

# Annual Report and Accounts

2018 -19

## **An Executive Agency of the Scottish Government**

Laid before the Scottish Parliament by the Scottish Ministers on 15 July 2019

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## **Contents**

### **Chief Executive's**

**Statement**.....3

### **Performance Report - Overview**

Overview.....5

Purpose and Activities.....6

Performance Summary.....10

### **Performance Report – Performance Analysis**

Performance Analysis.....11

Financial Review.....32

Sustainability Report.....34

### **Accountability Report – Corporate Governance**

Directors' Report.....38

Statement of Accountable Officer's Responsibilities.....39

Governance Statement.....40

### **Accountability Report - Remuneration and Staff**

Remuneration Policy.....45

Board Remuneration .....47

Staff Report.....50

### **Accountability Report - Parliamentary Accountability and Audit**

Parliamentary Accountability Report.....53

Independent Auditor's Report.....54

### **Annual Accounts**

Financial Statements.....58

Notes to the Accounts.....62

Accounts Direction.....72

**Contacts**.....73

## Chief Executive's Statement

I am pleased to present the 2018/19 Education Scotland Annual Report and Accounts. The past year has been an extremely busy and interesting one for the Agency as the educational landscape in Scotland continues to evolve. The enhanced role and remit that was announced for Education Scotland as part of "Education Governance - Next Steps" in June 2017 has meant a new way of working, requiring us to expand and reshape our service delivery to impact more directly on Scotland's children, young people and educators. We have also welcomed our colleagues from SCEL (the Scottish College for Educational Leadership) into Education Scotland from 1st April 2018, giving us a lead role in providing national support for professional learning and leadership.

The Agency is now supporting improvement at three levels – local, regional and national – and this has required us to transform how we are operationally structured through a dedicated "Organising to Deliver" programme of work. We formally introduced our new operational model on 1st April 2019. This has involved our teams moving away from a matrix management model to a new Directorate structure. To support our new ways of working, we have also begun to introduce Smarter Working across our offices, with the aim of creating a working environment which better supports a culture of collaboration.

Our direction of travel has been fully set out in our new Corporate Plan for 2019-22. This reflects not only the significant changes to our remit but also confirms our commitment to becoming a more outward facing and empowered organisation, working more closely and collaboratively with everyone involved in improving Scotland's education system.

Our Corporate Plan is focused around the following five strategic priorities:

- a strong focus on learning, teaching and leadership;
- national collaborative professional learning networks;
- getting it right for every child;
- best use of high quality evidence; and
- effective partnerships.

These new strategic priorities have also informed the development of a set of corporate Key Performance Indicators (KPIs). The KPIs are a defined set of quantitative measures, clearly linked to our inputs, outputs and short-term outcomes. Whilst not the only measures we will be using to evaluate our performance, they will, nonetheless, be important indicators of organisational effectiveness. The KPIs will be baselined during 2019/20.

Our externally focused work has included an emphasis on professional learning and leadership and we have been expanding our leadership development opportunities. Recommendations from a Strategic Board for Teacher Education working group, chaired by our Strategic Director: Professional Learning and Leadership, Gillian Hamilton, led to the launch of a new national model for professional learning. This aims to support and strengthen professional learning for Scotland's teachers and in line with

our aim to work more collaboratively, has been developed in partnership with a range of stakeholders from across the education sector.

Having reviewed the first round of Regional Improvement Plans last year, Regional Improvement Collaboratives submitted their phase two plans in September 2018, demonstrating their commitment to regional working and building on their previous plans. Discussions are underway with each of the Collaboratives to agree arrangements for improvement planning going forward.

Our move to a regional model of delivery doesn't, of course, diminish our role and responsibility for improvement at a national level. Some examples of our work in this area include: our support for the Year of Young People; playing a key role in national boards and working groups such as the Curriculum and Assessment Board; and assuming lead responsibility for the national roll out of the Improving Gender Balance project.

