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Who we are...

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

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

As of 31 January 2010, Estyn employed 100 members of staff, of which 48 are HMI. In addition, we supplemented our internal inspection capacity by engaging 18 secondees over the course of 2009-2010. 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.

Over 2009-2010 the majority of inspections of maintained schools have been carried out by organisations and individual independent inspectors who are contracted by Estyn. Some independent inspectors and additional inspectors also carry out aspects of survey work on behalf of Estyn.

Our main office is in Cardiff and we have another office in Mold, North Wales.

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

What we do...

We have a wide range of statutory inspection and reporting responsibilities which include inspection of publicly-funded education and training providers across Wales.

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

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



In 2009-2010, 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 support services;
- youth and community work training;
- local authority education services for children and young people;
- teacher education and training;
- work-based learning;
- careers companies;
- offender learning; and
- Department for Work and Pensions contracted employment provision in Wales.

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What is this report about?

Estyn's Annual Report and Accounts summarise our progress over the last 12 months as we work towards our strategic priority, to raise standards and quality in education and training in Wales. Specifically, we report on progress against our four core purposes as set out in our Corporate Plan 2009-2012, as well as providing a full set of our accounts for the financial year 2009-2010. For further information about Estyn please visit our website, **www.estyn.gov.uk**

Foreword

Welcome to Estyn's Annual Report and Accounts, which details what we have achieved during 2009 to 2010.

It has been another challenging and successful year for Estyn. We have continued preparing for the new inspection cycle, which starts in September 2010. Thanks to the continued commitment and skills of all Estyn staff, the new inspection model for education and training sectors in Wales has been produced, tested, amended and finalised. The consultation work of last year has been taken forward into new arrangements that meet the requirements expressed and the result is a new common inspection framework, together with new inspection guidance for each sector. We have been able to ensure that there will be a greater emphasis on self-evaluation, that learners will be more involved in inspections, that there will be more emphasis on professional dialogue between practitioners and inspectors, and that peer inspectors will play a full role on inspection teams in future. And our successful piloting of the new inspection arrangements has provided us with positive and constructive feedback from stakeholders, which we have acted on in finalising our inspection documentation.

This year has also seen considerable work in furthering our other strategic objectives. We

have continued to promote improvement in the delivery of education and training in Wales through high profile events and conferences - including stakeholder forum meetings and a major conference focussing on achieving excellence in literacy and numeracy. Furthermore, we have provided support and advice in the development of the Welsh Assembly Government's Schools Effectiveness Framework and Quality Effectiveness Framework, ensuring that our own inspection guidance and self-evaluation manuals are aligned to the work being carried out in this area. We have continued to work in close partnership with other organisations in order to further improvements in sectors as diverse as Local Safeguarding Children Boards and work-based learning. A major step forward was taken this year with the appointment of a Joint Inspectorate Co-ordinator, seconded for one year to facilitate closer joint working and collaboration between Estyn and the Health Inspectorate Wales, the Care and Social Services Inspectorate Wales and the Wales Audit Office. This will help support our commitment to the Welsh Assembly Government's policy on Inspection, Audit and Regulation in Wales.

We have informed the development of national policy in a number of important ways. We held another joint seminar with DCELLS staff this year following the publication of HMCI's Annual Report to discuss the implications of what we publish for policy-making and to identify what needs to be done next in future remits for Estyn. In terms of disseminating 'sector-leading practice' we have published many reports that showcase best practice and offered some tools to support self-evaluation. Our *Play and Active Learning* toolkit for Foundation Phase practitioners has become one of our most popular requested publications, and our best practice handbook *What makes a good training provider?* has formed the basis for two Estyn-run workshops for providers of work-based learning in Wales.

Behind the scenes, we have been furthering the efficiency of Estyn as a 'best value' organisation, carrying out an internal re-structure to reallocate roles and responsibilities of staff in order to meet the requirements of our new ways of delivering the core business so we can meet the challenges of our other key objectives in the most effective way possible.

Ann Keane



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

Section 1: A review against our corporate plan

Objective 1:

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

What we said we would do...

What we've done...

1

Continue to audit school inspection contractors to ensure their processes meet quality controls and comply with the terms of their contracts.

All school inspection contractors received an audit evaluation during the financial year, in which all demonstrated improvement in the quality of their inspection processes and provided assurance to Estyn that the conditions of their contract for inspection are being fully adhered to.

2

Undertake evaluation of guidance, training and quality monitoring procedures.

This year there was a major evaluation of all guidance, training and quality assurance procedures, with work undertaken on preparing revised documents for monitoring the quality and effectiveness of both Estyn-employed and independent inspectors, both during inspection and in the writing of inspection reports. These documents will take full account of the new Estyn inspection arrangements for the next inspection cycle.

3

Review and republish on our website guidance on inspecting Welsh and bilingualism.

Planning work was undertaken to develop new Welsh language guidance, in line with Estyn 2010 inspection arrangements and the common inspection framework. This work will be completed in 2010-2011.

What we said we would do...

What we've done...

4

Prepare for the implementation of the new inspection framework including carrying out pilot inspections in three secondary schools and four primary schools in autumn 2009.

During the financial year pilot inspections took place in five primary schools, two non-maintained nursery settings and three secondary schools, as well as an independent, an independent special and a maintained special school. Draft sector guidance and manuals were produced for use during these inspections, and, following the successful completion of the inspections and publication of the inspection reports, feedback from both the providers and inspection teams was fully taken account of when finalising the arrangements for September 2010 onwards.

5

Inspect and report on independent special colleges in Wales, in addition to the current sectors.

This year we undertook one joint inspection with Ofsted of an independent special college in Wales.

6

Continue to ensure, through monitoring existing protocol arrangements, the effective co-ordination of inspections of schools with residential provision by both Estyn and the Care and Social Services Inspectorate for Wales (CSSIW).

We have continued to meet regularly with the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS) and CSSIW to co-ordinate inspections of schools with residential provision. We have continued to share information with CSSIW prior to our monitoring visits and inspections of these schools.

7

Combine the current separate inspections of local authority education services and youth support services.

During the year we produced a draft guidance document that combines the two inspection frameworks and successfully piloted these with combined local authority education services and youth support services inspections in two local authorities.

What we said we would do...

What we've done...

8

Continue to work with the CSSIW, Wales Audit Office (WAO) and Healthcare Inspectorate Wales (HIW), in partnership with the Association of Directors of Education in Wales (ADEW), on their proposed involvement in inspections of services for children and young people provided by local authorities and their partners.

We have met on a regular basis with WAO, CSSIW, ADEW, and HIW to help draft the guidance for the inspection of education services for children and young people (LAESCYP), in preparation for the new 2010 inspections. As far as the current inspection framework is concerned, we have involved an inspector from WAO on each local authority inspection. We liaise closely with CSSIW prior to each of these inspections. The new arrangements will feed into any further overviews of Children and Young People's Plans.

9

Continue to inspect adult community learning (ACL) education programmes.

During 2009-2010 we successfully completed the cycle of ACL inspections. We have also planned the new inspection cycle (2010-2016) based, as previously, on partnership areas.

10

Pilot the new inspection framework in three of the 14 inspections and carry out re-inspections of work-based learning.

During the year we undertook one pilot inspection of work-based learning, in addition completing planned re-inspections.

What we have also done...

- 1 We arranged termly update meetings with independent registered inspectors (who lead school inspection teams) as well as annual update training for inspection contractors and team inspectors.
- 2 We continued to inspect further education (FE) provision as part of our current cycle of inspection as well as two further joint inspections of FE and work-based learning (WBL), when new inspection arrangements were piloted.
- 3 We completed our programme of inspections of independent schools using the current Common Inspection Framework (CIF), and continued to monitor the quality of inspections by contractors of maintained special schools and pupil referral units.
- 4 We continued to work with Her Majesty's Inspectorate of Prisons (HMIP) in carrying out the inspection of prisons and young offender institutions in Wales and custodial establishments in England where there are a number of Welsh prisoners.
- 5 We joined HMI Probation, CSSIW and HIW in the first of the new Youth Offending Team inspections - Core Case Inspections (CCIs).
- 6 We completed work on a thematic inspection looking at the preparation of teacher trainees to teach pupils with additional learning needs and for working with others.

