

Annual accounts

2017-18

An Executive Agency of the Scottish Government

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Chief Executive's Statement

I am pleased to present the Annual Report and Accounts 2017-18, my first since taking up post as Chief Executive in December 2017.

My appointment aside, 2017-18 has been a time of significant change for education in Scotland, and for Education Scotland itself. The Scottish Government has set out an ambition to build a consistently excellent education system which delivers for all our children. The Scottish Government's Next Steps document identified a significantly enhanced role and purpose for Education Scotland, working at a local, regional and national level in delivering that ambition, with a strengthened inspection and improvement function.

Much of 2017-18 has therefore seen us reviewing our current offer, planning for a new role and developing our national and regional offers, including carefully considering how staff will work alongside the new Regional Improvement Collaboratives. Our deployment model needs to fully support the delivery of the Regional Improvement Plans for each region and will see us working in partnership with local authorities, schools, practitioners and other key partners.

We are also supporting the new system with increased frequency of inspection for improvement. We are ensuring greater partnership working, with a strengthened Associate Assessor team, launch of HGIOS4 for pupil participation and the development of a young inspectors programme. The evidence from inspection and scrutiny will be used to share and support learning across the system and drive improvement approaches across Scotland.

We are developing a stronger curriculum support offer to ensure a coherent national voice, and a support programme for Curriculum for Excellence that leads to a sector led self improving education system.

Having reviewed the first round of Regional Improvement Plans, we continue to develop our offer of support and consider how best to organise ourselves to meet the needs of the system. The next round of Improvement Plans, due in September 2018, will be another important milestone in our changed model of support. We will continue to ensure that learning from each of the collaboratives is shared nationally with all our partners.

We have also been exploring, together with the Care Inspectorate, a new shared scrutiny framework for early years. We are working together to develop a single, shared inspection framework that takes the best of both organisations current approaches into one, delivering a commitment that each institution will only be subject to a single inspection per cycle.

We have also welcomed our colleagues from SCEL (the Scottish College for Educational Leadership) into Education Scotland from 1 April 2018. Together our aim is to strengthen and build national support for professional learning and leadership development, providing clarity and coherence to the national landscape.

Closing the gap in performance between children from relatively rich and poor backgrounds continues to be a clear national priority. We have therefore undertaken a programme of inspection in the nine local authorities with the highest concentrations of children living in poverty.

The year-long programme focussed inspections in three key areas:

- improving learning
- raising attainment
- narrowing the poverty related attainment gap.

We have developed the framework for these inspections with an external reference group, and support from the Association of Directors of Education. Through the inspections we want to identify good practice and highlight areas for further improvement. At the time of writing, the first Report is now published.

The above gives a brief flavour of the work the organisation has been doing during the reporting year to ensure that as Scotland's national improvement agency for education, we continue to support teachers, practitioners, local authorities, representative bodies and partner organisations in contributing to the delivery of improved outcomes for learners, with a clear focus on closing the equity gap. Children and young people must be at the heart of our system and responsibility for improvement must be the collective responsibility for all. We, as an organisation, therefore need to be working **for** Scotland's learners **with** Scotland's educators.

There is, of course, much still to be done but we've made a great start and I am confident that our people, working together with key stakeholders, customers and partners, will deliver on our commitment to the children and young people of Scotland.

Gayle Gorman
Chief Executive
27 June 2018

PERFORMANCE REPORT

Overview

Purpose and Activities

History and statutory background

Education Scotland is the key national improvement agency for education in Scotland. It was established on 1 July 2011 as an Executive Agency of Scottish Ministers under the terms of the Scotland Act 1998. Education Scotland brought together the work of Learning and Teaching Scotland (LTS), HM Inspectorate of Education (HMIE) and some functions previously carried out by the Scottish Government, in particular the teams responsible for Continuing Professional Development and Positive Behaviour. The organisation is an Executive Agency of the Scottish Government and charged with supporting quality and improvement in Scottish education and thereby securing the delivery of better learning experiences and outcomes for Scottish learners of all ages.

The organisation's status as an Executive Agency means that it operates independently and impartially, whilst remaining directly accountable to Scottish Government ministers for its standards of work. This status safeguards the independence of inspection, review and reporting within the overall context of the National Improvement Framework.

Improvements in the education sector should impact on the wider community and therefore contribute significantly to the Scottish Government's National Outcomes. We actively engage with health, social services and other sectors to provide a more integrated service to improve the wellbeing and opportunities for learners.

Education Scotland employs 279 staff (265.8 Full time equivalent) and this includes a number of education practitioners as secondees who bring with them the most current thinking and practice within the education profession and are able to take back to their employing organisations, ideas and practice to support improvements. Having streamlined our estate during 2017-18, we are now based at 5 offices in Glasgow, Livingston, Dundee, Aberdeen and Inverness.

Dr Bill Maxwell, Chief Inspector and Chief Executive, retired in June 2017. From July to early December 2017, Karen Reid held the role of Interim Chief Executive while Graeme Logan was Interim Chief Inspector. Gayle Gorman was appointed Chief Inspector of Education for Scotland and Chief Executive on 4 December 2017.

Principal activities

Education Scotland supports quality and improvement in Scottish education by:

- Building a world class curriculum for all learners in Scotland;
- Promoting high quality professional learning and leadership amongst education practitioners;
- Building the capacity of education providers to improve their performance continuously;
- Providing independent evaluation of education provision;
- Influencing national policy through evidence based advice;
- Improving our organisational capability and investing in our people.

Social, community and human rights

Everything we do is designed to contribute to the Scottish Government's national purpose of creating a more successful country with opportunities for all to flourish through sustainable economic growth. Our work in improving quality effectiveness and equality in education contributes directly to the following National Outcomes:

- We are better educated, more skilled and more successful, renowned for our research and innovation;
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens;
- Our children have the best start in life and are ready to succeed;
- We have improved the life chances for children, young people and families at risk; and
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.

Education Scotland pays a minimum of the Scottish Living Wage to all staff and contractors and is a Living Wage accredited employer.

Strategy and Business model

As the national improvement agency for education we support quality and improvement in Scottish education. Our unique combination of roles and capabilities has the ability to blend guidance, support and constructive challenge in ways which increase the pace of improvement across the whole of the education system. We are committed to delivering on our new and enhanced remit. We are also committed to delivering Scottish Government priorities for education, set out in the Programme for Government, National Improvement Plan and the Delivery Plan.

Delivering our support through the new regional improvement collaboratives also means that hands on advice, support and guidance can now flow directly to schools to support improvement. Education Scotland also has a renewed focus on professional learning and leadership, providing clarity and coherence to the national landscape while Inspection remains a crucial tool that supports the system-wide goal of continuous improvement.

All of this means that our improvement planning system will be much more responsive and needs-driven and will continue to evolve over the coming year. We will be working alongside local authority officers, teachers and headteachers engaging in educational

improvement within and across the regions to deliver what we see as our key areas of focus going forward.

We will be developing these key areas further over the coming months and we will present our priorities in a new Corporate Plan during 2018-19. Our performance will be reported in the annual review.

Key issues and risks

The principal risks faced by Education Scotland during 2017-18 were mainly around the uncertainty arising from the Government's Governance Review plus Education Scotland's ability to adapt to local and national demands. Unsurprisingly, colleagues were concerned about what the outcome of the Governance Review would mean for the Agency and for themselves. Even once the outcome was known, the move to a regional delivery model has undoubtedly had an impact on staff morale at times. However, open, honest and frequent communication with people from across the Agency has mitigated this risk. We have been actively developing new methods of deployment for staff and as part of this we appointed the regional improvement leads very early in the process. We are also reviewing our organisational and governance structures to ensure that they are aligned to our new remit.

We recognise, however, the continued need for real clarity about our role and priorities. These will be set out fully in the Agency's new Corporate Plan which will be published later this year.

There was also a key risk that, in a climate of increasingly limited budgets, Education Scotland does not have sufficient resources to deliver its existing and its new remit. This has, and is, actively being managed through regular dialogue with relevant Scottish Government officials and Ministers to ensure clarity around key priorities and to agree the budget for 2018 and beyond. We continue to strive to maximise our effectiveness from staff and non- staff resources.

Going concern

The results of the Statement of Comprehensive Net Expenditure derive from operating activities, all of which are continuing. The financial statements for the year ended 31 March 2018 show comprehensive net expenditure of £25.9m (2016-17 £35.6m) and a net liabilities position of £1.2m (2016-17 £4.9m). The position of net liabilities has arisen as a result of the requirement to account for activities on an accruals basis, whilst recording funding from the Scottish Government on a cash basis. Net current liabilities will be funded by the Scottish Government as they arise. As a consequence, the financial statements have been prepared on a going concern basis.

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 period 2016-17 to 2020-21, the Auditor General has appointed Audit Scotland to undertake our audit. The audit fee for 2017-18 is £37,840. 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 2017-18. No other services were supplied by Audit Scotland during the period ended 31 March 2018. Internal audit is covered by a service level agreement with the Scottish Government Internal Audit Division.

Performance Summary

Key performance targets and outcomes are highlighted below and are reported more fully in the annual review.

During 2017-18 we operated a Programme approach to our operational delivery. Each Programme of work has been overseen by its own programme board with each Board reporting to the Portfolio Board. The Performance Dashboard produced for Portfolio Board, and kept under review by the Audit and Risk Committee, provides information about the position of each programme in relation to progress, risks, management of issues, resources and budget. Each programme also had identified outcomes and performance measures in place by April 2017. The evidence from these outcomes has been included in the narrative within the performance analysis section below of the Annual Report and Accounts. It relates to the outcomes we are achieving and contributing to – such as increases in knowledge and confidence and changes to practice. At the same time we have been developing a new set of Key Performance Indicators (KPIs). These KPIs relate to the main outputs we deliver to achieve outcomes. We are keen to align these KPIs with our new Corporate Plan which is currently under development. The final set of KPIs will be published in 2018. The summary below highlights the key areas of our performance which we currently track and which will inform the development of our KPIs.

Measure	2017-18	2016-17
% of invoices paid within 10 working days	99%	98%
% of FOI requests responded to within 20 working days	92%	82%
% of Ministerial Replies submitted to Private office within 10 working days	88%	90%
% of Official Correspondence responded to within 20 working days	98%	99%
Number of delegates at Scottish Learning Festival	4670	4372
Number of Glow log-ins during the financial year	21,883,316	16,362,753
% of school headteachers/heads of early learning and childcare settings who tell us that inspection findings have been helpful in identifying areas for improvement	96%*	94%
Early learning and childcare services inspections	120	98
Schools (including primary, secondary, special and all-through) inspections	177	140

* The 2017/18 figure is based on post-inspection questionnaires completed by schools/early learning and childcare settings inspected between September and December 2017. Education Scotland is currently piloting a revised post-inspection questionnaire for establishments inspected after December 2017 and this measure will be updated following the analysis of data from the pilot.