And, of course, we have continued to provide independent evaluation of the quality of provision across education sectors. This has included delivery of National Thematic Reviews and the completion of the programme of inspections of the nine Challenge Authorities, which we started in 2017 in partnership with Audit Scotland. Sharing highly effective practice identified during inspection is a key priority for the Agency, and in 2018 we launched a new sketchnote approach to doing so which illustrates highly effective practice in an easy-to-understand graphic.

This is just a flavour of some of the work we have been doing during 2018/19 and the following sections provide more key highlights. It is heartening to see our achievements over the last 12 months and I am proud and thankful for the professional, dedicated and enthusiastic support from across the organisation and from our partners across Scotland. There is undoubtedly lots of work still to do to achieve our ambitions but, on the evidence of the last 12 months, I am confident we are in a strong position to deliver.

**Gayle Gorman**  
Chief Executive  
25 June 2019

# PERFORMANCE REPORT

## Overview

This section presents an overview of Education Scotland, our activities and the main risks and challenges facing us. It also includes a performance summary which sets out our most significant achievements in financial year 2018/19.

## About Education Scotland

### Status, activities and staffing

Education Scotland is the national improvement agency for education in Scotland. We were established in July 2011 as an Executive Agency of Scottish Ministers under the terms of the Scotland Act 1998. Scottish Ministers have charged us 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. To achieve these aims, our work includes the following main activities across education sectors and at national, regional, local and establishment levels.

- Providing professional learning and leadership programmes.
- Providing improvement support, including face to face and digital resources.
- Managing the development of national digital resources, including Glow, our online learning platform, which provides a safe environment for educators, learners and parents to communicate, and collaborate.
- Carrying out scrutiny activity, including inspection and review.
- Providing independent policy advice to Ministers and civil servants, informed by our evidence.

Our status as an Executive Agency means that we operate independently and impartially, whilst remaining directly accountable to Scottish Ministers for the standards of our 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 impact on the wider community and our work contributes significantly to the Scottish Government's National Outcomes. We actively engage with health, social services and other partners to provide integrated services to improve learners' wellbeing and opportunities.

Education Scotland employed 362 staff (349 Full Time Equivalent) as of 31st March 2019. Having streamlined our estate during 2017-18, we are now based at five offices in Aberdeen, Dundee, Glasgow, Inverness and Livingston.

Gayle Gorman was appointed Chief Inspector of Education for Scotland and Chief Executive of Education Scotland on 4th December 2017.

## Purpose and activities

Our vision is achieving excellence and equity for Scotland's learners, with Scotland's educators.

Our mission is to work in partnership with all stakeholders involved in Scottish education to secure sustained improvement in achievement and attainment for all learners, closing the poverty-related attainment gap and securing positive, and sustained destinations for all learners regardless of their age and where the learning takes place.

Our values are: Integrity; Respect; Excellence and Creativity.

## Strategy and business model

Education Scotland has launched a new Corporate Plan for 2019-2022. The plan includes the five strategic priorities we will focus on over the next three years.

- 1 A strong focus on learning, teaching and leadership.
- 2 National collaborative professional learning networks.
- 3 Getting it right for every child.
- 4 Best use of high quality evidence.
- 5 Effective partnerships.

In financial year 2018/19 we worked hard to put in place a new organisational structure. This structure will enable us to meet the expectations set out in "Education Governance: Next Steps" and the strategic priorities we have set out within our Corporate Plan 2019-21. The structure became fully operational on 1st April 2019. Going forward, our work will be organised within five directorates.



The logistical teams within the Corporate Services and Governance directorate work together to provide the right systems, processes, professional advice and support to ensure that our front line delivery to partners and stakeholders is efficient and effective.

The educational landscape in Scotland is moving towards a regional delivery approach to improvement through collaboration. Our Regional Working directorate helps us to meet the needs of this new landscape. Our front line delivery teams are organised into six regional teams, reflecting the six Regional Improvement Collaboratives across Scotland.

