



Arolygiaeth Ei Mawrhydi dros Addysg a Hyfforddiant yng Nghymru  
Her Majesty's Inspectorate for Education and Training in Wales

# **Annual Report and Accounts**

## **2016-2017**

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# Section 1

## The Performance Report



## Section 1: The Performance Report

### 1.1 Overview

#### Chief Inspector's foreword

Looking back at 2016-2017, I am delighted with what we have achieved. We have continued to provide public accountability and to support improvement across all the sectors we inspect. We have delivered our schedule of core inspections alongside a substantial programme of follow-up visits to providers that need support to improve. We have published 12 thematic surveys. Among the thematic reports that received widespread interest were those on [Leadership and primary school improvement](#) and [Local Authority Welsh in education strategic plans](#). Our website has improved access to these reports and to other information, such as our new myth-busting campaign [inspection myths busted](#).



#### *The future of inspection and advice work*

During the year, we have worked to develop our new inspection arrangements. Education in Wales is changing and Estyn's approach to inspection is also changing. The hard work of our staff has been key to getting our new inspection arrangements ready and fit for purpose in time for its implementation date. This year, we have undertaken a further public consultation and 18 pilot inspections. This groundwork will help drive the inspectorate forward as we move into the new cycle of inspections starting in September 2017. For further information see the [animation](#) on our website.

We also responded to 20 Welsh Government consultations and gave evidence to seven National Assembly committees – more than ever before. At the same time, we have reorganised our work programme to make extra resources available to advise Welsh Government in carrying out its wide-ranging education reform programme. Inspectors have contributed to a number of curriculum and other work groups. Please see our website for more information on [Estyn's advice to Welsh Government on curriculum reform](#).

#### *Celebrating success and building capacity*

In March 2017, we hosted the first Estyn awards dinner. The awards recognised the 28 schools, colleges and other settings judged to be excellent for one of the overall judgements for current performance or prospects for improvement in the academic year 2015-2016. The event was a great success and

an opportunity to recognise and share excellence in the classroom – please see [event video](#).

We continue to increase the number of best practice case studies we publish on our website and people are spending more time looking at them. We ran two major regional conferences on leadership in primary schools with over 300 schools attending. The number of peer inspectors we train has continued to increase and now stands at over a thousand.

#### *Collaborative working and employee engagement*

We have continued to work jointly with other inspectorates and regulatory bodies on inspections and thematic survey work. In July 2016, we attended the Royal Welsh Show alongside Wales Audit Office, the Care and Social Services Inspectorate Wales, and Health Inspectorate Wales, helping to raise the profile of all the inspectorates.

Estyn's Civil Service people survey results in 2016, as in previous years, indicate that we have a highly engaged workforce. Our engagement index places us first out of the 98 organisations who participated in the survey.

Estyn is committed to continuing to support education reform and building capacity, in addition to carrying out our core statutory work. We could not have done all this without the commitment of our staff. I would like to thank all my colleagues who have worked professionally and enthusiastically throughout the year.

#### **Meilyr Rowlands**

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

The Accounting Officer authorised these financial statements in section 3 of this report for issue on 5<sup>th</sup> July 2017

## Yearbook of activities

### Summer 2016



- Hosted the Standing International Conference of Inspectorates on 12-14 April in Cardiff
- Drafted pilot inspection handbooks, trialled new staff and governor questionnaires and visited schools to try out new approaches to inspecting teaching and learning
- Began our implementation of the new Welsh Language standards
- Exhibited jointly with other inspectorates, at the Royal Welsh Show, Builth Wells, 18-21 July, liaising with 520 visitors across the four days
- Organised four teams to take part in the Three Peaks Challenge on 18 June, to raise money for Ty Hafan

### Autumn 2016



- Held our annual staff conference with a focus on Leadership
- Provided training for all HMI, peer inspectors and lay inspectors in preparation for piloting the new inspection arrangements
- Hosted our primary school improvement journey conferences in Cardiff and Llandudno, featuring schools from across Wales who have improved their performance and prospects for the future
- Began piloting inspections of primary and secondary schools under our new inspection arrangements, with three weeks' notice of inspection
- Following audit, achieved re-accreditation of the Green Dragon Environmental Standard level 3
- Organised a second consultation on our new inspection arrangements, with 572 responses from various stakeholders, as well as feedback from three stakeholder meeting events

### Spring 2017



- Published the HMCI Annual Report, on 24 January, with a focus on staff development and professional learning
- Held our National Stakeholder Event in Llandridnod Wells to consult on the new inspection arrangements
- Began a series of pilot improvement conferences with local authorities, their purpose being to support a local authority to improve its education services
- Continued our programme of pilot inspections for our new inspection arrangements, including work-based learning and independent school providers
- Hosted an awards evening on 9 March for providers who received 'Excellent' inspection judgements for 'current performance' or 'prospects for improvement' in the academic year 2015-2016
- Published the first of our pilot inspection reports for schools and a work-based learning provider inspected under the new inspection arrangements
- Held our annual Corporate Services staff event on 22 March, on the theme of 'resilience'

## Purpose and activities of the organisation

Estyn is Her Majesty's Inspectorate for Education and Training in Wales. Our mission is to support excellence for all learners in Wales. We do this by providing an independent, high-quality inspection and advice service to the Welsh Government and the citizens of Wales.

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

In addition to corporate services staff, we employ Her Majesty's Inspectors (HMI) and supplement our internal inspection capacity by engaging secondees from education and training providers. We also train and contract Additional Inspectors, peer inspectors (who currently work in education and training) and nominees (who act as the provider's representative) to work as part of inspection teams.

Estyn also jointly employs an Inspection Wales Project Manager with the Care and Social Services Inspectorate Wales (CSSIW), the Health Inspectorate Wales (HIW) and the Wales Audit Office (WAO) as part of [Inspection Wales](#), which is a collaborative initiative between the four main inspection, audit and review (IAR) bodies in Wales.

For the 2016-2017 financial year, all school inspections were undertaken directly by HMI or Additional Inspectors seconded to or directly contracted by Estyn. A small number of Additional Inspectors also carried out some aspects of survey work and training work on behalf of Estyn.


Estyn's management team and corporate services staff are based in our office located in Anchor Court, Keen Road, Cardiff. All of Estyn's employed and seconded inspectors work from home. Estyn's [organisational structure](#) is available on our website.

A [strategic overview](#) setting out our mission, vision and values together with our three strategic objectives and two delivery principles is available on our website.

The [about us](#) section on our website further explains the work we do in regard to inspections of providers of education and training, provision of advice and guidance, building capacity and spreading best practice, and partnership working with other inspectorates, education bodies and stakeholders.



## Performance summary

Each year Estyn publishes an [Annual Plan](#) that sets out the key activities for the year that support the delivery of our mission, objectives and reflect Estyn's delivery principles. Achievement against Performance Indicators is monitored on a quarterly basis by the Estyn Strategy Board and the results are published throughout the year on our website [here](#). Each year, our performance targets are adjusted to emphasise continuous development. In 2016-2017, we met the majority of our performance indicators. Where a performance target was not met in full we have provided an explanation in our narrative reporting of each performance indicator. This performance summary highlights a number of performance measures and performance indicators (denoted by the symbol ) published in our Annual Plan.

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



Full programme of core statutory inspections delivered (**343** inspections completed)



**23%** of providers inspected received follow-up inspections to help drive improvement



**100%** of inspection reports were published within deadlines (PI 4)



**98%** of providers indicated their satisfaction with the reliability and independence of Estyn's judgements following the publication of the inspection report (PI 3)

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



HMCI's Annual Report was published on schedule on 24 January 2017 (PI 5)



**12** thematic reports published – with more effective communication of report findings



**100%** of these thematic reports were published to deadlines (PI 6)

**Strategic Objective 3:** Build capacity in the delivery of education and training in Wales



**58** best practice case studies published



Held **36** training events and **19** best practice events



**98%** of delegates rated our training as good or excellent

**Delivery Principle 1:** Develop Estyn as a 'best value' organisation and 'exemplary employer'



High levels of staff engagement maintained - Estyn is ranked number **1** of **98** civil service organisations (PI 10)



Accredited at **level 3** of the Green Dragon Environmental Standard



**100%** of complaints and requests for information (made under FOIA and DPA) completed within target timescales



**5.5** days, on average, were lost through sickness per member of staff - that is a **2.7%** annual sickness absence rate (PI 11)

**Delivery principle 2:** Work collaboratively with other inspectorates to support improvement



**14** inspections, special investigations and joint thematic reviews were undertaken with other Welsh and UK inspectorates (PI 19)

## 1.2 Performance analysis

### Performance against strategic objectives and delivery principles

Progress against planned activities is regularly reported to Estyn's Strategic and Executive Boards and a summary for the year follows below. Activities are planned and reported against each of our Strategic Objectives and under our Delivery Principles.

Click on the symbol to link to our website and view performance against our targets for the year.

PI

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



A common inspection framework applies to all the sectors that Estyn inspects, other than local authorities, and is available on our website. The common inspection framework is designed so that inspections meet the statutory requirements set out in legislation. Guidance handbooks on carrying out inspections and making judgements are available on our website for each sector we inspect.

All education and training providers are inspected at least once within a cycle. The inspection cycle has changed from a six-year period starting in September 2014 to a seven-year period starting in September 2016. In all sectors, apart from primary and non-maintained nursery settings, all inspections in 2016-2017 were led by HMI. In the primary sector, HMI led around half of the inspections and Registered Inspectors, working under contract with Estyn, led the other half.

### Highlights

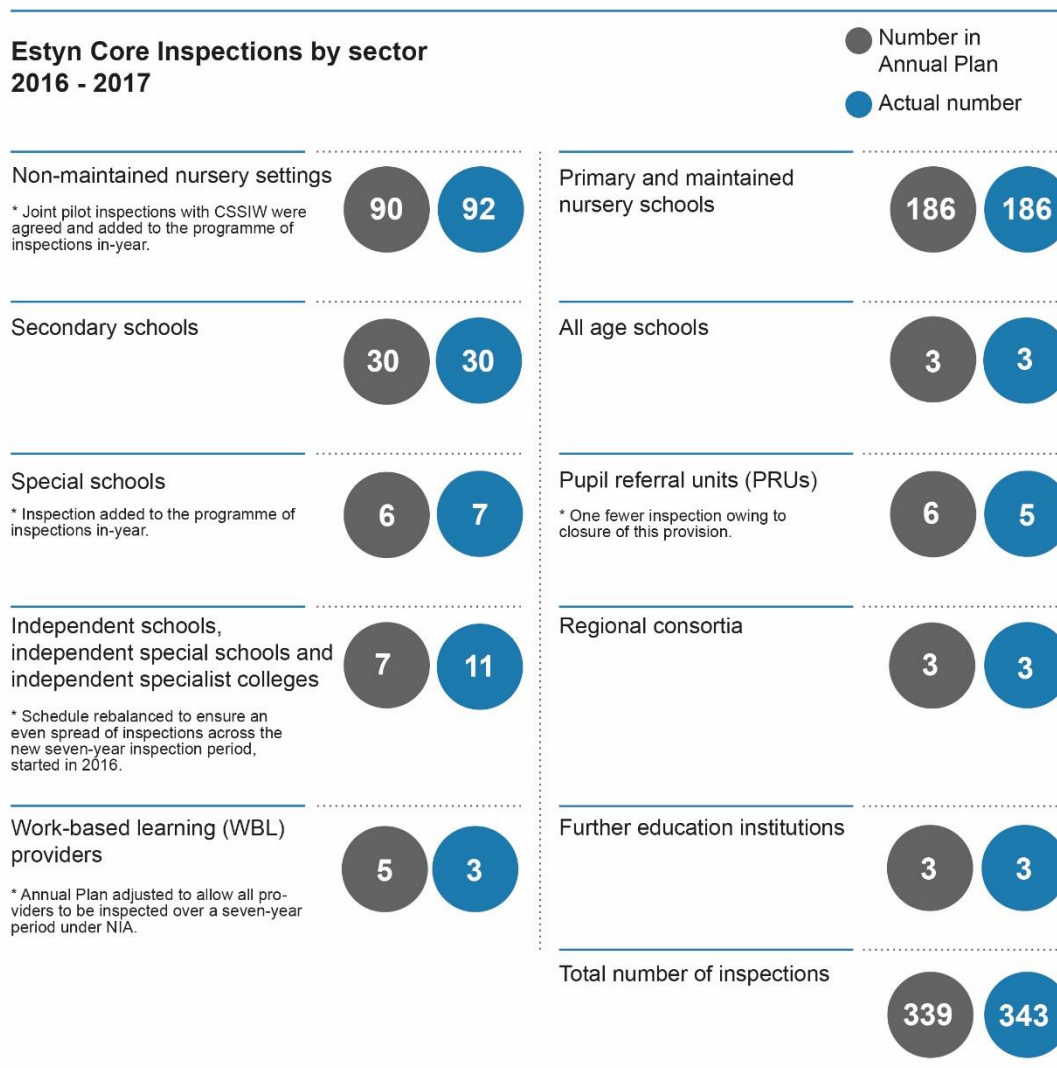
Full programme  
of core statutory  
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delivered (**343  
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inspection report

## Core inspection programme



Estyn's current inspection framework was implemented in September 2010 at the time that a new six-year 'cycle' of inspections commenced. At this time, providers could predict, with a degree of certainty, when their next inspection was likely to take place. In September 2014, the Welsh Government enacted regulations to break the link between the provider's last and future inspections. This was the start of a new 'period' of inspection spanning six years during which each provider would be inspected at least once. In order to enable Estyn to support education reform developments, but not increasing Estyn's budget, the Welsh Government enacted regulations to redefine the 'period' of inspection to seven years, starting in September 2016. Estyn will commence inspections on a new inspection framework in September 2017 and this will be in year 2 of the seven-year 'period' of inspection.

Due to the national re-organisation of the Welsh for Adults (WfA) sector, no inspections have taken place since 2014-2015 to allow time for the new structures to

embed themselves fully. During 2016-2017, Estyn undertook a thematic survey to provide an interim report on the effectiveness and impact of these new arrangements on the quality of the provision for Welsh learners. This survey will be published on 21 June 2017. This survey will also help inform how we inspect the WfA sector from 2017-2018 onwards.

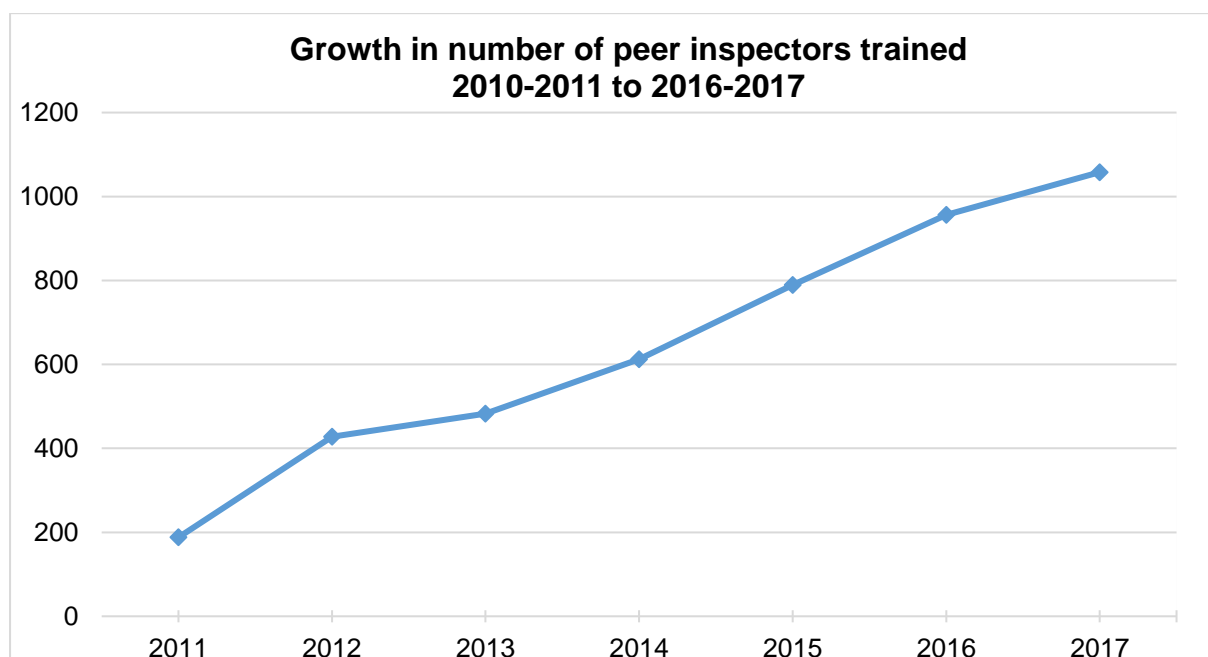
Changes in policy for the Adult Community Learning (ACL) sector has also meant that no inspections have taken place since 2015. At the request for advice from the Welsh Government in the Minister's annual remit letter to Estyn for 2016-2017, we undertook a thematic survey that provided an overview of standards, provision and leadership in ACL in Wales. This report was published in November 2016. The survey has also helped to inform how we will inspect ACL from 2017-2018 onwards.

