
Annual Report
& Accounts
2018-2019



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Section 1

The Performance Report



1.1 Overview

Chief Inspector's foreword



There have been many highlights for Estyn over the 2018-2019 financial year and I'm pleased with how much we've achieved. It was a significant day in February when the Minister and I announced the intention to progress with the recommendations in *A Learning Inspectorate*, the independent review of Estyn. In particular, Estyn will be playing a greater role in supporting schools to prepare for the new curriculum during the 'transition year' 2020-2021. The announcement confirmed a commitment to consult on making the necessary regulatory changes.

Over the year we have maintained our high standards for delivering our statutory duties. We have continued to report independently and honestly on the standards of education and training in Wales, through our inspection work across all the sectors we inspect. One area we particularly developed was our work with schools causing concern, through pilots of 'improvement conferences'. They were well-received and we now intend to roll them out for all such schools.

Innovation has remained a priority with new inspection arrangements being introduced for further education institutions and Welsh for Adults, and piloted for adult education. Our joint inspection arrangements with Care Inspectorate Wales for non-maintained nursery settings was launched fully in January. We have delivered all this alongside a substantial programme of follow-up visits to providers that need support to improve.

Sharing our expertise and advice is central to supporting improvement. My Annual Report for 2017-2018 was launched in December, while 14 thematic surveys published throughout the year covered topics relating to national priorities in

education. Among those that received widespread interest were *Improving teaching and Curriculum innovation in primary schools*. We also held three large conferences for primary schools to share innovative practice in the curriculum based on our research in this area.

We drew on our unique perspective of education and training to respond to 20 Welsh Government consultations and give evidence to the National Assembly's Children and Young People and Education Committee, and its Health, Social Care and Sport Committee. In all, we participated in 40 committees and working or advisory groups.

During the year, we provided increasing support for drafting the new curriculum and devoted a significant part of our work to the development of the 'national resource for school improvement' (previously known as the 'self-evaluation for improvement' project).

In October, I was delighted to host our annual awards evening. The event celebrated the success of 30 providers judged to have 'excellent' performance in the 2017-2018 academic year. We have shared their strategies for success through online case studies and video. And we continue to increase the number of effective practice case studies, written by schools and other providers, published on our website.

Working closely with other inspectorates and regulatory bodies on various inspection and thematic work has continued. In May, we exhibited jointly at the Eisteddfod yr Udd for the second time with the Education Workforce Council and Qualifications Wales. In July, we also spoke to many parents, teachers and learners at the Royal Welsh Show alongside our 'Inspection Wales' partners.

Considering the extent of the change programme that we embarked upon, I am delighted that Estyn's Civil Service people survey results in 2018 indicate that we still have a highly engaged workforce. Our engagement index places us third out of the 102 organisations who took part in the survey.

We are committed to continuing to support education reform and to helping strengthen and improve our Welsh education system, in addition to carrying out our statutory inspection work. We could not have done all the above without the commitment of my staff. I am grateful to all my colleagues who have worked professionally and enthusiastically throughout the year and to all our stakeholders for their support and feedback.

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 3rd July 2019.

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).

Estyn's management team and corporate services staff are based in our office located in Anchor Court, Keen Road, Cardiff. Our Her Majesty's Inspectors (HMI) are home-based. We supplement our internal inspection capacity by engaging secondees from education and training providers. We also train Additional Inspectors, peer inspectors (who currently work in education and training), challenge advisers, lay inspectors (contracted inspectors, governors and non-inspection members of our staff) and nominees (who act as the provider's representative) to work as part of inspection teams. Our [organisational structure](#) is available on our website.

We jointly employ an Inspection Wales Project Manager with the Care Inspectorate Wales (CIW), the Health Inspectorate Wales (HIW) and the Wales Audit Office (WAO) as part of [Inspection Wales](#), which is a collaboration between the four main inspection, audit and review (IAR) bodies in Wales.

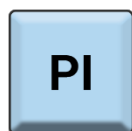
A [strategic overview](#) setting out our mission, vision and values together with our three strategic objectives and two delivery principles is available on our website. The [about us](#) section on our website further explains the work we do in regard to inspections of providers of education and training, provision of advice and guidance, building capacity and spreading best practice, and partnership working with other inspectorates, education bodies and stakeholders. We also work with other national organisations and commissioners.

The Well-being of Future Generations (Wales) Act 2015 sets out a shared purpose to achieve a better and lasting quality of life for us all. Although the duty does not apply to Estyn (we are not a listed public body for the purposes of the Act), we nonetheless support the spirit of the Act and continue to build the well-being goals and sustainable development principle into our governance and operational delivery.

Performance summary

Each year we publish 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. Each year, our performance targets are reviewed to emphasize continuous development.

In 2018-2019, we met the majority of our performance indicators. Where a performance indicator was not met we have provided an explanation in the performance analysis section.



performance met



performance not met

This performance summary highlights some key performance measures and performance indicators.

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

- 342 core inspections completed
- None of our published inspection reports required amendment after publication as a result of substantial challenge to judgements (PI 1)
- 99% of providers were satisfied with our inspections across a range of key questions (PI 2)
- 98.5% of providers indicated that their inspection helped them to plan for improvement (PI 3b)
- Just under 99% of providers inspected were satisfied with the reliability and independence of Estyn's judgements following the publication of the inspection report (PI 3a)
- 100% of inspection reports were published within deadlines (PI 4)
- 23% of providers inspected in year required follow-up inspections to help drive improvement (3% lower than previous year)

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

- HMCI's Annual Report was published in December 2018, on schedule (PI 5)
- All 14 thematic reports were published to agreed deadlines (PI 6)
- Participated in over 40 committees, working and advisory groups
- Responded to 20 consultations on a wide range of educational matters

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

- Published 118 best practice case studies
- Held 37 inspection related training events and 34 stakeholder forum and best practice events
- Delivered update training for 530 existing peer inspectors and 116 new peer inspectors were trained
- 97% of delegates rated our training as good or excellent (PI 8)
- All peer inspectors found inspection a positive professional experience (PI 9)
- Held the Estyn Awards evening – recognising 30 schools, non-maintained nurseries and local education service that achieved excellent judgements in the 2017-18 academic year

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

- High levels of staff engagement maintained – 77% engagement score in the annual civil service people survey (civil service average was 62%). We achieved 3rd highest engagement level of the 102 organisations completing the survey (PI 10)
- Accredited at level 3 of the Green Dragon Environmental Standard
- All complaints and requests for information (under FOIA) were completed within target timescales
- 3% annual sickness absence rate compared to an average sickness rate over the last 5 years of 3.5% (PI 11)
- Published our Annual Plan 2018-2019 outlining our priorities and objectives (PI 12)
- Staff raised almost £800 for Breast Cancer Care Wales through a 'strawberry tea' fundraiser

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

- 55 inspections, events, special investigations and joint thematic reviews were undertaken with other Welsh and UK inspectorates (PI 19a)
- Engaged with a representative body for every sector that we inspect (PI 19b)
- Exhibited at the Eisteddfod Urdd with the Education Workforce Council and Qualifications Wales and also at the Royal Welsh Show as 'Inspection Wales', alongside Healthcare Inspectorate Wales, Wales Audit Office and Care Inspectorate Wales
- Joined a delegation supported by the British Council on a peer review visit to Alberta, Canada looking at accountability, evaluation and language programmes

Highlights of the year

- Held primary school curriculum conferences to share and celebrate innovative practice
- Work began with the Welsh Government to develop a new self-evaluation for improvement toolkit for schools
- Shared best practice with subject leaders in schools and colleges about teaching the new GCSEs through regional workshops
- Held our annual National Stakeholder forum, focusing on supporting education reform
- Participated in a sponsored study trip between the Basque Country and Wales, looking at vocational education
- Piloted new inspection arrangements for further education colleges and adult learning, and new improvement conferences in schools and new inspections of local government education services with 'no summative grading' report
- Full roll-out of joint inspections of non-maintained settings with Care Inspectorate Wales (CIW)
- Consulted widely about how we will use student inspectors on inspections of further education from September 2019

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 three Strategic Objectives and two Delivery Principles.

Strategic Objective 1:

Provide public accountability to service users on the quality and standards of education and training in Wales

Our inspections

All education and training providers are inspected at least once within an inspection period. The current seven-year inspection period started in September 2016.

We publish clear, evidence-based inspection frameworks and guidance that highlight what inspectors look at during inspections and how providers will be evaluated. A common inspection framework applies to all the sectors we inspect, other than local government education services and non-maintained settings, and is available on our website [here](#). [Inspection guidance](#) and [Supplementary guidance](#) for inspection is also available for each sector we inspect. Feedback from staff, governors, learners and parents is an important part of our inspection evidence base. During 2018-2019, we gave all learners from Year 5 upwards the chance to complete a questionnaire.

Non-maintained settings

During the first two terms of the reporting year we continued to develop our joint inspection arrangements for non-maintained nursery settings with Care Inspectorate Wales (CIW). At the same time, we continued to inspect settings using our published framework and guidance for the sector. In January 2019, we rolled-out joint inspection arrangements with CIW for all non-maintained nursery settings.

Initial teacher education

During 2018-2019, we have supported the Education Workforce Council and the Teacher Education Accreditation Board with the accreditation of new initial teacher education partnerships to start from September 2019. Although there were no core inspections of the existing ITE centres we visited all three centres during the summer term to evaluate their self-evaluation arrangements, mentoring work and to consider how they are planning to adapt their provision and support trainee teachers to deliver the new Curriculum for Wales. We have continued to engage and consult with the sector to develop new inspection arrangements. Our engagement has included stakeholder workshops and small group discussions with representatives from the new partnerships.

**Estyn Core Inspections by sector
2018 - 2019**

● Number in Annual Plan
● Actual number



Local government education services and regional consortia

During 2018-2019, we consulted widely with our stakeholders to gather their views to help us to develop our new inspection arrangements. The new arrangements included not having summative gradings for the main inspection areas. We carried out pilot local government education services inspections in Newport and Bridgend local authorities. The feedback from both local authorities was positive, in terms of the inspection process and the proportional approach Estyn took.

We worked with the Association of Directors of Education Wales (ADEW) to review approaches to peer review work and to develop a national approach to gathering the views of schools about the education services provide by local authorities and regional consortia. Both these workstreams will continue in 2019-2020.

Further Education

During 2018-2019, we inspected three further education colleges under the new inspection arrangements piloted in the summer term 2018. On one of our college inspections we were joined by an officer from Wales Audit Office to provide support in evaluating leadership and management. We worked closely with the FE sector to develop our arrangements for student inspectors on inspections from September 2019.

Work-based learning

We inspected three work-based learning providers in 2018-2019, as well as maintaining our link inspector visits to training providers in the summer term 2018. On one of our work-based learning inspections we were joined by an HMI from Education and Training Inspectorate, Northern Ireland. HMI contributed to sector conferences organised by the National Training Federation for Wales. Our annual stakeholder forum which focused on inspection developments and wider consultation with the sector, was well attended.

Adult learning

We engaged with the sector in stakeholder forum meetings to develop and pilot new inspection arrangements in line with the other post-16 sectors. Our stakeholder events provide an opportunity to keep up-to-date with the range of provision in the partnerships to support our future inspection planning. We trained peer inspectors and nominees in the new pilot arrangements in the autumn term 2018 and conducted a pilot inspection of adult learning in the early spring term 2019.

Welsh for Adults

Due to resource challenges this year, we have postponed implementation of our new inspection arrangements for the Welsh for Adults sector from autumn 2018 to summer 2019. We have also started to develop our inspection arrangements for Cymraeg Gwaith/Working Welsh.

Offender learning

In addition to our core programme of inspections, we worked with HMI Probation to

carry out the first full joint inspection of a youth offending team in Wales under their new inspection arrangements. We also carried out three prison inspections working with HMI Prisons and joined CIW on an unannounced visit to one secure children's home.

Statutory and enhanced inspection follow-up activity

Throughout 2018-2019, we continued to monitor the progress of providers found to require [follow-up](#) at their core inspection.

There are two statutory categories of follow-up for schools:

- Special measures – the most intensive form of monitoring for providers with significant shortcomings
- Significant improvement – for providers with urgent shortcomings but who have more capacity to improve than those in special measures

In addition to statutory categories, where our inspections identify that a provider has a few important shortcomings, including minor areas for improvement in leadership, we place them into a non-statutory category called 'Estyn review'. These providers receive a desk-based review in the first instance. In addition, inspectors normally visit around a half of these providers, to evaluate first-hand the improvements they have made.

This year we piloted 'improvement conferences' for schools placed in special measures and where progress is too slow. These conferences facilitate constructive dialogue leading to actions by school leaders, governors, local authorities and regional consortia, and representatives of the diocese where relevant.

Until the end of December 2018, we monitored the progress of non-maintained settings requiring follow-up using the following arrangements:

- Local authority monitoring – for settings with one of more adequate judgement
- Estyn monitoring – for settings with a few important shortcomings
- Focused improvement – for settings causing serious concerns

In January 2019, we rolled-out joint follow-up arrangements with CIW. We now have two levels of follow-up:

- Progress review – for settings with a few important shortcomings, including leadership
- Focused improvement – for settings causing serious concern

Full details of these arrangements can be found [here](#).