Performance Analysis

Attainment and improvement

In 2017/18 Education Scotland has worked with local authorities to explore what change has occurred as a result of the Scottish Attainment Challenge programme, and what the key drivers for this change have been. We have carried out Rapid Outcome Assessments with eight local authorities. This is an approach developed by the Institute of Overseas Development to understand the influence of organisations or projects on policy change. This approach is being adapted and developed by Education Scotland to assist in deepening the local and national understanding of what has actually changed and why, creating a cohesion between different aspects of the Scottish Attainment Challenge programme leading to improved self-evaluation.

We have continued to provide valued support to local authorities. In 2017/18 Education Scotland, working through Attainment Advisors and other key staff, has facilitated collaboration within Challenge and other local authorities. Local authorities have reported that the Attainment Advisor has supported more effective use of data and the targeting of interventions.

Challenge Authorities have also told us that “*Interventions for equity: A framework to support schools*” has directly contributed to the way in which some schools are selecting the interventions they use to support children and young people living in poverty. In 2017/18 we have also made the Education Endowment Foundation’s “*Scottish Attainment Challenge: Learning and Teaching Toolkit*”, which ranks educational interventions that can be used to improve attainment, available through the National Improvement Hub. The toolkit can be used to support practitioners’ decisions about which interventions are likely to lead to the best outcomes for learners.

Between January and October 2017 we led face to face workshops with over 1,500 school leaders across 16 local authorities, to support them to implement appropriate interventions, measures and outcomes using Pupil Equity Funding (PEF). 88% of evaluation respondents (n=325) attending workshops held between April and October 2017 reported high or very high levels of confidence in developing outcomes at the end of the workshop, compared to 15% rating their pre-workshop confidence as high or very high. Qualitative comments emphasised the value of being with other colleagues in similar roles and reassurance that they were ‘on the right lines’.

In February and March 2018 we contributed to seven Pupil Equity Funding (PEF) events, which were attended by over 1,800 headteachers and local authority staff. These events were organised in partnership with Scottish Government, Regional Improvement Collaboratives (RICs) and partners. Each event was tailored to the needs of the RICs and allowed headteachers and other school staff to share effective practice in the use of PEF. An evaluation of the events showed that 74% of respondents found Education Scotland’s keynote presentation very useful or useful.

Ensuring the impact of Curriculum for Excellence

Following the publication of the Benchmarks for all curriculum areas other than literacy and English and numeracy and mathematics in March 2017, we have supported practitioners to use the Benchmarks. Evaluation of this support shows that Education Scotland has helped to facilitate increases in confidence and understanding. For instance, 85% of evaluation respondents (n=53) from the Benchmarks Exemplification Standards and Teaching Expressive Arts Conference in October 2017 reported high levels of confidence in assessing standards within the Broad General Education after the event, compared to 57% before it. The majority of respondents also reported that they found the opportunities for professional dialogue, collaboration and sharing practice at our events particularly valuable.

In September 2017 we organised five conferences on Curriculum for Excellence leadership across Scotland, which were attended by 656 headteachers and senior staff. These events aimed to

provide an overview of national developments, as well as opportunities for professional dialogue and sharing practice. 98% of evaluation respondents (n=179) reported at least one benefit, including hearing about practice they could apply and helping them think differently or find solutions to their current challenges. 73% of respondents reported they intended to revisit school plans and initiatives following the event, and just over a third said they intended to follow up with the new professional contacts they had made. A number of respondents also reported that the events gave them 'time and space' to reflect and think, reassurance that they were 'on the right lines' or that the challenges they faced were not unique to them, and that they were not alone.

Education Scotland's Food for Thought Education Fund gives financial support to develop food and health as a context for learning. The fund aims to improve practitioner confidence in providing progressive, high-quality learning experiences which help to embed food education into the ethos of the establishment. It also provides an opportunity to plan and implement learning experiences which build sustainability and capacity for future development. 99% of respondents (n=94) to an evaluation of the Phase 5 funding distributed in 2017 thought the support they received from Education Scotland as part of the fund was helpful or very helpful. Additionally, 70% agreed that the fund had provided high quality learning experiences in food education that would build sustainability for the future within their establishments.

We worked with the Scottish Library and Information Council to create the self-evaluation document "*How good is our school library?*" published in September 2017.

We have continued to provide extensive support for teachers of numeracy and mathematics through the National Numeracy and Mathematics Hub and the network of local authority numeracy champions. In the last 12 months, the Hub has had an average of 2,051 hits per month and membership of the Hub Yammer group has increased by 157% from 146 to 375 members. Hub Champions have provided impact reports and many show that the support materials on the Hub are having a positive impact on teacher confidence and on the quality of learning and teaching in numeracy within their authorities.

To support curriculum leadership, in July 2017, we published case studies from three secondary schools, which describe some innovative aspects of their senior phase curriculum, including two-year courses leading to qualifications.

Inspection and review

We have continued to carry out a portfolio of inspection and review activity across different education sectors from early learning and childcare to adult learning. In 2017/18 we have expanded our models of shorter, more focused, inspections across early learning and childcare services, primary, secondary and special schools.

In financial year 2017/18 we inspected¹ over 290 early learning and childcare settings² and primary, secondary and special schools³. In addition we carried out over 50 further inspections of early learning and childcare settings and schools, following their initial inspection, to ensure improvements in the quality of education. We carried out 11 inspections of Community Learning and

¹ Number of inspection/reviews in this section refers to on-site inspection activity.

² This includes all local authority, independent, independent-in-partnership, independent-not-in-partnership and grant-aided establishments. It includes nursery classes inspected as part of a primary inspection, all-through or special school and early learning and childcare setting including private, voluntary, local authority family centres and standalone local authority nursery schools

³ Schools include local authority, grant aided and independent schools. Special includes day special, residential and secure accommodation services.

Development services. We undertook five Quality Improvement and Professional Engagement visits to independent schools, as well as pre-registration visits and post-registration inspections.

As part of our Memorandum of Understanding with the States of Guernsey Education Department we completed inspections of four schools in Guernsey.

One of the ways we gather feedback on our approaches to inspection is through issuing post-inspection questionnaires. School headteachers/heads of early learning and childcare settings who were inspected between September and December 2017 reported that the inspection helped them to plan for improvement. 96% of post-inspection survey respondents (n=29) told us that the inspection findings had been helpful in identifying areas for improvement within the school/setting. 93% reported that the inspection was either very helpful or helpful to the school/setting. 93% reported that they found taking part in professional dialogue with members of the inspection team very helpful or helpful. 76% also told us that taking part in this professional dialogue was very helpful or helpful for their staff. Qualitative comments from headteachers/heads of settings describe inspection as a “positive” and “constructive” experience, providing “clear direction” for future actions, and being “done with us, not to us”.

In response to the Scottish Government’s “*Education Governance: Next Steps*”, published in June 2017, we are working in partnership with the Care Inspectorate to further enhance our single shared inspection model for early learning and childcare.

In September 2017, we announced that HM Inspectors, working in partnership with Audit Scotland, would implement a new programme of inspections and report on the progress made by local authorities in improving learning, raising attainment and closing the poverty-related attainment gap. These inspections focus on the nine local authorities that are designated as Challenge Authorities within the Scottish Attainment Challenge. We worked with the Association of Directors of Education in Scotland to develop a new quality framework and inspection model. We have now inspected four of the Challenge Authorities, and will complete the programme of inspections by the end of 2018.

The four-year programme of inspection of educational psychology services in each local authority, using a validated self-evaluation approach, was completed in January 2018. We are currently undertaking a small number of return inspections. We have now integrated the inspection of educational psychology services as part of the inspections of the nine Challenge authorities.

In 2017/18 we introduced a new set of quality arrangements and an associated framework for colleges. The quality framework, “*How Good Is Our College?*”, both builds on the existing effective internal quality arrangements within colleges and aligns with our quality arrangements for other sectors. It also recognises and responds to the extensive changes experienced by the college sector over recent years and takes account of the Scottish Funding Council's arrangements for Regional Outcome Agreements.

We continue to work in partnership with other scrutiny bodies. We undertook four external reviews and five follow-up reviews of career information, advice and guidance services, delivered in partnership with Skills Development Scotland. Working with HM Inspectorate of Prisons we inspected the educational provision of four prisons. We formed part of the teams led by the Care Inspectorate that inspected three joint services for children and young people and undertook two joint follow through inspections of these services. We also inspected four private further education colleges and English language schools, on behalf of UK Visas and Immigration.

A core purpose of inspection is to inform the development of educational policy and practice. We used findings from inspection to provide Scottish Ministers and their officials with evidence-based advice to help inform policy development and encourage improvement throughout the Scottish education system. In the school sector, the evidence and evaluation grades for the quality indicators across a sample of 120 schools (each academic year) and the evidence from pre-inspection

questionnaires provided evidence for the National Improvement Framework evidence report to inform national improvement activity.

We are supporting the Scottish Government in contributing to the review of Personal and Social Education (PSE) by carrying out a thematic evaluation across a sample of schools. We are visiting over 50 early learning and childcare settings and schools to provide evidence on the effectiveness of the PSE/Health and Wellbeing programme, specific counselling services and pastoral care provision. This will enable us to provide evidence for a report, scheduled to be published in financial year 2018/19.

We are continuing to review and develop our approaches to inspection and review. In accordance with the Scottish Government's "*Education Governance: Next Steps*" we will strengthen further the role of inspection as a positive tool within Scottish education which supports improvement.

Early learning and childcare

Since the commencement of the Scottish Government trials of the 1140 hours delivery model, we have continued to meet with the seconded Scottish Government trials team and Scottish Government researchers responsible for the evaluation to provide professional advice and guidance.

Since February 2018 we have, in partnership with the Care Inspectorate, been involved in evaluating the quality aspects of the Scottish Government trials in the 14 participating local authorities. A report will be provided to the Scottish Government in May 2018.

Additionally, we provided professional advice to Scottish Government to support the development of "*A blueprint for 2020: The expansion of Early Learning and Childcare in Scotland: Quality action plan*". We have provided further support in the development of quality criteria for funded providers of early learning and childcare to be published later this year.

We contributed to a range of events delivered by three partnership organisations and published four articles in the Early Years Scotland magazine. These support improvement in various aspects of practice in relation to early learning and childcare.

As part of our on-going work to support practitioners, we published a professional learning resource to support early learning and childcare practitioners on the use of and understanding of schema, an aspect of child development.