Case study

Estyn 2010

Considerable work was undertaken this year by Estyn in furthering the move to a new inspection framework, to be implemented for inspections from September 2010.

The new framework aims to take account of the changes that have happened in the last ten years to the provision of education and training in Wales, and to recognise and support more joined-up working across different sectors of Welsh public services - as well as ensuring that learners are always placed at the heart of inspection.

Following from extensive consultation work carried out in 2008-2009, this year a new common inspection framework was discussed and formulated, together with new inspection guidance for all sectors. In Autumn 2009 and Spring 2010 these were used in a series of pilot inspections across a number of sectors. The results were found to be positive, with particular praise being given to the way the framework involves learners in inspections, and places emphasis on professional dialogue between practitioners and inspectors.

Feedback received from providers, learners, inspectors and other stakeholders was fed back to Estyn, where work commenced on finalising the handbooks in time for publication by the end of April 2010. Separate guidance manuals for use by providers themselves in self-evaluation/assessment are also being published.

The main features of the framework include:

- a new pivotal role for peer inspectors as a full member of the inspection team;
- the phasing in of Estyn-led inspections for all sectors over the next three years;
- a greater emphasis on self-evaluation and self-assessment;
- a shorter, more streamlined approach to inspection, ensuring that greater resource is available to undertake follow-up inspections and to disseminate sector-leading practice;
- the replacement of the former five-point numerical scale with four new judgements: excellent, good, adequate and unsatisfactory; and
- the establishment of three key questions and ten quality indicators.

Summer 2010 will see a full programme of training carried out for HMI, independent inspectors and peer inspectors to ensure all are fully knowledgeable about the new arrangements.

Estyn inspections 2009-2010

Sector	Number planned	Actual number	Comment
Non-maintained nursery settings	100	121	The original target total has been exceeded to ensure that all those settings registered by 31 July 2004 are inspected within the six year cycle.
Schools	332	325	Fewer inspections took place than planned, owing to school closures and amalgamations.
Pupil referral units (PRUs)	10	4	Fewer inspections than planned reflect changes in the number of PRUs within local authorities.
Local authorities (LAs)	12	12	
Post-16	38	41	The figure includes additional inspections undertaken jointly with HMI Prisons.

Objective 2:

Promoting improvement in the delivery of education and training in Wales

What we said we would do...

What we've done...

1

Organise and host various training events, regional events and conferences.

Estyn organised a series of successful events in the 2009-2010 financial year. The Chief Inspector's Annual Report was successfully launched in January, at Pontypridd High School, and the event incorporated a series of best practice workshops. Stakeholder forums have also been held through the year, including an Estyn maintained schools stakeholder forum at the SWALEC stadium in March, and in the same month an Independent Schools Forum in Llandrindod Wells. Conferences hosted during the year included an event focusing on achieving excellence in literacy and numeracy for pupils aged 3 to 14 years of age.

2

Continue to support the development of the Assembly's self-evaluation tools Schools Effectiveness Framework (SEF) and the Quality Effectiveness Framework (QEF) for post-16 provision.

Estyn has provided support and advice to the Assembly's SEF steering group to develop the SEP (School Evaluation Profile) - a self-evaluation toolkit for schools. We have also made sure everything in our own inspection guidance and forthcoming self-evaluation manuals is aligned to SEF and QEF, as well as providing training to inspectors so they are fully knowledgeable about the two frameworks and associated activities. We took a large part in the SEF launch conference in November.

What we said we would do...

What we've done...

3

Work in partnership with Ofsted to develop an inspection process for provider-led Pathways provision.

We worked in partnership with Department for Work and Pensions (DWP) and Ofsted to finalise an inspection model for Provider Led Pathways (PLP). This included a pilot inspection in Norwich. We have subsequently inspected both PLP contracts in Wales.

4

Plan and develop the inspection process of Local Safeguarding Children Boards in Wales.

We have collaborated with the Care and Social Services Inspectorate for Wales (CSSIW) and other inspectorates in developing a Self-Audit and Improvement Tool to enable the monitoring of the work of Local Safeguarding Children Boards. The dates for inspection have been agreed with CSSIW and Estyn will be fielding two HMI for inclusion in these inspections.

5

Continue to work in partnership with the Wales Audit Office in accordance with our Memorandum of Understanding and seek to extend this agreement to include inspection of local authority services for children and young people.

The new Memorandum of Understanding is being developed, and the Wales Audit Office has been fully involved alongside Estyn in the production of the new inspection arrangements for the education services for children and young people.

6

Continue to work extensively with the National Training Federation for Wales (NTFW) and the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills (DCELLS) to help improve the quality of work-based learning in Wales.

We continue to work closely with NTFW and DCELLS in promoting quality of work-based learning delivery. This year, for example, we worked on a new publication, "What makes a good training provider?" and worked extensively with DCELLS and NTFW in the planning of two launch event workshops, to be run in April 2010.

What we have also done...

- 1 We completed the inspection of all of the Wales-based Department for Work and Pensions support programmes designed to help the unemployed back into work.
- 2 We continued to work with HMI Probation on Core Case Inspections (the former Youth Offending Team inspections) as well as working with HMI Prisons, leading on the inspection of offender learning in Welsh prisons (Swansea this year) and jointly inspecting prisons in England where there are substantial numbers of Welsh prisoners.
- 3 In partnership with the Wales Audit Office, we helped to implement the Wales Programme for Improvement, a programme designed to enable local authorities to examine the health of the corporate organisation and the performance of the range of services they provide.



Case study

Working together for improvement conference

Achieving excellence in literacy and numeracy for pupils aged 3 to 14 years of age

This conference, held at the SWALEC stadium in Cardiff, was the first of its kind to be organised between Estyn, Basic Skills Cymru and the Curriculum and Assessment Division within the Welsh Assembly Government's Department for Children, Education, Lifelong Learning and Skills.

As partners committed to promoting improvement in education in Wales, representatives from local authorities and schools were invited to attend. In order to achieve a good mix of participants at the conference, local authorities were allocated two places for officers from the authority with responsibilities for literacy, numeracy and the Foundation Phase and the remaining six places for school staff. We asked them to include some delegates from schools that are finding it difficult to help learners to progress and others from schools that already have well-developed professional learning communities and high standards of pupil achievement. The eventual mix of participants helped to promote school

improvement as well as contributing opportunities to share good practice more widely through professional learning networks. The strategy worked well and 196 delegates attended from schools, local authorities and teacher education institutions.

The conference focused on achieving excellence in literacy and numeracy for learners from the early years through to the end of key stage 3. The programme included plenary and workshop sessions and offered delegates a choice of workshops that most interested them.

Key note speakers provided inspirational inputs and the response from delegates was very good.

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 2009-2010, we dealt with **six** complaints.

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

Response to complaints:

Total number of complaints received in 2009-2010:

6

Complainants satisfied with Estyn's response:

Target: 85%

Actual: 83.33%¹

Requests received under the DPA

100 requests

Average time taken to complete each request:

7.5 working days
(Target 20 working days)

99% completed on time²

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

Requests received under FOI Act:

7 requests

Average time taken to complete each request:

8.2 working days
(Target 20 working days)

100% completed on time

¹ In one case the complainant was not satisfied with Estyn's response and took their complaint directly to the Ombudsman. Their complaint was one of maladministration on the part of Estyn in the way we had managed their application for the post of lay inspector. The Ombudsman was not persuaded that there had been any maladministration on the part of Estyn. The Ombudsman considered that the points raised in his complaint had been accurately and fairly addressed and explained by the investigating officer.

² One response was delayed due to the absence abroad of the Registered Inspector who held evidence material required.

Objective 3:

Informing the development of national policy

What we said we would do...

What we've done...

1

Continue to work with DCELLS, the Department for Public Services and Local Government Delivery and other Welsh Assembly Government departments to develop more coherent legislation to support partnership working with other inspectorates, auditors, regulators and agencies.

