

**INVESTORS  
IN PEOPLE** | Gold

## **Who we are...**

**Estyn is the Education and Training Inspectorate for Wales. Our mission is to achieve excellence for all in learning in Wales. We do this by providing an independent, high-quality inspection and advice service to the Welsh Assembly Government and the citizens of Wales.**

We are independent from, but funded by, the Welsh Assembly Government (section 104 of the Government of Wales Act 1998).

As of 31 March 2011, Estyn employed 99 permanent members of staff, of which 52 are Her Majesty's Inspectors (HMI). In addition, we supplemented our internal inspection capacity by engaging 11 secondees over the course of 2010-2011. We also procure and train additional inspectors, peer assessors and nominees who currently work in education and training, to work as part of inspection teams. In addition, Estyn jointly employs a Joint Inspectorate Secretariat with the Care and Social Services Inspectorate Wales (CSSIW), the Health Inspectorate Wales (HIW) and the Wales Audit Office (WAO). The secretariat manages and delivers the Joint Inspectorate Programme, a collaborative initiative between the four main inspection, audit and review bodies in Wales.

Up to the end of the summer term 2010, the majority of inspections of maintained schools were carried out by organisations and individual independent inspectors who were contracted by Estyn. For the autumn of 2010 and the spring of 2011, these arrangements were changed, as 50% of school inspections were undertaken directly by HMI or additional inspectors directly employed by Estyn. A small number of additional inspectors have also carried out aspects of survey work on behalf of Estyn.

Our office is located in Anchor Court, Keen Road, Cardiff. Until the end of December 2010 we had another office in Mold, North Wales, but this is now closed.

The word Estyn is a Welsh word and means 'to reach', 'to stretch' or 'to extend'.

## What we do...

The purpose of Estyn<sup>1</sup> is to inspect and report on the quality and standards in education and training provided in Wales, including:

- how far education and training meets the needs of learners and contributes to their development and wellbeing;
- standards achieved; and
- the quality of leadership and management.

All education and training providers in Wales have a core inspection. This enables us to target more resources at those providers that require closer inspection, while reducing the extent to which we inspect consistently good performers. Self-evaluation, using Estyn guidance, is a key part of providers' quality assurance process, which identifies their strengths and areas for improvement. Using the information from self-evaluation reports as a starting point, inspection teams feed back on the standards achieved by learners, the quality of the education or training provided and the quality of leadership and management. The inspection process is carried out in partnership between Estyn and the provider with an overall focus on meeting the needs of learners and raising standards.

We also contribute to the development of education and lifelong learning policy in Wales through our remit reports, providing high-quality advice on themes agreed with the Welsh Assembly Government. In addition, Estyn plays an active role in a variety of forums and policy working groups with key stakeholders and hosts various conferences on areas of improvement.

In recent years, Estyn has developed close working relationships with other inspection, audit and review bodies in Wales, across the UK and internationally. In September 2010, Estyn hosted a conference of the Standing International Conference of Inspectorates (SICI). In 2011, the CSSIW, Estyn, HIW and the WAO signed a strategic agreement setting out our commitment to working together effectively where appropriate. Whilst we have always pursued joint and collaborative working, together we know that we can do more to co-ordinate the planning and delivery of our respective work programmes, to share knowledge and information between our organisations and add value to the work we do to bring about improvement in the quality of public services in Wales.

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<sup>1</sup> Estyn's principal functions are set out in Section 20 of the Education Act 2005 and Sections 75-78 of the Learning and Skills Act 2000.

**In 2010-2011, Estyn was responsible for inspecting and reporting on the following:**

- ⤴ nursery schools and settings that are maintained by, or receive funding from, local authorities;
- ⤴ primary schools;
- ⤴ secondary schools;
- ⤴ special schools;
- ⤴ pupil referral units;
- ⤴ independent schools;
- ⤴ further education;
- ⤴ adult community learning;
- ⤴ youth and community work training;
- ⤴ local authority education services for children and young people;
- ⤴ teacher education and training;
- ⤴ work-based learning;
- ⤴ careers companies; and
- ⤴ offender learning.

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## **What is this report about?**

Estyn's Annual Report and Accounts summarise our progress over the last 12 months as we work towards our strategic priority, to raise standards and quality in education and training in Wales. Specifically, we report on progress against our four strategic objectives as set out in our Annual Plan 2010-2011, as well as providing a full set of our accounts for the financial year 2010-2011. For further information about Estyn please visit our website, [www.estyn.gov.uk](http://www.estyn.gov.uk)

## Foreword

Welcome to Estyn's Annual Report and Accounts, which in Section 1 details what we have achieved during the financial year 2010-2011, and in Section 2 provides a full set of financial statements.

This year has been one of significant achievement and challenge for Estyn. A new cycle of inspections started in September 2010, after two years of preparation and consultation. In the summer we trained all our inspectors on the new common inspection framework and in the autumn we implemented the new inspection model for education and training sectors in Wales as planned.

It is notable that we have been able to fulfil the promises we made to stakeholders during our consultation phase. We have put more emphasis on self-evaluation, involved the learner more in inspection and offered more opportunity for professional dialogue between practitioners and inspectors. The notice period for inspections has been reduced to four weeks. We have in-housed 50% of school inspections.

The process of preparing for inspections has been streamlined. We have developed the new role of inspection co-ordinators, as well as introducing web-based facilities for sharing information and collating inspection findings. We have used new work programme software to deploy inspectors more efficiently. All of these changes were undertaken as projects that were part of our Transforming Estyn Programme. Their success has led to a new confidence and positivity about inspection inside and outside Estyn. And some of the innovations we have introduced – notably the web-based 'virtual inspection room' – have been taken up by other Wales inspectorates as part of our joint working programme.

The Comprehensive Spending Review has challenged us to scrutinise expenditure over the next three years and plan to make savings. And we have been able to make substantial savings while ensuring that our statutory duties are fully protected. The need to make efficiencies has not prevented us from carrying forward significant work in furthering all of our strategic objectives. The thematic surveys we have undertaken have been linked closely to national priorities, and have been welcomed by the Welsh Government and other key stakeholders.

We have supported the introduction of more formal and systematic joint working arrangements between the Wales inspectorates. A strategic agreement was achieved this year between Estyn, the Wales Audit Office, Health Inspectorate Wales and the Care and Social Services Inspectorate to benefit the public services in Wales.

We have also continued to promote the spread of best practice in the delivery of education and training in Wales, carrying out analysis and interpretation of examples of best practice gathered through our cyclical and thematic inspection activities, and communicating outcomes on our website.

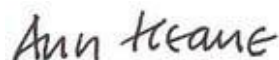
The publication of my Annual Report on the progress in education and training in Wales over the whole six years of the last inspection cycle has been influential in

contributing to and opening national debates about the state of education in Wales. The findings from the report have been discussed with the Minister, Leighton Andrews and his officials, and have influenced the report by Viv Thomas on the structure of education in Wales.

In September 2010, we hosted an international conference for members of the Standing International Conference of Inspectorates to showcase Estyn's education, training and inspection in Wales, and learn from the methodologies and processes in other European inspectorates. This conference provided an excellent platform for sharing our collective knowledge and expertise. As a result of its success, inspectors from many countries have visited us and some requests for support have come from as far afield as Zanzibar.

Behind the scenes too, this has been an important year, with all staff helping to further the efficiency of Estyn as a "best value organisation". One major achievement early in 2011 saw Estyn achieve the Investors in People Gold Standard, a level awarded to very few organisations. And strong levels of engagement on the part of Estyn staff were demonstrated by the high proportion who responded positively to the annual Civil Service People's survey, which benchmarked favourably against the response rates of other Civil Service departments. We take pride in the service we offer and in the fact that it is a fully bilingual service.

My thanks go to all staff for playing their part in making this a year of significant achievement for Estyn.



**Ann Keane**

Her Majesty's Chief Inspector of Education and Training in Wales

15 July 2011



# **Section 1**

## **A review against our Annual Plan**

**Objective 1: Providing public accountability to service users on the quality of education and training provision in Wales**

What we said we would do...

What we've done...

1	<p><b>Introduce a streamlined framework of inspection arrangements that has short notice periods and:</b></p> <ul style="list-style-type: none"> <li>• is designed to be much more proportionate, focusing our efforts where they will have most impact; and</li> <li>• is based firmly on analysis of the provider self-evaluation and any lines of enquiry arising from this and from data on performance.</li> </ul>	<ul style="list-style-type: none"> <li>• conducted core inspections of about a sixth of providers; these inspections follow lines of enquiry based on analysis of the provider self-evaluation and data from the Welsh Assembly Government;</li> <li>• identified providers that need follow-up inspections in proportion to their needs;</li> <li>• in most sectors, introduced a notice period of four working weeks for providers, including partnership inspections (the exceptions being inspections of local authorities, for which the notice period is 10 to 12 weeks, and teacher training inspections, for which the notice period is eight weeks);</li> <li>• introduced a 'Virtual Inspection Room' for each inspection to reduce bureaucratic burdens on schools/providers so they can submit pre-inspection evidence electronically;</li> <li>• established a cohort of inspection co-ordinators to liaise with schools/providers in relation to their inspections and to respond quickly to any questions or concerns; and</li> <li>• from September 2010, inspected all aspects of post-16 education and training through one inspection (wherever feasible) rather than through separate inspections of further education, work-based learning and adult community learning.</li> </ul>
2	<p><b>Introduce enhanced levels of 'follow-up' inspection activity for providers who are under-performing and need further support.</b></p>	<ul style="list-style-type: none"> <li>• introduced enhanced levels of 'follow-up' inspection activity, namely Estyn monitoring and (for schools) local authority monitoring, in addition to the statutory categories of special measures and significant improvement;</li> <li>• identified thus far about 40% of primary and secondary schools inspected between September 2010 and April 2011 as requiring follow-up at one of the four levels;</li> <li>• established clear protocols on the inspection judgements that will trigger follow-up activity;</li> <li>• established clear protocols for the administration and communication of tasks arising from follow-up;</li> <li>• discussed with key stakeholders, including local authorities and the Department for Children, Education, Lifelong Learning and Skills (DCELLS), how they will be involved in follow-up activities;</li> <li>• provided guidance to sectors on the nature of follow-up activity in inspection guidance handbooks for each sector; and</li> <li>• provided guidance and updates on follow-up to contractors, registered inspectors and team inspectors at update training.</li> </ul>

3	<p><b>Improve public confidence and assurance in the quality of inspections and reports through:</b></p> <ul style="list-style-type: none"> <li>• <b>bringing more school inspections in-house; and</b></li> <li>• <b>the continued provision of inspector guidance, training and monitoring.</b></li> </ul>	<ul style="list-style-type: none"> <li>• brought in-house 50% of our inspections in the maintained school sector from September 2010 and retained inspections in all other sectors in-house;</li> <li>• liaised closely with school inspection contractors to manage the phased transition to in-house inspections in the maintained school sector;</li> <li>• provided guidance and training for registered and team inspectors of contracted-out school inspections and additional inspectors supporting the new framework for Estyn-led inspections in the schools sectors;</li> <li>• retrained additional inspectors in the new 2010 inspection framework for all post-16 sectors;</li> <li>• provided guidance and training for school lay inspectors;</li> <li>• assessed and provided guidance and training for peer assessors to become peer inspectors within the new 2010 arrangements;</li> <li>• provided guidance and training for nominees in the new inspection framework, including web-based training packages;</li> <li>• continued to monitor the quality of contracted-out and Estyn-led inspections and reports through robust quality assurance processes and used these to inform the training and development of inspectors and to refine inspection arrangements;</li> <li>• introduced a new quality assurance system for all additional inspectors; and</li> <li>• used post-inspection questionnaires (PIQ) to assist our procedures for assessing the quality of inspections and to inform our training and development work.</li> </ul>
4	<p><b>Introduce new, shorter, more user-friendly and accessible inspection reports, focusing on the most important features identified.</b></p>	<ul style="list-style-type: none"> <li>• ensured that each inspection report is much shorter than in the last cycle (usually 3,000 words or less) and that the text supports the judgements in a way that makes reports clear and useful for providers and users of services;</li> <li>• published a commentary on the learner and (for schools) parent questionnaires received prior to each inspection as an appendix to each inspection report;</li> <li>• developed the role of a Quality and Conformance Manager, to check and quality assure inspection reports to ensure that they are evidence-based and clear to readers.</li> </ul>

