

ANNUAL REPORT AND ACCOUNTS 2009-10
HM INSPECTORATE OF EDUCATION

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ANNUAL REPORT AND ACCOUNTS 2009-10

HM INSPECTORATE OF EDUCATION

An Agency of the Scottish Government

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Report by HM Senior Chief Inspector

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I am very pleased to be introducing my first annual report as HM Senior Chief Inspector since taking up post in February this year. On arriving back in the Inspectorate, it quickly became clear to me that, through working with colleagues across education and the wider public services, our staff have achieved a great deal over the last year.

The annual report sets out this record of achievement. It provides a coherent public account of our progress across all aspects of our work, enhanced with some specific examples of impact. Against a backdrop of substantial changes to our inspection models and to staffing within the Inspectorate, we have carried out more inspections and reviews than in previous years whilst, simultaneously, improving our efficiency and sustainability. This could not have been achieved without the professionalism and commitment of all those who work in and with HM Inspectorate of Education, including the large number of Associate Assessors, Lay Members and Student Team Members who work directly with us. I would like to start by recording my sincere thanks to everyone involved in taking forward this work.

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The role of the Inspectorate in strengthening accountability at national level continues to grow. We are now into the second year of the National Performance Framework. The National Performance Framework aims to provide a measure of how Scotland is performing against a range of key outcomes covering all aspects of Scottish life, including outcomes which are at the heart of education and services for children. Our revised inspection and review models have enabled us to provide the evidence for some key National Performance Framework indicators, particularly the proportion of pre-school centres, schools and child protection services that receive positive inspection reports.

We have also made major strides forward in ensuring that inspection is a process that works in partnership with providers to support their own efforts to achieve improvements. Feedback from stakeholder surveys have highlighted satisfaction with the principle of making inspection and review feel like a process which is done *with* rather than *to* staff in establishments and services. Over the last year, we have received strong endorsement of the new, more streamlined inspection models introduced in August 2008 and the shorter, more focused reports that emerge from them. Encouragingly, there seems to be increasing recognition that inspectors are learning together with staff through open and honest exchanges about strengths and areas for development.

Across our portfolio of inspections, the principle of proportionality is now firmly embedded, ensuring that we spend more time with those that need the most attention and less with those who need our support and intervention the least. Across school and community learning sectors, the option of finishing the formal part of an inspection early, when we find that self-evaluation and performance are strong, is working well. We have seen a number of establishments and services which have been able to show inspectors the clear impact of their self-evaluation activities on improved experiences and outcomes for children and young people.

At the other end of the spectrum, we have also encountered schools and learning communities in which the inspection has revealed significant concerns and where significant follow-through activity has been necessary. It remains vital that the inspection process continues to identify robustly areas where improvements are needed. We are committed to staying engaged to work constructively with providers in follow-through, in the best interest of learners, where this is required.

This report also records notable developments in the approaches to inspection and review across other sectors and services. We have introduced revised approaches to college reviews and we are entering the second year of a four-year cycle using the revised review model on behalf of the Scottish Funding Council. We have also developed new approaches to inspecting child protection and educational psychology services, as well as an innovative new model of validated self-evaluation for local authorities. We are starting a period of intense activity to establish a programme of inspecting the effectiveness of providers, commissioned by the Department of Work and Pensions of employability programmes.

I am also keen to see that we take our own public accountability very seriously and we have recently enhanced our annual report with new ways of reporting our performance. In September 2009, we launched *HMIE Performs*¹ as the vehicle for sharing more widely and more frequently our performance against our objectives and targets, across the full range of our activities.

¹ www.hmie-performs.hmie.gov.uk/Index.aspx

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Inspection and review is, and will continue to be, the core activity of HM Inspectors. I am very conscious, however, that on its own, simply inspecting and reporting is not enough. A key part of the role of inspectors is to ensure that interesting and innovative practice is identified, highlighted and actively shared across the system so that others can learn from it. In November 2009 we published *How well do we protect Scotland's Children?* which draws together the main messages from inspections. This report has been highly influential and has acted as a significant catalyst for change. Inspection was followed by prompt action to reduce the level of risk. We continually review our approaches to good practice to ensure that we help others to benefit more fully from the most effective practice that we find, in ways that will have the maximum impact. Our *Learning Together* series highlights the importance of learning from each other and sharing an understanding of each other's respective roles, responsibilities and contributions. Our *Journey to Excellence*² website has been given a major overhaul using the latest access technology in multi-media resources. The improvement guides and professional development packs have also been revised. We will continue to update and develop this site as a key resource for helping staff to implement *Curriculum for Excellence* and improve services to and outcomes for all learners.

We all ultimately share the joint objective of creating education and children's services which help all learners to thrive and fully realise their potential. I am firmly committed to ensuring that we in HM Inspectorate of Education work collaboratively with all of our partners and stakeholders in seeking to achieve this ambition.

Looking forward, the implementation of *Curriculum for Excellence* certainly does represent a step change in adapting the education system to better prepare our children and young people as learners in the rapidly changing world of the 21st century. In May this year, I announced plans to postpone all inspections in local authority secondary schools during August to December 2010 to allow us to provide substantial extra support for the implementation of *Curriculum for Excellence*. This gives us an opportunity to work in a targeted way with schools and education authorities at a key stage in the roll-out of the new curricular arrangements. HM Inspectorate of Education fully support the aims and intentions of *Curriculum for Excellence* and I am committed to ensuring that the Inspectorate plays the fullest possible part in ensuring that it is implemented successfully, for the benefit of all Scottish learners.

There are also potentially transformational policies underway in a range of other areas including the *Early Years Framework*, the *Skills for Scotland: A Life Long Skills Strategy* and *Getting it right for every child*. The year ahead of us will certainly challenge everyone to think more creatively about how to take forward the necessary developments in ways that are sustainable and inclusive, the Inspectorate included. Financial constraints will require all of us to think differently, pool talent and harness resources more effectively. Our plans for the coming year reflect this context and I am confident that HM Inspectorate of Education will rise successfully to these challenges and play a full part in this exciting agenda for development and improvement.

Dr Bill Maxwell
HM Senior Chief Inspector

² www.journeytoexcellence.org.uk

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Section 1

Performance against targets 2009-10

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Strategic priority 1

Giving assurance and bringing about improvement in standards and quality through inspection and review

Our targets	What we achieved
<p>1.1 We will undertake programmes of inspection in pre-school centres, schools and child protection services to enable us to give assurance to parents, Ministers and the general public. Evaluations from these inspections, with the exception of independent schools, will contribute to the Government's data for selected national indicators within the National Performance Framework (NPF).</p>	<p>We inspected:</p> <ul style="list-style-type: none">365 pre-school centres;297 primary schools;69 secondary schools;seven all-through schools;ten child protection services; and37 special schools, including residential special schools, day special and secure accommodation schools. <p>We inspected 48 learning communities in those local authorities which had not yet had these services inspected. We carried out complementary activity on learning communities around the catchment area of every secondary school inspected except in cases where overlapping catchment areas of denominational and non-denominational schools would have led to double inspection of the same provision.</p>
<p>1.2 We will carry out validated self-evaluation of the educational functions of local authorities in an agreed number of authorities.</p>	<p>We began validated self-evaluation (VSE) of education functions with the following:</p> <ul style="list-style-type: none">East Lothian Council;Perth and Kinross Council;Orkney Islands Council;The Highland Council; andNorth Lanarkshire Council.
<p>1.3 We will inspect educational psychology services in those local authorities which have not yet had these services inspected.</p>	<p>We carried out 11 inspections of Educational Psychology Services (EPS).</p>
<p>1.4 We will undertake a programme of follow-through inspections in pre-school centres, schools, residential special provision, secure units, community learning and development and child protection services in line with our commitment to stakeholders.</p>	<p>We carried out proportionate follow-through inspections and published reports as follows:</p> <ul style="list-style-type: none">• 12 pre-school centres;• 78 primary schools;• 17 secondary schools;• 11 special schools;• provision in seven residential special schools;• three independent schools;• six community learning and development (CLD) inspections;• one inspection of an education authority;• two inspections of EPS;• four child protection services; and• five inspections of learning communities.

Our targets	What we achieved
<p>1.5 In conjunction with a range of other bodies, we will undertake programmes of inspections/reviews of:</p> <ul style="list-style-type: none"> • colleges; • voluntary sector organisations; • learning, skills and employability provision in prisons; and • independent schools seeking registration. 	<p>We carried out ten college external reviews under the service level agreement for 2009/10.</p> <p>We carried out three inspections of voluntary sector organisations.</p> <p>We carried out inspections of learning, skills and employability in three prisons in conjunction with HM Inspectorate of Prisons (HMIP).</p> <p>We carried out one post-registration inspection of a new independent school.</p> <p>We signed a partnership agreement with the Department of Work and Pensions (DWP) as a basis for HM Inspectorate of Education's (HMIE's) involvement in inspection of DWP-contracted employment provision in Scotland. We inspected two Provider Led Pathways' contracts early in 2010.</p>
<p>1.6 We will issue 95% of all draft inspection/review reports within six working weeks of the end of the inspection/review or within timescales agreed with partner bodies.</p>	<p>We published our inspection and review reports within agreed timescales.</p>
<p>1.7 We will publish 95% of all inspection/review reports within ten working weeks of the end of the inspection/review or within timescales agreed with partner bodies.</p>	<p>We published our inspection and review reports within agreed timescales.</p>
<p>1.8 We will consolidate and further improve our approaches to inspection and review to make sure that they build on self-evaluation and are firmly focused on outcomes for children and young people.</p>	<p>Inspection and review teams have continued to receive professional development in how to build on establishments' self-evaluation in inspection and review.</p>
<p>1.9 We will continue to contribute to the development of approaches to inspecting services for children as agreed with other bodies within the new scrutiny arrangements.</p>	<p>We have had on-going discussions with Scottish Government officials and partners in other scrutiny bodies. We have played a key role in supporting the development of a single body for social care and social work services (SCSWIS).</p>
<p>1.10 We will continue to contribute to the streamlining of inspection at strategic level in local councils in partnership with other national agencies and inspectorates.</p>	<p>We played a full part in the development of the new national approach to strategic-level scrutiny in local councils, in partnership with Audit Scotland and sister scrutiny bodies. We made evidence-based contributions to the shared risk assessment (SRA) process for each council, as part of the development of the national plan for scrutiny.</p> <p>During 2009-10 we developed the VSE process in consultation with education authorities (EAs) and published reports on two of these.</p>

Strategic priority 2

Building capacity for improvement

Our targets

- 2.1** We will prepare for publication a range of advice on self-evaluation.

What we achieved

We have published a range of advice on self-evaluation including:

Learning Together: Opening up learning, in April 2009;

How well do we protect children and meet their needs?, in May 2009;

How good is our corporate parenting?, in June 2009;

Learning together: Lessons about school improvement, in June 2009;

How good is our culture and sport?, in August 2009;

Learning together: Improving teaching, improving learning, in November 2009;

How well do we protect Scotland's children?, in November 2009;

Learning Together: Mathematics, in January 2010;

Learning together: International education: responsible, global citizens, in February 2010; and

Learning together: Opening up learning in all-through schools, in February 2010.

We translated into Gaelic and published:

Improving Scottish Education 2005-2008, in April 2009; and

HMIE's *draft Gaelic Language Plan* for consultation, in October 2009.