This year we appointed a Joint Inspectorate Co-ordinator / Project Manager, seconded for one year to facilitate ongoing joint working between Estyn and the Health Inspectorate Wales (HIW), the Care and Social Services Inspectorate Wales (CSSIW) and the Wales Audit Office (WAO). We have also ensured, through existing protocol arrangements, the co-ordination of the inspections of schools with residential provision by both Estyn and CSSIW, and shared information with CSSIW in relation to inspecting non-maintained early years settings.

2

Discuss delivery and implementation of the new inspection framework.

Through liaison with stakeholders, providers and other government departments we were able to prepare effective guidance handbooks for use in pilot inspections, and used experience of these in order to finalise the new inspection framework, and associated guidance handbooks and manuals, for use across all sectors from September 2010 onwards.

3

Maximise the role that our inspection activity can play in the broader setting of legislation, policy, performance frameworks and public accountability for the public services at large.

We have worked effectively with the WAG department Public Services and Local Government Delivery (PSLGD) on the development of a performance framework for public services.

What we said we would do...

What we've done...

4

Participate in a wide range of committees, working groups and advisory groups.

Our staff contributed to over 40 national working groups or advisory groups during the course of this financial year.

5

Provide remit advice and reports on 17 policy priorities.

Although two items were cancelled following the issue of the year's remit, all of the remaining remit items have been or are on course to be published within timescales agreed with relevant Assembly departments. In all, during the financial year, 18 remit items were published (inclusive of some from the previous year's remit) and these are listed on page 18.

What we have also done...

1

We have worked closely with DCELLS to develop a more strategic approach to remit advice.

2

We have worked jointly with DCELLS and Basic Skills Cymru to host a successful Working Together for Improvement Conference with the theme of Achieving Excellence in literacy and numeracy for pupils aged 3 to 14 years of age.

3

We have ensured the inclusion of an inspector from the Wales Audit Office (WAO) in all inspections of local authority education services.

4

We have worked with CSSIW and other inspectorates to ensure the effective co-ordination of the inspection of the effectiveness of services for children and young people (CYPP).

5

We have continued to provide a range of ad hoc advice and ongoing support, including responding to a number of national consultations.

Remit reports

In response to the Minister's annual remit, in 2009-2010 we published 18 reports on the following topics:

All 18 reports published in 2009-2010 (100%) were within timescales agreed with the Welsh Assembly Government.

Evaluation of the extent and impact of remodelling on learning and the school workforce	06/04/2009
The impact of 'unlocking the potential funding' on promoting the use of special schools as community focused resource bases	07/04/2009
Food and fitness in schools: an update	08/04/2009
Effective parental involvement in schools	16/04/2009
Local authorities and schools causing concern	06/05/2009
Evaluation of the quality and value of the education and training funded through the Wales Union Learning Fund (WULF)	28/05/2009
The impact of schools' race equality policies	29/05/2009
Best practice in mathematics for pupils aged 3 to 7 years	03/06/2009
Management information in local authority youth services	10/06/2009
Listening to the community: How good are providers at finding out the learning needs of adults in their local communities?	01/07/2009
Improving modern foreign languages in secondary schools in Wales	03/07/2009
The impact of RAISE 2008-2009	13/07/2009
How effective is provision for learners aged 16 to 19 years with English language acquisition needs?	28/07/2009
Play and active learning - a toolkit for Foundation Phase practitioners	29/09/2009
Local authority support for the education of children of migrant workers	20/10/2009
Tackling child poverty and disadvantage in schools	13/01/2010
What makes a good training provider?	23/03/2010
Evaluation of the arrangements to ensure the consistency of teacher assessment in the core subjects at key stage 2 and key stage 3	25/03/2010

Case study

Play and active learning - a toolkit for Foundation Phase practitioners

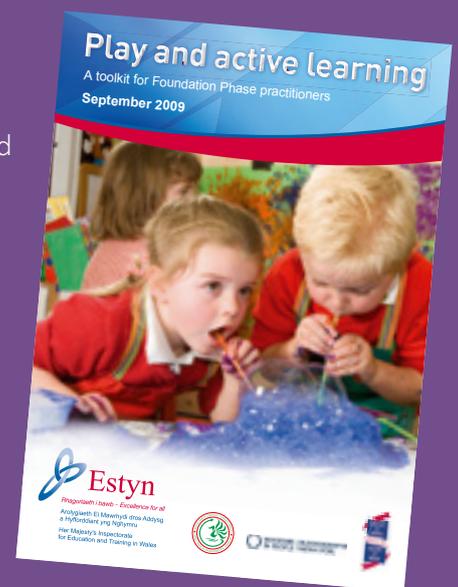
In September 2009, Estyn published its remit report on *Play and active learning - a toolkit for Foundation Phase practitioners*.

This report gives teachers and classroom assistants practical advice and guidance for implementing the Foundation Phase and uses lots of colourful case studies to highlight good practice.

The document sets out eight questions designed to help teachers and classroom assistants to take an overview of their current provision and review how well they currently plan, deliver and assess learning in their schools. For example, question 4 asks "Do practitioners plan the curriculum and environment to enable children to be active learners?" The supplementary questions then guide the reader to consider how well the resources, time and space can be organised to achieve the best outcomes for children. The case studies offer a detailed account of exciting and effective practice to help practitioners to develop new ideas about how to improve or extend their practice.

Throughout the report there are examples of how schools in Wales have successfully applied an innovative approach to play-based learning activities. These approaches range from staging role-play based on *The Three Little Pigs*, to visiting a local fire station to explore emergency scenarios, to planting and cultivating an outdoor allotment.

This publication was published on our website on 29 September 2009. Hard copies were printed on recycled paper and distributed to all providers of the Foundation Phase in Wales, including schools and non-maintained nursery settings. The feedback received was extremely positive. There was interest in obtaining further copies of *Play and Active Learning*, not just from students, teachers and local authorities in Wales, but from across the United Kingdom and beyond. It remains one of our most popular requested publications.



What makes a good training provider?

In March 2010, in conjunction with the Welsh Assembly Government's Department for Education, Lifelong Learning and Skills and the National Training Federation Wales, we published *What makes a good training provider?*, a best practice handbook for the work-based learning sector.

What makes a good training provider? draws upon a wealth of HMI experience and evidence to provide guidance, recommendations and case studies showcasing good practice. The intention was for readers of the handbook to be given the opportunity to follow the learner's journey, from recruitment to achievement and progression.

Evidence from inspections of this sector show that, over the last six years, standards are still inconsistent across providers, with many still only achieving satisfactory grades. The aim therefore is for providers to take the opportunity to use the handbook as a guide to improve and raise standards in the work-based learning sector.

The handbook contains case studies from a number of providers throughout Wales including:

- Coleg Menai;
- Hyfforddiant Gwynedd;
- Hyfforddiant Môn;
- Sport Train Wales;
- Learnkit;
- Yale College;
- Coleg Llandrillo;
- Jobforce Wales;
- Gorseinon College; and
- Careers Wales Mid Glamorgan and Powys.

The publication was launched on our website on 23 March 2010. Following from this, we took forward arrangements for two workshops for all learning providers in Wales on using the handbook as a tool for continuous self-development and implementing the best practice. These took place in April 2010.

Inspections and inspection reports that met Estyn's quality standards

	Target percentage	Actual percentage	Comment
Contracted out inspections	98%	100%	
Contracted out reports	98%	96%	One primary inspection report failed to meet Estyn's quality threshold. Estyn wrote to the Registered Inspector (Rgl) to advise them that some aspects of report writing needed to be improved. We are monitoring future reports produced by the Rgl in question.
Estyn led inspections	99%	100%	

Percentage of inspections that were directly monitored

	Target percentage	Actual percentage	Comment
Estyn-led	20%	20%	
Contracted out (schools, PRUs)	20%	22%	
Contracted out (non-maintained nurseries)	13%	11%	During the year there was only a small pool of inspectors, all of whom were monitored at least once. Because their performance was satisfactory, we reduced the extent of monitoring in-year.

Objective 4:

Developing Estyn as a 'best value' organisation and 'employer of choice'

What we said we would do...

What we've done...