National Improvement Framework

We published the final Benchmarks for literacy and English and numeracy and mathematics in June 2017. Since April 2017, we have delivered 33 professional learning events on quality assurance and moderation for over 300 practitioners from all local authorities. These staff lead and promote assessment and moderation within their local authority to improve the consistency of moderation practice. The events have focused on numeracy, reading and writing. Across the events, evaluation respondents reported they had increased their understanding of achievement of a level, their understanding and confidence in moderation, and their understanding of assessment. For instance, 98% (n=52) of evaluation respondents attending reading events in November 2017 reported an increased understanding of moderation.

Evaluation respondents also reported that the time for professional discussion at these events has been a key benefit. All evaluation respondents (n=16) who attended the 4th level reading event in November 2017 reported that our events were the main driver (in comparison to any other support) for increasing their understanding and confidence in assessment and moderation. Many attendees

at the events also reported that there is now improved moderation and assessment practice at school, cluster and authority levels.

In autumn 2017 we launched the Moderation Hub and new moderation cycle. The moderation cycle is designed for use by practitioners to support their understanding of moderation. The Moderation Hub is a virtual learning environment delivering career-long professional learning on all aspects of the moderation cycle. It provides professional learning on moderation, an in-depth look at each step of the moderation cycle and a one-stop-shop for key documentation. This approach is designed to support the consistency of teachers' professional judgment, both locally and nationally.

In August 2017 the Scottish Government launched the Scottish National Standardised Assessments. Over the last year, we have provided significant support for these in terms of educational content and design. We provided quality assurance of assessment questions to ensure these are culturally and linguistically appropriate, and at the right level of challenge, for learners in Scotland, in line with Curriculum for Excellence levels. We have developed Scottish National Standardised Assessments for Gaelic Medium Education, and organised professional learning in assessment and moderation in Gaelic Medium Education, including use of the Benchmarks.

We have gathered feedback about "*Driving Excellence and Equity: Advice on School Improvement Planning 2017/18*" from headteachers, practitioners and local authority leads (n=139). Qualitative evidence highlights what has been done differently as a result of the guidance, including increased consultation with stakeholders, involvement of parents, learners and collegiate approaches to planning. They also increased focus on NIF priorities, made changes to templates and guidance and increased focus on measures and use of data.

We have delivered two Research Cafes for practitioners, which aim to share research on family learning. Evaluation of these Cafes shows that they increased participants' understanding of legislation and confidence in supporting learning at home in their own establishments. All evaluation respondents (n=22) who attended Research Cafes held in November 2017 indicated that they were either very or extremely likely to share the content. We have also developed a new Family Learning Framework on the National Improvement Hub. This resource is for everyone who works with families in early learning and childcare, schools, colleges, community learning and development, or in the third sector, to support the planning and delivery of family learning.

Digital literacy and learning

Digital Learning Week 2017 was a success, resulting in 400 activities taking place in schools across Scotland (258 more than the previous year – a 181% increase on the 2016 event). Feedback from the week was positive with enquiries coming into the team at the beginning of the year for information on the plans for National Digital Learning Week 2018.

Glow usage has continued to increase with 3,198,508 logins during March 2018, being the highest ever number of unique users and logins since Glow records commenced in 2011. The year on year comparison shows a 60% increase in the number of logins since March 2017. In the 2017 (Glow) Survey of Digital Learning and Teaching, 86% of teachers who responded used Glow. 82% of pupil respondents used Glow in school and 58% used it outside of school. Glow was awarded a place in the inaugural [Jisc EdTech50 list](#), which highlights notable people, projects, products and initiatives in the field of education technology in the UK.

Digital and social media are becoming an increasingly important aspect of our delivery. Recent Education Scotland Tweets on the use of Glow for remote learning have been the most popular since National Digital Learning Week in 2017 (with 132 retweets and 126 likes from one tweet alone – a reminder on how to access school work online through Glow from any internet connected device). The Technologies Glow Community received 10,625 views and 777 unique users in March 2018, with increasing numbers of teachers accessing learning and teaching materials for Digital Literacy, Computing Science, Cyber Resilience and Internet Safety.

59% of schools have been reached by the Barefoot Computing programme, with 4,886 teachers signing up to receive career long professional learning through 348 workshops aimed at providing skills and resources to teach Computing Science. Scottish education is the highest user of Barefoot Computing compared to other UK nations and this is down to the coordinated campaign of events with BT and the embedding of computing science into the career long professional learning package of support offered to local authorities. The Barefoot Computing programme provides Education Scotland with data on engagement of schools and teachers with both Computing Science in early years and primary and the digital agenda more broadly

55 schools have been awarded the Digital Schools Award, 54 Primary and 1 Secondary school. 1 in 4 schools have now registered. The support provided to schools making applications and the campaign to raise the profile of the awards via local authorities have both received positive feedback and led to the high level of registrations. These have led to over 70 schools now being profiled and monitored through the scheme, with regular contact driving engagement and progression.

National Improvement Hub and online estate

Our online estate was migrated to a new platform with enhanced search functions to allow users to search more than one site in a single search. Websites included were:

Education Scotland – Corporate web site which provides information that is appropriate to the general public.

Parentzone Scotland – Provides information and improvement content directly related to parents.

NQs Online – Provides an overview of the current framework of National Qualifications, with information on courses, units and awards for school leaders and classroom teachers.

National Improvement Hub – Provides improvement materials, guidance and resources for education practitioners.

Local authorities and Regional Improvement Collaboratives

HM Inspectors (Area Lead Officers) from the Local Authorities Team represent Education Scotland in the annual Shared Risk Assessment (SRA) process. The process is co-ordinated by Audit Scotland and includes the evaluation of the education functions of all 32 councils. It identifies those local authorities where a scrutiny response is required. We have updated the Shared Risk Assessment of local authority educational performance and Local Scrutiny Plans have been prepared by Audit Scotland

Bespoke support and capacity building has been provided to almost all local authorities. 97% of evaluation respondents (n=107) who attended quality assurance and evaluative writing training events run by Area Lead Officers rated the events as excellent or very good in terms of how effectively they met their aims.

During 2017/18, HM Inspectors fulfilled relevant statutory duties including the preparation of reports in relation to 36 consultations carried out by councils under the Schools Consultation (Scotland) Act 2010. Most of the reports by HM Inspectors have now been published on our website and others will publish in due course.

A team of six full-time Regional Advisors have been deployed for each of the six Regional Improvement Collaboratives (RICs). Each RIC submitted a phase one plan in January 2018. Each of these has been reviewed by the Chief Inspector and feedback provided. Phase two plans are due to be submitted in September 2018.

Regional Advisors are working alongside Regional Improvement Leads to develop planning, and brokering short term support required from the agency up until new plans are submitted. They have coordinated an early support offer and will play a central role in leading regional support teams going forward. Regional Advisors have provided bespoke areas of support, for example around capacity building for improvement and effective use of data.

Staff across Education Scotland have developed a generic offer of support for the RICs. The offer includes elements from a broad range of our current provision. This offer will develop and evolve over time as new staff are recruited and the organisation has increased capacity to deliver its new enhanced role and remit.

Professional Associates from each of the 32 local authorities are in place to support the programme of inspections evaluating and reporting the progress made by local authorities in improving learning, raising attainment and closing the poverty-related attainment gap.

Inclusion and equality

We have developed and published Education Scotland's Equality Strategy and Equality Policy. These are designed to support Education Scotland in mainstreaming the Equality Duty as defined in the Equality Act 2010. They set out our vision and long-term plan designed to deliver our equality outcomes. They also support us in delivering the Scottish Government's commitment to delivering excellence and equity in Scottish education. We also published Education Scotland's Equality Mainstreaming Report for 2015-17 to share how Education Scotland has met its mainstreaming equality duty for this period throughout the organisation, as required by the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. We delivered 2 all staff events on equality to develop awareness of our duties and responsibilities and to develop understanding of unconscious bias. 67% of Education Scotland staff (n=126) completing an evaluation of our equalities staff conference in December 2017 reported that the event had increased their awareness of equality and diversity legislation. We have collaborated nationally, including with our Diversity and Equality Network of equality stakeholders, to develop our Equality Strategy and Policy and on our approaches to inspection, self-evaluation and prejudice-based bullying. We worked with BEMIS and CRER to peer-review learning and teaching resources relating to race equality, and with Who Cares? Scotland to write a draft Corporate Parenting strategy. We also worked in partnership with the Scottish Government's Race Equality Team to deliver on actions from its Race Equality Action Plan.

We have continued to develop the range of equality resources available on the National Improvement Hub, including: resources to support LGBT young people and those who are part of LGBT families; inclusive practice in action – how two schools are successfully working with the travelling Showmen community; the Heritage and Inclusion Project – supporting BME young women in secondary school; and Glasgow Girls: Campaigning for the rights of asylum seekers (learner participation).

In building resilience through safeguarding, we have delivered our commitments in the National Action Plan to prevent and tackle Child Sexual Exploitation (CSE) and female genital mutilation (FGM) by leading two CSE events in collaboration with Barnardo's and Police Scotland. We have also developed, published and made links to a range of resources on the National Improvement Hub on Prevent, CSE and FGM. We continue to develop our networks and build capacity through information events, including with child protection leads in education authorities at which 23 attendees participated.

We have worked with the Scottish Government Response Unit to provide evidence to the Scottish Child Abuse Inquiry, including in response to four Section 21 notices.

We have developed and delivered a range of professional learning resources and professional learning in wellbeing and resilience, nurturing approaches, recognising and realising children's rights and relationships and behaviour. These include:

- 4 professional learning events on "*Applying Nurture as a whole school approach: A framework to support self-evaluation*" (approximately 120 participants);
- 4 day events on secondary and primary nurturing approaches (approximately 62 participants from schools and local authorities);
- A pilot project on the "*Implementation of the learner participation in educational settings*" guidance (attended by headteacher and/or depute headteachers from 8 schools);
- 7 national professional learning events on restorative approaches and supporting local authority professional learning in 7 local authorities;
- 6 events to support implementation of "*Respect for All: The national approach to anti-bullying for Scotland's children and young people*"; and
- 6 events focused on "*Included, Engaged and Involved Part 2: A positive approach to preventing and managing school exclusion*" (approximately 210 attendees).

We have continued to develop and embed the Mentors in Violence Prevention (MVP) programme, in partnership with the Violence Reduction Unit in the Scottish Government. In academic year 2017/18 the programme provided training in a further 10 local authorities, reaching a cumulative total of 129 schools which have staff trained in MVP. Participants completing post-course evaluations (n=137) agreed or strongly agreed that the training had been worthwhile (96%) and that they would recommend the training (97%). As of March 2018, MVP is being delivered in 21 local authorities and at least 1500 mentors are trained annually. Young mentors develop the skills to identify abusive and violent behaviours and develop safe options to support and challenge their peers.