5	<p><b>Take greater account of the views of learners to provide an insight into the learning experience and offer an enhancement to our evidence base.</b></p>	<ul style="list-style-type: none"> <li>• established a system of questionnaires to obtain the views of learners on aspects of education and training received prior to each inspection, with a system of parents' questionnaires in school inspections;</li> <li>• established benchmarks in relation to the responses received;</li> <li>• set clear arrangements to gather learner views during inspections through interviews with learners, for example through school councils and eco committees in school settings and representative groups in post-16 settings;</li> <li>• canvassed the views of employers in the further education and work-based learning sectors;</li> <li>• piloted the inclusion of adult learners in the inspections of their sectors where appropriate; and</li> <li>• sought to establish further mechanisms for engaging stakeholders efficiently and effectively through collective work with other inspectorates as part of the Joint Inspectorate Programme.</li> </ul>
6	<p><b>Develop and foster strong partnerships with our stakeholders, working collaboratively with Welsh Assembly Government policy makers, other inspectorates and providers to ensure that joint initiatives are delivered transparently, in an atmosphere of mutual trust and respect.</b></p>	<ul style="list-style-type: none"> <li>• signed a strategic agreement with CSSIW, HIW and WAO to outline the key principles behind the next steps of our work together;</li> <li>• committed to supporting a small secretariat to work on behalf of the four key IAR bodies in Wales to further develop, enable and plan our work together;</li> <li>• along with the other four IAR bodies, agreed a joint programme plan for 2011-2012;</li> <li>• worked with the Welsh Assembly Government and other external review bodies to implement the Local Government (Wales) Measure 2011;</li> <li>• continued to ensure the effective co-ordination of inspections of schools with residential provision by both Estyn and the CSSIW;</li> <li>• continued to support HMI Prisons in the inspection of prisons and young offender institutions in Wales and custodial establishments in England where there are a number of Welsh prisoners;</li> <li>• supported HMI Probation in their new Core Case Inspections of Youth Offending Teams and their thematic work as appropriate;</li> <li>• implemented new inspection arrangements for the education services for children and young people provided by local authorities;</li> <li>• increased joint working with other inspectorates and regulators, in particular CSSIW, the WAO and Health Inspectorate for Wales (HIW) in respect of local authority inspections and thematic work;</li> <li>• continued to work with Ofsted on joint inspections of providers who deliver in England and Wales, as well as inspection and monitoring visits of independent specialist colleges who educate students from England and Wales;</li> <li>• continued to work with the Quality Assurance</li> </ul>

		<p>Agency for Higher Education (QAA), where our areas of responsibility overlap, to share information and identify causes for concern where appropriate; and</p> <ul style="list-style-type: none"> <li>continued to work closely with the Welsh Assembly Government and the Higher Education Funding Council for Wales (HEFCW) over issues relating to standards for teachers, continuous professional development and the inspection of Initial Teacher Training in Wales.</li> </ul>
7	<p><b>Take account of legislation and standards as they apply to education and inspection, such as safeguarding, bilingualism, sustainability, equality and diversity, health and wellbeing, human rights and inclusion.</b></p>	<ul style="list-style-type: none"> <li>ensured that our policy on safeguarding children and vulnerable adults has been fully updated and firmly embedded in the organisation, and that we work with other agencies in order to respond proactively to national and local initiatives;</li> <li>made sure that all inspections focus on providers' arrangements for safeguarding and reported clearly upon them in each inspection report;</li> <li>worked with the Welsh Assembly Government and others to secure a common understanding of how education providers' contribution to promoting wellbeing can best be described and assessed, applying this within the new inspection cycle; and</li> <li>taken full account of current and new equalities and human rights legislation in the design of new inspection arrangements including an impact assessment.</li> </ul>

### **Case study – Developing and using new software to streamline inspections**

Inspections from 2010 onwards involve more focused attention on school and provider self-evaluation reports than in the previous cycle. Each begins with the provider uploading a copy of their own self-evaluation report to a 'virtual inspection room' (VIR). This is a website where providers can upload their own documents before the inspection and where they can access a range of inspection guidance. The inspection team also uses the VIR to manage the inspection process and to collate all the findings of the team on 'Judgement Forms' (JF) that inspectors complete for all aspects of their inspection work. The VIR and the JFs are bespoke systems that were developed specifically for the new inspection arrangements. Estyn also created a cadre of Inspection Co-ordinators from among its administrative staff to support schools/providers and inspection teams throughout the inspection process.

Reporting Inspectors now collect the provider's self-evaluation report from the VIR and consider it about a week or two before the inspection. They use the self-evaluation report to identify lines of enquiry that will guide the team's work during the inspection. The lines of enquiry may focus on aspects that the provider has judged to be good or excellent in their self-evaluation report, or they may focus on aspects of the provider's work that they are working to improve, or on general aspects that Estyn judges to be important for the education and training system as a whole, such as the development of good literacy skills.

The VIR has been recognised as an effective method of collating and sharing information by our colleagues in other Inspection, Audit and Regulation bodies in Wales and across the UK. We have been able to enable smarter collaborative working in aspects of our pan-inspectorate work by using the VIR as a safe depository of information for joint work. It has proved to be an effective vehicle in adding value to our work with other inspectorates.

We continue to monitor feedback on our new arrangements, and it has been found that providers welcome the new approach, making constructive use of the VIRs and appreciating the level of support and guidance that they receive from the inspection co-ordinators. Further canvassing of the process will enable us to fine-tune our processes, and further development of various automation tools within the VIR package will further streamline the planning and preparation work of both the provider and Estyn.

### New 2010 inspection cycle performance measures

	Target percentage	Actual percentage	Comment
Contracted-out inspections that met Estyn's quality standards as set out in Estyn's guidance	90%	98%	Target exceeded
Contracted-out inspection reports that met Estyn's quality standards as set out in Estyn's guidance	90%	98%	Target exceeded
Maintained school and PRU contracted inspections directly quality assured by HMI monitoring	20%	22%	Higher than target owing to the need to gain suitable coverage of the relatively large number of Registered Inspectors working in the primary phase
Non-maintained nursery setting contracted out inspections directly quality assured by HMI monitoring	5%	8%	Higher than target owing to the requirement to respond to the fluctuating number of inspectors awarded contracts in each inspection term
Contracted inspection reports directly quality assured by HMI monitoring	50%	45%	<p>Overall target not met – the small pool of nursery inspectors completing inspection reports has resulted in a smaller proportion necessitating quality assurance, thus bringing overall figures below target.</p> <p>It should also be noted that the target was a significant increase on the 20% of previous years, owing to Estyn's aim to ensure that a greater proportion of inspection reports was monitored during the first year of the inspection cycle.</p>

### Estyn led inspection reports

	Target percentage	Actual percentage	Comment
Estyn led inspection reports not amended after publication as a result of substantiated challenge	100%	100%	Target met
Estyn led inspection reports published within statutory or agreed deadlines	100%	100%	Target met

### Estyn inspections 2010-2011

Sector	Number planned	Actual number	Comment
Non-maintained nursery settings	99	100	Target exceeded
Primary and nursery schools	272	265	Slightly fewer primary and secondary schools inspected than originally projected in the Annual Plan, owing to some school closures, and the lateness of Easter 2011, which meant that some spring term inspections took place within the 2011-2012 financial year
Secondary schools	32	30	
Special schools	8	8	Target met
Independent schools including independent special schools	6	5	Following production of the Annual Plan, there was a re-scheduling of inspections during the year from six to five, to ensure better spread of inspections across the six years of the cycle.
Pupil referral units (PRUs)	5	2	Fewer pupil referral units inspected than originally projected, owing to the transitory nature of provision in certain local authorities
Local authorities	5	5	Target met
Post-16	25	20	Fewer inspections than projected, owing to the removal of DWP and Careers Wales inspections from Estyn's remit. Further reduction was occasioned by combining some sectors in single inspections, and the grouping of ACL provision in some areas.



**Objective 2: Informing the development of national policy by the Welsh Assembly Government Ministers and officials**

What we said we would do...

What we've done...

1	<p><b>Develop and implement an approach to support the development of national policies for education and training in Wales and strengthen our knowledge-management capabilities through a greater emphasis on thematic reviews.</b></p>	<ul style="list-style-type: none"> <li>• undertaken fewer, more substantial thematic surveys which are more closely linked to national priorities;</li> <li>• undertaken thematic reviews as set out in the annual 'remit' letter to the Chief Inspector from the Minister for Children, Education, Lifelong Learning and Skills (see list on page 13);</li> <li>• provided advice and support to DCELLS as required, including participating in a wide range of Welsh Assembly committees, working groups and advisory groups;</li> <li>• worked with DCELLS to produce a strategic list of topics for advice for 2011-2012, which includes some remits planned over longer time periods and detailed bids to support each agreed remit: and</li> <li>• planned to communicate policy findings better to a wider audience through re-styled remit reports and a planned programme of media opportunities to support the publication of our remit reports and their findings.</li> </ul>
2	<p><b>Produce an annual report that summarises our views of the quality and standards of education and training provision in Wales and which helps inform the development of future policy.</b></p>	<ul style="list-style-type: none"> <li>• produced an Annual Report that provided a six-year review of the quality of education and training over the last inspection cycle (2004-2010);</li> <li>• published the Annual Report and a webcast on our website and designed a media campaign to support its publication;</li> <li>• published six best practice video case-studies to support the messages in the annual report; and</li> <li>• developed a strategy for the delivery of the Annual Report over the six years of the next cycle of inspection (2010-2016).</li> </ul>
3	<p><b>Strengthen our internal capacity through developing specific roles that cover key policy education issues and sectoral responsibilities.</b></p>	<ul style="list-style-type: none"> <li>• introduced and provided further guidance on regional link roles for a number of areas, in particular Local Authority Link Inspectors, and Regional Co-ordinators, who pay regular visits to meet with senior staff and elected members in local authorities, and undertake reality check visits to schools and other providers of learning;</li> <li>• introduced and provided further guidance on sector lead roles for the sectors in which Estyn inspects;</li> <li>• identified a range of education policy lead inspectors and improved guidance on their responsibilities; and</li> <li>• scheduled regular opportunities for lead inspectors to update and/or train all inspectors.</li> </ul>

4	<p><b>Strengthen our knowledge-management capabilities based on the evidence from our inspections and our unique understanding of education and training issues.</b></p>	<ul style="list-style-type: none"> <li>• continued to develop and improve the electronic knowledge-management framework, focusing our attention on matters likely to have the best effect in generating improvements for learners;</li> <li>• developed the way we analyse and use inspection evidence through improved management information systems;</li> <li>• used 'in-house' inspection intelligence to inform remit survey work directly; and</li> <li>• developed further the capacity of our Statistical Unit to provide inspectors with relevant and timely data for use on inspection and remit activity.</li> </ul>
5	<p><b>Undertake joint working to ensure compliance with the Welsh Assembly Government's policy statement on Inspection, Audit and Regulation in Wales.</b></p>	<ul style="list-style-type: none"> <li>• engaged effectively in the Joint Inspectorate Programme (JIP) via the Heads of Inspectorate Joint Working Group to co-ordinate more effective and systematic joint working between inspectorates;</li> <li>• within the JIP, strengthened existing mechanisms for planning and delivering external review work in a co-ordinated and proportionate manner;</li> <li>• developed the role of the Joint Inspectorate Project Manager, who is seconded for one year, to further facilitate ongoing joint work between Estyn, the WAO, HIW and the CSSIW;</li> <li>• where appropriate, engaged in joint inspection and review activity with other inspectorates as set out in detail under Strategic Objective 1.6;</li> <li>• ensured that our Annual Plan and key strategies and policies are aligned to the Welsh Assembly Government policy statement on Inspection, Audit and Regulation in Wales;</li> <li>• responded to and/or advised the Welsh Assembly Government and other stakeholders on consultations relating to education and training policy developments as required;</li> <li>• worked closely with the WAO to include a member of staff as full member of all LAESCYP inspection teams;</li> <li>• actively and regularly shared information on local authority performance with CSSIW and WAO in support of the Local Government Measure (Wales) 2009 and to inform the Auditor General's annual improvement report on each local authority; and</li> <li>• led work across the CSSIW, Estyn, HIW and the WAO to develop pan-inspectorate learning and development opportunities, and to contribute actively to pan-inspectorate stakeholder engagement work.</li> </ul>