For post-16 sectors, we have two levels of follow-up:

- Re-inspection – where providers have urgent shortcomings to address
- Estyn review – where providers' progress is reviewed following inspections which identify a few important areas for improvement, particularly in leadership

Our [follow-up guidance for post-16 providers](#) explains the detail around the arrangements for each of these follow-up activities.

There is one category of follow-up activity for local government education services inspections: 'causing significant concern'. Estyn will chair an improvement conference with senior leaders from the local authority and other key stakeholders where relevant, such as the regional consortium. Around a year after the post-inspection improvement conference, Estyn will facilitate a progress conference to evaluate progress since the inspection and check that plans to address shortcomings are having the desired impact and that they are updated appropriately.

Where independent schools do not meet all the Independent School Standards (Wales) Regulations, we monitor their progress and provide advice to the Welsh Government up to the point where full compliance is achieved.

The tables below set out the number of providers going into and coming out of follow-up activity during the year and the percentage of providers inspected requiring follow-up activity, 2016-2017 to 2018-2019.

Follow-up activity	Number of providers going into and coming out of follow-up activity 2018-2019			
	In category at the start of the year	Placed in category during the year	Removed from category during the year	In category at the end of the year
Special Measures / Significant Improvement / Focused Improvement	47	18 ^a	24	41
Estyn Review / Estyn Monitoring	113	52	76 ^a	89

^a Includes six providers downgraded from Estyn Review / Estyn Monitoring to Special Measures / Significant Improvement / Focused Improvement during the year

Percentage of providers inspected requiring follow up activity, 2016-2017 to 2018-2019			
Financial year	Number of core inspections	Number inspected found to require follow-up	Percentage found to require follow-up activity
2016-2017	343	79	23%
2017-2018	345	90	26%
2018-2019	342	77	23%

The following graphic sets out the percentage of Estyn core inspections requiring follow-up activity by sector 2016-2017 to 2018-2019.

The percentage of Estyn core inspections requiring follow-up activity by sector 2016-17 to 2018-19

- Total core inspections (a)
- % requiring statutory follow-up (b)
- % requiring Estyn monitoring or Estyn review (c)

Sector	Year	Total core inspections (a)	% requiring statutory follow-up (b)	% requiring Estyn monitoring or Estyn review (c)
Non-maintained nursery settings	2016 - 2017	92	0%	10%
	2017 - 2018	90	0%	19%
	2018 - 2019 pre-Jan 2019	56	4%	4%
	2018 - 2019 Joint inspections with CIW, Jan 2019 onwards	34	0%	32%
Primary schools	2016 - 2017	186	4%	22%
	2017 - 2018	196	7%	19%
	2018 - 2019	193	3%	16%
Secondary schools	2016 - 2017	30	23%	20%
	2017 - 2018	28	21%	32%
	2018 - 2019	30	13%	53%
All age schools	2016 - 2017	3	0%	67%
	2017 - 2018	3	33%	33%
	2018 - 2019	3	0%	0%
Special schools	2016 - 2017	7	0%	29%
	2017 - 2018	5	20%	20%
	2018 - 2018	3	0%	0%

The percentage of Estyn core inspections requiring follow-up activity by sector 2016-17 to 2018-19

- Total core inspections (a)
- % requiring statutory follow-up (b)
- % requiring Estyn monitoring or Estyn review (c)

Pupil Referral Units	2016 - 2017	5	40%	20%
	2017 - 2018	3	67%	33%
	2018 - 2019	4	0%	50%
Independent schools, independent special schools and independent specialist colleges	2016 - 2017	11	n/a	18%
	2017 - 2018	11	n/a	45%
	2018 - 2019	10	n/a	20%
Post-16 providers (Includes ITET, FE, WBL, AL and WfA)	2016 - 2017	6	17%	33%
	2017 - 2018	7	n/a	0%
	2018 - 2019	7	n/a	29%
Local Government Education Services	2016 - 2017	0	n/a	n/a
	2017 - 2018	2	n/a	0%
	2018 - 2019	2	n/a	0%
All inspections	2016 - 2017	343	5%	18%
	2017 - 2018	345	7%	19%
	2018 - 2019	342	4%	19%

(a) includes joint pilot inspections with CIW and pilot inspections of Estyn's inspection arrangements.

(b) includes focused improvement for non-maintained nursery settings from 2018-2019.

(c) includes providers not meeting independent regulations in the independent sector and also progress review for non-maintained nursery settings from 2018-2019 where Estyn will follow up.

Case study – follow-up inspection

Eastern Primary School is in the Taibach area of Port Talbot, within the local authority of Neath Port Talbot. At the time of the core inspection, in December 2016, there were 211 pupils on roll, aged from 3–11 years. Around a third of the pupils are eligible for free school meals, which is above the national average.

At the core inspection, inspectors judged pupils' standards, the provision for learning experiences and for care, support and guidance, the school's leadership and management, leaders' track record in improving quality and resource management to be unsatisfactory. As a result, they judged that the school required special measures. Inspectors made recommendations that leaders should address safeguarding issues, ensure that performance management met statutory requirements, improve the effectiveness of leadership and strengthen monitoring and improvement planning processes. In addition, inspectors made recommendations to improve pupils' standards in reading, writing, numeracy and Welsh, to strengthen the provision for pupils with additional needs, and tighten the co-ordination of the skills provision.

In April 2017, inspectors visited the school to work with leaders and the local authority to ensure that a suitable post-inspection action plan was in place. Over the next eighteen months, a team of inspectors monitored the school's progress for two days each term.

Over time, inspectors noted substantial improvements to the quality of leadership, noting that the new headteacher, senior leaders and governing body shared their vision for school improvement very successfully. As a result, all staff understood the school's priorities for improvement and their role in bringing these about. Inspectors reported that leaders had established suitable performance management arrangements and strengthened the school's safeguarding procedures. Inspectors identified improvements to the classroom provision across the school, for example through the robust co-ordination of skills provision, regular worthwhile targeted teaching of the Welsh language, and valuable support for pupils with additional needs.

The improvements in leadership and classroom practice have had a positive impact on the standards that pupils achieve. In November 2018, after five monitoring visits, inspectors judged that the school no longer required special measures.

In 2018-2019:

None of our published inspection reports required substantial amendment after publication as a result of challenge

PI1

Post-inspection survey results show that:

99% of providers were satisfied with our inspections across a range of key questions

Just over 1% of providers expressed dissatisfaction with the reliability and independence of our judgements following publication of the inspection report

1.5% of providers expressed some disagreement that inspections are experienced by providers as a positive process that promotes improvement

PI2

PI3b

PI3a

All our inspection reports were published in a timely manner, none were published outside of statutory / agreed deadlines.

PI4

Here are a selection of compliments we have received from providers following inspection last year:

Many thanks for the draft report. We are very pleased with it. I would thank the team that came to the school, for the manner in which they carried out the Inspection, and I would thank them for the time that they took to thoroughly unpick and understand our school. Even today, one of my staff mentioned what a positive experience it had been and how they enjoyed having the team in the school.

Primary school headteacher

I found the conference format - and the approach you both took – extremely useful and productive. It felt like a respectful and pragmatic discussion about pedagogy and school improvement. I genuinely enjoyed hearing Estyn perspectives on how the Post Inspection Action Plan (PIAP) could be strengthened. Crucially, I appreciated being permitted to explain/debate various approaches.

Secondary school headteacher

The inspection has been challenging but extremely useful and developmental.

Head of further education college

The quality assurance of Estyn inspections and reports

Stakeholder confidence in the quality of inspections is very important to us. In 2018-2019, 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. The quality assurance process for all inspections is undertaken by HMI who are not part of the original inspection team. In addition, 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. We get feedback from providers through a factual accuracy check and a post-inspection questionnaire. During 2018-2019, we strengthened the factual accuracy check process and provided updated guidance for inspectors and providers.

Prior to rolling out our joint inspections with CIW for non-maintained nursery settings we developed a common approach to quality assurance. Since January 2019, Estyn and CIW have quality assured all relevant inspection reports.

Strategic Objective 2:

Inform the development of national policy by the Welsh Government

In December 2018, HMCI published his 2017-2018 Annual Report earlier than usual on the quality of education and training in Wales.

The Report is web-based and accessible as a pdf document that can be read by online screen readers. It contains a section that includes sector reports, and provides a review of strengths and areas for development across education and training in Wales in 2017-2018, the first year of the new inspection arrangements.

The key findings of the Report have been shared with stakeholders at various meetings, and through an online film featuring HMCI. The Report has been used to showcase practice that is particularly strong and effective, and to provide support to stakeholders to help drive improvements in their sectors, especially in relation to developments related to the Curriculum for Wales and education reform more generally.

HMCI Annual Report was published in December 2018, in line with the target date within our Annual Plan 2018-2019

PI5

During 2018-2019, we published 14 [thematic reports](#) on a range of topics in response to the [Minister's annual remit letter](#). These reports contained 100 recommendations, with 16 of these recommendations relating directly to actions for the Welsh Government itself to consider. Eleven of these recommendations to Welsh Government were accepted and one relating to 'A levels in sixth forms and further education colleges' was rejected. Four recommendations to Welsh Government related to 'Youth Support Services in Wales' are still under consideration and not included in the performance indicator (PI 7).

92% of recommendations for improvement are fully accepted for implementation by Welsh Government, (against an indicative measure of 95%)

PI7

Thematic reports published in 2018-2019

Name	Date of publication
The impact of the Learning and Skills Measure on vulnerable learners	27 April 2018

Welsh in key stage 2 and key stage 3 in Welsh-medium or bilingual schools	8 May 2018
Curriculum innovation in primary schools	17 May 2018
Involving parents - Communication between schools and parents of school-aged children	7 June 2018
Religious education at key stage 2 and key stage 3	12 June 2018
Improving teaching	28 June 2018
Preparing for the Digital Competence Framework (DCF)	11 July 2018
New qualifications	17 July 2018
Youth Support Services in Wales	24 July 2018
The quality of education and training for young people engaged with youth offending teams	12 September 2018
Higher Apprenticeships in work-based learning	20 September 2018
Readiness for additional learning needs reforms	9 October 2018
The professional learning continuum: mentoring in initial teacher education	18 October 2018
A levels in sixth forms and further education colleges	7 November 2018

Some examples of how our thematic reports help inform policy include:

- The curriculum development self-evaluation model, *Journey to curriculum reform*, presented in 'Curriculum innovation in primary schools' and developed in consultation with schools, the Welsh Government and regional consortia has informed curriculum development at all levels.
- The report 'Religious education at key stage 2 and key stage 3' has influenced the work of the 'Humanities' Area of Learning and Experience (AoLE) group as members develop the new curriculum.
- The report 'Youth Support Services in Wales' has informed Welsh Government's development of the new Youth Strategy.

All thematic reports were published within timescales agreed with the Welsh Government

PI6

During 2018-2019, we continued to provide advice and support to the Welsh Government's Department of Education as required, including participating in over 40 committees, working and advisory groups.

Through our structure of lead inspectors and Policy Officer, we continued to provide high-quality advice to Welsh Ministers, National Assembly committees and non-devolved committees, including oral and written evidence, to the:

- Children, Young People and Education Committee Inquiry into the Welsh Government's progress on curriculum reform
- Children, Young People and Education Committee legislative development of the Childcare Funding (Wales) Bill
- Economy, Infrastructure and Skills Committee Inquiry into Regional Skills Partnerships
- Welsh Affairs Select Committee Inquiry into the provision of prison education in Wales.

We also used our extensive evidence base to respond to 20 consultations on a wide range of educational matters, including the Welsh Government's:

- White Paper on Curriculum Reform
- Draft Additional Learning Needs Code
- Revised draft anti-bullying guidance
- Draft guidance on school uniform and appearance guidance
- Action on Disability action plan
- Connected Communities: Tackling Loneliness and Social Isolation framework
- Draft guidance on relationships and sexuality education
- Proposals to establish a new Tertiary Education and Research Commission for Wales

Welsh Government's consultation page can be found [here](#).

Consultation responses to other organisations include the:

- Education Workforce Council's Interim Suspension Orders
- Care Inspectorate Wales' Code of Practice for Review of Local Authority Social Services

Support for curriculum reform

During the year 2018-2019, Estyn's support for curriculum reform has included:

- supporting pioneer schools, consortia representatives and the Welsh Government with discussions and developments by attending areas of learning and experience (AoLE) meetings and professional learning events
- undertaking a termly analysis of the inspection of pioneer schools that can inform Welsh Government and regional consortia about the strengths and weaknesses in pioneer schools as they develop their curricular provision and professional learning arrangements
- hosting three conferences on curriculum innovation in primary schools
- contributing to decision-making by attending a range of meetings chaired by Welsh Government such as Education in Wales Delivery Board and Coherence Group meetings
- outlining and discussing our support for Curriculum for Wales with stakeholders at stakeholder forums and regional consortia organised events
- further developing our communication with stakeholders
- conducting thematic inspections to evaluate subjects or areas of learning, summarising strengths and areas for improvement, sharing effective practice and developing tools to support school improvement and evaluation

Development of the national resource for school improvement

Toward the end of 2017-2018, the Welsh Government asked Estyn to work with practitioners to develop a National Resource for School Improvement. In March 2018, we attended the national headteacher conferences across Wales to find out their views about what was working well about evaluation and improvement and what needed to improve. To deliver this work, we established a working group made up of headteachers and senior leaders from across the twenty two local authorities in Wales as well as leaders from regional consortia and local authorities. We also met regularly with a wide range of stakeholders including classroom practitioners to gather their feedback to inform our developments.