1

Continue to provide consistent controls and standards for our procurement practices, making more use of e-procurement particularly in relation to inspection contracts, helping to reduce costs and reducing the environmental impact of paper-based systems.

Estyn has procedures in place to maintain consistent control of our procurement practice, including an Estyn compliance officer who provides advice on all procurement exercises. All contracted-out school inspections were conducted via e-tendering during the year with plans to extend this to all inspection contracts next year.

2

Work with the Welsh Assembly Government (WAG) to complete a review of the service level agreements we have with them.

We reviewed our service level agreements (SLA) with WAG and agreed revised SLAs for Statistical Services and Human Resources. Following the implementation of our own independent financial system, we also agreed with WAG to cease the SLA for Finance and Payments.

3

Work in partnership with staff and unions to address the recommendations outlined in the Investors in People (IiP) report, and implement a three year action plan.

The Investors in People Working Group developed an action plan to ensure Estyn addressed all the issues contained in the IiP Assessment report. We have worked closely with the unions to ensure that we are moving confidently towards our re-accreditation in 2011.

What we said we would do...

What we've done...

4

Continue to benchmark our performance against further national standards such as the Corporate Health Standard, the Green Dragon Standard for sustainability and the civil-service-wide engagement survey.

We are developing policies that will enable us to retain and apply to enhance our level of accreditation against the Corporate Health Standard and the Green Dragon Standard. We undertook the HSE Management Standards Survey in 2009 to enable us to have three years' comparative data and will be participating in the civil service engagement survey in September 2010.

5

Continue to review our environmental action plan ensuring that sustainability is firmly embedded throughout the organisation.

We continue to embed sustainability within Estyn and build on our commitment to the Green Dragon Environmental Standard. We appointed a Lead Officer for Sustainability during the year and we continued to implement our environmental action plan. The action plan targets included a commitment to reducing our carbon footprint, for example through revised car hire arrangements and minimising staff travel. We also have a commitment to reduce office paper consumption. This has been aided by Estyn's drive to publish reports and key publications online and to reduce the production of hard copies.

6

Increase our inspection capacity by recruiting more inspectors in preparation of implementation of the new inspection framework and specialist ICT staff to support the continued implementation of our ICT strategy.

Arising from an external recruitment campaign in summer 2009, we appointed eight HMI to extend our inspection capacity. We engaged a short-term project manager to help to implement our ICT strategy and continued to work with key suppliers to support and develop our core business systems.

What we said we would do...

What we've done...

7

Review our existing equality schemes, in anticipation of new legislation, and work towards developing a single equality scheme once the duties of public bodies are more clearly defined in the legislation.

Annual progress reports were developed in year clarifying how we have implemented our gender, ethnicity and disability equality schemes. We monitored the progress of the Equality Bill through Westminster and when the duties are clarified we will develop a single equality scheme.

8

Continue to consult with staff on further provisions of our flexible working policy, in particular those relating to home working.

We consulted widely with staff in developing our Flexible Working Policy before agreeing it with our Trade Union colleagues of the Public and Commercial Services Union (PCS) and the Association of First Division Civil Servants (FDA) in September 2009. We worked closely with staff in planning the introduction of home working and piloted a home working scheme from October 2009, before inviting applications for home working from March 2010.

9

Enhance our working relationships with the trades unions by reviewing our joint working arrangement and developing a facilities time agreement.

We have reviewed the way in which we work with the Unions. We have established two levels of formal engagement with them: strategically where senior managers meet the unions twice a year; and more frequent operational meetings where we meet every two months. We have also asked the unions to develop a proposal for facilities time.

What we have also done...

- 1 We have included training relating to the safeguarding of children and vulnerable adults in our inspector training courses and during the year published a pocket guide for easy reference.
- 2 We have continued to discuss all staffing needs effectively with managers and updated our Strategy Board on the workforce requirements to enable us to implement the new 2010 inspection arrangements effectively.
- 3 We have reviewed our approach to recruitment and introduced a more streamlined process which uses information and communications technology (ICT) well and enables campaigns to be completed in less time than previously.
- 4 We continued to take a strategic approach to ensuring Value For Money, for example through: investing in low-cost IT solutions to reduce future time and costs associated with data capture, storage and analysis of inspection judgements; implementing a new Travel and Subsistence Policy-including reducing hire-car costs through new contract arrangements; and, putting in place supporting arrangements, such as enhanced remote communication facilities, to support moves to home-working by inspection staff and to achieve significant future savings on office accommodation costs when we renew office-space leases in 2010-11.



Transforming Estyn Programme (TEP)

The strategic review of Estyn, conducted in 2008, recognised that we needed to respond to a number of drivers for change, both external and internal.

We therefore undertook a systematic process of organisational review, resulting in a recognition that we needed to transform the organisation and deliver an Inspectorate that is ready to deliver in the 'new world'.

Our transformation goals were to create a much stronger strategic alignment of our business between our mission, our purpose and our strategic objectives.

The complexity of the transformation we have since been undertaking is a significant challenge and required the use of programme and project management tools and techniques to ensure effective delivery of our transformation goals. To this end, we have introduced a programme of change that spans activities across the organisation. Individual projects have been grouped within the following transformation themes:

- Enterprise directing and governance;
- Enterprise delivery;
- Enterprise enabling;
- People and Culture; and
- Communications.

Eighteen projects are addressed within these themes, ranging from the development of our new inspection arrangements, through the development of our knowledge management capabilities to an overhaul of our organisational structures. We have adopted the Cabinet Office Office of Government Commerce (OGC) Prince2 methodology to the management of the programme and projects, creating guidance for the programme governance arrangements, and appointing individuals from across the organisation to the range of project management roles.

We have introduced structures for systematic monthly review of programme progress through both the Transforming Estyn Programme (TEP) Review Group, comprising the Programme and Project Managers, and the Change Board, comprising HMCI, the Strategic Directors and the Programme Manager.

Finally, we have updated staff regularly about TEP activities through use of the monthly Estyn magazine, *Your Estyn*, and briefing sessions and workshops during Corporate Training Days and the Staff Conference.

Estyn-led training 2009-2010

	Number of attendees	Comment
Peer assessors	222	205 received training in the 2004-2010 Estyn framework, and 17 subsequently underwent 2010 pilot inspection training
School nominees	305	295 received training in the 2004-2010 Estyn framework, and 10 subsequently underwent 2010 pilot inspection training
Update training for registered inspectors	64	Inclusive of one new registered inspector undergoing 1:1 conversion training
Update training for additional inspectors	5	
Update training for independent inspectors	261	
Initial training for lay inspectors	30	
2010 pilot training for lay inspectors	5	
Total number of attendees	892	

The total number of attendees was lower this year than the 2008-2009 total of 1,856. This reduction is due to the imminent 2010 changes. An extensive training programme for independent inspectors, peer inspectors and nominees is scheduled for the summer of 2010.

It is also important to note that an attendee may attend more than one training event.

Estyn Board members

During 2009-2010, the following persons were members of the Estyn Strategy Board for the full year unless indicated otherwise.

Non-executive directors (NEDs)

Mrs Julie James - former Director of Personnel, Monarch Airlines

Mr Jerry Shelton - former Director of Reach Supported Living Ltd (NED to 20 August 2009)

Mr Andrew Bellamy - former Chief Executive of Glan Y Mor NHS Trust/Executive Director Swansea NHS Trust

Dr Haydn Edwards - former Principal and Chief Executive of Coleg Menai (NED from 2 September 2009)

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

Senior officers

Dr Bill Maxwell - Her Majesty's Chief Inspector of Education and Training in Wales and Accounting Officer (to 14 February 2010)

Mrs Ann Keane - Head of Directorate / Strategic Director (to 14 February 2010) and Her Majesty's Chief Inspector of Education and Training in Wales and Accounting Officer (from 15 February 2010)

Mr Simon Brown - Head of Directorate / Strategic Director

Mr Meilyr Rowlands - Strategic Director (from 1 November 2009)

Mrs Shan Howells - Head of Directorate: Organisation Policy, Planning and Development (to 31 May 2009)



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 2009-2010).