## Remit reports

In response to the Minister's annual remit, in 2010-2011 we published 13 reports on the following topics:

**All 13** reports published in 2010-2011 (**100%**) were within timescales agreed with the Welsh Assembly Government.

Name	Date of publication
How well do colleges support industry?	13 April 2010
Ensuring all learners achieve their potential	14 April 2010
Innovation in key stage 3	10 May 2010
Improving numeracy in key stage 2 and key stage 3	11 May 2010
An evaluation of the impact of Transition Plans and Transition Grant on primary and secondary partnerships at key stage 2 and key stage 3	12 May 2010
The impact of the National Professional Qualification for Headteachers (NPQH) programme on headship	17 May 2010
School Business Managers – A Best Practice Guide	19 May 2010
The quality and relevance of staff training to deliver adult basic education (ABE) and English for speakers of other languages (ESOL)	20 May 2010
The Implementation of Foundation Phase Training on Learning and Teaching – An Interim Report	24 May 2010
How teachers evaluate the impact of General Teaching Council for Wales (GTCW) funded continuing professional development projects	11 June 2010
A Survey of Professional Qualification Training for Youth Workers in Wales	11 June 2010
The Quality of new build in Further Education and its impact on learners	24 June 2010
Wider choice and the learning core - progress in implementing a wider option choice and the learning core for 14-19 learners	3 August 2010

### **Case study – Collaboration between Wales inspection, audit and review bodies**

Estyn is fully committed to securing continuing improvement in collaborative working arrangements. Together with the heads of the CSSIW, HIW and the WAO, HMCI is leading a partnership which seeks to improve the delivery of public sector inspection and review work. More strategically, we will identify and plan overarching work programmes to support the improvements necessary in public services in Wales, wherever we have a focus on common areas of delivery and accountability.

Joint work between the key inspection, audit and regulatory (IAR) bodies in Wales has already yielded significant benefits and achievements. We want to take forward and manage our work well and build on our existing practice. We also want to enable change and innovation in our work as we move forward together in areas of joint responsibility. The current financial climate and policy context make it timely to strengthen existing mechanisms for planning and delivering external review work in a co-ordinated and proportionate manner. This work builds on developments already achieved and the work which is being done to implement the Local Government Measure (Wales 2009).

In February 2011, Estyn and the other key inspection, audit and review bodies in Wales signed a Strategic Agreement. It sets out the five strategic objectives which drive our work together. They are as follows:

- 1 Our joint and collaborative working is guided by a common vision and purpose, and supported where necessary by strategic agreements and operational protocols.
- 2 Our respective planning and programming activities will be co-ordinated such that they result in proportionate programmes of work which avoid duplication and ensure that key risks and concerns are being examined.
- 3 We will develop approaches to information and knowledge sharing between our respective organisations to guide our programmes of work and to help ensure that intelligence is actively and promptly shared.
- 4 We will identify opportunities to bring together the knowledge and intelligence we collectively hold on public services, and report this in ways which support service improvement, inform policy making and national scrutiny and strengthen public accountability.
- 5 We will continuously monitor the progress we are making with joint and collaborative working and report this openly and transparently to key stakeholders.

We recognise the extent of each other's interdependence to achieve some of our organisational goals but also acknowledge areas of work where we are independent.

Our strategic objectives will be delivered through the Joint Inspectorate Programme (JIP) and its associated work streams. Each year we will work towards these outcomes through our Joint Inspectorate Programme Annual Plan. Change and improvement are key features in the continuing evolution of Estyn. The Joint Inspectorate Programme will itself evolve alongside the improvements and changes currently being made by us. But the programme will also act as a key enabler to achieving common aims and will add value to what we are able to achieve on our own.

Already, the JIP has enabled us to work with our IAR colleagues to focus on agreed workstreams. We have set up working groups which focus upon: learning and development; national review work; information sharing; website development; and stakeholder engagement. We are also working together with the website 'www.goodpracticewales.com' to widen access to our good practice. In addition, we have undertaken a joint review of Youth Offending Teams and a joint inspection of Local Safeguarding Children's Boards, and have strengthened significantly our collaboration with CSSIW and the WAO in local government work.

**Objective 3: Promoting the spread of best practice in the delivery of education and training in Wales**

What we said we would do...

What we've done...

1	<p><b>Develop and implement an approach that sets out how we will share best practice and deliver an engagement programme with providers and other organisations that promotes collaborative working and debate on key education and training issues.</b></p>	<ul style="list-style-type: none"> <li>• introduced internal processes that ensure that we identify and understand what best practice activities are and that they are captured effectively and plan to make them accessible to all our inspectors, relevant providers, partners and stakeholders;</li> <li>• developed an approach that focuses on the spread of best practice amongst practitioners using evidence from inspection and remit activity;</li> <li>• taken care to ensure that our reports have not focused exclusively on areas for improvement, but also include comments on best practice to inform other providers when developing their own provision;</li> <li>• highlighted and disseminated best practice as part of our 'follow-up' activity;</li> <li>• begun to develop our website and extranet so that they support and provide information on best practice and highlight case studies, some of which were included in HMCI's Annual Report; and</li> <li>• hosted a stakeholder forum to discuss best practice identified in sectors.</li> </ul>
2	<p><b>Support the continuous development of provider self-improvement through high-quality professional dialogue during inspection and the introduction of a set of self-evaluation tools (badged jointly by ourselves and the Welsh Assembly Government).</b></p>	<ul style="list-style-type: none"> <li>• launched provider guidance manuals to promote self-evaluation in the summer term 2010 for 12 sectors;</li> <li>• worked with DCELLS to produce the first self-evaluation tools;</li> <li>• continued to share our decisions with stakeholders through our forums and through information-sharing sessions;</li> <li>• continued to develop effective links with professional networking bodies, such as Governors Wales, ColegauCymru/CollegesWales, the National Training Federation for Wales, and the National Institute of Adult Continuing Education Dysgu Cymru;</li> <li>• launched the 'What makes a good training provider?' publication through workshops in North and South Wales; and</li> <li>• carried out constructive dialogue with the Association of Directors of Education in Wales (ADEW) executive and quality assurance group.</li> </ul>

3	<p><b>Work with the Welsh Assembly Government to ensure that our inspection models and national frameworks in education and training are closely aligned.</b></p>	<ul style="list-style-type: none"> <li>• aligned our Common Inspection Framework with the School Effectiveness Framework (SEF) and the Quality and Effectiveness Framework (QEF) so they work together as part of a coherent overall quality system – to ensure consistency and to avoid duplication of work for providers;</li> <li>• aligned our work with that of the Welsh Assembly Government and other external review bodies to implement the Local Government Measure; and</li> <li>• undertaken joint working and complied with the Welsh Assembly Government's policy statement on Inspection, Audit and Regulation in Wales.</li> </ul>
4	<p><b>Commence bringing maintained school inspection activities in-house to increase our capacity to identify and record best practice.</b></p>	<ul style="list-style-type: none"> <li>• brought in-house 50% of our inspections in the maintained school sector from September 2010 and retained inspections in all other sectors in-house;</li> <li>• liaised closely with school inspection contractors to manage the phased transition to in-house inspections in the maintained school sector; and</li> <li>• established protocols for recording case studies of best practice identified during school and other provider inspection activity and promoting these through a designated part of our website.</li> </ul>
5	<p><b>Establish the means to collate, monitor and analyse best practice through the introduction of Sector Lead Inspector roles.</b></p>	<ul style="list-style-type: none"> <li>• introduced the sector lead roles and arranged for such lead inspectors to collate best practice information from their areas of expertise; and</li> <li>• established protocols for our inspectors working in the field to identify sector-leading practice and ensure that this information is collated by us for dissemination across sectors.</li> </ul>
6	<p><b>Enhance our technological capacity to improve the sharing of knowledge and best practice.</b></p>	<ul style="list-style-type: none"> <li>• carried out analysis and interpretation of examples of best practice gathered through our cyclical and thematic inspection activities, communicating outcomes through reports, including HMCI's Annual Report;</li> <li>• sought to make the best use of improved IT systems in our development of knowledge management including a move to electronic records management;</li> <li>• developed the new Estyn website as a platform for disseminating best practice; and</li> <li>• engaged with the online portal <a href="http://www.goodpracticewales.com">www.goodpracticewales.com</a> to share our notable practice more widely across the public sector in Wales.</li> </ul>

7	<b>Increase the involvement of current practitioners as peer inspectors and nominees on inspections to promote cross-fertilisation of good practice.</b>	<ul style="list-style-type: none"><li>• developed online training materials to support nominees in understanding their role on inspection.</li><li>• maintained the nominee role for each inspection across all sectors from September 2010 (a leader/manager from each provider acting as a member of each inspection team);</li><li>• conducted conversion courses for peer assessors (teachers, lecturers, tutors, trainers and managers who currently work in education and training) to become peer inspectors trained to be full members of an inspection team and equipped to take new skills and expertise back to their organisations;</li><li>• established the peer inspector role for each inspection across all sectors from September 2010;</li><li>• introduced a memorandum of understanding between Estyn, the peer inspector and their employer clearly setting out the roles and responsibilities of each party;</li><li>• introduced arrangements for agreed financial support to employers of peer inspectors from September 2010 to assist employers with the practicalities of releasing their staff to work on inspection; and</li><li>• through our work with other IAR bodies, provided opportunities for inspection staff in CSSIW to shadow LAESCYP inspections, which has consequently led to CSSIW inspectors contributing to LAESCYP inspections formally.</li></ul>
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## Comments, queries and complaints

As an organisation, we take all comments, queries and complaints seriously and will respond to all complaints fully, fairly and as quickly as possible. In 2010-2011, we dealt with **11** complaints.

Estyn also has a statutory duty to respond to any Freedom of Information (FOI) and Data Protection Act (DPA) requests in a timely manner.

### Response to complaints:

Total number of complaints received in 2010-2011: **11**

Stage	Year	Outcome	Subject of complaint
2	2011	Not upheld	Inspection report judgements
2/3	2011	Stage 2 – Partly upheld Stage 3 – Not upheld	Conduct of staff Judgements Quality of inspection report
2	2011	Stage 2 – Not upheld	Conduct of staff
3	2011	Stage 3 – Partly upheld	Inspection process Judgements
3	2011	Stage 3 – Partly upheld	Conduct of staff Inspection process
2	2010	Stage 2 – Partly upheld	Issues outlined in the QMI report
2/3	2010	Stage 2 – Not upheld Stage 3 – Not upheld	Peer inspector training outcome
3	2010	Stage 3 – Partly upheld	Inspection process and judgements.
3	2010	Stage 3 – Not upheld	Conduct of staff

### Requests received under FOI Act:

**10** requests

**100%** completed within target of 20 working days.

### Requests received under the DPA

**83** requests

**100%** completed within target of 40 calendar days from receipt of fee and ID.

Requests include lesson observation forms that are issued under both the DPA and FOI Act. The target for completion of such requests is 20 working days (28 calendar days) in line with the target for responding to FOI requests

### **Case study – Knowledge management and the intranet**

Over the last year we have undertaken further significant moves in order to facilitate effective knowledge management both within Estyn and with our external stakeholders. We designed and implemented an electronic records management system using Microsoft Sharepoint to support Estyn's knowledge management framework, and continue to review and improve this function on an ongoing basis. Estyn's knowledge management working group meets on a monthly basis, and is supplemented by the work of the information governance group.