During the last year we have taken advantage of many opportunities to update our stakeholders about the project developments. This includes inputs at stakeholder events and meetings with other organisations. More details about the [national resource for school improvement](#) is available on our website.

ALN developments

Through specific thematic work, and by identifying and sharing emerging interesting practice during inspections, we continue to support implementation of ALN reforms. There are [a range of relevant case studies](#) on our website.

We undertake one or more thematic inspections each year to provide advice and share effective practice which supports vulnerable learners and develops strong and inclusive schools. In October 2018 we published our report on schools' [Readiness for additional learning needs reforms](#). The report examines the extent to which maintained primary and secondary schools, pupil referral units (PRUs), and education otherwise than at school (EOTAS) settings are preparing to meet the

demands of the new Additional Learning Needs and Education Tribunal (Wales) Act 2018 (National Assembly for Wales, 2018). This is part of a series of thematic reports to support the ALN reforms as a result of the ALN Act.

We are constantly working with partners to develop more specific guidance for inspectors, for example in 2018-19 we developed supplementary guidance in relation to pupils with [Hearing Impairment](#) and [Autism Spectrum Disorder](#).

In September 2018, we created a group of specialist inspectors with experience in supporting learners with SEN who we will deploy on relevant thematic inspections and inspections of schools with specialist classes or significant cohorts of pupils with SEN.

Responses to school reorganisation proposals



In 2018-2019, we responded to 43 school reorganisation proposals and concluded that all were likely to at least maintain or improve educational outcomes.

Independent schools and independent specialist colleges

We continue to liaise closely with the independent sector, for example, attending the Welsh Independent Schools Council annual conference as well as the Natspec national conference for organisations which offer specialist provision for students with learning difficulties and disabilities. We also hosted a very successful stakeholder forum for schools in the independent sector, which provided valuable opportunities to seek views, engage in discussions and to share information with professionals who work within the sector to help inform our decision-making processes.

During the year, we have also worked with Ofsted to share intelligence and process for the inspections of potentially unregistered provision.

In 2018-2019, we provided advice to Welsh Ministers by carrying out:

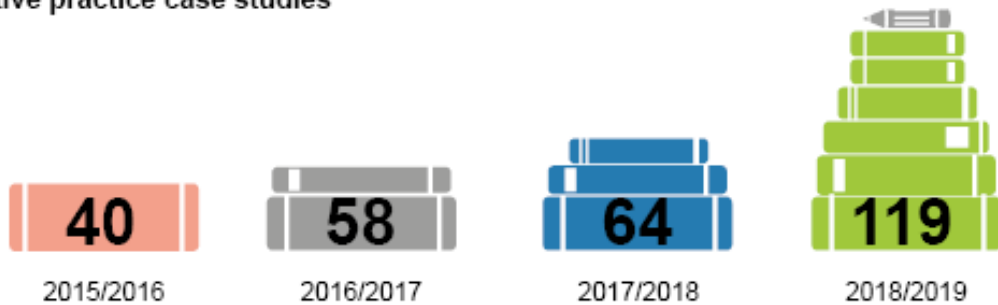
- 4 core inspections in independent schools and 6 in independent special schools
- initial registration visits to 5 new independent schools
- 3 follow up registration visits
- annual monitoring visits to 19 independent schools and 7 independent specialist colleges
- 30 reviews of evidence relating a requests for a material change to registration
- 2 unannounced focused visits to advise Welsh Government on aspects of compliance with Independent School Standards (Wales) Regulations, one of these visits was conducted with CIW

Strategic Objective 3:

Building capacity for improvement of the education and training system in Wales

We use information gathered from inspection work and thematic survey work to help inform our building capacity work, which includes effective practice conferences, stakeholder events and published good practice case studies on our website, [here](#).

Effective practice case studies



These case studies are written by schools and other providers and explain areas of practice that Estyn considers worthy of sharing with others. They describe practice identified during inspection that inspectors consider to have a positive impact on the outcomes, experiences and provision for learners in the context of that particular provider.

Education professionals and other stakeholders access our thematic report recommendations, guidance and case studies through a range of communication channels. We actively promote our resources through social media and our website using graphics and videos to boost engagement and attract the attention of busy headteachers, teachers and others who work in or support education and training.

We held 34 stakeholder forum meetings and best practice events in 2018-2019

One of our most popular thematic reports this year was [Curriculum innovation in primary schools](#). With its four stages of curriculum development, accompanying 'road map' and 20 stand alone effective practice case studies, the report proved to be a practical resource for headteachers and staff in primary schools to help them to reflect and plan on curriculum provision

We held 37 inspection-related training activities for education and training professional in 2018-2019

Feedback from delegates concerning our training events and best practice conferences is very positive. We value the feedback we receive from training evaluation forms and use this to continually improve. This year we just fell short of our 98% satisfaction target.

97% of delegates indicated satisfaction in evaluation of Estyn hosted events, just short of our 98% target



Challenge advisers and lay inspectors

During 2018-2019, we continued to deploy challenge advisers on some primary and secondary inspections.

We also trained non-HMI Estyn staff and school governors to be lay inspectors. This helped us to increase the number of lay inspectors we can use as well as providing governors with valuable experience to help them in their roles.

Peer inspectors

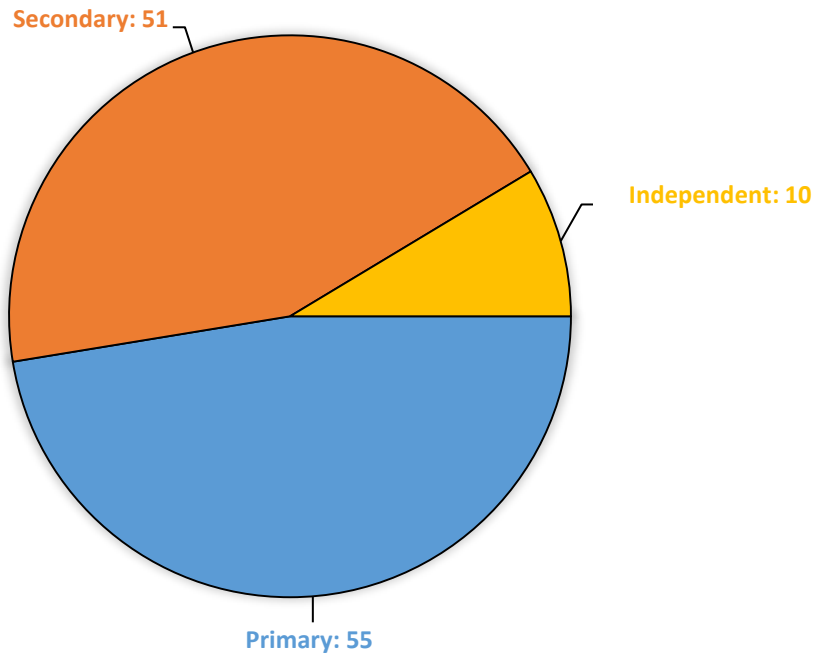
Peer inspectors (professional practitioners who have a managerial role in a school or provider and have teaching or training experience in the relevant sector) remained an integral part of our inspection processes. We have around 900 peer inspectors¹ on our lists.

We recruit and train peer inspectors for all sectors apart from non-maintained nursery inspections. Practitioners who are peer inspectors continue to express high regard for this training and for their experience on inspection, which is seen as excellent professional development and supports improvement being made within their settings.

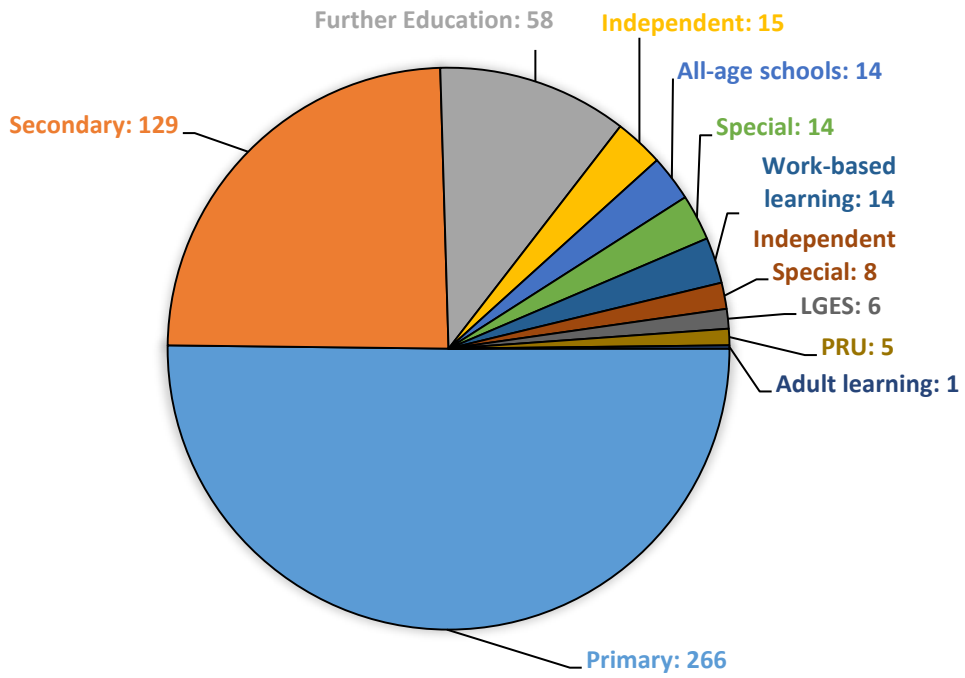
In 2018-2019, 530 existing peer inspectors received face-to-face update training and 116 new peer inspectors were trained.

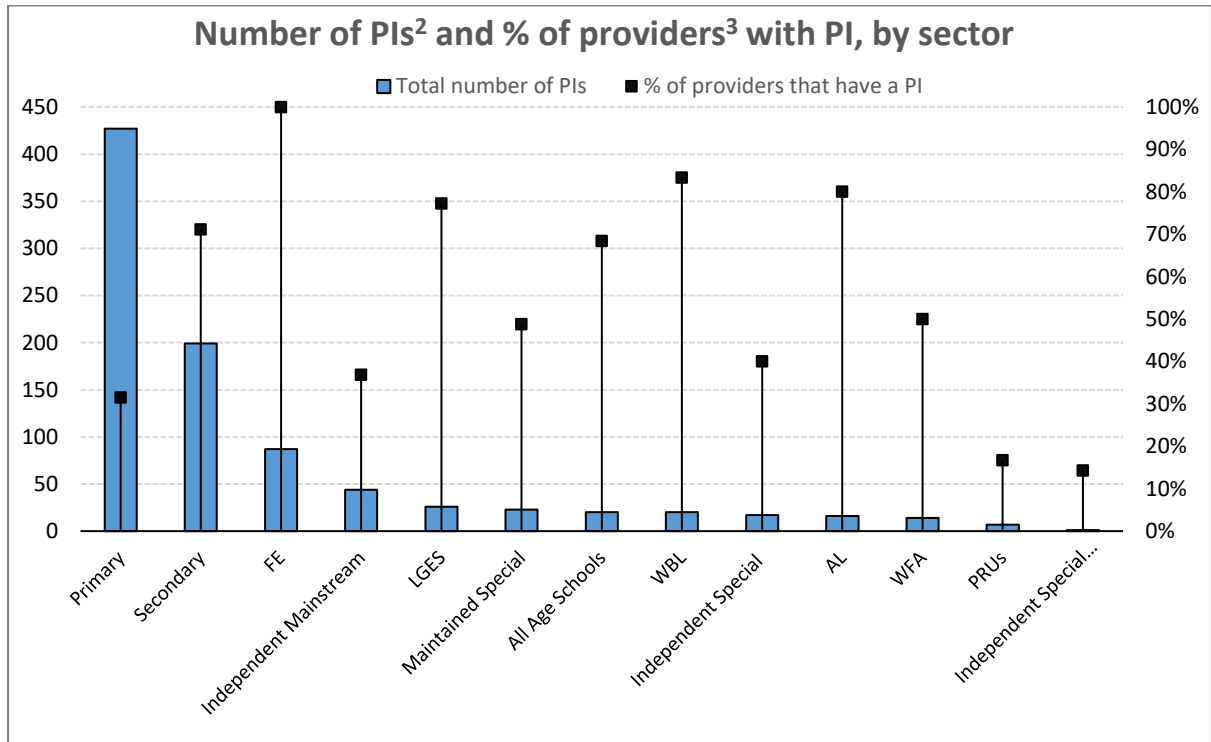
¹ Peer inspectors have a valid disclosure check (within the last three years) by the Disclosure and Barring Service and have attended training within the last two years. Data as at 09.05.2019.

New PIs trained



PIs attending update training





² Peer inspectors (PIs) have a valid disclosure check (within the last three years) by the Disclosure and Barring Service (DBS) and have attended training within the last two years. Data as at 09.05.2019.

