



*Rhagoriaeth i bawb - Excellence for all*

Arolygiaeth Ei Mawrhydi dros Addysg  
a Hyfforddiant yng Nghymru

Her Majesty's Inspectorate  
for Education and Training in Wales

# Annual Report & Accounts 2012-2013



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 Government and the citizens of Wales.**

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

As of 31 March 2013, Estyn employed 110 permanent and fixed-term members of staff, of which 61 are Her Majesty's Inspectors (HMI) or Additional Inspectors (AI) – inclusive of five Assistant Directors. In addition, we supplemented our internal inspection capacity by engaging 17 secondees over the course of 2012-2013.

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 2012, 75% of school inspections were undertaken directly by HMI or Additional Inspectors directly employed by Estyn, and the remaining 25% were carried out by organisations and individual independent inspectors who were contracted by Estyn. For the autumn of 2012 and the spring of 2013, the proportion of school inspections undertaken by HMI or Additional Inspectors directly employed by Estyn was increased to 100%. A small number of Additional Inspectors have also carried out aspects of survey work and training work on behalf of Estyn.

Our office is located in Anchor Court, Keen Road, Cardiff. Almost all of Estyn's employed inspectors work from home rather than being office based, with the exception of our management team.

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 'follow-up' inspections, while reducing the extent to which we inspect consistently good performers. Self-evaluation, using Estyn guidance, is a key part of providers' quality assurance processes, which identify 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 thematic survey reports, providing high-quality advice on themes agreed with the Welsh Government and published in the annual Ministerial letter to Estyn. 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.

We continue to promote the spread of best practice in the delivery of education and training through our programme of inspector training and best practice events. Sector stakeholder events provide opportunities for the discussion of best practice at sector level, and an annual National Stakeholder event enables the identification and discussion of common and overarching themes. We also use these events to consult on the evaluation and review of inspection arrangements. In addition, we highlight the best practice identified during inspection activity by publishing relevant case studies on the 'Best Practice' section of the Estyn website, and disseminate further information through our external newsletter.

Estyn has worked increasingly in collaboration with the Inspection, Audit and Regulation (IAR) bodies in Wales over the last few years. Since 2005, Estyn has been a member of the Heads of Inspectorate Forum, whose purpose is to foster further collaboration between IAR bodies and to inform Welsh Government policy concerning IAR.

In the spirit of the Welsh Government's 'Policy Statement on Inspection, Audit and Regulation' (2009), the IAR bodies established an Inspection Wales secretariat in

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

2010 to support collaborative and joint working. In the same year, the Heads of Inspectorate published 'Working Collaboratively to Support Improvement – A Strategic Agreement', which sets out five overarching objectives for joint working between the inspectorate, audit and regulatory bodies in Wales and these, in turn, are underpinned by a range of groups and forums through which joint planning and working is delivered.

The day-to-day delivery of the joint programme is managed by a programme board led by the deputies from the four IAR bodies, supported by operational working groups for specific topics as well as geographical teams consisting of the staff working within a locality.

Joint working in the recent past, involving Estyn, has included a joint report on Child and Adolescent Mental Health Services, a joint inspection of Local Safeguarding Children Boards (LSCBs) in Wales and joint inspection and investigation work about Pembrokeshire local authority.

Current developments include:

- the publication of a 'Protocol for the joint handling of serious concerns';
- the development of robust and effective arrangements for a joint work programming system to enable the sharing of information and concerns about local government which might lead to an escalation of activity by the IAR bodies;
- an agreement to align individual inspectorate planning cycles to ensure that all key risks are identified and covered and to identify opportunities for meaningful collaboration in order to both minimise the burden and increase public assurance;
- the delivery of joint equalities training across the inspectorates in the context of the Equalities Act 2010; and
- the continued development of the Inspection Wales website ([www.inspectionwales.com](http://www.inspectionwales.com)).

Estyn continues to strengthen its international profile through a range of links with other countries in Europe and further afield, including:

- a close association with The Standing International Conference of Inspectorates (SICI);
- welcoming groups of international inspectors to presentations and training events about inspection in Wales;
- contributing to a comparative study of inspectorates in Europe; and
- updating Estyn's profile on the SICI website to reflect the current inspection framework and guidance.

**In 2012-2013, 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;
- ⤴ Welsh for adults;
- ⤴ work-based learning; and
- ⤴ learning in the justice sector.

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Where Estyn’s Key Performance Indicators (KPIs) as outlined in the Annual Plan for 2012-2013 are referenced, the following symbol is used:



## 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, which is to raise standards and quality in education and training in Wales. Specifically, we report on progress against our three strategic objectives and three delivery principles as set out in our Annual Plan 2012-2013, as well as providing a full set of our accounts for the financial year 2012-2013. 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 2012-2013, and in Section 2 provides a full set of financial statements.

After the consolidation and close monitoring of our inspection arrangements last year, following the 2010 implementation of our new inspection model for education and training in Wales, 2012-2013 gave us the opportunity to carry out a more far reaching and closer review. With the mid-point of our six year inspection cycle approaching, we have undertaken more systematic consultation with our stakeholders across all sectors, through meetings and forums as well as an online questionnaire, in order to gather views, both internally and externally, on how well our inspection arrangements have been working. Using these findings, we have been able to establish a draft set of changes to our inspection handbooks and guidance documents, which will be implemented from September 2013.

In addition to the above, we have continued to identify issues on a day-to-day basis, addressing any concerns and agreeing any necessary modifications. Virtual inspection rooms for the efficient hosting and transfer of information continue to be used, and our inspection co-ordinators continue to administer the process of inspection, acting as the first point of contact for providers.

During this year we have also been able to develop and build our processes for follow-up inspection work, with HMI carrying out monitoring visits to providers identified as requiring special measures, significant improvement and Estyn monitoring. Generally, providers have demonstrated a good capacity to improve, as exemplified by the case study on page 9, which outlines how the process of follow-up inspections has proved constructive in relation to post-16 education and training.

Following the successful in-housing of a larger proportion of inspections last year, this year we continued the trend and, as from September 2012, all school inspections have been Estyn-led, either by HMI or by Additional Inspectors directly contracted and quality assured by Estyn. In order to ensure that our quality arrangements are fully robust, we have continued to carry out a full programme of update training for Additional Inspectors, lay inspectors and peer inspectors. We also closely monitor performance, taking steps where there are areas of concern, as well as devising a new framework for directly contracting with Additional Inspectors, using a value for money model that takes account of both quality and price in the awarding of contracts for future inspection deployment.

Estyn continues to make savings on its expenditure in response to the pressures of public spending, ensuring that while statutory duties are fully protected, valuable and constructive work can be carried out in relation to all of our strategic objectives and delivery principles.

Working closely with the Welsh Government and in response to their annual remit letter, we have published a range of thematic survey reports over the year, as listed on page 15. These continue to provide advice and recommendations not only to the



Welsh Government but to all education professionals, being used by education and training providers as a benchmark for their own progress. We have promoted our thematic reports through our website, and have generated considerable media coverage for them. For example, in relation to our recent survey *Effective practice in tackling poverty and disadvantage in schools*, we secured a range of articles in the local and national Welsh press, ensuring that Estyn's messages and exemplification of best practice were given an appropriately high profile.

Working closely with our stakeholders and providers over the course of the year has enabled us to build capacity for improvement in the sectors we inspect, ensuring that providers are much better informed about Estyn's case studies of best practice and have access to up-to-date knowledge of our extensive range of reports. The best practice area of our website has been extensively reviewed and developed, and we have maintained production of our external newsletter, *Estyn News*. In addition this year we have organised two four-day assessed courses in order to provide Additional Inspector training for system leaders as nominated by the new regional consortia. And we have embraced the opportunities provided by blended learning, combining face-to-face training with self-study using online material, piloting this successfully in the training of primary phase peer inspectors.

Estyn staff have continued to further the efficiency of Estyn as a 'best value' organisation. And as part of our commitment as an 'exemplary' employer we have undertaken a series of initiatives over the course of the year, in particular promoting the use of the Welsh language in the organisation. All staff were invited to self-assess their Welsh language competencies this year, the results providing our Welsh language development group with an overview of Estyn's bilingual skills. This enabled a training strategy to be devised, and the resulting update courses have generated widespread enthusiasm and commitment, as well as providing further confidence and assurance in liaising with external customers throughout Wales. In addition, corporate services training sessions have supported the introduction of new ways of working in the organisation, enhancing effectiveness in delivering Estyn's inspection and advice service, and resulting in greater collaboration and support across functional teams.

I want to thank all of Estyn's staff for their continuing commitment in implementing plans that help us to achieve our objectives throughout the year.



**Ann Keane**

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

The Accounting Officer authorised these financial statements for issue on 10<sup>th</sup> July 2013

## Section 1

### A review against our Annual Plan

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

What we said we would do...

What we've done...

<b>1</b>	<p><b>Maintain and improve public confidence in the quality of inspections and reports by:</b></p> <ul style="list-style-type: none"> <li>• <b>bringing all school inspections in-house;</b></li> <li>• <b>providing regular and updated guidance and training for inspectors; and</b></li> <li>• <b>quality assuring inspections and reports.</b></li> </ul>	<ul style="list-style-type: none"> <li>• brought all school inspections in-house;</li> <li>• continued our programme of core inspections, based on analysing performance data and providers' self-evaluation reports, and generating 'lines of inquiry' for inspection teams to test out on-site;</li> <li>• inspected around one sixth of providers (Appendix 1 provides details);</li> <li>• made use of information technology and the virtual inspection rooms (VIRs) to ensure the efficient and consistent transfer of information between providers and inspectors;</li> <li>• monitored the implementation of inspection arrangements in order to identify issues and agree any changes;</li> <li>• maintained and analysed inspection databases to consider outcomes and identify relevant issues from inspection findings;</li> <li>• continued to provide guidance and training to update inspectors as needed; and</li> <li>• used our Inspection Policy and Conformance (IPC) group to ensure that inspection arrangements are implemented consistently across sectors, that matters to do with quality are addressed through agreed quality assurance policies and procedures, and that emerging issues are discussed and resolved.</li> </ul>
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<p><b>2</b></p>	<p><b>Maintain 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>• continued to undertake follow-up inspection activity at the appropriate level for those providers identified as needing further support in their core inspections;</li> <li>• monitored core inspections carefully, including the judgements leading to follow-up activity and kept RIs informed of any emerging trends;</li> <li>• notified the Department for Education and Skills (DfES) of schools identified as requiring special measures or significant improvement;</li> <li>• involved local authorities in follow-up activities;</li> <li>• continued to provide guidance and training for inspectors on the nature of follow-up activity in the sector handbooks available on our website, through e-shot updates to inspectors and through face-to-face update training;</li> <li>• identified case studies of sector-leading practice during inspections for dissemination on our website; and</li> <li>• introduced a partially automated system for recording and reporting the outcomes of monitoring visits, in order to create a database relating specifically to follow-up activity.</li> </ul>
<p><b>3</b></p>	<p><b>Proceed with the planned bringing of all school inspections in house, directly contracting with Additional Inspectors (AIs) and retaining the Rgl list and building into contracts a requirement that allows Estyn to quality assure reports prior to publication.</b></p>	<ul style="list-style-type: none"> <li>• established a framework for direct contracting with AIs (using a value-for-money model that takes account of both quality and price);</li> <li>• used AIs in mixed or all AI inspection teams (mixed teams being HMI-led) in a range of sectors;</li> <li>• reviewed the number and quality of external inspectors, and selected and trained new inspectors, including AIs, peer inspectors (PIs) and lay inspectors (LIs);</li> <li>• enrolled new AIs on the basis of an assessment, taking account of their recent and relevant experience for the sectors we inspect;</li> <li>• provided training updates for AIs, PIs and LIs;</li> <li>• used post-inspection questionnaires to help assess the quality of inspections and reports; and</li> </ul>