Non-executive directors are not remunerated, but are entitled to claim a monthly honorarium of £421 (£584.77 per month for Chair of Audit Committee) plus travel and subsistence claims, as well as honorarium payments for additional consultancy work such as involvement in recruitment panels. In 2009-2010, the total value of honorarium claims was £21,073 and a total amount of £3,856 was also claimed as reimbursement of travel and subsistence expenses.

Audit Committee

The Audit Committee comprising non-executive directors of Estyn's Board is chaired by one of the non-executive directors. Supporting the Accounting Officer in his/her responsibilities for issues of risk, control, governance and assurance, the Committee was attended fully at its four meetings during 2009-2010. There were no significant events or issues of judgement or control that had to be considered by the Committee during the year.

Section 2: Annual accounts 2009-10

Management commentary

Format of the accounts

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

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

Background statutory information and funding

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

In 2009-2010, Estyn's principal aim has been to raise standards and quality in education and training in Wales, through:

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

Estyn's operational objectives for 2009-2010 have been met through two key activity programmes:

- Activity programme one: the sectoral inspection programme of education and training providers.
- Activity programme two: thematic inspections and reviews.

Equal opportunities

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

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

Estyn follows the Civil Service Code of Practice on the employment of disabled people, which

aims to ensure that there is no discrimination on the grounds of disability, and that access to employment and career advancement within

Estyn is based solely on ability, qualifications and suitability for the work.

Sickness absence data

Headline Measures

Measure	2009-2010	2008-2009
Sickness absence rate	3.16%	5.12%
Proportion of staff accruing sickness absence	46.7%	48.1%
Average working days lost per employee	7.5 days	11.9 days
Average length of absence	6.76 days	9.43 days
Sickness absence occurrences	112 occurrences	131 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. Estyn's inspection database system 'Athene' is available for all staff to view and interrogate. 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 available to staff. Estyn operates a number

of protocols, mostly through Memoranda of Understanding, with other public bodies.

Sustainability

Last year we continued our commitment to sustainability by working to deliver our environmental action plan to retain our 'Green Dragon' sustainability accreditation (further details about this can be found in Section 1 of this report under 'Objective 4'). Our inspection processes also involve looking at and reporting on sustainability and its promotion within individual education and training providers.

Payment policy

In 2009-10, we worked to achieve compliance with our responsibilities under the Late Payment of Commercial Debts (Interest) Act 1998 to pay undisputed suppliers' invoices within 30 days of receipt of goods or services or valid invoice, whichever is the later. This was achieved for 99.9% of all such payments made in 2009-2010 (2008-2009: 99.3%).

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, 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
<p>Name / address (home or business or both) / postcode /email / telephone numbers / driving licence number / date of birth</p> <p>[Note that driving licence number is included in this list because it directly yields date of birth and first part of surname.]</p>		<p>Sensitive personal data as defined by S.2 of the Data Protection act, including records relating to the criminal justice system, and group membership</p> <p>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</p>

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.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2009-2010

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Further action on information risk

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.

Table 2: Summary of other protected personal-data-related incidents in 2009-2010

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.

Category	Nature of incident	Total
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

Table 3: Year-on-year total numbers of protected personal-data-related incidents prior to 2009-2010

Total number of protected personal-data-related incidents formally reported to the Information Commissioner's Office, by category number						
	I	II	III	IV	V	Total
2008-2009	Nil	Nil	Nil	Nil	Nil	Nil
2007-2008	Nil	Nil	Nil	Nil	Nil	Nil
2006-2007	Nil	Nil	Nil	Nil	Nil	Nil

Total number of other personal-data-related incidents, by category number						
	I	II	III	IV	V	Total
2008-2009	Nil	Nil	Nil	Nil	Nil	Nil
2007-2008	Nil	Nil	Nil	Nil	Nil	Nil
2006-2007	Nil	Nil	Nil	Nil	Nil	Nil

Results for the year

In 2009-10, Estyn's total revenue expenditure, net of income, was £13.2million (2008-09: £12.8million). The results for the year are detailed in the attached accounts.

Estyn's revenue budget from the Welsh Assembly Government was £14.6million. Throughout the year, Estyn kept the Assembly informed of its projected expenditure so that potential savings against budget could be called-upon by the Assembly for use within other service areas. At the end of 2009-10, £1.4million was returned to the Assembly. The budget underspend is largely programme-related and reflects savings arising from a continuing competitive market for the provision of contracted out school inspections and a reduction in the number of inspections undertaken as a result of school and other provider mergers and closures.

The Statement of Financial Position as at the year-end 31 March 2010 shows net liabilities of £1.4million (2008-09: £1.4million). It is not unusual for Estyn's balance sheet to show a deficit position at the end of a financial year due to the high level of creditors. Most of these creditors are a normal consequence of Estyn's contractual arrangements for school inspections, as payment for a contract is not made until Estyn has received the inspection report. Under statutory requirements the report can be received up to 45 days after the inspection is completed. As in previous years, under payroll service provider and payment arrangements, the creditors figure also includes an accrual in the accounts for salaries where the invoice payment by Estyn has not been cleared (March and February charges). Estyn will receive funding from the Welsh Assembly Government to meet all of

the above liabilities when they mature in the 2010-2011 financial year and it has accordingly been considered appropriate to adopt a 'going-concern' basis for the preparation of these financial statements.

Estyn's capital expenditure in 2009-10 amounted to £0.129m. The main element of capital expenditure in 2009-10 was of the cost of producing 'best-practice' training materials, shown within the accounts under 'intangible assets'.

Looking ahead

We are currently finalising preparations for our next 6-year cycle of inspections starting in September 2010. Inspections from September 2010 will be carried out under a new inspection framework which will mark a significant step-change in the efficiency and effectiveness of the way we inspect and is designed to align with the Welsh Assembly Government's strategies for improving the quality of education and training in Wales. Further information on the new inspection framework and our key strategic objectives for the next three years can be found within our Strategic Plan 2010-2013 and Annual Plan 2010-2011 on our website: www.estyn.gov.uk.

Like many other public organisations, we are also preparing to meet future public service expenditure restrictions and the associated efficiencies agenda. This will involve continuing to look at ways to rationalise our operating procedures and modifying our business model in order to ensure that we continue to deliver our statutory responsibilities and meet our core objectives in the most efficient and effective manner.

Auditors

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

So far as the Accounting Officer is aware:

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

Events since the end of the financial year

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



Ann D Keane

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

9 August 2010

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 Board comprising the Chief Inspector of Education and Training in Wales and a non-executive director, in accordance with Cabinet Office guidance on Senior Civil Service remuneration.

In reaching its recommendations, the Estyn Remuneration Board 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 Board takes account of the evidence available in respect of wider economic considerations and the affordability of its recommendations.

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

- the individual's growth in competency;
- challenge associated with the job;

- confidence in the individual's future performance.

In considering staff bonuses, the following factors were 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.

Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Mrs A D Keane was appointed as Chief Inspector for Education and Training in Wales (by Order in Council under Section 19 of the Education Act 2005) for an interim term commencing 15 February 2010 to 30 September 2010, pending a long-term appointment being made. The rules of appointment are set out in the Civil Service Management Code.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of Estyn.

Remuneration*	2009-10		2008-09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Ann Keane Her Majesty's Chief Inspector of Education & Training in Wales (from 15 February 2010 - previously Head of Directorate / Strategic Director)	85 - 90	-	70-75	-
Dr William Maxwell Her Majesty's Chief Inspector of Education & Training in Wales (until 14 February 2010)	80 - 85 (95 - 100 full year equivalent)	-	95 -100	-
Simon Brown Strategic Director (from 1 November 2009 - previously Head of Directorate)	70 - 75	-	35 - 40 (70 - 75 full year equivalent)	-
Shan Howells Head of Directorate: Organisational Policy, Planning and Development (until 31 May 2009)	60 - 65 (85 - 90 full year equivalent)	-	90 - 95	-
Meilyr Rowlands Strategic Director (from 1 November 2009)	30 - 35 (70 - 75 full year equivalent)	-		-

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 the Inland Revenue as a taxable emolument.