Our targets	What we achieved
<p>2.2 We will continue to add publications to our website aimed at supporting provision in curriculum areas and other key aspects and developments in response to <i>Curriculum for Excellence</i>.</p>	<p>We published on our website reports of current practice in Scottish schools and colleges on:</p> <p><i>Developing Successful Learners in the Technologies in Primary Schools</i>, in June 2009;</p> <p><i>Home economics: a portrait of current practice in Scottish secondary schools</i>, in June 2009;</p> <p><i>Working Out: a report on work-related learning for Scottish secondary school pupils</i>, in September 2009;</p> <p><i>Developing Successful Learners in Nurturing Schools: The Impact of Nurture Groups in Primary Schools</i>, in September 2009;</p> <p><i>Count us in: A sense of belonging</i>, in September 2009;</p> <p><i>Summary of Indicative Quality Indicator Results from HMIE inspections</i>, in September 2009;</p> <p><i>Good Listeners</i>, in September 2009;</p> <p><i>Positive Start, Positive Outcomes</i>, in October 2009;</p> <p><i>Computing in Scotland's colleges</i>, in October 2009;</p> <p><i>Creative Digital Industries in Scotland's colleges</i>, in October 2009;</p> <p><i>International Comparisons of College Staffing</i>, in October 2009;</p> <p><i>Sustainability and Scotland's Colleges</i>, in October 2009;</p> <p><i>Review of the contribution of the Scottish Science Centres</i>, in November 2009;</p> <p><i>Learners with profound and complex needs in Scotland's colleges</i>, in December 2009; and</p> <p><i>Improving adult literacy in Scotland</i>, in January 2010.</p>

Our targets	What we achieved
<p>2.3 Through conferences, seminars and further development of our website we will disseminate and encourage the uptake of good practice.</p>	<p>We held good practice conferences on:</p> <p>Computing in June 2009;</p> <p>The Early Years Framework in June 2009;</p> <p>Technology in June 2009;</p> <p>Mathematics in June 2009;</p> <p>Work-related learning in September 2009;</p> <p>Scottish history in September 2009;</p> <p>Arts and creativity in November 2009;</p> <p>Religious and moral education in November 2009;</p> <p>Religious education in Roman Catholic Schools in November 2009; and</p> <p>Autism in November 2009.</p> <p>We held launch events for publications featuring examples of good practice:</p> <p><i>Opening up learning and the curriculum</i> in April 2009;</p> <p><i>Count Us In: A sense of belonging</i> in September 2009;</p> <p><i>How well do we protect Scotland's children?</i> in November 2009;</p> <p>We launched our good practice guide for international education as part of an online 'Global Classroom Learnover' between Anderson High School, Shetland, and its seven international partner schools from across four continents in February 2010.</p> <p>We have reviewed our approach to disseminating good practice with the aim of maximising the potential impact of this area of our work, and made a number of changes in response.</p>
<p>2.4 We will continue to develop the <i>Journey to Excellence</i> online digital resource, building in new technology as this develops.</p>	<p>We have developed our <i>Journey to Excellence</i> website to include a series of professional development packs for educationalists and good practice video links.</p>
<p>2.5 We will establish link inspectors with child protection committees to support the development of self-evaluation.</p>	<p>A link inspector has been established for each local authority Child Protection Committee. These inspectors have a key role in supporting self-evaluation and improvement in these areas.</p>

Strategic priority 3

Giving professional, evidence-based advice

Our targets

3.1 We will provide high-quality advice within agreed timescales to Scottish Ministers and relevant Directorates of the Scottish Government on a number of key programmes including *Curriculum for Excellence*, *Getting it right for every child (GIRFEC)*, *The Early Years Framework*, *Skills for Scotland* and *More Choices, More Chances*.

3.2 We will continue to maintain and further develop our two-way links with education authorities.

What we achieved

We provided a wide range of professional advice to Scottish Ministers and the Scottish Government on key priorities, for example:

Curriculum for Excellence, including progress reports requested by the *Curriculum for Excellence* Management Board;

Child protection;

Getting it right for every child;

More Choices, More Chances;

Monitoring progress in physical education;

Addressing the Reform of scrutiny bodies;

The implications of immigration for Scottish education;

Proposed school closures and catchment area changes; and

Section 70 complaints.

We seconded six inspectors over the year to assist officials in the Scottish Government in key policy initiatives.

We maintained and developed our liaison with education authorities through our District Inspector (DI), Early Years and CLD networks. We have sustained our strong links with all sectors of education through both seconded and part-time Associate Assessors (AAs).

Our targets	What we achieved
<p>3.3 We will continue to work in close partnership with key organisations in Scotland to achieve our respective objectives and those of the Scottish Government.</p>	<p>We continued to work in close partnership with inspectorates and agencies to deliver our programme of integrated and joint inspections and to develop models of inspecting children’s services.</p> <p>As part of our inspection and review programmes, we worked in partnership with the Scottish Funding Council (SFC) and HMIP.</p> <p>As part of our development work for DWP contracted provision, we worked very closely with inspectorate colleagues in the Office for Standards in Education, Children’s Services and Skills (Ofsted) in England and HM Inspectorate of Education and Training in Wales (Estyn) and with staff in DWP.</p> <p>We continued to work in close partnership with:</p> <ul style="list-style-type: none"> Association of Chief Police Officers in Scotland (ACPOS); Association of Directors of Education in Scotland (ADES); Association of Directors of Social Work (ADSW); Audit Scotland in the new SRA process for councils; Bòrd na Gàidhlig; The Care Commission in integrated inspection work; The Catholic Education Commission; The Church of Scotland; Community Learning and Development Managers Scotland (CLDMS); Consumer Focus Scotland (CFS); Convention of Scottish Local Authorities (COSLA); The Equality and Human Rights Commission (EHRC); HM Inspectorate of Constabulary in Scotland (HMIC); Learning and Teaching Scotland (LTS); NHS Quality Improvement Scotland (NHS QIS); Office of Scottish Charity Regulator (OSCR); Principals’ Convention of Scotland’s Colleges (Scotland’s Colleges); The Quality Assurance Agency for Higher Education (QAA); The Registrar of Independent Schools;

Our targets	What we achieved
<p>3.3 <i>Continued</i></p>	<p>Royal College of Paediatrics and Child Health (RHCP); Scottish Children’s Reporter Administration (SCRA); The Scottish Human Rights Commission; Scottish Council for Independent Schools (SCIS); Scottish Parent Councils Association (SPCA); Scottish Parent Teacher Council (SPTC); Scottish Public Services Ombudsman (SPSO); Scottish Social Services Council (SSSC) in registration and qualifications in the early years workforce; Skills Development Scotland; Social Work Inspection Agency (SWIA); Society of Local Authority Chief Executives (SOLACE); and Teacher Associations and Trade Unions.</p>
<p>3.4 We will link with key organisations across the UK and abroad in order to promote Scotland by providing information and advice based on Scottish approaches to inspection and self evaluation.</p>	<p>We provided information and advice on Scottish approaches to inspection and self evaluation to visitors from Australia, Bangladesh, Brunei, China, Denmark, France, Japan, Malawi, Mexico, The Netherlands, Norway, Romania, Slovakia and Sweden.</p> <p>We continued to contribute to events on aspects of evaluation and inspection held by the Standing International Conference of Inspectorates (SICI).</p> <p>We continued to have productive links with the other UK education and children’s services inspectorates.</p> <p>We provide valued advice and information to the European Network of Education Evaluators.</p>

Strategic priority 4

Securing our own continuous improvement

Our targets	What we achieved
4.1 We will continue to ensure Best Value by evaluating the quality of our work, both internally and externally, with the aim of improving the effectiveness of our inspections and reviews, our impact on Scottish education and the job satisfaction of our staff.	We achieved this target. Section 3 of the report details our performance in this area.
4.2 We will continue to carry out surveys of our staff and take action to address the issues identified.	We took part in the Scottish Government staff survey in November 2009. We have drawn up action plans from this survey to drive forward improvements.
4.3 We will continue to consolidate the gains made in promoting the health and wellbeing of staff and further develop our action plans in line with the requirements of the Healthy Working Lives award scheme.	We have taken forward approaches to improving and maintaining the health of HMIE staff. We await the outcome of our assessment in March 2010 in support of the Healthy Working Lives Gold Award.
4.4 We will publish data on our performance against environmental targets agreed by our Management Board.	Section 4 of the report details our performance in this area.
4.5 We will continue to promote HMIE as a learning organisation through the continued provision of high quality training and continuing professional development for all our staff, in particular in relation to new approaches to inspection.	All our staff, including corporate services, inspectors, secondees, health and nutrition inspectors, assistant inspectors, AAs, Student Team Members and Lay Members (LMs) have undertaken professional development relevant to their work.
4.6 We will continue to explore how learners and participants can be more involved in inspections and reviews.	Student Team Members are now an integral part of the college external review process. In the development of our DWP-contracted provision, we have sought to ensure that the participant is at the core of the inspection process.
4.7 We will make further contribution to Efficient Government savings.	Details of our contribution to Efficient Government savings are contained later in this report.
4.8 We will further develop <i>HMIE Performs</i> as our public reporting system.	<i>HMIE Performs</i> was introduced in September 2009 and is currently under further development.

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Section 2

**Impact of our work on Scottish education
and children's services**

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We are committed to evaluating the quality of the impact of our work to ensure continuous improvement. As in previous years, we have gathered evidence about the extent to which we address our strategic priorities.

Giving assurance and bringing about improvement in standards and quality through inspection and review

This section sets out key data from our evidence base to demonstrate our role in providing assurance to stakeholders and helping to bring about improvement in standards and quality through inspection and review. It provides commentary on all the relevant sectors including pre-school and school, CLD, colleges, child protection, voluntary organisations, Scottish Science Centres, Scottish prisons, DWP and EPS.

Our contributions are based on the unique position we hold in relation to the direct observation of learning and teaching and the extensive professional engagement we have with practitioners, parents and learners of all ages across Scotland.

We use post-inspection questionnaires as a regular aspect of our inspection and review procedures to gather the views of stakeholders. Responses from surveys of stakeholders have been very positive overall. Key findings are set out at the end of this section under the heading, 'external evaluation'. In addition, our website, particularly *HMIE Performs* provides a full analysis of all post-inspection and review questionnaires.

A key feature of our assurance role is the option to continue inspection activity in the form of follow-through inspections where outcomes for learners are not good enough. These inspections help to ensure that actions identified as necessary in the original inspection or review have been taken forward in planned and purposeful ways that support the learning and achievement of children and young people. Information on follow-through activity, where relevant, is included in the sections below. More detailed information on the impact of our follow-through work in schools is set out in the report, *Learning together: Lessons about school improvement*³.

Schools and pre-school centres

The main focus of our work is raising educational standards, stimulating improvement and promoting self-evaluation to support the delivery of national and local outcomes. Over the past year, we have inspected 365 pre-school centres and 403 schools. The evidence base arising from this significant inspection programme means that we are uniquely placed to comment on the quality of the educational standards in our pre-school centres and schools.

The inspection process focuses on the impact of the work of centres and schools on outcomes for children and young people. This includes a rigorous analysis of the attainment, achievement and progress of all young people, including those with additional support needs and how well their learning needs are being met. During inspections, staff are supported and challenged to bring about continuous improvement in the quality of learning and teaching which results in positive outcomes for learners. The impact of our focus on all young people has resulted in establishments tackling with greater determination underperformance in meeting the needs of each individual

3 www.hmie.gov.uk/publications.aspx

learner. Improving the poor outcomes of some learners remains a central challenge for all establishments and services which support children, young people and their families, particularly those facing significant disadvantage. The collation of quality indicator (QI) data from all of our pre-school and school inspection reports will enable us to report to the Scottish Government on NPF Indicators by September 2010.

Many establishments have strengthened their policies in relation to diversity, equality and fairness as a result of our inspections. Feedback from parents and prospective parents, indicates that our reports provide assurance to them that their local pre-school centres and schools are offering a quality education for their children. Our inspection programmes make a significant impact on the lives of children and young people and our reports make a difference.