		<ul style="list-style-type: none"> <li>continued to monitor the quality of inspections and reports and use the information from quality assurance to inform inspection training and guidance and the award of contracts to AIs and LIs.</li> </ul>
4	<b>Review, pilot and update the guidance on inspection arrangements in preparation for the second half of the cycle (2013-2016).</b>	<ul style="list-style-type: none"> <li>undertaken a formal consultation in association with the Welsh Government on the timing of inspections within an inspection cycle or period;</li> <li>used our stakeholder forums to consult on possible changes to inspection arrangements;</li> <li>discussed proposed changes and improvements to inspection arrangements internally in sector network and IPC group meetings and agreed them at executive board level;</li> <li>piloted, evaluated and adapted proposed changes to inspection arrangements as a result of the mid-cycle review; and</li> <li>finalised and agreed changes to inspection arrangements in the spring term of 2013 and carried out updates to handbooks and training materials for commencement in September 2013.</li> </ul>
5	<b>Take account of the views of learners and stakeholders to provide Estyn with an insight into their learning and inspection experiences.</b>	<ul style="list-style-type: none"> <li>used questionnaires to obtain the views of learners and parents on aspects of education in the school sectors;</li> <li>listened to learners, parents and governors as appropriate during our school inspections;</li> <li>used the DfES Learner Voice outcomes where available and conducted our own questionnaires to obtain the views of learners in post-16 settings;</li> <li>routinely met with employers during further education and work-based learning inspections and canvassed their views on the quality of training delivered and whether the provision meets their needs; and</li> <li>developed a programme of training to involve newly qualified teachers in the inspections of initial teacher training.</li> </ul>
6	<b>Quality assure 5% of HMI-led inspections, 10% of inspections led by AIs and all</b>	<ul style="list-style-type: none"> <li>reviewed and set quality assurance targets for inspections and reports;</li> <li>ensured that each inspection report</li> </ul>

	<p><b>inspection reports prior to publication.</b></p>	<p>contains clear narrative and judgements suitable for providers and users of services;</p> <ul style="list-style-type: none"> <li>• checked and quality assured Estyn inspection reports to ensure that they are evidence-based, follow agreed protocols and are clear to readers;</li> <li>• operated and monitored a quality assurance system for all AIs, PIs and LIs; and</li> <li>• used the evidence from the quality monitoring of inspections and inspection reports in the assessment and award of contract bids from independent AIs and LIs.</li> </ul>
<p><b>7</b></p>	<p><b>Focus on statutory requirements as they apply to Estyn.</b></p>	<ul style="list-style-type: none"> <li>• in September 2012, updated Estyn's supplementary guidance for inspecting 'Safeguarding in Schools' ready for the enactment of the Freedoms Act, currently undergoing revision to include the further changes to the Disclosure and Barring Service (DBS);</li> <li>• set up a suite of safeguarding frequently asked questions (FAQs) to support HMI while out on inspection across the range of Estyn's sectors;</li> <li>• updated the school's pre-inspection self-evaluation report (SER) for safeguarding to take account of the Freedoms Act;</li> <li>• revised our policy on safeguarding children and vulnerable adults, ensuring that it is firmly embedded in the organisation and that we work with other agencies as appropriate to inspect provision and train inspectors;</li> <li>• revised Estyn's safe recruitment policy following on from the enactment of the Freedoms Act;</li> <li>• put in place new arrangements for an internal safeguarding group to meet and support the management of safeguarding matters in relation to Estyn's roles both as an employer and as an education inspectorate;</li> <li>• put in place new arrangements for regular inter-agency meetings between Estyn, CSSIW, the Children's Commissioner for Wales and the Welsh Government to</li> </ul>

		<p>co-ordinate activity concerning safeguarding;</p> <ul style="list-style-type: none"><li>• ensured that all new staff are trained in Estyn's safeguarding policy and procedures, and where appropriate how to inspect safeguarding, at induction;</li><li>• established safeguarding presentations, updating staff on changes to safeguarding legislation and DBS procedures and the implications of this for Estyn and how it discharges its duties at staff conferences in 2012-2013;</li><li>• made sure that all inspections evaluate providers' arrangements for safeguarding and report on them in each inspection report;</li><li>• moderated inspection reports corporately to ensure that all required aspects including safeguarding are reported;</li><li>• revised supplementary guidance for the inspection of healthy living, including eating and drinking, in readiness for when the Healthy Eating and Drinking (Wales) Measure comes into force;</li><li>• produced supplementary guidance on the inspection of equality and human rights, the promotion of good relationships and English as an additional language, providing additional guidance for inspectors to inspect under the Equality Act 2010;</li><li>• updated and monitored the effectiveness of our Welsh Language Scheme through regular review;</li><li>• worked with the Welsh Government and others to develop our approach to assessing learners' wellbeing; and</li><li>• taken account of new equalities and human rights legislation in inspection arrangements, including undertaking impact assessments for any significant new workstreams.</li></ul>
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### **Case study – Impact of follow-up in post-16 education**

Estyn undertakes a range of follow-up activities with providers depending upon the outcomes of inspection. This year, we carried out three monitoring visits to adult community learning partnerships, which focused on how well partnerships tackled the recommendations from inspection. We also carried out a re-inspection of further education programmes at the University Wales College Newport and a re-inspection of work-based learning at the City and County of Swansea. Generally, all of these providers have demonstrated a capacity to improve.

Adult community learning partnerships made good progress overall to tackle the recommendations from inspection and improve the standards achieved by learners, the quality of provision and leadership and management. In Rhondda Cynon Taff and Wrexham the partnerships improved their systems for strategic management and planning and the co-ordination of the partnerships. In Wrexham, the work the partnership has undertaken to develop a commissioning framework, needs analysis and curriculum planning represents best practice in the sector.

In Carmarthenshire, learner outcomes show an improving trend and learners generally achieve good standards in the classroom. The partnership is working appropriately to improve the quality of teaching. It has set clear learner attainment targets on most programmes across the partnership. The partnership is working very well to promote and improve the use of Welsh as a medium for communication in the classroom.

The City and County of Swansea has improved the rates at which learners gain their qualifications and has put in place a number of effective initiatives and quality processes to improve the provision. Leadership and strategic management have improved significantly. The provider's senior management team has developed a clear vision and strategy for what it needs to do to address priorities, raise standards, and increase choice and opportunity for learners.

At the University Wales College Newport, the overall rates at which learners on further education programmes successfully complete their qualifications have improved significantly and they are now attaining rates that are close to those at other providers in Wales. The university has also improved the leadership and management of its further education provision. Leaders used the findings and recommendations from the previous inspection to develop clear key priorities for improvement. As a result, the university's quality processes are now effective in bringing about improvements in the quality and standards of its further education programmes.

### **Case study – Estyn's mid-cycle review**

When the new inspection cycle for 2010-2016 was being developed, we announced our intention to review our inspection arrangements at the mid-point of the six-year inspection cycle.

As a matter of course, we review, evaluate and adapt our inspection arrangements on an ongoing basis. We make minor changes and improvements that do not involve significant changes to the Common Inspection Framework as we go along, and we keep inspectors and stakeholders informed of these minor changes through stakeholder forums, regular newsletters and update training events.

The mid-cycle review was an enhanced version of this annual review process. It involved more systematic consultation with key stakeholders across all our sectors. We also ran a consultation exercise in the spring term 2012 through a questionnaire on our website to gather views from internal and external stakeholders on how well our inspection arrangements were working. Using the findings from these consultations, we came up with a set of draft changes to the inspection handbooks for implementation from September 2013. We then piloted these changes on a number of inspections in the autumn term 2012 and spring term 2013 and gathered feedback on the implementation of the new arrangements.

As a result, we agreed to make a few changes to the Common Inspection Framework from 1 September 2013. We will introduce a weighting for teaching (2.2) within Key Question 2 (How good is provision?). This weighting will only apply if there is a balance across the four judgements in Key Question 2. A couple of aspects in Key Question 3 (How good are leadership and management?) will also change. The response to national and local priorities (3.1.3) will fall within strategic leadership and direction (3.1.1) and networks of professional practice (3.2.3) will form part of management of staff and resources (3.4.1). This is mainly a re-ordering of existing items within the Common Inspection Framework and means that each quality indicator in Key Question 3 will now have only two aspects.

All inspections will also focus on standards and the quality of provision in both literacy and numeracy from September 2013.

All our inspectors and stakeholders have been informed of these changes through revised guidance, newsletters, e-shots and update training events. The revised inspection handbooks will be available on our website from 1 September 2013.

The mid-cycle review also generated feedback from stakeholders about the timing of inspections and their predictability. We have used these findings to initiate a formal consultation in association with the Welsh Government on possible changes to the next inspection cycle. The three-month consultation began in February 2013 and included a questionnaire on Estyn's website and forums with a range of stakeholders from within and outside of the education and training fields. The findings from the consultation will be available in the summer term 2013 when decisions will be made about any further changes to our inspection arrangements.



**Inspection cycle performance measures**



**Estyn led inspection reports**

	<b>Target percentage</b>	<b>Actual percentage</b>	<b>Comment</b>
Estyn led inspection reports not amended after publication as a result of substantiated challenge	100%	100%	
Estyn led inspection reports published within statutory or agreed deadlines	100%	99.8%	One primary school report was uploaded in March 2013, although statutory date was 27 November 2012. This was due to investigation of relevant RI and their conduct of the inspection.

### Estyn inspections 2012-2013

Sector	Number planned	Actual number	Comment
Non-maintained nursery settings	142	123	Number of inspections planned revised due to the de-registering of settings by local authorities
Primary and nursery schools	195	207	Numbers revised in order to ensure appropriate proportions within financial year
Secondary schools	40	44	
Special schools	9	9	
Independent schools including independent special schools	15	14	One inspection deferred to next financial year due to limited inspections resources available.
Pupil referral units (PRUs)	12	11	One inspection did not proceed due to closure of provider
Local authorities	6	6	
Post-16	14	15	The original programme was revised to enable one more inspection to be carried out.

**Objective 2: Inform the development of policy by the Welsh Government**

What we said we would do...

What we've done...