No inspections have taken place for Initial Teacher Education and Training (ITET) as the cycle of core inspections for the three centres was completed in 2015. In the meantime, Estyn has carried out follow up re-inspections of the centres and the last centre was removed from follow up in summer 2017.

### **Inspection – external resources**

Peer inspectors are professionals who have a managerial role in a school or provider and have teaching or training experience in the relevant sector.

We recruit and train peer inspectors for all sectors apart from mainstream independent schools. They are full members of an inspection team and contribute to the inspection work in all key questions. They also write sections within inspection reports allocated to them by the Reporting Inspectors. Providers are reimbursed by Estyn for the cost of supply cover and travel and subsistence is paid for by Estyn.



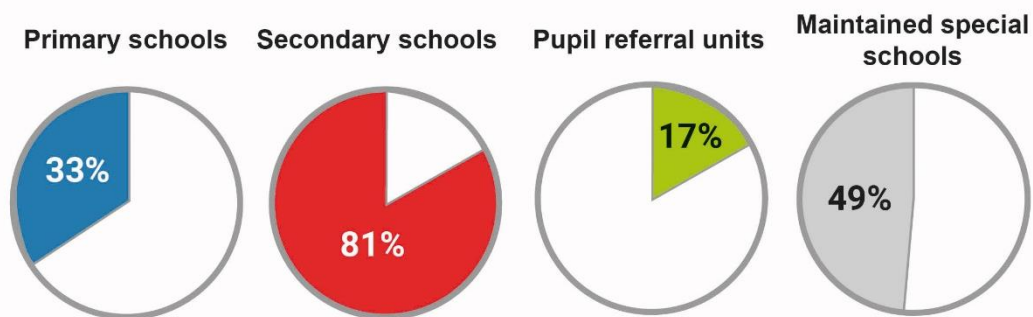
We have been running a peer inspector programme in its current form since September 2010. Peer inspectors complete an assessed course that includes an online element. Once successful, they are then invited to an annual update event. These events have two functions, they provide opportunities to practice inspection skills and are a means by which Estyn can keep providers informed of any developments relating to inspection. In the summer of 2017, there will be a series of large-scale events to introduce current peer inspectors to the new inspection arrangements.

The peer inspector programme has been a great success. There are now around 1000 peer inspectors across all providers in Wales. Only a very few inspections take place without at least one peer inspector on the team. For the last two years, we have also included peer inspectors on the teams carrying out thematic survey work.

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**Percentage of providers who have at least one peer inspector**

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In March 2017, we carried out a survey of peer inspectors. Of the respondents, 79% had been deployed and 21% had not. Of those who had joined an inspection 98% said their experience was positive. One hundred percent of the peer inspectors said that their experience had enhanced their own professional development and supported improvement in their own school or provider.

Here are a few testimonials from individuals regarding the benefit of being a peer inspector.

*"Without doubt the best professional development for serving school leaders that there is."*

*"The training was excellent, very intense and challenging. It supported my understanding of best practice and I was able to transfer my skills directly to improve the practice and procedures in my own school."*

*"As a result of this training and deployment, I have a greater understanding of the Inspection framework and have improved my skills of evidence - based evaluation."*

## **Statutory and enhanced ‘inspection follow-up’ activity**

Throughout 2016-2017, we continued to monitor the progress of providers found to require [follow-up](#) at their core inspection.

### **Why do we conduct follow-up inspections?**

Estyn monitors the providers’ progress against the recommendations we identify during a core inspection. We call this process follow-up. We will continue to place providers into different categories of follow-up, depending on the urgency of their shortcomings.

Legislation and a National Assembly for Wales (NAW) circular determines the nature of follow-up activity for schools in a statutory category - ‘special measures’ (SM) and ‘significant improvement’ (SI). These schools require urgent improvement. We will notify the Welsh Government that these providers are not performing as well as they should, and keep the Cabinet Secretary for Education informed of the providers’ progress through our monitoring activity.

In addition, when we identify that a provider has a few important shortcomings, including minor areas for improvement in leadership we will place them in a follow-up category called ‘Estyn monitoring’.

We do not plan to monitor minor improvements for providers where we judge that the leadership and management is good or excellent overall. However, where there are important shortcomings, Estyn inspectors will review the improvements that the provider has made.

#### **Special measures:**

- A very few providers with significant shortcomings require ‘special measures’, the most intensive form of monitoring. We will make a short visit to these providers soon after the publication of the inspection report, in order to evaluate whether the post-inspection action plan and local authority statement of support are robust enough to be likely to bring about the required improvements. Thereafter, a team of inspectors will visit these providers every four to six months, until they have improved sufficiently.

#### **Significant improvement:**

- We categorise providers with urgent shortcomings, but who have the capacity to improve rapidly, as in need of ‘significant improvement’. For non-maintained settings, we call this category ‘focused improvement’. For schools, we make a short visit following publication of the report, to evaluate whether the improvement plans are fit for purpose. In addition, for schools and non-maintained settings, a team of inspectors will visit the provider about 18 months after the publication of their report. The team will evaluate the impact of the improvements the provider has made, and judge whether the provider continues to need follow-up.

Estyn monitoring:

- Estyn inspectors will review these providers' progress. We will use desk-based monitoring where appropriate, in order to manage our resources more efficiently. However, Estyn inspectors will visit the provider wherever it appears that improvements are not rapid enough or have insufficient impact, in order to evaluate improvements first-hand.

For non-maintained settings placed in Estyn monitoring, we make a short monitoring visit to the provider about a year after the core inspection. In addition, we ask the local authorities to monitor the progress of a few non-maintained settings who need to make minor improvements.

For post-16 sectors, we have two levels of follow-up for providers where we have identified important shortcomings following their core inspection:

Re-inspection:

- Where providers have urgent shortcomings to address, we will place them in need of re-inspection. We make a short visit following publication of the inspection report, to evaluate whether the provider's improvement plan is fit for purpose. In addition, a team of inspectors will visit the provider about 18 months after the publication of their report. The team will evaluate the impact of the improvements the provider has made, and judge whether the provider continues to need follow-up.

Estyn monitoring:

- Estyn post-16 link inspectors will review these providers' progress at their annual link visit. However, a small team of Estyn inspectors will visit the provider wherever it appears that improvements are not rapid enough or have insufficient impact.

### **Forecasting the number of providers expected in each category**

For planning purposes, we forecast the number of providers based on our recent inspection outcomes. In 2016-2017, 5% of the providers we have inspected have required special measures or significant improvement.

In many cases, providers in special measures make the required improvements in around two to three years, although a few providers in challenging circumstances take longer. Generally, providers needing significant improvement make the improvements in around 18 months.

Of the providers we inspected in 2016-17, 18% needed Estyn monitoring. These providers normally make sufficient improvements in about 18 months. We anticipate that the same proportion of providers will require Estyn review, under our new inspection arrangements.

In 2016-2017, a few providers in significant improvement or Estyn monitoring who faced challenging circumstances required a further monitoring visit, to allow enough time to embed the improvements they had made. In addition, a few providers placed in Estyn monitoring did not improve rapidly enough, and required more intensive monitoring through significant improvement or special measures.



## Case study – Tonypandy Community College

Tonypandy Community College is a mixed 11 to 19 community school serving the town of Tonypandy and its surrounding area in Rhondda Cynon Taf. There are around 750 pupils on roll, of which around 170 are in the sixth form.

When Tonypandy Community College was inspected by Estyn in November 2014, the school's current performance and its prospects for improvement were judged to be unsatisfactory. As a result, the school was judged to require special measures. Inspectors made recommendations that the school should improve the standards that pupils achieve, pupils' behaviour and the quality of teaching, and make improvements to the school's leadership and management.

Over the following two years, a team of inspectors monitored the school's progress for two and a half days each term. Over time, inspectors identified improvements to pupils' performance at key stage 4, combined with a marked improvement in the behaviour of pupils in lessons and around the school. Pupils' ability to apply their literacy and numeracy skills successfully in a wide range of subjects improved substantially. Strengthened and improved leadership contributed to improved pupil outcomes, and leaders developed a strong culture of accountability. The quality and impact of teaching and assessment improved as a result of training and individual support for teachers. The school successfully developed rigorous processes for self-evaluation and improvement planning.

In November 2016, after six monitoring visits, inspectors judged that the school no longer required special measures. The local authority and regional consortium continue to monitor the school's improvement journey.

## The percentage of Estyn core inspections requiring follow-up activity by sector 2015-16 to 2016-17

- Total core inspections (includes joint pilot inspections with CSSIW and pilot inspections of Estyn's new inspection arrangements)
- % requiring statutory follow-up
- % requiring Estyn monitoring or Estyn review

Sector	Year	Total core inspections	% requiring statutory follow-up	% requiring Estyn monitoring or Estyn review
Non-maintained nursery settings <small>*There was one NMNS requiring focused improvement in 2015 - 2016 - although not statutory follow up categories the level of follow up reflects Estyn's cause for concern</small>	2015 - 2016	116	1%*	16%
	2016 - 2017	92	0%	10%
Primary schools	2015 - 2016	202	4%	26%
	2016 - 2017	186	4%	22%
Secondary schools	2015 - 2016	35	14%	46%
	2016 - 2017	30	23%	20%
All age schools	2015 - 2016	1	100%	0%
	2016 - 2017	3	0%	67%
Special schools	2015 - 2016	6	33%	33%
	2016 - 2017	7	0%	29%
Pupil Referral Units	2015 - 2016	2	100%	0%
	2016 - 2017	5	40%	20%
Independent schools, independent special schools and independent specialist colleges	2015 - 2016	7	n/a	0%
	2016 - 2017	11	n/a	0%
Regional consortia	2015 - 2016	1	n/a	n/a
	2016 - 2017	3	n/a	n/a
Post-16 providers <small>*There was one WBL requiring focused improvement in 2016 - 2017 - although not statutory follow up categories the level of follow up reflects Estyn's cause for concern</small>	2015 - 2016	6	0%	17%
	2016 - 2017	6	17%*	33%
All inspections	2015 - 2016	376	5%	24%
	2016 - 2017	343	5%	18%

Percentage of providers inspected requiring follow up activity <sup>a</sup> , 2010-2011 to 2016-2017 <sup>b,c</sup>			
Financial year	Number of core inspections	Number inspected found to require follow-up	Percentage found to require follow-up activity
2010-2011	269 <sup>d</sup>	51	19%
2011-2012	445	113	25%
2012-2013	419	116	28%
2013-2014	391	128	33%
2014-2015	409	123	30%
2015-2016	376	111	29%
2016-2017	343	79	23%

<sup>a</sup> Only includes statutory follow-up (e.g.SI or SM) and Estyn monitoring. Does not include local authority monitoring or Link Inspector monitoring.

<sup>b</sup> Financial year

<sup>c</sup> Includes 11 pilot joint inspections with CSSIW for non-maintained nursery providers

<sup>d</sup> From September 2010 (start of the new cycle of inspections)

PI 1

### The quality assurance of Estyn inspections and reports

We have maintained stakeholder confidence in the quality of inspections by quality assuring reports rigorously before their publication. In 2016-2017, we quality assured, validated and moderated all Estyn-led inspection reports, including scrutiny of the supporting evidence, prior to agreement on the findings, judgements and level of follow-up activity, if required. We extended this to all inspections in the non-maintained nursery sector this year. The quality assurance process for all inspections is undertaken by HMI who are not part of the original inspection team. The HMI who undertake the validation and moderation of reports follow clear guidance on the quality assurance of reports and inspections published on the Estyn website. In 2016-2017, none of our published inspection reports required amendment after publication as a result of substantial challenge to judgements.

Post-inspection survey results collated in 2016-2017 indicate that inspections are experienced by providers as a positive process. 96% of the three-quarters of providers who respond to our post inspection questionnaire indicated that they were satisfied with the reliability and independence of Estyn’s judgements.

PI 2

PI 3

Here are a selection of compliments we have received from providers following inspection.

*"I would just like to put on record how supportive I found our most recent Estyn inspection. The inspectors were challenging and thorough, whilst proving themselves fully approachable and keen to indulge in professional dialogues at all times. It was a pleasure welcoming them to our school and I am sure that their input will help me move the school further along in our learning journey."*

*"I thought the inspection team were challenging and detailed whilst also providing vital feedback and support to enable me to further improve the school. This is by far the most positive experience I have had with an inspecting body in all my time as a senior leader. The staff now fully understand that what we are doing is the right course of action and it is making a difference."*

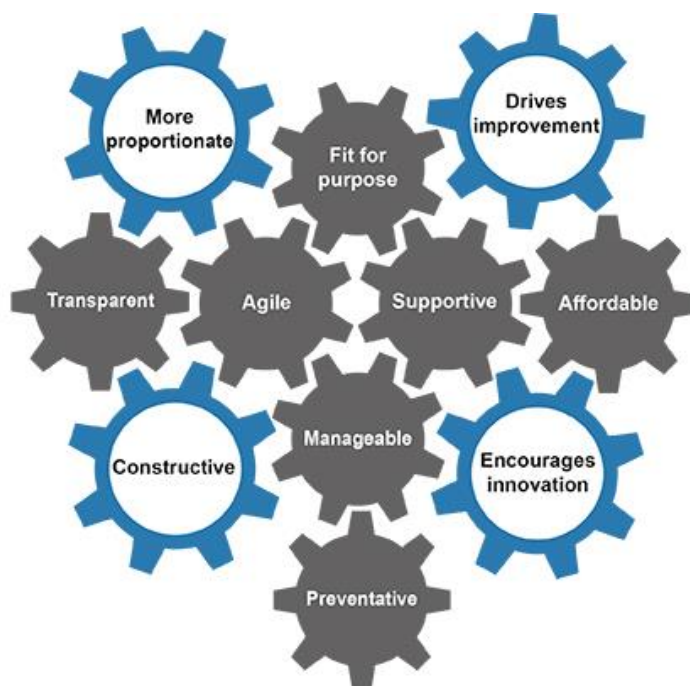
In accordance with our policy (Estyn's arrangements for assuring the quality of inspections), we undertook quality assurance visits to about 10% of inspections not led by HMI, in the primary and non-maintained nursery sector. We also visited about 5% of inspections led by HMI as part of our quality assurance processes. The outcomes of these visits feed through into training and development for all inspectors and, for Registered Inspectors, into the processes for the award of inspection contracts.

During 2016-2017, all our inspection reports were published in a timely manner and none were held back or corrected after publication.

PI 4

### **New inspection arrangements**

During 2016-2017, we continued to develop our new inspection framework. In the summer term, we piloted using staff and governor questionnaires in schools. During the autumn, we ran a second consultation to get feedback on our detailed proposals for the new inspection framework, our judgement words and our follow up processes. We received 572 responses, with the majority showing positive support for our proposals. During the autumn and spring, we piloted the new inspection arrangements in eight primary schools, five secondary schools, two independent schools, one maintained special school, one PRU and one work-based learning provider. We used the feedback from the consultation, pilot inspection evaluations and stakeholder events to refine our final draft guidance and arrangements. We kept inspectors and other stakeholders regularly updated about developments.

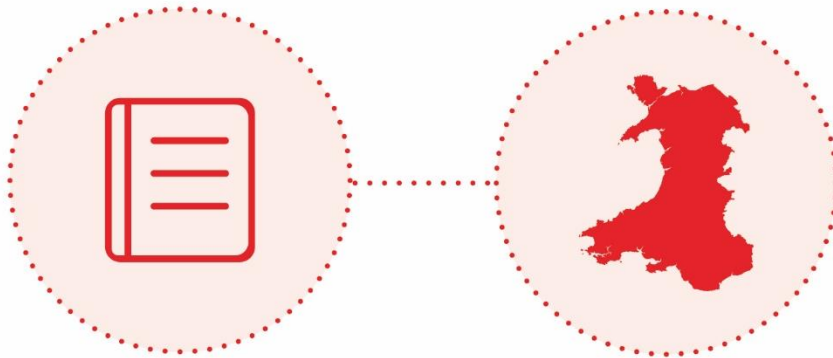


*Guiding principles of our new inspection arrangements*

We introduced a new initiative to support our local authority inspection work. In spring 2017, Estyn piloted 'Improvement Conferences' in two local authorities. An improvement conference is chaired by Estyn in its capacity as an independent body and is a forum where key officers and elected members from the local authority, the Welsh Government, the Wales Audit Office, the regional consortium and other relevant organisations meet to have a 'round table' discussion about issues causing concern in particular aspects of a local authority's work. The improvement conference results in an action plan with contributions from all the respective attendees on how they will address the issues collectively. Estyn will carry out one further improvement conference during summer 2017, after which we will assess their value and how they might fit with the new inspection arrangements for local government education services.

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## Strategic Objective 2: Inform the development of national policy by the Welsh Government



In January 2017, HMCI published his 2015-2016 Annual Report on the quality of education and training in Wales. We designed and implemented a media campaign to support the launch of the Annual Report. This included a film, which achieved positive publicity and generated media debate and discussion.

During 2016-2017, we published 12 thematic reports on a range of topics in response to the Minister's annual remit letter. We provided advice and support to the Welsh Government's Department for Education and Skills (DfES) as required, including participating in a range of Welsh Government committees, working and advisory groups. We also contributed to reports on joint inspections and surveys involving other inspectorate, audit and regulatory bodies.

