption of minutes of the Enlarged Bureau meeting of 1 December 2016
29/03/2017	Written procedure	Estimate of Revenue and Expenditure for the financial year 2018 - internal ref. no RB(2017)00626
19/04/2017	Written procedure	Annual Report 2016 <sup>(138)</sup>
27/06/2017	Written procedure	Cedefop Consolidated Annual Activity Report 2016 including Governing Board Analysis and Assessment <sup>(139)</sup>
28/06/2017	Written procedure	Final Annual Accounts financial year 2016 - including the opinion of the Governing Board - internal ref.no RB(2017)01365 and RB(2017)01268 <sup>(140)</sup>
30/06/2017	Bureau meeting on 29 and 30 June 2017	Adoption of minutes of Enlarged Bureau meeting on 17 March 2017
06/10/2017	Governing Board meeting on 5 and 6 October 2017	Adoption of minutes of Bureau meeting on 29 and 30 June 2017
11/10/2017	Governing Board meeting on 5 and 6 October 2017	Decision to transform 1 permanent post to temporary
21/11/2017	Written procedure	Decision of the Governing Board amending financing decision 2017
05/12/2017	Bureau meeting on 5 December 2017	Adoption of minutes of Bureau meeting on 4 October 2017 (eve of 2017 Governing Board meeting)
05/12/2017	Written procedure	Adoption of minutes of the Governing Board meeting on 5 and 6 October 2017 - internal ref. no RB(2017)02348
06/12/2017	Governing Board meeting on 5 and 6 October 2017	No absolute majority reached which was necessary for the renewal of the mandate of the Director - internal ref. no RB(2017)01966
18/12/2017	Written procedure	Cedefop Budget 2018 and Establishment plan 2018 <sup>(141)</sup>
18/12/2017	Written procedure	Programming Document 2018-2020 - ref.no RB(2017)02484 <sup>(142)</sup>
21/12/2017	Written procedure	Decision of Governing Board on budget transfer 2017

The Bureau reported to the Governing Board on the key issues the Bureau/Enlarged Bureau dealt with since the Governing Board meeting in September 2016 (reporting sent out on 6 April 2017 and updated document part of the agenda of the GB meeting on 5 and 6 October 2017).

<sup>(138)</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/4154>

<sup>(139)</sup> <http://www.cedefop.europa.eu/en/about-cedefop/what-we-do/annual-reports>

<sup>(140)</sup> <http://www.cedefop.europa.eu/en/about-cedefop/finance-and-budget/annual-accounts>

<sup>(141)</sup> <http://www.cedefop.europa.eu/en/about-cedefop/finance-and-budget/budget-and-discharge>

<sup>(142)</sup> <http://www.cedefop.europa.eu/en/about-cedefop/what-we-do/work-programme>

## Annex XI: Report on leaves authorized under the flexitime and compensatory schemes

	A	B	C=B/A	D	F=B-D	G=F/A	H=D/A
Category	Number of staff members	Total extra days worked	Average total days worked	Total Compensation Days Taken	Net extra days worked <sup>143</sup> (1)	Average net extra days worked	Average days of compensation
AD 14	1	59.2	59.2	0.0	59.2	59.2	0.0
AD 13	1	75.9	75.9	0.0	75.9	75.9	0.0
AD 12	4	85.1	21.3	42.0	43.1	10.8	10.5
AD 11	9	334.6	37.2	49.5	285.1	31.7	5.5
AD 10	4	113.9	28.5	21.0	92.9	23.2	5.3
AD 9	3	54.9	18.3	25.5	29.4	9.8	8.5
AD 8	4	67.0	16.7	39.0	28.0	7.0	9.8
AD 7	5	73.2	14.6	34.5	38.7	7.7	6.9
AD 6	7	62.9	9.0	47.0	15.9	2.3	6.7
AD 5	6	85.3	14.2	56.0	29.3	4.9	9.3
AST 9	2	48.3	24.1	31.5	16.8	8.4	15.8
AST 8	4	108.3	27.1	51.5	56.8	14.2	12.9
AST 7	2	36.5	18.3	19.0	17.5	8.8	9.5
AST 6	6	40.5	6.7	16.0	24.5	4.1	2.7
AST 5	12	169.6	14.1	82.0	87.6	7.3	6.8
AST 4	8	126.9	15.9	71.0	55.9	7.0	8.9
AST 3	5	54.4	10.9	30.0	24.4	4.9	6.0
AST 2	1	7.6	7.6	4.5	3.1	3.1	4.5
FG IV	4	41.6	10.4	25.0	16.6	4.1	6.3
FG III	5	83.6	16.7	34.0	49.6	9.9	6.8
FG II	13	128.9	9.9	48.0	80.9	6.2	3.7
FG I	2	8.9	4.5	0.0	8.9	4.5	0.0
SNE	4	40.4	10.1	24.0	16.4	4.1	6.0