<p><b>1</b></p>	<p><b>Strengthen our knowledge-management capabilities to focus on important educational priorities and developments and strengthen our knowledge base to support thematic surveys and inform policy.</b></p>	<ul style="list-style-type: none"> <li>• undertaken thematic reviews as set out in the remit letter for 2012-2013 to the Chief Inspector from the Minister for Education and Skills;</li> <li>• provided advice and support to the DfES as required, including participation in a range of Welsh Government committees, working and advisory groups</li> <li>• continued the emphasis on strategic themes in some remit surveys that have a more longitudinal perspective;</li> <li>• undertaken remit work on key high profile topics decided by Estyn;</li> <li>• linked surveys more closely to national priorities, in order to increase their influence on policymakers, for example the reports on INSET and ICT, which make links to their impact on literacy, numeracy and reducing the impact of poverty;</li> <li>• undertaken a joint survey with the WAO on the impact of teacher absence; and</li> <li>• published a compendium of thematic reports and powerpoint presentations for each thematic report to help disseminate key messages.</li> </ul>
<p><b>2</b></p>	<p><b>Produce an annual report that summarises our judgements on the quality and standards of education and training provision in Wales in order to help to inform the development of education and training policy.</b></p>	<ul style="list-style-type: none"> <li>• published HMCI's Annual Report on the quality of education and training over the previous year (2011-2012), uploading it to the website along with a webcast and designing a media campaign to support its publication; and</li> <li>• reviewed the way we present HMCI's Annual Report with a view to making useful improvements for 2012-2013.</li> </ul>
<p><b>3</b></p>	<p><b>Strengthen our internal capacity by developing distributed leadership responsibilities that cover key policy education issues and sectoral responsibilities, in lead</b></p>	<ul style="list-style-type: none"> <li>• continued to develop our expertise in relation to education and corporate policy areas;</li> <li>• provided advice to support the development of the National Literacy and Numeracy Framework (NLNF) and related guidance materials and fed into other key</li> </ul>

	<p><b>inspector/lead officer (LILO) roles.</b></p>	<p>national working groups about ICT, physical education and the arts; and</p> <ul style="list-style-type: none"> <li>evaluated the work of lead officers and made improvements to how we record and share their work internally.</li> </ul>
<p><b>4</b></p>	<p><b>Develop our knowledge-management capabilities further to capture evidence that will underpin inspection and survey work in order to inform policy.</b></p>	<ul style="list-style-type: none"> <li>taken full account of the work of the Schools Standards Unit and of any changes in the policies and organisation of the Welsh Government;</li> <li>continued developing our knowledge-management framework to focus our attention and resources on matters that have the greatest effect on generating improvements for learners;</li> <li>further developed the way we monitor, analyse and use inspection evidence by refining management information systems;</li> <li>used our inspection intelligence to inform remit survey work;</li> <li>further developed the work of our Statistical Unit to provide inspectors with relevant and timely data for use on inspection and remit activity; and</li> <li>used our research capacity to build an easily accessible bank of specialist knowledge for inspectors.</li> </ul>

## Thematic reports



In response to the Minister's annual remit, in 2012-2013 we published **13** reports on the following topics.

**All 13** reports published in 2012-2013 (**100%**) were within timescales agreed with the Welsh Government.

Name	Date of publication
How do surplus places affect the resources available for expenditure on improving outcomes for pupils?	8 May 2012
The effectiveness of strategies for learner involvement in post-16 learning	9 May 2012
An evaluation of the impact of the non-statutory Skills framework for 3 to 19-year-olds in Wales at key stage 3	15 May 2012
The impact of family learning programmes on raising the literacy and numeracy levels of children and adults	29 May 2012
How well are the All-Wales Core Data Sets used to inform self-evaluation and planning for improvement?	12 June 2012
Literacy in key stage 3	20 June 2012
Supporting more able and talented pupils in secondary schools	26 June 2012
Welsh Baccalaureate Qualification provision at level 3 in secondary schools	10 July 2012
Informed decisions: The implementation of the Careers and the World of Work framework	2 October 2012
Effective practice in tackling poverty and disadvantage in schools	13 November 2012
Welsh Language Development in the Foundation Phase	15 January 2013
A review of standards and the quality of provision for engineering in further education colleges and work-based learning providers in Wales	16 January 2013
Initial review of the effectiveness of the Welsh Government's Traineeships and Steps to Employment programmes	18 January 2013

### **Case study – the impact of remit surveys**

Estyn's thematic reports provide advice and recommendations not only to the Welsh Government, but to all education professionals. Our reports are a resource for schools and other providers to use as a benchmark for their own progress and a way of accessing good practice. As an inspectorate we have a unique position in being able to identify good practice in education and one way we share this knowledge is through case studies in our thematic reports.

*Effective practice in tackling poverty and disadvantage in schools* was published in November 2012 as a good practice guide for primary and secondary schools. We know that schools have a pivotal role in tackling the educational, social and emotional problems facing disadvantaged children who are brought up in poverty. The recommendations and case studies in this report were directly targeted at headteachers, teachers, local authority officials and the Welsh Government. Tackling poverty and disadvantage is one of the main priorities in education, so it was vital to ensure that our report was recognised.

Our website is one of the main ways in which we promote our thematic reports. A large number of our stakeholders have signed up to receive an update when we publish a new thematic report, alongside our monthly update via email, the Estyn external newsletter (published twice a year) and the Twitter feed from our website. We know that our marketing is working well. Media coverage is also an important channel of communication and we gave a number of radio and TV interviews in both Welsh and English about the poverty and disadvantage report as well as securing articles in the local and national Welsh press. Finally, we also produced a PowerPoint as a training aid for schools, summarising the main points of the report and outlining questions for providers to reflect on when evaluating their own practices.

With the report's eye-catching design and 10 good practice case studies from primary and secondary schools across Wales, it has proved to be one of our most widely-read publications.

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

What we said we would do...

What we've done...

	What we said we would do...	What we've done...
1	<p><b>Develop and foster strong partnerships with our stakeholders and providers.</b></p>	<ul style="list-style-type: none"> <li>• worked closely with our stakeholders and providers to build capacity for improvement in the sectors we inspect;</li> <li>• ensured that stakeholders are much better informed about Estyn's best practice arrangements and have up-to-date knowledge of most recent case studies – however, it will remain a major priority and challenge to encourage more practitioners to access our case studies and to identify effective strategies to promote best practice more widely;</li> <li>• reviewed and improved the quality and accessibility of the best practice area of our website – as part of this, we have made improvements to the presentation of case studies, ensured that best practice has greater prominence on the home page of the website, and included extensive tagging and an enhanced search facility to improve access to specific case studies; we believe that our developments provide an attractive and accessible format but recognise the need to improve the quality of some of the case studies we publish;</li> <li>• published an external newsletter, <i>Estyn News</i>, in which we include a report on our work to promote best practice and links to the latest case studies; in addition, monthly e-shots to our stakeholders include new case studies as and when they are published; there has also been some media coverage of case studies when schools themselves have actively marketed their achievement;</li> <li>• engaged with many practitioners and stakeholders through discussions during inspections, remit activities and through a range of forums, conferences and presentations to a diverse range of groups including the Welsh Local Government Association (WLGA), local authority headteachers and teachers,</li> </ul>

		<p>consortium staff and the Welsh Independent Schools Conference, and through update training for inspectors and Rgls;</p> <ul style="list-style-type: none"> <li>• completed a review of our Stakeholder Engagement Strategy and established successful national and sector stakeholder forums;</li> <li>• shared evidence from inspection and remit activity to highlight best practice amongst practitioners;</li> <li>• engaged with providers to facilitate the sharing of best practice, strengthened our best practice work and ensured that we include comments on best practice in our inspection reports to inform other providers when they are developing their own provision;</li> <li>• highlighted and disseminated best practice as part of our follow-up activity;</li> <li>• through our work with others, shared good practice across sectors and between IAR bodies more widely;</li> <li>• monitored the effectiveness of our guidance to providers on self-evaluation; and</li> <li>• strengthened links with professional networking bodies, such as teacher unions, ColegauCymru/CollegesWales, the National Training Federation for Wales and the National Institute of Adult Continuing Education Dysgu Cymru.</li> </ul>
2	<p><b>Support the continuous development of provider self-improvement through professional dialogue during inspection and the promotion of the published set of manuals across all sectors.</b></p>	<ul style="list-style-type: none"> <li>• promoted the benefits of effective self-evaluation at all our training events;</li> <li>• identified clearly the elements of best practice in self-evaluation in our inspections reports;</li> <li>• discussed effective self-evaluation with individual providers during our inspection work; and</li> <li>• commenced a review of our self-evaluation manuals for all sectors in readiness for September 2013.</li> </ul>
3	<p><b>Continue to collate, monitor and analyse best practice through the work of sector lead inspector roles.</b></p>	<ul style="list-style-type: none"> <li>• reconstituted our Best Practice Working Group, chaired by the sector lead inspector for best practice to oversee and direct this area Estyn's work – particularly to liaise closely with relevant internal bodies such as IPC, Knowledge</li> </ul>



		<p>Management and the Website Development Group, and with the Welsh Government to avoid replication and ensure consistency in our approach to promoting best practice;</p> <ul style="list-style-type: none"> <li>• set up a new tracking and monitoring system which sets out specific roles and provides comprehensive record of receipt, editing and publication stages of all cases studies;</li> <li>• added a large number of new case studies to the website that cover an increasing range of quality indicators;</li> <li>• robustly reviewed, edited and refined many case studies, currently approving about 60% for publication;</li> <li>• ensured through regular briefings of HMI at sector network training sessions during corporate weeks that all colleagues are familiar with aims and procedures in policy as well as priorities and actions for 2012-2013: as part of these briefings HMI have engaged in useful debate, particularly about criteria for and achieving greater consistency in identification of best practice and how we can improve quality of writing; and</li> <li>• carried out workshops with primary Rgl, which was particularly helpful in defining best practice and challenging the 'domino effect' where all / almost all QIs can be judged as excellent.</li> </ul>
<p><b>4</b></p>	<p><b>Support a system of improvement through a programme of inspector training and best practice events.</b></p>	<ul style="list-style-type: none"> <li>• delivered a wide programme of inspection training to current practitioners;</li> <li>• included reference to best/sector-leading practice in all inspector training programmes; and</li> <li>• used sector stakeholder events to share best practice and share successful improvement strategies.</li> </ul>

<p><b>5</b></p>	<p><b>Increase the involvement of current practitioners as PIs and nominees on inspections to promote cross-fertilisation of good practice.</b></p>	<ul style="list-style-type: none"> <li>• continued to deliver an over-subscribed programme of PI training;</li> <li>• held two assessed training courses for primary phase PIs;</li> <li>• invited primary, secondary and special school phase delegates to take part in a new style of training which involved around 15 hours of on-line training and two days of face-to-face training and assessment;</li> <li>• arranged for lead inspectors to judge the quality of PIs at the end of inspection, maintained records of all grades awarded, and where necessary contacted individuals personally to offer further training and support;</li> <li>• arranged for nominees to complete on-line training before inspections, and for lead inspectors to check certificates to ensure that the correct protocols are in place prior to inspection;</li> <li>• reviewed PI terms and conditions, updating the document to include information about DBS requirements and providing the new arrangements for PI training;</li> <li>• strengthened the requirement that schools must agree to release their PIs to attend annual update training; and</li> <li>• amended the conditions to allow experienced PIs to register as AIs once they are no longer employed in their schools.</li> </ul>
<p><b>6</b></p>	<p><b>Enhance our technological capacity to share knowledge and best practice.</b></p>	<ul style="list-style-type: none"> <li>• improved the collation and uploading of good practice case studies group information, such as remit and best practice, against the Welsh Government national priorities;</li> <li>• identified improvement areas and produced guidance materials;</li> <li>• analysed and interpreted inspection outcomes, including the examples of best practice gathered through our cyclical and thematic inspection activities, and communicated outcomes on our website and by means of email alerts;</li> <li>• appointed and seconded statistical specialists to advise and support HMI in</li> </ul>

		<p>relation to relevant databases;</p> <ul style="list-style-type: none"><li>• made constructive use of electronic records management and other IT systems in our development of knowledge management;</li><li>• used the 'Best Practice' section of the Estyn website to disseminate best practice to the education and training sectors; and</li><li>• incorporated IT-based learning approaches in the training of PIs, using online interactive technologies.</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 2012-2013, we dealt with **13** 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 formal complaints received in 2012-2013: **13**

Stage <sup>1</sup>	Year	Outcome	Subject of complaint
3	2012	Not upheld	Conduct of staff / inspection judgements
2	2012	Not upheld	Conduct of staff / inspection process
2	2012	Partly upheld	Inspector conduct / inspection process
2	2012	Not upheld	Review of a Freedom of information request
2	2012	Partly upheld	Inspector conduct / judgements and inspection process
2	2012	Not upheld	Tender price for an inspection
2	2012	Not upheld	RI conduct
2	2012	Not upheld	RI conduct / contextual omissions from the draft report / inspection judgements
2	2012	Not upheld	Complaint about the outcome of a Stage 2 complaint investigation
2	2013	Partly upheld	Inspection judgements
2	2013	Not upheld	Inspector conduct / conflict of interest
2	2013	Not upheld	Inspection process / quality assurance process
2	2013	Partly upheld	RI conduct

### Requests received under FOI Act:

KPI

17 requests

**100%** completed within target of 20 working days. **No** referrals took place during 2012-2013.

### Requests received under the DPA

KPI

25 requests

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

<sup>1</sup> Estyn's complaints process comprises three stages.