Pension Benefits*

Officials	Accrued pension at age 60 as at 31/3/10 £'000	Real increase in pension at age 60 £'000	CETV at 31/3/10 £'000	CETV at 31/3/09 £'000	Real increase in CETV £'000
Ann Keane Her Majesty's Chief Inspector of Education & Training in Wales (from 15 February 2010 - previously Head of Directorate / Strategic Director)	35 - 37.5	2.5 - 5	825	720	111
Dr William Maxwell Her Majesty's Chief Inspector of Education & Training in Wales (until 14 February 2010)	42.5 - 45	0 - 2.5	753	673	34
Simon Brown Strategic Director (from 1 November 2009 - previously Head of Directorate)	27.5 - 30	2.5 - 5	541	499	50
Shan Howells Head of Directorate: Organisational Policy, Planning and Development (until 31 May 2009)	26.5 - 29	0 - 2.5	612	590	5
Meilyr Rowlands Strategic Director (from 1 November 2009)	24.5 - 27	0 - 2.5	514	-	31

* This information is subject to audit

Civil Service Pensions

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

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

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member)

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

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 calculated in accordance with The Occupational

Pension Schemes (Transfer Values) (Amendment) Regulations 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.

Compensation for loss of office

Estyn made a compensation payment to a senior official in 2009-2010.

Shan Howells left under Compulsory/Voluntary Early Retirement Terms on 31 May 2009. She received immediate payment of her pension and associated lump sum plus a compensation payment of £40 - 45k.



Ann D Keane

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

9 August 2010

Statement of accounting officer's responsibilities

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

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

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

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

Statement on internal control

1 Scope of responsibility

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

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

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

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify

and prioritise the risks to the achievement of Estyn's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This system of internal control has been in place in Estyn for the year ending 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3 Capacity to handle risk

Estyn's risk management policy sets out:

- the purpose of Estyn's risk management arrangements;
- risk management principles;
- relative responsibilities within Estyn;
- risk tolerance and appetite;
- Estyn's risk management framework and how it will work; and
- how risk management contributes to providing assurance.

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

4 The risk and control framework

Statements of internal control are produced by Estyn staff at Branch Head level and Assistant Director level (formerly Managing HMI team level)

in support of the statements of control produced by Strategic Directors (formerly Directorate Heads) that in turn support this statement.

Estyn's risk register is updated quarterly and reviewed annually at both senior and corporate management team levels. This ensures that strategic and corporate risks, including information risks, are identified, objectively assessed and actively managed. As referred to earlier, Estyn's risk management policy sets out its approach to risk tolerance by defining what are acceptable risks and prohibited risk areas. Risk management procedures were reviewed during 2009-10 to reflect changes to the management structure of the organisation.

Risk management is embedded in the activity of the organisation through the requirement for all significant work to be appropriately risk assessed, and managed in accordance with those assessments, by all concerned. In line with our Common Inspection Framework, most inspection work in the current 6-year inspection cycle is undertaken on a risk-assessed basis.

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

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

Where systems or procedures are newly created or come up for review, risk is placed at the heart of Estyn's considerations and we encourage those with whom we work to also take a risk-based approach and to be involved with us in assessing and managing risk. For example, schools inspection contractors are awarded contracts on a basis that includes their identification and management of risks. Similarly, Estyn has four inspection forums covering different aspects of our core business and involving key stakeholders, to provide an external perspective on our work and development, so as to mitigate the risk of our not having external challenge to what we do as an organisation.

5 Review of effectiveness

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

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

During 2009-2010, Estyn appointed Deloitte LLP as its internal auditor service provider. Deloitte operated to Government Internal Audit Standards while undertaking audits in accordance with a three year audit strategy and an agreed annual plan. Work completed by our internal auditors results in reports that include an independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement to me. For all audits undertaken in relation to the year covered by these accounts, Deloitte were able to provide assurance that risks material to the achievement of objectives in each area audited were being properly managed and controlled. These reports are shared with Estyn's Audit Committee. Any areas for improvement identified through internal and external audit reports are addressed to ensure continuous improvement is in place. The Audit Committee monitors completion of and compliance with audit recommendations.

Estyn is able to seek a range of services from the Welsh Assembly Government via formal service level agreements. Under such arrangements Estyn has access to any audit report and any action plan to address the auditor's findings and/or recommendations relating to services provided to Estyn by the Welsh Assembly Government. Assurance on the effectiveness of the systems of internal control for such services provided by the Welsh Assembly Government is ultimately provided by the Internal Control Statement signed by Dame Gillian Morgan.



Ann D Keane

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

9 August 2010

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

I certify that I have audited the financial statements of Estyn: Her Majesty's Inspectorate for Education and Training for the year ended 31 March 2010 under the Government of Wales Act 1998. These comprise the Summary of Resource Outturn, the Operating Cost Statement and, the Statement of Financial Position, the Cash Flow Statement, Statement of Changes in Taxpayers' Equity and the Segmental Reporting-Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and the Auditor

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. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government of Wales Act 1998. I report to you whether, in my opinion, the information which comprises Management Commentary and the unaudited part of the Remuneration Report included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition, I report to you if in my opinion Estyn has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Estyn's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of Estyn's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Annual Report, Management Commentary and the unaudited part of the Remuneration Report. I

consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Estyn's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government of Wales Act 1998 and directions made there under by HM Treasury, of the state of Estyn: Her Majesty's Inspectorate for Education and Training in Wales' affairs as at 31 March 2010, and the net cash requirement, net operating cost, operating costs applied to objectives, and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government of Wales Act 1998; and
- information which comprises the Management Commentary and the unaudited part of the Remuneration Report included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

Gillian Body

Wales Audit Office
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
10 August 2010

Estyn Annual Accounts 2009-10 (IFRS)

Summary of Resource Outturn

for the year ended 31 March 2010

Request for resources	2009-10 Estimate			2009-10 Outturn			Net total outturn compared with Estimate saving/(excess) £000	2008-09 Prior-year outturn £000	
	Note	Gross expenditure £000	Income £000	NET TOTAL £000	Gross expenditure £000	Income £000			NET TOTAL £000
Salaries	5	7,392	-	7,392	7,358	-	7,358	(34)	6,879
Administration Costs	6	2,135	-	2,135	2,023	(248)	1,775	(360)	1,751
Programme Costs	7	4,689	-	4,689	3,630	(5)	3,625	(1,064)	3,798
Cost of Capital		34	-	34	(13)	-	(13)	(47)	(43)
Depreciation	9;10	342	-	342	450	-	450	108	408
Total Resources		14,592	-	14,592	13,448	(253)	13,195	(1,397)	12,793
Net Cash Requirement	4			14,661			12,581		12,537

An explanation of the variance between estimate and outturn is given within the Management Commentary (page 31) and in Note 3.2 (page 56).

Operating Cost Statement

for the year ended 31 March 2010

	Note	2009-2010		2008-2009
		£000	£000	
Administration costs				
Staff costs	5	7,358		6,879
Other administration costs	6	2,023		1,967
Gross administration costs			9,381	8,846
Operating income	8		(248)	(216)
Net administration costs			9,133	8,630
Programme costs				
Expenditure	7	3,630		3,802
Less: income	7	(5)		(4)
Net programme costs			3,625	3,798
Cost of Capital			(13)	(43)
Depreciation			450	408
Net operating cost	3.1		13,195	12,793

All income and expenditure is derived from continuing operations.
All recognised gains or losses are recorded in the Operating Cost Statement.
Segmental reporting is shown at page 52.