³ Partnerships for Adult Learning sector (AL)

We collated feedback from training evaluation forms completed by peer inspectors. All peer inspectors found the inspection a positive professional experience and here are a few comments:

“Excellent training both in my role as a headteacher and also as a peer inspector”

PI9

“Thank you for the opportunity to attend another very enjoyable training session. It is certainly a very valuable professional development”.

“A very useful development event which has increased my awareness and understanding of the new framework”

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 effective practice. They engaged with a range of senior leaders. For example, our local authority link inspectors discussed the strategic education priorities with the Chief Executives, leaders of the councils, corporate and director leads in local authorities across Wales. They attended education scrutiny meetings, interviewed service area lead officers and visited settings in order to gain a secure understanding of how the education services are planned and delivered. In addition, they used Welsh Government data and Estyn’s inspection intelligence to build up a picture of general performance across the education services in each local authority.

We piloted the use of ‘topical reports’ to help our link inspectors and the local authorities to focus on specific aspects of the education services. We focused on local authority support for non-maintained settings and how they were addressing persistent absenteeism in their schools. The process helped deepen our inspectors’ understanding of these specific areas.

Disseminating case studies

During 2018-2019, we continued to share interesting and innovative practice identified across all of the education and training sectors that we inspect. We published these useful case studies on our website. They describe practice identified during inspection that inspectors consider to have a positive impact on the outcomes, experiences and provision for learners in the context of that particular provider. As a result of our enhanced use of social media to promote these case studies, a total of 154,311 pages were read in 2018-19.

Celebrating excellent practice

In October 2018, we held our Annual Awards Evening and celebrated the success of 30 providers judged during the 2017-2018 academic year to have 'excellent' performance. Keynote speeches were delivered by Meilyr Rowlands and Kirsty Williams, Minister for Education.

As well as celebrating with these providers, we have shared their strategies for success through online case studies and video in order to inspire and encourage improvement across other providers.



Our website

We continue to improve our website to make it easier for our visitors to find the information they need. With parents in mind, we have developed each individual provider webpage to show current information about the standard of the school and details about its latest inspection, without having to download the inspection report. A user can now see at a glance whether or not a school is in a follow-up category, when the next inspection is scheduled and when we last inspected. We will continue to review user feedback and make improvements where possible.

Delivery Principle 1:

Develop Estyn as a 'best value' organisation and 'exemplary employer'

Throughout 2018-2019, we maintained our focus on being a well-run and efficient organisation that values its staff and is seen as a great place to work. Our actions have delivered against our Annual Plan and continue to support the principles of the Well-being of Future Generations (Wales) Act 2015. We have continued to seek out effective practice through exchange visits with other high-performing organisations.

PI16



Our Health, Safety, Employee Wellbeing and Engagement Group continued to identify, monitor and implement improvement actions – including those raised through external accreditation processes, such as Investors in People.

During the year we reviewed our performance management process to place greater emphasis on continuous improvement through a focus on successes, challenges and strengths. As part of our commitment to offering work flexibilities which support work life balance and the delivery of high quality services, we introduced a framework to facilitate homeworking for Corporate Services staff.

Our **Civil Service People Survey 2018** results reflected a continuing high level of staff engagement.

Full details of survey can be accessed [here](#).

Staff engagement score:
77% (civil service average was 62%)

Third highest engagement level of the 102
organisations completing the survey

Ranked within the top three of all organisations
completing the survey during each of past five
years

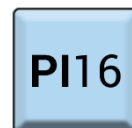
PI10



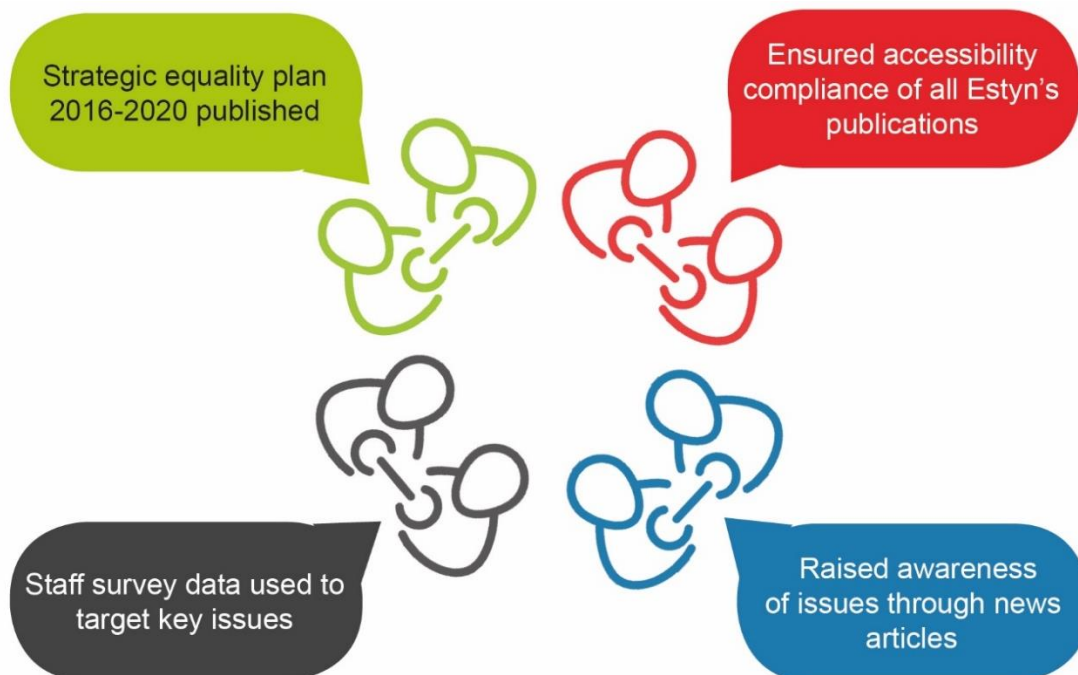
Our concern for the health and wellbeing of staff was evidenced by our accreditation of the Silver Level of Corporate Health Standard last year. We are continuing to maintain this level and are strengthening our commitment, for example, we shadowed the Welsh Government's Wellbeing Hour initiative as well as continuing to promote health awareness events and activities and offer free annual health checks for all staff.

Equality

2018-2019 was the third year of our [Strategic Equality Plan \(SEP\) 2016-2020](#) and actions were developed and implemented to meet our responsibilities under the Equality Act 2010.



For example, in our December Professional Development Week, representatives from Stonewall Cymru delivered a presentation on gender identity training. Within the presentation they highlighted the growing number of genders people are identifying with and the related issues and concerns around social acceptance and inclusion. They discussed issues of alienation some people experience and ways in which, young people in particular, can be helped to feel accepted, particularly within the school environment.



Further details will be available in our annual review of Estyn's Strategic Equality Plan 2016-2020, which will be published in October 2019.

A number of our thematic reviews and best practice case studies cover how equality and diversity issues can impact on learners and how providers can tackle these important issues, for example;

- [A levels in sixth forms and further education colleges](#)
- [Readiness for additional learning needs reforms](#)
- [The quality of education and training for young people engaged with youth offending teams](#)
- [Youth Support Services in Wales](#)
- [Involving parents - Communication between schools and parents of school-aged children](#)
- [The impact of the Learning and Skills Measure on vulnerable learners](#)

Helpful, informative policy advice and training materials are distilled from the findings in some of our thematic reports, for example;

- [Youth support services - Training materials](#)
- [Involving parents - Communication between schools and parents of school-aged children - Training materials](#)
- [The impact of the Learning and Skills Measure on vulnerable learners - Training materials](#)

We participated in the “*Monitoring of listed bodies performance against the Public Sector Equality Duty in Wales*” commissioned by the Equality and Human Rights Commission. The aim of this project was to:

- Gather evidence from all listed public bodies on their work in specific areas to comply with the general duty;
- Provide good practice examples of the work undertaken by listed public bodies;
- Draw together conclusions on progress within the sectors on specific areas;
- Write a report and provide recommendations on how further progress can be achieved.

The briefing from this project will help inform Estyn's Strategic Equality Plan and ensure best practice is compiled and processes are continually updated.

Welsh language standards

Our internal working group met termly to review our procedures and further develop our approach to meeting the requirements of the Welsh language standards. We also undertake peer review sessions to check whether our approaches comply with the requirements. These sessions help us to sharpen our ways of working and help us to develop consistent approaches across the organisation.

We organise Welsh language training for Estyn staff. Training included Welsh language sessions in the office and in local centres, and residential courses run by the National Centre for Learning Welsh. Overall, 33% of Estyn staff are able to work through the medium of Welsh.

Met the requirements of Welsh Language Standards

PI17

Investing in the professional learning of our staff

During the year, a number of organisational training events took place including four professional development weeks, a corporate services away day and an all staff conference. In addition, the following professional development activities also took place:

- Induction for new members of staff including secondees
- Peer mentoring to support new inspection staff during their first year
- Responsible for information training for staff
- Welsh language training for staff
- Media training for inspectors leading thematic reports to increase confidence when providing media interviews
- Continuation of the leadership and development programme for staff
- Lay inspector training for corporate services staff
- Mental health first aid training for corporate services staff
- Emerging strategic leaders training for members of directors group
- Attendance at professional seminars and conferences for both inspection and corporate services staff

Comments, complaints and requests for information

As a learning organisation, we take comments and complaints seriously and respond fully, fairly and as quickly as possible to complaints and requests for information.

In 2018-2019:

5 complaints were made using our formal process, of which, 4 were partly upheld and 1 was not upheld.

All complaints were responded to within target deadlines.

We used the complaint information to make improvements to administrative processes and add some focused guidance as part of training for inspectors.

17 requests received under the Freedom of Information Act (FOIA).

All requests responded to within statutory deadline.

Information held by Estyn was released in 15 of the 17 cases, with one case having no information to release, and one subject to the FOIA Schedule 41 exemption.

All complaints were responded to within target deadlines

Details of FOIA requests and responses are published on our website and can be found [here](#).

Sustainability

We were again re-accredited with the “Green Dragon Standard” Level 3 in February 2019. We use the accreditation process proactively to identify opportunities to further improve our environmental management activities and set these out in our [Environmental Policy and Statement](#) .

Estyn’s main impact on the environment arises from transport (CO₂) emissions when our inspectors visit education and training providers and from energy usage generated at our office base.

Our total CO₂ emission in 2018-19 was 102,660 kg; a reduction of 25.8% over the last 12 months, exceeding all expectations – our revised target set at the beginning of the period was to reduce emissions by 10% over the next 5 years. This significant reduction can largely be attributed to our switch to a zero emissions 100% renewable electricity supplier at the start of the reporting year.

There was a small (2%) reduction in our transport related CO₂ emissions in 2018-2019 and gas emissions reduced by 5%.

For the fifth consecutive year we have exceeded our annual target for waste recycling and can confirm that with effect from 2018-19, we have zero waste going to landfill – our target (in line with WG) was for recycled waste to make up 76% of our total waste generated by the end of this reporting period.

Performance against environmental objectives for 2018-19 can be found on our website in our Sustainability Report 2018-2019.

Charity fund-raising

In 2018-2019, our staff continued to be enthusiastic supporters of charity events, raising over two and a half thousand pounds for a number of good causes, including, Cancer Research UK, Breast Cancer Care, City Hospice, Velindre Cancer Centre and the homeless people charity – Llamau.

Funding-raising events included an event organised in memory of a late colleague, a Christmas raffle and a ‘strawberry cream tea’.



Corporate planning

Our Annual Plan sets out our strategic direction for the coming year, including the key activities we will take forward during the year and our Annual Report and Accounts reports on how we delivered against these activities, including our annual resource accounts.

The Annual Plan was produced on schedule

PI12

The Annual Report and Accounts were produced within statutory timescales and Estyn's annual resource accounts were not qualified by external audit

PI13

PI14

Financial performance highlights⁴

Results for the year

Our 2018-19 budget allocation from Welsh Government reflected a 2.4% (£260k) reduction against our 2017-18 budget allocation. Total net operating costs for 2018-19 were £10.766m; this is a reduction in expenditure of around 1.5% against the previous year. Excluding depreciation, revenue expenditure in 2018-19 was only £15k under the 'near-cash' budget allocated by the Welsh Government.

In 2018-19, in addition to our budget we also received grant funding amounting to £242k from the Education Directorate of Welsh Government to support the delivery of an OECD project to develop a Self-evaluation Toolkit and to continue our support work for curriculum reform; around half of the grant was used to cover the cost of Estyn staff involved in this work, with the other half of the funding used to cover external expenses such as the cost of workshop events and reimbursement in the cost of practitioner time.

Total staff costs in 2018-19 were £7.9m (£8.2m in 2017-18) and reflect a slight reduction in overall staffing levels compared to the previous year; at the end of 2017-2018 we funded an Early Departure Scheme. Details of our remuneration policy and pay rates are available within our published [Pay Policy Statement](#).