We have delivered 29 professional learning events, attended by over 1,700 practitioners, to support a range of training and dissemination opportunities focusing on dyslexia, inclusive practice, and the refreshed Addressing Dyslexia Toolkit. Participants confirmed that the events provided opportunities to further develop their knowledge of dyslexia and inclusive practice. This includes practitioners from early years, Primary, Secondary, CLD, FE and parents, carers, children and young people. Respondents to event evaluations (n=253) confirmed that they felt the events and delivery were good or excellent'. We have developed and published a further three professional learning online modules on Dyslexia and Inclusive practices. Participants are asked to complete an online module survey after completing the modules and of those who had answered by the end of February 2018, 88% (n=76) felt that module 1 had improved or greatly improved their knowledge and understanding of dyslexia and inclusive practice and 79% (n=14) felt that module 2 had increased their knowledge and understanding. Three full day master classes were delivered for the Module 2 & 3 GTCS Professional Recognition Pilot in which 30 pupil support teachers (support for learning, representing 25 local authorities) are participating.

We presented at the Parliamentary Cross Party Working Group on Dyslexia involving approximately 30 people.

We continue to influence national and European policy on inclusive practices including through contributing to working groups such as SAGRABIS, AGGPOM, AGASL and LGBTI+WG, providing evidence to the Equality and Human Rights Committee and Parliamentary Cross Party Working Group on Dyslexia. Collaboration with the European Agency for Special Needs and Inclusive Education (EASNIE) has included participating in a peer learning event in Malta on ET 2020 Working Group on Citizenship: Inclusive education as the most effective means for preventing social exclusion in today's diverse society.

We have continued to support the work of the Youth Justice Board and its Developing Capacity and Improvement and Improving Life Chances Implementation Groups. This includes leading work to develop a workforce development approach to support career long professional learning, an on-line improvement tool based on the Place Standards model and the contribution and promotion of an improvement resource on educational exclusion and inclusion. Through our work with the Scottish Prison Service (SPS) as part of their National Advisory Group, we have developed a Life Skills resource for Her Majesty's Young Offenders Institution Polmont to help staff supporting young people and women in day to day engagement. We have also delivered introductory training on English for Speakers of Other Languages (ESOL) initial assessment to literacy, numeracy and ESOL tutors who work across all of the SPS estate. We have worked with SPS's Learning and Skills team to design a new learner-centred and progressive education screening tool to replace the Big Plus literacy and numeracy screening tool.

Developing the Young Workforce

In order to drive forward the implementation of the Career Education Standards 3-18 we have delivered a range of career long professional learning events, including the Scottish Learning Festival in 2017, where DYW seminars and partnership events with Scotland's Enterprising Schools were delivered to more than 800 practitioners.

In the last year we have developed a wide range of online resources such as the Senior Phase design tool (part 1), Learning Resources 5: Introduction to Creativity Skills, DYW Quick Guide, DYW Information Updated and published 10 exemplifications to support, promote and raise awareness of the Career Education Standards. Additionally, we have increased the extent of our communications with practitioners by re-designing the DYW e-bulletin/newsletter (over 3300 subscribers), facilitating an active Yammer online discussion forum (279 participants) and increasing our Twitter activity (over 4350 followers).

In response to a recommendation on profiling around DYW, featured in the Career Education Standards 3-18, a national working group was established in March 2017 to provide new guidance and support on profiling. Over the year since its establishment, work has been undertaken in collaboration with Skills Development Scotland and supported by more than 30 stakeholders and practitioners. In the last year, draft guidance has been produced alongside a learning resource and a new skills profiling tool for learners on My World of Work. Interesting practice exemplars have also been identified and will be used to support the guidance going forward.

In partnership with Scottish Government, we organised 2 events for the DYW Local Authority Leads and College Leads network (approximately 50 attending across both), which is made up of those with responsibility for DYW within authorities and colleges, and 2 joint events with both this group and the DYW Employer Regional Group. The events provided national updates and focused on enabling participants to identify areas which might benefit from closer collaborative working across authorities and college regions. A survey of network leads showed that 83% (n=18) felt that our contribution to the networks had been helpful or very helpful in supporting collaborative working and 67% said that we had increased their awareness of the benefits of collaborative working. Additionally, 61% felt we had supported them to work collaboratively with partners through, for example, providing opportunities for professional discussion and helping them to identify potential contacts. When asked if our contribution to the networks had increased awareness of the Career Education Standards, 61% said that it had.

In partnership with the Institute of Physics and Skills Development Scotland, we have delivered the Improving Gender Balance initiative as part of the National STEM project (Science, Technology, Engineering and Maths), working with schools in six clusters. As a result of this intervention, practitioners in the cluster schools feel that there has been a positive impact in a number of areas including promoting gender balance. Approximately 85% of respondents (n=171) to an impact survey in June 2017 indicated that promoting gender balance had a high or medium priority in the

school after the intervention. Initial interviews with staff in cluster schools also indicates that there is an increased awareness of gender balance.

We continue to fund the Creative Learning Networks (CLN), in partnership with Creative Scotland. 88% of CLN Co-ordinators who completed a survey (n=16) felt our support, funding and resources had been very helpful or helpful for work with practitioners around creativity. Additionally, 69% felt the annual NCLN event, which we organised, helped in at least one area of their work with practitioners, such as making them think about how they could work with partners to build practitioners' capacity for creativity and how to increase practitioners' understanding of creative approaches and their benefits to learners. 75% of respondents indicated NCLN development days had helped in at least one area of their work e.g. increasing awareness of tools and resources to support practitioners with creativity skills and different approaches to engaging with practitioners around creativity. When asked about our creativity resources, 75% said they had used them e.g. to increase practitioners' understanding of creativity skills and help increase their understanding of the importance of creativity in developing skills for learning, life and work.

Community Learning and Development

The Community Learning and Development (CLD) Team has continued to support the Adult Learning Strategic Forum. Interviews with the six co-chairs of the Forum's four working groups highlights that Education Scotland has played a significant role in supporting the Forum. The co-chairs reported that Education Scotland had helped to provide a national overview of policy and fostered collaboration, drawing on our credibility and knowledge of the CLD sector. Education Scotland was described as the "glue" helping to support the Forum to deliver its work.

We also delivered a leadership training programme to a cohort of CLD managers in August 2017. Respondents to a course evaluation (n=7) reported that they found the training and the tools highlighted as valuable, and planned to use the learning within their own contexts, particularly to help them facilitate difficult conversations and stimulate discussions with their management teams.

A series of staff development events for CLD practitioners was delivered in one local authority area in May and June 2017. Evaluations indicate that the events led to increases in confidence and understanding in a range of areas. For example, 64% felt the event had led to an increase in their knowledge of the national drivers that influence CLD (n=11) and that their confidence in the self-evaluation process linked to improvement had increased. Additionally, 92% (n=12) felt their understanding of self-evaluation in relation to CLD had increased, 91% had increased their confidence in terms of preparation for inspection and 75% had experienced an increase in their knowledge of evaluation writing. As a result of the training and work with the council, further areas of work were identified which would consolidate the CLD offer within the authority.

International engagement

As part of our on-going professional learning of educators from 20 other countries, in December 2017 we delivered a professional learning course for 24 Kuwaiti educators, to help them learn about school self-evaluation and how it is used to improve Scottish schools.

95% of the 24 evaluation respondents strongly agreed or agreed that there had been good opportunities to practice and improve their self-evaluation skills. 95% strongly agreed or agreed that it had helped them to improve their understanding of making evidence based evaluations to support self-evaluation. 75% strongly agreed or agreed that they were now a more confident writer and could now write evaluative text to support school improvement.

Through a joint post with the British Council, we have strengthened international engagement across the Further Education sector. In partnership with Skills Development Scotland, we have updated the My World of Work website to better reflect the range of international opportunities available. Working closely with the Scottish Government we have also reviewed a partnership

agreement with Malawi and a new four year arrangement that focuses on leadership and school improvement has been agreed. Additionally, to meet the requirements of the Scottish Government's International Strategy we have put in place early partnership arrangements with Rwanda and Zambia.

We have also led on collaborative work with Scottish partners to conclude a refreshed European partnership agreement with the French government covering the period 2018-2021. This will support a range of areas including modern language learning, teacher professional development and inspection comparisons.

Scottish Learning Festival

In September 2017 the Scottish Learning Festival (SLF) was attended by 4,670 delegates from across Scotland. The keynote events attracted large numbers of delegates and the Deputy First Minister's opening keynote was once again over-subscribed. The International Council of Education Advisers provided a very well attended opportunity to participate in a facilitated discussion for delegates to hear first-hand their views on the areas in which Scotland needs to concentrate efforts in order to continue to build a world-class education system for all the children. In response to a small scale pilot evaluation survey of SLF, delegates reported being inspired and motivated to use new resources or contacts to develop their practice. SLF is relevant and valuable for delegates, as indicated by their intention to share with colleagues and apply learning to practice. Just over 50% of evaluation respondents (n=69) reported they were very or extremely likely to use what they had heard in their practice. 87% of evaluation respondents said they were very or extremely likely to share what they had heard with colleagues.

Financial Review

Education Scotland is funded by the Scottish Government through the Education and Lifelong Learning Portfolio. The total budget allocated at the start of the year was £21.4m and a further £8.7m of budget was transferred from the Scottish Government during the year to fund work which did not form part of the core work remit. The final budget for 2017-18 was £30.1m. Overall expenditure for the year was £25.9m, resulting in an underspend of £4.2m

	Original Budget £'000	Updated Budget £'000	Outturn £'000	Variance £'000
2017-18				
Cash Resource Expenditure (RDEL)	21,003	29,563	25,443	(4,120)
Non-Cash Resource Expenditure (RDEL)	420	420	421	1
Annually Managed Expenditure (AME)	0	120	46	(74)
Total Expenditure scoring against Resource Budgets	21,423	30,103	25,910	(4,217)
Capital Expenditure	20	20	70	50
Total	21,443	30,123	25,980	(4,167)

The financial results for 2017-18 are reported in the attached accounts. They show a net outturn of resource expenditure of £25.9m (2016-17 £35.6m) compared to a budget of £30.1m (2016-17 £36.0m) yielding a net underspend of £4.2m (2016-17 underspend of £0.5m).

Capital outturn was £0.07m (2016-17 £0.14m) compared to a budget of £0.02m (2016-17 £0.05m).

Significant variances

The most significant variances against budget relate to the higher than estimated refund of VAT following a successful appeal relating to the inward secondment of staff to Education Scotland (£2.2m), and re-phasing of work on the GLOW programme (£1.7m).