We have provided a range of support and guidance to the Welsh Government on the education reform programme. Estyn is represented on many of the groups established by the Welsh Government to support the programme.

### Highlights

HMCI's Annual Report produced in-year on schedule - published on **24 January 2017**

**12** thematic reports published – with more effective communication of report findings

**100%** of thematic reports were published to deadlines

## Production and publication of HMCI's Annual Report

HMCI produced his second Annual Report on the quality of education and training in Wales for the academic year 2015-2016, publishing it in January 2017.

The whole report is web-based. It includes a thematic section on professional learning with a set of ten questions providers are invited to use as part of their self-evaluation. We designed and implemented a media and marketing campaign to support the launch of the Annual Report. This campaign included a film to present the report's key messages, which was shared widely on social media.

This year, HMCI's foreword includes a list of providers awarded excellent in either one or both overall inspection judgements. These providers attended an 'Estyn Awards Evening' in March 2017. At the event, HMCI and the Cabinet Secretary for Education presented awards and made speeches recognising excellence in education and training in Wales. This was a successful event that generated considerable interest and coverage by social and local media.

This year, in order to make the Annual Report even more accessible the 'pdf' version can be read by online screen readers. The report contains multiple hyperlinks to relevant sections of our website, such as the best practice case studies and thematic surveys.

PI 5

## Publication of [thematic reports](#) in response to the annual Ministerial remit letter and provision of other advice to Welsh Government

In response to the [Minister's annual remit letter](#), in 2016-2017, we published 12 thematic reports on the following topics:

Name	Date of publication
The quality of education and training in adult health and social care	May 2016
Learner progress and destinations in independent specialist colleges	May 2016
Education other than at school	June 2016
Raising the attainment, achievement and aspiration of children who are looked after – a best practice report	July 2016
Modern Foreign Languages	July 2016
Best practice in the creative arts at key stages 3 and 4	July 2016

Leadership and primary school improvement	September 2016
Moderation of teacher assessment at key stage 2 and key stage 3: a review of accuracy and consistency	September 2016
Local authority Welsh in Education Strategic Plans	September 2016
Adult Community Learning in Wales	November 2016
Pupil participation: a best practice guide	December 2016
Effective management of school workforce attendance in primary schools	January 2017

All were published within timescales agreed with Welsh Government.

PI 6

We developed our guidance and training for inspectors leading thematic surveys, using a revised structure of reports, from short reports as a rapid response to requests from Welsh Government, to large-scale surveys highlighting case studies of interesting or effective practice with accompanying conferences or training materials. In September 2016, we held two conferences to accompany the ['Leadership and primary school improvement'](#) report, with case study schools presenting their improvement journey experiences.

All Estyn recommendations were accepted by Welsh Government for 11 out of 12 reports published. For one report EOTAS (Education other than at school) two recommendations were not accepted.

PI 7

### **Work delivered through our distributed leadership roles**

Through our system of lead inspectors, we continued to provide high-quality advice to Welsh Ministers and National Assembly committees. Estyn inspectors provided oral evidence to seven committees and prepared responses to 20 consultations. A particular focus for our lead inspector work during 2016-2017 was to provide ongoing advice and support to the Welsh Government's curriculum reform process. Inspectors contributed to 43 national working groups relating to a broad range of aspects of education and training in Wales.



## Developing knowledge-management capabilities

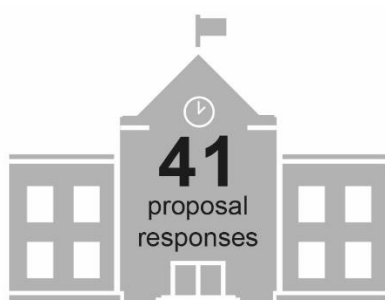
We continue to develop our electronic systems for sharing and collating information from external and internal groups and committees.




We have established research-focused seminars and developed our monthly research update for staff.

We have established a termly meeting to discuss and share information about research priorities and our thematic surveys with the Welsh Government's Knowledge and Analytical Services, the Public Policy Institute Wales and Qualifications Wales.

## Estyn's role as a consultee on school organisation proposals

Estyn responded to 41 school reorganisation proposals between 31 March 16 and 01 April 2017.



-  We concluded that 38 proposals were likely to at least maintain or improve educational outcomes.
-  We concluded that 1 proposal had insufficient information to provide a view whether it is likely to maintain or improve.
-  We concluded that 2 proposals were unlikely to maintain or improve.

## Ad hoc advice and support

During 2016-2017, we provided Welsh Ministers with advice about the initial registration of six new independent schools. Through follow up registration visits, we also provided advice on whether seven new schools met the Independent School Standards (Wales) Regulations.

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## Strategic Objective 3: Build capacity in the delivery of education and training in Wales



Estyn makes valuable use of information from inspection work and thematic surveys to inform our training programme and building capacity work. We provide a comprehensive programme of training to support providers to develop their knowledge and understanding of inspection and for senior leaders within those organisations to develop a range of skills that support inspection and also inform their work as a senior leader. Our aim is to ensure Estyn-hosted training events and best practice conferences meet the needs of delegates.

We continue to train peer inspectors and challenge advisers to help us deliver our inspection programme. Our training provides excellent opportunities for senior leaders in schools and other providers to develop a better understanding of our work and to strengthen their understanding of the importance of self-evaluation and robust quality assurance systems to support improvement.

We continue to publish a large number of best practice case studies on our website.

### Highlights

**58** best practice case studies published

Held **36** training events and **19** best practice events

**98%** of delegates rated our training as good or excellent

We received **572** responses to our national consultation on how we inspect education and training in Wales

## Estyn-led training events and conferences

In 2016-2017, we delivered an extensive programme of best practice and training events across Wales. We held 55 events which included initial inspector training, update training events and the sharing of best practice in areas such as primary school leadership. Delegates reported a high degree of satisfaction with events with 98% judging them to be good or excellent.

This year, we have supported the development of our external inspectors, providing regular opportunities for them to keep up-to-date with inspection and policy developments. We have continued to meet with our stakeholders through our extensive programme of national and sector stakeholder forums. These have been particularly helpful in enabling us to discuss and gather feedback on our new inspection arrangements from September 2017. We have strengthened our arrangements for engaging with forum members, to reach a wider range of stakeholders.

PI 8

In June 2016, we attended the Royal Welsh Agricultural Show, as part of a joint presence with our Inspection Wales partners. As part of a joint stand with other inspectorates we were able to discuss inspection and education policy with a range of stakeholders. Due to the success of this event, we will be exhibiting at the Royal Welsh Agricultural Show and the Urdd Eisteddfod in summer 2017.

In April 2016, we hosted the Standing International Conference for Inspectorates (SICI) which brought together delegates from over 20 inspectorates across Europe. The theme for the conference was Professional Dialogue and Stakeholder Engagement.

In October, we hosted two successful Primary Improvement Journey conferences to share and present key messages from our ['Leadership and primary school improvement'](#) thematic report.

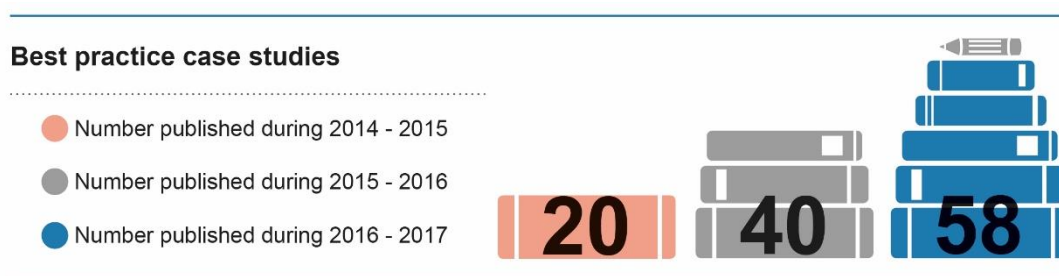
In March 2017, we hosted our first Awards Evening to celebrate the success of providers judged to have 'excellent' current performance or prospects for improvement in 2015-2016. We enjoyed keynote speeches from Meilyr Rowlands HMCI and Kirsty Williams, Cabinet Secretary for Education.



## Identifying and disseminating best practice

During 2016-2017, we have continued to publish and share many case studies written by providers about best practice that we have identified through inspection. During this period, we published 58 case studies and we have increased efforts to share best practice through our stakeholders' communication channels, including twitter, in order to increase the number of potential readers. Our evaluation for the first six months of 2016-2017, shows that visitors to the best practice area of our website have increased by 10% and people are spending more time reading each case study online. The general popularity of each case study has also seen an upward trend. In addition, we have begun to publish case studies of good practice that feature in our thematic reports to ensure that these reach a wider audience and to complement the bank of best practice.

Here is a link to [best practice](#) case studies published on our website.



## Developing strong partnerships with stakeholders

Between 1 November and 30 November 2016, we conducted our second national consultation on how Estyn inspects education and training in Wales. The consultation specifically sought views about the content of our inspection guidance and the detail around aspects of our new inspection arrangements. We had 572 responses from stakeholders.

The consultation questions were also discussed in our National Stakeholder forum which was held in Llandrindod Wells on 2nd of February, 2017. Around seventy delegates attended the event with representatives from nearly all official bodies included on our stakeholder list. The forum also explored the Successful Futures curriculum developments and the main messages from HMCI's annual report.

During the year, we held two regional conferences to share effective practice in leadership and leadership development, with a focus on primary school improvement journeys. Over 300 schools attended the events in North and South Wales. These events reflect Estyn's commitment to facilitating effective school-to-school support through a series of presentations and workshops.

We conducted our second online survey on the quality of the services, support and leadership of regional consortia and local authorities (16 March – 13 April). Although the response rate was lower than last year's, the overall messages from the survey will be used to inform lines of enquiry for our consortia follow-up monitoring visits in the autumn term of 2017.

## **Link Inspectors**

Our system of link inspectors for further education, work-based learning, local authorities and regional consortia enabled us to maintain constructive working relationships with providers and share best practice where relevant.

Our link inspectors followed up on our thematic report on Education other than at school (EOTAS), published in June 2016, and the previous year's good practice report on EOTAS. Link inspectors met with senior leaders in local authorities to challenge them on how they had responded to the recommendations in the reports and taken account of good practice.

Link inspectors for further education and work-based learning providers met with managers and senior leaders in 2016-2017 to discuss a range of issues, including following up on how the providers are responding to guidance and implementation of the Prevent duty.

## Delivery Principle 1: Develop Estyn as a 'best value' organisation and 'exemplary employer'



In 2016-2017, we continued our work in the areas of equality, sustainability, health standards and staff engagement, amongst others, to help make Estyn a great place to work. Our action plans also support aspects of the Well-being of Future Generations (Wales) Act 2015, which is about improving the social, economic, environmental and cultural wellbeing of Wales.

Our Governance framework of Boards, Committees and Groups helps us to fulfil our strategic objectives as a well-run and efficient organisation, accountable to our staff, stakeholders and the general public. In line with legislation we produced and published an Annual Plan for 2016-2017. Our plan for 2017-2018 was approved by the First Minister in April 2017 and is available on our website.

### Highlights

**100%** of complaints and requests for information (made under FOIA and DPA) completed within target timescales

High levels of staff engagement maintained - Estyn is ranked number **1** of **98** civil service organisations

Accredited at **level 3** of the Green Dragon Environmental Standard

**86%** increase in Welsh language training at beginner and intermediate level across HMI and corporate staff

## Staff engagement

In 2016-2017, Estyn came top out of 98 organisations reported within the results of the annual Civil Service People Survey, with an overall engagement index score of 76%, which compares favourably to the Civil Service wide engagement index of 60%. The table below compares Estyn's engagement score with the Civil Service average score since the introduction of the survey in 2010.

PI 10

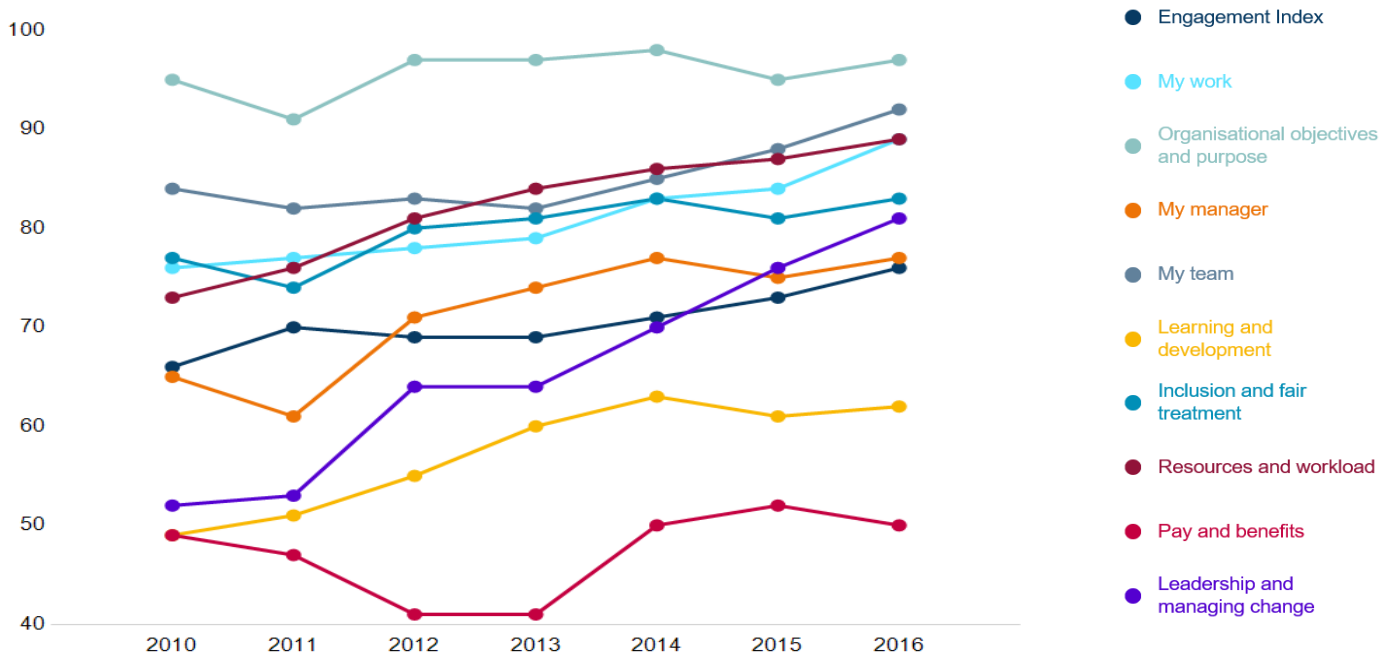
Year	Civil service engagement	Estyn engagement	Estyn position (out of 96+ organisations*)
2016	60%	76%	1
2015	58%	73%	3
2014	59%	71%	4
2013	59%	69%	4
2012	62%	69%	5
2011	60%	70%	6
2010	56%	66%	9

Note: \*the number of organisations that take part in the Survey varies each year.

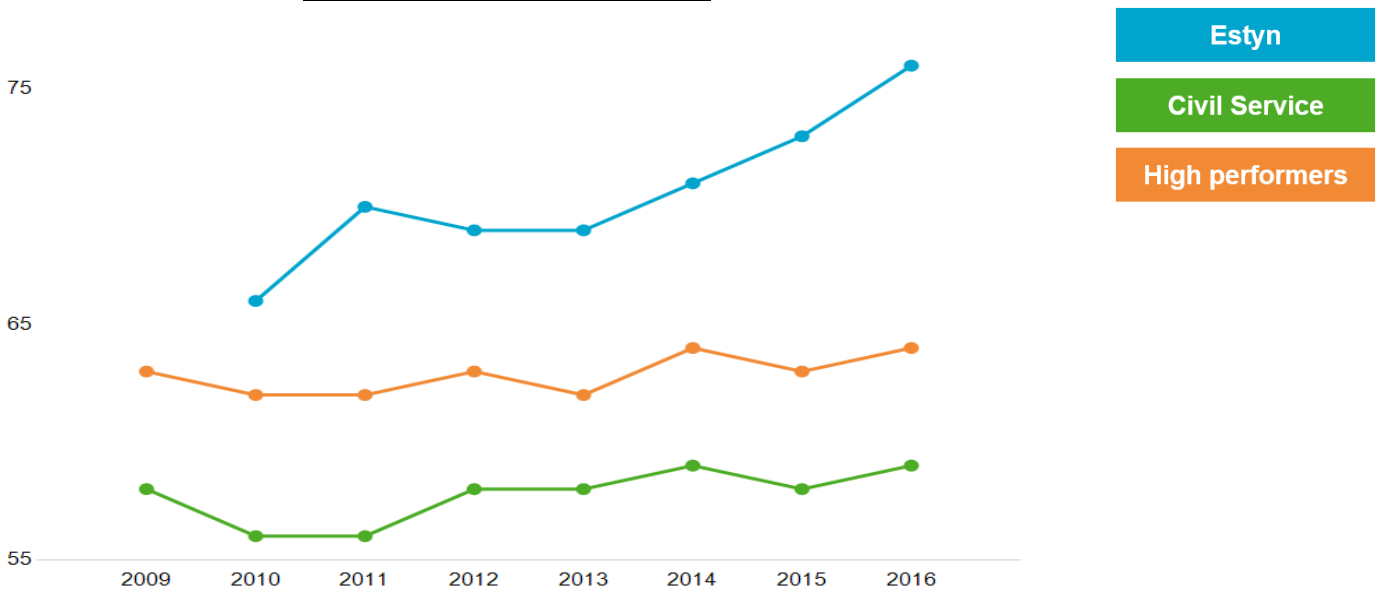
## Estyn – Theme Scores 2010-2016 and trends in engagement

Engagement levels in Estyn have continued to increase since 2013 and improvements can be seen across many themes over the last six years. The only theme to see a decrease since 2015 is pay and benefits.