**Stage 1** is the informal resolution stage, where a concern is addressed with the person to whom it applies, or their line manager, through face-to-face discussion, a telephone call or correspondence.

**Stage 2** entails the formal investigation of a complaint, carried out by Estyn or, in the case of contracted-out school inspections, by the relevant inspection contractor.

**Stage 3** reviews are undertaken by Estyn should the complainant not be satisfied after Stage 2. Each review comprises an assessment of the way the Stage 2 investigation was carried out.

Subject access requests that include lesson observation forms are issued under both the DPA and FOI Act. The target for completion of such requests is 20 working days, in line with the target for responding to FOI requests.

### **Case study – System leader training**

In the summer term 2012, we organised two four-day assessed courses to provide initial Additional Inspector training for system leaders. The consortia selected newly-appointed system leaders and 43 attended the two training courses in North Wales and at Anchor Court.

The course materials were amended from the schools' peer inspector training and also incorporated relevant materials from the recent schools' update training, particularly for guidance on inspecting safeguarding and in presenting evidence within the supporting evidence sections of the input judgement form (JF). The training was language-specific, rather than sector-specific, allowing for mixed sector groups. This made discussions on sector-specific areas more difficult, but maximised group sizes and provided better value for money for Estyn. Also, as many of the delegates work between sectors, it reflected better on their own practice.

For the English-medium group, it helped that the two tutors came from primary and secondary sectors respectively as sector-specific details could be separately addressed when necessary.

Most delegates passed the assessments and had the choice to register as Additional Inspectors. To ensure consistency of judgements, we swapped tutors in the oral assessments so that tutors were able to moderate their judgements.

There were 13 delegates who were given 'borderline' letters to improve specific aspects of inspection skills, including improving their writing to be more evaluative. These letters highlight the need for delegates to share this information with the reporting inspector before their first inspection if they consider tendering for inspection work.

Most delegates found this training to be very useful, fulfilling our aim to provide training on developing inspection skills. In their feedback, delegates mentioned that they enjoyed the group-work sessions and pace of the training. Many delegates said that they felt much more confident in their new roles, and better able to challenge schools.

Although it focused on many of the skills needed to be a system leader, the course programme could be expanded to include other important aspects of their role. For September 2013, we are adapting the programme to include key elements from our local authority monitoring training. This follow-up training will support local authority officers and system leaders in challenging and supporting schools.

### **Case study – Blended learning project**

Estyn's Blended Learning project combines traditional face-to-face training and assessment with self-study using online material. Primary sector peer inspector training was chosen as the first course to adapt for blended learning. The 'Moodle' virtual learning environment was chosen as the platform to convert some of the existing training materials as online self-study material, with the main assessments to be done in a traditional face-to-face manner.

Peer inspector participants work through 10 modules online and each module is subdivided into topics. Most topics will have a title and some introductory text followed by an activity. Activities are often split into two components: a reading component and a quiz based on the study materials to enable participants to self-assess their development. The text within the topic will guide participants to the documentation they need to read.

Quizzes are used to test the understanding of the inspection framework and to practise many of the skills required on inspection. It was decided that participants would be given four attempts to complete each quiz but that the quizzes would be non-assessed. Participants are given immediate feedback on their progress. In order for participants to get the most from their online learning a series of short screencasts and user guides have been prepared. An online forum is also used where users can share experiences and raise questions.

Thirty participants, senior leaders in primary schools, trialled this new approach during the summer term 2012 and undertook the face-to-face element of the course in October 2012.

After the face-to-face element in October, participants completed an online evaluation of the whole experience. An evaluation of their responses shows that most delegates believe that:

- the online training element was good as it could be done at a time to meet individual needs;
- the help guides were of good quality;
- the option to review answers is helpful;
- there is a good breadth to the training covering the requirements of the role;
- the further guidance documents were useful; and
- being out of school for two days rather than four (from the previous PI training) is beneficial.

In their face-to-face assessments, many delegates had more shortcomings in their lesson observations and writing evaluatively. As a result, we adapted the online materials to provide more practice in writing succinctly and evaluatively. We also added a half-day training event six weeks before the face-to-face assessments with a specific focus on observing lessons and completing evaluative staff observation forms (SOFs).

Training has been given for Estyn staff to adapt the Moodle online materials and we are currently developing more peer inspector courses using the blended learning approach, including secondary, primary Welsh, independent and special school sectors.

**Delivery principle 1: Develop Estyn as a 'best value' organisation**

What we said we would do...

What we've done...

<p><b>Develop Estyn as a 'best value' organisation</b></p>	<ul style="list-style-type: none"> <li>• updated our Governance Framework and our Risk Management Policy to further embed good practice principles;</li> <li>• operated a Strategy Board with the appropriate level of external scrutiny and enhanced the expertise on the board through the recruitment of a non-executive director with substantial finance experience to support as well as challenge Estyn's executive;</li> <li>• set Estyn's risk thresholds and ensured that controls are in place to manage risk by maintaining a risk management framework at both strategic and operational levels across Estyn;</li> <li>• maintained an effective Audit Committee, comprised of non-executive directors of Estyn's Strategy Board and chaired by one of the non-executive directors;</li> <li>• engaged an internal audit service, through a competitive tender process, which has operated to Government Internal Audit Standards and focused on identifying improvements to internal controls as part of providing assurances to Estyn's Accounting Officer;</li> <li>• liaised closely with our external auditors to achieve the prompt publication of unqualified annual accounts for 2011-2012;</li> <li>• identified business-critical posts, run recruitment campaigns and developed strategies to meet current and future manpower requirements;</li> <li>• continued to use flexible workforce options such as fixed-term and agency staff contracts and secondments of staff in and out of Estyn;</li> <li>• developed shared-service options for accountancy services with a Welsh Government sponsored body;</li> <li>• monitored and sought feedback on standards of administrative services provided to external parties in relation to</li> </ul>
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		<p>inspection work and training events;</p> <ul style="list-style-type: none"><li>• continued to support the use of technology to support more agile and flexible working across a range of services and shared practices with other government bodies;</li><li>• developed projects aimed at streamlining business processes to reduce administrative effort and manpower resource requirements;</li><li>• improved the resilience of information technology and communication systems by beginning to implement a move to hosted 'cloud' systems;</li><li>• streamlined our budget administration processes, using our Service Delivery Group as the main budget discussion forum;</li><li>• centralised our purchasing arrangements to maximise use of procurement knowledge and expertise; and</li><li>• maintained our efficiencies programme – basing business decisions on affordability and value for money.</li></ul>
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**Delivery principle 2: Develop Estyn as an 'exemplary employer'**

What we said we would do...

What we've done...

<p><b>As an organisation, Estyn will 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>• developed our Welsh Language Scheme Action Plan and, as part of the plan, initiated a training programme for staff and extended the bilingual functionality of our extranet and intranet systems;</li> <li>• maintained our commitment to a sustainable future, both within Estyn and via our inspection processes, as set out in national policies, including the Welsh Government's policy statement, through signing up to the Welsh Government's Sustainable Development Charter and continuing our work on the Green Dragon Standard;</li> <li>• further developed our approach to equality and diversity in all our activities, implementing the action plan developed to deliver the objectives we published in our Strategic Equality Plan;</li> <li>• maintained our commitment to employee health and wellbeing through our work in implementing the Corporate Health Standard, including the provision of an annual health check for staff;</li> <li>• maintained the good practice recognised in our Investors in People (IiP) Gold standard accreditation, working in partnership with staff and trade unions to implement points of continuous improvement;</li> <li>• monitored work pressures and provided on-going support to staff, for example through the employee assistance programme (updated in 2012), <i>Keeping in Touch</i> for homeworking inspectors, and a balanced and equitable Work Programme;</li> <li>• developed new impact assessments and screening processes of our plans and policies in relation to equalities and human rights;</li> <li>• maintained and enhanced the successful working relationships established through the TUS/Management strategic and</li> </ul>
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		<p>operational forums;</p> <ul style="list-style-type: none"><li>• monitored the pay negotiations / settlements of the Welsh Government to inform the Estyn pay strategy;</li><li>• continued our programme of policy development and review by updating our Human Resources policies in line with model policies developed centrally for the Civil Service, to reflect statutory changes and current and best practice;</li><li>• maintained the high engagement levels with staff as evidenced in the results of the Civil Service People Survey, and worked with staff to address any issues of concern, through Estyn's Employee Engagement Group, as well as through other internal communications (newsletter, intranet) and corporate sessions;</li><li>• begun an upgrade of our intranet system to SharePoint 2010 to enhance engagement and communication with staff;</li><li>• delivered an external communications strategy that underpins and supports our strategic objectives and values, and realises the full potential of our website;</li><li>• implemented our training and development strategy, maintaining and building upon our expertise, and promoted the production of individual and corporate training and development plans; and</li><li>• ensured that our training and development programme is linked to succession planning and the mitigation of skills losses due to leavers.</li></ul>
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**Delivery principle 3: Work collaboratively with other inspectorates to support improvement**

What we said we would do...

What we've done...