Non-staff costs, at £2.988m (excluding depreciation), included direct project expenditure of £114k to develop the Self Evaluation Tool Kit. Excluding this project expenditure, non-staff costs amounted to £2.874m, an 11% increase against 2017-2018. The main areas of increased expenditure were enhancements to our IT systems, notably, development of our extranet 'virtual inspection room' system, and adaptations to our office environment to upgrade our meeting rooms and provide shower-room facilities in support of our Corporate Health Standard action plan. A break-down of 'Other costs' are shown within Table 4 of the Notes to the Accounts.

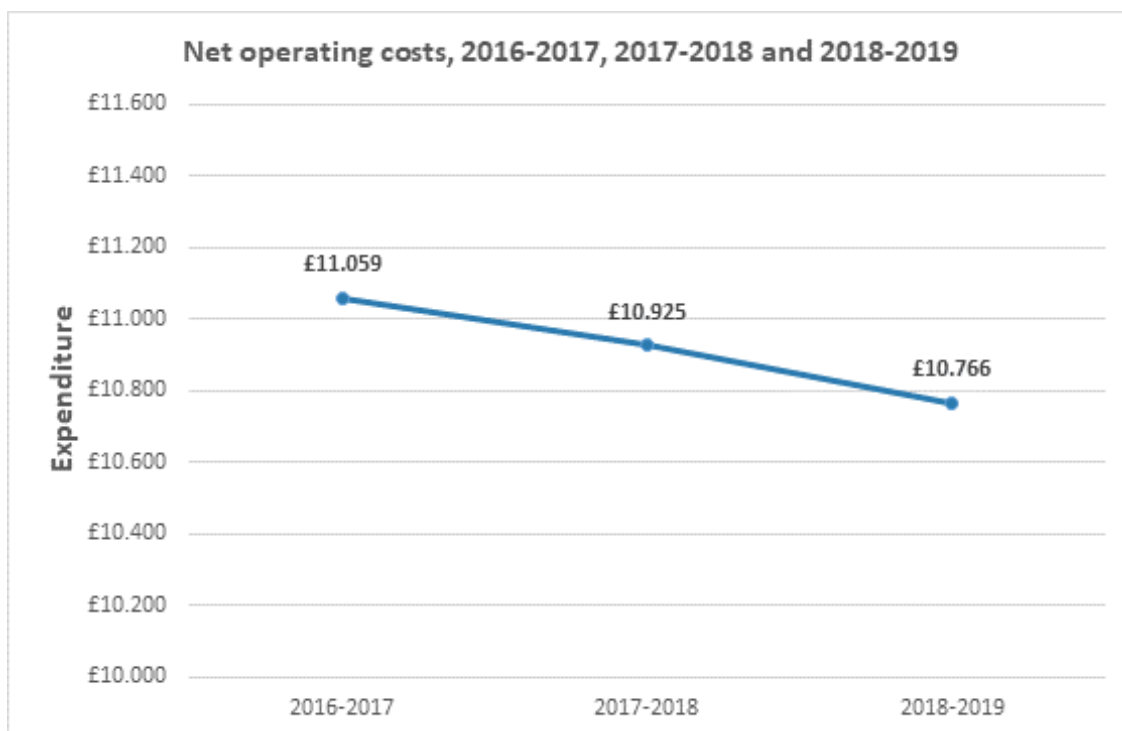
In 2018-2019, we used £129k of the £181k capital funding budget allocated by the Welsh Government. This expenditure was largely on a refresh of laptop equipment used by our inspectors and installation of audio visual equipment in two meeting rooms.

The Statement of Financial Position (SofFP) as at the year-end 31 March 2019 shows net assets of £25k (2017-2018: net liabilities of £42k). The change relates to the net effect of the increase/decrease in fixed assets and bank balance, debtors, provisions and accruals. It is not unusual for Estyn's SofFP to show a relatively small surplus or deficit position at the end of a financial year due to the high level of receivables 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. The increase in Receivables in 2018-19 is largely due to reimbursements owed to Estyn for the secondment of two HMI to local authorities and the final grant funding for 2018-2019 from Welsh Government.

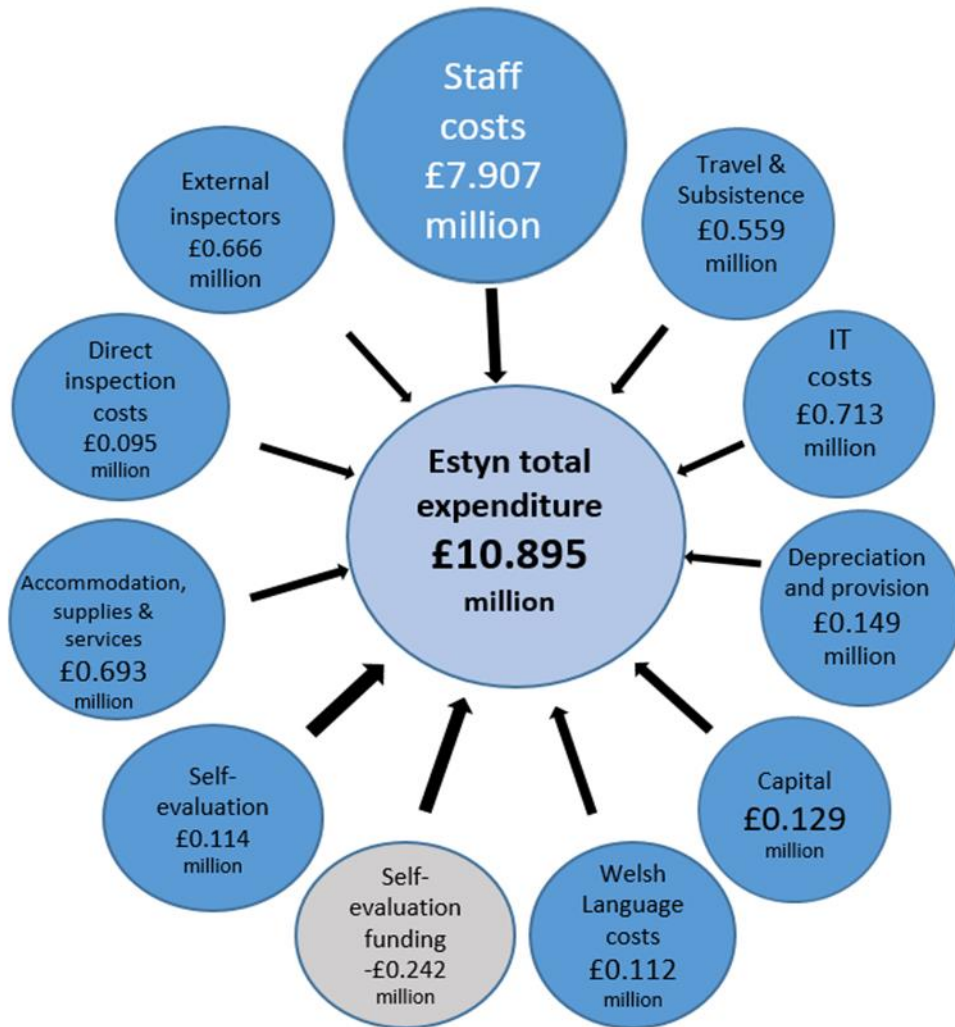
⁴ Section 3 provides the financial statements and notes to the accounts.

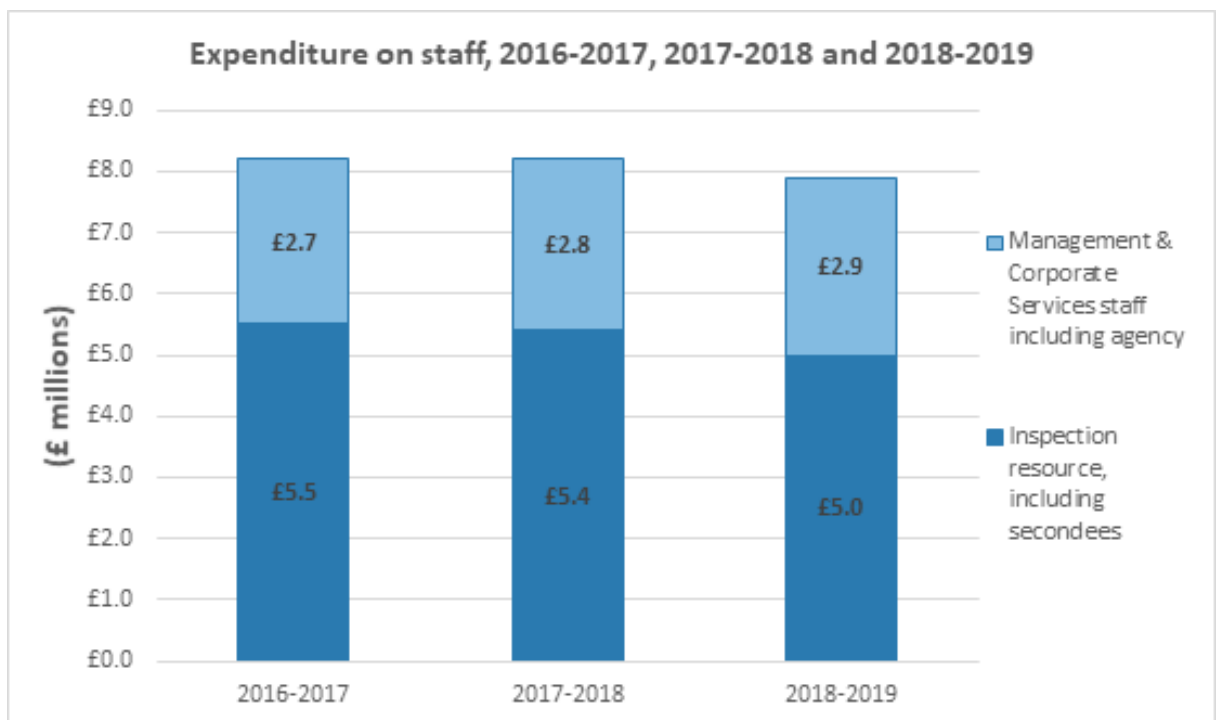
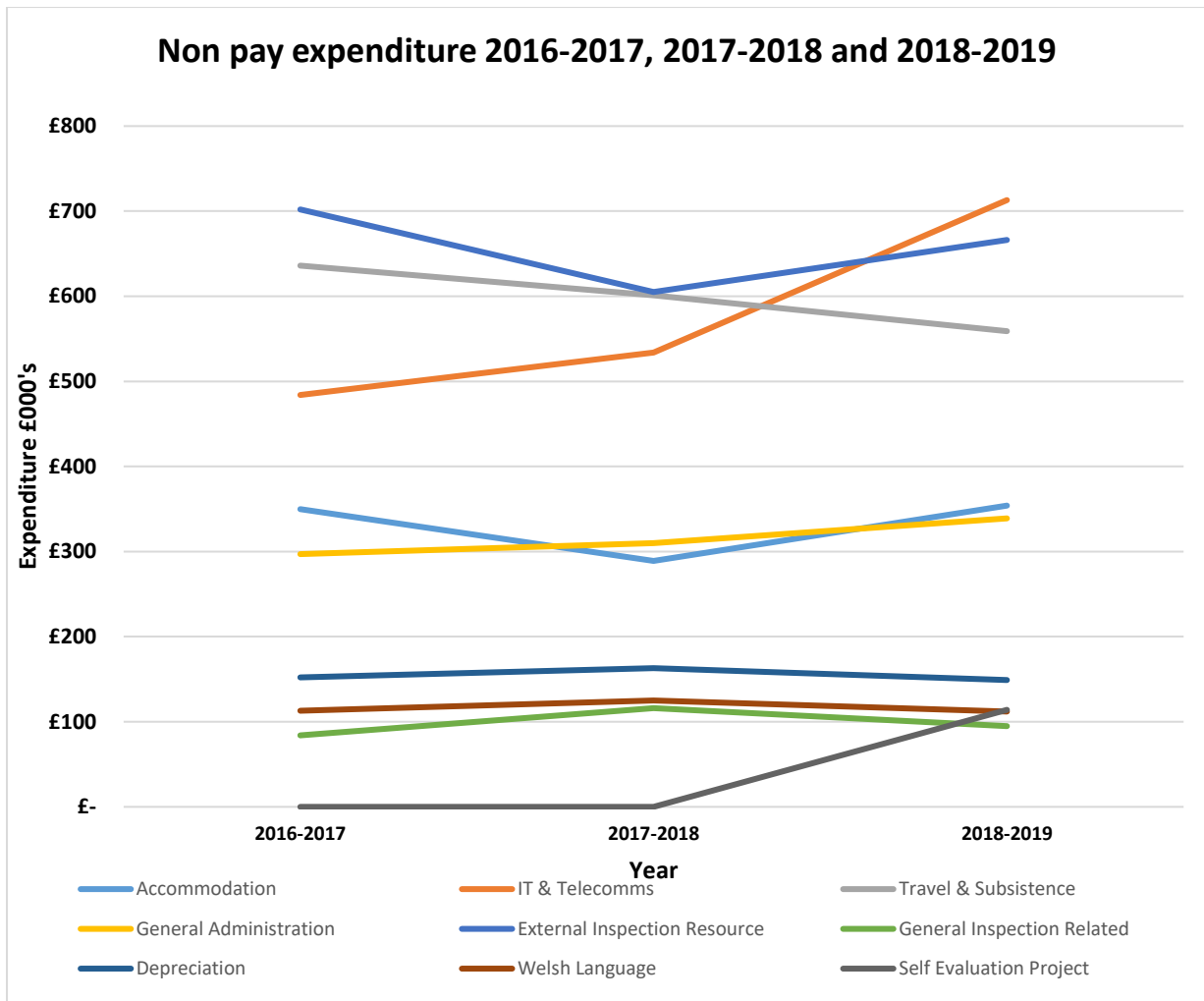
We usually receive a very small amount of income each year, the majority of which is fees for the registration of inspectors. In 2018-2019, a contribution towards expenses incurred from overseas trips was received from the British Council and the European Commission, for a Canadian education system research trip and Erasmus project, respectively; the contribution increased income by £12k.