<sup>143</sup> Net extra days worked: Accounting the total number of extra days worked less the number of compensation days taken throughout the year

## Annex XII: Report of the Data protection officer



**CEDEFOP**

European Centre for the Development  
of Vocational Training

DATA PROTECTION OFFICER

DIR/DPO/RJSTOW/RB(2018)00832  
Thessaloniki, 04 May 2018

### NOTE TO THE DIRECTOR

#### Data Protection Annual Progress Report January - December 2017

##### 1. Introduction

The objective of this document is to report on the progress of data protection issues in Cedefop and to present the activities of the Data Protection Officer during the period January to December 2017.

##### 2. Management summary

Protection of personal data is a high priority for Cedefop and compliance of all processing operations with the provisions of Regulation 45/2001 is a necessary quality of proper governance and cooperation with the EDPS. In addition, staff members have an ethical obligation, extending beyond mere formal compliance, to respect the rights of the data subjects whose data they might process.

Cedefop's DPO has continued this year the activities of promoting data protection, disseminating information, providing consultation, cooperation and support internally with data protection stakeholders (controllers, data subjects, and the Staff Committee), and externally with the DPO network and the EDPS.

The DPO took an active position on consulting the EDPS on all relevant matters as well as responding to communications and requests of the EDPS and attending the DPO network meetings. On the administrative side, the inventory and register were updated to include processing operations and related notifications that were established during this reporting period.

Ensuring proper implementation of Regulation 45/2001 requires an effort and dedication of time from controllers and services in parallel to their day-to-day operations representing additional workload. The part-time job allocation of the DPO is supplemented with the work of a full-time trainee who possesses legal background, thus facilitating the continuation of data protection work at Cedefop and supporting the DPO in the legal aspects of the role's responsibilities.

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RS.

### 3. Activities

During the course of 2017, six new data processing operations were notified and three others were reviewed/updated. Advice was provided following consultations on a variety of data protection issues, some of which had novel and complex elements.

The publication of the Commission's proposal for the GDPR-aligned update to the data protection regulation 45/2001 steered preparatory work concerning the advent of the new framework in 2018, including formatting of new templates for the required documentation and provision of information sessions for staff.

#### 3.1. Notified processing operations

The registry and inventory were updated with six new notifications for processing operations that contain personal data and fall under Article 25 (normal processing):

1. CDFNOT071 - Guidance Network
2. CDFNOT072 - Staff Engagement Survey 2017
3. CDFNOT073 - Review of Legal Service
4. CDFNOT074 - Review of Administration
5. CDFNOT075 - Requests for teleworking
6. CDFNOT076 - 'Ambassador' for VET toolkit for tackling early leaving

Additionally, the following three notifications were revised/updated:

1. CDFNOT058 - National Experts in Skills Forecasting
2. CDFNOT059 - Cedefop events
3. CDFNOT060 – Telephone Cascade System

No new notifications were required to be submitted to the EDPS to be processed subject to prior-checking under Article 27.

In accordance with article 26 of Régulation 45/2001, the DPO maintains a Data Protection Register where all processing operations are recorded and made available on the Intranet of Cedefop. It consists of an *inventory* (frequently updated), designed in order to make more accessible the search for a specific processing operation, and the *register* which consists of the documentation concerning all processing operations notified to the DPO.

In response to the Commission's proposal regarding the update to the Regulation and related guidance of the EDPS on future documentation requirements, templates for notifications and privacy statements were revised accordingly.

The DPO was consulted on a wide variety of issues, including:



- Reviews of the legal service and administration (advice given regarding acceptability of providing of various types of information to related Working Groups; input given to risk assessment);
- Staff Engagement survey and follow-up (verification of methodology used by third parties to guarantee respondent anonymity; advice given to project manager regarding handling of KPIs for Director and anonymisation of open text comments; guidance to Working Groups dealing with action plan);
- Surveys linked to the cross-cutting evaluation of the four agencies (instructions given to evaluator regarding provision of information to data subjects; advice given regarding the use of Cedefop contacts to disseminate stakeholder survey etc.);
- Advice given to Director in response to circulation of petitions/open letters within Cedefop;
- Advice given to the Europass team regarding proposed processing of CVs in relation to skills intelligence project and need to conduct Data Protection Impact Assessment;
- Advice given regarding suitability and use of third party tools (Survey Monkey, Mailchimp, Freshdesk)
- Advice regarding inclusion of 'Notes to File' in the personal files of staff members;
- Feedback on updated ICT Use and Security policy.