Since September 2009, we have shared the record of inspection findings (RIF) with heads of establishments and EAs, or Boards of Governors. We have received very positive feedback on the RIF from headteachers and EA staff who indicate that the evidence is helping to support improvement and capacity building in pre-school centres and schools. Over the period September 2008 to December 2009, the approach to disengagement from evaluative activity has resulted in disengagement in 18% of pre-school centres, 20% of primary schools including nursery classes, 15% of secondary schools and 20% of special schools. This has allowed inspectors and school staff more time to share ideas and take part in professional dialogue in areas that are identified by the school as priorities for improvement.

In 2009-10 we carried out follow-through inspections in 12 pre-school centres and 128 schools. This represents a reduction in the number of follow-through inspections from the previous year, because we have changed the follow-through process to make it more proportionate to need. Where HMIE undertook a follow-through inspection, the main points for action had been overtaken successfully in 85% of primary schools including pre-school classes, 73% of secondary schools and 75% of special schools because they had improved sufficiently. In the remainder, there will be further follow-through activity to secure improvement.

Community learning and development

We inspected 48 learning communities which included complementary inspection activity in related secondary schools. Evidence from post inspection questionnaires and professional discussion between our CLD link inspectors and EA staff indicates that the inspection of learning communities has been a catalyst for further improvement of CLD provision. It has encouraged better partnership working with CLD providers and voluntary services. Similarly, we have had very positive reaction to our joint secondary/CLD approaches to inspection. The synergy between the learning community and secondary inspection has encouraged schools to view learning in a broader sense. It has enabled us to review how key partnerships are contributing to improved outcomes for learners. For example, joint discussions have led to improvements in the way in which schools are promoting, recognising and recording young people's achievements both within and outwith school. Inspection teams have also been able to finish the evaluation phase of inspections early in seven learning communities. Again, this has enabled inspectors to engage more extensively with CLD staff in capacity building activities in key areas identified by the CLD service. We carried out five follow-through inspections of CLD which noted improved services for children, young people and where appropriate adult learners.

Colleges

We carried out ten college reviews, four detailed subject reviews and three generic aspect reviews over the year and provided recommendations for the college sector to respond to. Our review activity provides assurance and brings about enhancement in the quality of the college learner experience. Inspectors expressed confidence in all areas evaluated within the external reviews of Scotland's colleges. The outcomes of our review activity are monitored through annual college inspector visits, with colleges responding well to the areas identified for improvement. We have received very positive feedback from college staff about the impact of annual engagement visits and the benefits to colleges of the professional discussions. These have helped to enhance the work of review teams in supporting improvement and capacity building across the sector. We carried out a follow-up review in one college and completed the review activity. All reviews evaluate equality and provide assurance that colleges have effective arrangements in place to promote equality and diversity to avoid unlawful discrimination.

Child protection

We completed the first year of the second cycle of child protection inspections which included inspection of provision in ten local authority areas. The outcomes have influenced practice both in child protection committees and in Scottish Government policy developments. Overall, the outcomes of the inspections have been positive showing improvements since the first round. In those inspections where points for action were built into the scope of the second cycle of inspections, performance in these areas had improved. The collation of QI data from all of the child protection inspection reports will enable us to report on NPF Indicators by September 2010. We carried out four follow-through inspections in four child protection services. These services had made considerable improvements to both processes and outcomes.

Voluntary organisations

We reviewed three voluntary organisations this year on behalf of the Scottish Government and reported within the agreed business targets. These reviews have supported continuous improvement in the voluntary sector and have helped build the capacity of staff to develop their work further. Reviews have also identified a number of examples of sector leading practice, for example, in the review of the Duke of Edinburgh's Award Scotland where the impact on young people was evaluated as excellent.

Scottish Science Centres

All of the four Scottish Science Centres have made improvements since the last reviews and have successfully raised the profile of science across Scotland.

Department for Work and Pensions

As part of our inspection and review programmes, we have worked in partnership with the DWP. In July 2009, we signed a Partnership Agreement under which we will undertake external quality assurance of DWP provision. A framework for the inspection of employability programmes has been developed through working with relevant DWP colleagues and with the assistance of a reference group of DWP Contract Managers.

We have developed a Handbook for Inspection of Employability Programmes (November 2009) which is available on our website⁴. We have undertaken two inspections of DWP-contracted provision in Scotland. Both were within the Provider Led Pathways programme. These took place in early 2010. It is too early to be certain of the impact of this work. Initial responses and feedback from a range of stakeholders is very positive including comments such as, *'I thought the process was very well handled, we were kept informed and knew what was expected from us. I think we worked well together'*; *'Communication channels were open from the very beginning which ensured we were fully aware of the processes and what was expected of us as a provider. Throughout the inspection we were kept up-to-speed with developments and were fully debriefed at the end of the week'*. We will monitor and evaluate the impact of this work in due course. We published the first report on Provider Led Pathways in April 2010.

Education Psychology Services

We carried out a further 11 inspections of EPS. These inspections have allowed us to identify good practice and make significant progress in building up a national picture of the impact of educational psychology across council areas. We are completing visits to each education authority to evaluate the impact of post school psychological services (PSPS). We undertook two EPS follow through inspections. These services had made considerable improvements to both processes and outcomes. The collation of QI data from all EPS inspection reports will inform the educational psychology aspect report which we will publish in spring 2011.

Building capacity for improvement

HMIE and scrutiny reform

HMIE has worked closely with Audit Scotland and other scrutiny bodies to develop more proportionate approaches to streamline the strategic scrutiny of local authorities and to ensure better planned scrutiny, based clearly on risk. We have been fully involved in work relating to SRA which has evolved as a strategic response to Professor Lorne Crerar's review⁵ of scrutiny bodies. We have also played a key role in supporting the management of change following the announcement of the creation of a single body for social care and social work services (SCSWIS), including child protection and the inspection of the integration of children's services.

Supporting Child Protection Committees

We have established a link inspector for each local authority Child Protection Committee. These inspectors play a key role in supporting self-evaluation and improvement in these areas. A report on the first cycle of child protection inspections was published in November 2009. *How well do we protect Scotland's Children?* highlighted strengths and areas for improvement across services to protect children in Scotland.

Self-evaluation

One of our ongoing priorities is to promote further the development of self-evaluation for improvement. With the introduction of new inspection models, staff have commented upon improved levels of interaction and professional dialogue between members of inspection teams and staff in pre-school centres, schools. This has enabled focused discussions about how to improve, for example, the quality of learning and teaching.

4 www.hmie.gov.uk/AboutUs/InspectionResources/Welfare+to+Work+Services

5 Report of the Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland, Scottish Government September 2007

Between April 2009 and February 2010 we published six more publications in our *Learning Together* series covering international education, all-through schools, school improvement, learning and teaching, the development of professional learning communities and mathematics. The purpose of the series is to promote improvements in Scottish education through illustrating effective practice in learning and teaching, raising current issues, and stimulating reflection and debate. These launch events are often followed up by further invitations for HMIE to speak at local and national continuous professional development (CPD) events. For example, specialist HMIE in mathematics have given presentations to the National Numeracy Network, the National Numeracy Steering Group and the Scottish Mathematical Council's annual conference for secondary teachers. These types of events are replicated in other areas in the *Learning Together* series and help to build the confidence of Scottish teachers to develop their practice further, with benefits to learners.

In April 2009, we published a Gaelic version of *Improving Scottish Education 2005-2008*. We also published advice to support continuous improvement in culture and sports provision in local areas, child protection and corporate parenting. Scotland's future economic prosperity requires an education system within which the population as a whole develop the kind of knowledge, skills and attributes which will equip them personally, socially and economically to thrive in the 21st century. High-quality learning experiences in the areas outlined above will help us to turn this aspiration into reality for all young people in Scotland.

Our new voluntary process of VSE builds capacity for improvement in education services. Inspectors work alongside council staff to contribute their knowledge of practice across the country and their expertise in evaluation. This enables HMIE to validate (or not) the process and the conclusions of the self-evaluation. We have maintained and developed our liaison with EAs through our DI and CLD networks, early education national specialists and child protection link inspectors. We have also sustained our strong links in order to build capacity for improvement with all sectors of education through both seconded and part-time AAs. Many EAs regularly use AAs to lead CPD in their local areas in order to build on and share their experiences from involvement in inspection activity.

DIs and child protection link officers have been actively involved in SRAs and Local Area Networks (LANs), processes which are led by Audit Scotland. The intelligence gathering and outcomes of HMIE inspection and review activity have been collated and formed an important evidence base for discussions at local area networks. We have made a significant and valued contribution to this national development as part of operational and strategic groups. Assurance and Improvement Plans (AIPs) for each local authority will be published at the end of June 2010, detailing the level and type of scrutiny required for each council. These will feed in to a National Scrutiny Plan which will help coordinate the work of the scrutiny bodies to avoid duplication and overlap.

Annual engagement by college link inspectors with Scotland's Colleges provides update information to inform risk analysis when scheduling and scoping future external reviews. 'Main points for action' are generated for colleges as output from external reviews. These are then monitored through college HMI visits and annual engagement visits. Each of our college HMIs lead three capacity-building days each year for the 43 colleges in Scotland which supports improvement across the college sector.

Self-evaluation is an integral part of the model for DWP inspections and is highlighted in the Handbook for Inspection of Employability Programmes. Both in preparation for, and in our inspections of, welfare to work provision funded by DWP, we have focused on the need for high quality self-evaluation. Self-evaluation is also being explored in a range of ongoing interactions with providers.

Supporting Curriculum for Excellence

We have published on our website, a number of reports which support key developments in curriculum areas and interdisciplinary learning for *Curriculum for Excellence*. These have included effective practice in the ten elements of the *Early Years Framework*, the technologies and nurture groups in primary schools, work-related learning and home economics in secondary schools and listening to the voices of children in the development of practice. Our latest report in the *Count Us In* series focused on the good practice in some schools and local authorities in helping Scotland's newly-arrived learners. Many school and local authorities are currently facing the challenge of catering effectively for such learners. Publications in the college sector have set out sector leading practice in computing, adult literacy, programmes for learners with profound and complex needs, creative digital industries and sustainability. The HMIE website also contains examples of cross-sectoral work to help promote the GIRFEC agenda, including corporate parenting and the importance of early intervention in ensuring positive outcomes for children and young people. The collation of good practice across sectors in reports such as these outlined above, aims to stimulate debate and ensure that more children and young people benefit from resulting improvements in practice.

Impact of good practice conferences and seminars

We use inspections and other tasks to identify the most successful practice and positive innovation in all aspects of provision. We disseminate and promote this practice, leading to its adoption and improved educational outcomes. Over the past year, we have held good practice conferences in partnership with LTS and the many schools and centres who have contributed. The focus on conferences has included the *Early Years Framework*, computing, technology, mathematics, Scottish history, arts and creativity, work-related learning, autism and religious and moral education in denominational and non-denominational schools. After the conferences, we have worked with LTS to set up *GLOW* areas and CPD packages on *The Journey to Excellence* website. These initiatives have enabled delegates to continue their discussions, to network and to share good practice nationally. They have facilitated local CPD sessions using packages that can be tailored to local circumstances. We have also provided support for a range of other Scottish Government sponsored conferences and others in partnership with LTS, the SQA and initial teacher education establishments. All of these conference and launch events have been well attended by professionals across sectors and feedback on the events has been overwhelmingly positive. Collated information on the feedback from our good practice conferences can be found on the *HMIE Performs* area of our website.

In January 2010, as part of our evaluation of the impact of our good practice activities, we improved our approach to identifying good practice in inspections. In future we will place examples of practice which is worthy of sharing on *The Journey to Excellence*. This will give practitioners access to high quality practice in one location. In the second round of child protection inspections, reports now include examples of good practice which continue to be exemplified on the HMIE website. For sector-leading practice in colleges, we are continuing to develop the *Showcase for Excellence*⁶ area on our website and *The Journey to Excellence*.