The National Improvement Directorate provides systems leadership for our evidence-led national improvement initiatives and allows us to provide evidence-informed professional advice to Scottish Government on policy development and policy implementation.

The Scrutiny directorate brings together scrutiny activities across the organisation ensuring they provide an independent view on quality and improvement across education. This enables us to ensure scrutiny activity is distinct and to make best of inspection evidence within our national and regional teams.

The roles and functions of the Scottish College for Education Leadership (SCEL) were transferred to Education Scotland in April 2018 and we assumed a lead role in providing national support for professional learning and leadership. Our Professional Learning and Leadership directorate are taking forward this national responsibility, providing support for professional learning at local and regional level, and for strong connections across our organisation.

The key highlights from each area of work will be presented in more detail later in the report, along with some case studies to help to demonstrate the impact of Education Scotland's work.

## **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 grow up loved, safe and respected so that we realise our full potential.
- We are well educated, skilled and able to contribute to society.
- We tackle poverty by sharing opportunities, wealth and power more equally.
- We have thriving and innovative businesses, with quality jobs and fair work for everyone.
- We live in communities that are inclusive, empowered, resilient and safe.
- We respect, protect and fulfil human rights and live free from discrimination
- Education Scotland pays a minimum of the Scottish Living Wage to all our staff and contractors and is a Living Wage accredited employer.



## **Key issues and risks**

We undertake a range of risk management activities to identify and manage key risks. Individual Leadership Team members are appointed as risk owners for each corporate risk, alongside a lead officer. Together, they have responsibility for assessing existing controls and determining the appropriate response and actions to be put in place to mitigate each risk, all of which is documented within the Corporate Risk Register. Our risk management approach and activities are overseen by an Audit and Risk Committee, which is chaired by an Non-Executive Board Member, and which reports to the Agency's Advisory Board. Further information about our risk management approach can be found in the Governance Statement on page 40

A number of key risks were identified during 2018-19. The enhanced role and remit that was announced for Education Scotland as part of "Education Governance - Next Steps" in June 2017 required us to expand and reshape our service delivery to improve outcomes for all Scotland's learners. Reorganising our organisational structure and moving to new ways of working, at the same time as continuing to deliver our existing services, has undoubtedly been one of the key risks facing the Agency during 2018/19. However, we have sought to mitigate this as far as possible by undertaking the restructure as a dedicated programme with full staff involvement and extensive internal engagement, and consultation. The range of feedback from staff has been crucial in helping to shape the new structure.

Another key issue for the Agency in delivering its ambitious remit has been the subsequent large-scale recruitment required to ensure Education Scotland has the required capacity and capability. The consequent intake of new staff, at the same time as delivering business as usual, has required us to develop a new approach to corporate induction across all business areas.

The sustainability of our digital estate has seen the Agency develop and undertake a range of a remediation work to remove the risk of loss or corruption of service. This has included moving a number of key services and products onto the Glow platform and we are in the process of identifying the short, medium and long-term actions required to support the transformation of our digital services.

Continuing financial pressures across the public sector continue to present challenges for the Agency, and we strive to maximise our effectiveness from all 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<sup>st</sup> March 2019 show comprehensive net expenditure of £32.015m and a net liabilities position of £2.317m. 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 2018/19 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 2018-19. No other services were supplied by Audit Scotland during the period ended 31 March 2019. Internal audit is covered by a service level agreement with the Scottish Government Internal Audit Division.

## **Performance Summary**

### **Professional Learning and Leadership**

- We have extended the suite of the Scottish College for Education Leadership's (SCEL) professional learning and leadership programmes. We now offer 13 programmes.
- We launched a new national model for professional learning in September 2018 to support and strengthen professional learning for teachers.
- In 2018, the Scottish Learning Festival was attended by 4,585 people.

### **Regional Working**

- The Regional Improvement Collaboratives submitted their phase two plans to the Chief Inspector by September 2018.
- We recruited 19 permanent Attainment Advisors to help us support the Scottish Attainment Challenge.
- Over the last year, we delivered 28 professional learning events and 13 regional events on quality assurance and moderation, and 3 moderation events focusing on Gaelic Medium Education.