Statement of Financial Position

as at 31 March 2010

	Note	31 March 2010		31 March 2009	
		£000	£000	£000	£000
Non current assets					
Intangible assets	10	66		11	
Property, plant and equipment	9	177		553	
			243		564
Current assets					
Trade and other receivables	12	512		491	
Cash and cash equivalents	13	790		52	
			1,302		543
			1,545		1,107
Total assets					
Current liabilities					
Trade and other payables	14	(2,604)		(2,362)	
			(2,604)		(2,362)
Total current liabilities					
Total assets less current liabilities					
			(1,059)		(1,255)
Non current liabilities					
Provisions	15	(351)		(137)	
			(351)		(137)
Total non current liabilities					
Assets less Liabilities					
			(1,410)		(1,392)
Taxpayer's equity					
General fund		(1,410)		(1,392)	
			(1,410)		(1,392)



Ann D Keane

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

Cash Flow Statement

for the year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
Cash flow from operating activities			
Net operating cost		(13,195)	(12,793)
<i>Adjustments for non-cash transactions:</i>			
Depreciation		450	408
Cost of Capital		(13)	(43)
Salaries (provision)	5	99	85
Other admin costs (provision)	6	200	1
Increase / (decrease) in Trade and other payables	14a	242	170
(Increase) / decrease in Trade and other receivables	12a	(21)	(82)
Less movements not passing through the OCS, e.g. capital creditors		(93)	(97)
Use of provisions	15	(85)	
Net cash outflow from operating activities		(12,416)	(12,351)
Cash flows from Investing Activities			
Purchase of property, plant and equipment	9	(36)	(179)
Purchase of Intangible assets	10		(7)
Net cash flow from investing activities		(36)	(186)
Cash flows from Financing Activities			
Net Financing (from the Welsh Assembly Government)		13,190	12,150
Net increase / (decrease) in cash and cash equivalents	13	738	(387)
Cash and cash equivalents at the beginning of year	13	52	439
Cash and cash equivalents at the end of the year	13	790	52

Note: Purchase of property, plant & equipment excludes creditors of £2k and purchase of intangible assets excludes creditors of £91k

Statement of Changes in Taxpayers' Equity

For the year ended 31st March 2010

		2009-10
		£000
Balance at 31 March 2009		(567)
IFRS adjustment 2007-08		(139)
Changes in taxpayers' equity for 2008-09		(706)
Non-cash charges - cost of capital	(43)	
Net operating cost for the year	(12,793)	
Total recognised income and expense for 2008-09	<u> </u>	(12,836)
Net Parliamentary Funding	12,150	
	<u> </u>	12,150
Balance at 31 March 2009		(1,392)
Changes in taxpayers' equity for 2009-10		
Non-cash charges – cost of capital	(13)	
Net operating cost for the year	(13,195)	
Total recognised income and expense for 2009-10	<u> </u>	(13,208)
Net Parliamentary Funding	13,190	
	<u> </u>	(18)
Balance at 31 March 2010		(1,410)

Segmental Reporting - Statement of operating costs by Departmental aims and objectives

for the year ended 31 March 2010

Aim: To raise standards and quality in education and training in Wales through:

- the sectoral inspection of education providers; and
- thematic inspections and reviews

	2009-10			2008-09
	Gross £000	Income £000	Net £000	Net £000
Operation objectives (Estyn Corporate Plan 2009-2010)				
Activity programme one: the sectoral inspection of education providers	11,939	(253)	11,686	11,407
Activity programme two: thematic inspections and reviews	1,509	-	1,509	1,386
Net operating costs	13,448	(253)	13,195	12,793

N.B. Operating costs cannot be discretely identified and therefore have been apportioned on the basis of planning assumptions regarding staff time allocation to particular work, i.e. an 85%:15% split respectively, in line with Estyn's Corporate Plan.

Estyn's assets are not discrete and therefore cannot be apportioned separately to the operation objectives.

Activity One is the main function of inspecting education providers.

Activity Two is the remit work undertaken for the Welsh Assembly Government.

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) 2009-10 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 the particular circumstances of Estyn. The particular accounting policies adopted by Estyn for 2009-10 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires Estyn to prepare two additional primary statements. The Summary of Resource Outturn and supporting notes show Outturn against Estimate in terms of the net resource requirement and net cash requirement. The Statement of operating costs by Departmental aims and objectives and supporting notes analyse Estyn's income and expenditure by the objectives agreed with the Welsh Assembly Government.

1.1 Accounting convention

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

1.2 Property, plant and equipment and Intangible assets

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

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 Operating Cost Statement in the year in which it has occurred.

1.4 Provisions

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

1.5 Operating Income

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

1.6 Administration expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running Estyn as defined under the administration cost-control regime, together with associated income.

1.7 Programme expenditure

Programme costs reflect non-administration disbursements by Estyn. These are mainly payments to third parties under contract for inspection work. Any amounts remaining unpaid at the year-end for Spring Term inspections are included in creditors. Any contracts entered into in the year for inspections to be carried out in subsequent school terms are disclosed as commitments in the notes to the accounts.

1.8 Capital charge

A credit, reflecting the cost of capital utilised by Estyn, is included in operating and programme costs. The credit is calculated at the government's standard rate of 3.5 per cent in real terms on all assets less liabilities, except for cash balances held with the Office of HM Paymaster General.

1.9 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.

1.10 Pensions

Present and past employees are covered by the provisions of the Civil Service Pension Schemes, which are described in Note 5. 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.

1.11 Early departure costs

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

1.12 Operating leases

Operating lease rentals are charged to the Operating Cost Statement in equal amounts over the lease term.

2 First-time Adoption of IFRS

Movement in Tax Payers Equity	
Taxpayers Equity at 31 March 2009 under GAAP	(1,222)
Adjustments for:	
Employee Benefits (IAS 19) 2007-08	(139)
Employee Benefits (IAS 19) 2008-09	(31)
Net operating cost	(1,392)
Movement in Operating Cost	
Net operating cost 2008-09 under UK GAAP	(12,765)
Employee Benefits (IAS 19) 2008-09	(31)
Cost of Capital re: employee benefits (IAS 19)	3
Restated Net operating cost 2008-09 under IFRS	(12,793)

General Fund £000
(1,222)
(139)
(31)
(1,392)
(12,765)
(31)
3
(12,793)

2.1 First time adoption of IFRS restatement of Statement of Financial Position

On first time adoption of IFRS Estyn is required to prepare three Statements of Financial Position and supporting notes on an IFRS basis. Below are the required Statements on Financial Position.

The notes have not been detailed because the only movements relate to changes in trade and other payables which, as a result of the adoption of IFRS have increased by £170,000 at 31 March 2009 and £139,000 at 1 April 2008.

	31st March 2010	31st March 2009	1st April 2008
<u>Non-current assets</u>			
Property, plant and equipment	177	553	684
Intangible assets	66	11	5
Total non-current assets	243	564	689
<u>Current assets</u>			
Trade and other receivables	512	491	409
Cash and cash equivalents	790	52	439
Total current assets	1,302	543	848
Total assets			
<u>Current liabilities</u>			
Trade and other payables	(2,604)	(2,362)	(2,192)
Total current liabilities	(2,604)	(2,362)	(2,192)
Non-current assets plus/less net current assets/liabilities	(1,059)	(1,255)	(655)
<u>Non-current liabilities</u>			
Provisions	(351)	(137)	(51)
Total non-current liabilities	(351)	(137)	(51)
Assets less liabilities	(1,410)	(1,392)	(706)
<u>Taxpayers' equity</u>			
General fund	(1,410)	(1,392)	(706)
Total taxpayers' equity	(1,410)	(1,392)	(706)

3 Reconciliation of net resource outturn to net operating cost

	2009-10 £000	2008-09 £000
Net resource outturn	13,195	12,793
Net operating cost	13,195	12,793

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

3.1 Outturn against final administration budget

	Note	Estimate 2009-10 £000	Outturn 2009-10 £000	2008-09
Gross Administration Budget	6	2,135	2,023	1,967
Administration Income	8	-	(248)	(216)
Net total resource outturn		2,135	1,775	1,751

3.2 Analysis of net resource outturn by section

	Note	Estimate 2009-10 £000	Net Outturn 2009-10 £000	Net Outturn compared with Estimate	2008-09 £000
Salaries	5	7,392	7,358	(34)	6,879
General administration	6	2,135	1,775	(360)	1,751
Programme	7	4,689	3,625	(1,064)	3,798
Cost of Capital		34	(13)	(47)	(43)
Depreciation	9&10	342	450	108	408
Net total resource outturn		14,592	13,195	1,397	12,793

Brief explanation of main variances:

Programme expenditure mainly relates to contracted-out school inspections, the average costs of which have fallen over the past few years. Additional savings have accrued from a reduction in the number of actual versus planned inspections as a result of school closures and mergers.