During 2019-2020, we will receive funding from the Welsh Government to meet our 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 2018-2019 and there were no early departure costs. Our budgeted expenditure for future years is determined by the Welsh Government and any long-term expenditure trends will be impacted by the increase or decrease in this budget.



Total expenditure (revenue and capital) by budget headings for 2018-2019





Delivery Principle 2:

Work collaboratively with inspectorates and other stakeholders to support improvement

Joint working with Inspection Wales bodies

Our local authority link inspectors meet their colleagues in WAO and CIW biannually to share information about local authority and regional work. In addition, we have piloted 'risk workshops' with Inspection Wales bodies in two local authorities to share views on the local authority's work with their senior officers. Officers from the WAO joined us on all our inspections of local government education services to evaluate how well the local authority was using its resources. CIW officers also joined us on the inspection of Bridgend education services, where there were local questions relating to care-experienced children (children who have been or are currently in care or from a looked-after background).

We work closely with CIW to share intelligence and co-ordinate our work in relation to residential schools and independent special schools with links to care homes. During 2018-2019, we held a shared training event for inspectors from Estyn and CIW to consider how we inspect therapeutic work, safeguarding and the 24-hour curriculum where this is an element of the provision of independent special schools with residential settings.

We also carried out a joint unannounced focused inspection to one independent school and one secure children's home. We have contributed to the National Review of Children's Homes that is being undertaken by CIW from August 2018 – January 2019. CIW will publish this report during 2019. We continued to work closely with CIW to deliver joint inspections of non-maintained nursery settings. We met regularly with WAO, CIW and HIW throughout the year to co-ordinate our thematic work in relation to youth support services, share key findings and plan for the WAO's good practice exchange events on this subject.

Other areas of joint working

In May 2018, we exhibited jointly at the Eisteddfod yr Urdd for the second time with the Education Workforce Council and Qualifications Wales.



In July 2018, we attended the Royal Welsh Show. We exhibited jointly as 'Inspection Wales' with our partners: HIW, WAO and CIW.



We met all requests from IAR bodies and other national educational organisations for joint work within our remit.

PI19a

We engaged, through attending meetings, fora, and other communication channels with a representative body of each sector that we inspect

PI19b

Joint work to learn from international stakeholders

Each year Estyn shares practice and works collaboratively with a range of government organisations, inspectorates and other bodies involved in education inside and outside of Wales in order to develop our view of education systems across the United Kingdom and the world. Such joint work also progresses our own approaches to inspection and thematic working, supports our advice to Welsh Government, and supports the implementation of government policy.

In October 2018, Estyn participated in a sponsored study visit looking at how vocational education is organised in the Basque Country in northern Spain. The Basque Country is similar to Wales in many ways, such as land area, population, geography and language diversity. However, one notable difference is its relative wealth. During the trip, inspectors visited a centre of research and applied innovation in vocational education as well as providers of vocational education in the region. It was noted that a characteristic feature of vocational education in the Basque country was a strong focus on the local and regional needs of its employers and people, as well as a planned approach to fostering and sharing innovation and professional learning.

As part of our commitment to support improvement by working collaboratively with our peers, in 2018 we further strengthened our engagement with the Standing International Conference of Inspectorates (SICI). SICI is an association of 37 national and regional inspectorates of education in Europe. In this year we have shared practice informally with other member inspectorates, for example around research strategies and inspection methodology, as well as taken part in formal collaborative work.

In December 2018, we joined SICI and six other inspectorates and education providers across Europe to participate in a two and a half year multinational project *BIBESOIN (Better Inspection for Better Social Inclusion)*, the focus of which is a critical review of how effectively our different inspection practices evaluate schools' approaches to addressing social disadvantage. The project, which is funded by an Erasmus+ grant, will culminate in 2021 with the publication of a toolkit and evaluation of inspection approaches in this area.

In March 2019, Estyn undertook a peer review visit to Alberta, Canada, that was joint-funded and supported by the British Council. Alberta, like Wales, is going through a period of educational reform. During this visit, inspectors explored models of teaching of international languages in primary and secondary schools, including immersion programmes and approaches to addressing issues around recruiting qualified language teachers. HMI also looked at how schools in Alberta introduced more choice and flexibility into 'option choices' and the support that they provide to bridge attainment gaps between its indigenous population and other groups.

As in previous years, in 2018-2019, we shared practice across a range of sectors with our partner inspectorates in the United Kingdom and Ireland. This year, the group's work was extended to include additional collaboration with the Netherlands and Malta.

This year Estyn also worked informally with the Education Workforce Council, Qualifications Wales, the Welsh Centre for Public Policy, and Welsh Government's Knowledge and Analytical Services to share practice and information.

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 our strategic agenda. The Strategy Board is chaired by a non-executive member and has two sub-committees, also chaired by non-executive members; the Audit and Risk Assurance Committee and the Remuneration Committee.

Estyn's **Inspection and Policy Advice Committee** (IPAC) is attended by HMCI and all Estyn directors: it supports HMCI in leading and managing Estyn's inspection and policy advice work and strategic objectives.

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

Significant interests held by members

We maintain [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 completed mandatory training on their role in protecting information and on compliance with the General Data Protection Regulations (GDPR) 2016.

In line with good practice, we have a board level officer designated as Senior Information Risk Owner and a designated Data Protection Officer who is responsible for Estyn's information charter.

Throughout 2018-2019, our Information Governance Group monitored and reviewed information governance arrangements across the organisation and reviewed and issued updated policies within our [information governance framework](#) in July 2018. Controls over information governance processes and arrangements to meet GDPR were reviewed within our internal audit programme, with appropriate assurances provided to management and our Audit and Risk Assurance Committee members.

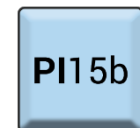
Payment policy

In 2018-2019, 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. Estyn paid 98% of undisputed invoices within 10 days. However, we just fell short of our target to pay all undisputed invoices within 30 days, that is we failed to pay 9 out of over 4,000 undisputed invoices.

99.8% of undisputed invoices were paid within 30 days (against a target of 100%)



98% of undisputed invoices were paid within 10 days (against a target of 95%).



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
- 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

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 2017 (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 succinctly 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 2018-2019, the Strategy Board and the Audit and Risk Assurance Committee (ARAC) met on a quarterly basis; all ARAC 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 2018-2019 included:

- Estyn's Annual Plan, incorporating monitoring of performance against strategic objectives and targets (Key Performance Indicators)
- HMCI's Annual Report
- Impact of education reform in Wales and Estyn's support to Welsh Government initiatives, including curriculum reform
- The independent review of Estyn undertaken by Professor Graham Donaldson and reported in '[A Learning Inspectorate](#)'.

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 2018-2019.

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 Welsh Government's Department of Education continue to support a strategic and coherent approach on key matters such as development of thematic reviews and other advisory work. Non-executive directors liaised with Helen Arthur, Director of Workforce and Organisational Development (Health and Social Services Group), whose role is to represent Mr. Goodall in his role as Estyn's Additional Accounting Officer within the Welsh Government.

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 2018-2019 provides assurances on the quality of audit work and the effectiveness of the committee; the committee is satisfied that Estyn's arrangements for governance and risk management were appropriate throughout 2018-2019.

RSM are contracted by Estyn to provide its internal audit. The ARAC approved the annual programme of audits for 2018-2019, continuing to use a risk-based approach to establish areas of coverage within a rolling 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 2018-2019 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 *'From the findings of our work performed during 2018/19, there were no issues arising that impacted opinion for the year and we would therefore recommend are reflected in Estyn's Annual Governance Statement'*. 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 Table 1 below, Internal Audit also undertook a programme of

unannounced compliance 'spot-checks' and Expense Claim validations – there were no significant concerns raised during 2018-2019.

Table 1
2018-2019 internal audit programme

Internal audit area	Assurance level	Number of enhancement actions agreed by management			
		High priority	Medium priority	Low priority	Total
1 Deployment of Peer Inspectors	Substantial			1	1
2 Events Management	Substantial			1	1
3 Key Financial Controls	Reasonable		1	3	4
4 Expense Claim Validation Reviews	Compliance				
5 Unannounced Spot Checks and Recommendation Tracking	Compliance				
6 Travel and subsistence	Substantial			1	1
7. GDPR Readiness – Follow-Up	Good progress made				
Totals		0	1	6	7

Estyn's Remuneration Committee met (with all members in attendance) during 2018-2019 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 staff.

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 2018-2019 and for a small number of temporary administrative staff through an employment agency. During 2018-2019, Estyn did not use any form of confidentiality agreement with its employees and workers.

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.

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.

The above assurance areas were covered within an assurance statement presented at each meeting of the Audit and Risk Assurance Committee by the Corporate Services Director. Other areas covered within the statement included updates on fraud and information security, tracking against performance indicators, and financial issues with potential impact on the annual accounts.

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 2018-2019, risk registers continued to be maintained at a strategic level by the Executive Board (and further reviewed at Strategy 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 are working effectively forms part of the overall risk management process.

Annual assurance statements for 2018-2019 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 2018-2019. 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.

Some of the key challenges during 2018-2019 were:

- ❖ **Implementing processes and systems to support changes to inspection arrangements** – managed through robust project management and decision processes through our Inspection Policy and Advice Committee.
- ❖ **Maintaining capacity to support a broad range of work streams** – for example, continuing support for curriculum reform could not have been delivered without grant funding to supplement our main funding from Welsh Government.
- ❖ **Delivering on-going efficiency savings to meet continuing budget reductions** – our work programme has been developed under a set of principles which has included consideration of budgetary constraints.
- ❖ **Embedding joint working arrangements** – in particular, our joint work with CIW for inspection of Early Years in non-maintained nurseries.
- ❖ **Preparatory work to respond to the independent review of Estyn 'A learning inspectorate'**

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.

Flexible resource models are used, including contracted Additional Inspectors.

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 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.

Links with WG Knowledge and Analytical Services (KAS) and Wales Centre for Public Policy (WCPP) 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, regional consortia and teacher unions.

We have communications and stakeholder engagement strategies 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 very few recommendations that required significant management action. Our quarterly reporting to ARAC on a wide range of assurance matters is an example of an organisation that continues to seek opportunities for enhancing governance and internal controls.

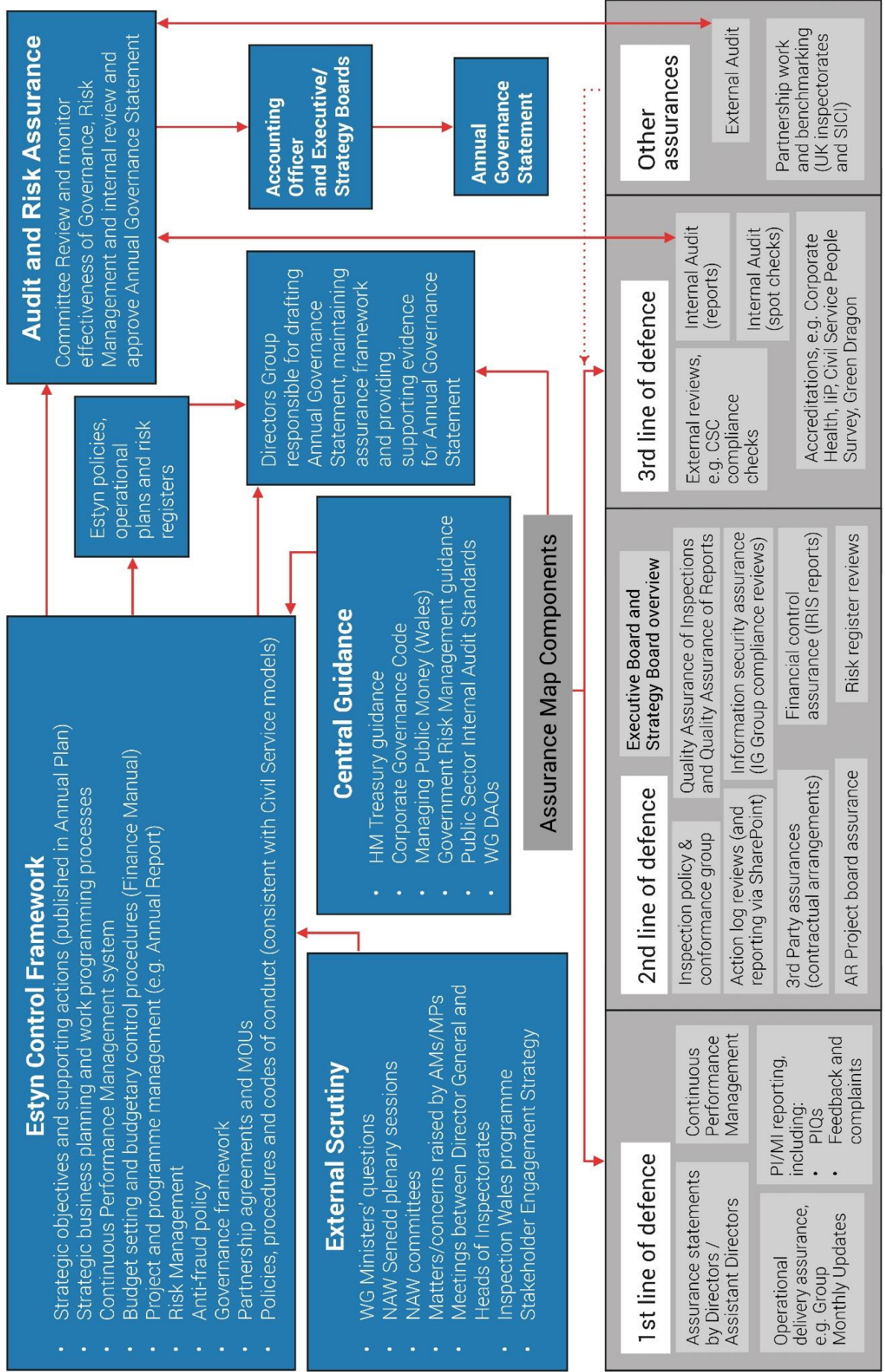
We have maintained our high placing in the list of organisations reporting staff engagement levels within the Civil Service People Survey; I remain convinced that this is reflective of a positive and supportive culture within Estyn which helps to underpin good governance and signals the commitment by staff to our values and the civil service code. We have also been recognised as 'A learning inspectorate' in Professor Graham Donaldson's report of the same name. We will use this report, along with other external reviews/accreditation processes and exchange visits with high performing organisations to continue to identify and take forward actions for improvement.