#### 4. Information

Informing on data protection obligations is one of the key duties of the DPO. General information on data protection issues including rules and regulations are available on the DPO intranet page, which was revised and improved during 2017. Data subjects who feel that their rights have been infringed can find in the Data Protection intranet page information about the procedure for lodging a complaint before the European Data Protection Supervisor and the necessary form to be downloaded and sent.

##### 4.1. To controllers/processors

According to article 4 (1) of the Implementing Rules Concerning Data Protection at Cedefop, the DPOs advise the data controllers on matters concerning the application of data protection provisions.

A presentation on the upcoming changes to the data protection regulation and related framework was given at a Heads of Department meeting, and information sessions addressing specific processing operations were organised with the Human Resources and Procurement services. Several information induction sessions were delivered to new staff members and trainees, and a section on data protection was included in the mandatory presentation to all staff on internal governance, where staff members were reminded also of their rights and ethical obligations regarding personal data protection.

##### 4.2. To internal data subjects

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During internal information sessions it was emphasised to staff that they are also data subjects with rights regarding the personal data Cedefop processes concerning them. They were encouraged to contact the DPO for support should they have any related concerns and reminded of their right of recourse to the EDPS. In addition, links to privacy statements aimed at staff were made more easily available on the intranet page.

#### **4.3. To external data subjects**

The format of newly created privacy statements was improved (designed to provide information to data subjects), making their language clearer and more concise, as well as to make them more easily accessible to data subjects at the point when they are requested to provide data. Efforts will continue in this regard as and when other notifications and privacy statements are revised in response to the updated regulation.

### **5. Data Breaches during this reporting period**

During the reporting period a potential data breach concerning access to the personal file of a staff member was reported to the DPO. The issue was assessed together with the data controller and a report containing specific recommendations was prepared and circulated to all concerned parties.

### **6. Cooperation**

The cooperation program includes, on one hand, the EDPS and the network of DPOs of EU institutions and bodies, and, on the other hand, Cedefop services.

#### **6.1. Cooperation with the EDPS and the network of DPOs**

The DPO has an obligation to respond to the EDPS's requests and to cooperate and consult with the EDPS whenever necessary. The DPO attended both scheduled DPO network meetings which provided an opportunity to discuss issues with the EDPS as well as with the DPOs of other institutions/agencies:

1. DPO Network Meeting, Tallinn 31 May-01 June Mission # 20170167
2. DPO Network Meeting, London 12-13 October, Mission # 20170311

#### **6.2. Cooperation with Cedefop services**

An important task of the DPO is to cooperate, inform and raise awareness among the controllers about data protection-related matters, principles of data protection and processes that need to be notified. Information sessions, meetings and consultations are organised by the DPO whenever needed.

Additionally, the DPO cooperates where necessary with the:

1. Staff Committee
2. Internal Audit Service of the European Commission
3. The Court of Auditors of the European Union



During 2017 a meeting was held with the Staff Committee to discuss relevant issues and concerns, and the DPO cooperated with the IAS in connection with audits on web-based services and HR.

## 7. Resources

### 7.1. Human Resources

The dedication of time during the period of January-December 2017 has been one contract agent with 40% of time allocated to the function.

A full time trainee with legal background was allocated to the Data Protection Officer under the 'Office of the Director' between October 2016 and June 2017, and then again from October 2017 until June 2018. Thus, a trainee was available for nine months of 2017.

### 7.2. Budget

An estimated expenditure for the data protection activities during the specified period of this report can be summarised as follows:

Activity	Amount
Mission costs for DPO 20170167 20170311	843.54 € 1,313.78 €
DPO (FGIII/9) 12 months (40%) $3,792.32 \text{ €} \times 12 \times .040 =$	~ 18,203.14
DPO Trainee 9 months	~ 7,075.60 €
<b>Total</b>	<b>27,436.06 €</b>

## 8. Communication tools

The [data-protection-officer@cedefop.europa.eu](mailto:data-protection-officer@cedefop.europa.eu) mail account is available for any questions or comments regarding data protection issues at Cedefop:



Robert STOWELL