We are beginning to populate our knowledge management systems with information from research, and reports generated by the expert lead officers and inspectors, on all sectors of Estyn's work, are now available and updated on an ongoing basis. This knowledge will help to inform our Annual Report on education and training in Wales and our advice to the Welsh Assembly Government and other bodies.

We continue to ensure effective links between the best practice group, the remit group and the website working group in order to facilitate the presentation and dissemination of information. We are linking with the information management specialists in the other Welsh inspectorates, in order to build protocols, procedures and common working areas to improve the sharing information between inspectorates in Wales.

Training sessions have been held for HMI during the year and the new lead officer for knowledge management acts as a 'champion' to assist HMI colleagues to transfer all knowledge that they hold into SharePoint folders. The use of document version control introduced through the SharePoint system has already been valuable to the writing of remit reports. The use of 'people matters' folders to store personal information securely will be progressed further throughout the coming year.

### **Case study – Estyn hosts an international conference**

During the 9th and 10th September 2010, Estyn hosted an international conference for members of the Standing International Conference of Inspectorates to showcase Estyn's education, training and inspection in Wales, and learn from the methodologies and processes in other European inspectorates. A number of views and traditions were presented that enabled Inspectorates to exchange knowledge and explore issues concerned with inspecting the teaching and learning of pupils aged three to eighteen years of age.

The programme included keynote speakers from Northern Ireland and Belgium as well as representatives from Wales, including a speech from the Minister for Children, Education and Lifelong Learning. Inspectors attended workshops on a wide range of topics provided by SICI members, and also had the opportunity to undertake a visit to either a primary or secondary school. A selection of schools was made in order to showcase excellent practice in teaching and learning.

Members of SICI represent a wide range of Inspectorates across Europe with different levels of maturity and organisational approaches. The national policy of each country determines the inspection activities of each SICI member. Although education and inspection practice vary across Inspectorates, there is general agreement about how teaching and learning are at the core of the work of Inspectorates and fundamental to judging the success of schools. Furthermore, there is a recognition that Inspectorates share a common aim in promoting improvement in education and helping to ensure that teaching and learning are as good as they can be for all pupils.

It was agreed that the diversity of educational traditions and inspection practice provided a rich platform for discussion enabling inspectors to share and analyse different approaches to the inspection of teaching and learning.

The conference provided an excellent platform for constructively sharing the collective knowledge and expertise of Inspectorates. The rich diversity of Inspectorates was recognised as a strength that provided an important stimulus to examining the inspection of teaching and learning across Europe. In addition, the conference fostered the consideration of important messages for improvements in education and inspection for the 21<sup>st</sup> century.

**Objective 4: Developing Estyn as a 'best value' organisation and 'employer of choice'**

What we said we would do...

What we've done...

1	<p><b>Promote:</b></p> <ul style="list-style-type: none"> <li>• <b>Bilingualism;</b></li> <li>• <b>Sustainability;</b></li> <li>• <b>Equality and Diversity;</b></li> <li>• <b>Health and wellbeing;</b></li> <li>• <b>Human Rights; and</b></li> <li>• <b>Inclusion.</b></li> </ul>	<ul style="list-style-type: none"> <li>• maintained our commitment to the Welsh Assembly Government's strategic vision and direction set out in <i>Better Wales</i><sup>2</sup> through the principles and standards set out in our Welsh Language Scheme;</li> <li>• maintained our commitment to a sustainable future, as set out in national policies including the Welsh Assembly Government's policy statement;</li> <li>• achieved re-accreditation to level 3 of the Green Dragon Standard for a further year with our priorities set out in our environmental action plan 2010-2011;</li> <li>• developed our approach to equality and diversity in all our activities, building on the duties in the Equality Act 2010;</li> <li>• continued to undertake impact assessments of our plans and policies in relation to equalities and human rights;</li> <li>• achieved Bronze level of the Corporate Health Standard for a further three years to reflect our work on employee health and wellbeing; Staff also received their annual health checks; and</li> <li>• continued to work in partnership with staff and trade unions to implement our liP action plan and achieved the Gold award, the highest level of recognition that organisations can achieve, following our latest Investors in People review.</li> </ul>
2	<p><b>Continue to develop and implement our transformation plans, whilst ensuring safe delivery of our statutory obligations.</b></p>	<ul style="list-style-type: none"> <li>• continued our programme of policy development – including the revision of existing policies and the development of new policies – all of which are available on our website;</li> <li>• strengthened the existing good relationship between management and the Trades Unions – operating an open dialogue through regular operational and strategic forums and obtaining Trade Union input to policy development at an early stage in the drafting process; and</li> <li>• brought our Transforming Estyn Programme (TEP) to a conclusion with the successful delivery of a range of transformation projects and the transfer of ongoing projects, such as our Information Strategy and Knowledge Management, to 'business as usual' working groups.</li> </ul>

<sup>2</sup> <http://wales.gov.uk/news/archivepress/localgovculpress/locgovpress2000/754557/?lang=en>

3	<p><b>Develop and embed a culture that reflects our new values and effectively communicates these both internally and externally.</b></p>	<ul style="list-style-type: none"> <li>• continued to take forward the workforce structure and organisation programme, whilst safely maintaining our existing business as we migrated to new structures and ways of working such as matrix management, distributed leadership and greater flexibility in the use of our workforce;</li> <li>• recruited, developed and retained staff, ensuring that they are fully engaged in all that they do in order to make our vision a reality;</li> <li>• introduced the lead inspector and officer roles to embed distributed leadership and teamwork at all levels;</li> <li>• implemented our revised internal communication strategy including the introduction of a new intranet and continued engagement with staff through the development of new effective ways to involve and communicate with them; and</li> <li>• delivered an external communications strategy that underpins and supports our strategic objectives and values including activity to promote our brand.</li> </ul>
4	<p><b>Develop a stronger staff deployment and workforce planning capability that delivers value for money and underpins our strategic objectives.</b></p>	<ul style="list-style-type: none"> <li>• implemented a workforce planning programme to reflect the project-based nature of much of our work and encourage responsibility, initiative and innovation;</li> <li>• refocused our work on our core strategic objectives in order to take account of the Comprehensive Spending Review;</li> <li>• accommodated additional work within existing staff workforce numbers, using opportunities, which arose from staff having left on a voluntary basis, to reduce our management levels within Corporate Services;</li> <li>• distributed leadership in the allocation of lead officer roles under matrix management;</li> <li>• implemented a new Corporate Services staff structure to provide the essential business support services, revising all previous job descriptions and allocating staff to new functional business support areas, such as the inspection co-ordinator team;</li> <li>• looked at the need to rebalance our inspection workforce to meet the changing skill and knowledge requirements of the business – with two HMI leaving Estyn under a voluntary exit scheme at the end of the financial year; and</li> <li>• benchmarked our performance successfully against similar organisations across the civil service by participating in the Cabinet Office Staff Engagement Survey – achieving a staff participation rate of 66% which is considerably above average participation levels across the Civil Service, and above even the scores of the highest scoring group average.</li> </ul>

5	<p><b>Provide training and development opportunities for our staff to ensure they have the skills, knowledge and capability to carry out their tasks with confidence.</b></p>	<ul style="list-style-type: none"> <li>• implemented our training and development strategy, maintaining and building upon our expertise;</li> <li>• introduced a range of training development programmes;</li> <li>• senior managers participated in a leadership development programme;</li> <li>• provided a change management programme for all corporate services staff;</li> <li>• provided training and shadowing opportunities for staff in a range of sectors to develop a workforce that can inspect across multiple sectors;</li> <li>• provided mentoring for all new staff;</li> <li>• organised sector training initiatives for external inspectors to update their expertise annually.</li> <li>• provided termly update training for all school registered inspectors to ensure consistency of approach in inspections; and</li> <li>• introduced a rolling programme to train new peer inspectors.</li> </ul>
6	<p><b>Develop and implement policies and planning processes for the provision of facilities, taking into account home-working.</b></p>	<ul style="list-style-type: none"> <li>• as part of our refreshed Information Systems Strategy, implemented a number of key systems to support our new inspection process, including the development of an on-line questionnaire system for learners and parents, an inspection report collation tool and database, and the Estyn 'Virtual Inspection Room' (VIR) – a secure extranet system for inspectors and providers to share documents and inspection-related information;</li> <li>• continued to develop our Resource Planning System to facilitate efficient and effective deployment of our inspection staff and external inspection resources;</li> <li>• established SharePoint as our records management and staff intranet system, supporting improved internal communications and access to information, as well as contributing to both our efficiencies and sustainability agenda;</li> <li>• reviewed our office accommodation requirements, closing our North Wales office and reducing the leased floor-space at our head office in Cardiff to realise significant cost savings; and</li> <li>• supported the move to home-working by developing policies and protocols which ensure that staff are provided with the appropriate facilities and that possible negative impacts of home-working, such as individuals feeling isolated, are minimised.</li> </ul>

7	<b>Develop and implement financial planning processes that deliver value for money and underpin our strategic objectives.</b>	<ul style="list-style-type: none"><li>• in response to Estyn's budget settlement within the Comprehensive Spending Review, developed options and prepared a detailed three-year plan of how we would achieve the required budget efficiencies, revising our strategy to accommodate significant year-on-year budget reductions over the required period and implementing a number of efficiencies with immediate effect, resulting in significant in-year budget savings;</li><li>• continued to develop our in-house financial and resource planning systems to facilitate monitoring and reporting of resource costs against strategic objectives;</li><li>• as part of establishing a new Finance and Procurement function, revised processes and controls, updated staff guidance and process instructions and developed an Estyn Finance Manual (published on our website) which clearly sets out staff responsibilities for good financial governance;</li><li>• formalised our Project Management Framework and ensured that staff adopted robust standardised project management disciplines and reporting principles; and</li><li>• extended our e-procurement activities in support of streamlining processes and reducing environmental impact, including establishing an electronic call-off contract for additional inspectors.</li></ul>
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## **Case study: Home working**

### **Personal review by Liam Kealy HMI**

I was involved in the original home-working trial that started in October 2009. I have found the transition from being office-based to working from my home to be quite straightforward. The HMI role lends itself very well to home based work. In addition, the recent changes and improvements we have made to our IT systems have also aided this transition. These include:

- the development of SharePoint for storing and retrieving information;
- the development of virtual inspection rooms;
- the use of mobile internet connections; and
- the provision of an internet connection in the home base.

Other Estyn initiatives which support homeworking include the revised travel and subsistence policy and the draft green travel policy. Both policies take good account of HMI travel needs.

Working in this way has advantages for me personally and for Estyn. For example, I have reduced my own personal carbon footprint and that of Estyn's and I am better able to contribute to my local economy. I find that working at home enables me to concentrate on the task in hand. There are very few distractions in my office at home compared to an open plan office situation. Working from home also enables staff who are often working in the field, away from home, to refresh themselves and catch up on other aspects of their lives.

In addition colleagues can network and meet effectively using a variety of meeting places that are conveniently located across Wales. Motorway service stations and hotels for example offer good facilities for meetings.

I have found that keeping in touch with colleagues in the office is vital. People need to know what you're doing and what progress you are making. I tend to call my manager a couple of times a week, and with e-mail you can be in constant touch with colleagues.

The move to home based working coincided with my taking on responsibility for the annual report. This was a tremendous advantage for me in terms of getting the report together, and I was able to work on the report at times that suited me and in an environment that I could adapt to the needs for preparing the report. The production of last year's annual report to the deadline is a good demonstration of the efficacy of home based working.