The full value of the VAT refund (some of which was reflected in revised budgets) was £2.9m and this is reported at note 4 to the annual accounts.

Estates Strategy

Education Scotland does not own any of the office accommodation which it uses. Accommodation is leased or shared with other parts of the Scottish Government. The current estates strategy does not include any plans to purchase office buildings but is designed to maximise the use of current leased buildings and to review our requirement in advance of options to terminate leases at the relevant break point without any financial penalty.

Education Scotland continues to invest in IT hardware and software at a level which is proportionate to the demands of the organisation. We maximise our use of SG systems (for example, accounting, payroll and banking) to ensure that overall costs to the taxpayers are minimised.

Payment of suppliers

Education Scotland 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 Payments of Commercial Debts (interest) Act 1988*.

However, the agency has a target of paying all invoices within ten days. This is above and beyond our contractual commitment. For the year ended 31 March 2018, Education Scotland paid 99% of invoices within ten days (2016-17 98%).

Sustainability Report

The report includes key carbon management and other environmental sustainability information on how Education Scotland can demonstrate progress towards achieving the targets and actions set out in the Climate Change (Scotland) Act 2009 and other relevant legislation. The Climate Change (Scotland) Act 2009 created a long-term framework that set out significant challenges for public bodies.






These are as follows:

- introduce a statutory target to reduce Scotland's greenhouse gas emissions by at least 80 per cent by 2050;
- establish an interim target of at least 42 per cent emissions reductions by 2020, with a power for this to be varied based on expert advice from the UK Committee on Climate Change;
- establish a framework of annual targets; and
- include emissions from international aviation and international shipping.

Education Scotland is committed to ensuring that we contribute to these targets by setting our own internal targets and monitoring our performance against them. We have been active in sustainable development work since inception in July 2011, building on predecessor organisation and teams' sustainability targets and actions.

The actions reported here relate to how we are responding to the challenges of the Climate Change Act across our estate and operations. In this sustainability report we show performance against existing targets to reduce CO2 emissions, energy and water used in buildings, work-related transport, and waste collected from estate, amount of materials recycled and associated costs.

Summary of performance

Area	Performance 2016/17	Status
CO2e	Target – year on year reduction of greenhouse gas emissions.	
Waste	Target – year on year reduction of waste generated.	
Recycling	Target – year on year increase in waste recycled.	
Water	Target – year on year reduction in water usage.	
Travel	Target – year on year reduction in our level of travel.	

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Greenhouse Gas emissions and energy		2016/17	2017/18
Non-financial indicators (tonnes CO2e)	Total emissions	351*	191
	Related energy consumption (mWh)		
	Electricity non renewable	0	0
	Electricity renewable	789*	723
Financial indicators (£k)	Expenditure on energy	113	102

Note: The figures used to work out CO2 emissions are as recommended by the Carbon Reduction Commission (CRC). Electricity is kwh multiplied by 0.00348 (2016-17 0.00446). Source [CRC Energy Efficiency Scheme Order: Table of Conversion Factors Version 6: Published June 2016](#).
*2016/17 includes estimates for March (Tom Johnston Road).

Greenhouse Gas emissions and energy Performance, targets and commentary	
The decrease in consumption this year is as a result of estate rationalisation. Education Scotland moved out of Tom Johnston Road, Dundee at the end of its lease in July 2017.	

Waste and recycling			2016/17	2017/18
Non-financial indicators (tonnes)	Total volume of waste (not inc. construction)		22*	20
	Non-hazardous waste	22*	22*	20
		0	0	0
Financial indicators (£k)	Total waste disposal cost		16	5

*2016/17 includes estimates for Johnstone House.

Waste and recycling Performance, targets and commentary	
All waste is recycled. Contractors sort general waste to recover any recyclables, and the residue which can't be recycled is made into refuse derived fuel for energy from waste plants to produce heat and power.	
Education Scotland's estate changed in 2017/18 due to estate rationalisation projects. Two buildings were vacated following lease expiry; Tom Johnston Road, Dundee and Blair Court, Clydebank. Further reductions in 2018/19 are forecast as a result of these.	
Education Scotland also relocated buildings in Aberdeen due to lease expiry. Waste and recycling information is no longer available for this location.	

Water		2016/17	2017/18
Non-financial indicators (m3)	Consumption	2,994	2,745*
Financial indicators (£k)	Water supply costs	56	49*

Note: Non-financial indicators include water supplied and waste management.
*2017/18 includes estimates for the full year for Optima.

Water Performance, targets and commentary	
The decrease in consumption this year is as a result of estate rationalisation. Education Scotland moved out of Tom Johnston Road, Dundee at the end of its lease in July 2017 and Blair Court in Clydebank at the end of its lease in September 2017. Further reductions are therefore forecast for 2018/19.	
Due to a change in managing agents, estimated consumption has been provided for Optima, Glasgow. We will work with the agents to improve data collection in future years.	

Travel	2016/17	2017/18
Rail (miles)	364,648	340,029
Air (miles)	180,314	222,534
Motor (miles)	756,287	511,833
Fleet (miles)	8,329	7,341
Financial indicators (£k)	519	500
Travel		
Performance, targets and commentary		
Education Scotland undertakes travel to carry out activities such as inspection and reviews. Provision of improved technologies such as Skype for business and video conference equipment has continued to contribute to reductions in the level of travel undertaken.		

Other: Procurement		
Performance, targets and commentary		
Education Scotland follows the Scottish Government's principles of procurement and our procurement policy includes a requirement to ensure that contract specifications reflect the Scottish Ministers approach to sustainability and where appropriate form part of the evaluation of tenders and conditions of contract.		
Education Scotland recognises the importance of a good procurement service in helping us deliver our objectives with limited resources. We have therefore taken the opportunity to engage additional procurement support via the Scottish Government Procurement Shared Services team.		
Education Scotland will continue to enforce a minimum order value for stationery to reduce the number of deliveries.		
Education Scotland monitor paper usage through our stationery suppliers. Following implementation of an electronic records management system our paper usage has almost halved taking us from 1260 reams of paper in 2016/17 to 738 in 2017/18.		

Public Bodies Climate Change Duties

A [Statutory Order](#) came into force on 23 November 2015 requiring public bodies to report annually to Scottish Ministers on their compliance with climate change duties.

The Public Bodies Climate Change Duties Reporting mechanism provides a solid basis for tracking public sector action on climate change and driving continuous improvement. The reporting platform introduces standard methodology to improve data consistency. [Reports and analysis are publically available](#), increasing accountability and transparency.

Gayle Gorman
Chief Executive
27 June 2018

Accountability Report

Corporate Governance Report

Directors Report

The Chief Executive is the Accountable Officer of the Agency and is supported by the Management Board. Full details of the governance structure and risk management arrangements in operation in the Agency are provided as part of the Governance Statement (page 28)

Education Scotland Management Board

The Management Board is chaired by the Chief Executive and includes the Education Scotland Strategic Directors and 6 Non-Executive Board Members.

Chief Executive & Accountable Officer	Dr Bill Maxwell (until 30 June 2017) Karen Reid (interim from 1 July 2017 to 3 December 2017) Gayle Gorman* (from 4 December 2017)
Chief Operating Officer & Director of Inspection	Alastair Delaney (until 18 August 2017)
Strategic Director	Alan Armstrong
Strategic Director	Lesley Brown (until 14 July 2017)
Strategic Director	Graeme Logan* (until 16 February 2018)
Interim Strategic Director	Elizabeth Morrison (from 17 July 2017)
Interim Director of Inspection	Janie McManus (from 9 October 2017)
Interim Strategic Director	Brian Taylor (from 12 March 2018)
Non Executive Board Members	Kate Dunlop Chair of Audit and Risk Committee (resigned 6 March 2018) Michael Ewart Linn Phipps Moi Ali John Fyffe (from 12 October 2017) Stephen Ross (from 12 October 2017)

* Graeme Logan also acted as Interim Chief Inspector for the period 1 July 2017 - 3 December 2017. Gayle Gorman was appointed Chief Inspector of Education for Scotland, Chief Executive and Accountable Officer of Education Scotland on 4 December 2017.

Company Directorships and other significant interests

None of the directors held any company directorships or other significant interests which conflicted with their management responsibilities.

Incidents reported to the Information Commissioners Office (ICO)

There was one data breach that was notified to the ICO during the reporting year. 59 individual O365 mail accounts were accessed by an unknown party via the IMAP protocol in November 2017.

Statement of Accountable Officer's Responsibilities

Under section 19 of the *Public Finance and Accountability (Scotland) Act 2000*, the Scottish Ministers have directed Education Scotland 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 net resource outturn, recognised gains and losses, and cash flows for the financial year.

The Principal Accountable Officer of the Scottish Government appointed the Chief Executive of Education Scotland as the Accountable Officer. As Accountable Officer, the Chief Executive 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 published in the Scottish Public Finance Manual.

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.

Accounts Direction

The accounts have been prepared in accordance with a direction given by the Scottish Ministers in pursuance of the *Public Finance and Accountability (Scotland) Act 2000*. This direction is shown as an appendix to the accounts. As the Accountable Officer, I confirm that the annual report and accounts as a whole is fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Scope of Responsibility

As Accountable Officer for the Agency, I am responsible for maintaining a sound system of governance that supports the achievement of the Agency's policies, aims and objectives set by the Scottish Ministers, whilst safeguarding the public funds and assets for which I am responsible.

My accountability is subject to the respective overall responsibilities of the Permanent Secretary of the Scottish Government as the Principal Accountable Office and the Director General Education, Communities and Justice as Portfolio Accountable Officer.

Corporate Governance Framework

Education Scotland's corporate governance framework and system of internal control comprises the systems, processes and values within which the Agency operates. It accords with guidance from the Scottish Ministers provided in the Scottish Public Finance Manual (SPFM). We are in the process of reviewing the Framework with the aim of strengthening the accountability and assurance processes across the Agency. Auditors are aware of our plans.

Currently, I am supported by an Executive Team (ET) which comprises the Agency's Strategic Directors. ET meets fortnightly as a formal decision making group, responding to strategic and corporate issues. Previously, the Chief Executive was supported by a Corporate Management Group that met on a monthly basis. Financial and budgetary authority is delegated so that resources are managed effectively at an operational level and to ensure best value for the organisation as a whole.

I am also supported by Non-Executive Board Members who provide the Agency with an external perspective, bringing constructive advice and challenge to discussions. They are independent of management. We had four Non –Executive Board members until we recruited an additional two in mid October, specifically to bring senior external education experience to the Management Board.

Together, our Strategic Directors and Non-Executive Board Members provide membership of both the Management Board and the Audit and Risk Committee.

Management Board

The Education Scotland Management Board comprises myself (as Chair), the Strategic Directors and all the Non-Executives.