Meilyr Rowlands

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

3rd July 2019

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

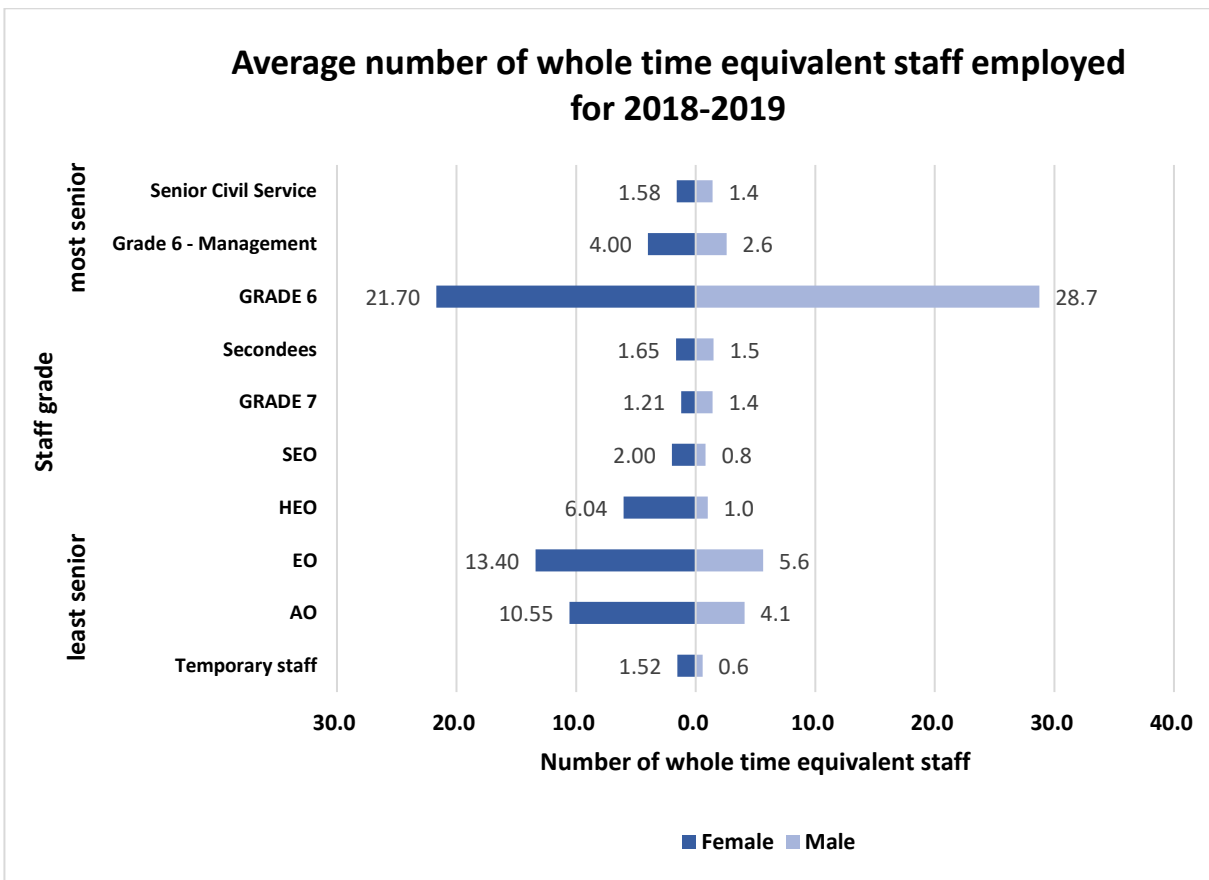
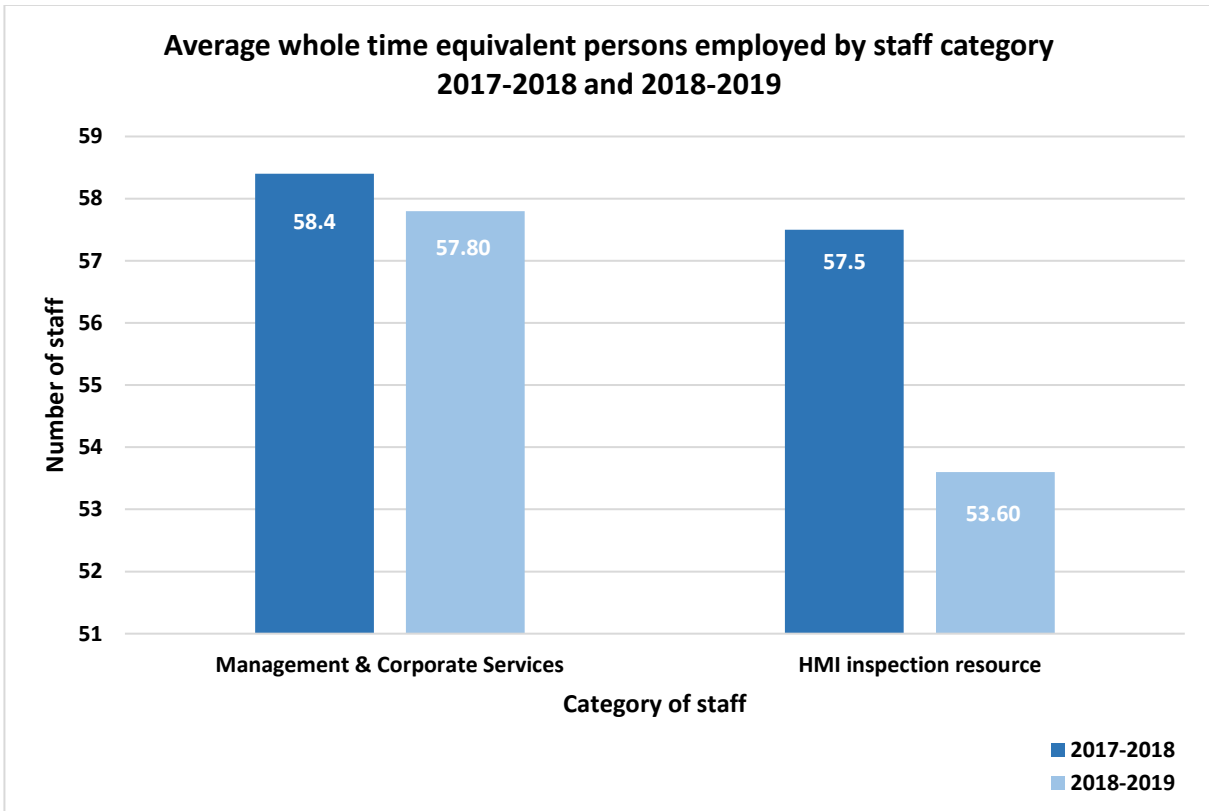
The Estyn Remuneration Committee takes account of the evidence available in respect of wider economic considerations and the affordability of its recommendations.

In agreeing pay awards for individual staff, the Estyn Remuneration Committee takes 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 2018-2019.

In line with the pay award for Welsh Government SCS officials (1st April 2017) Estyn SCS Band 1 officials were awarded a consolidated pay uplift of 2% effective from 1st April 2017. This was a two-year pay deal, i.e. no further uplift to pay was made in 2018-2019.



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

Year	Permanently employed staff	Other ^[1]	Total staff
2018-2019	106.1	5.5	111.4
2017-2018	108.6	7.3	115.9

Staff Sickness rates are as follows:

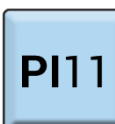
Headline staff measures		
Measure	2018-2019	2017-2018
Sickness absence rate	2.8%	4.7%
Proportion of staff accruing sickness absence	49.6%	47.7%
Average working days lost per employee	6	9.7 days
Average length of absence	7.2	10.9 days
Sickness absence occurrences (new)	103	114 occurrences

Total sickness rate of 2.8% against a target of <4%

59% of absence was due to long term sickness

Top three categories of absence were:

- orthopaedic / muscular (29.6%)
- tumours / cancer (20.7%)
- mental health (16.5%)



Actions taken to promote health and wellbeing included:

- annual health checks for staff
- early referrals to occupational health services
- provision of face to face counselling through the Employee Assistance Programme
- promotion of health activities and awareness information
- training 12 staff to be mental health first aiders
- supporting employees who have been diagnosed with a terminal illness.

^[1] Other staff refers to secondees, fixed-term contract staff and agency staff.

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/>

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) ⁵										
	2018-2019					2017-2018				
Officials	Salary £000's	Non-Consolidated Performance Pay £000's	Benefits in kind (to nearest £100)	Pension benefits to nearest £1,000 ⁶	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	110-115	-	-	(7)	105-110	110-115	-	-	15	125-130
Simon Brown ⁷ Strategic Director	30-35	-	-	29	60-65	80-85	-	-	3	80-85
Claire Morgan Strategic Director	85-90	-	-	34	120-125	80-85	-	-	32	110-115
Jassa Scott ⁸ Strategic Director	50-55			20	70-75	-	-	-	-	-
Band of Highest Paid Director's Total Salary	110-115					110-115				
Median total	£66,650					£66,650				
Ratio using the mid- point of salary band	1.69					1.69				
Range of staff remuneration	£20,870 - £112,475					£19,350 - £112,475				

⁵ Audited

⁶ 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)

⁷ Strategic Director until August 31st 2018

⁸ Strategic Director from September 1st 2018

Pension entitlements for senior managers ⁹						
Officials	Accrued pension at pension age as at 31/3/19 and related lump sum £000's	Real increase/ (decrease) in pension and related lump sum at pension age £000's	CETV at 31/3/19 £000's	CETV at 31/3/18 £000's	Real increase/ (decrease) in CETV in CETV £000's	Employer contribution to partnership pension account nearest £100
Meilyr Rowlands Her Majesty's Chief Inspector of Education & Training in Wales	55 – 60 plus lump sum of 170-175	0 – 2.5 plus lump sum of 0 – 2.5	1,361	1,286	(6)	-
Simon Brown Strategic Director	45 - 50 plus lump sum of 70 – 75	0 – 2.5 plus lump sum of 0 – 2.5	954	933	27	-
Claire Morgan Strategic Director	20 – 25 plus lump sum of 0	0 – 2.5 plus lump sum of 0	308	253	21	-
Jassa Scott Strategic Director	25-30 plus lump sum of 0	0-25 plus lump sum of 0	41	333	23	-

⁹ audited

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.

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 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **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

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**Exit Package: Reporting of Civil Service and other compensation schemes – exit packages**

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	2	-	2
£25,000 - £50,000	-	-	-	2	-	2
£50,000 - £100,000	-	-	-	1	-	1
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
Total number of exit packages	-	-	-	5	-	5

Meilyr Rowlands

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

3rd July 2019

2.3 Accountability and audit report

The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Estyn: Her Majesty's Inspectorate for Wales Education and Training in Wales for the year ended 31 March 2019 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. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union/United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of Estyn's affairs as at 31 March 2019 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The Accounting Officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information 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 report.

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.

Report on other requirements

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.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with HM Treasury guidance; and
- the information given in the Performance Report with the financial statements for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report provided with the financial statements has been prepared in accordance with the Government of Wales Act 1998.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report provided with the financial statements or the Governance Statement.