The Journey to Excellence

In December 2009 we launched an improved version of *The Journey to Excellence* website. Following a range of stakeholder consultations, the new site allows users to make more effective use of the increasing range of materials available. It provides high quality educational resources, including video footage, to strengthen implementation of *Curriculum for Excellence*. In addition, we have developed a series of professional development packs and good practice video links. As part of our ongoing commitment to continuous improvement, we have commissioned professional researchers to carry out a fuller review of *The Journey to Excellence* and will make further improvements for teachers and their colleagues in the light of findings. Website figures for visits have been growing.

⁶ www.hmie.gov.uk/AboutUs/InspectionResources/Showcase+for+Excellence

Giving professional, evidence-based advice

Over the past year, we have provided a wide range of independent, professional advice to Scottish Ministers and the Scottish Government across the full range of policy issues. These have included key priorities such as *Curriculum for Excellence*, child protection, *More Choices, More Chances*, adult literacy and monitoring progress in physical education. Our advice on the implementation of the *Early Years Framework* has helped to develop improved data and indicators of success for local authorities and establishments. Our focus on the provision of two hours quality physical education each week in every school inspection has helped to raise the profile of national advice in this area. Throughout this year, we have worked with officials in Scottish Government on policy development around the *Public Service Reform Bill* (PSR Bill), looked after children, health and GIRFEC.

We provide Ministers with professional advice on principles, practice and implementation of *Curriculum for Excellence*. Our National Specialists and Lead Inspectors provide specialist advice and evaluative feedback on developments. Current priorities are support for the development of assessment and qualifications, and the model of change required for implementation of *Curriculum for Excellence*. Crucially, our focus on *Curriculum for Excellence* implementation during inspections/reviews – in terms of contextualised, local, professional engagement that can focus on relevant good practice – acts as a strong supporting mechanism and driver for change. It also allows us to gather the first-hand, independent, evidence of progress that in turn informs Ministers and policy colleagues.

The contributions from HMIE to *Curriculum for Excellence* have enabled: professional advice to support the development of guidance for all those working with young people in educational settings; capacity building and the development of practice through the inspection process; and evidence-based, evaluative feedback on progress to Scottish Government, Ministers and other partners. We have seconded key staff to assist colleagues in Scottish Government in the development of *Curriculum for Excellence*, partnership working between education and allied health professional staff and a strategy around CPD.

HMIE have participated in the formation of the new scrutiny bodies SCSWIS and Health Improvement Scotland (HIS) which will come into effect in April 2011. Our experience of leading on the inspection of services to protect children has helped to inform the agenda to develop a model of inspection for children's services which will transfer to SCSWIS.

We continue to promote partnership working through our involvement in international work. During the period September to December 2009, HMIE hosted international visits from China, Japan, Mexico, The Netherlands, Norway and Sweden. We have shared with these visitors the Scottish approaches to inspection, college external review, self-evaluation and the dissemination of good practice. These programmes have included visits to Scottish schools and pre-school centres through links with EAs. All visits have been extremely well received. Our staff also participated in visits to the Scottish Government and key partner agencies from Malawi, Norway and Romania. We continued to participate actively in workshops by SICI including those in Belgium, the Czech Republic, Germany and Ireland.

Securing our own continuous improvement

Impact on our staff

We continue to invest strongly in induction of new staff and in corporate staff development and training. We systematically develop the skills and attributes which are required in inspection team members to ensure that inspection is carried out constructively, while ensuring that evaluations are fair and rigorous. We have developed our PRAISE (purpose relationship, awareness, information gathering, sharing information and enabling) framework for evaluation of all inspection team members. This forms part of the performance management process within HMIE.

Staff from across the organisation are represented on a healthy working lives group to raise awareness of, support and promote the health and wellbeing of all our staff. All staff have taken part in corporate staff development which has helped to ensure a common understanding of key features of our work and of each other's respective roles and responsibilities. Inspectors have taken part in a variety of kinds of professional development to enable them to carry out their roles more effectively. These have included an extensive programme on *Curriculum for Excellence*, key features of the revised models of inspection and review as well and how we conduct ourselves on inspection through our PRAISE framework. We have also made significant progress in rolling out our PRAISE training programme to our AAs and LMs.

We have ensured that CPD is aligned to new emerging priorities, such as SRA, the *Schools (Consultation) Act 2010* and DWP inspections. Early feedback from stakeholders on the impact of our work in SRA and schools consultations as well as inspections and reviews indicate that the training programmes are effective. We have provided an extensive and innovative induction programme to all new inspectors which has enabled them to be confident and well prepared for their work across our four strategic priorities. Evaluations of these training programmes have been reviewed and analysed by directorates, quality groups and senior staff in order to help inform future developments and improvements.

The results of our staff survey were made available in February 2010. Overall, the results from HMIE in relation to other Government departments and other benchmarks were very positive. They showed a high level of staff engagement with the organisation. All staff have been involved in small group discussions to raise issues arising from the survey using an innovative *Three Horizons* methodology. The outcomes of these discussions as well as small seminars in each office with our HM Senior Chief Inspector will be built into a detailed action plan to improve further our corporate health.

Efficiency

As part of the Efficient Government initiative, we had a published target of achieving non-cash releasing savings of £837k through a more proportionate school inspection model. We exceeded this target by achieving a total efficiency saving of £1.086m. This was made up of non-cash releasing savings of £795k and cash releasing savings of £292k, from use of Scottish Government collaborative contracts and use of videoconferencing to reduce business mileage.

External evaluation

To complement our own self-evaluation, we remain committed to independent, external evaluations of our work to help inform development and improvement. We have regular open and constructive links with parent, teacher and headteacher associations, the ADES and other national bodies including SQA and LTS and GTCS. We involve these stakeholders in planning and evaluating changes to inspection processes and other aspects of our work. These links allow us to maintain a well-informed overview of Scottish education and children's services that in turn informs our advice to Ministers and policy colleagues.

We regularly survey the views of headteachers, college principals, staff and parents about inspections by means of external evaluation and research. Since the new school inspection models began in August 2008, almost all headteachers and most staff held the view that inspections have been helpful and almost all staff were positive about the principle of building on the establishment's self-evaluation. Almost all heads of pre-school centres and headteachers in schools and most teachers, rated the helpfulness of our inspections as 'very good' or 'good'. In addition, heads of independent schools with boarding facilities have welcomed the inspection of the boarding accommodation at the same time as the whole-school inspection. The post inspection questionnaires completed by parents have been very supportive of our work and all parents held the view that inspections were worthwhile. Parents found our inspection reports helpful. We also received regular feedback from teachers' professional associations on the process and outcomes of inspections. These comments are collated, analysed and used to support future CPD and training within HMIE. Our post-inspection questionnaires completed by Chief Officers showed a positive view of child protection inspections. Most Chief Officers evaluated the inspection as helpful and considered the inspection feedback as 'very good' or 'good'. The feedback to date from external stakeholders in relation to the revised quality arrangements for Scotland's colleges has been very positive.

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Section 3

Looking ahead to 2010-11

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The targets set out below for 2010-11 are organised under our strategic priorities.

Strategic priority 1

Giving assurance and bringing about improvement in standards and quality through inspection and review

- 1.1** We will undertake programmes of inspection in pre-school centres, schools and child protection services to enable us to give assurance to parents, Ministers and the general public. Evaluations from these inspections will provide core data for some of the Government's national indicators in the National Performance Framework (NPF).

- 1.2** We will inspect educational psychological services (EPS) in those local authorities which have not yet had these services inspected.

- 1.3** We will undertake a programme of follow-through inspections in pre-school centres, schools, residential special provision, secure units, community learning and development (CLD) and child protection services in line with our commitment to stakeholders.

- 1.4** In conjunction with a range of other bodies, we will undertake programmes of inspections/reviews of:
 - voluntary sector organisations;
 - learning, skills and employability provision in prisons; and
 - independent schools seeking registration.

- 1.5** As part of a Service Level Agreement (SLA) and a contract, we will undertake reviews of colleges and inspections of employability programmes contracted by the Department for Work and Pensions (DWP).

- 1.6** We will issue 95% of all draft inspection/review reports within six working weeks of the end of the inspection/review or within timescales agreed with partner bodies.

- 1.7** We will publish 95% of all inspection/review reports within ten working weeks of the end of the inspection/review or within timescales agreed with partner bodies.

- 1.8** We will consolidate and further improve our approaches to inspection and review to make sure that they build on self-evaluation and are firmly focused on outcomes for children and young people.

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- 1.9** We will continue to contribute to the development of approaches to inspecting services for children as agreed with other bodies within the new scrutiny arrangements.
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- 1.10** We will continue to contribute to the streamlining of inspection at strategic level in local councils in partnership with other national agencies and inspectorates.
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- 1.11** We will undertake scrutiny activities as outlined in the National Scrutiny Plan.
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- 1.12** We will undertake a programme of inspection of employability provision funded by the Department for Work and Pensions.
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- 1.13** We will report on educational aspects of councils' proposals under the *Schools (Consultation) Act 2010*.
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HMIE Strategic Priority 2

Building capacity for improvement

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- 2.1** We will provide support and prepare for publication a further range of advice to support self-evaluation.
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- 2.2** We will continue to add publications to our website aimed at supporting implementation of *Curriculum for Excellence*.
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- 2.3** Through conferences, seminars and other means as appropriate we will disseminate and encourage the uptake of good practice.
-
- 2.4** We will continue to develop *The Journey to Excellence* online digital resource, building in new technology as this develops, disseminate and pilot a 'Futures Kit' relating to strategic vision and improvement planning in schools and education authorities (EAs), upgrade the professional development packs, particularly in relation to literacy and numeracy, and target teacher and headteacher audiences to support wider improvement activities through *Curriculum for Excellence* implementation.
-
- 2.5** We will carry out validated self-evaluation (VSE) exercises with local authorities.
-
- 2.6** We will continue to support the development of self-evaluation and improvement with Child Protection Committees through link inspectors.
-
- 2.7** We will provide additional support for the implementation of *Curriculum for Excellence* during August to December 2010, in partnership with local authorities, practitioners and national organisations.
-

HMIE Strategic Priority 3

Giving professional, evidence-based advice

- 3.1** We will provide high quality advice within agreed timescales to Scottish Ministers and relevant Directorates of the Scottish Government on a number of key aspects including *Curriculum for Excellence*, *Getting it right for every child (GIRFEC)*, *The Early Years Framework*, *Skills for Scotland* and *More Choices, More Chances*.

- 3.2** We will continue to maintain and further develop our two-way links with EAs through our District Inspectors (DIs), CLD inspectors and child protection inspectors.

- 3.3** We will continue to link with individual colleges through our college-link inspectors.

- 3.4** We will continue to work in close partnership with key organisations in Scotland to achieve our respective objectives and those of the Scottish Government.

- 3.5** We will link with key organisations across the UK and abroad in order to promote Scotland by providing information, capacity building and advice based on Scottish approaches to inspection and self-evaluation.