<p>1</p>	<p><b>Undertake joint working where appropriate on the basis of the Welsh Government's policy statement on Inspection, Audit and Regulation (IAR) in Wales.</b></p>	<ul style="list-style-type: none"> <li>• worked within the Welsh Government's policy statement on IAR to ensure that our inspection and best practice work is closely aligned, where appropriate, with that of the other IAR bodies in Wales;</li> <li>• used the Heads of Inspectorates Group and its Strategic Agreement on Joint Working to deliver the principles and practice of the Welsh Government IAR statement for joint working between the IAR bodies in Wales, increasing the collective impact while reducing the resource demands on those being inspected;</li> <li>• increased the efficiency of our work through better co-ordination of the planning and delivery of our respective work programmes;</li> <li>• strengthened existing mechanisms for planning and delivering external review working in a co-ordinated and proportionate manner, through the development of a Local Government work planning tool (Risk Maturity Matrix);</li> <li>• published a 'Protocol for the joint handling of serious concerns';</li> <li>• shared knowledge and information between the IAR bodies within Wales and the wider UK inspectorates so that we are better informed in our inspection, national advice and best practice work;</li> <li>• continued our work with CSSIW, HIW and the WAO to develop 'Inspect Wales', which is the joint website portal for IAR bodies in Wales;</li> <li>• ensured that joint working visibly demonstrates the value it adds to our respective activities through the use of the 'Inspect Wales' website, individual IAR websites and the DYSG or similar newsletters;</li> <li>• supported the work of a Joint Inspectorate Project Manager and a Joint Inspectorate Co-ordinator in</li> </ul>
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		<p>facilitating on-going joint working between Estyn, CSSIW, HIW and the WAO in progressing the Welsh Government's policy statement on IAR;</p> <ul style="list-style-type: none"> <li>• ensured that our Annual Plan and key strategies and policies are aligned, where appropriate, to the Welsh Government policy statement on IAR in Wales;</li> <li>• used the outcomes of collaborative work in inspection and remit activity to enhance the quality of advice on policy formulation and public assurance; and</li> <li>• responded to Welsh Government and other stakeholders on consultations and reviews relating to joint IAR working as appropriate.</li> </ul>
2	<p><b>Undertake inspections and remit work jointly with other inspectorates and regulatory bodies as appropriate.</b></p>	<ul style="list-style-type: none"> <li>• contributed to joint inspections of offender learning with HMI Prisons and HMI Probation in relation to their emerging inspection models, agreeing future patterns;</li> <li>• begun a review of our arrangements for inspecting local authorities and regional consortia school improvement services as part of the Estyn 2010-2016 mid-cycle review, taking into account feedback from CSSIW, HIW and the WAO;</li> <li>• worked with CSSIW and the WAO to implement the Local Government (Wales) Measure 2009;</li> <li>• ensured the effective co-ordination by Estyn and CSSIW of inspections of schools and colleges that have residential provision;</li> <li>• worked jointly with other inspectorates, auditors and regulators, in particular CSSIW, HIW and the WAO, in respect of the inspection of public services and thematic work, including any special inspections or investigations where appropriate, such as the inspection of 'Safeguarding and wellbeing in pupils referral units (PRUs) in Wales' and a remit report on 'Young People not in education, employment or training';</li> <li>• worked with Ofsted on joint inspections of providers where appropriate;</li> </ul>

		<ul style="list-style-type: none"><li>• continued to work with the Quality Assurance Agency for Higher Education (QAA), where our areas of responsibility overlap, to share information and identify causes for concern; and</li><li>• worked closely with the Welsh Government, the Higher Education Funding Council for Wales (HEFCW) and the General Teaching Council for Wales (GTCW) on issues relating to standards for teachers, continuous professional development and the inspection of initial teacher training in Wales.</li></ul>
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### **Case study – Promoting Welsh in Estyn**

Estyn inspects around a third of providers through the medium of Welsh. Estyn's Welsh language scheme stipulates that Estyn should deliver its services in the language/languages of choice of the provider – be that an inspection, a written report, letter, email or a telephone conversation.

Estyn's ability to provide this service is dependent on having a work force with the necessary bilingual skills, especially in key roles. The Welsh language scheme captures Estyn's intent to promote and develop its Welsh language service. The Welsh language strategy working group has been tasked to ensure that Estyn's working practices reflect the aspirations of the language scheme.

During the past year, the group has reviewed many of Estyn's internal and external procedures and policies. The group has also reviewed the procedures for ensuring compliance with these procedures and policies and ensuring clear accountability and monitoring of the Welsh language scheme. For example, all complaints involving Welsh language are now captured as a separate item within the corporate complaints procedures.

During the autumn term, all staff were invited to self-assess their Welsh language competencies, which provided the working group with a baseline from which to plan as well as to gain an overview of the bilingual skills of the staff. A training strategy to improve the Welsh language skills of the staff was designed and is being implemented. The main focus of this training for this year has been Corporate Services staff. Two training streams have so far been undertaken – one focusing on basic level 'meet and greet' sessions with the aim of building basic vocabulary and phrases to enable the trainees to answer the phone and greet visitors with greater confidence and fluency than previously. Another training stream has involved the inspection co-ordinators undertaking a writing course to promote consistency in the terms of writing style in their replies to queries, be it by email or letter.

A third corporate training stream will comprise an intermediate group whose training will focus on improving their all-round skills, but mainly to enable them to conduct simple conversations with providers. They will undergo an initial session in the summer term followed by the course in the autumn.

HMI training will initially focus on improving the writing skills of those inspectors who have not routinely inspected through the medium of Welsh to date, but who are scheduled to do so next year.

The working group has achieved many of its objectives and targets and the evaluation of the work indicates that there has been a positive impact in terms of promoting Welsh in Estyn.

### **Case study – Corporate Services training programme**

Over the last two years Estyn has invested in learning and development for senior and middle managers, down to Higher Executive Officer (HEO) grade, to support the introduction of new ways of working such as distributed leadership and to enhance organisational capacity and effectiveness in delivering a high quality independent inspection and advice service.

In 2012 a similar modular learning and development programme was rolled out for the Executive Officer (EO) and Administrative Officer (AO) administrative staff grades within Estyn's Corporate Services function. The programme has covered areas such as emotional intelligence, finding solutions, motivation (of self and others), and team working / team building / working collaboratively.

The programme content has been specifically linked to the Civil Service competencies for AO/EO posts. Role-play scenarios were included as a way of making sense of theory and of gathering together concepts into practical experiences.

Feedback from participants has been very positive with evidence that staff are already translating learning into practice. Particular benefits already evidenced include an increase in the understanding of the link between individual, team and organisational objectives and greater staff collaboration and support across functional teams.

The programme will be completed in June 2013 at which time a full evaluation and identification of next steps will be undertaken.

## **Estyn Board members**

During 2012-2013, the following persons were members of the Estyn Strategy Board for the full year unless indicated otherwise.

### **Non-executive directors (NEDS)**

**Mr Andrew Bellamy**, a former senior executive in the NHS with experience in change management and corporate governance

**Dr Haydn Edwards**, an educational consultant with experience in senior management and public sector governance

**Mr Rheon Tomos**, currently partner of TDE Associates, appointed member and Vice Chairman of S4C Authority and Chair of the Audit and Risk Committee, and member of the Welsh Language Commissioner Audit Committee

### **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 might 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 2012-2013).

Non-executive directors are not remunerated, but are entitled to claim a monthly honorarium of £352.50 (£455.08 per month for the 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 2012-2013, the total value of honorarium claims was £15,343.17 and a total amount of £116.80 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 her responsibilities for issues of risk, control, governance and assurance, the Committee was attended fully at its four meetings during 2012-2013. There were no



significant events or issues of judgement or control that had to be considered by the Committee during the year.

### **Remuneration Committee**

Estyn's Remuneration Committee is an established sub-committee of the Strategy Board, with the specific purpose of providing advice and recommendations on HMCI's remuneration, and for determining the remuneration of other Senior Civil Service members of Estyn, based on the advice and recommendations of HMCI. It is chaired by one of Estyn's non-executive directors. It met twice during 2012-2013, and was fully attended at the meetings. (Further information is on page 45 in Section 2 of this report.)

## **Section 2**

### **Annual accounts 2012-2013**

## Management commentary

### Format of the accounts

These financial statements have been prepared in accordance with Paragraph 5 (2) of Schedule 6 to The Government of Wales Act 1998 as per 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. Estyn 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

#### Our mission and vision

Our mission is to achieve excellence for all learners in Wales by providing an independent, high quality inspection and advice service. Our vision is to be recognised through the expertise of our staff as an authoritative voice on education and training in Wales.

#### Our values

Everything we do reflects our mission, vision and our values, which are to:

- keep **learners** and citizens **at the centre of our work**;
- act with **openness, integrity** and **objectivity**, demonstrating the highest standards of public service;
- work in **partnership** with others, whilst maintaining our **independence**;
- demonstrate effective **leadership** and **teamwork** at all levels;
- **value people** and the contributions they make;
- encourage **responsibility, initiative** and **innovation**; and

- foster an **engaging** and **healthy** working environment.

## **Our strategic objectives**

Estyn has a unique role in supporting the drive for excellence in learning, through:

- 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; and
- promoting the spread of best practice in the delivery of education and training in Wales.

These are the core purposes of our work and it is vital that all are delivered as effectively as possible.

In doing so, it is equally important that Estyn continues to develop as a dynamic, **'best value' organisation** and **'exemplary employer'**.

## **Equal opportunities**

Estyn is an equal opportunities employer, committed to ensuring that our organisation is free from any form of unlawful discrimination, victimisation, bullying or harassment because of age; disability; gender; gender identity (transgender); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation; responsibilities for dependents; working patterns (such as the need, or desire, to work part-time hours); or other irrelevant considerations.

No person should receive less favourable treatment because of any of the protected characteristics listed above. Furthermore, we will ensure that no person is disadvantaged by conditions or requirements that we cannot show to be justifiable.

All employees, secondees, and others who undertake work on our behalf are expected to act in accordance with our equal opportunities policy both in terms of their dealings with members of the public and relationships with colleagues.

Estyn will not tolerate discrimination, victimisation, bullying or harassment, direct or indirect, intentional or unintentional, against any person on any grounds whatsoever including, but not limited to, those mentioned above.

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.

In 2011-2012 Estyn produced its first Strategic Equality Plan (SEP), covering 2012 to 2015, to comply with the Equality Act 2010. The SEP sets out Estyn's commitment to ensuring Equality and the ways in which this will be achieved. A copy of the Plan can be obtained from the Estyn website. At the end of each reporting period Estyn is required to provide a brief summary of progress made against the objectives set out in the Strategic Equality Plan and the findings will be presented in an Annual Report

to be published on the Estyn website by 31<sup>st</sup> March in the year following the report period.

## Sickness absence data

KPI

Headline measures		
Measure	2012-2013	2011-2012
Sickness absence rate	3.6%	3.2%
Proportion of staff accruing sickness absence	54.1%	47.6%
Average working days lost per employee	8.4 days	6.8 days
Average length of absence	8.2 days	8.3 days
Sickness absence occurrences	115 occurrences	87 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

Estyn is not required to produce a full sustainability statement as part of this Annual Report and Accounts. However, Estyn has identified that its main impacts on the environment arise from the consumption of energy, transport, the generation of waste and the consumption of office materials. The delivery of Estyn's environmental action plan seeks to minimise these impacts on the environment and demonstrates our continued commitment to sustainability. Our inspection processes also look at and report on sustainability and its promotion within individual education and training providers.

We continue to take forward activity in support of our environmental targets. During the year we further developed Microsoft Sharepoint as a platform for our ICT and to support collaborative working, thereby reducing paper, courier and travel costs, and we ensured information was shared predominantly by e-communication instead of being printed in hard copy. Estyn has continued to consider energy ratings whilst sourcing electrical equipment and new items purchased have been accredited with Energy star. We will be working towards achieving Green Dragon accreditation in the coming year, providing external verification of our commitment to sustainability.

## Payment policy



In 2012-2013 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 policy is stated in the Terms and Conditions covering Estyn Contracts. This was achieved for 99.9% of all such payments made in 2012-2013 (2011-2012: 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 2012-2013</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 2012-2013</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 2012-2013</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>2012-2013</b>	Nil	Nil	Nil	Nil	Nil	Nil	<b>2012-2013</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>2011-2012</b>	Nil	Nil	Nil	Nil	Nil	Nil	<b>2011-2012</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>2010-2011</b>	Nil	Nil	Nil	Nil	Nil	Nil	<b>2010-2011</b>	Nil	Nil	Nil	Nil	Nil	Nil
<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

### Results for the year

In 2012-2013, Estyn's total revenue expenditure, net of income, was £9.98 million (£9.66m: 2011-2012) against funding of £10.22 million available from the Welsh Government.