### **National Improvement**

- We assumed lead responsibility for the national rollout of the Improving Gender Balance project in January 2019.
- From January to April 2018, we worked with the Care Inspectorate to evaluate the 1140 hours trial delivery model in Early Learning and Childcare settings. There were 14 models across 14 authorities and 69 registered care services
- Glow usage continues to be high and there are, on average, 250,000 users per month across 3,000,000 user sessions.

### **Scrutiny**

- We are on track to complete our planned Scrutiny programme in academic year 2018/19. We have completed 59% of Early Learning and Childcare inspections and 42% of inspections of schools as of 31 March.
- We worked with the Scottish Funding Council to moderate all 27 Evaluative Report and Enhancement Plans and associated grades produced by colleges.
- Our post-inspection questionnaires highlight the impact of inspection. 98% (n=83) of headteachers/heads of setting had made changes as a result of inspection.

### **Corporate Services**

- We increased our newsletter subscribers by 3%; our Facebook followers by 12% and our Twitter followers by 18%.
- Our new Corporate Plan for 2019-22 was published in April 2019.
- We received 86 Freedom of Information requests and 90% were responded to on time. We also received 233 complaints and responded to 98% on time, and 166 Ministerial and Corporate Communications (MACCS) and responded to 99% on time.

## **Performance Analysis**

This section provides a more detailed analysis of our performance in financial year 2018/19. It outlines how we measure performance and then provides an overview of the key achievements this year.

### **How we measure our performance**

Education Scotland has launched a new Corporate Plan for 2019-22, which includes the five strategic priorities we will focus on.

A strong focus on learning, teaching and leadership

We will have a renewed focus on professional learning and leadership, providing strategic vision and direction at all levels, working in partnership with the wide range of professional disciplines throughout Scottish education.

National collaborative professional learning networks

We will create synergies by supporting, challenging and advising all educational professionals and stakeholders. Through closer working at national, regional and local authority level we will create sustainable professional networks which facilitate the sharing of best practice to promote improvements in learning, teaching and assessment.

Getting it right for every child

We are committed to developing practitioners' understanding of equality and diversity issues, and supporting them in addressing inequity. We are also committed to involving our stakeholders, including protected characteristic groups, in our work as fully as possible.

Best use of high quality evidence

All our work will be informed by the best available evidence. Data will be analysed to ensure that our outcomes are delivered in an effective and efficient manner, and our impact can be readily determined. We will provide independent evaluation of the quality of provision across education sectors.

Effective partnerships

We will work in collaboration with partners to deliver excellence and equity within Scottish education, to improve attainment and achieve sustained and positive destinations. We will listen to our stakeholders and work in partnership with them to continuously add value to Scottish education.

These strategic priorities are cross-cutting and inform the work of all our directorates. For instance, our third strategic priority, Getting it right for every child, is strongly

focused on inclusion and equalities. This priority permeates our professional learning and leadership programmes and it is something we explore during scrutiny activity, for instance in relation to safeguarding.

Our strategic priorities have informed the design of our corporate Key Performance Indicators (KPIs) which we have been developing during 2018/19. Many of our proposed KPIs involve collecting evidence against new metrics which will be baselined in financial year 2019/20.

The KPIs are focused on the areas of our work that we directly control (inputs, outputs and reach) or influence (short-term outcomes). This is because, as one part of a complex education system, our role is often to contribute to longer-term outcomes. We gather evidence of our contribution to these longer-term outcomes, which often includes qualitative data, through a wider programme of evaluation. Such data complements our KPIs by providing a more nuanced picture of our performance and why, and how, change occurs.

Our proposed set of KPIs is summarised below.