HMIE Strategic Priority 4

Securing our own continuous improvement

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- 4.1** We will undertake a comprehensive organisational review to ensure our business model, operating practices and structure are fit for purpose, and design; and implement an organisational development programme to take forward and implement the changes identified.
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- 4.2** We will develop an overarching framework for inspection.
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- 4.3** We will undertake a review of the current school inspection framework, taking stock of how the models of inspection introduced in 2008 are working and identifying changes which can enhance the positive impact and effectiveness of inspections further.
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- 4.4** We will continue to ensure Best Value by evaluating the quality of our work, both internally and externally, with the aim of improving the effectiveness of our inspections and reviews, our impact on Scottish education and the job satisfaction of our staff.
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- 4.5** We will continue to carry out surveys of our staff and take action to address the issues identified.
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- 4.6** We will continue to consolidate the gains made in promoting the health and wellbeing of staff.
-
- 4.7** We will publish data on our performance against environmental targets agreed by our Management Board.
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- 4.8** We will continue to promote HMIE as a learning organisation through the continued provision of high quality training and continuing professional development for all our staff, in particular in relation to new approaches to inspection and transition to social care and social work services (SCSWIS).
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- 4.9** We will continue to explore how learners and participants can be more involved in inspections and reviews.
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- 4.10** We will make further contribution to Efficient Government savings.
-
- 4.11** We will further develop *HMIE Performs* as our public reporting system.
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- 4.12** We will further develop our approach to the identification and dissemination of effective practice, to increase the impact of this work.
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Section 4

Our Corporate activities

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This section sets out our performance in a number of corporate activities.

General enquiries

During 2009-10 HMIE received a total of 802 written enquiries. Of those enquiries dealt by our centrally deployed staff, 231 were about the work of HMIE, 18 were about the role of lay members, 10 were about employment with HMIE, 212 were requests for reports and publications, 64 were requests for contact details and five enquiries were from overseas inspectorates. One hundred and twelve enquiries were passed to specialist areas within HMIE for a response. One hundred and fifty of the requests we received were classified as not being for HMIE. In addition to the written enquiries, we also received 162 media enquiries which were answered by HMIE's Press Officer. Our website provides a graphical representation of this information.

Freedom of Information (FOI) requests

We received 41 FOI requests during 2009-10. This was an increase of six on the previous year. We fully disclosed information in 15 cases and applied exemptions in 18 cases. Four formal reviews were requested. In all of these we still applied exemptions. One request was reviewed by the Office of the Scottish Information Commissioner (OSIC), where HMIE's decision was partly upheld by the OSIC. All requests were answered within the 20-working-day target. Our website provides a graphical representation of this information.

Complaints

We received 99 complaints in 2009-10. This was a decrease of nine on the previous year. Forty-five of these complaints did not come under our areas of responsibility. Of the remaining 54 complaints, eight were about inspections, three were about members of inspection teams, 31 were about a published report and nine were other types of complaints. Other complaints covered a range of enquiries including a letter asking HMIE to become involved in a dispute concerning a teacher and the local authority, and a complaint about a local authority's social work services. Our website provides a graphical representation of this information.

Compliments

We received 118 written compliments during 2009-10 covering a range of areas of our work. For example, we received 78 compliments about inspection staff and 40 about administration staff. Compliments on inspection teams included the following comments: *'this was my first inspection and it was a very positive experience'*; *'the team were extremely professional and pleasant to all our staff and pupils'*; *'enjoyed less formal approach of inspection model and opportunities for chat with inspector throughout week in school'*; *'this was a very positive process for this school and would allay other colleagues concerns regarding HMIE inspections'*. Administration teams were commented on their helpful support and professional advice and guidance. In addition to these written compliments, we also received a high number of informal compliments in all areas of our work. Our website provides a graphical representation of this information.

Performance against environmental targets 2009-10

We once again set a range of environmental targets for the 2009-10 financial year.

Review the effectiveness of HMIE's environmental management system and infrastructure and report on performance against agreed targets in HMIE's 2009-10 Annual Report.

We reviewed the effectiveness of the environmental management system as part of the agenda of our regular meetings of the HMIE Environmental Working Group (EWG).

Maintaining performance on electricity usage at 2,699 kWh per person across Denholm and Endeavour House.

Overall performance was 2,508kWh per person across the two offices. This represents a decrease of around 7% on last year's figure of 2,699kWh.

Move to purchase only renewable electricity for our directly managed offices.

Of the electricity purchased, 10.1% has been renewable energy. We are in discussions to increase this usage to 100% for next year.

Invest in a new, energy efficient heating system for Denholm House.

A new heating system at Denholm House was phased in and completed by February 2010.

Reduce paper usage at Denholm House to below 19 reams per person.

For 2009-10 usage was recorded at just over 17 reams per person.

Maintain performance on water usage at 3.5m³ per person for 2009-10.

Usage was reduced from 3.5m³ to 2.6m³ per person over the year, a reduction of just over 30% on 2008-09 and below both the target set and the Government guideline.

Sign up to the Carbon Trust's carbon management programme for small businesses.

In September 2009 HMIE signed up to the Carbon Trust's carbon management programme for small businesses and we aim to publish our Carbon Management Plan during the second quarter of 2010.

Invest in further videoconferencing equipment to reduce business mileage.

Videoconference equipment was purchased for one HMIE office and further equipment is planned for another office in the year 2010-2011. We saved 55,617 miles in business travel through the use of videoconferencing, a financial saving of over £22,000.

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Section 5

Annual accounts 2009-10

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Management Commentary

History and Statutory Background

HM Inspectorate of Education (HMIE) in Scotland was established on 1 April 2001 as an Executive Agency of the Scottish Ministers under the terms of the Scotland Act 1998. Its operating framework, including financial delegations, is established in the Agency's formal Framework Document. Prior to gaining agency status, HMIE was known as HM Inspectors of Schools, and was part of the former Scottish Executive Education Department.

Principal Activity

HMIE's principal activity is to promote improvements in standards, quality and attainment in Scottish education through first-hand, independent evaluation.

The statement of accounting policies, which have been adopted, is shown at Note 1.

Employee Involvement

Employees are kept informed about the organisation, its people and business through a range of activities, which include regular face-to-face team briefings with managers and attending a range of events including our National Seminar and relevant directorate events.

There is a Partnership Agreement and regular consultation with representatives of trade unions recognised by the Scottish Government. Staff take part in the Scottish Government Employee Survey and participate in task groups and project teams which contribute to the delivery of corporate initiatives.

HMIE has a training and development strategy for all staff. The strategy supports the delivery of HMIE's commitment to meeting the principles of *Investors in People* in maintaining and improving the effectiveness of its work. The strategy pays particular attention to HMIE's own priorities, as set out in the Corporate Plan, and to the development needs of individual members of staff.

Employment of Disabled People

HMIE ensure that all disabled applicants who meet the minimum advertised criteria for a job vacancy will be invited to interview. Disabled candidates are guaranteed the chance to be judged along with everyone else on their abilities. Opportunities are made available equally to disabled members of staff as to others to assist in their career development. Every effort will be made to retain people who have become disabled. This may be done through supplying appropriate equipment or offering different work patterns.

Equal Opportunities and Diversity

As an Executive Agency of the Scottish Government, HMIE adheres to the Scottish Government policy on equal opportunities. All HMIE staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability or religion. HMIE is committed to increasing the diversity of staff within the organisation to reflect the people of Scotland, and to valuing positively the different perspectives and skills of all staff and making full use of these in its work.

Pensions

Pension benefits are provided through the Civil Service pension arrangements. More details on the Principal Civil Service Pension Scheme and the treatment of liabilities in HMIE's financial statements can be found in the annual accounts notes 1.8 and 3.4 and the Remuneration Report.

Details of the pension entitlements of HMIE's Management Board are given in the Remuneration Report.

Payment to Suppliers

HMIE's policy is to pay all invoices not in dispute within 30 days from receipt of the invoice or the agreed contractual terms if otherwise specified. The Agency aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in these terms. The Agency has not paid any interest under the Late Payment of Commercial Debts (Interest) Act 1988.

HMIE is reliant upon the financial information and management system provided by the Scottish Government for all its financial functions. For the year ended 31 March 2010, the Agency paid 100% of all invoices received within the terms of this policy. In October 2008, the First Minister announced that the Scottish Government would aspire to a ten day payment target. For the year ended 31 March 2010 the agency paid 97.8% invoices within ten days.

Performance against key performance targets

HMIE met or exceeded all of the key performance targets agreed for 2009-10. Full details of the targets can be found in the annual report.

Environmental matters and social and community issues

HMIE's core work is to provide assurance and bring about improvement in standards, quality and achievement in Scottish education by means of inspection and review. This work covers all sectors of education in Scotland and makes a significant contribution in expanding opportunities for Scots to succeed.

HMIE sets itself challenging environmental targets each year and reports performance against these. Details are set out in section 4 of the annual report.

Sickness Absence data

For the twelve month period from 1 April 2009 to 31 March 2010, 3.39% of working days were lost as a result of sickness absence.

Personal Data related incidents

There were no personal data related incidents in 2009-10.

Future Developments

In the Strategic Spending Review 2007, HMIE was allocated funding of £16.02m for 2010-11. This figure will be abated by designated savings of £550k although there will be additional provision of £93k the majority of which is intended to cover the salaries of three permanently employed health and nutrition inspectors.

A review of the scrutiny bodies within Scotland is currently in progress. It is planned that HMIE's current responsibilities relating to child protection inspection will transfer to one of the newly formed scrutiny bodies from April 2011.

HMIE is undertaking a strategic review of its activities, including inspection principles and frameworks. The review, Shaping Up, will be conducted throughout 2010-11 and will inform the Inspectorate's next Corporate Plan.

Board Membership

The Agency's Management Board consisted of the senior managers of the organisation and three Non-Executive Board members. These were:

Bill Maxwell	HM Senior Chief Inspector (started 15 February 2010)
Graham Donaldson	HM Senior Chief Inspector (left 7 February 2010)
Frank Crawford	HM Chief Inspector
Alistair Delaney	HM Chief Inspector (started 1 January 2010)
Chris Mclloy	HM Chief Inspector
Neil McKechnie	Director of Services for Children Unit
Kenneth Muir	HM Chief Inspector
Gill Robinson	HM Chief Inspector (returned from secondment 1 July 2009)
Andrew Cubie	Non-Executive Board member
Gary Kildare	Non-Executive Board member
Shirley Young	Non-Executive Board member

HM Senior Chief Inspector was appointed following an open competition. He is a member of the Senior Civil Service and his terms and conditions are those set out in Section 5 and 6 of the Civil Service Management Code.

Other full-time Board Members', including Non-Executive Members', remuneration is determined under the Scottish Government's arrangements that are consistent with Government policy.

Dates of Management Board and attendance by non executive members

26 May 2009 – Andrew Cubie, Gary Kildare, Shirley Young.

30 September 2009 – Andrew Cubie, Shirley Young.

1 February 2010 – Andrew Cubie, Gary Kildare, Shirley Young.

17 March 2010 – Andrew Cubie. Shirley Young

Board Members' Interests

None of the Board members hold any company directorships or have any other significant interests that conflicts or may conflict with their management responsibilities within this Agency.

Related Party Transactions

Details of related party transactions are given in Note 13.

Corporate Governance

The Board meets regularly during the year to progress the business of the Agency. The Board is provided with regular updates from other committees and groups, including the Audit and Risk Committee, providing it with any detailed information required.

Audit and Risk Committee

The Audit and Risk Committee has been set up in accordance with the principles set out in The Audit Committee Handbook as updated in March 2008. This document sets out and explains the purpose behind the Audit and Risk Committee and other details such as the membership of the Committee, the Terms of Reference and the use of Non-Executive Members. It is designed to be used as a good practice guide.