In conclusion, I think the move to home based working has been a positive development within Estyn, both for the organisation and the staff involved.



## Estyn Board members

During 2010-2011, the following persons were members of the Estyn Strategy Board for the full year unless indicated otherwise.

### Non-executive directors (NEDS)

**Mrs Julie James** holds a number of public appointments. She is an independent Board Member of the Hywel Dda Local Health Board, Vice Chairman of the Brecon Beacons National Park Authority, Director of the South Wales Regional Tourism Partnership, and Vice Chairman of the Carmarthenshire Standards Committee. She is also Vice Chairman for Keep Wales Tidy. Previously, she was the Director of Personnel for Monarch Airlines.

**Mr Andrew Bellamy** is a member of the Adjudication Panel for Wales and carries out work as a peer reviewer for Health Inspectorate Wales. Previously, he was the Chief Executive of Glan Y Mor NHS Trust and Executive Director of Swansea NHS Trust.

**Dr Haydn Edwards**, following a career in education, retired as the Principal and Chief Executive of Coleg Menai in 2009. Currently, he is a Trustee of Amgueddfa Cymru – the National Museum Wales, Chairs the Food and Drink Advisory Partnership for the Welsh Assembly Government and is Chair and non-executive Director of Rheilffordd Llyn Padarn.

### Senior officers

**Mrs Ann Keane** – Her Majesty's Chief Inspector of Education and Training in Wales and Accounting Officer

**Mr Simon Brown** – Strategic Director

**Mr Meilyr Rowlands** – Strategic Director

Estyn maintains a register of interest for Board members and a register of interest for all permanent employees, secondees and temporary staff. No member of the Board holds directorships or other significant interests which may conflict with their management responsibilities.

### Remuneration

Details of the remuneration of Her Majesty's Chief Inspector of Education and Training in Wales and other senior officers of the Estyn Board are set out in the Remuneration report contained within Section 2 (Annual accounts 2010-2011).

Non-executive directors are not remunerated, but are entitled to claim a monthly honorarium of £423 (£582 per month for Chair of Audit Committee) plus travel and subsistence claims, as well as honorarium payments for additional consultancy work such as involvement in recruitment panels. In 2010-2011, the total value of honorarium claims was £21,286.00 and a total amount of £1,169.00 was also claimed as reimbursement of travel and subsistence expenses.

## **Audit Committee**

The Audit Committee comprising non-executive directors of Estyn's Strategy Board is chaired by one of the non-executive directors. Supporting the Accounting Officer in his / her responsibilities for issues of risk, control, governance and assurance, the Committee was attended fully at its four meetings during 2010-2011. There were no significant events or issues of judgement or control that had to be considered by the Committee during the year.

## **Section 2**

# **Annual accounts 2010-11**

## Management commentary

### Format of the accounts

These financial statements have been prepared under Schedule 6(5) of the Government of Wales Act 1998 in accordance with the Accounts direction issued by HM Treasury. A copy of that direction can be obtained from Estyn at Anchor Court, Keen Road, Cardiff CF24 5JW.

These accounts reflect the assets, liabilities and financial outturn of Estyn. It has no subsidiaries.

### Background statutory information and funding

Estyn is the office of Her Majesty's Chief Inspector of Education and Training in Wales. It is a Crown body, established under the Education Act 1992. Estyn is independent of the National Assembly for Wales but receives its funding from the Welsh Government under Section 104 of the Government of Wales Act 1998.

### Principal activities

Her Majesty's Chief Inspector of Education and Training in Wales has a wide range of statutory inspection responsibilities. These responsibilities are carried out through an annual inspection programme that generates reports and data on all sectors of education and training in Wales. Inspection is the dominant area of Estyn's activity in terms of the resources consumed.

In addition, Estyn undertakes a range of thematic reviews and investigations each year, which are agreed with the Welsh Government Minister for Education and Skills. These are designed to provide advice to inform the development, implementation and review of national policy. In some cases the Chief Inspector also initiates reviews and investigations at her own instigation.

### Principal aim and strategic objectives

In 2010-2011, Estyn's principal aim has been to raise standards and quality in education and training in Wales, through the following strategic objectives:

- providing public accountability to service users on the quality and standards of education and training provision in Wales;
- informing the development of national policy by the Welsh Government Ministers and officials;
- promoting the spread of best practice in the delivery of education and training in Wales; and
- developing Estyn as a 'best value' organisation and 'employer of choice'.

## Equal opportunities

It is Estyn's policy that all employees and job applicants should have equal opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work.

No job applicant or employee should receive less favourable treatment on grounds of race, colour, sex, sexual orientation, age, marital status, disability, religion, family/domestic responsibilities or working patterns e.g. part-time, nor should any individual be disadvantaged by conditions or requirements which cannot be shown to be justifiable.

Estyn follows the Civil Service Code of Practice on the employment of disabled people, which aims to ensure that there is no discrimination on the grounds of disability, and that access to employment and career advancement within Estyn is based solely on ability, qualifications and suitability for the work.

## Sickness absence data

<b>Headline measures</b>		
Measure	<b>2010-2011</b>	2009-2010
Sickness absence rate	2.37%	3.16%
Proportion of staff accruing sickness absence	49.5%	46.7%
Average working days lost per employee	5.4 days	7.5 days
Average length of absence	5.66 days	6.76 days
Sickness absence occurrences	99 occurrences	112 occurrences

## Dissemination of information

Estyn advocates the sharing of information and ideas and seeks to take full advantage of modern technology to achieve these aims. Estyn has a website through which information about the organisation, together with its reports and advice, can be accessed. Publications on this site are based on inspection evidence covering a variety of topics in the field of education and training. An intranet site based on the Microsoft SharePoint platform is also available to all staff. Estyn regularly issues 'Work Matters' to all staff, which provide information and updates in relation to policies, procedures, general guidance and events affecting staff and the organisation as a whole. Structured management groups have been established to discuss and to disseminate information at strategic, corporate and operational levels. Corporate and group meetings are held regularly to share ideas and information. Outcomes from meetings are shared via minutes that are available to staff. Estyn operates a number of protocols, mostly through Memoranda of Understanding, with other public bodies.

## Sustainability

Last year we continued our commitment to sustainability by working to deliver our environmental action plan and we retained our 'Green Dragon' sustainability accreditation (further details about this can be found in Section 1 of this report under

'Objective 4). Our inspection processes also involve looking at and reporting on sustainability and its promotion within individual education and training providers.

### Payment policy

In 2010-11, we worked to achieve compliance with our responsibilities under the Late Payment of Commercial Debts (Interest) Act 1998 to pay undisputed suppliers' invoices within 30 days of receipt of goods or services or valid invoice, whichever is the later. This was achieved for 99.9% of all such payments made in 2010-2011 (2009-2010: 99.9%).

### Personal data related incidents

In the Cabinet Office's Interim Progress Report on Data Handling Procedures, published on 17 December 2007 (*Official Report*, column 98WS) the government made a commitment that government departments will cover information risk management in their annual reporting. Accordingly, Estyn is required to report information in respect of personal-data-related incidents in its annual resource accounts.

### Minimum scope of protected personal data

In line with Cabinet guidance, Estyn is required to identify data that it or its individual delivery partners hold whose release or loss could cause harm or distress to individuals. This must include as a minimum all data falling into one or both categories below.

- A Any information that links one or more identifiable living persons with information about them whose release would put them at a significant risk of harm or distress, as shown in the table below.

1. One or more of the pieces of information which can be used along with the public domain information to identify an individual	Combined with	2. Information about that individual whose release is likely to cause harm or distress
Name / address (home or business or both) / postcode /email / telephone numbers / driving licence number / date of birth  [Note that driving licence number is included in this list because it directly yields date of birth and first part of surname.]		Sensitive personal data as defined by S.2 of the Data Protection act, including records relating to the criminal justice system, and group membership  DNA or finger prints / bank, financial or credit card details / mother's maiden name / National Insurance number / Tax, benefit or pension records / health records / employment record / school attendance or records / material relating to social services including child protection and housing

The above are not exhaustive lists.

B Any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

This could be a database with 1,000 or more entries containing facts mentioned in box 1, or an electronic folder or drive containing 1,000 or more records about individuals. Again, this is a minimum standard. Information on smaller numbers of individuals may warrant protection because of the nature of the individuals, nature or source of the information, or extent of information.

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

<b>Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2010-2011</b>				
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification steps</b>
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
<b>Further action on information risk</b>	There were no incidents to report. However, Estyn will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of systems.			

<b>Summary of other protected personal-data-related incidents in 2010-2011</b>		
Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but which are recorded centrally within Estyn are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
<b>Category</b>	<b>Nature of incident</b>	<b>Total</b>
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	Nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	Nil
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	Nil
IV	Unauthorised disclosure	Nil
V	Other	Nil

<b>Year-on-year total numbers of protected personal-data-related incidents prior to 2010-2011</b>													
<b>Total number of protected personal-data-related incidents formally reported to the Information Commissioner's Office, by category number</b>							<b>Total number of other personal-data-related incidents, by category number</b>						
	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>Total</b>		<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>Total</b>
<b>2009-2010</b>	Nil	Nil	Nil	Nil	Nil	Nil	<b>2009-2010</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>2008-2009</b>	Nil	Nil	Nil	Nil	Nil	Nil	<b>2008-2009</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>2007-2008</b>	Nil	Nil	Nil	Nil	Nil	Nil	<b>2007-2008</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>2006-2007</b>	Nil	Nil	Nil	Nil	Nil	Nil	<b>2006-2007</b>	Nil	Nil	Nil	Nil	Nil	Nil



## Results for the year

In 2010-11, Estyn's total revenue expenditure, net of income, was £11.3 million (2009-10: £13.2million). The results for the year are detailed in the attached accounts.

Estyn's revenue budget from the Welsh Government was £13.08 million. Throughout the year, Estyn kept the Welsh Government informed of its projected expenditure so that identified savings against Estyn's budget could be factored into Welsh Government spending plans.

As is the case for most civil service departments, Estyn has been given stringent efficiency targets as part of the Comprehensive Spending Review (CSR). In order to meet year-on-year budget reductions Estyn needed to implement immediate in-year efficiencies. The implementation of Estyn's new inspection framework proved timely in that it created opportunities to help meet the efficiency challenges presented by the CSR. Under Estyn's new framework inspections are much shorter and more proportionate and therefore require fewer manpower resources to deliver. The implementation of the new framework, introduced in September 2010, also involves a move from a fully contracted-out system of school inspections to a system whereby the majority of school inspections are carried out directly by Estyn staff. Over £1million of expenditure savings were achieved during 2010-11 directly as a result of implementing the new inspection framework; these savings relate to reductions in contracted-out inspection costs as a consequence of scaling-back the size and scope of inspections (leading to reductions in contract prices) and a reduction in the total number of inspection contracts as part of the in-housing process. In 2010-11 Estyn carried out 116 school and non-maintained nursery inspections using its own staff in addition to continuing to undertake all post-16 inspections directly (with a significantly reduced complement of external 'additional inspectors' compared to the numbers previously used on post-16 inspections).

A general recruitment freeze across the Civil Service has meant that Estyn has had to deliver its expanding programme of Estyn-led inspections without a corresponding increase in staff resources. We managed to achieve significant in-year savings against our staff budget by not filling a number of management posts that became vacant during the year; this was in addition to savings accruing from our compliance with the Civil Service pay freeze. The recruitment freeze, coupled with the need to meet further budget reductions over the next three years, has required Estyn to focus resources on core statutory responsibilities and has meant. For example, that we have had to curtail some of our planned activities, for example, our intention was to utilize resource savings realized against our strategic objective 1 (inspection) to develop and implement strategic objective 3 (best practice activities). Further details in respect of delivery against each of our strategic objectives are provided within Section 1 of this report.

Further in-year efficiencies that contributed to the savings reported in these accounts, include expenditure reductions against: running costs, most notably in relation to office accommodation and administration (rentals, services, stationery, etc); IT systems (depreciation); and, staff-related costs such as recruitment and training.