4 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	2009-10 Outturn £000	Outturn compared with Estimate saving/ (excess) £000	2008-09
Net total resource outturn		14,592	13,195	(1,397)	12,793
Acquisition of property, plant and equipment	9&10	445	129	(316)	283
<i>Accruals adjustments:</i>					
Non-cash items		(376)	(437)	(61)	(451)
Changes in working capital other than cash		-	(221)	(221)	(88)
Use of provision	15	-	(85)	(85)	-
Net cash requirement		14,661	12,581	(2,080)	12,537

5 Staff numbers and related costs

Staff costs consist of:

	Total 2009-10 £000's	Permanently Employed Staff	Others	2008-2009 £000
Wages and salaries	4,686	4,686		4,543
Social security costs	447	447		416
Other pension costs	990	990		1,008
Total Net Costs	6,123	6,123		5,967
Plus:				
Seconded In	763		763	788
Seconded Out	(87)		(87)	(87)
Agency Staff	303		303	211
Compensation payments	42	42		-
Early departure costs -in-year	115	115		-
Early departure costs - provision	99	99		-
Total	7,358	6,379	979	6,879

A compensation payment was paid to one individual under the Civil Service Compensation Scheme (CSCS) - see Remuneration Report for details.

The PCSPS is an unfunded multi-employer defined benefit scheme but Estyn is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice-pensions.gov.uk/>).

For 2009-10 employers' contributions of £990,000 were payable to the PCSPS (2008-09 £1,008,000) at one of four rates in the range 17.1% to 25.5% per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Estyn does not have any Partnership Pension Accounts.

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

	Perm Staff No.s	Perm Staff Cost £000's	Other Staff No.s	Other Staff Cost £000's	2009-10	2008-09
Objective 1	81	5,439	14	806	95	93
Objective 2	14	940	3	173	17	17
Total No.	95	6,379	17	979	112	110

The apportionment of total staff numbers to objectives has been made with reference to the relative amounts of time spent on core activities by staff within Estyn.

6 Other administration costs

	2009-10 £000	2008-2009 £000
Rental under operating leases:- photocopier hire	7	7
Rental under operating leases:- accommodation	342	359
Other accommodation costs	346	328
IT & telecommunications	367	275
Welsh Assembly Government central services	8	34
Travel, subsistence and hospitality	291	377
Auditor's remuneration - audit of accounts	40	24
Other expenditure	422	477
Non-cash items:		
- surplus/deficit on disposal of property, plant and equipment	-	-
- provision for accommodation refit costs	200	1
- provision for Staff Relocation		85
	2,023	1,967
Less: Operating income (Note 8)	(248)	(216)
	1,775	1,751

7 Programme costs

	2009-10 £000	2008-2009 £000
Current expenditure		
Post 16 education inspections and associated costs	249	343
School inspections and associated costs	2,656	2,770
Local Education Authority inspections and associated costs ³	226	218
Remit costs	33	44
Common programme costs	466	427
	3,630	3,802
Less: programme income (Note 8)	(5)	(4)
Net Programme Costs	3,625	3,798

³Includes payments made to Estyn's external auditor in respect of joint inspection work, i.e. payments in respect of services other than those of audit, amounting to £158,000 (2009-2010) and £146,000 (2008-2009).

8 Income

	2009-10 £000	2008-2009 £000
Programme income		
- registration fees	5	4
Administration income		
- recharge for inspection work*	247	214
- miscellaneous	1	2
Total	253	220

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

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

9 Property, Plant and Equipment

	IT Systems £000	IT Equipment £000	Furniture & Fittings £000	Office Equipment £000	Total £000
Cost or valuation					
At 1 April 2009	1,589	385	325	90	2,389
Additions	-	34	4		38
Disposals	-	-	-	-	-
At 31 March 2010	1,589	419	329	90	2,427
Depreciation					
At 1 April 2009	1,153	297	316	70	1,836
Charged in year	318	75	4	17	414
Disposals	-	-	-	-	-
At 31 March 2010	1,471	372	320	87	2,250
Net book value					
At 31 March 2010	118	47	9	3	177
At 1 April 2009	436	88	9	20	553

Note: Capital creditors of £2k are included within the Additions total for 2009-10.

10 Intangible Assets

	Software £000	DVD £000	Total £000
Cost			
At 1 April 2009	19	-	19
Additions	-	91	91
Disposals	-	-	-
At 31 March 2010	19	91	110
Depreciation			
At 1 April 2009	8	-	8
Charged in year	5	31	36
Disposals	-	-	-
At 31 March 2010	13	31	44
Net book value			
At 31 March 2010	6	60	66
At 1 April 2009	11	-	11

Note: Capital creditors of £91k are included within the Additions total for 2009-10.

11 Financial Instruments

Whilst Estyn receives its money via the WAG 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 Assembly 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.

12 Trade receivables and other current assets

12a Analysis by Type

	31 March 2010 £000	31 March 2009 £000
Amounts falling due within one year:		
Trade receivables	141	214
Other receivables	93	106
Taxation	0	21
Prepayments and accrued income	278	150
	512	491

12b Intra-Government Balances

	Debtors: amounts falling due within one year	
	At 31 March 2010 £000	At 31 March 2009 £000
Balances with other central government bodies	229	334
Balances with local authorities	147	-
Balances with bodies external to government	136	157
Total	512	491

13 Cash and cash equivalents

	31 March 2010 £000	31 March 2009 £000
Balance at 1 April	52	439
Net cash inflow/(outflow)	738	(387)
Balance at 31 March	790	52

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March:

	31 March 2010 £000	31 March 2009 £000
Balances at OPG	790	37
Commercial banks and cash-in-hand	-	15
	790	52

14 Trade Payables and other current liabilities

14a Analysis by type

	31 March 2010 £000	31 March 2009 £000
Amounts falling due within one year		
Trade payables	603	401
Other payables	-	1
Payroll Funding	1,247	682
Accruals & deferred income	754	1,278
	2,604	2,362

14b Intra-Government Balances

	At 31 March 2010 £000	At 31 March 2009 £000
Balances with other central government bodies	1,020	757
Balances with local authorities	133	147
Balances with bodies external to government	1,451	1,458
Total	2,604	2,362

15 Provisions for liabilities and charges

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

Relocation: Obligations relating to staff relocation costs arising from permanent staff appointments

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

	Accommodation Refit £000	Relocation £000	Early Departure £000	Total £000
Balance at 1 April 2009	52	85		137
Increase in provision	200	-	99	299
Amounts utilised in the year	-	85		(85)
	252	-	99	351

16 Notes to the Statement of Operating Costs by Departmental Strategic Objectives

Programme costs which directly relate to each objective are allocated appropriately and all other costs are attributed based on the percentage of estimated staff time allocated to activities which support each objective.

17 Capital Commitments

There are no capital commitments as at 31 March 2010.

18 Commitments under leases

Operating Leases

	2009-2010 £000		2008-2009 £000	
	Land & Buildings	Other	Land & Buildings	Other
At 31 March 2009 Estyn was committed to making the following payments during the next year in respect of operating leases expiring:				
- within one year	290	2	-	1
- between two and five years			358	6
- after five years	-	-	-	-
	290	2	358	7

19 Other commitments

Estyn has entered into non-cancellable contracts (which are not operating leases) totalling £727,915 as at 31 March 2010.

20 Contingent liabilities

There were no contingent liabilities as at 31 March 2010.

21 Related Party Transactions

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

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

During the year a total amount of £17k was charged to operating costs in relation to relocation expenses for the former HM Chief Inspector of Education and Training in Wales. The above amount is in addition to expenses totalling £165k charged in previous years. Approximately half of the total expense is related to a loss-on-sale of property. The above relocation expense payments were made under the Senior Civil Service Staff Relocation Scheme applied by the Welsh Assembly Government as part of the recruitment package to this appointment.

Other than the above transactions, no board member, key manager or other related parties has undertaken any material transactions with Estyn during the year.

22 Post balance sheet events

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