The results for the year are detailed in the following statements and accompanying notes and show a 3.3% increase in revenue expenditure (£0.317 million) against the previous year's figure. The relatively small increase predominantly reflects the changes to the way our inspection work is delivered, with the move, in September 2012, to all inspections being Estyn-led, which affected our expenditure profiles.

In summer term 2012 the final contracted-out primary and secondary school inspections were undertaken. As a result, the proportion of primary and secondary school inspections which were 'Estyn-led' rose from 67% in 2011-2012 to 93% in 2012-2013. Due to annual fluctuations in the six-year cyclical inspection programme, the total number of primary school inspections in 2012-2013 was 7% lower than the previous year but the number of secondary school inspections rose by 53% (16 more inspections). Such changes in the total number of inspections have an obvious impact on annual expenditure and year-to-year comparisons.

Around half of primary school inspections are now undertaken by Additional Inspectors (external, Registered Inspectors) who work directly for Estyn under contractual conditions. As would be expected, we saw an increase in expenditure on Additional Inspectors but a decrease in overall expenditure on 'external' inspection resources with the cessation of payments to inspection contractors. Our expenditure on 'general inspection costs' has also reduced from that in the previous year. We ran a substantial training programme for peer inspectors and Additional Inspectors in 2011-2012 and this was scaled to meet operational requirements in 2012-2013 and we were able to run the majority of events at our office premises (saving venue



costs) as well as implementing a 'blended-learning' approach whereby some previously face-to-face elements of training were replaced by on-line learning.

Our overall staffing costs have increased by around 6.5%. We have scaled-up our inspection administration support to meet the changeover from contracted-out inspections and also ran several recruitment campaigns to fill core HMI vacancies. We have not been as successful in recruiting as many new HMI as we would like to have been and therefore we increased our pool of seconded-in Additional Inspectors in order to support the 'in-house' delivery of inspections. Secondments have also continued to provide a good opportunity for developing and transferring knowledge, skills and best practice back into the educational sectors from where each secondee is permanently engaged.

We have seen notable, but expected, expenditure increases in some areas as a result of new methods of operating. For example, our Travel and Subsistence expenditure, which includes reimbursement of expenses incurred by our peer inspectors, has risen in line with the increased number of inspections undertaken directly by Estyn workers. We have also continued to invest in information systems technology to enhance our communications activities and ensure that our work is delivered in the most efficient way possible.

'Net administration costs' (see Note 4) were 7.6% (£129k higher than the previous year; this overall increase consisted of both increased and decreased expenditure across various budget heads. As mentioned above, we have continued to invest expenditure to develop our information systems – with all projects requiring robust business cases to be produced in order to gain approval. We have also continued to seek savings wherever possible and were successful in obtaining a rate revaluation and significant Council Tax rebate in 2012-2013.

The Statement of Financial Position as at the year-end 31 March 2013 shows net liabilities of £1.353 million (2011-2012: £1.378 million). 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 arrangements for resourcing inspections with peer inspectors, lay inspectors and Additional Inspectors and result from timing of the receipt of the invoice.

As in previous years, under payroll service provider and payment arrangements, the 'creditors' figure also includes an accrual in the accounts for our March salaries where the invoice payment by Estyn has not been cleared before the end of the financial year. Estyn will receive funding from the Welsh Government to meet all of the above liabilities when they mature in the 2013-2014 financial year and it has accordingly been considered appropriate to adopt a 'going-concern' basis for the preparation of these financial statements.

For 2012-2013 the Welsh Government provided Estyn with a capital budget which was substantially adjusted in year, by agreement, to £50k and was exceeded by £3k. Expenditure was mostly to replace essential computer equipment.

## **Looking ahead**

2013-2014 will be the first full year that all inspections will be 'Estyn-led'. During the

next year, we will implement the actions agreed from the mid cycle review as we continually develop and improve our processes. We are likely to face some tough challenges in respect of resourcing our inspection and other core activities but will continue to ensure that our processes are fit for purpose and that they deliver quality services and outcomes. Indeed, we will continue to seek further efficiencies in all our processes and will begin planning for the next Comprehensive Spending Review and the challenges this is likely to bring.

Further information on the focus of our future work and our planned programme of activities can be found within our Annual Plan 2012-2013 on our website:  
<http://www.estyn.gov.uk/>.

### **Auditor**

The Auditor General for Wales audits Estyn's accounts in accordance with Paragraph 5(2) of Schedule 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 D Keane**

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

10<sup>th</sup> July 2013

## 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 (SCS) 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 the last Comprehensive Spending Review, Estyn has already 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; and
- confidence in the individual's future performance.

In considering SCS 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; and
- the degree of difficulty or ease of meeting objectives in light of actual events.

In line with a base pay freeze across the Civil Service Estyn has not adjusted its main pay levels since August 2010.

## **Service contracts**

Civil Service appointments are made in accordance with the Civil Service Commission's Recruitment Principles. The Principles require appointments to be on merit on the basis of fair and open competition but also include 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 Commission can be found at [www.civilservicecommission.independent.gov.uk](http://www.civilservicecommission.independent.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) \***

<b>Officials</b>	<b>2012-2013</b>			<b>2011-2012</b>		
	<b>Salary £'000</b>	<b>Non- Consolidated Performance Pay £'000</b>	<b>Benefits in kind (to nearest £100)</b>	<b>Salary £'000</b>	<b>Non- Consolidated Performance Pay £'000</b>	<b>Benefits in kind (to nearest £100)</b>
Ann Keane Her Majesty's Chief Inspector of Education & Training in Wales	<b>105-110</b>	<b>5-10</b>	-	<b>105-110</b>	<b>5-10</b>	-
Simon Brown Strategic Director	<b>75-80</b>	<b>0</b>	-	<b>75-80</b>	<b>0</b>	-
Meilyr Rowlands Strategic Director	<b>75-80</b>	<b>0</b>	-	<b>75-80</b>	<b>0</b>	-
Band of Highest Paid Director's Total Remuneration	<b>115-120</b>			<b>115-120</b>		
Median total <sup>1</sup>	<b>£54,500</b>			<b>£54,500</b>		
Ratio using the mid point of salary band	<b>2.16</b>			<b>2.16</b>		

\*audited figures

**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.

<sup>1</sup> The median salary has been calculated using the full year FTE cost of staff in post at March 31<sup>st</sup> of the relevant year, inclusive of agency and seconded staff.

### Pension benefits\*

Officials	Accrued pension at pension age as at 31/3/13 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31/3/13	CETV at 31/3/12	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
Ann Keane Her Majesty's Chief Inspector of Education & Training in Wales	50-55 plus lump sum of 160-165	0-2.5 plus lump sum of 0-2.5	1164	1157	0
Simon Brown Strategic Director	35-40 Plus lump sum of 65-70	0-2.5 Plus lump sum of 0-2.5	695	621	36
Meilyr Rowlands Strategic Director	30-35 plus lump sum of 90-95	0-2.5 Plus lump sum of 0-2.5	614	579	2

\*audited figures

### 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 Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium**, **classic plus** and

**nuvos**. Increases to employee contributions will apply from 1 April 2013. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 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**

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 D Keane**

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

10th July 2013



## Statement of accounting officer's responsibilities

Under Schedule 6, paragraph 5(2) 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, financial position, 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(2) 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).

## Governance statement

### Introduction

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 discharging this overall responsibility, I have maintained proper arrangements for the governance of Estyn's affairs. Estyn has a sound system of internal control that facilitates the effective exercise of Estyn's functions and includes arrangements for the management of risk. The principles of **The Corporate governance in central government departments: Code of good practice 2011 (The Code)**, within the context of Estyn's circumstances as a non-Ministerial Department, are reflected in Estyn's governance arrangements.

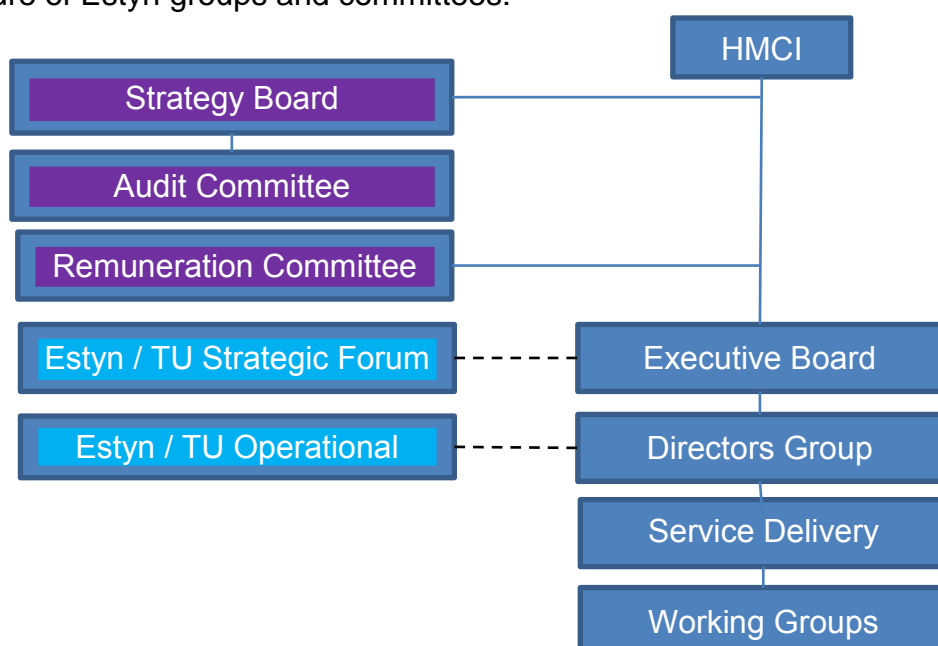
This annual governance statement outlines how good governance has been maintained within Estyn and explains the main risks facing the organisation and how these risks are being managed.

### The governance framework

I have established a governance framework that describes the systems, processes, culture and values by which Estyn is directed and controlled and by which we monitor the achievement of our strategic objectives and engagement with our stakeholders. Estyn's corporate governance framework is published on our website.

A clear statement of Estyn's purpose and vision is set out in its Annual Plan. The Annual Plan outlines Estyn's overarching vision and sets out its principal aims and objectives. In alignment with the Annual Plan, business/activity plans are developed and individual officer work plans are agreed with performance objectives and targets.

Structure of Estyn groups and committees:



Oversight of Estyn is exercised through the Strategy Board and its sub-committees (Audit Committee and Remuneration Committee). During 2012-2013, the Strategy Board and Audit Committee met on a quarterly basis and all meetings were attended in full by all members.

The non-executive members of the Strategy Board advised on strategic matters and risk management as part of providing challenge and support to Estyn's executive. Key areas of review covered by the Board during 2012-2013 included:

- Estyn's Annual Plan, incorporating Estyn's Key Performance Indicators;
- budget proposal and key projects such as HMCI's Annual Report; and
- assessment of Estyn's exposure to and management of risks.

During the year, the Strategy Board discussions also included:

- long-term financial planning;
- manpower planning;
- staff performance management;
- review of risks and risk-management arrangements;
- Estyn's Welsh Language Scheme; and
- the evaluation and review of governance arrangements.

An annual self-evaluation and review of governance arrangements confirmed that the Board is content with proceedings and the quality of information presented and discussed. Board members are content that management regularly report to the board on key outcomes and targets that flow directly from the strategy and that performance information is integrated with financial reporting. The board gets early-warning signals of problems ahead that will adversely affect key outcomes, targets or financial performance-management provides a thorough analysis of performance against budget, targets, and key outcomes, and discusses any necessary remedial action. All three non-executive directors are content that they have sufficient opportunity to raise any concerns. In addition to having direct access to HMCI, non-executives held an annual meeting with the Director General of Local Government and Communities (Estyn's funding department within Welsh Government): no concerns were raised during 2012-2013.