The figures within Note 6 of the accounts present a general overview of the main areas where expenditure has been reduced from the previous financial year.

The Statement of Financial Position as at the year-end 31 March 2011 shows net liabilities of £0.210million (2009-10: £1.4million). It is not unusual for Estyn's balance sheet to show a deficit position at the end of a financial year due to the high level of creditors. Most of these creditors are a normal consequence of Estyn's contractual arrangements for school inspections, as payment for a contract is not made until Estyn has received the inspection report. Under statutory requirements the report can be received up to 45 days after the inspection is completed. The level of 'inspection' creditors has diminished from the previous year and will continue to do so as Estyn gradually increases the number of inspections carried out directly by Estyn staff.

As in previous years, under payroll service provider and payment arrangements, the 'creditors' figure also includes an accrual in the accounts for our March 2011 salaries where the invoice payment by Estyn has not been cleared. Estyn will receive funding from the Welsh Government to meet all of the above liabilities when they mature in the 2011-2012 financial year and it has accordingly been considered appropriate to adopt a 'going-concern' basis for the preparation of these financial statements.

For 2010-11, the Welsh Government provided Estyn with a capital budget of £.4million. Estyn has annual capital expenditure requirements mainly in relation to Information Technology (IT) systems and equipment. As part of efficiency measures Estyn deferred a major refresh of IT equipment due in 2010-11 and during the year we only incurred minor capital expenditure (£10k) on the development of inspection training materials for use within the Post-16 education and training sector (shown within the note 8 of the accounts as an 'intangible asset').

## **Looking ahead**

As part of the process of moving forward with our in-housing of school inspections, we will embed our new arrangements and monitor their effectiveness, making any necessary refinements in light of that monitoring. At the same time, we will continue reviewing the impact of our recent internal re-organisation, to make sure that our business remains efficient and that it is flexible enough to meet new challenges.

Estyn has already succeeded in making significant savings to meet reductions in our budget over the next few years, in line with the CSR, and we will continue to implement our efficiencies programme. This will require us to have flexible manpower plans that enable us to live within budget constraints without compromising the quality of our core business. We will retain a strong focus on identifying better ways to improve the quality of education and training for all learners in Wales.

While we have had to reduce spending on some areas of activity, we will continue to promote the spread of best practice in the delivery of education and training. We will monitor the effectiveness of our guidance to providers on self-evaluation, which is the starting point of our new inspection arrangements. We will liaise with the sectors we

inspect to collate and disseminate evidence of sector-leading practice identified in the field.

We will strengthen our partnerships with stakeholders and work collaboratively with the Welsh Government to inform policy and continue to co-ordinate work with other inspection, audit and review bodies, in a range of joint inspections and thematic work as well as in a number of shared enterprises to benefit the people of Wales.

Further information on Estyn's inspection framework and our key strategic objectives for the next three years can be found within our Strategic Plan 2010-2013 and Annual Plan 2011-2012 on our website: [www.estyn.gov.uk](http://www.estyn.gov.uk).

### **Auditor**

The Auditor General for Wales audits Estyn's accounts in accordance with Schedule 6 (6) to the Government of Wales Act 1998.

So far as the Accounting Officer is aware:

- there is no relevant audit information of which Estyn's auditors are unaware; and
- the Accounting Officer has taken all steps that she ought to have taken to make herself aware of any relevant audit information and to establish that Estyn's auditors are aware of that information.

### **Events since the end of the financial year**

There have been no events since the balance sheet date that affect the understanding of these financial statements.

*Ann Keane*

### **Ann D Keane**

Her Majesty's Chief Inspector of Education and Training in Wales and  
Accounting Officer

15 July 2011

## Remuneration report

The remuneration of Her Majesty's Chief Inspector of Education and Training in Wales is determined by the National Assembly for Wales under paragraph 3 of Schedule 2 to the Education Act 2005.

For other permanent senior staff members of the Board, remuneration was determined by Estyn's Remuneration Committee comprising the Chief Inspector of Education and Training in Wales and three non-executive directors, in accordance with Cabinet Office guidance on Senior Civil Service remuneration.

In reaching its recommendations, the Estyn Remuneration Committee has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- benchmarking information available from Cabinet Office and other Government departments, including those closest to Estyn in location and work type;
- the funds available to the department and the advice available annually from Cabinet Office; and
- Government policies for improving public service delivery and the role of performance management in securing and recognising value to the organisation and rewarding contributions to business and corporate objectives.

The Estyn Remuneration Committee takes account of the evidence available in respect of wider economic considerations and the affordability of its recommendations. As a result of Comprehensive Spending Review plans to reduce expenditure over the next three years, Estyn has reduced the number of its senior civil service posts from four to three by maintaining one post as vacant.

In agreeing pay awards for individual staff, the Estyn Remuneration Committee take particular regard of the following criteria:

- the individual's growth in competency;
- challenge associated with the job;
- confidence in the individual's future performance.

In considering staff bonuses, the following factors are taken into account:

- whether objectives had been met and to what degree;
- how the objectives were met and in particular whether leadership behaviours and professional skills had been demonstrated or not, and to what degree;
- the degree of difficulty or ease of meeting objectives in light of actual events

In May 2010 a base pay freeze across the Civil Service was announced and this took effect for the performance year 2009-10. The base pay freeze will be in effect until April 2013. No senior staff members of Estyn's Board received a pay award or bonus payment in 2010-11. A recommendation for a bonus payment was available to but was declined by Ann Keane in respect of performance in her post within Estyn prior to taking up her appointment as Chief Inspector.

## **Service contracts**

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

The rules of appointment are set out in the Civil Service Management Code.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk) .

## Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials (ie. Board members) of Estyn.

### Remuneration (salary and payments in kind) \*

Officials	2010-11		2009-10	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Ann Keane Her Majesty's Chief Inspector of Education & Training in Wales	<b>100-105</b>	-	<b>85-90</b>	-
Simon Brown Strategic Director	<b>70-75</b>	-	<b>70-75</b>	-
Meilyr Rowlands Strategic Director	<b>70-75</b>	-	<b>30-35</b> <b>(70-75 full year equivalent)</b>	-

### Salary

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

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

### Pension benefits\*

Officials	Accrued pension at pension age as at 31/3/11 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/11	CETV at 31/3/10 <sup>3</sup> (restated)	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Ann Keane Her Majesty's Chief Inspector of Education & Training in Wales	45 - 50  plus lump sum of  145 - 150	10 – 12.5  plus lump sum of  35 – 37.5	1086	800	265
Simon Brown Strategic Director	30 - 35  Plus lump sum of  60 – 65	0 – 2.5  Plus lump sum of  0 – 2.5	574	523	4
Meilyr Rowlands Strategic Director	25 - 30  plus lump sum of  85 – 90	0 – 2.5  Plus lump sum of  2.5 - 5	533	462	31

### Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Pensions Increase Legislation. Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

<sup>3</sup> The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors for consistency. The CETV at 31/3/2010 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium, classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with Pensions Increase Legislation. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic, premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential



reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

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

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

*Ann Keane*

### **Ann D Keane**

Her Majesty's Chief Inspector of Education and Training in Wales and  
Accounting Officer

15 July 2011

## Statement of accounting officer's responsibilities

Under Schedule 6(5) of the Government of Wales Act 1998, HM Treasury has directed Estyn to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by Estyn during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Estyn and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury in accordance with paragraph 5 of Schedule 6 to the Government of Wales Act 1998, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *Government Financial Reporting Manual*, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a 'going-concern' basis.

The Treasury has appointed Her Majesty's Chief Inspector of Education and Training in Wales as Accounting Officer of Estyn. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping of proper records and for safeguarding Estyn's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Government Accounting (The Stationery Office).

## Statement on internal control

### 1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Estyn's policies, aims and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Estyn is a non-ministerial government body that is independent of but funded by the Welsh Government under section 104 of the Government of Wales Act 1998. Budget resources for 2010-11 were provided to Estyn via the Director General for Public Services and Local Government Delivery in the Welsh Government.

An Accounting Officer Agreement between the Director General for Public Services and Local Government Delivery in the Welsh Government and me sets out our responsibilities and relationship as respective Accounting Officers. Notwithstanding the expectation that normal liaison between Estyn and the Welsh Government on matters of financial management and accountability will be managed through the above mentioned Agreement, it remains open to me to refer matters directly to the Permanent Secretary as Principal Accounting Officer for the Welsh Government should I feel it appropriate to do so.

### 2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Estyn's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This system of internal control has been in place in Estyn for the year ending 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3 Capacity to handle risk

Estyn's risk management policy sets out:

- the purpose of Estyn's risk management arrangements;
- risk management principles;
- relative responsibilities within Estyn;
- risk tolerance and appetite;

- Estyn's risk management framework and how it will work; and
- how risk management contributes to providing assurance.

Under the policy, line managers at Grade 7 level and above, are responsible for ensuring that everyone in their teams understands their risk management responsibilities and for making clear the extent to which staff are empowered to take risks in line with the risk policy and other guidance. Staff are introduced to Estyn's risk system, as part of their induction to the organisation, and to managing risk in a way that accords with their post and responsibilities. Risk management profiles are required in relation to plans for all significant projects or pieces of work.

#### **4 The risk and control framework**

Statements of internal control are produced by Estyn staff at Assistant Director level in support of the statements of internal control produced by Strategic Directors that in turn support this statement.

Estyn maintains a composite risk register that provides visibility of risks at both strategic and operational levels (including key risks for specific projects and programmes and a specific register for Information Risks). Risk registers are updated at least quarterly and reviewed on a comprehensive basis annually at both senior and corporate management team levels. This ensures that strategic and corporate risks, including information risks, are identified, objectively assessed and actively managed. As referred to earlier, Estyn's risk management policy sets out its approach to risk tolerance by defining what are acceptable risks and prohibited risk areas. Risk management procedures were reviewed during 2010-11 and a composite risk register prepared which facilitates identification of cross-cutting issues and inter-dependent risk mitigation actions.

Risk management is embedded in the activity of the organisation through the requirement for all significant work to be appropriately risk assessed, and managed in accordance with those assessments, by all concerned.

Maintenance of awareness of risk, including early identification and active management, is achieved at all levels in the organisation through the regular review of the risk register and through the requirement on managers to complete statements of internal control based on their management of operational risks. Statements cover requirements to report cases of unauthorised disclosure or loss of personal data.

In addition to its Risk Management Policy, Estyn has a stand-alone Information Risk Management Policy and maintains a specific Information Risk Register. All Estyn staff complete mandatory training in information governance and are required to comply with Estyn's Information Assurance Policy. Contractors and other Estyn partners are also obliged to work within the Information Assurance Policy. In line with government requirements, Estyn has an appointed Senior Information Risk Owner and identifies information assets for assignment to designated Information Asset Owners.

Where systems or procedures are newly created or come up for review, risk is placed at the heart of Estyn's considerations and we encourage those with whom we work also to take a risk-based approach and to be involved with us in assessing and managing risk. For example, schools inspection contractors are awarded contracts on a basis that includes their identification and management of risks. Similarly, Estyn has one joint forum involving key stakeholders and discrete sector forums covering different aspects of our core business, to provide an external perspective on our work and development; this adds assurance that is additional to the challenge that is provided by Estyn's non-executive directors.

## **5 Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within Estyn who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by Estyn's Audit Committee.

External challenge is provided through Estyn's Audit Committee with its independent members and independent chair. The Committee supports the Accounting Officer in her responsibility for issues of risk, control, governance and associated assurance in Estyn. The Audit Committee, with the assistance of both internal and external audit, undertakes an annual self-assessment of the work and performance of the Committee which helps members to produce an action plan for the Committee. Further external challenge is provided by the Estyn Strategy Board, mentioned in Section 1 of this Annual Report and Accounts. The Board's responsibilities include determining Estyn's risk appetite and ensuring that the organisation is operating appropriately and effectively.