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

- 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.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

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, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence 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.

Adrian Crompton
Auditor General for Wales
11th July 2019

24 Cathedral Road
Cardiff
CF11 9LJ

Section 3 Financial statements



3.1 Statement of comprehensive net expenditure for the year ended 31st March 2019

	2018 -2019				2017-2018
	Note	Budget	Actual Outturn	Net Total Outturn compared with Estimate (saving)/excess	Prior Year Outturn
Resources:		£000's	£000's	£000's	£000's
Staff costs	3	8,000	7,907	(93)	8,182
Depreciation	6	400	128	(272)	163
Other costs	4	2,653	2,988	335	2,581
Gross operating costs		11,053	11,023	(30)	10,926
Operating ¹⁰ income	5	-	(15)	(15)	(1)
Welsh ¹¹ Government Grant Funding		-	(242)	(242)	-
Net Operating Expenditure for the Year		11,053	10,766	(287)	10,925

Net expenditure is reported as a single segment in line within [Estyn's Annual Plan](#) 2018-2019. Budget figures are stated as within Estyn's Annual Plan 2018-2019.

The notes on pages 70 to 81 form part of these accounts.

¹⁰ Includes £12k contribution to project costs from British Council and Erasmus

¹¹ Welsh Government grant funding for Self Evaluation Toolkit and Curriculum Reform support.

3.2 Statement of financial position as at 31st March 2019

Non-current assets	Note	2018-2019		2017/18	
		£'000's	£'000's	£'000's	£'000's
Property, plant and equipment	6	150		149	
Intangible assets	7	-		-	
Total non-current assets			150		149
Current assets					
Trade and other receivables	9	393		113	
Cash and cash equivalents	10	818		873	
Total current assets			1,211		986
Total assets			1,361		1,135
Current liabilities					
Trade and other payables	11	(1,160)		(963)	
Provisions within one year	12	-		(59)	
Total current liabilities			(1,160)		(1,022)
Total assets less current liabilities			201		113
Non-current liabilities					
Provisions					
Within one year	12	-		-	
Between two and five years	12	(176)		(155)	
			(176)		(155)
Assets less liabilities			25		(42)
Taxpayers' equity:					
General Fund		25		(42)	
Total taxpayers' equity			25		(42)

3.3 Statement of cash flows for the year ended 31st March 2019

	Note	2018-2019 £000's	2017-2018 £000's
<u>Cash flow from operating activities</u>			
Net operating cost		(10,766)	(10,925)
Adjustments for non-cash transactions:			
Depreciation	6&7	128	163
Other costs (provision)	12	21	-
Increase / (decrease) in trade and other payables	11	197	(181)
(Increase) / decrease in trade and other receivables	9	(280)	37
Less movements not passing through the Statement of Comprehensive Net Expenditure			
Use of VAT provision		(59)	(77)
Capital creditors	6	(19)	-
Net cash outflow from operating activities		(10,778)	(10,983)
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	6	(110)	(59)
Purchase of Intangible Assets	7		-
Net cash flow from investing activities		(110)	(59)
<u>Cash flows from financing activities</u>			
Net financing (from the Welsh Government)		10,833	11,000
Net increase (decrease) in cash and cash equivalents	10	(55)	(42)
Cash and cash equivalents at the beginning of year	10	873	915
Cash and cash equivalents at the end of the year	10	818	873

3.4 Statement of changes in taxpayers' equity for the year ended 31st March 2019

Statement of Change in Tax Payers' Equity	2017-2018 £000's
Balance as at 31 March 2017	(117)
Net operating cost for the year	(10,898)
Auditor's remuneration	(27)
Total recognised income and expense 2017-2018	(10,925)
Net Welsh Government Funding	11,000
	75
Balance as at March 31st 2018	(42)
Changes in taxpayers equity 2018-2019	
Net operating costs for the year	(10,739)
Auditor's remuneration	(27)
Total recognised income and expense for 2018-2019	(10,766)
Net Welsh Government Funding	10,833
	67
Balance as at 31 March 2019	25

The notes on pages 70 to 81 form part of these accounts.

Meilyr Rowlands

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

3rd July 2019

3.5 Notes to the resource accounts

1 Statement of accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2018-2019 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 2018-2019 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. Expenditure on services, licences and subscriptions which straddle more than one financial year are treated as costs within the financial year that a payment is made, where the individual transaction does not exceed £1000.

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, within one year and medium term, between two and five years. All provisions are subject to annual review, to ensure they are still relevant and sufficient to fund the specific future liability.

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 2018-2019 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	2018-2019	2018-2019	Outturn	2017-2018
		Budget	Outturn	Outturn compared with estimate (saving) / excess	
		£000's	£000's	£000's	
Resource Outturn		11,053	10,766	(287)	10,925
Capital Outturn	6&7	181	129	(52)	59
Accruals to cash adjustments:					
Adjustments to remove non-cash items:					
Depreciation	6&7	(400)	(128)	272	(163)
New provisions and adjustments to previous provisions	12		59	59	77
Adjustments to reflect movements in working balances:					
Increase/(decrease) in receivables	9		280	280	(37)
(Increase)/decrease in payables	11		(197)	(197)	181
Increase in provisions	12		(21)	(21)	-
Net cash requirement		10,834	10,888	54	11,042

3. Staff costs

	Total 2018-2019 £000's	Permanently employed staff £000's	Others £000's	2017-2018 £000's
Wages and salaries	5,850	5,850		5,820
Social security costs	670	670		672
Other pension costs	1,283	1,283		1,270
Total net costs¹²	7,803	7,803		7,762
Plus:				
Secondees in	243		243	122
Secondees out	(220)		(220)	(18)
Agency staff	49		49	140
NEDs costs ¹³	19		19	15
Early departure costs –in-year	-		-	148
Apprenticeship Levy	13		13	13
Total	7,907	7,803	104	8,182

Payments to Non-Executive Directors for 2017-2018 and 2018-2019		
Name	2018-2019 Total £000's	2017-2018 Total £000's
R Alexander	3	-
J Fabian	6	5
A Thomas	6	5
R Tomos	4	5
Total	19	15

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 2018-19, employers' contributions of £1.283m were payable to the PCSPS (2017-18 £1.27m) 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 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners

¹² Includes £59k credit in 2018-2019 for VAT provision deemed no longer required. Also includes costs of £127k of staff resource engaged on the Self Evaluation Toolkit and WG Support.

¹³ Individual details in table below.

4 Other Costs

Expenditure	2018-2019 £000's	2017-2018 £000's
Rental under operating leases: accommodation	125	124
Other accommodation costs	229	165
IT & telecommunications	713	534
Welsh Government central services	23	16
Travel and subsistence	559	601
Auditor's remuneration – audit of accounts	30	27
General administration expenditure	329	287
Non-cash items:		
- change in provision for accommodation dilapidation	21	-
- tangible asset depreciation	128	156
- intangible asset depreciation	-	7
	2,157	1,917
Less: Operating income (Note 5)	(15)	(1)
Subtotal: Net administration costs	2,142	1,916
Post 16 education inspections and associated costs	5	1
School inspections and associated costs	661	604
General inspection related costs	179	218
Remit costs	-	4
Self-Evaluation Toolkit Project direct costs ¹⁴	114	-
Subtotal: Programme costs	959	827
Total other costs	3,101	2,743
Total Other costs without Income and depreciation	2,988	2,581

5 Income

Income	2018-2019 £000's	2017-2018 £000's
Registration fees	(3)	(1)
Miscellaneous ¹⁵	(12)	-
Total	(15)	(1)

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

¹⁴ Includes travel and subsistence, events and workshops, practitioner time from schools, translation and communications costs.

¹⁵ Funding received to offset costs incurred on research visit to Canada and Erasmus project.

6 Property, plant and equipment

	IT systems ¹⁶ £000's	IT equipment £000's	Furniture & fittings £000's	Office equipment £000's	Total £000's
Cost or valuation					
At 1 April 2018	196	552	287	5	1,040
Additions	0	118	11	0	129
Disposals	0	(4)	0	0	(4)
At 31 March 2019	196	666	298	5	1,165
Depreciation					
At 1 April 2018	196	454	236	5	891
Charged in year	0	110	18	0	128
Disposals	0	(4)	0	0	(4)
At 31 March 2019	196	560	254	5	1,015
Carrying amount at 31 March 2019	0	106	44	0	150
At 1 April 2018	0	98	51		149

¹⁶ Resource Planning System is fully depreciated.

7 Intangible assets

	Software	Training DVD	Total
	£000's	£000's	£000's
Cost at 1 st April 2018	11	21	32
Additions	-	-	-
Disposals	-	-	-
At 31 March 2019	11	21	32
Depreciation			
At 1 April 2018	11	14	25
Charged in year	-	7	7
Disposals	-	-	-
At 31 March 2019	11	21	32
Carrying amount at 31 March 2019	-	-	-
At 1 April 2018	-	7	7

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's exposure to credit, liquidity or market risk is therefore minimal. 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 31/03/2019 £000's	At 31/03/2018 £000's
Amounts falling due within one year:		
Other receivables	245	55
Prepayments and accrued income	148	58
Total	393	113

9b Intra-Government balances

	At 31/03/2019 £000's	At 31/03/2018 £000's
Amounts falling due within one year:		
Balances with other central government bodies	166	52
Balances with local authorities	113	
Balances with bodies external to government	114	61
Total	393	113

10 Cash and cash equivalents

	31 st March 2019 £000's	31 st March 2018 £000's
Balance	873	915
Net change in cash and cash equivalent balances	(55)	(42)
Balance at 31st March 2019	818	873

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 2018 and 31st March 2019:

	31 st March 2019 £000's	31 st March 2018 £000's
Balance at NatWest	818	873
Total	818	873

11 Trade and other payables

11a Analysis by type

	31 st March 2019 £000's	31 st March 2018 £000's
Amounts falling due within one year:		
Trade payables	280	36
Payroll funding	420	516
Accruals & deferred income	460	411
	1,160	963

11b Intra-Government balances

	31 st March 2019 £000's	31 st March 2018 £000's
Balances with other central government bodies	43	200
Balances with local authorities	191	134
Balances with bodies external to government	926	629
Total	1,160	963

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. The probability of this liability is now deemed low and removed from provisions and is included as a contingent liability.

Provisions	VAT £000's	Accommodation refit £000's	Total £000's
Balance at 1 April 2018			
- Within one year	59		59
- Between two and five years		155	155
- After five years	-	-	-
Increase/(Decrease) in provision	-	21	21
Amounts utilised in the year	(59)	-	(59)
Remaining provision:	-	176	176
- Within one year	-	-	-
- Between two and five years	-	176	176
- After five years	-	-	-
<u>Total provision as at 31st March 2019¹⁷</u>	-	176	176

13 Capital commitments

There are no capital commitments as at 31st March 2019.

¹⁷ Accommodation provision was re-assessed by a professional surveyor in March 2019.

14 Commitments under leases

Operating leases

	2019 Land & Buildings £000's	2018 Land & Buildings £000's
At 31 March 2019 Estyn was committed to making the following payments during future years in respect of operating leases expiring:		
- within one year	136	136
- between two and five years ¹⁸	124	260
- after five years	-	-
Total	260	396

IFRS16 issued in January 2016 but not effective until 1st January 2020, 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 2018-2019, there would have been an increase in both assets and liabilities of £260k.

15 Other commitments

Estyn has not entered into any non-cancellable contracts (which are not operating leases) as at 31st March 2019 (there were no non-cancellable contracts as at 31st March 2018).

16 Contingent liabilities

The probability of the VAT provision detailed in Table 12 liability is now deemed low and removed from provisions and is included here as a contingent liability of £59k (there were no contingent liabilities as at 31st March 2018).

17 Related party transactions

The Welsh Government is as a related party to Estyn. Material transactions with Welsh Government during 2018-2019 are:

- funding of £10.832m from Welsh Government (£11m 2017-2018)
- we paid Welsh Government £7.853m, mainly for reimbursement of staff salaries and corresponding deductions they pay on our behalf (£7.803m in 2017-2018)
- Welsh Government accruals for 2018-2019 were £5k (£16k 2017-2018) and £130k of debtors (£0k 2017-2018)

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

¹⁸ Lease for office accommodation

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
AoLE	Areas of learning and experience
ARAC	Audit Risk and Assurance Committee
BACS	Bankers' Automated Clearing Services
CETV	Cash Equivalent Transfer Value
CIW	The Care Inspectorate Wales
CSOPS	Civil Servant and Other Pension Scheme
DAO	Welsh Dear Accounting Officer letters
ERASMUS	European Community Action Scheme for the Mobility of University Students
FOIA	Freedom of Information Act
FReM	Financial Reporting Manual
GBS	Government Banking Service
GDPR	General Data Protection Regulations
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
IPAC	Inspection and Policy Advice Committee
ITE	Initial teacher education
LGES	Local government education services
NED	Non-Executive Director
PCSPS	Principal Civil Service Pension Scheme
PI	Performance Indicator
SCS	Senior Civil Service
SEP	Strategic Equality Plan
SICI	Standing International Conference of Inspectorates
VAT	Value Added Tax
VES	Voluntary exit scheme
WAO	The Wales Audit Office
WfA	Welsh for Adults