The Management Board is responsible for supporting and advising on:

- the strategic leadership and direction of the Agency
- achievement of the Agency's objectives
- monitoring of the Agency's performance
- matters affecting the effective and efficient discharge of the Agency's responsibilities.

The Management Board met 4 times during the year to progress the business of the Agency. The Interim Chief Executive could not attend the September meeting, therefore it was chaired by the Interim Director for Inspection. Members also took part in additional

workshops and events to consider Agency priorities such as the business planning workshops.

Audit and Risk Committee (ARC)

The Audit and Risk Committee supports the Management Board and myself by reviewing the reliability and integrity of internal control processes and advising as to whether these meet the assurance needs of the organisation.

The Chair of the Committee in 2017-18 was Kate Dunlop, one of the Agency's Non-Executive Board Members. During the reporting year, the ARC comprised four Non-Executive members and met four times. One of the meetings took place in April 2018, having been cancelled in March due to the adverse weather conditions, and one was in the form of a strategic risk workshop.

The Accountable Officer attended the ARC meetings along with other key personnel from across the Agency with the exception of a meeting in April when calendar pressures meant that the Interim Strategic Director for Governance and Assurance deputised for the Chief Executive.

With the resignation of the Chair in March 2018, we are currently updating the membership of ARC. Rather than bring another of the Agency's Non-Executive Board Member on to ARC, we are appointing an Independent Audit and Risk Committee Member who, in line with SPFM requirements, has relevant financial experience. The Independent Audit and Risk Member will not sit on the Management Board.

The ARC carried out a self-evaluation of its effectiveness during 2017-18 and has agreed changes to the Terms of Reference.

Internal and external auditors also attend the ARC and are able to offer opinion on the adequacy and effectiveness of Education Scotland's risk management, control and governance processes.

Internal Audit

Internal Audit provides independent assurance on the adequacy and effectiveness of the systems of governance, controls and financial management. The work of Internal Audit is informed by the Agency's corporate risk register and by an audit needs assessment undertaken by the auditors.

Internal Audit carried out two audits during 2017-18: Scottish Funding Council Enhancement and Scrutiny and an Annual Corporate Review. They also carried out a special investigation relating to Procurement and Contract Management over National Improvement Hub. Internal Audit provide me, as Accountable Officer, with an overall assurance assessment which is limited this year, but which recognises that whilst our controls are weak, they are developing. Reviewing and strengthening our accountability and assurance processes are key priorities for the Agency, and information about the range of improvement activity can be found in the "Assessment of Corporate Governance Arrangements" below.

External Audit

The Auditor General for Scotland is responsible for auditing the Agency's accounts. The appointed auditors are currently Audit Scotland.

Assessment of Corporate Governance Arrangements

Improving and strengthening the Agency's financial management and governance arrangements is a key priority for the Agency. Over the past year, a number of issues in relation to financial management and the performance of the finance function have been raised. Action is being taken to address these.

In addition, a procurement issue was also raised that has required me to take effective action to address this. Auditors are fully sighted on these matters.

Changes in 2017-18 include, but are not limited to:

- the appointment of two new Non-Executive Board Members with relevant senior educational leadership experience;
- an independent review of our finance function to look at how we manage our internal financial systems and controls;
- a review of the Agency's corporate governance committees, with a view to streamlining the structure and providing greater clarity around accountability and assurance responsibilities. This review is on-going into 2018-19;
- the appointment of an Interim Strategic Director for Governance and Assurance;
- the appointment of an Acting Chief Financial Officer, leading engagement with the senior management team to embed financial management across the organisation;

I am fully committed to the continued improvement in our corporate governance arrangements.

Review of the Effectiveness of Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the agency's governance framework including the system of internal control. The system is designed to manage rather than eliminate the risk of failure to achieve the Agency's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. My review is informed by:

- Regular review of and discussion of internal controls at Management Board and Audit and Risk Committee
- Formal assurances from the Strategic Directors who have responsibility for the development and maintenance of our internal control framework
- Through the regular and frequent meetings of the Executive Team and systematic business review meetings with each individual Strategic 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 Education Scotland
- Reports from senior responsible officers about progress across our programmes of work
- Reviews of internal control systems through a process of self-evaluation. The self-evaluation process was reviewed and validated by Internal Audit in 2015-16 and has continued since.
- 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

Risk Framework

All bodies to which the Scottish Public Finance Manual 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.

The Agency maintains a corporate risk register, a Portfolio risk register and programme risk registers, all of which seek to identify key risks that may affect the delivery of our business objectives. We use the registers to analyse the likelihood and impact of risks crystallising and to identify any actions required to further reduce the risks.

The Management Board reviews the Corporate Risk Register at least twice a year and this includes holding a strategic risk session early in the year to identify and capture the strategic and corporate risks facing the Agency. The Audit and Risk Committee has monitored the corporate level risks contained in the Corporate Risk Register and in doing so it also considered the Portfolio Risk Register through which all programme risks are escalated.

During 2018-19 we intend to review and refresh our approach to risk including development of a new and comprehensive risk management strategy. .

Significant Issues

As mentioned above, a number of issues in relation to financial management and the performance of the finance function have been identified. The issues are now being addressed through a comprehensive action plan.

Further to this, a procurement issue was identified that appeared not to comply with the Scottish Public Finance Manual requirements. Effective action has been taken to address the issues highlighted alongside work to review the technical delivery of the services in question plus appropriate, temporary contract management measures have been put in place.

Both internal and external auditors are sighted on the above, and have supported our work to address these issues.

No other significant weaknesses or issues have arisen in the expected standards for good governance, risk management and control.

Remuneration and staff report for the year ended 31 March 2018

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.

Education Scotland sets the remuneration of Non-Executive Board Members taking into account their roles and responsibilities and remuneration levels for comparable public appointments.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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.civilservicecommission.org.uk.

Remuneration (including salary) and pension entitlements

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

Education Scotland is required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid Director in Education Scotland in the financial year 2017-18 was £115-120,000 (2016-17, £110-115,000). This was 2.4 times (2016-17, 2.4) the median remuneration of the workforce which was £ 49,124 (2016-17, £46,220). The equivalent remuneration in the Scottish Government was £165-170,000 (2016-17 £160-£165,000) which was 4.8 times (2016-17 5.1) the median remuneration of £34,764 (2016-17 £31,811).

In 2017-18, no employees (2016-17, 0) received remuneration in excess of the highest paid director. Remuneration ranged from £17,642 to banded remuneration of £115-£120,000. (2016-17, £18,412 to banded remuneration of £110-£115,000).

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Remuneration

Officials	Salary (£'000)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Gayle Gorman Chief Executive (from 4 December 2017)	35-40 FTE 115-120	-	15	-	50-55	-
Bill Maxwell Chief Executive (1 April to 30 June 2017)	25-30 FTE 110-115	110-115	13	21	40-45	130-135
Alastair Delaney Chief Operating Officer (1 April to 18 August 2017)	25-30 FTE 75-80	75-80	11	24	35-40	105-110
Alan Armstrong Strategic Director	75-80	75-80	14	18	90-95	90-95
Lesley Brown Strategic Director (1 April to 14 July 2017)	20-25 FTE 70-75	70-75	6	31	25-30	100-105
Graeme Logan Strategic Director (1 April 2017 to 16 February 2018) Acting Chief Inspector (19 June 2017 to 16 February 2018)	65-70 FTE 75-80	70-75	33	29	100-105	95-100
Elizabeth Morrison Interim Strategic Director (from 17 July 2017)	70-75 FTE 70-75	-	14	-	85-90	-
Janie McManus Interim Director of Inspection (from 9 October 2017)	70-75 FTE 70-75	-	14	-	85-90	-
Moi Ali Non Exec Board Member	0-5	0-5	-	-	0-5	0-5
Kate Dunlop Non Exec Board Member (1 April 2017 to 6 March 2018)	0-5	0-5	-	-	0-5	0-5
Michael Ewart Non Exec Board Member	0-5	0-5	-	-	0-5	0-5
Linn Phipps Non Exec Board Member	0-5	0-5	-	-	0-5	0-5
John Fyffe Non Exec Board Member (from 12 October 2017)	0-5	-	-	-	0-5	-
Stephen Ross Non Exec Board Member (from 12 October 2017)	0-5	-	-	-	0-5	-
Karen Reid Interim Chief Executive (1 July to 3 December 2017)	Karen Reid was on secondment from the Care Inspectorate. Education Scotland reimbursed the Care Inspectorate £25-£30,000 for her salary and other costs					
Brian Taylor Interim Strategic Director (from 12th March 2018)	Brian Taylor took the role as Interim Strategic Director on 12th March 2018 but remains an employee of the Scottish Government and there is no charge to the Agency in respect of this. FTE Salary is £70-75,000					

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

*Non-Executive Board member positions are fixed term appointments and are non-pensionable. All payments to management board members were in the £0-5k band. The actual figures for salaries and performance related pay fall within the bandings quoted above. All the above information disclosed in the Remuneration Report has been audited by Education Scotland auditors. The other sections of the Remuneration Report were reviewed by the auditors to ensure they were consistent with the financial statements.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties. This report is based on accrued payments made by Education Scotland 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. No benefits in kind were paid in 2017-18.

Bonuses

The Scottish Government suspended non-consolidated bonus payments from 2011-12. No bonus payments were made in 2017-18.

Pension Benefits

	Accrued pension at pension age as at 31/03/18 £'000	Real increase in pension and related lump sum at pension age £'000	Cash equivalent transfer value (CETV) at 31/03/18 £'000	Cash equivalent transfer value (CETV) at 31/03/17 £'000	Real increase in CETV £'000
Gayle Gorman Chief Executive (from 4 December 2017)	0-5	0-2.5	9	0	6
Bill Maxwell Chief Executive (1 April to 30 June 2017)	70-75	0-2.5	1,481	1,454	13
Alastair Delaney Chief Operating Officer (1 April to 18 August 2017)	30-35	0-2.5	481	470	5
Alan Armstrong Strategic Director	10-15	0-2.5	293	258	14
Lesley Brown Strategic Director (1 April to 14 July 2017)	15-20	0-2.5	220	216	2
Graeme Logan Strategic Director (1 April 2017 to 16 February 2018) Acting Chief Inspector (19 June 2017 to 16 February 2018)	20-25	0-2.5	202	177	12
Elizabeth Morrison Interim Strategic Director (from 17 July 2017)	35-40	0-2.5	659	628	13
Janie McManus Interim Director of Inspection (from 9 October 2017)	30-35	0-2.5	513	497	7

No Board members had partnership pension accounts.

Non-Executive Board member positions are non-pensionable.