Deloitte LLP provide Estyn's internal auditor service. Deloitte has operated to Government Internal Audit Standards while undertaking audits in accordance with a three year audit strategy and an agreed annual plan. Work completed by our internal auditors results in reports that include an independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement to me. For all audits undertaken in relation to the year covered by these accounts, Deloitte were able to provide substantial assurance that risks material to the achievement of objectives in each area audited were being properly managed and controlled. These reports are shared with Estyn's Audit Committee. Any areas for improvement identified through internal and external audit reports are addressed to ensure continuous improvement is in place. We have established an over-arching tracking system that is used by the Executive Board and Audit Committee to monitor completion of and compliance with audit recommendations.

Estyn is able to seek a range of services from the Welsh Government via formal service level agreements. Under such arrangements Estyn has access to any audit report and any action plan to address the auditor's findings and/or recommendations relating to services provided to Estyn by the Welsh Government. Assurance on the

effectiveness of the systems of internal control for such services provided by the Welsh Government is ultimately provided by the Internal Control Statement signed by Dame Gillian Morgan.

*Ann Keane*

**Ann D Keane**

Her Majesty's Chief Inspector of Education and Training in Wales and  
Accounting Officer

15 July 2011

## **The certificate and report of the Auditor General for Wales to the National Assembly for Wales**

I certify that I have audited the financial statements of Estyn: Her Majesty's Inspectorate for Education and Training for the year ended 31 March 2011 under the Government of Wales Act 1998. These comprise the Summary of Resource Outturn, the Statement of Comprehensive Net Expenditure and, the Statement of Financial Position, the Statement of Cash Flow Statement, Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and the Auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Government of Wales Act 1998 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

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

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

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

In addition I read all the financial and non-financial information in the Annual report and management commentary to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view of the state Estyns affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net operating cost, for the

year then ended; and

- have been properly prepared in accordance with HM Treasury directions issued under the Government of Wales Act 1998

### **Opinion on Regularity**

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

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government of Wales Act 1998; and
- the information which comprises the Annual Report, Management Commentary and the unaudited part of the Remuneration Report, included within the Annual Report is consistent with the financial statements.

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

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

- the Statement on Internal Control does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

### **Report**

I have no observations to make on these financial statements.

**Huw Vaughan Thomas**  
**Auditor General for Wales**

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

19 July 2011



## Estyn Annual Accounts 2010-2011 (IFRS)

### Statement of Welsh Government Supply

#### Summary of resource outturn

for the year ended 31 March 2011

	Note	2010-11			2010-11				2009-10
		Estimate			Outturn				
		Gross expenditure	Income	NET TOTAL	Gross expenditure	Income	NET TOTAL	Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn (restated)
		£000	£000	£000	£000	£000	£000	£000	£000
Total running costs	4,5&6	12,680		12,680	11,330	(138)	11,192	(1,488)	12,758
Depreciation	7&8	400		400	120		120	(280)	450
Total resources		13,080		13,080	11,450	(138)	11,312	(1,768)	13,208
<b>Net cash requirement</b>	3						<b>11,709</b>		<b>12,581</b>

Explanation of the variance between estimate and outturn are given in Note 2.1 and in the Management Commentary.

Note: Prior-year outturn figures have been restated to exclude Cost of Capital charges that are no longer applicable.

The notes on pages 58 to 70 form part of these accounts.

**Statement of comprehensive net expenditure** *for the year ended 31 March 2011*

	Note	Staff costs	Other costs	Income	Total costs
		£000	£000	£000	£000
<b>Programme:</b>					
<b>Strategic objective 1 –</b> <i>Providing public accountability to service users on the quality of education and training provision in Wales.</i>	4-6	3,735	2,873	(138)	6,470
<b>Strategic objective 2 –</b> <i>Informing the development of national policy by the Welsh Government</i>	4-6	1,683	468	-	2,151
<b>Strategic objective 3 –</b> <i>Promoting the spread of best practice in the delivery of education and training in Wales</i>	4-6	1,210	354	-	1,564
<b>Strategic objective 4 –</b> <i>Developing Estyn as a 'best value' organisation and as an employer of choice</i>	4-6	734	393	-	1,127
<b>Total outturn</b>		<b>7,362</b>	<b>4,088</b>	<b>(138)</b>	<b>11,312</b>
<b>2010/11 estimate</b>		<b>7,840</b>	<b>5,240</b>		<b>13,080</b>
<b>Net total outturn compared with estimate</b>		<b>(478)</b>	<b>(1,152)</b>	<b>(138)</b>	<b>(1,768)</b>
<b>2009/10 Outturn</b>		<b>7,358</b>	<b>6,103</b>	<b>(253)</b>	<b>13,208</b>

Net expenditure is shown against strategic objectives published within Estyn's Annual Plan 2010-11 (available at [www.estyn.gov.uk](http://www.estyn.gov.uk)). Staff costs are allocated on the basis of staff time programmed against each Strategic Objective. Other costs (Non-staff costs, including depreciation) are allocated directly to each strategic objective, where possible, or are allocated pro-rata as per the allocation of staff costs. Other costs are sub totalled into Administrative costs and Programme costs in Note 5 and 6 of these accounts.

The notes on pages 58 to 70 form part of these accounts.

Direct comparison with 2009-10 is not possible due to changes in Estyn's annual objectives. For comparison purposes, a separate Statement of Comprehensive Net Expenditure for 2009-10 is provided below:

**Statement of comprehensive net expenditure for the year ended 31 March 2010**

	2009-2010 outturn			
Operation objectives	Staff costs	Other costs (restated)	Income	Total (restated)
	£000	£000	£000	£000
<b>Activity programme 1:</b> The sectoral inspection of education providers	6,254	5,696	(253)	11,697
<b>Activity programme 2:</b> Thematic inspections and reviews	1,104	407	-	1,511
<b>Total revenue</b>	<b>7,358</b>	<b>6,103</b>	<b>(253)</b>	<b>13,208</b>

The above figures have been restated to comply with the FReM 2010-11, i.e. the Cost of Capital element of expenditure has been removed. All income and expenditure is derived from continuing operations.

The notes on pages 58 to 70 form part of these accounts.

**Statement of financial position**  
*as at 31 March 2011*

	Note	31 March 2011		31 March 2010 (restated)	
		£000	£000	£000	£000
<b>Non current assets</b>					
Property, plant and equipment	7	93		177	
Intangible assets	8	40		66	
<b>Total non current assets</b>			133		243
<b>Current assets</b>					
Trade and other receivables	10	83		512	
Cash and cash equivalents	11	1,305		790	
<b>Total current assets</b>			1,388		1,302
			1,521		1,545
<b>Total assets</b>					
<b>Current liabilities</b>					
Trade and other payables	12	(1,530)		(2,604)	
<b>Total current liabilities</b>			(1,530)		(2,604)
<b>Total assets less current liabilities</b>			(9)		(1,059)
<b>Non current liabilities</b>					
Provisions:				(351)	
Within one year	13	43			
Between two and five years	13	170			
<b>Total non current liabilities</b>			(213)		(351)
<b>Assets less liabilities</b>			(222)		(1,410)
<b>Taxpayer's equity</b>					
General fund		(222)		(1,410)	
<b>Total taxpayers' equity</b>			(222)		(1,410)

*Ann Keane*

**Ann D Keane**

Her Majesty's Chief Inspector of Education and Training in Wales and  
Accounting Officer

15 July 2011

**Statement of cash flows** for the year ended 31 March 2011

<b><u>Cash flow from operating activities</u></b>	<b>Note</b>	<b>2010-11</b>	<b>2009-10</b>
		<b>£000</b>	<b>£000</b>
			<b>(restated)</b>
Net operating cost		(11,312)	(13,208)
<i>Adjustments for non-cash transactions:</i>			
Depreciation	7&8	120	450
Salaries (provision)	4	37	99
Other costs (provision)	5	(35)	200
Increase / (decrease) in trade and other payables	12	(1,074)	242
(Increase) / decrease in trade and other receivables	10	429	(21)
Less movements not passing through the Statement of Comprehensive Net Expenditure, e.g. capital creditors	8	(10)	(93)
Use of provisions	13	(140)	(85)
<b>Net cash outflow from operating activities</b>		<b>(11,985)</b>	<b>(12,416)</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	7	-	(36)
Purchase of intangible assets	8	-	
<b>Net cash flow from investing activities</b>		<b>-</b>	<b>(36)</b>
<b><u>Cash flows from financing activities</u></b>			
<b>Net financing (from the Welsh Government)</b>		<b>12,500</b>	<b>13,190</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	11	<b>515</b>	<b>738</b>
<b>Cash and cash equivalents at the beginning of year</b>	12	<b>790</b>	<b>52</b>
<b>Cash and cash equivalents at the end of the year</b>	12	<b>1,305</b>	<b>790</b>

Note: Purchase of intangible assets excludes creditors of £10k.

The notes on pages 58 to 70 form part of these accounts.

**Statement of changes in taxpayers' equity**  
*for the year ended 31<sup>st</sup> March 2011*

	<b>2010-11</b>
	<b>£000</b>
<b>Balance at 31 March 2010</b>	(1,410)
<b>Changes in taxpayers' equity for 2010-11</b>	
Net operating cost for the year	(11,312)
Total recognised income and expense for 2010-11	(11,312)
Net Welsh Government funding	12,500
	1,188
<b>Balance at 31 March 2011</b>	<b>(222)</b>

**Statement of operating costs by Departmental strategic objectives**  
*for the year ended 31<sup>st</sup> March 2011*

The above-named statement is not provided as details of operating costs by Estyn strategic objectives are already provided within the statement of comprehensive net expenditure ([see page 53](#)).

The notes on pages 58 to 70 form part of these accounts.

## Notes to the departmental resource accounts

### 1 Statement of accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2010-11 issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, Estyn has selected the policy it judged to be the most appropriate to its particular circumstances, for the purpose of giving a true and fair view. The particular accounting policies adopted by Estyn for 2010-11 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition, the Summary of Resource Outturn is reported on the basis Request for Resources and supporting notes show Outturn against Estimate in terms of the net resource requirement and net cash requirement. The Statement of Comprehensive Net Expenditure and supporting notes analyse Estyn's income and expenditure by the Strategic Objectives agreed with the Welsh Government.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets and intangible assets at their fair value.

#### 1.2 Property, plant and equipment and Intangible assets

Expenditure is capitalised where the asset purchased is expected to have a useful life extending over a number of years and the cost of the item(s) exceeds £1,000. Fixed assets are shown at cost less an allowance for depreciation (see note 1.3 below). In the opinion of Estyn, there is no material difference between the historic net book value of the assets and their fair value.

#### 1.3 Depreciation

Depreciation is provided at rates calculated to write off the value of fixed assets by equal instalments over their estimated useful lives. A full year's depreciation is charged in the year of acquisition of an asset. Lives are as follows:

- IT Equipment 3-5 years
- Furniture & Fittings 5 years
- Office Equipment 5 years
- IT Systems 5 years
- Intangible Assets 3 years

Where an impairment of a tangible fixed asset has occurred the net impairment is charged to the Statement of Comprehensive Net Expenditure in the year in which it has occurred.

## **1.4 Provisions**

Provisions are included in the accounts for liabilities that are likely or certain to arise but uncertain as to the amount or dates on which they will arise. Provisions are created or increased by making a charge to revenue expenditure in the year of creation. When the expenditure is actually incurred, the expenditure is charged directly to the provision. The provisions included within these accounts are regarded as short-term and subject to annual review and are therefore expressed in current prices, i.e. not discounted.

## **1.5 Operating income**

Operating income is income that relates directly to the operating activities of Estyn. It principally comprises fees and charges for services provided (on a full-cost basis to external customers) and other miscellaneous income. HM Treasury has issued a receipts direction allowing Estyn to retain such receipts.