### Estyn – Theme Scores



### Estyn – Engagement index





Across all themes, Estyn compares favourably to the Civil Service 2016 benchmark and Civil Service High Performers of 2016. In seven out of the nine themes, Estyn scores 75% or higher.

The full details of [Estyn people survey results 2016](#) are available on our website.

Key actions taken forward from the Engagement Action Plan developed by Estyn's Employee Engagement Group in the year included:

- continuing to improve communication about significant changes in Estyn
- reviewing the performance management process – what works well and what could be improved for the 2017-2018 reporting year
- continuing to promote learning and development activities to improve performance and career development, including building a Leadership Development Programme to commence in September 2017
- putting mechanisms in place to ensure greater consistency of decisions for the application of policies and procedures
- initiating a review of Estyn's groups and committees structure and Lead Inspector / Lead Officer roles
- developing a protocol for work programme planning to commence in Autumn term 2017
- developing a temporary workers guide to working in Estyn to ensure consistency in the application of policies and procedures

## **Employee consultation**

Throughout 2016-2017, management continued to hold regular meetings with the trade unions, including a TUS/Management operational forum and a TUS/Management strategic forum. The strategic forum allows for the exchange of information and views on strategic matters that affect employees and the effective delivery of services, for example negotiation of pay and terms and conditions of service. The operational forum supports the delivery of Estyn's day-to-day work and helps inform strategic discussions. During the meetings the unions are invited to discuss draft policies and procedures. During 2016-2017, policies and procedures consulted on included:

- Statement of Particulars
- Special Leave Policy
- Family Friendly Policy
- Health and Safety related Policies
- Disclosure and Barring Service Checks for those who work for Estyn
- Discipline Policy

In addition to union consultation, consultation with all staff takes place and impact assessments are completed for each policy. All policies are consistently applied to support and guide Estyn's employees and ensure employment is fair and transparent.

In 2016-2017, we continued our work on a number of cross-cutting initiatives to help improve Estyn as a public organisation. Our action plans support aspects of the Well-being of Future Generations (Wales) Act 2015, which is about improving the social, economic, environmental and cultural wellbeing of Wales.

PI 16

### Welsh language standards

The Welsh Language (Wales) Measure 2011 establishes a legal framework to impose duties on persons to comply with statutory standards relating to the Welsh language. The standards replace the system of Welsh language schemes established under the Welsh Language Act 1993.

Within Estyn, compliance with the Welsh language standards is monitored by our Welsh language working group. The group includes representatives from across the organisation and includes corporate staff, HMI and an Assistant Director. In 2016-2017, the group met termly to review progress against the statutory standards and discusses how we interpret the standards in particular circumstances. The group also provides guidance and direction on Welsh language issues to colleagues across Estyn. The group reports to the Executive Board.

We continued to improve our approaches to ensuring that the standards are being addressed successfully. In 2016-2017, 20 management staff attended Welsh language awareness training, conducted by the Welsh Centre for Language Planning. A particular success during the year has been a greater take-up of Welsh language training by corporate staff and HMI at beginner and intermediate level, with an 86% increase from 2015-2016. The impact of the training on our Welsh language capacity across the corporate staff and HMI has strengthened.

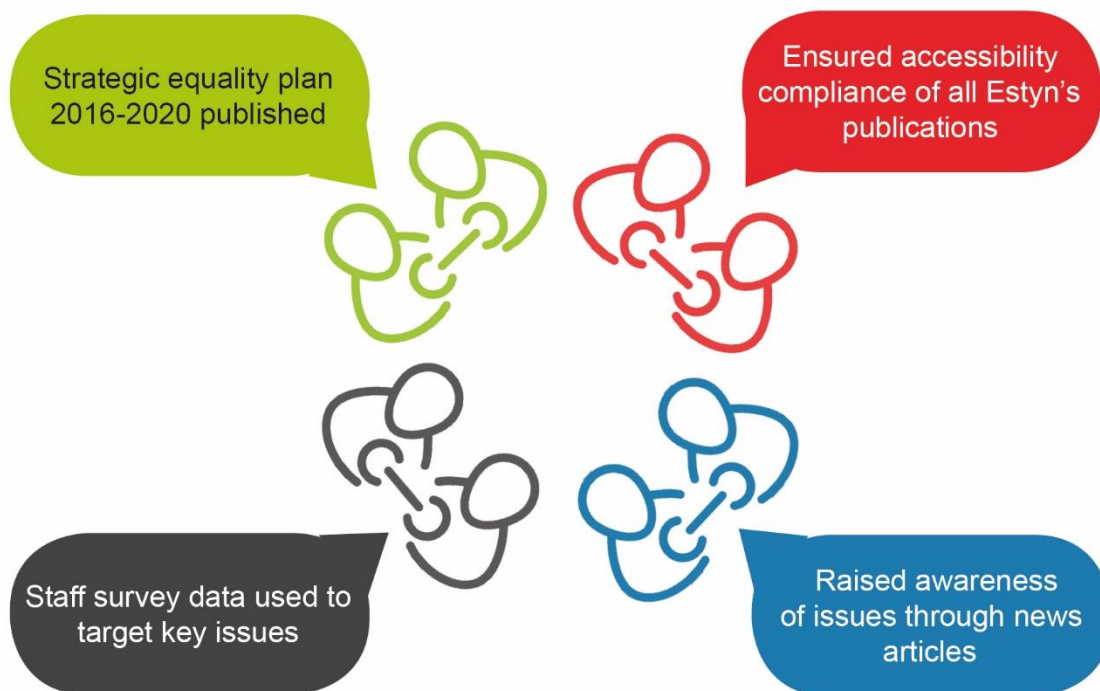
PI 17

### Equality

During 2016-2017, Estyn continued to raise awareness of equality issues through its thematic reviews, inspection activity and at a corporate level. We value diversity and strive to support equality, both throughout Estyn and through our inspection processes. In April 2016, we published our second [Strategic Equality Plan \(SEP\)](#) covering four years, 2016-2020.

In August, the first annual review of the SEP 2016-2020 will be published which highlights the work Estyn has done during the year to ensure equality and diversity is embedded in all we do. This review highlights the policies we have in place to ensure the fair and equal treatment of our staff in all aspects of employment. Our policies support our commitment to parity in selection for recruitment, employment, promotion, learning and development within Estyn, based solely on aptitude and ability and in accordance with our duties laid out in the Equality Act 2010 and associated legislation.

PI 18



## Sustainability

We maintained an environmental management system and we were re-accredited with the 'Green Dragon Standard' (level 3) in December 2016. We used the accreditation process to identify any opportunities to improve our environmental management activities further and set these out in our [Environmental Policy and Statement](#).

We have identified that our main impacts on the environment arise from the consumption of energy, transport, the generation of waste and the consumption of office materials. Objectives and targets have been produced in order to improve environmental management and performance and reduce Estyn's environmental impacts.

Due to the nature of our business, the highest proportion of CO2 emissions is generated from our transport use (112,694kg CO2 in 2016-2017). This year, we experienced a 19.8% reduction in overall CO2 emissions – some of which can be attributed to the impact of installing an energy efficient LED lighting system towards the end of 2015-2016. This resulted in a 36% reduction in CO2 emissions from electricity alone. We anticipate further reductions in the next reporting year following the recent installation of a more efficient air conditioning system.

Our target (in line with WG) for 76% of our total annual waste to be recycled by 2018-19 was achieved during 2016-2017, with Estyn achieving 93%, up on 91% in 2015-16

Performance against environmental objectives for 2016-2017 can be found on our website in the [Summary Sustainability Report 2015-2016](#).

## Health standards

Our health, safety and wellbeing committee continued to ensure that staff welfare was a priority and that the positive culture which helped us to achieve the Silver level of the Corporate Health Standard in 2014 thrived. In the last year, we promoted awareness of health issues that were relevant to the workforce, offered staff annual health checks and provided an Employee Assistance Programme. Many staff also enjoyed taking part in charity activities that raised awareness of health issues and/or improved physical fitness.

## Comments, complaints and requests for information

As a learning organisation, we take comments and complaints seriously and will respond to all complaints fully, fairly and as quickly as possible. In 2016-2017, we dealt with three formal complaints, all of which were responded to within our target timescale of 20 working days.

Date	Outcome	Subject of complaint
May 2016	Partially upheld	Inspection conduct
October 2016	Not upheld	Statements provided in thematic report
December 2016	Partially upheld	Inspection conduct

Estyn also has a statutory duty to respond to any requests for information made under the Freedom of Information Act (FOIA) and the Data Protection Act (DPA) in a timely manner. In 2016-2017, we responded to 19 requests for information made under FOIA. All 19 were completed within the target of 20 working days.

As of April 2016, we now publish all [information provided in response to FOI requests](#) on our website.

During the same period, we responded to two requests for information made under DPA. Again, these were completed with the target of 40 calendar days from receipt of identity.

## Charity work

During the last financial year, Estyn staff have been enthusiastic supporters of charity events, raising significant sums for a number of good causes. We have formalised our approach to charity fundraising, recording our activities and our chosen charities on a database, to ensure that our efforts are focused in the best way.

On 18 June 2016, 16 members of staff, took on the Wales Three Peaks challenge, undertaking to climb three of Wales' highest peaks in one day – starting with Snowdon, before heading to Cadair Idris and finishing with Pen y Fan: a distance of 20.35 miles and a total ascent of 9,397ft. This provided an exhilarating experience, and with the support of many others from the office over £7,000 was raised for the Tŷ Hafan children's hospice.

Staff also organised activities in aid of various other charitable causes. An office bake sale early in the year raised over £300 for Marie Curie Care, and in June, a strawberry tea raised over £600 for Breast Cancer Care. An appeal on behalf of "Bras for Africa" even resulted in the donation of 150 of said items! In addition, our Annual charity Christmas raffle secured over £450 in aid of Velindre Hospital.



## Financial performance highlights<sup>1</sup>

### Results for the year

Total net operating costs of £11.06m are in line with Estyn's budget for 2016-2017. As in previous years, there was an under-spend against the budget for depreciation, which is a non-cash charge that covers the life of assets purchased with capital expenditure.

Staff costs were as planned for 2016-2017, with inspection staff levels (see details contained within the Remuneration report) re-established to meet operational requirements. There was no staff pay award in 2016-17, but staff continued to progress through the incremental pay scale for their grade; details of Estyn's remuneration policy and pay rates can be found within our published [Pay Policy Statement](#). The figure for staff costs in this year's accounts reflects an increase of £82k in relation to accrued annual leave, i.e. the increase in the value of leave entitlement untaken as at 31 March 2017. Also, from April 2016, employers' national insurance contributions were increased by an average of 2% of gross pay, and this added an extra £110k to Estyn's pay bill for 2016-17.

Non-staff costs, at £2.67m (excluding depreciation), were slightly under budget and around 5% lower than the previous year; details are shown within Table 4 of the Notes to the Accounts. Specific areas where we reduced spending included savings on telecommunication contract costs and a reduction in IT developments, although investment in system developments will need to be scaled-up again in 2017 to support new inspection arrangements and to maintain robust and secure systems. Year-to-year changes in other expenditure mainly reflect the variability in our annual programme of inspections and supporting activities, such as additional inspector and peer inspector training events.

In 2016-2017, we used £251k of the £281k capital funding budget allocated by Welsh Government. Around two-thirds of this expenditure was used to replace systems hardware and staff computers essential to running Estyn's business. The other major capital spend was to replace the aged air conditioning system at Estyn's Anchor Court offices; the system is an Estyn obligation under the lease terms and the more efficient modern system will help reduce our carbon footprint and yield energy cost savings over the coming years.

The Statement of Financial Position (SofFP) as at the year-end 31 March 2017 shows net liabilities of £117k (2015-2016: £181k). The change relates to the net effect of the increase in fixed assets and bank balance, debtors and accruals. It is not unusual for Estyn's SofFP to show a deficit position at the end of a financial year due to the high level of payables. Payables are a normal consequence of Estyn's arrangements for resourcing inspections with Peer Inspectors, Lay Inspectors and Additional Inspectors (including secondees) and result from the timing of the receipt of the invoice.

Estyn receives a very small amount of income each year, the majority of which are fees for the registration of inspectors.

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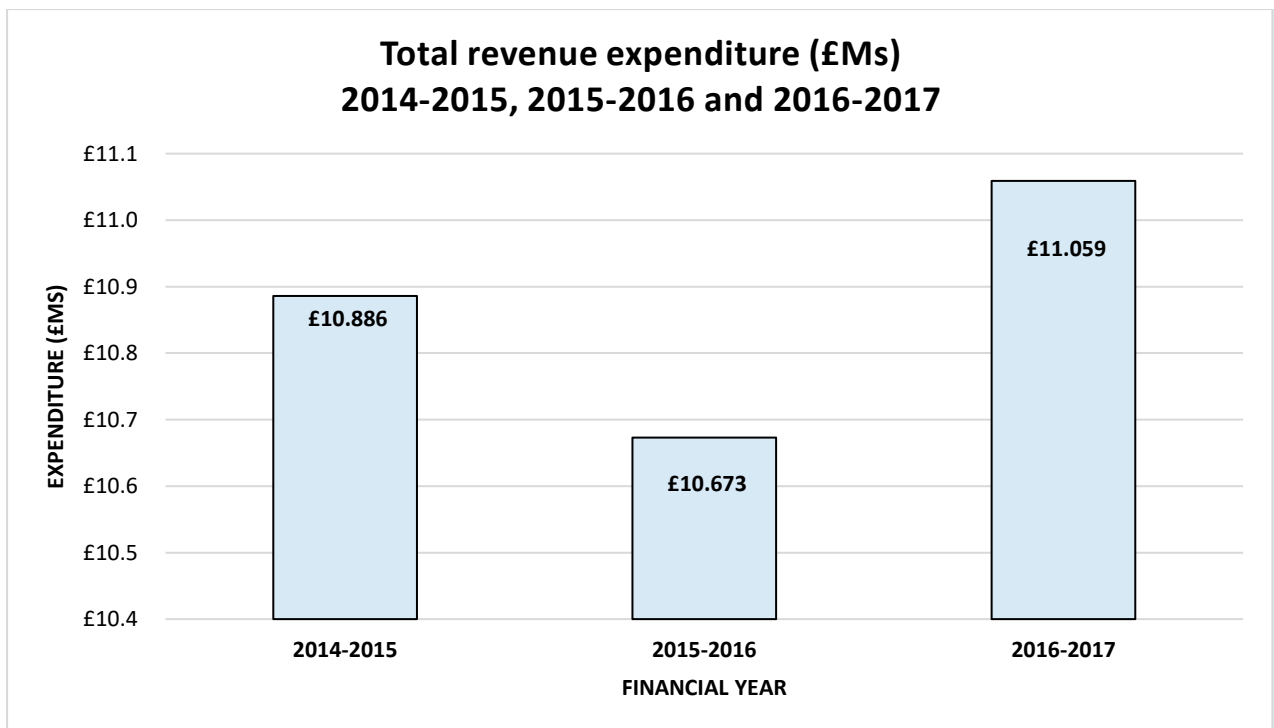
<sup>1</sup> Section 3 provides the financial statements and notes to the accounts.