An action plan arising from an externally facilitated self-assessment of the Audit Committee's effectiveness identified a requirement for a non-executive director with a finance profession background. Accordingly, Rheon Tomos was appointed as a non-executive director in April 2012 and his appointment has strengthened, in particular, the scrutiny of Estyn's finances and financial planning.

Estyn's Audit Committee is chaired by Haydn Edwards, one of the non-executive directors. During 2012-2013 the committee: reviewed regular reports from internal audit on systems reviews; considered reports from external audit and approved the Annual Accounts; and, discussed other standard agenda item detailed within its terms of reference.

The Annual Report of the Chair of Audit Committee is published on Estyn's website; the report highlights some of the work undertaken during the year, including:

- review of Estyn's Risk Management Policy and key risks faced by the

organisation;

- the appointment of the Internal Auditors and approval of the three-year audit plan; and
- actions taken to enhance the work of the committee.

### Audit and impact

Estyn's internal audit coverage is planned using a risk-based approach. The Audit Committee approved the annual programme of audits for 2012-2013 and ensured that there was sufficient coverage of key areas in line with an agreed three-year audit programme. Progress against the audit plan was monitored and at the year-end an annual report of the Internal Auditor (Deloitte) was considered. This report advised on the work undertaken during the year and furnished an overall view on the internal control environment for consideration by the Committee.

The outcome from the internal audit coverage informed the Head of Internal Audit's opinion on the overall adequacy of Estyn's internal control framework, reported in his annual report. Work completed by Estyn's internal auditors during 2012-2013 resulted in reports that included an independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement. All internal audit reports were reviewed and the main issues arising discussed by the Audit Committee and it is satisfied that all management actions have been implemented or planned.

2012-2013 internal audit programme					
Internal audit area	Assurance	Recommendations			
		High priority	Medium priority	Low priority	Total
Corporate Governance	Full	-	-	-	-
Risk Management	Full	-	-	1	1
Budgets, General Ledger and Accounting	Substantial	-	-	4	4
Data Protection Act, Freedom of Information Act, and, Environmental Reporting Regulations	Substantial	-	-	6	6
Purchasing and Payments	Full	-	-	2	2
Cash Management, Revenues and Receivables	Full	-	-	-	-
Assets and Inventories	Substantial	-	-	2	2
Quality assurance – Additional Inspectors	Full	-	-	1	1
<b>Total</b>		-	-	<b>16</b>	<b>16</b>

In addition to the above, Internal Audit also undertook a programme of unannounced compliance 'spot-checks' and no significant concerns were raised during 2012-2013.

The role of a Nominations and Governance Committee (as per The Code) is undertaken within Estyn by the Strategy Board and its sub-committee 'The

Remuneration Committee which is chaired by Andrew Bellamy, one of the non-executive directors. The Remuneration Committee met twice (all members in attendance) during 2012-2013 to consider the performance and remuneration of Estyn's Strategic Directors. Non-senior staff remuneration is subject to local agreement but is based on standard civil service pay grades and is closely aligned with Welsh Government pay rates.

Estyn continues to maintain 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 held directorships or other significant interests which conflicted with their Estyn responsibilities during 2012-2013.

## **Managing risk**

Estyn's risk-management system is based on an ongoing process designed to identify and prioritise the risks to the achievement of Estyn's aims and objectives, and to evaluate the likelihood of these risks being realised and the impact should they be realised. For 2012-2013 risk registers were maintained at a strategic level by the Executive Board, at a corporate level by Estyn's Directors Group, and at operational levels by working groups, functional teams and project teams. Each risk has an individual owner responsible for detailing and recording the controls in place and further actions planned to mitigate the risk and there is an escalation process in place to raise risks to a higher level of management.

The Risk-Management Policy was updated at the end of 2012-2013 and is published on our website. In addition, Estyn has a stand-alone Information Risk Management Policy and maintained a specific Information Risk Register. Annual assurance statements completed by all Estyn directors include a requirement to report cases of unauthorised disclosure or loss of personal data. There were no reported breaches of security and no reportable losses of personal data in 2012-2013.

Key issues identified and addressed as part of the consideration of risks and 'risk appetite' in 2012-2013 were in relation to:


- the ability to resource an increasing work programme. For example, the in-housing of inspections and an increasing requirement for follow-up inspections have created additional work pressures during a period where it has also been necessary to exercise tight controls on external recruitment. We continue to implement actions that will maintain and build resource capacity, for example, enhancing the information used to attract inspection staff, extending our seconded Additional Inspector programme and exploring a range of options for contracting Additional Inspectors;
- the risk that the quality of Estyn's work does not meet required standards. Actions, both taken and continuing, include implementing a new performance management system for staff, revising quality assurance procedures and implementing a quality/price model for the award of inspection contracts to Additional Inspectors;
- the risk that we do not realise the benefits of collaborative working with other Inspection, Regulation and Audit (IAR) bodies in Wales. We ensure our partnership working is governed by strategic agreements, protocols or memoranda of understanding relevant to the type of work or relationship

involved. Section 1 (under 'Delivery principle 3) provides further details of the work we have undertaken to support effective collaboration; and

- having an ageing IT infrastructure to support business-critical systems and processes. In 2012-2013 we began a move to a hosted environment which will provide more robust business continuity and disaster-recovery capability. The project is expected to be completed during the summer 2013.

### **Significant governance issues**

No significant issues have been identified during the year in relation to Estyn's overall governance framework. Internal audit reviews covered eight substantial areas; there were no significant areas of control weaknesses and all recommendations made were of only low priority. Specific opportunities for enhancing governance and internal controls that were identified as part of Estyn's assurance processes have either been addressed or are included in action plans for the relevant managers.



#### **Ann D Keane**

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

10<sup>th</sup> July 2013

## **The Certificate and Report of the Auditor General for Wales to Estyn: Her Majesty's Inspectorate for Education and Training in Wales**

I certify that I have audited the financial statements of Estyn: Her Majesty's Inspectorate for Education and Training in Wales for the year ended 31 March 2013 under the Government of Wales Act 1998. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of changes in Taxpayers equity and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### ***Respective responsibilities of the Accounting Officer and 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 there under 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 of Estyn's affairs as at 31 March 2013 and of its 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 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 Annual Governance Statement 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

23<sup>rd</sup> July 2013



**Estyn Annual Accounts 2012-2013 (International Financial Reporting Standards – IFRS)**

**Statement of comprehensive net expenditure** for the year ended 31 March 2013

	Note	2012-2013			2011-2012
		Budget	Actual Outturn	Net Total Outturn compared with Estimate (saving)/excess	Prior Year Outturn
		£000	£000	£000	£000
<b>Resources:</b>					
Staff costs	3	7,084	7,072	(12)	6,640
Depreciation	6&7	150	137	(13)	163
Other costs	4	2,984	2,770	(214)	2,859
<b>Gross Operating Costs</b>		<b>10,218</b>	<b>9,979</b>	<b>(239)</b>	<b>9,662</b>
<b>Operating income</b>	5	-	<b>(4)</b>	<b>(4)</b>	<b>(6)</b>
<b>Net Operating Costs for the Year</b>		<b>10,218</b>	<b>9,975</b>	<b>(243)</b>	<b>9,656</b>

Net expenditure is reported as a single segment in line within Estyn's Annual Plan 2012-2013 (available at [www.estyn.gov.uk](http://www.estyn.gov.uk)).

Staff costs are show in more detail in Note 3 and Other costs detailed in Note 4.

The notes on pages 63 to 72 form part of these accounts.

**Statement of financial position as at 31 March 2013**

	Note	31 March 2013		31 March 2012	
		£000	£000	£000	£000
<b>Non current assets</b>					
Property, plant and equipment	6	110		190	
Intangible assets	7	-		4	
<b>Total non-current assets</b>			<b>110</b>		<b>194</b>
<b>Current assets</b>					
Trade and other receivables	9	104		99	
Cash and cash equivalents	10	48		70	
<b>Total current assets</b>			<b>152</b>		<b>169</b>
<b>Total assets</b>			<b>262</b>		<b>363</b>
<b>Current liabilities</b>					
Trade and other payables	11	(1,471)		(1,552)	
Provisions within one year	12	(12)		(45)	
			(1,483)		(1,597)
<b>Total current liabilities</b>					
<b>Total assets less current liabilities</b>			<b>(1,221)</b>		<b>(1,234)</b>
<b>Non-current liabilities</b>					
Provisions:					
Between two and five years	12	(132)		(144)	
<b>Total non-current liabilities</b>			<b>(132)</b>		<b>(144)</b>
<b>Assets less liabilities</b>			<b>(1,353)</b>		<b>(1,378)</b>
<b>Taxpayer's equity</b>					
General fund		(1,353)		(1,378)	
<b>Total taxpayers' equity</b>			<b>(1,353)</b>		<b>(1,378)</b>

*Ann Keane*

**Ann D Keane**

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

10<sup>th</sup> July 2013

**Statement of cash flows** for the year ended 31 March 2013

	<b>Note</b>	<b>2012- 2013 £000</b>	<b>2011- 2012 £000</b>
<b><u>Cash flow from operating activities</u></b>			
Net operating cost		(9,975)	(9,656)
<b>Adjustments for non-cash transactions:</b>			
Depreciation	6&7	137	163
Salaries (provision)	3	-	-
Other costs (provision)	4	2	20
Increase / (decrease) in trade and other payables	11	(81)	22
(Increase) / decrease in trade and other receivables	9	(5)	(16)
Less movements not passing through the Statement of Comprehensive Net Expenditure, eg capital creditors	6	-	(17)
Use of provisions	12	(47)	(44)
<b>Net cash outflow from operating activities</b>		<b>(9,969)</b>	<b>(9,528)</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	6	(53)	(207)
Purchase of intangible assets	7	-	-
<b>Net cash flow from investing activities</b>		<b>(53)</b>	<b>(207)</b>
<b><u>Cash flows from financing activities</u></b>			
<b>Net financing (from the Welsh Government)</b>		<b>10,000</b>	<b>8,500</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(22)</b>	<b>(1,235)</b>
<b>Cash and cash equivalents at the beginning of year</b>	10	<b>70</b>	<b>1,305</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>48</b>	<b>70</b>

Note: Purchase of property, plant and equipment in 2011/12 excludes creditors of £17k.

The notes on pages 63 to 72 form part of these accounts.

**Statement of changes in taxpayers' equity** for the year ended 31 March 2013

<b>Changes in taxpayers' equity</b>	<b>2011-2012</b>	
		<b>£000s</b>
<b>Balance as at 31 March 2011</b>		(222)
Net operating cost for the year	<u>(9,656)</u>	
Total recognised income and expense for 2011-2012	(9,656)	
Net Welsh Government funding	<u>8,500</u>	
<b>Balance at 31 March 2012</b>		<b>(1,156)</b>
		<b>1,378)</b>
	<b>2012-2013</b>	
	<b>£000s</b>	<b>£000s</b>
<b>Balance at 31 March 2012</b>		(1,378)
<b>Changes in taxpayers' equity for 2012-2013</b>		
Net operating cost for the year	<u>(9,975)</u>	
Total recognised income and expense for 2012-2013	(9,975)	
Net Welsh Government funding	<u>10,000</u>	
<b>Balance at 31 March 2013</b>		<u>25</u>
		<b>(1,353)</b>

The notes on pages 63 to 72 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) 2012-2013 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 2012-2013 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In consultation with HM Treasury and the Welsh Government, Estyn agreed a revised accounts direction in 2011-2012 which continues to be applicable.