Civil Service Pensions

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

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

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

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of

pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for Loss of Office

No employees left under compulsory early retirement terms in the year 2017-18 (2016-17 Nil). No employees left under voluntary exit terms in the year 2017-18. (2016-17 £94,445).

Staff Report

Staff Resources

The average number of whole-time equivalent persons employed by gender is shown in the attached table.

	All	Male	Female
Senior Civil Servants	4	2	2
Other permanent staff	221	59	162
Fixed term appointments	6	2	4
Secondees	26	6	20
Agency staff	9	3	6
Total	266	72	194

16/17

	All	Male	Female
Senior Civil Servants	5	4	1
Other permanent staff	257	76	181
Fixed term appointments	9	2	7
Secondees	28	4	24
Agency staff	5	3	3
Total	304	89	216

Staff costs	2017-18 £'000			2016-17 £'000
	Permanent Staff	Others	Total	Total
Wages and salaries	11,636	2,091	13,727	15,404
Social security costs	1,302		1,302	1,347
Other pension costs	2,547		2,547	2,675
Total Net Costs	15,485	2,091	17,576	19,426
Other staff costs				
Subscriptions and Memberships	21		21	32
Early severance costs	(3)		(3)	821
Holiday pay accrual	(346)		(346)	10
Total staff costs	15,157	2,091	17,248	20,289

For 2017-18, employer's contributions of £2,422,765 (2016-17 £2,558,875) were payable to the PCSPS at one of four rates in the range 20% to 24.5% (2016-17 - 20% to 24.5%) of pensionable pay, based on salary bands. The scheme's Government Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £23,300 (2016-17 £25,794) were paid to one or more of an appointed panel of stakeholder pension providers.

As an Agency of the Scottish Government, all Education Scotland Staff are Scottish Government employees and any existing pension liabilities will be met by the Scottish Government.

Sickness absence

Staff absences due to sickness are managed using Scottish Government guidance. For the 12 month period from 1 April 2017 to 31 March 2018, an average of 4.40% of working days were lost as a result of sickness absence (2016-17: 2.88% days).

Employees with disabilities

Education Scotland is committed to equality of opportunity for all employees. 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 to assist in their career development. Every effort will be made to retain people who become disabled. This may be done through supplying appropriate equipment or offering different work patterns. Education Scotland currently employ 6 members of staff who consider themselves disabled.

Equal opportunities and diversity

As an Agency of the Scottish Government, Education Scotland adheres to the Scottish Government policy on equal opportunities. All staff are treated equally regardless of sex, marital status, age race, ethnic origin, sexual orientation, disability or religion. Education Scotland 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.

Employee involvement/consultation and well being

Employees are kept informed about the organisation, its people and business through a range of activities, which includes a staff newsletter, regular face to face briefings with managers and attending events such as all staff conferences.

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.

Education Scotland is committed to ensuring equality of opportunity in respect of access to, and selection for learning and development activities in accordance with individual and team development needs, and our core purpose and strategic priorities. All full and part-time staff, including those on non-standard contracts, have access to learning and development as appropriate for successful performance in their respective roles.

Consultancy

The Agency spent £26,000 on consultancy services during 2017-18 (2016-17 £0).

Exit Packages

No staff left on voluntary exits terms in 2017-18. There were 27 staff who left on early exit terms during 2016-17 (£837,639). The current policy is for no compulsory redundancies.

Redundancy and other departure costs will be paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Scottish Government, in conjunction with Education Scotland, has agreed early retirements, the additional costs are met by the agency and not the Civil Service pension scheme. Ill health retirement costs are met by the pension scheme and are not included in this section.

Apprenticeship Levy

The apprenticeship levy, introduced in April 2017, is paid directly by the Scottish Government. No charge is made to Education Scotland and the related costs are reflected in the Scottish Government's consolidated accounts.

Parliamentary Accountability Report

Fees and charges

Education Scotland follows the guidance outlined in the Scottish Public Finance Manual. Services provided to other bodies are charged at full cost.

Organisation	Service provided	Cost of service	Charge for service
Scottish Funding Council	College review services	£1,124,180	£1,124,180
States of Guernsey	Inspection Services	£69,362	£69,362

The Scottish Funding Council pays Education Scotland for college reviews and reviews of specific subject areas within Scotland's colleges. During 2017-18 we also undertook inspections of schools in Guernsey. For both of these areas the charge is set at a level to recover the full costs of providing the service.

Losses and special payments

There were no losses or special payments

Accounts Direction

The accounts have been prepared in accordance with a direction given by Scottish Ministers in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. The direction is provided at page 59.

Gayle Gorman
Chief Executive
27 June 2018

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

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 120 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.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual accounts of Education Scotland for the year ended 31 March 2018 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the Education Scotland's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis of opinion

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

Conclusions relating to going concern basis of accounting

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

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- the expenditure and income 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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Dave Richardson
Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

27 June 2018

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Notes	2017-18 £'000	2016-17 £'000
Operating Income	4	(1,604)	(1,679)
Other Income	4	(3,435)	(320)
Total Income		(5,039)	(1,999)
Staff costs	2	17,248	20,289
Purchase of goods and services	3.1	7,008	10,749
Depreciation and impairment charges	5.6	426	404
Loss on disposal of assets		6	0
Grant payments	3.2	6,221	6,089
Other Operating expenditure	3.2	28	20
Total Expenditure		30,937	37,551
Net expenditure for the year		25,898	35,552
Comprehensive net expenditure for the year ended 31 March 2018		25,898	35,552

The notes on pages 49-58 form part of these accounts.

Statement of Financial Position as at 31 March 2018

	Notes	2017-18 £'000	2016-17 £'000
Non Current Assets			
Property plant & equipment	5	629	964
Intangible assets	6	45	96
Total non current assets		674	1,060
Current Assets			
Trade receivables	8	246	83
Prepayments	8	260	204
Accrued income	8	1,088	6
Total current assets		1,594	293
Total assets		2,268	1,353
Current liabilities			
Trade and other payables	9	(126)	(327)
Other Payables	9	(15)	(18)
Accruals and deferred income	9	(3,313)	(4,812)
Provisions	10	(46)	(1,080)
Total current liabilities		(3,500)	(6,237)
Total assets less current liabilities		(1,232)	(4,884)
Non current Liabilities			
Trade payables	9	(1)	(26)
Provisions	10	(5)	(12)
Total non current Liabilities		(6)	(38)
Total assets less total liabilities		(1,238)	(4,922)
Taxpayer equity and other reserves			
General Fund		(1,238)	(4,964)
Revaluation Reserve		(0)	42
Total taxpayers equity		(1,238)	(4,922)

Gayle Gorman

Chief Executive 27 June 2018

The notes on pages 49-58 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2018

	Notes	2017-18 £'000	2016-17 £'000
Cash flows from operating activities			
Comprehensive net expenditure for the year		(25,898)	(35,552)
Adjustment for non cash transactions:			
Depreciation	5,6	426	404
Audit fee	3	38	34
Donated asset	4	(12)	0
loss on disposal of assets	5	6	0
Movements in working capital:			
(Increase)/decrease in inventories	8	0	0
(Increase)/decrease in trade and other receivables	8	(1,301)	64
Increase/(decrease) in trade and other payables	9	(1,728)	(1,026)
Increase/(decrease) in provisions	10	(1,041)	86
Net cash outflow from operating activities		(29,510)	(35,990)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(76)	(64)
Purchase of intangible assets	6	0	(71)
Net cash outflow from investing activities		(76)	(135)
Cash flows from financing activities			
Funding from Scottish Government		29,586	36,125
Net increase/(decrease) in cash and cash equivalents in the period			
	10	0	0

The notes on pages 49-58 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

		General Fund	Revaluation Reserve	Total
	Notes	£'000	£'000	£'000
Balance as at 31 March 2017		(4,964)	42	(4,922)
Net funding		29,586	0	29,586
Non-cash charges - auditors remuneration	3	38	0	38
Comprehensive net expenditure for the year		(25,898)	0	(25,898)
Revaluation adjustment		0	(42)	(42)
Assets donated during the year		0	0	0
Transfers between reserves		0	0	0
Balance as at 31 March 2018		(1,238)	0	(1,238)

		General fund	Revaluation reserve	Total
	Notes	£'000	£'000	£'000
Balance as at 31 March 2016		(5,589)	60	(5,529)
Net funding		36,125		36,125
Non-cash charges - auditors remuneration	3	34		34
Comprehensive net expenditure for the year		(35,552)		(35,552)
Transfers between reserves		18	(18)	0
Balance as at 31 March 2017		(4,964)	42	(4,922)

The notes on pages 49-58 form part of these accounts.

Notes to the financial statements

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 financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by the Scottish Government. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Education Scotland for the purpose of giving a true and fair view has been selected. The particular policies adopted by Education Scotland are described below. They have been applied consistently in dealing with items that are considered material 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

These accounts have been prepared under the historical cost convention modified to account for 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 (FReM).

1.2 Going concern

The financial statements for the year ended 31 March 2018 show a net liabilities position. This has arisen as a result of the requirement to account for the activities of Education Scotland on an accruals basis, whilst recording funding from the Scottish Government on a cash basis. Net current liabilities will be funded by the Scottish Government as they arise. As a consequence, it has been considered appropriate to prepare these financial statements on a going concern basis.

1.3 Property, plant and equipment

All property, plant and equipment (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, plant and machinery and vehicles. They are capitalised at their cost of acquisition and installation. Plant and equipment assets that have short useful lives or low values or both are reported at depreciated historic cost as a proxy for fair value.

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

Education Scotland does not own any land or buildings. Charges for the rental of accommodation are included in the statement of comprehensive net expenditure.

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 Education Scotland 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 statement of comprehensive net expenditure during the financial period in which they are incurred.

1.4 Donated Assets

Donated assets are capitalised at their valuation on receipt, and this value is credited as income to the Statement of Comprehensive Net Expenditure. Subsequent revaluations are accounted for in the revaluation reserve, and impairments may be charged to the outturn statement.

1.5 Intangible Assets

Intangible Assets comprise ICT Software Licence and ICT Software. The minimum level of capitalisation of an Intangible asset is £1,000. Software includes individual assets whose costs fall below the threshold, but as they are of a similar nature, are grouped together and capitalised. They are capitalised at their cost of acquisition and installation.

1.6 Depreciation and Amortisation

Depreciation is provided at rates calculated to write off the valuation of non-current 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.

Depreciation is not charged in the month of acquisition but is charged over the useful economic life and in the month of disposal.

1.7 Value added tax (VAT)

Education Scotland 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.

Education Scotland 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. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents benefits. The agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing

basis. Liability for payment of future benefits is a charge on the PCSPS. Relevant disclosures are reported in the Staff Report.