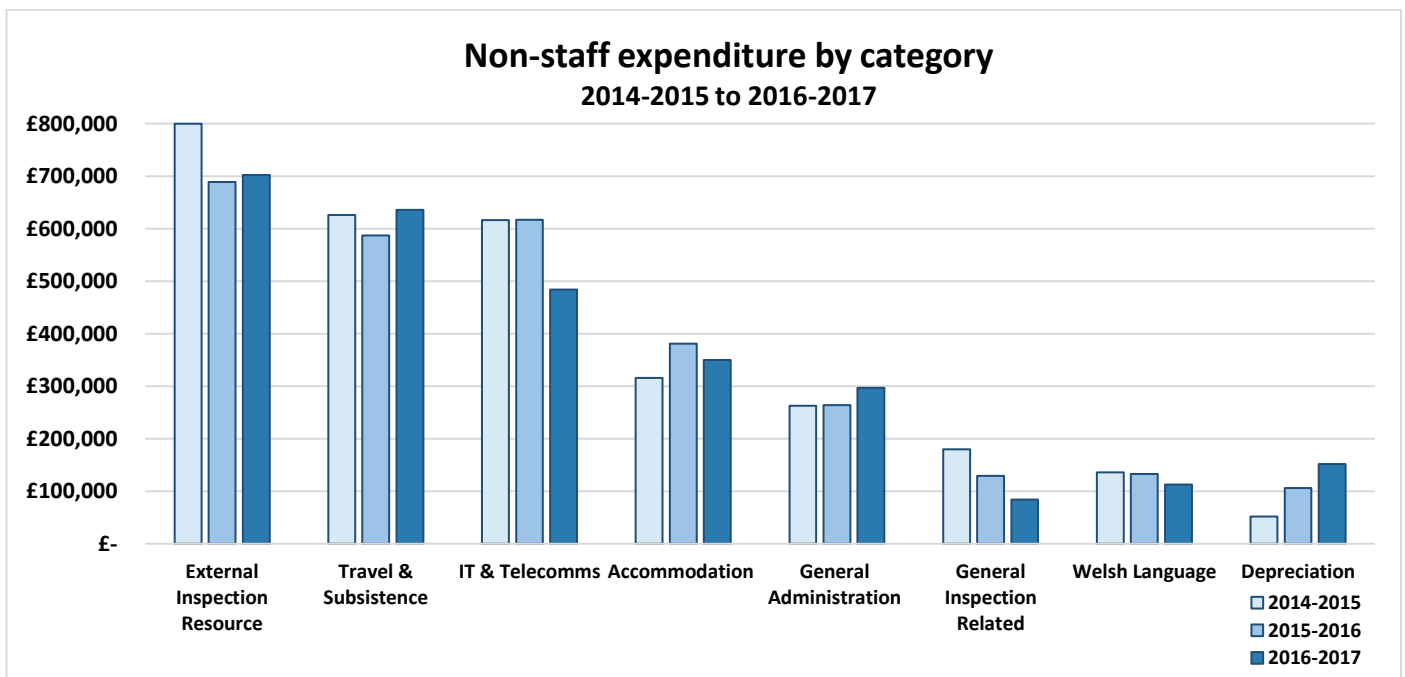
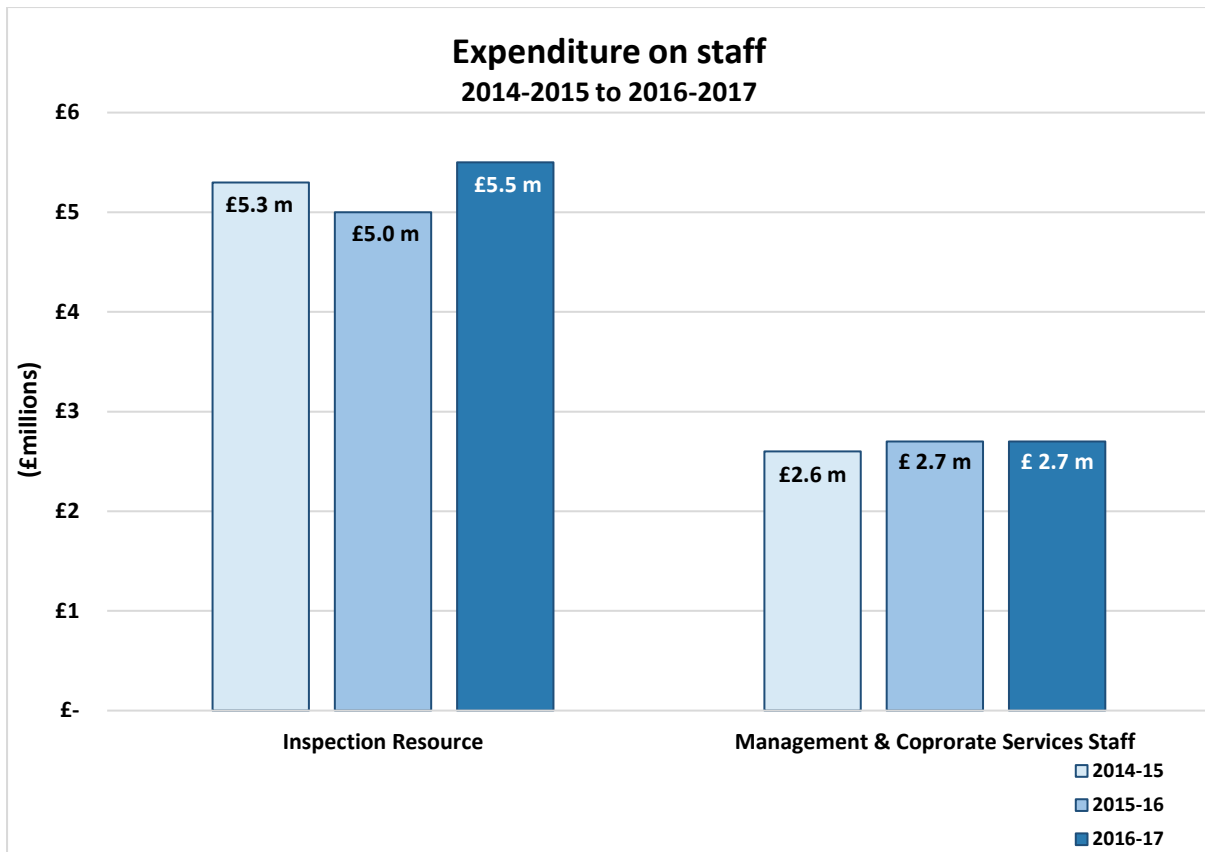
During 2017-2018, Estyn will receive funding from the Welsh Government to meet all of the above liabilities in line with the 'going-concern' basis adopted in the preparation of these financial statements.

No losses or special payments have been incurred in 2016-2017.

Estyn's budgeted expenditure for future years is determined by the National Assembly and any long-term expenditure trends will be impacted by the increase or decrease in this budget.

The Chief Inspector is not aware of any remote contingencies that will impact on long-term expenditure plans.

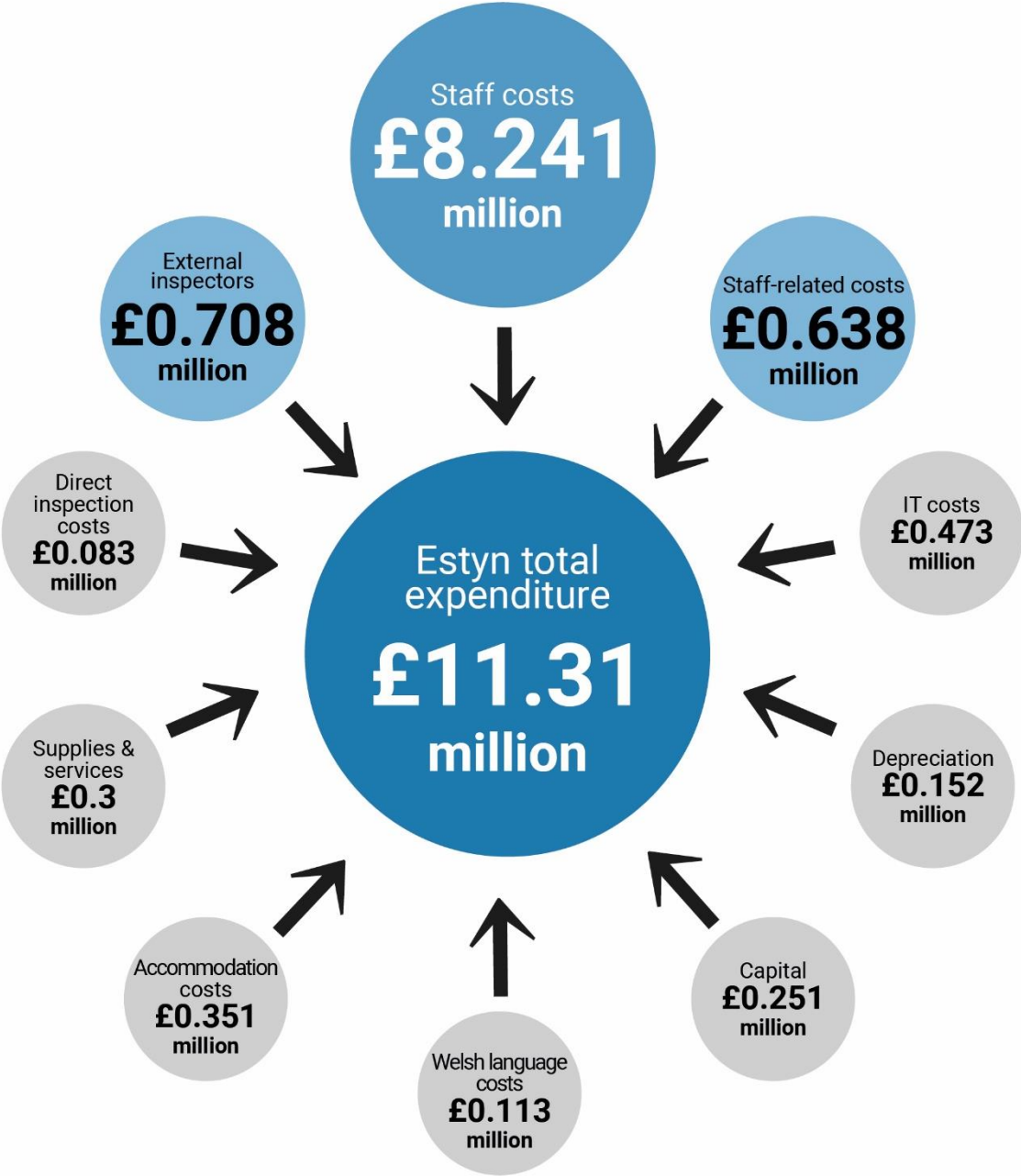




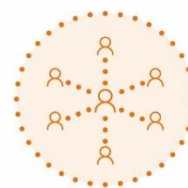
<sup>2</sup> Details on staff numbers and categories is shown on page 58.



Total expenditure across all budget heads for 2016-2017



## Delivery principle 2: Work collaboratively with inspectorates and other stakeholders to support improvement



Estyn has continued to ensure that our joint and collaborative working is guided by a common vision and purpose agreed between the IAR bodies in Wales and the UK through Inspection Wales and the Heads of UK Inspectorates forum.

We continued to develop approaches to information and knowledge sharing between Estyn and other IAR bodies to help ensure that intelligence is actively and promptly shared and used to support service improvement, inform policy making and strengthen public accountability.

### Highlights

**14** inspections, special investigations and joint thematic reviews were undertaken with other Welsh and UK inspectorates

Joint inspectorate stand at the Royal Welsh Show - engaging with over **1,800** people over the four days

Piloted joint inspections for early years provision with CSSIW

## **Joint working with Inspection Wales bodies**

Throughout the year, the planning and programming activities of Estyn, Wales Audit Office (WAO), Care and Social Services Inspectorate Wales (CSSIW) and Healthcare Inspectorate Wales (HIW) continued to be coordinated, so that they resulted in proportionate programmes of work that avoided duplication and ensured that key risks and concerns were examined.

In spring 2016, there was a learning and development seminar for key operational staff from across all four partners. The theme for the day was governance, with a mix of external speakers on key topics, including on the implications of the Well-being of Future Generations (Wales) Act 2015. Workshops were held, where our staff explored how they might work together more collaboratively in future.

Wales has four regional education consortia that provide school improvement services on behalf of the 22 local authorities. Between February and June 2016, we inspected all of the consortia, supported by inspectors from the Wales Audit Office. In these inspections, we evaluated the support provided for school improvement and four aspects of leadership and management. As a result of the inspection work, there has been considerable media interest as well as interest from the National Assembly for Wales Public Accounts Committee and the Children and Young People's Education Committee. In the autumn of 2017, we will be carrying out follow-up inspection activity to judge the progress of the regional consortia over the year in implementing the recommendations made.

Inspection Wales partners all use Information Technology to help us plan, organise, record and report our work. Estyn's 'Virtual Inspection Room' has been used by our partner inspectorates while we have been carrying out inspection and thematic activities. During 2016, key staff from the four partners met with the aim of discussing their current systems, sharing lessons, and identifying whether there was scope to work together. The session resulted in open sharing of the benefits and challenges of partners' current systems. The outcome helped our thinking about how our respective systems enable us to work more efficiently and effectively together.

In 2016, the four Inspection Wales partner organisations took a joint stand at the Royal Welsh Show in order to engage directly with members of the public and our stakeholders. We had conversations with 1,800 people about our work over the four days of the show. By sharing a stand, we were able to generate more interest as the space was much bigger. We were also able to reduce costs considerably for the individual organisations and the entire presence was delivered under budget.

## Other areas of joint working

We continued to contribute to joint inspections of offender learning with Her Majesty's Inspectorate of Prisons (HMI Prisons) and Her Majesty's Inspectorate of Probation (HMI Probation) and supported other UK inspectorates such as Ofsted and Her Majesty's Inspectorate of Constabulary (HMIC) on joint inspections or thematic inspections.

We continued to work closely with CSSIW on the effective co-ordination of inspections of schools and colleges that have residential provision.

During the year 14 inspections, investigations and joint thematic reviews were undertaken with other Welsh and UK inspectorates. Our target of 16 was missed, as some of the planned pilot joint inspections of non-maintained settings were deferred for operational reasons. We have now reviewed this PI target, as it is impacted by factors which are largely outside of Estyn's control.

PI 19

Throughout the year, we worked with CSSIW to develop and deliver a joint inspection framework for early years which included a series of pilot joint inspections and an evaluation of lessons learnt from this joint working.

As in previous years, we worked with the Quality Assurance Agency for Higher Education (QAA), where our areas of responsibility overlap, to share information and identify causes for concern.

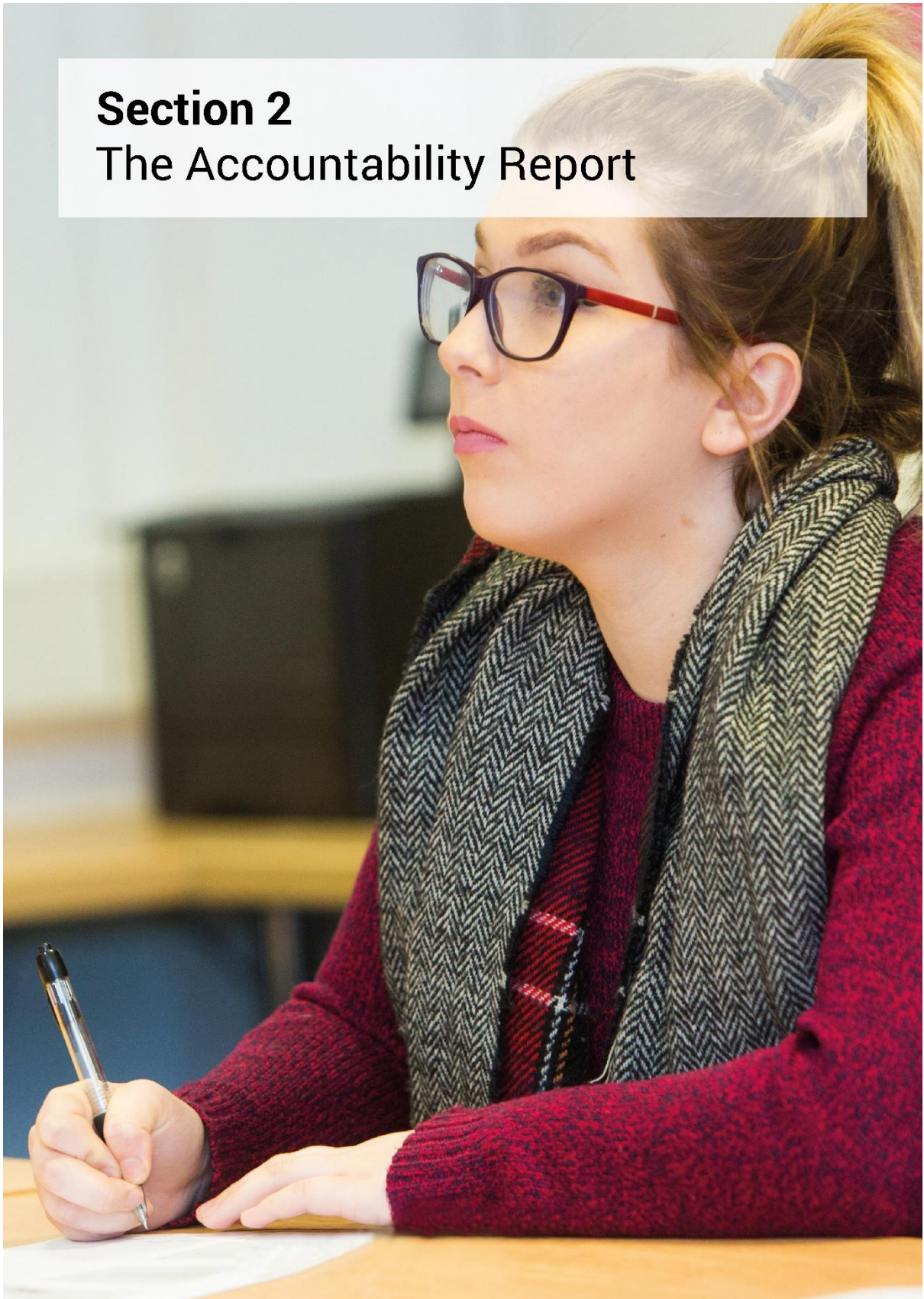
We continued to work closely with the Welsh Government, the Higher Education Funding Council for Wales (HEFCW) and the Education Workforce Council for Wales (EWC) on issues relating to standards for teachers, continuous professional development and initial teacher training in Wales.