#### 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. Property, plant and equipment 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 and Contingent Liabilities

Contingent liabilities are included in the accounts for events that are likely or certain to arise but there is uncertainty as to the amount or dates on which they will arise. Contingent liabilities 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 contingent liability.

The provisions included within these accounts are regarded as short-term, subject to annual review and have been discounted in line with PES(2012) 15. They provide for:

- A present obligation (legal or constructive) exists as a result of a past event;
- It is probable that a transfer of economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

### **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 incurred in the undertaking of Estyn's purpose. The Welsh Government 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 Note 4 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 3. 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. There were no early departure or redundancies in 2012-2013.

### 1.10 Operating leases

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

### 1.11 Cash and Cash Equivalents

Cash and cash equivalent is solely composed of the balance held at Estyn's bank accounts.

### 1.12 Going Concern Concept

Estyn is expected to remain in existence for the foreseeable future and will receive funding from the Welsh Government to meet all of its current liabilities when they mature in the 2013-2014 financial year. It has accordingly been considered appropriate to adopt a 'going-concern' basis for the preparation of these financial statements.

## 2 Reconciliation of net resource outturn to net cash requirement against Welsh Government approved funding

		2012-2013 Budget	2012-2013 Outturn	Outturn compared with estimate (saving) / excess	2011- 2012
	Note	£000	£000	£000	
<b>Net total resource outturn</b>		10,068	9,975	(93)	9,656
Acquisition of property, plant and equipment	6&7	50	53	3	224
<b>Accruals adjustments:</b>					
Non-cash items	6&7	(150)	(137)	13	(163)
Changes in working capital other than cash	9&11	-	86	86	(6)
Dilapidation Provision	12	-	(2)	(2)	(20)
Use of provision	12	-	47	47	44
<b>Net cash requirement</b>		<b>9,968</b>	<b>10,022</b>	<b>54</b>	<b>9,735</b>

### 3 Staff costs and numbers

Staff costs consist of:

	Total 2012- 2013 £000s	Permanently employed staff £000s	Others <sup>1</sup> £000's	2011-2012 £000's
Wages and salaries	4,690	4,690	-	4,633
Social security costs	460	460	-	451
Other pension costs	996	996	-	986
<b>Total net costs</b>	<b>6,146</b>	<b>6,146</b>	<b>-</b>	<b>6,070</b>
Plus:				
Secondees in	720	-	720	428
Secondees out	(25)	-	(25)	(116)
Agency staff	231	-	231	252
Early departure costs – in-year	-	-	-	6
<b>Total</b>	<b>7,072</b>	<b>6,146</b>	<b>926</b>	<b>6,640</b>

There were no new early departure costs in 2012-2013.

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 2012-2013	Total staff 2011-2012
96	17	113	108

All Estyn employees are members of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. Estyn is unable to identify its share of the underlying assets and liabilities of this scheme. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice.gov.uk/pensions>).

For 2012-2013, employers' pension contributions of £996k were payable to the PCSPS (2011-2012: £986k) at one of four rates in the range 17.1% to 25.5% of pensionable pay (2011-2012: 17.1% to 25.5%) based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2013-2014, the rates will be in the range 17.1% to 25.5%. The contribution rates are set to meet the cost of the benefits accruing during 2012-2013 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No Estyn employees have exercised this option.

<sup>1</sup> Other staff refers to secondees and agency staff.



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

No new redundancy or any other departure costs have been incurred during 2012-2013.

### 4 Other costs

	2012-2013 £000	2011-2012 £000
Rental under operating leases: accommodation	125	125
Other accommodation costs	144	285
IT & telecommunications	562	455
Welsh Government central services	20	14
Travel and subsistence	505	394
Auditor's remuneration – audit of accounts	30	32
General administration expenditure	284	194
<b>Non-cash items:</b>		
- provision for accommodation dilapidation	2	20
- tangible asset depreciation	133	127
- Intangible asset depreciation	4	36
	1,809	1,682
Less: Operating income (Note 5)	(4)	(6)
<b>Subtotal: Net administration costs</b>	<b>1,805</b>	<b>1,676</b>
Post 16 education inspections and associated costs	7	7
School inspections and associated costs	829	945
Local education authority inspections and associated costs <sup>1</sup>	85	115
General inspection related costs	163	271
Remit costs	14	2
<b>Subtotal: Programme costs</b>	<b>1,098</b>	<b>1,340</b>
<b>Total other costs</b>	<b>2,903</b>	<b>3,016</b>
<b>Total Other costs without Income and non-cash items</b>	<b>2,770</b>	<b>2,859</b>

### 5 Income

	2012-2013 £000	2011-2012 £000
<b>Income</b>		
- registration fees	(3)	(2)
- miscellaneous	(1)	(4)
<b>Total</b>	<b>(4)</b>	<b>(6)</b>

As the amount of income received is small and can vary year on year, it is excluded

<sup>1</sup> Includes payments made to Estyn's external auditors in respect of joint inspection work, i.e. payments in respect of services other than audit, amounting to £75k (2012-2013) and £115k (2011-2012)

from Estimate figures in the Statement of net comprehensive expenditure.

## 6 Property, plant and equipment

	IT systems	IT equipment	Furniture & fittings	Office equipment	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2012	196	586	260	90	1,132
Additions	-	53	-	-	53
Disposals	-	(15)	(17)	-	(32)
<b>At 31 March 2013</b>	<b>196</b>	<b>624</b>	<b>243</b>	<b>90</b>	<b>1,153</b>
<b>Depreciation</b>					
At 1 April 2012	156	439	257	90	942
Charged in year	40	92	1	-	133
Disposals	-	(15)	(17)	-	(32)
<b>At 31 March 2013</b>	<b>196</b>	<b>516</b>	<b>241</b>	<b>90</b>	<b>1,043</b>
<b>Carrying amount</b>					
<b>At 31 March 2013</b>	<b>-</b>	<b>108</b>	<b>2</b>	<b>-</b>	<b>110</b>
At 1 April 2012	40	147	3	-	190

## 7 Intangible assets

	Software £000	DVD £000	Total £000
<b>Cost</b>			
At 1 April 2012	11	109	120
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2013</b>	<b>11</b>	<b>109</b>	<b>120</b>
<b>Depreciation</b>			
At 1 April 2012	9	107	116
Charged in year	2	2	4
Disposals	-	-	-
<b>At 31 March 2013</b>	<b>11</b>	<b>109</b>	<b>120</b>
<b>Carrying amount</b>			
At 31 March 2013	-	-	-
At 1 April 2012	2	2	4

## 8 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.

## 9 Trade receivables and other current assets

### 9a Analysis by type

	31 March 2013 £000	31 March 2012 £000
<b>Amounts falling due within one year:</b>		
Trade receivables	-	-
Other receivables	37	27
Prepayments and accrued income	67	72
<b>Total</b>	<b>104</b>	<b>99</b>

### 9b Intra-Government balances

	At 31 March 2013 £000	At 31 March 2012 £000
<b>Amounts falling due within one year:</b>		
Balances with other central government bodies	17	23
Balances with local authorities	-	-
Balances with bodies external to government	87	76
<b>Total</b>	<b>104</b>	<b>99</b>

## 10 Cash and cash equivalents

	31 March 2013 £000	31 March 2012 £000
Balance at 1 April 2012	70	1,305
Net change in cash and cash equivalent balances	(22)	(1,235)
<b>Balance at 31 March 2013</b>	<b>48</b>	<b>70</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 2013:

	31 March 2013 £000	31 March 2012 £000
Balances at Citi Bank	48	70
Balances at NatWest	-	-
	<b>48</b>	<b>70</b>

## 11 Trade payables and other current liabilities

### 11a Analysis by type

	31 March 2013 £000	31 March 2012 £000
Amounts falling due within one year		
Trade payables	94	199
Payroll funding	542	513
Accruals & deferred income	835	840
	1,471	1,552

### 11b Intra-Government balances

	At 31 March 2013 £000	At 31 March 2012 £000
Balances with other central government bodies	655	676
Balances with local authorities	157	92
Balances with bodies external to government	659	784
<b>Total</b>	1,471	1,552

## 12 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 2012			
- Within one year	-	45	45
- Between two and five years	130	14	144
- After five years	-	-	
Increase/(Decrease) in provision	2	-	2
Amounts utilised in the year	-	(47)	(47)
Remaining provision:			
- Within one year	-	12	12
- Between two and five years	132	-	132
- After five years	-	-	-
Total provision as at 31st March 2013	132	12	144

### 13 Capital commitments

There are no capital commitments as at 31 March 2013 (no capital commitments in 2011-2012).

### 14 Commitments under leases

#### Operating leases

	2012-2013 £000		2011-2012 £000	
	Land & Buildings	Other	Land & Buildings	Other
At 31 March 2013 Estyn was committed to making the following payments during future years in respect of operating leases expiring:				
- within one year	106	-	106	-
- between two and five years	192	-	298	-
- after five years	-	-	-	-
	<b>298</b>	-	<b>404</b>	-

### 15 Other commitments

Estyn has not entered into any non-cancellable contracts (which are not operating leases) as at 31 March 2013 (£107,658 as at March 31<sup>st</sup> 2012).

### 16 Contingent liabilities

There were no contingent liabilities as at 31 March 2013 (there were no contingent liabilities as at March 31<sup>st</sup> 2012).

### 17 Related party transactions

Estyn has had a small number of material transactions during the year with the Welsh Government and the following Government organisation that is regarded as a related party:

- Wales Audit Office

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

### 18 Events after the Reporting Period

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

## Glossary of acronyms used in this report

AI	Additional Inspector
AO	Administrative Officer
BACS	Bankers' Automated Clearing Services
CETV	Cash Equivalent Transfer Value
CSSIW	The Care and Social Services Inspectorate Wales
DBS	Disclosure and Barring Service
DfES	The Department for Education and Skills
DPA	Data Protection Act
DYSG	Welsh Government newsletter
EO	Executive Officer
FAQs	Frequently asked questions
FOI	Freedom of Information
FReM	Financial Reporting Manual
GTCW	The General Teaching Council for Wales
HEFCW	The Higher Education Funding Council for Wales
HEO	Higher Executive Officer
HIW	The Health Inspectorate Wales
HMCI	Her Majesty's Chief Inspector of Education and Training in Wales
HMI	Her Majesty's Inspector
IA	Internal audit
IAR	Inspectorate, Audit and Regulation
ICT	Information and communication technology
IFRS	International Financial Reporting Standards
liP	Investors in People
INSET	In-service Training
IPC	Inspection Policy and Conformance
JF	Judgement form
LI	Lay inspector
LILO	Lead inspector / lead officer
LSCB	Local Safeguarding Children's Board
NED	Non-executive director
NLNF	National Literacy and Numeracy Framework
Ofsted	Office of Standards in Education (England)

PCSPS	Principal Civil Service Pension Scheme
PI	Peer inspector
PRU	Pupil referral unit
QAA	The Quality Assurance Agency for Higher Education
SCS	Senior Civil Service
SEP	Strategic Equality Plan
SER	Self-evaluation report
SICI	Standard International Conference of Inspectorates
SOF	Staff observation form
TU	Trade Union
VAT	Value Added Tax
VIR	Virtual inspection room
WAO	The Wales Audit Office
WLGA	Welsh Local Government Association

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