The Committee is chaired by Sir Andrew Cubie who is an independent Non Executive Board Member. The Audit and Risk Committee comprises:

Sir Andrew Cubie	Non-Executive Board Member
David Morrison	Non-Executive Board Member
Shirley Young	Non-Executive Board Member

Dates of Audit and Risk Committee and attendance by non executive members

27 May 2009 – Andrew Cubie, Shirley Young, David Morrison.

16 September 2009 – Andrew Cubie, David Morrison.

10 February 2010 – Andrew Cubie, David Morrison.

Representatives from HMIE, the Scottish Government Internal Audit and Audit Scotland are also invited to attend on a regular basis. The Committee meets three times per year to consider:

- the strategic processes for risk, control and governance;
- the accounting policies and the accounts of the organisation;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity or by Parliamentary Committees, where they affect the organisation's overall performance;
- the impact of external matters affecting the organisation;
- assurances relating to the corporate governance requirements for the Agency; and
- any other developments in risk, control and governance which may be relevant to HMIE.

HMIE has identified a number of risks to the organisation. To manage these risks appropriately, they have been split into corporate, directorate and task level risks. These risks are then graded to low, medium or high priority allowing the correct level of attention to be directed at the risk.

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of the Agency. For the financial years 2006-07 to 2010-11, the Auditor General appointed Audit Scotland to undertake our audit. The general duties of the auditors, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Auditors' remuneration is a notional charge, as notified to us by our auditors, in respect of audit work carried out during 2009-10. No other services were supplied by Audit Scotland during the period ended 31 March 2010.

Internal audit is covered by a service level agreement with the Scottish Government Audit Unit.

Disclosure of Relevant Audit Information

As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Financial Review

Results for the Year

HMIE's expenditure is funded from the Scottish Government Education and Lifelong Learning Portfolio's budget. The results for the year are reported in the attached accounts. Our net operating cost for 2009-10 was £15.6m.

Movements in Fixed Assets

The majority of expenditure on fixed assets was for IT equipment. HMIE also purchased two Videoconference units and replaced the pool car. Expenditure on fixed assets during 2009-10 amounted to £0.1m (2008-09: £0.056m). Disposals amounted to a value of £0.001m (2008-09: £0.001m). Our total net book value of fixed assets at 31 March 2010 was £1.078m compared to £1.201m at the same time in 2009.

Resources

HMIE's original budget of £15.79m from the Education and Lifelong Learning Portfolio was increased by £119k and £11k respectively at the Autumn and Spring Budget Revisions to produce a final budget of £15.92m. Of this, £0.1m was returned to allow it to be utilised for other projects.

The financial results for the year are reported in the attached accounts. They record a net outturn for resource and capital expenditure of £15.69m compared to a budget of £15.82m yielding a net underspend of £0.13m.

Scottish Ministers have allocated funding of £15.56m to HMIE for the financial year 2010-11 which includes a transfer of funding for three health and nutrition inspectors. We do not anticipate any further increases during the 2010-11 financial year unless Scottish Ministers require HMIE to undertake additional tasks on their behalf.

Dr Bill Maxwell

HM Senior Chief Inspector May 2010

HM Inspectorate of Education Remuneration Report For the year ended 31 March 2010

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com

The remuneration of staff below senior civil service level is determined by the Scottish Government. In determining policy, account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account is the Government's policy on the Civil Service and public sector pay and the need to observe public spending controls.

The remuneration of HMIE's Non-Executive Board Members is set by Scottish Ministers taking into account their roles and responsibilities and remuneration levels for comparable public appointments.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. These principles, set out by the Committee on Standards in Public Life (the Nolan Committee) are also applied when appointments are made to Non-Executive Board Member posts.

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.

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

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Management Board of HMIE. The information in this section of the Remuneration Report covering salary and pension entitlements is subject to audit.

Remuneration

	2009-10		2008-09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Bill Maxwell HM Senior Chief Inspector (from 15 February 2010)	10-15 (110-115 full year equivalent)	–	–	–
Graham Donaldson HM Senior Chief Inspector (to 7 February 2010)	90-95 (105-110 full year equivalent)	–	105-110	–
Alistair Delaney HM Chief Inspector (from 1 January 2010)	15-20 (65-70 full year equivalent)	–	–	–
Kenneth Muir HM Chief Inspector	75-80	–	80-85	–
Gill Robinson¹ HM Chief Inspector (returned from secondment 1 July 2009)	65-70 (85-90 full year equivalent)	–	–	–
Neil McKechnie Director of services for Children	75-80	–	70-75	–
Chris McIlroy HM Chief Inspector (partial retirement from 15 April 2009)	40-45	–	75-80	–
Frank Crawford HM Chief Inspector (partial retirement from 2 November 2009)	60-65	–	80-85	–
Wray Bodys HM Chief Inspector (retired 31 August 2009)	30-35 (65-70 full year equivalent)	–	70-75	–
Annette Bruton HM Chief Inspector (resigned 21 August 2009)	35-40 (70-75 full year equivalent)	–	75-80	–
Andrew Cubie CBE* Non-Executive Board Member	0-5	–	0-5	–
Shirley Young* Non-Executive Board Member	0-5	–	0-5	–
Gary Kildare* Non-Executive Board Member	0-5	–	0-5	–

¹ Rejoined HMIE on 1 July 2009 after a period of secondment. Salary includes a non-consolidated performance element relating to the period working with Learning and Teaching Scotland.

* Non-Executive Board member positions are non-pensionable.

The actual figures for salaries and performance related pay fall within the bandings quoted above.

ANNUAL REPORT AND ACCOUNTS 2009-10

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Salary

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

Benefits in Kind

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

Pension Benefits

	Accrued pension at pension age as at 31/03/10 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/10	CETV at 31/03/09	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Bill Maxwell HM Senior Chief Inspector	45-50	0-2.5	765	754	17	–
Graham Donaldson HM Senior Chief Inspector	45-50 plus lump sum of 145-150	0-2.5 plus lump sum increase of 2.5-5	1,110	1,067	37	–
Alistair Delaney HM Chief Inspector	15-20	0-2.5	222	218	8	–
Kenneth Muir HM Chief Inspector	25-30 plus lump sum of 85-90	0-2.5 plus lump sum increase of 2.5-5	628	567	27	–
Gill Robinson HM Chief Inspector	35-40	0-2.5	672	623	15	–
Neil McKechnie Director of Services for Children	5-10	0-2.5	128	100	20	–
Chris McIlroy HM Chief Inspector	40-45 plus lump sum of 95-100	0-2.5	798	866	No increase	–
Frank Crawford HM Chief Inspector	30-35 plus lump sum of 90-95	0-2.5 plus lump sum increase of 2.5-5	751	706	22	–
Wray Bodys HM Chief Inspector (retired 31 August 2009)	–	–	–	–	–	–
Annette Bruton HM Chief Inspector	20-25 plus lump sum of 70-75	0-2.5 plus lump sum increase of 0-2.5	497	463	9	–

Non-Executive Board member positions are non-pensionable.

Civil Service Pensions

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years 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 in respect of 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 RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set up by the Finance Act 2004.

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

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

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

Cash Equivalent Transfer Values

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

Real Increase in CETV

This reflects the increase in CETV effectively 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

No employees left under compulsory early retirement in the year 2009-10.

Dr Bill Maxwell

HM Inspectorate of Education May 2010

Statement of Agency's and HM Senior Chief Inspector's Responsibilities

Under section 19 of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed HMIE to prepare a statement of accounts for each financial year in conformity with the accounts direction included at the end of the notes to the accounts of these financial statements, detailing the resources required, held or disposed of during the year and the use of resources by the Agency during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its operating costs, recognised gains and losses, and cash flows for the financial year.

The Principal Accountable Officer of the Scottish Government appointed the HM Senior Chief Inspector of HMIE as the Accountable Officer. As Accountable Officer, HM Senior Chief Inspector is responsible to the Scottish Ministers.

In preparing the accounts, the Accountable Officer is required to comply with the Government Financial Reporting Manual (FReM), and in particular to:

- observe the accounts direction issued by the Scottish Ministers, 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 FReM, have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer.

Statement on Internal Control

Scope of Responsibility

I assumed Accountable Officer responsibilities on my appointment as HM Senior Chief Inspector with effect from 15 February 2010, when the former HM Senior Chief Inspector, Graham Donaldson, moved to another post within the Scottish Government to lead a review of teacher education.

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

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the organisation accords with guidance from the Scottish Ministers provided in the SPFM and has been in place for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

Risk and Control Framework

All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

HMIE has a risk analysis and management policy in place. A comprehensive HMIE Risk Register has been established, which identifies owners for all key risks that may affect the delivery of our business objectives, and categorises risks using a robust prioritisation methodology. The Audit and Risk Committee monitor performance in managing the risks contained in the register.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March and up to the signing of the accounts the organisation has:

- reviewed and maintained a comprehensive Risk Register. The information from this is gathered from our business planning software. Regular reports are sent to both the Senior Management Group and the Audit and Risk Committee;
- HMIE has Directorate quality groups in place that cover internal evaluation of all aspects of control and delivery;
- there were a number of corporate and directorate level training events held during the year. These provided training and dissemination of good practice to our inspectors, AAs, LMs, corporate service staff and the wider teaching community; and
- risks to information are being managed and controlled. All HMIE staff have now completed the Cabinet Office sponsored Data Handling review. Paperwork is secured in locked cabinets and confidential waste is shredded in all offices. Encrypted memory sticks are available through a Scottish Government selected supplier. Any sensitive information on laptops is encrypted.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit and Risk Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement; and
- comments made by the external auditors in their management letters and other reports.

The following processes have been established.

- The HMIE Management Board sets and monitors the delivery of the HMIE Corporate and Business Plans. The Board comprises the Agency's Senior Management Group and three independent, external members. It meets four times a year and receives regular reports on progress against HMIE's published performance targets.
- The HMIE Audit and Risk Committee is chaired by one of the three external Board members, who makes regular reports to the HMIE Management Board on matters concerning internal control. At least one external member must be present at each meeting of the Audit and Risk Committee.
- Through the Audit and Risk Committee, I receive regular reports from internal audit which include the Head of Internal Audit's opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.
- I chair the HMIE Senior Management Group, which comprises the six senior staff at Director level and the Corporate Services Director.
- The remit of each Director and the directorate structure are designed to make clear the responsibilities for delivering HMIE's business objectives.
- Through the regular and frequent meetings of the Senior Management Group and systematic business review meetings with each individual Director, I receive reports on the steps they are taking to manage the risks in their areas of responsibility, including progress reports on key priorities for HMIE. Improvements to our business planning system also support these reviews.
- The Risk Management Group meets at least twice a year to review the Risk Register and a summary of any changes is provided for each meeting of the Audit and Risk Committee. Task Managers are responsible for identifying and managing risks in their areas of responsibility.

HMIE relies on the Scottish Government Financial and Management Information System for payments and other accounting, purchasing and reporting functions.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

Dr Bill Maxwell

HM Senior Chief Inspector May 2010

Independent Auditor's Report

Independent auditor's report to HM Inspectorate of Education, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of HM Inspectorate of Education for the year ended 31 March 2010 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Operating Cost Statement, Statement of Financial Position, Cash Flow Statement, Statement of changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Agency, HM Senior Chief Inspector and auditor

The Agency and HM Senior Chief Inspector are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The HM Senior Chief Inspector is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Agency's and HM Senior Chief Inspector's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. I report to you whether in my opinion, the information which comprises the Management Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects:

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises section one to five and section seven of the Annual Report and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Agency and HM Senior Chief Inspector in the preparation of the financial statements, and of whether the accounting policies are appropriate to the agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

Financial statements

In my opinion

- the financial statements give a true and fair view, in accordance with Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of HM Inspectorate of Education as at 31 March 2010 and of the net operating cost, changes in taxpayers' equity and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- information which comprises only the Management Commentary included in the Annual Report is consistent with the financial statements.