We meet regularly with Qualifications Wales, to discuss matters relating to qualifications, inspection and education reform. We have liaised closely, to share information and avoid duplication relating to research findings on common topics for our thematic survey work.

In addition, we liaised with the UK Border Agency (UKBA) regarding the Highly Trusted status for colleges and other training providers and with Welsh Government and ColegauCymru regarding the Prevent programme in post-16 providers.

## **Section 2**

### **The Accountability Report**



## 2.1 Corporate governance report

### The Directors report

An **Executive Board**, comprised of executive members ([HMCI](#) and [strategic directors](#)), supports and assists HMCI in leading and managing Estyn.

A **Strategy Board**, consisting of executive members and non-executive members ([non-executive directors](#)), sets and monitors Estyn's strategic agenda. The Strategy Board has two sub-committees; the Estyn Audit and Risk Assurance Committee and the Remuneration Committee.

A full record of [Strategy Board / Committee membership and attendance](#) can be found on our website.

### Significant interests held by members

Estyn maintains [a register of interest](#) for Board members. Declarations are also made by all permanent employees, secondees and temporary staff in line with our [managing potential conflicts of interest policy](#).

No member of the Board holds directorship or other significant interests that might conflict with their management responsibility.

### Personal data related incidents

There have been no personal data related incidents to report to the Information Commissioner's Office during the year. Staff refreshed their awareness of their role in protecting information by completing the online training course provided through Civil Service Learning.

In line with good practice, Estyn has a board level officer designated as Senior Information Risk Owner who is responsible for Estyn's information charter.

Throughout 2016-2017, Estyn's Information Governance Group monitored and reviewed information governance arrangements across the organisation and reviewed and updated policies under Estyn's [information governance framework](#). Controls over information governance processes are suitably designed; some suggestions for improvement were identified and implemented in 2016.

### Payment policy

In 2016-2017, we worked to achieve compliance with our responsibilities under the Late Payment of Commercial Debts (Interest) Act 1998 to pay undisputed suppliers' invoices within 30 days of receipt of goods or services or valid invoice, whichever is the later. This policy is stated in the Terms and Conditions covering Estyn Contracts. This was achieved for 99.7% of all such payments made in 2016-2017 (2015-2016: 100%). The 100% target was narrowly missed due to some delayed matching of updated bank details forms to a few invoices. Processes have since been refined and all staff reminded of best working practices and procedures.

## Statement of accounting officer's responsibilities

Under Schedule 6, paragraph 5(2) of the Government of Wales Act 1998, HM Treasury has directed Estyn to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by Estyn during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Estyn and of its net resource outturn, financial position, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury in accordance with paragraph 5(2) of Schedule 6 to the Government of Wales Act 1998, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the 'Government Financial Reporting Manual', have been followed, and disclose and explain any material departures in the accounts
- 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).

As Accounting Officer, I can confirm that:

- as far as I am aware, there is no relevant audit information of which the Estyn's auditors are unaware;
- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Estyn's auditors are aware of that information; and
- this annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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## The governance statement

### Introduction

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

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

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

### The governance framework

I have established a governance framework that describes the systems, processes, culture and values by which Estyn is directed and controlled and by which we monitor the achievement of our strategic objectives and engagement with our stakeholders. Estyn's corporate governance framework is published on our website. The diagram at the end of this statement illustrates the range and level of assurances which underpin Estyn's governance arrangements. A clear statement of Estyn's purpose and vision is set out on our website and in our [Annual Plan](#). The Annual Plan outlines Estyn's overarching vision and sets out its principal aims and objectives. Information on Estyn's performance and delivery against the Annual Plan is also published on our website.

Oversight of Estyn is exercised through the Strategy Board and its sub-committees (Audit and Risk Assurance Committee and Remuneration Committee). During 2016-2017, the Strategy Board and the Audit and Risk Assurance Committee met on a quarterly basis and all meetings were attended in full by all members. The Strategy Board has received sound external advice on strategic matters and risk management as part of the non-executive director role to provide challenge and support to Estyn's executive. Some of the key areas of review and discussion by the Strategy Board during 2016-2017 included:

- Estyn's [Annual Plan](#), incorporating Estyn's Key Performance Indicators
- HMCI's [Annual Report](#)
- Estyn's support to Welsh Government education reform initiatives
- Development of future arrangements for inspection

Each meeting concludes with a self-evaluation of the effectiveness of the meeting; non-executive directors have confirmed they are content with proceedings and the



quality of information presented and discussed at meetings, that they have appropriate input to agenda and have sufficient opportunity to raise any concerns. The Strategy Board is satisfied that Estyn's whistleblowing arrangements are effective; no whistleblowing cases were raised in 2016-2017. Estyn's Risk Management Policy was reviewed during the year and update training on risk management was provided to relevant staff.

Liaison between Estyn and the Welsh Government on matters of financial management and accountability is managed through an Accounting Officer agreement between HMCI and the Welsh Government designated Additional Accounting Officer, Andrew Goodall, Director General and Chief Executive Officer of NHS Wales. This link governance arrangement helps maintain Estyn's independence in training and education matters, although close links with the Department for Education and Skills continue to develop a strategic and coherent approach on key matters such as development of thematic reviews and other advisory work.

During the year, non-executive directors met with Julie Rogers, Director of Workforce and Organisational Development, who represents Mr Goodall in his role as Estyn's Additional Accounting Officer within the Welsh Government. The meeting provided an opportunity to share views on governance processes and the key issues and challenges which Estyn faces.

### **Audit and impact**

An annual report of the Chair of the Audit Risk and Assurance Committee (ARAC) is published on Estyn's website; the report highlights some of the work undertaken during the year and comments on the internal audit reviews undertaken and reported to the committee. The Chair's report for 2016-2017 provides assurances on the quality of audit work and the effectiveness of the committee.

As part of the ongoing development of ARAC, during the first half of the year, each committee member attended an ARAC meeting of another Welsh public sector body to both develop and further their skills and knowledge and identify potential examples of good practice that could be considered for implementation within Estyn. At all three visits the members found similar arrangements in place with regards to the ARAC terms of reference and coverage, risk management, internal controls and assurance, financial statements and governance. In the autumn, Estyn representatives also attended a Chairs of ARAC workshop facilitated by the Wales Audit Office to consider how to measure ARAC effectiveness.

The above activities have helped support Estyn's evaluation that it's ARAC operates effectively; the committee has not identified any fundamental areas of weakness or non-compliance with good practice. A few suggestions for minor enhancements to Estyn's arrangements were discussed at the November ARAC meeting and the committee remained satisfied that Estyn's arrangements for governance and risk management, which is overseen by the Strategy Board, were appropriate throughout 2016-17. Non-executive directors serve on both the Strategy Board and ARAC.

RSM are contracted by Estyn to provide its internal audit service from 1 August 2015. In line with the contract terms, the services provided by RSM were reviewed by the ARAC following the first year of the contract; the ARAC confirmed that they were

satisfied with the professional services provided by RSM and duly authorised the contract to run for a full three-year term.

The ARAC approved the annual programme of audits for 2016-2017, continuing to use a risk-based approach to establish areas of coverage within a three-year audit programme agreed with RSM. Progress against the audit plan was monitored and at the year-end an annual report of the Internal Auditor was considered. This report advised on the work undertaken during the year and furnished an overall view on the internal control environment for consideration by members of the ARAC.

The outcome from the internal audit coverage informed the Head of Internal Audit’s opinion on the overall adequacy of Estyn’s internal control framework; ‘the organisation has an adequate and effective framework for risk management, governance and internal control’.

Work completed by Estyn’s internal auditors during 2016-2017 resulted in reports that included an independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement. The annual internal audit report stated ‘All opinions from our reviews this year resulted in positive levels of assurance’. All internal audit assurance reports were reviewed and the main issues arising discussed by the ARAC, which was satisfied that all management actions had been implemented or were being actioned.

In addition to the internal audit programme reported in the table below, Internal Audit also undertook a programme of unannounced compliance ‘spot-checks’ and Expense Claim validations – overall compliance was deemed to be good and there were no significant concerns raised during 2016-2017.

**2016-2017 internal audit programme**

Internal audit area	Assurance level	Number of enhancement actions agreed by management			
		High priority	Medium priority	Low priority	Total
Complaints Management	Substantial	0	0	1	1
Civil Service Pensions Scheme – Accounting Officer Certificate	Validated statements made in annual return	0	0	0	0
Staff Performance Management	Substantial	0	1	3	4
Creditors and Procurement	Substantial	0	0	4	4
Governance (Strategic Performance Monitoring) & Risk Management	Substantial	0	0	0	0
Deployment of Peer Inspectors	Reasonable	0	1	4	5
<b>Totals</b>		<b>0</b>	<b>2</b>	<b>12</b>	<b>14</b>
Key fraud policies and processes review	Advisory	0	1	1	2
Project Management Workshop	N/A Advisory / Training				

Estyn works closely with the Welsh Government but maintains its status as an independent body; as a non-ministerial department Estyn is not subject to Ministerial Directions.

As in previous years, Estyn has ensured compliance with Managing Welsh Public Money and extant Welsh Dear Accounting Officer (DAO) letters. Estyn obtained appropriate assurances and evidence to confirm that the tax obligations of off-(Estyn) payroll staff were duly met, i.e. for all individuals seconded to Additional Inspector posts during 2016-17. Throughout the year Estyn engaged a small number of temporary administrative staff through an employment agency and, although none of these staff were paid above the threshold for obtaining assurances regarding the meeting of tax obligations, Estyn nevertheless ensured that such assurances were provided through contractual terms.

Estyn maintains a register of interest for Strategy Board members, published on our website. No member of the Strategy Board held directorships or other significant interests that conflicted with their Estyn responsibilities. A register of interest and Gifts and Hospitality Register is maintained for all permanent employees, secondees and temporary staff.

Estyn's Remuneration Committee met (with all members in attendance). During 2016-2017, and considered the review of Strategic Directors performance undertaken by HMCI. Committee members also provided advice to HMCI regarding pay levels and allowances for Estyn Strategic and Assistant Directors.

## **Managing risk**

Estyn's risk-management system is based on an ongoing process designed to identify and prioritise the risks to the achievement of Estyn's aims and objectives, and to evaluate the likelihood of these risks being realised and the impact should they be realised. For 2016-2017, risk registers continued to be maintained at a strategic level by the Executive Board, at a corporate level by Estyn's Directors Group and at operational levels by working groups, functional teams and project teams. Each risk has an individual owner responsible for detailing and recording the controls in place and further actions planned to mitigate the risk; there is also an escalation process in place to raise risks to a higher level of management. A requirement for risk owners to provide assurance and evidence that key controls for managing risks are in place and working effectively was implemented as part of the year-end update to risk management processes.

Annual assurance statements for 2016-2017 completed by all Estyn directors provided confirmation that there were no major concerns and that action had been taken where minor issues of control had been identified; there are no reportable breaches of security and no reportable losses of personal data in 2016-2017. Estyn received an assurance from the Welsh Government in respect of the payroll and human resources services it provides to Estyn under a formal service level agreement.

Key risks Estyn continues to manage each year centre on resourcing core activities and new work streams in the context of 'real terms' reductions in funding from the Welsh Government. Estyn maintains a dialogue with relevant colleagues in Welsh

Government regarding resources and this has been instrumental in agreeing changes which provide flexibility in the way resources are used, such as the move from a six-year to seven-year inspection cycle to facilitate Estyn's support of Welsh Government education reforms.

### Managing our key risks

**Managing our budget to deliver the priorities in the strategic three-year plan** 

Our three-year strategic plan, including options to meet small or medium-scale cuts, is rebuilt annually and regularly refined in light of developments.

Executive Board and Strategy Board review approaches to emerging budget scenarios and assess options and evaluate impact.

**Ensuring that we have the people resource to deliver our plan** 

Detailed work planning informs future inspection resource requirements.

New HMI are appointed through an annual recruitment exercise and inspectors are seconded from a range of providers. A programme of training and shadowing supports inspectors to work across as many sectors as possible.

Additional inspectors are contracted on a termly basis, and at short notice, to cover the full schedule of Estyn inspections.

**Ensuring the quality of our work** 

We use experienced inspectors to monitor a proportion of inspections, as well as to quality assure and proofread every inspection report published.

Our internal audit programme is focused on key risk areas and provides assurances against key processes and systems.

**Maximising our impact on policy making** 

Our directors have established strong links with relevant contacts in Welsh Government departments and meet with them as appropriate. Discussions focus on matters such as planned education and legislation changes and identifying opportunities for Estyn to inform policy.

Established links with WG Knowledge and Analytical Services (KAS) and Public Policy Institute for Wales (PPIW) ensure that we are sighted of commissioned reviews and publications.

**Maintaining public and professional respect for Estyn** 

We keep open channels of communication with key stakeholders such as Ministers and Welsh Government, Welsh Local Government Association, Local Authorities and teacher unions.

We have a communications strategy to ensure that stakeholders, including professionals and the public, are aware of Estyn's work and publications.

## **Significant governance issues**

No significant issues have been identified during the year in relation to Estyn's overall governance framework. Internal audit reviews covered substantial areas of Estyn's business and it is pleasing to report that there were no significant areas of control weaknesses identified and no high-priority recommendations that required management action.

An internal audit review of Estyn's key fraud policies and processes concluded that: 'policies were well written and circulated to all staff on a regular basis'; 'processes in place to mitigate the risk of invoice and mandate fraud were robust'; 'declarations of interest procedures are well established'; and, 'Estyn is proactive in publicising fraud and bribery related matters'.

I am satisfied that specific opportunities for enhancing governance and internal controls that were identified as part of Estyn's assurance processes have been duly reported to the Audit and Risk Assurance Committee and actioned by management.

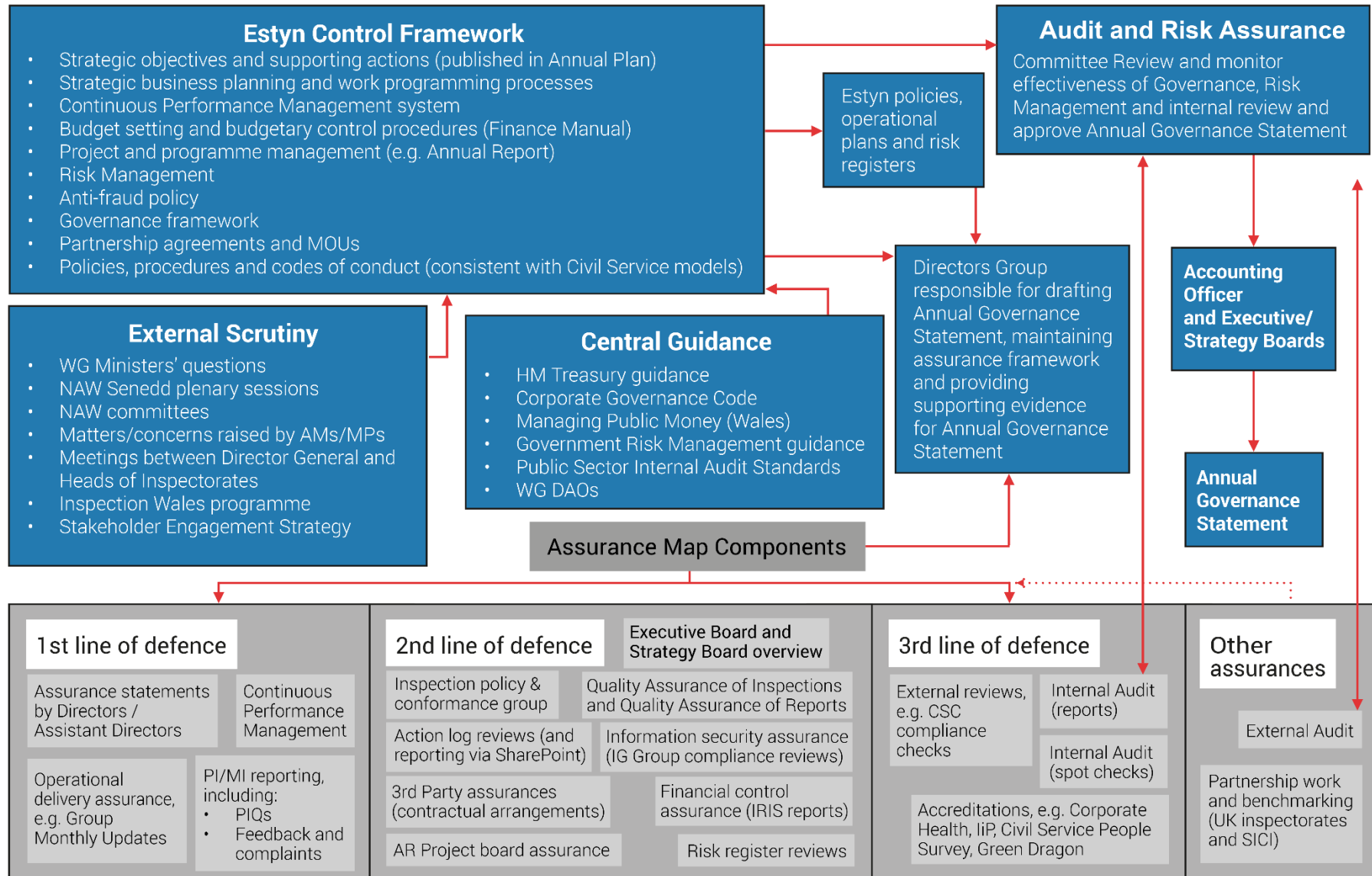
In 2016, Estyn topped the list of organisations reporting staff engagement levels within the Civil Service People Survey. I am pleased that the survey evidences the continuing high levels of positive staff engagement which reflects a positive and supportive culture within Estyn, helps to underpin good governance and signals the commitment by staff to our values and the civil service code. As with previous surveys, we have used the results to help identify areas for improvement and an action plan, developed by our Employee engagement Group, is being taken forward. We will also use feedback from the Investors in People re-accreditation process, which started in March 2017, to augment the action plan.