1.9 Operating income

The main sources of operating income are the income received in respect of the service level agreement held with the Scottish Further and Higher Education Funding Council (SFC). Income is recognised when the amounts can be reliably measured and services have been rendered and/or goods dispatched. Where income is received in advanced and services have not yet been performed, income is deferred.

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 statement of comprehensive net expenditure.

1.11 Leases

Education Scotland leases its office accommodation and a data distribution centre. 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 Education Scotland will not be able to collect all amounts due under the original terms of the contract.

1.13 New accounting standards

A number of new accounting standards have been issued or amendments made to existing standards, but do not come in to force until future accounting periods and therefore are not yet applied. All new standards issued and amendments made to existing standards are reviewed by Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM in force for the year in which the changes become applicable. The standards that are considered relevant to Scottish Government and the anticipated impact on the consolidated accounts are as follows:

IFRS 9 - Financial Instruments

This standard was issued in November 2014, and is effective from 1 January 2018. The adoption of this standard could change the classification and measurement of financial assets. This standard is not expected to have a significant impact on the values reported in these accounts, although there may be some variations to the methods used for valuation.

IFRS 15 - Revenue

This standard comes in to effect on 1 January 2018. The standard is not expected to have a significant impact on Education Scotland's accounts

IFRS 16 - Leases

This standard has been created to harmonise the rules regarding leases between the IASB and the FASB in the United States. It will supercede the existing IAS 17 but won't come into effect until January 2019. The extent to which this new standard will apply to the public sector is currently being considered by the Financial Reporting Advisory Board.

2. Staff

Details of staff numbers and costs are provided in the staff report at page 38.

3. Purchase of Goods and Services

	2017-18	2016-17
	£'000	£'000
3.1 Costs		
Cost of software sales	9	102
SWAN	882	1,115
Glow	2,030	3,985
Practitioner events	207	264
External advice	111	71
Contractors	773	1,210
FE Associate members costs	32	33
Lay member costs	7	10
Travel and Subsistence	879	1,053
Training costs	71	137
Reports and publications	144	95
Rent, rates, utilities and maintenance	1,035	1,675
Advertising costs (including recruitment)	16	29
IT support	472	538
IT maintenance & consumables	87	58
Legal costs	3	7
Telecoms	68	77
Postage	51	147
Stationery	14	17
Copier Rental	34	67
Catering	28	31
Health & Safety	7	5
Books and periodicals	7	5
Consultancy	26	0
Other office Expenditure	15	18
	7,008	10,749

3.2 Other Operating Expenditure and Non-cash charges

	2017-18	2016-17
	£'000	£'000
Grants	6,221	6,089
Audit fee	38	34
Provision utilised in year	(10)	(14)
	6,249	6,109
Total (3.1 and 3.2)	13,257	16,858

4. Income	2017-18	2016-17
	£'000	£'000
SFC Income	1,124	862
Local authority and other grants	20	54
Software sales	0	99
Distribution Services	0	193
Conferences	45	78
SWAN reimbursements for additional services	169	81
Skills Development Scotland	65	232
State of Guernsey strategic inspection work	69	79
International Income	112	0
Sale of Publications	0	1
Total Operating Income	1,604	1,679
Creative Scotland	203	121
The Wood Foundation	178	0
Other income	149	199
Donated assets	12	0
Vat Refund	2,893	0
Total Other Income	3,435	320
Total Income	5,039	1,999

The largest source of income received is from the Scottish Funding Council for services provided under a Service Level Agreement. The SLA sets out Education Scotland's responsibilities for undertaking external review of colleges, reporting on specific areas and themes, as well as professional support and improvement activities. The aim is to recover the full cost of carrying out these activities. Costs are recovered by charging the full cost for each day spent carrying out SLA work.

The refund of VAT resulted from a successful appeal to HMRC relating to the secondment of staff to Education Scotland. This is not a continuing source of income.

5. Property plant and equipment

	Leasehold Improvements	Furniture and Fittings	Plant and Equipment	Vehicles	IT systems	Total
Cost						
At 1 April 2017	2,273	476	394	16	764	3,923
Additions	21	0	0	0	55	76
Transfers	13	0	(13)	0	0	0
Donated Assets	0	0	0	0	12	12
Disposals	(89)	(476)	(13)	0	(35)	(613)
Revaluations	(42)	0	0	0	0	(42)
At 31 March 2018	2,176	0	368	16	796	3,356
Depreciation						
At 1 April 2017	1,778	475	134	16	556	2,959
Charge for year	158	1	66	0	145	370
Transfers	13	0	(13)	0	0	0
Donated Assets	0	0	0	0	5	5
Disposals	(84)	(476)	(13)	0	(34)	(607)
Revaluations	0	0	0	0	0	0
At 31 March 2018	1,865	0	174	16	672	2,727
Net Book Value						
At 31 March 2018	311	0	194	0	124	629
At 31 March 2017	495	1	260	0	208	964

	Leasehold Improvements	Furniture and Fittings	Plant and Equipment	Vehicles	IT systems	Total
Cost						
At 1 April 2016	2,273	476	394	16	781	3,940
Additions	0	0	0	0	64	64
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	(81)	(81)
Revaluations	0	0	0	0	0	0
At 31 March 2017	2,273	476	394	16	764	3,923
Depreciation						
At 1 April 2016	1,629	471	65	16	500	2,681
Charge for year	149	4	69	0	136	358
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	(80)	(80)
Revaluations	0	0	0	0	0	0
At 31 March 2017	1,778	475	134	16	556	2,959
Net Book Value						
At 31 March 2017	495	1	260	0	208	964
At 31 March 2016	644	5	329	0	281	1,259

6. Intangible Assets

	Software Licences	Other Software	Total
	£,000	£,000	£,000
Cost			
At 1 April 2017	150	12	162
Additions	0	0	0
Disposals	0	0	0
At 31 March 2018	150	12	162
Amortisation			
At 1 April 2017	56	10	66
Charge for year	50	1	51
Disposals	0	0	0
At 31 March 2018	106	11	117
Net Book Value			
At 31 March 2018	44	1	45
At 31 March 2017	94	2	96

	Software Licences	Other Software	Total
	£,000	£,000	£,000
Cost			
At 1 April 2016	79	12	91
Additions	71	0	71
Disposals	0	0	0
At 31 March 2017	150	12	162
Amortisation			
At 1 April 2016	10	10	20
Charge for year	46	0	46
Disposals	0	0	0
At 31 March 2017	56	10	66
Net Book Value			
At 31 March 2017	94	2	96
At 31 March 2016	69	2	71

7. Financial instruments

As the cash requirements of Education Scotland 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 Education Scotland's expected purchase and usage requirements and Education Scotland is therefore exposed to little credit, liquidity or market risk.

8. Trade receivables, financial and other assets

	2017-18 £'000	2016-17 £'000
Amounts falling due within one year		
Trade receivables	246	83
Prepayments	260	204
Accrued income	1,088	6
	1,594	293
Central government debtors	0	293
Local government debtors (including schools)	1,255	0
Other debtors	339	0
	1,594	293

9. Trade payables and other liabilities

	2017-18 £'000	2016-17 £'000
Amounts falling due within one year		
Trade payables	126	327
Other payables	15	18
Accruals	3,061	4,608
Deferred income	252	204
	3,454	5,157
Central government creditors	216	1,027
Local government creditors (including schools)	1,355	1,390
Other creditors	1,883	2,740
	3,454	5,157
Amounts falling due after more than one year		
Other creditors	1	26
Total non-current liabilities	1	26

10. Provision for liabilities and charges

	Early Departure Costs	VAT	Other	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2017	22	970	100	1,092
Provisions created in year	0	0	40	40
Provisions utilised in year	(11)	0	(38)	(49)
Provisions not required and written back	0	(970)	(62)	(1,032)
Balance as at 31 March 2018	11	0	40	51

	Early Departure Costs	VAT	Other	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2016	36	970	0	1,006
Provisions created in year	0	0	100	100
Provisions utilised in year	(14)	0	0	(14)
Provisions not required and written back	0	0	0	0
Balance as at 31 March 2017	22	970	100	1,092

Analysis of timings of early departure costs

Analysis of timings of early retirement costs

	2017-18 £'000	2016-17 £'000
Provision for early retirement costs		
Payable in one year	6	10
Payable between 2-5 years	5	12
Payable between 6-10 years	0	0
Total	<u>11</u>	<u>22</u>

Provision for early retirement costs

Education Scotland meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The agency provides for this in full when the early retirement programme becomes binding by estimating a provision for the estimated payments.

Provision for VAT

HMRC have agreed that the costs relating to education work are not liable to VAT. The provision for VAT liability set up in 2014-15 has now been released and overpaid VAT has been recovered from Local Authorities.

11. Leasing commitments

At 31 March 2018, Education Scotland was committed to making the following payments in respect of building leases at Denholm House (Livingston), Endeavor House (Dundee) and Huntly Street (Aberdeen) :-

	2017-18	2016-17
	£'000	£'000
Buildings		
Not later than one year	432	453
Later than one and not later than five years	384	685
Later than five years	0	73
Total Present Value of obligations	816	1,211

Education Scotland also occupies space in the Optima building in Glasgow and in Longman House in Inverness. The leases for these buildings are held by the Scottish Government, and rent and service charges amounting to £1.0m are paid to the landlord directly by the lessor. These costs and the leasing commitments for the Optima building and Longman House are reflected in the accounts of the Scottish Government.

12. Related party transactions

Education Scotland is an Executive Agency of the Scottish Government Education and Lifelong Learning Portfolio, which is therefore regarded as a related party. During the year, Education Scotland had a number of material transactions with the Scottish Government. In addition, Education Scotland has had a small number of various material transactions with other Government Departments and other central Government bodies, such as the SFC and States of Guernsey (page 41). No board member, key manager or other related parties has undertaken any material transactions with Education Scotland during the year.

13. Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities existing at 31 March 2018 (31 March 2017: nil).

14. Losses and special payments

No bad debts were written off during 2017-18 (2016-17: £0).

15. Post balance sheet events

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

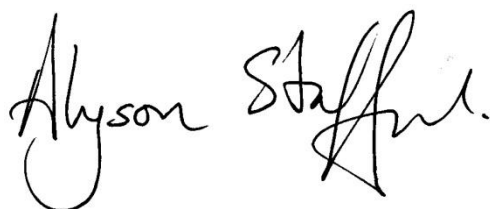
The Accountable Officer authorised these financial statements for issue on 27 June 2018



Education Scotland

Direction by the Scottish Ministers

1. The Scottish Ministers, in accordance with section 19(4) of the *Public Finance and Accountability (Scotland) Act 2000* hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2012, 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.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.



Signed by the authority of the Scottish Ministers

Dated 10 January 2012

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Transforming lives through learning

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