Regularity

In my opinion in all material respects

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Ruth Brown
Senior Audit Manager
Audit Scotland
Osborne House
1/5 Osborne Terrace
Edinburgh
EH12 5HG

Operating Cost Statement for the year ended 31 March 2010

		2009-10	2008-09
	Notes	£'000	£'000
Administration Costs			
Staff costs	3	12,803	12,150
Depreciation	6, 7	241	300
Other administration costs	4	<u>4,054</u>	<u>4,516</u>
Gross Administration Costs		17,098	16,966
Operating Income	5	<u>1,516</u>	<u>1,156</u>
Net Operating Costs for the Year		<u>15,582</u>	<u>15,810</u>

The notes on pages 58-66 form part of these accounts.

Statement of Financial Position as at 31 March 2010

		2009-10	2008-09	1 April 2008
	Notes	£'000	£'000	£'000
Non-current Assets				
Plant and Equipment	6	1,070	1,187	1,408
Intangible assets	7	8	14	38
Current Assets				
Trade and other receivables	9	401	148	146
Current Liabilities				
Trade and other payables	10	(1,120)	(1,254)	(1,150)
Net Current Liabilities		<u>(719)</u>	<u>(1,106)</u>	<u>(1,004)</u>
Non current assets less net current liabilities		359	95	442
Non current liabilities	10	<u>(124)</u>	<u>(141)</u>	<u>(158)</u>
Net assets		<u>235</u>	<u>(46)</u>	<u>284</u>
Taxpayers Equity:				
General Reserve		157	(118)	212
Revaluation Reserve		<u>78</u>	<u>72</u>	<u>72</u>
		<u>235</u>	<u>(46)</u>	<u>284</u>

Dr Bill Maxwell

HM Senior Chief Inspector May 2010

The notes on pages 58-66 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2010

	Notes	2009-10 £'000	2008-09 £'000
Cash flows from Operating Activities			
Net Operating Cost		(15,582)	(15,810)
Adjustment for non cash transactions:			
Depreciation	6,7	241	300
Audit fee	4	27	27
Capital charges	4	17	18
Movements in working capital:			
(Increase)/Decrease in trade and other receivables	9	(252)	(2)
Increase/(Decrease) in trade and other payables	10	(152)	88
Transfer to assets held for sale		2	
Net cash outflow from operating activities		(15,699)	(15,379)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(103)	(54)
Purchase of intangible assets	7		(2)
Loss on disposal of IT assets		1	
Net cash outflow from investing activities		(102)	(56)
Cash flows from financing activities			
Funding		15,801	15,435
Net financing			
Net increase/(decrease) in cash and cash equivalents in the period		0	0

The notes on pages 58-66 form part of these accounts.

Statement of Changes in Taxpayer's Equity For the year ended 31 March 2010

	General Fund	Revaluation Reserve	Total
	£'000	£'000	£'000
Balance at 31 March 2008	541	72	613
Adjustments for IFRS	(329)		(329)
Restated balance at 1 April 2008	212	72	284
Changes in taxpayers equity for 2008-09			
Non cash charges –cost of capital	18		18
Non cash charges –auditors remuneration	27		27
Net Operating Cost for the Year	(15,810)		(15,810)
Net Funding	<u>15,435</u>		<u>15,435</u>
Balance as at 31 March 2009	(118)	72	(46)
Restated balance at 1 April 2009	(118)	72	(46)
Changes in taxpayers equity for 2009-10			
Net gain on revaluation of Property, plant and equipment		18	18
Non cash charges – cost of capital	17		17
Non cash charges – auditors remuneration	27		27
Transfers between reserves	12	(12)	–
Net Operating Cost for the Year	(15,582)		(15,582)
Net Funding	15,801		15,801
Balance as at 31 March 2010	157	78	235

The notes on pages 58-66 form part of these accounts.

Notes to the Accounts

1. Accounting Policies

In accordance with the Accounts Direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, (reproduced at the end of the notes to the accounts), these accounts have been prepared in compliance with the principles and disclosure requirements of the IFRS based Government Financial Reporting Manual (iFReM), which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) Interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by the HMIE are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors.

1.1 Accounting Convention

They have been prepared under the historical cost convention modified by the revaluation of non current assets to fair value as determined by the relevant accounting standard and in accordance with the IFRS based Government Financial Reporting Manual (iFReM).

1.2 Continuing Activities

The results of the HMIE Operating Statement derive from operating activities, all of which are continuing.

1.3 Change of Accounting Policy

These accounts have been prepared under International Financial Reporting Standards for the first time and the comparatives have been restated from UK Generally Accepted Accounting Policy (UK GAAP) where required. The reconciliation to IFRS from the previously published UK GAAP accounts is summarised at Note 2.

1.4 Property, Plant and Equipment

All PPE assets are accounted for as non current assets unless they are deemed to be held for sale. PPE assets comprise leasehold improvements, furniture and fittings, computer equipment, computer software, plant and machinery and vehicles. They are capitalised at their cost of acquisition and installation. From 1 April 2007, plant and equipment assets that have short useful lives or low values or both are no longer revalued using indices but are reported at depreciated historic cost as a proxy for fair value.

The minimum level of capitalisation of a PPE asset within HMIE is £1,000. Computer equipment, computer software, furniture and fittings include individual assets whose costs fall below the threshold, but as they are of a similar nature, they are grouped together and capitalised.

HMIE does not own any land or buildings. Charges for the rental of accommodation are included in the expenditure account.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to HMIE and the cost can be measured reliably. The carrying amount of any replaced parts is derecognised. All other repairs and maintenance are charged to the operating cost statement during the financial period in which they are incurred.

1.5 Depreciation

Depreciation is provided at rates calculated to write off the valuation of PPE assets by equal instalments over the expected useful lives of the assets concerned. The expected useful lives are as follows:

Leasehold improvements	The shorter of the asset life or remaining lease term
Furniture and fittings	10 years
Vehicles	5 years
Plant and equipment	5 years
Photocopiers	3 years
IT equipment	3 years

Software licences are amortised over the shorter of the term of the licence and the useful economic life.

1.6 Capital Charge

A charge reflecting the cost of capital utilised by HMIE is included in the operating cost statement. The charge is calculated on the average net book value of non current assets and working capital held during the year. For 2009-10 the charge is calculated using the real rate set by HM Treasury of 3.5% (2008-09 3.5%).

1.7 Value Added Tax (VAT)

HMIE receives funding from the Scottish Government Education and Lifelong Learning Portfolio to meet expenditure incurred, inclusive of VAT. However, in order to comply with Government Accounting Regulations and normal commercial practice, operating costs are stated net of VAT where VAT is recoverable by the Agency.

HMIE is registered for VAT as part of the Scottish Government, which is responsible for recovering VAT from HM Revenue and Customs on behalf of the Agency.

1.8 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and non-contributory. The Agency recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Relevant disclosures are reported in Note 3.4. Liability for payment of future benefits is a charge on the PCSPS.

1.9 Operating Income

Operating income represents the income received in respect of the service level agreement held with the Scottish Further and Higher Education Funding Council (SFC), costs recovered in relation to capacity building conferences held during the year and a partnership agreement with DWP.

1.10 Foreign Currency Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where the rates do not fluctuate significantly, in which case an average rate for the period is used. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the operating cost statement.

1.11 Leases

HMIE leases a number of buildings across Scotland. All of these leases are operating leases and the rentals are charged to the operating cost statement on a straight-line basis over the term of the lease.

1.12 Trade payables/receivables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any impairment. A provision for impairment of trade receivables is made where there is objective evidence HMIE will not be able to collect all amounts due under the original terms of the contract.

2. First time adoption of IFRS

Date of transition

	General Fund £'000	Revaluation Reserve £'000	Total £'000
Taxpayers equity at 31 March 2008 under UK GAAP	541	72	613
Adjustment for IAS 19 Employee Benefits	(287)		(287)
Adjustment for SIC 32 Web site costs	(42)		(42)
Taxpayers equity at 1 April 2008 under IFRS	212	72	284

Date of first time adoption

	General Fund £'000	Revaluation Reserve £'000	Total £'000
Taxpayers equity at 31 March 2009 under UK GAAP	343	72	415
Adjustment for IAS 19 Employee Benefits	(433)		(433)
Adjustment for SIC 32 website costs	(28)		(28)
Taxpayers equity at 1 April 2009 under IFRS	(118)	72	(46)

£'000

Net Operating Cost for 2008-09 under UK GAAP

Net Operating Cost for 2008-09 under UK GAAP	15,689
Adjustments to staff costs for IAS 19 Employee benefits	145
Adjustments to depreciation charge for SIC 32 website costs	(13)
Adjustments to cost of capital charge	(11)
Net operating cost for 2008-09 under IFRS	15,810

3. Staff Costs and Numbers

3.1 Staff costs during the year were:

	2009-10	2008-09
	£'000	£'000
Wages and salaries	9,024	8,643
Social security costs	777	747
Other pension costs	1,661	1,677
Agency staff costs	71	86
Associate Assessors	1,270	997
	<u>12,803</u>	<u>12,150</u>

3.2 The average number of persons employed during the year was:

	2009-10	2008-09
Senior Management	7	7
Other permanent staff	205	199
Agency/temporary staff	4	5
	<u>216</u>	<u>211</u>

3.3 Salary costs have increased in 2009-10. There has been an increase in the number of permanent staff together with increased use of associate inspectors and seconded associate assessors. Salary costs for 2009-10 include an increase in the holiday pay accrual and funding transferred to the Scottish Government to contribute to the costs of early retirement. Agency staff costs have reduced as permanent administrative posts have been filled.

3.4 Pensions

The PCSPS is an unfunded multi-employer defined benefit scheme but HMIE is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007 with the next review due at 31 March 2010. Details can be found in the separate scheme statement of the PCSPS Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employer's contributions of £1,661,392 were payable (2008-09 – £1,676,589) to the PCSPS at one of four rates in the range 16.7 to 25.8 per cent (2008-09 – 17.1 to 25.5 per cent) of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

4. Other Administration Costs

	2009-10	2008-09
	£'000	£'000
4.1 Costs		
External advice	62	62
Associate members costs	252	291
Lay member costs	22	31
Travel costs	1,046	1,097
Training costs	145	272
Equipment	7	34
Reports and inspections	728	893
Rent, rates, utilities and maintenance	899	883
Advertising costs (including recruitment)	27	32
Telecommunications costs	82	98
Loss on disposal of fixed assets	1	1
Other office costs	739	777
	<u>4,010</u>	<u>4,471</u>
4.2 Notional costs		
Audit fee	27	27
Capital charges	17	18
	<u>44</u>	<u>45</u>
Total (4.1 and 4.2)	<u>4,054</u>	<u>4,516</u>

5. Income

	Income Received 2009-10	Income Received 2008-09
	£'000	£'000
Fees and charges	1,129	1,126
Other income	387	30
Total	<u>1,516</u>	<u>1,156</u>

6. Property Plant and Equipment

	Leasehold Improvements	Furniture and fittings	Plant and equipment	Vehicles	IT Systems	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2009	789	699	292	13	742	2,535
Additions			21	16	66	103
Transfers	–	–	–	–	–	–
Assets held for sale				(13)		(13)
Disposals	–	–	–	–	(55)	(55)
Adjustments					(30)	(30)
Revaluation	27	–	–	–	–	27
At 31 March 2010	816	699	313	16	723	2,567
Depreciation						
1 April 2009	222	420	232	9	465	1,348
Charge for year	57	60	31	2	85	235
Transfers	–	–	–	–	–	–
Assets held for sale				(11)		(11)
Disposals	–	–	–	–	(54)	(54)
Adjustments					(30)	(30)
Revaluation	9	–	–	–	–	9
At 31 March 2010	288	480	263	0	466	1,497
Net Book Value						
At 31 March 2010	528	219	50	16	257	1,070
At 31 March 2009	567	279	60	4	277	1,187