### **Meilyr Rowlands**

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

5th July 2017

# Our assurance and scrutiny framework



## 2.2 Remuneration and staff report

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

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

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

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

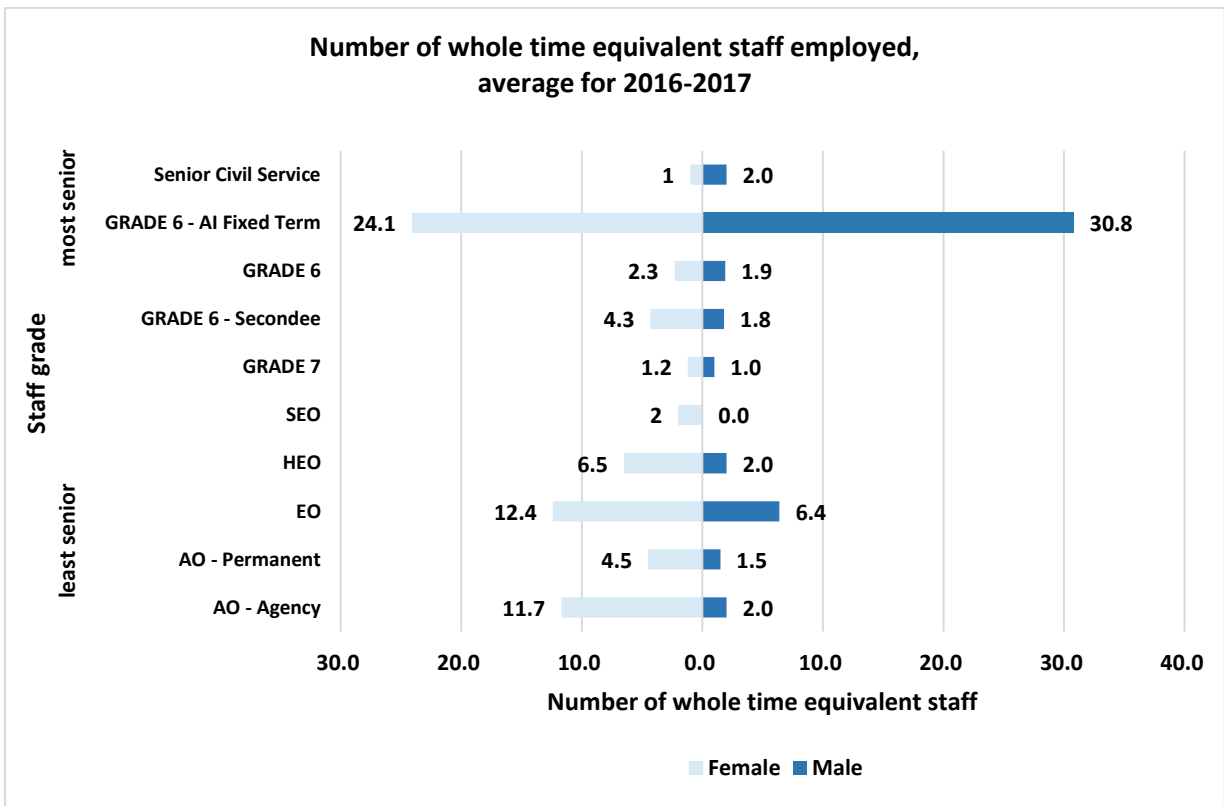
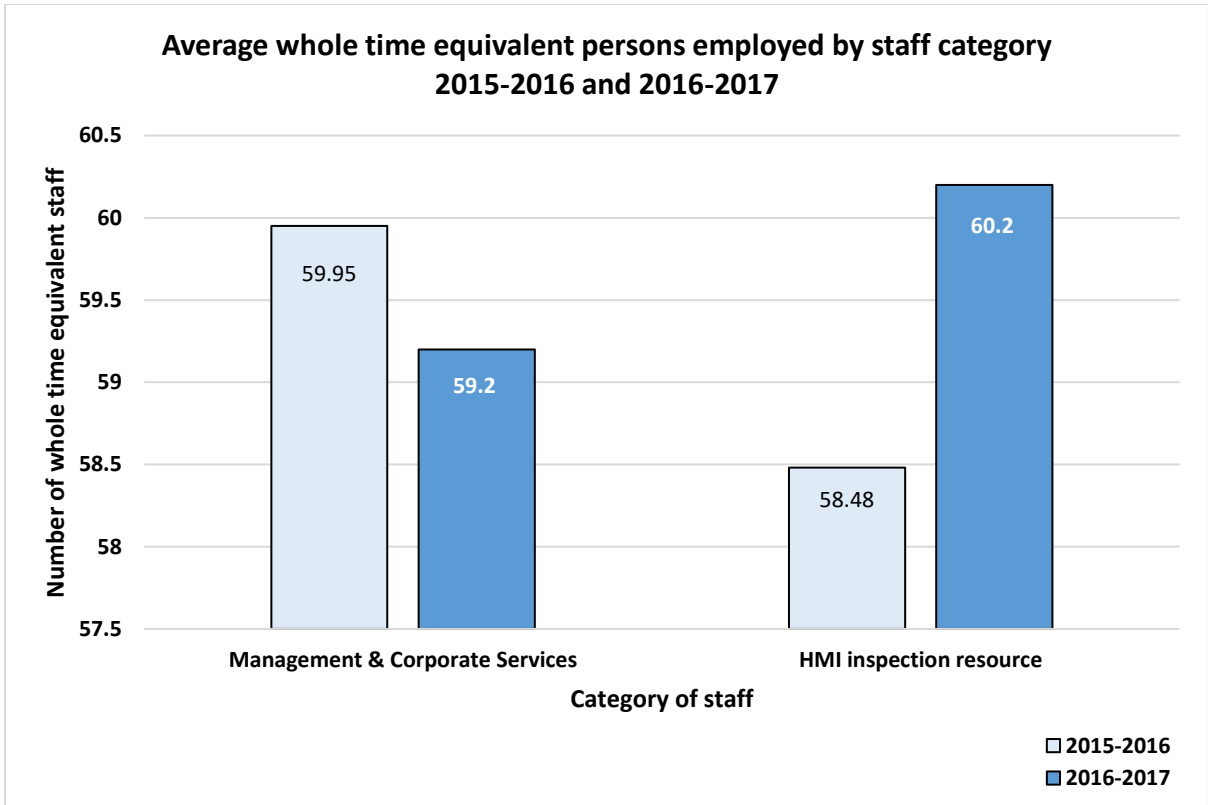
The Estyn Remuneration Committee takes account of the evidence available in respect of wider economic considerations and the affordability of its recommendations. Estyn has already streamlined its senior management as a consequence of budget cuts.

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

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

No SCS staff bonuses were paid in 2016-2017.

In line with the pay award for Welsh Government SCS officials (1<sup>st</sup> April 2015) Estyn SCS Band 1 officials were awarded a consolidated pay uplift of 2% effective from 1<sup>st</sup> August 2015 to 31 March 2017.



<sup>3</sup> Staff costs are shown on page 42 and in Note 3. Page 75



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

Year	Permanently employed staff	Others <sup>4</sup>	Total staff
2016-2017	103.1	16.3	119.4
2015-2016	98.4	20	118.4

**Staff Sickness rates are as follows:**

Headline staff measures		
Measure	2016-2017	2015-2016
Sickness absence rate	2.7% (a)	3.6% (c)
Proportion of staff accruing sickness absence	45.5%	52%
Average working days lost per employee	5.5 days (b)	7.4 days (d)
Average length of absence	6.8 days	8.4 days
Sickness absence occurrences (new)	104 occurrences	106 <sup>5</sup> occurrences

**Note:** if we exclude one member of staff who was on nil pay due to long-term absence for the whole of 2015-2016 and the start of 2016-2017, these measures would be (a) 2.5% (b) 5.2 days (c) 2.7% (d) 5.4 days.

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## Service contracts

Civil Service appointments are made in accordance with the Civil Service Commission's Recruitment Principles. The Principles require appointments to be on merit on the basis of fair and open competition but also include the circumstances when appointments may otherwise be made.

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

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

Further information about the work of the Civil Service Commission can be found at: <http://civilservicecommission.independent.gov.uk/>

<sup>4</sup> Other staff refers to secondees, fixed-term contract staff and agency staff.

<sup>5</sup> 106 new occurrences in 2015-2016, 110 occurrences if including periods of sick starting in 2014-2015.

## Remuneration (including salary), benefits and pension entitlements

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

Remuneration (salary, benefits in kind and pensions) <sup>6</sup>										
Officials	2016-2017					2015-2016				
	Salary £000's	Non-Consolidated Performance Pay £000's	Benefits in kind (to nearest £100)	Pension benefits to nearest £1,000 <sup>7</sup>	Total £000's	Salary £000's	Non-Consolidated Performance Pay £000's	Benefits in kind (to nearest £100)	Pension benefits to nearest £1,000	Total £000's
Meilyr Rowlands Her Majesty's Chief Inspector of Education & Training in Wales (1 June 2015 onwards)	110-115	-	-	72	180-185	90-95	-	-	311	400-405
Meilyr Rowlands Strategic Director (April & May 2015)	-	-	-	-	-	10-15	-	-	-	15-20
Ann Keane Her Majesty's Chief Inspector of Education & Training in Wales (to 31 May 2015)	-	-	-	-	-	15-20	-	-	-	15-20
Simon Brown Strategic Director	75-80	-	-	12	90-95	75-80	-	-	32	105-110
Claire Morgan Strategic Director <sup>8</sup>	75-80	-	-	31	105-110	65-70 <sup>8</sup>	-	-	26	90-95
Band of Highest Paid Director's Total Salary	110-115					110-115				
Median total	£63,350					£60,050				
Ratio using the mid- point of salary band	1.78					1.87				
Range of staff remuneration	£17,200 - £110,000					£17,200 - £110,000				

<sup>6</sup> Audited

<sup>7</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension x 20) + (the real increase in any lump sum) – (contributions made by the individual)

<sup>8</sup> Acting Strategic Director from 1 June 2015. Appointed to permanent post from 1 July 2016.

## Salary

'Salary' includes gross salary; 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 accrued 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 Estyn and treated by HM Revenue and Customs as a taxable emolument.

<b>Pension entitlements for senior managers<sup>9</sup></b>						
<b>Officials</b>	<b>Accrued pension at pension age as at 31/3/17 and related lump sum £000's</b>	<b>Real increase/ (decrease) in pension and related lump sum at pension age £000's</b>	<b>CETV at 31/3/17 £000's</b>	<b>CETV at 31/3/16 £000's</b>	<b>Real increase/ (decrease) in CETV £000's</b>	<b>Employer contribution to partnership pension account nearest £100</b>
<b>Meilyr Rowlands</b> Her Majesty's Chief Inspector of Education & Training in Wales	50-55  plus lump sum of  155-160	2.5 - 5  plus lump sum of  10-12.5	1,192	1,074	70	-
<b>Simon Brown</b> Strategic Director	40-45  plus lump sum of  70-75	(0-2.5)  plus lump sum of  0	916	902	12	-
<b>Claire Morgan</b> Strategic Director	15-20	0-2.5 plus lump sum of 0	222	193	17	-

<sup>9</sup> audited

## **Civil Service Pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the

age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.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 member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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**

One member of staff received an ex gratia payment (< £10k) as compensation for loss of office, within Cabinet Office guidelines.

#### **Meilyr Rowlands**

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

5th July 2017

## 2.3 Accountability and audit report

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

I certify that I have audited the financial statements of Estyn: Her Majesty's Inspectorate for Education and Training in Wales for the year ended 31 March 2017 under the Government of Wales Act 1998. These comprise the Statement on Comprehensive Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to Estyn's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by Estyn; and
- the overall presentation of the financial statements.

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

In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

## Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of Estyn's affairs as at 31 March 2017 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- have been properly prepared in accordance with HM Treasury directions issued under the Government of Wales Act 1998.

## Opinion on Regularity

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

## Opinion on other matters

**In my opinion:**

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

## Matters on which I report by exception

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

- the Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

## Report

I have no observations to make on these financial statements.

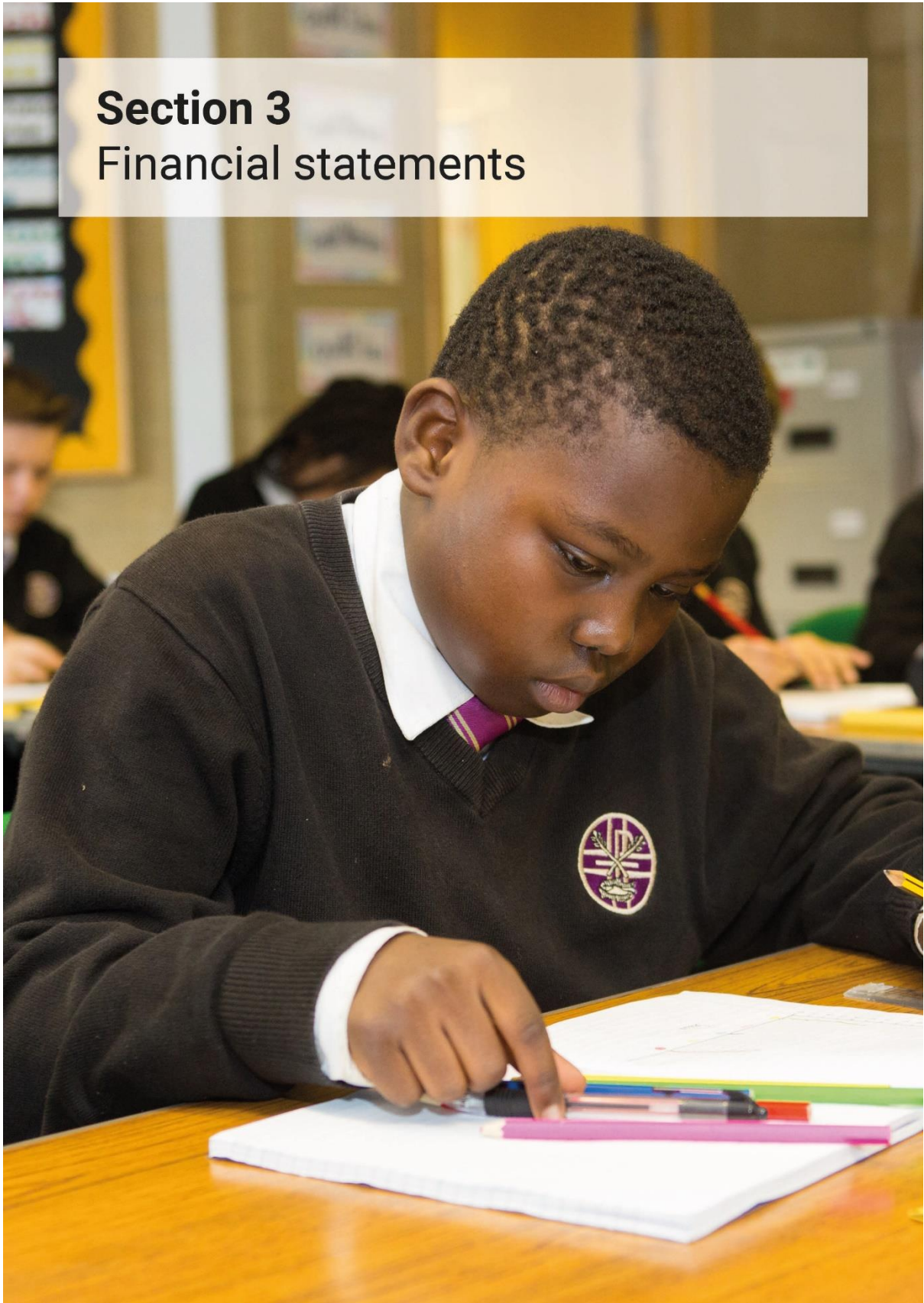
**Huw Vaughan Thomas**  
Auditor General for Wales  
11 July 2017

24 Cathedral Road  
Cardiff  
CF11 9LJ



## Section 3

### Financial statements



**Estyn Annual Accounts 2016-2017  
(International Financial Reporting Standards – IFRS)**

**3.1 Statement of comprehensive net expenditure for the year ended  
31st March 2017**

		2016-2017			2015-2016
	Note	Budget	Actual Outturn	Net Total Outturn compared with Estimate (saving)/excess	Prior Year Outturn
		£000's	£000's	£000's	£000's
<b>Resources:</b>					
Staff costs	3	8,203	8,241	38	7,768
Depreciation	6&7	400	152	(248)	106
Other costs	4	2,710	2,667	(43)	2,801
<b>Gross Operating Costs</b>		<b>11,313</b>	<b>11,060</b>	<b>(253)</b>	<b>10,675</b>
<b>Operating income</b>	5	-	(1)	(1)	(2)
<b>Net Operating Expenditure for the Year</b>		<b>11,313</b>	<b>11,059</b>	<b>(254)</b>	<b>10,673</b>

Net expenditure is reported as a single segment in line within [Estyn's Annual Plan 2016-2017](#).