## **1.6 Staff costs and other costs**

The Statement of Comprehensive Net Expenditure is analysed between Staff and Other costs, which are set against Estyn's four strategic objectives. The Welsh Assembly provides Estyn with a single budget line for Revenue expenditure and a separate budget line for Depreciation. Estyn has discretion to allocate its revenue budget in accordance with its operational requirements. For transparency, 'Other costs' are reported in Notes 5 and 6 against sub totals for Administration Expenditure and Programme Expenditure.

## **1.7 Value Added Tax**

Most of Estyn's activities are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## **1.8 Pensions**

Present and past employees are covered by the provisions of the Civil Service Pension Schemes, which are described in Note 4. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. Estyn recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, Estyn recognises the contributions payable for the year.



## 1.9 Early departure costs

Estyn is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. Estyn provides for this cost in full when the liability arises.

## 1.10 Operating leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term.

## 2 Reconciliation of net resource outturn to net operating cost

	2010-11 £000	2009-10 £000 (restated)
Net resource outturn	11,312	13,208
<b>Net operating cost</b>	<b>11,312</b>	<b>13,208</b>

Net resource outturn represents Estyn's net resource requirement for the year against Estimate. Net operating cost is the total of expenditure and income appearing in the Statement of Comprehensive Net Expenditure.

### 2.1 Outturn against other costs (non-staff) estimate

	Note	Estimate 2010-11 £000	Outturn 2010-11 £000	2009-10 (restated) £000
Gross other costs	5	5,240	4,088	6,103
Income	6	-	(138)	(253)
<b>Net total resource outturn</b>		<b>5,240</b>	<b>3,950</b>	<b>5,850</b>

The move to a more proportionate inspection framework, with shorter inspections and around a third of school inspections being undertaken by Estyn staff in 2010-11 (rather than be undertaken by externally-contracted inspectors) yielded annual savings of approximately £1.2 million.

The estimate used above is taken from Estyn's allocation of their single budget line for revenue expenditure in 2010-11.

### 3 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	2010-11 outturn	Outturn compared with estimate saving/ (excess)	2009-10 (restated)
		£000	£000	£000	
<b>Net total resource outturn</b>		13,080	11,312	(1,768)	13,208
Acquisition of property, plant and equipment	7&8	425	10	(415)	129
<i>Accruals adjustments:</i>					
Non-cash items		(400)	(118)	282	(450)
Changes in working capital other than cash		-	645	645	(221)
Use of provision	12	-	(140)	(140)	(85)
<b>Net cash requirement</b>		<b>13,125</b>	<b>11,709</b>	<b>(1,396)</b>	<b>12,581</b>

#### 4 Staff costs and numbers

Staff costs consist of:

	Total 2010-11 £000s	Permanently employed staff	Others	2009-2010 £000
Wages and salaries	4,890	4,890		4,686
Social security costs	451	451		447
Other pension costs	1,018	1,018		990
<b>Total net costs</b>	<b>6,359</b>	<b>6,359</b>		<b>6,123</b>
Plus:				
Secondees in	749	-	749	763
Secondees out	(142)	(142)	-	(87)
Agency staff	289		289	303
Compensation payments	-	-		42
Early departure costs – in-year	70	70		115
Early departure costs - provision	37	37		99
<b>Total</b>	<b>7,362</b>	<b>6,324</b>	<b>1,038</b>	<b>7,358</b>

A compensation payment was paid to two individuals under the Civil Service Compensation Scheme (CSCS) – see Remuneration Report for details. The PCSPS is an unfunded multi-employer defined benefit scheme but Estyn is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice-pensions.gov.uk/>).

### Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-
£10,000 - £25,000	-	-	-
£25,000 - £50,000	-	3	3
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
<b>Total number of exit packages</b>	0	3	3
<b>Total resource cost/£000</b>	0	3	£90 - £105

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

For 2010-11 employers' contributions of £1,018,000 were payable to the PCSPS (2009-10 £990,000) at one of four rates in the range 17.1% to 25.5% per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Estyn does not have any Partnership Pension Accounts.

The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

Number of permanent staff	Number of other staff	Total staff 2010-11	Total staff 2009-10
94	19	113	112

## 5 Other costs

	2010-11 £000	2009-10 £000 (restated)
Rental under operating leases:- photocopier hire	-	7
Rental under operating leases:- accommodation	324	342
Other accommodation costs	319	346
IT & telecommunications	627	635
Welsh Government central services	8	8
Travel, subsistence and hospitality	326	301
Auditor's remuneration – audit of accounts	32	40
General administration expenditure	324	523
<b>Non-cash items:</b>		
- provision for accommodation refit costs	(35)	200
- tangible asset depreciation	84	414
- Intangible asset depreciation	36	36
	<b>2,045</b>	2,852
Less: Operating income (Note 8)	<b>(138)</b>	(253)
<b>Sub total: Net administration costs</b>	<b>1,907</b>	<b>2,599</b>
Post 16 education inspections and associated costs	8	249
School inspections and associated costs	1,590	2,656
Local education authority inspections and associated costs <sup>4</sup>	81	226
General inspection related costs	336	87
Remit costs	28	33
<b>Sub total: Programme costs</b>	<b>2,043</b>	<b>3,251</b>
<b>Total other costs</b>	<b>3,950</b>	<b>5,850</b>

2009-10 costs are restated to provide a year-to-year comparison.  
Refer to Note 1.6 for further information.

<sup>4</sup> Includes payments made to Estyn's external auditor in respect of joint inspection work, i.e. payments in respect of services other than those of audit, amounting to £70,000 (2010-2011) and £158,000 (2009-2010)

## 6 Income

	2010-2011 £000	2009-2010 £000
<b>Income</b>		
- recharge for inspection work*	(136)	(247)
- registration fees	(2)	(5)
- miscellaneous	-	(1)
<b>Total</b>	<b>(138)</b>	<b>(253)</b>

As the amount of income received from registration fees is small and can vary year on year, it is excluded from Estimate figures in the Summary of Resource Outturn.

\*Income receivable from the Department of Work and Pensions (DWP) under the terms of a Memorandum of Understanding between Estyn and DWP in respect of inspection of work-based learning programmes in Wales.

## 7 Property, plant and equipment

	IT systems £000	IT equipment £000	Furniture & fittings £000	Office equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2010	1,589	419	329	90	2,427
Additions	-	-	-	-	-
Disposals	(1,393)	(7)	(69)	-	(1,469)
<b>At 31 March 2011</b>	<b>196</b>	<b>412</b>	<b>260</b>	<b>90</b>	<b>958</b>
<b>Depreciation</b>					
At 1 April 2010	1,471	372	320	87	2,250
Charged in year	39	37	5	3	84
Disposals	(1,393)	(7)	(69)	-	(1,469)
<b>At 31 March 2011</b>	<b>117</b>	<b>402</b>	<b>256</b>	<b>90</b>	<b>865</b>
<b>Net book value</b>					
<b>At 31 March 2011</b>	<b>79</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>93</b>
At 1 April 2010	118	47	9	3	177

Note: The disposals under IT Systems relate to decommissioning during 2010 of Estyn's 'Athene' inspection and database system following the end of the previous six-year cycle of inspections. The new inspection cycle involves more streamlined inspection reports and more simplified database requirements.

## 8 Intangible assets

	Software £000	DVD £000	Total £000
<b>Cost</b>			
At 1 April 2010	11	99	110
Additions	-	10	10
Disposals	-		-
<b>At 31 March 2011</b>	<b>11</b>	<b>109</b>	<b>120</b>
<b>Depreciation</b>			
At 1 April 2010	5	39	44
Charged in year	2	34	36
Disposals	-		-
<b>At 31 March 2011</b>	<b>7</b>	<b>73</b>	<b>80</b>
<b>Net book value</b>			
At 31 March 2011	4	36	40
At 1 April 2010	6	60	66

Note: Capital creditors of £10k are included within the Additions total for 2010-11.

## 9 Financial instruments

Whilst Estyn receives its money via the Welsh Government and not through the normal supply estimates, the majority of the financial instruments relate to contracts for non financial items in line with their expected purchase and usage requirements and Estyn is therefore exposed to little credit, liquidity or market risk. Estyn does not hold financial instruments that are complex or play a significant medium to long term role in the financial risk profile of Estyn.

### Liquidity risk

Estyn relies primarily on funding from the Welsh Government for its resource requirements and is not therefore exposed to significant liquidity risks.

### Interest rate and foreign currency risk

Estyn holds no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or foreign currency risk.

## 10 Trade receivables and other current assets

### 10a Analysis by type

	31 March 2011 £000	31 March 2010 £000
<b>Amounts falling due within one year:</b>		
Trade receivables	15	141
Other receivables	37	93
Prepayments and accrued income	31	278
<b>Total</b>	<b>83</b>	<b>512</b>

### 10b Intra-Government balances

Debtors: amounts falling due within one year

	At 31 March 2011 £000	At 31 March 2010 £000
Balances with other central government bodies	15	229
Balances with local authorities	13	147
Balances with bodies external to government	55	136
<b>Total</b>	<b>83</b>	<b>512</b>

## 11 Cash and cash equivalents

	31 March 2011 £000	31 March 2010 £000
Balance at 1 April	790	52
Net change in cash and cash equivalent balances	515	738
<b>Balance at 31 March</b>	<b>1,305</b>	<b>790</b>

Estyn uses the Government Banking Service and operates two bank accounts. The Citi Bank is used for collection of BACS income and the NatWest account provides a BACS payment service and local banking facilities. The following balances were held at 31 March:

	31 March 2011 £000	31 March 2010 £000
Balances at Citti Bank	1,305	-
Balances at NatWest	-	-
Balance at OPG	-	790
	<b>1,305</b>	<b>790</b>



## 12 Trade payables and other current liabilities

### 12a Analysis by type

	31 March 2011 £000	31 March 2010 £000 (restated)
Amounts falling due within one year		
Trade payables	88	603
Payroll funding	544	1,107
Accruals & deferred income	898	894
	1,530	2,604

### 12b Intra-Government balances

	At 31 March 2011 £000	At 31 March 2010 £000
Balances with other central government bodies	779	1,020
Balances with local authorities	94	133
Balances with bodies external to government	657	1,451
<b>Total</b>	<b>1,530</b>	<b>2,604</b>

### 13 Provisions for liabilities and charges

**Accommodation refit:** Obligations arising for refitting of leased office property to its original condition on termination of a lease

**Early departure:** Obligations to meet future pension costs of staff leaving Estyn under Civil Service early retirement scheme

Provisions	Accommodation refit £000	Early departure £000	Total £000
Balance at 1 April 2010			
- Within one year	252	33	285
- Between two and five years	-	66	66
- After five years	-	-	
Increase / (Decrease) in provision	(35)	37	2
Amounts utilised in the year	(107)	(33)	(140)
Remaining provision:			
- Within one year	-	43	43
- Between two and five years	110	60	170
- After five years	-	-	-
	110	103	213

### 14 Capital commitments.

There are no capital commitments as at 31 March 2011.

### 15 Commitments under leases

#### Operating leases

	2010-11 £000		2009-10 £000	
	Land & Buildings	Other	Land & Buildings	Other
At 31 March 2011 Estyn was committed to making the following payments during future years in respect of operating leases expiring:				
- within one year	108	-	290	2
- between two and five years	428	-		
- after five years	-	-	-	-
	536	-	290	2

## **16 Other commitments**

Estyn has entered into non-cancellable contracts (which are not operating leases) totaling £309,166 as at 31 March 2011.

## **17 Contingent liabilities**

There were no contingent liabilities as at 31 March 2011.

## **18 Related party transactions**

Estyn has had a small number of material transactions during the year with the Welsh Government and the following Government organisations that are regarded as related parties:

- Office of the Paymaster General
- Wales Audit Office
- Department for Work and Pensions

No board member, key manager or other related parties have undertaken any material transactions with Estyn during the year.

## **19 Post balance sheet events**

There have been no events since the balance sheet date that affect the understanding of these financial statements.