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	Leasehold Improvements	Furniture and fittings	Plant and equipment	Vehicles	IT Systems	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2008	789	698	292	13	763	2,555
Additions		1	–	–	53	54
Transfers	–	–	–	–	–	–
Disposals	–	–	–	–	(74)	(74)
Revaluation	–	–	–	–	–	–
At 31 March 2009	789	699	292	13	742	2,535
Depreciation						
1 April 2008	165	352	198	6	426	1,147
Charge for year	57	68	34	3	112	274
Transfers	–	–	–	–	–	–
Disposals	–	–	–	–	(73)	(73)
Revaluation	–	–	–	–	–	–
At 31 March 2009	222	420	232	9	465	1,348
Net Book Value						
At 31 March 2009	567	279	60	4	277	1,187
At 31 March 2008	624	346	94	7	337	1,408

7. Intangible Assets

	Software Licences £'000	Other Software £'000	Total £'000
Cost			
At 1 April 2009	117	24	141
Additions	–	–	–
Transfers	–	–	–
Disposals	–	–	–
Revaluation	–	–	–
At 31 March 2010	117	24	141
Depreciation			
At 1 April 2009	113	14	127
Charge for year	2	4	6
Transfers	–	–	–
Disposals	–	–	–
Revaluation	–	–	–
At 31 March 2010	115	18	133
Net Book Value			
At 31 March 2010	2	6	8
At 31 March 2009	4	10	14
	Software Licences £'000	Other Software £'000	Total £'000
Cost			
At 1 April 2008	129	34	163
Additions	2	–	2
Transfers	–	–	–
Disposals	(14)	(10)	(24)
Revaluation	–	–	–
At 31 March 2009	117	24	141
Depreciation			
At 1 April 2008	106	19	125
Charge for year	21	5	26
Transfers	–	–	–
Disposals	(14)	(10)	(24)
Revaluation	–	–	–
At 31 March 2009	113	14	127
Net Book Value			
At 31 March 2009	4	10	14
At 1 April 2008	23	15	38

8. Financial Instruments

As the cash requirements of HMIE are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with HMIE's expected purchase and usage requirements and HMIE is therefore exposed to little credit, liquidity or market risk.

9. Trade receivables and other current assets

	2009-10	2008-09	1 April 2008
	£'000	£'000	£'000
Trade receivables	221	3	16
Prepayments and accrued income	105	99	107
Scottish Government receivables and accrued income	75	46	23
	401	148	146

10. Trade payables and other liabilities

	2009-10	2008-09	1 April 2008
	£'000	£'000	£'000
Amounts falling due within one year			
Trade payables	195	334	544
Other payables	17	17	17
Accruals and deferred income	699	577	304
	911	928	865
Local Authority	184	213	217
NHS		27	7
Other government creditors	25	86	61
	1,120	1,254	1,150
Amounts falling due after more than one year			
Other payables	124	141	158

11. Operating Costs by Strategic Priority

For the Year ended 31 March 2010.

	2009-10			2008-09		
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000
Strategic Priority One	8,472	(1,341)	7,131	7,719	(1,126)	6,593
Through inspection and reporting, promote public accountability for the delivery of high quality education to all learners in Scotland.						
Strategic Priority Two	2,337	(165)	2,172	2,996	(25)	2,971
Work with other organisations to build capacity to provide education and services for children of the highest quality for all users.						
Strategic Priority Three	2,357	(5)	2,352	2,005	–	2,005
Support informed policy development by providing high quality, independent, professional advice drawn from inspection and review evidence and knowledge of the system.						
Strategic Priority Four	3,932	(5)	3,927	4,246	(5)	4,241
Develop and manage HMIE as a best value organisation.						
Net operating costs	<u>17,098</u>	<u>(1,516)</u>	<u>15,582</u>	<u>16,966</u>	<u>(1,156)</u>	<u>15,810</u>

12. Leasing commitments

At 31 March 2010, HMIE was committed to making the following payments in respect of building leases:

	2009-10 £'000	2008-09 £'000	1 April 2008 £'000
Payable in one year	471	466	462
In two to five years	1,817	1,881	1,849
More than five years	1,963	2,370	2,831

13. Related Party Transactions

Her Majesty's Inspectorate of Education is an Executive Agency of the Scottish Government Education and Lifelong Learning Portfolio, which is therefore regarded as a related party. During the year, HMIE had a number of material transactions with the Scottish Government. In addition, HMIE has had a number of other material transactions with other Government Departments and other central Government bodies, such as the Scottish Further and Higher Education Funding Council (SFC) and the department for Work and Pensions (DWP). During the year, the managerial staff and board members have not undertaken any material transactions with HMIE.

14. Capital Commitments and Contingent Liabilities

There were no capital commitments or contingent liabilities existing at 31 March 2010 (31 March 2009: nil, 1 April 2008: nil).

15. Losses and Special Payments

There were no losses or special payments made during the year.

16. Post Balance Sheet Events

There are no material post balance sheet events that require to be adjusted in the accounts or to be disclosed.



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DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 10 April 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

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Section 6

APPENDIX

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- Staffing and structure
- Publications April 2009-March 2010

This section provides some information about our staffing and structure and publications during 2009-2010. Further information is available on our website at www.hmie.gov.uk.

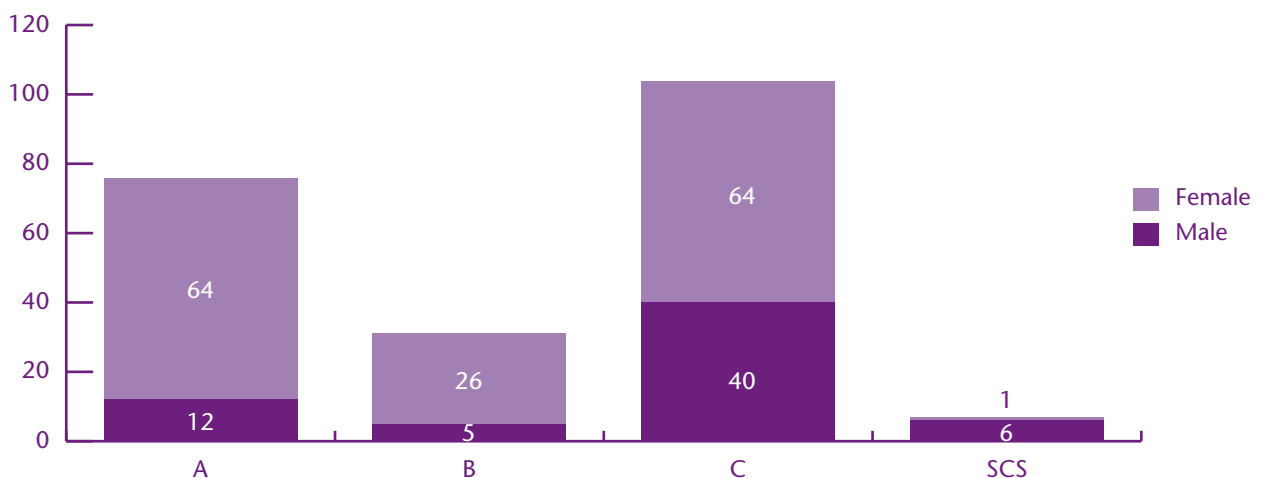
Staffing and structure

HMIE now has nine functional directorates, with two new directorates created in 2010; the HR and Equalities Directorate and the Futures Directorate. Apart from the Corporate Services Directorate, which is led by the Corporate Services Director, the eight other directorates are headed by a Chief Inspector who is supported by Assistant Chief Inspectors, with one directorate headed by a Chief Inspector. HMIE is managed by the Senior Management Group, comprising the Senior Chief Inspector, six Chief Inspectors and the Corporate Services Director. Responsibility for day-to-day management lies with the Assistant Chief Inspectors and the Corporate Services Director.

Our staff comprises HM Inspectors of Education, Inspectors of Services for Children, assistant inspectors, AAs, corporate services staff, LMs, Student Team Members and secondees from partner organisations.

Staff by gender and grade

The table below shows the gender balance of staff in HMIE. Band A and B staff in this chart are corporate services staff and almost all Band C staff are inspectors. HMSCI and Chief Inspectors are members of the Senior Civil Service.



Independent external members of our Management Board

Sir Andrew Cubie CBE, FRSE is a consultant (previously chairman and senior partner) with the long-established law firm Fyfe Ireland LLP. He holds a number of non-executive and executive directorships in public and private companies. He is the Chair of Quality Scotland, the Royal National Lifeboat Institution (Scotland), the SCQF Partnership Company and the Centre for Healthy Working Lives. He is Chair of Voluntary Service Overseas (VSO) in the UK. He is the Chairman of the Northern Lighthouse Board. He is a former Chairman of CBI Scotland, was Convenor of the Independent Committee of Inquiry into Student Finance in Scotland (The Cubie Committee) and was both the Chair of Napier University and the Committee of University Chairs (for the UK).

Gary Kildare is Vice President of Human Resources for IBM Corporation. He is a Fellow of the Royal Society of Arts and a Fellow of the Chartered Institute of Personnel and Development, a non-executive director of the National Skills Academy (Financial Services), a Governor of the board of Napier University, a non-executive advisor to HMRC and a GlobalScot. He has over 25 years experience working as a member of executive management boards at UK, European and global level. He is married with three children and lives in Edinburgh.

Shirley Young is a freelance consultant and trainer working in the field of childhood disability. She brings with her experience of a number of diverse boards and committees. She is currently a member of the Scotland Committee of the Big Lottery Fund. Shirley's personal experiences of having been a young carer and parenting two disabled sons also inform her contribution to the Board of HMIE.

David Morrison is Tax Partner with EQ, Chartered Accountants in Dundee. David is a qualified Chartered Accountant and Chartered Tax Adviser and is currently a Council member of the Institute of Chartered Accountants of Scotland where he also serves on the Qualifications Board, dealing with education matters. David is a regular speaker on tax matters and has a wide portfolio of clients particularly in healthcare and professional practices. David is married and lives with his wife and two children in Broughty Ferry.

HMIE publications April 2009-March 2010

The following were published between 1 April 2009 and 31 March 2010.

HMIE organisational reports:

- Draft HMIE Gaelic Language Plan*
- HMIE Plana Gàidhlig (Gaelic version)*
- Summary of Indicative Quality Indicator Results from HMIE Inspections, 2009*
- Annual Report and Accounts 2008-09*
- Special Edition of Briefing – Spring 2009

Reports on aspects of education

- Improving adult literacy in Scotland*
- Learning Together: Mathematics*
- Learners with profound and complex needs in Scotland's colleges*
- How well do we protect Scotland's children?

- Review of the Contribution of the Scottish Science Centres*
- Sustainability and Scotland's Colleges*
- International Comparisons of College Staffing*
- Creative Digital Industries in Scotland's colleges*
- Computing in Scotland's Colleges*
- Good Listeners – The Context*
- Good Listeners 1*
- Good Listeners 2*
- Developing Successful Learners in Nurturing Schools: The Impact of Nurture Groups in Primary Schools*
- Positive Start, Positive Outcomes*
- Working Out
- How good is our culture and sport?*
- Home Economics: A portrait of current practice in Scottish secondary schools*
- Developing Successful Learners in the Technologies in Primary Schools*
- Learning Together: Lessons about school improvement
- How Good is Our Corporate Parenting?
- How well do we protect children and meet their needs?
- Learning Together: Opening up learning
- Improving Scottish Education 2005-2008 (Gaelic)*

Support for self-evaluation

- Learning Together: Opening up learning in all-through schools*
- Learning Together: International education: responsible, global citizens
- Learning Together: Improving teaching, improving learning
- Count Us In: A Sense of Belonging

* (Electronic format only – on HMIE website⁷)

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www.hmie.gov.uk

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