The notes on pages 70 to 80 form part of these accounts.

### 3.2 Statement of financial position as at 31<sup>st</sup> March 2017

	Note	31st March 2017		31st March 2016	
		£000's	£000's	£000's	£000's
<b>Non-current assets</b>					
Property, plant and equipment	6	246		139	
Intangible assets	7	7		15	
<b>Total non-current assets</b>			<b>253</b>		<b>154</b>
<b>Current assets</b>					
Trade and other receivables	9	150		115	
Cash and cash equivalents	10	915		647	
<b>Total current assets</b>			<b>1,065</b>		<b>762</b>
<b>Total assets</b>			<b>1,318</b>		<b>916</b>
<b>Current liabilities</b>					
Trade and other payables	11	(1,144)		(942)	
Provisions within one year	12	(136)		-	
<b>Total current liabilities</b>			<b>(1,280)</b>		<b>(942)</b>
<b>Total assets less current liabilities</b>			<b>38</b>		<b>(26)</b>
<b>Non-current liabilities</b>					
Provisions:					
Between two and five years	12	(155)		(155)	
<b>Total non-current liabilities</b>			<b>(155)</b>		<b>(155)</b>
<b>Assets less liabilities</b>			<b>(117)</b>		<b>(181)</b>
<b>Tax Payers' Equity</b>		<b>(117)</b>		<b>(181)</b>	
<b>Total Tax Payers Equity</b>			<b>(117)</b>		<b>(181)</b>

The notes on pages 70 to 80 form part of these accounts.

**Meilyr Rowlands**

Her Majesty's Chief Inspector of Education and Training in Wales and  
Accounting Officer  
5th July 2017

### 3.3 Statement of cash flows for the year ended 31<sup>st</sup> March 2017

	Note	2016- 2017 £000's	2015- 2016 £000's
<b><u>Cash flow from operating activities</u></b>			
Net operating cost		(11,059)	(10,673)
<b>Adjustments for non-cash transactions:</b>			
Depreciation	6&7	152	106
Other costs (provision)	12	136	20
Increase / (decrease) in trade and other payables	11	202	(325)
(Increase) / decrease in trade and other receivables	9	(35)	39
<b>Less movements not passing through the Statement of Comprehensive Net Expenditure</b>			
Capital creditors	6	(84)	-
<b>Net cash outflow from operating activities</b>		<b>(10,688)</b>	<b>(10,833)</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	6	(167)	(192)
Purchase of Intangible Assets	7	-	(22)
<b>Net cash flow from investing activities</b>		<b>(167)</b>	<b>(214)</b>
<b><u>Cash flows from financing activities</u></b>			
<b>Net financing (from the Welsh Government)</b>		<b>11,123</b>	<b>11,000</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	10	<b>268</b>	<b>(47)</b>
<b>Cash and cash equivalents at the beginning of year</b>	10	<b>647</b>	<b>694</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>915</b>	<b>647</b>

The notes on pages 70 to 80 form part of these accounts.

### 3.4 Statement of changes in taxpayers' equity for the year ended 31<sup>st</sup> March 2017

Changes in taxpayers' equity	2015-2016 £000's
<b>Balance as at 31 March 2015</b>	(508)
Net operating cost for the year	(10,643)
Auditors Remuneration	<u>(30)</u>
Total recognised income and expense for 2015-2016	<u>(10,673)</u>
Net Welsh Government funding	11,000
	<u>327</u>
<b>Balance at 31 March 2016</b>	<b>(181)</b>
	<b>2016-2017 £000's</b>
<b>Balance at 31 March 2016</b>	(181)
<b>Changes in taxpayers' equity for 2016-2017</b>	
Net operating cost for the year	(11,029)
Auditors Remuneration	<u>(30)</u>
Total recognised income and expense for 2016-2017	<u>(11,059)</u>
Net Welsh Government funding	<u>11,123</u>
	64
<b>Balance at 31 March 2017</b>	<b>(117)</b>

The notes on pages 70 to 80 form part of these accounts.

## 3.5 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) 2016-2017 issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, Estyn has selected the policy it judged to be the most appropriate to its particular circumstances, for the purpose of giving a true and fair view. The particular accounting policies adopted by Estyn for 2016-2017 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

#### 1.1 Accounting convention

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

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

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

#### 1.3 Depreciation

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

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

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

#### 1.4 Provisions

Provisions are included in the accounts for liabilities that are likely or certain to arise but uncertain as to the amount or dates on which they will arise. Provisions are

created or increased by making a charge to revenue expenditure in the year of creation. When the expenditure is actually incurred, the expenditure is charged directly to the provision. The provisions included within these accounts are regarded as short term and are subject to annual review.

### **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 and other miscellaneous income. HM Treasury has issued a receipts direction allowing Estyn to retain such receipts.

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

The Statement of Comprehensive Net Expenditure is analysed between Staff and Other costs incurred in the undertaking of Estyn's purpose. The Welsh Government provides Estyn with a single budget line for Revenue expenditure and a separate budget line for Depreciation. Estyn has discretion to allocate its revenue budget in accordance with its operational requirements. For transparency, 'Other costs' are reported in Note 4 against sub totals for Administration expenditure and Programme expenditure.

### **1.7 Value Added Tax**

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

### **1.8 Pensions**

Present and past employees are covered by the provisions of the Civil Service Pension Schemes, which are described in Note 3. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. Estyn recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, Estyn recognises the contributions payable for the year.

### **1.9 Early departure costs**

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

### **1.10 Operating leases**

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

## 1.11 Cash and Cash Equivalents

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

## 1.12 Going Concern Concept

Estyn is expected to remain in existence for the foreseeable future and will receive funding from the Welsh Government to meet all of its current liabilities when they mature in the 2017-2018 financial year. It has accordingly been considered appropriate to adopt a 'going-concern' basis for the preparation of these financial statements.

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

	Note	2016-2017 Budget	2016-2017 Outturn	Outturn compared with estimate (saving) / excess	2015-2016
		£000's	£000's	£000's	£000's
<b>Resource Outturn</b>		11,313	11,059	(254)	10,673
<b>Capital Outturn</b>	6&7	281	251	(30)	214
<b>Accruals to cash adjustments: Adjustments to remove non-cash items:</b>					
Depreciation	6&7	(400)	(152)	248	(106)
New provisions and adjustments to previous provisions	12	-	-	-	(20)
<b>Adjustments to reflect movements in working balances:</b>					
Increase/(decrease) in receivables	9	-	35	35	(39)
(Increase)/decrease in payables	11	-	(202)	(202)	325
Increase in provisions	12	-	(136)	(136)	-
<b>Net cash requirement</b>		<b>11,194</b>	<b>10,855</b>	<b>(339)</b>	<b>11,047</b>



### 3 Staff costs consist of:

	Total 2016- 2017 £000's	Permanently employed staff £000's	Others £000's	2015-2016 £000's
Wages and salaries	5,330	5,330		4,901
Social security costs	605	605		469
Other pension costs	1,141	1,141		1,069
<b>Total net costs</b>	<b>7,076</b>	<b>7,076</b>		<b>6,439</b>
Plus:				
Secondees in	648	-	648	744
Agency staff	139	-	139	214
Fixed Term Contract *	361	-	361	350
NEDs costs**	17	-	17	20
Early departure costs –in-year	-	-	-	1
<b>Total</b>	<b>8,241</b>	<b>7,076</b>	<b>1,165</b>	<b>7,768</b>

\* Includes £49k of pension costs in 2016- 2017 and £50k for 2015-16

\*\* Individual details in the table below

Payments to NEDs for 2015-2016 and 2016-2017				
Name	2016-2017 Total		2015-2016 Total	
	£000's		£000's	
H Edwards	-		3	
J Fabian	6		6	
A Thomas	5		5	
R Tomos	6		6	
<b>Total</b>	<b>17</b>		<b>20</b>	

'The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as "Alpha" – are unfunded multi-employer defined benefit schemes but Estyn is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation [here](#).

For 2016-17, employers' contributions of £1,190k were payable to the PCSPS (2015-16 £1,119k) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

#### 4 Other Costs

	2016-2017 £000's	2015-2016 £000's
Rental under operating leases: accommodation	126	131
Other accommodation costs	224	250
IT & telecommunications	484	617
Welsh Government central services	16	13
Travel and subsistence	636	587
Auditor's remuneration – audit of accounts	30	30
General administration expenditure	280	253
<b>Non-cash items:</b>		
- change in provision for accommodation dilapidation	-	20
- tangible asset depreciation	144	99
- intangible asset depreciation	8	7
	<b>1,948</b>	<b>2,007</b>
Less: Operating income (Note 5)	(1)	(2)
<b>Subtotal: Net administration costs</b>	<b>1,947</b>	<b>2,005</b>
Post 16 education inspections and associated costs	4	8
School inspections and associated costs	697	672
General inspection related costs	169	211
Remit costs	1	9
<b>Subtotal: Programme costs</b>	<b>871</b>	<b>900</b>
<b>Total other costs</b>	<b>2,818</b>	<b>2,905</b>
<b>Total Other costs without Income and depreciation</b>	<b>2,667</b>	<b>2,801</b>

#### 5 Income

	2016-2017 £000's	2015-2016 £000's
<b>Income</b>		
- registration fees	(1)	(2)
<b>Total</b>	<b>(1)</b>	<b>(2)</b>

As the amount of income received is small and can vary year on year, it is excluded from Estimate figures in the Statement of net comprehensive expenditure.

## 6 Property, plant and equipment

	IT systems	IT equipment	Furniture & fittings	Office equipment	Total
	£000's	£000's	£000's	£000's	£000's
<b>Cost or valuation</b>					
At 1 April 2016	196	749	243	9	1,197
Additions	-	169 <sup>10</sup>	82 <sup>11</sup>	-	251
Disposals	-	(322)	(38)	(4)	(364)
<b>At 31 March 2017</b>	<b>196</b>	<b>596</b>	<b>287</b>	<b>5</b>	<b>1,084</b>
<b>Depreciation</b>					
At 1 April 2016	196	615	238	9	1,058
Charged in year	-	126	18	-	144
Disposals	-	(322)	(38)	(4)	(364)
<b>At 31 March 2017</b>	<b>196</b>	<b>419</b>	<b>218</b>	<b>5</b>	<b>838</b>
<b>Carrying amount</b>					
<b>At 31 March 2017</b>	<b>-</b>	<b>177</b>	<b>69</b>	<b>-</b>	<b>246</b>
At 1 April 2016	-	134	5	-	139

<sup>10</sup> Purchase of desktop computers and servers

<sup>11</sup> Upgrade of air conditioning system serving Estyn office at Anchor Court

## 7 Intangible assets

	Software	DVD	Total
	£000's	£000's	£000's
<b>Cost</b>			
At 1 April 2016	11	131	142
Additions	-	-	-
Disposals	-	(110)	(110)
At 31 March 2017	11	21	32
<b>Depreciation</b>			
At 1 April 2016	11	116	127
Charged in year	-	8	8
Disposals	-	(110)	(110)
At 31 March 2017	11	14	25
<b>Carrying amount</b>			
At 31 March 2017	-	7	7
At 1 April 2016	-	15	15

## 8 Financial instruments

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

### Liquidity risk

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

### Interest rate and foreign currency risk

Whilst the bank balance that Estyn holds is material, the risk related to the balance is minimal as it is held within the Government Banking Service (GBS) set of bank accounts. All material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or foreign currency risk.

## 9 Trade and other receivables

### 9a Analysis by type

	At 31/03/2017 £000's	At 31/03/2016 £000's
<b>Amounts falling due within one year:</b>		
Other receivables	27	27
Prepayments and accrued income	123	88
<b>Total</b>	<b>150</b>	<b>115</b>

### 9b Intra-Government balances

	At 31/03/2017 £000's	At 31/03/2016 £000's
<b>Amounts falling due within one year:</b>		
Balances with other central government bodies	26	26
Balances with bodies external to government	124	89
<b>Total</b>	<b>150</b>	<b>115</b>

## 10 Cash and cash equivalents

	2017 £000's	2016 £000's
Balance	647	694
Net change in cash and cash equivalent balances	268	(47)
<b>Balance at 31st March</b>	<b>915</b>	<b>647</b>

Estyn uses the Government Banking Service and operates one bank account. The NatWest account provides a BACS payment service, collection of BACS income and local banking facilities. The following balance was held at 31st March 2016 and 31st March 2017:

	At 31/03/2017 £000's	At 31/03/2016 £000's
Balance at NatWest	915	647
	915	647

## 11 Trade and other payables

### 11a Analysis by type

	At 31/03/2017 £000's	At 31/03/2016 £000's
Amounts falling due within one year:		
Trade payables	150	122
Payroll funding	416	229
Accruals & deferred income	578	591
	<b>1,144</b>	<b>942</b>

### 11b Intra-Government balances

	At 31/03/2017 £000's	At 31/03/2016 £000's
Balances with other central government bodies	30	39
Balances with local authorities	198	254
Balances with bodies external to government	916	649
<b>Total</b>	<b>1,144</b>	<b>942</b>

## 12 Provisions for liabilities

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

**VAT:** Obligations arising from invoices charged exclusive of VAT where VAT may have been applicable

Provisions	VAT £000's	Accommodation refit £000's	Total £000's
Balance at 1 April 2016	-	-	-
- Within one year	-	155	155
- Between two and five years	-	-	-
After five years	-	-	-
Increase/(Decrease) in provision	136	-	136
Amounts utilised in the year	-	-	-
Remaining provision:			
- Within one year	136	-	136
- Between two and five years	-	155	155
After five years	-	-	-
Total provision as at 31st March 2017 <sup>12</sup>	136	155	291

## 13 Capital commitments

There are no capital commitments as at 31<sup>st</sup> March 2017.

## 14 Commitments under leases

### Operating leases

	2017 Land & Buildings £000's	2016 Land & Buildings £000's
At 31 March Estyn was committed to making the following payments during future years in respect of operating leases expiring:		
- within one year	136	96
- between two and five years <sup>13</sup>	396	532
- after five years	-	-
	532	628

<sup>12</sup> Accommodation provision is subject to re-assessment by professional surveyor every two to three years

<sup>13</sup> Lease for office accommodation

IFRS16 issued in January 2016 but not effective until January 1 2019, requires that all leases with a lease term of more than 12 months be recognised as assets and liabilities in financial statements. It is not yet known if this standard will be adopted within the FreM but if it had been for 2016-2017, there would have been an increase in both assets and liabilities of £532k.

## **15 Other commitments**

Estyn has not entered into any non-cancellable contracts (which are not operating leases) as at 31st March 2017 (there were no non-cancellable contracts as at 31<sup>st</sup> March 2016).

## **16 Contingent liabilities**

There were no contingent liabilities at the end of 2016-2017 (there were no contingent liabilities as at 31<sup>st</sup> March 2016).

## **17 Related party transactions**

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

- Wales Audit Office

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

## **18 Events after the reporting period.**

There have been no events since the Statement of Financial Position date that affect the understanding of these financial statements.



## Annex 1: Glossary of acronyms used in this report

ACL	Adult community learning
ADEW	Association of Directors of Education in Wales
AI	Additional Inspector
ARAC	Audit Risk and Assurance Committee
BACS	Bankers' Automated Clearing Services
CETV	Cash Equivalent Transfer Value
CiF	Common inspection framework
CSSIW	The Care and Social Services Inspectorate Wales
DfES	The Department for Education and Skills
DPA	Data Protection Act
ETI	Education and Training Inspectorate (Northern Ireland)
EWC	Education Workforce Council
FOI	Freedom of Information
FReM	Financial Reporting Manual
GBS	Government Banking Service
HEFCW	The Higher Education Funding Council for Wales
HIW	The Health Inspectorate Wales
HMCI	Her Majesty's Chief Inspector of Education and Training in Wales
HMI	Her Majesty's Inspector
IAR	Inspectorate, Audit and Regulation
IFRS	International Financial Reporting Standards
ITET	Initial teacher education and training
LALI	Local authority link inspector
NED	Non-Executive Director
NTFW	National Training Federation for Wales
Ofsted	Office of Standards in Education (England)
PCSPS	Principal Civil Service Pension Scheme
PI	Performance Indicator
PRU	Pupil referral unit
QAA	The Quality Assurance Agency for Higher Education
SEP	Strategic Equality Plan
SICI	Standing International Conference of Inspectorates
VAT	Value Added Tax
WAO	The Wales Audit Office
WBL	Work-based learning
WfA	Welsh for Adults
YOT	Youth Offending Teams