<p>Our professional learning and leadership programmes have a positive impact on participants' knowledge, skills and practice.</p>	<p>We aim to reach a wide range of participants and to deliver effective professional learning and leadership programmes. This KPI will monitor which participants we engage with through our professional learning and leadership programmes and gather their views on the value of the learning they have received, and whether it is informing their practice.</p>
<p>Our creative and innovative working environment supports the professional learning and development for our staff.</p>	<p>Our staff are key to us delivering our enhanced remit and we will be working to increase the numbers who feel they have the tools they need to do their job well and who feel that learning and development is having a positive impact on their career. We will also monitor our staff's access to learning and development opportunities and how valuable they feel those opportunities are.</p>
<p>Our high quality support for learning, teaching, curriculum and assessment creates improvement at different levels of the Scottish education system.</p>	<p>Our new regional structure will allow us to support educational improvement at regional and local level. We are keen to ensure that that our key stakeholders are provided with high quality support. To help us measure our performance in this area we aim to monitor the engagement of our regional teams, the uptake of that support and how it is perceived by our stakeholders.</p>
<p>Our scrutiny work supports improvement in the Scottish education system</p>	<p>To ensure that we are delivering on our planned inspection and review programmes, and that the inspection process is helping to support improvement in inspected establishments, we will</p>

	be monitor the number of inspections carried out each academic year and seek feedback from headteachers/heads of settings.
Our engagement with educators, resources and evidence help to support improvement.	We aim to provide our stakeholders with high-quality guidance, resources and evidence to support them to deliver effective learning, teaching and assessment, and to communicate effectively with them. We will be gathering evidence around how our stakeholders engage with our resources and our various communications channels.

### **How we track and report on our performance**

Our Advisory Board and Audit and Risk Committee receive a number of reports on corporate performance. These include financial monitoring reports, the corporate and portfolio Risk Register and additional performance monitoring information. Going forward, our Leadership Team will also receive regular reports around our Corporate KPIs.

### **About our Performance Analysis report**

Over the following pages, we present the main areas of our performance in financial year 2018/19<sup>1</sup>. As described in the Performance Overview, we are in the process of embedding a new organisational structure. We have structured the Performance Analysis around our five new directorates, as they reflect the main current areas of our work and will be used for reporting purposes in future years. The Performance Analysis draws on evidence which exemplifies our contribution and impact during financial year 2018/19.

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<sup>1</sup> Our Scrutiny work is carried out over the academic year rather than the financial year. For this year's Annual Report and Accounts, we will be reporting on our Scrutiny work based on the last completed academic year, which is 2017/18. We also provide figures showing how much of our 2018/19 programme of Scrutiny work we had completed by 31 March 2019.

## Our performance in 2018/19

### Professional Learning and Leadership

We have a renewed focus on professional learning and leadership, providing strategic vision and direction at all levels, working in partnership with the wide range of professional disciplines throughout Scottish Education.

#### Key highlights

##### Expanding our leadership development opportunities

We extended the suite of Scottish College for Educational Leadership (SCEL) programmes to include Leadership of Early Learning, a new programme for primary head teachers who are responsible for early learning and childcare settings. We also included new events in the Collaborative Middle Leadership programme, which provides further opportunities to middle leaders to create and expand their professional networks, and explore the research around middle leadership. Overall, we now offer 13 programmes to support professional learning and leadership.

##### Reach and impact of our leadership development opportunities

674 participants have been registered for the first four cohorts of the Into Headship programme and we are currently recruiting for Cohort Five. Evaluation of the first two cohorts shows that the programme increases confidence in relation to strategic leadership. Before the programme, 37% of the 91 evaluation respondents said they were confident or very confident in relation to strategic leadership, compared to 98% after completion. Additionally, 469 participants enrolled in our Excellence in Headship programme over 4 cohorts. The programme begins with a residential and 94% of the 36 respondents to the evaluation for cohort 4<sup>2</sup> agreed that what they learned would influence or change their practice. 8,475 people have registered for our Framework for Educational Leadership, which provides resources and learning opportunities for educational professionals at all career stages.

##### New model for professional learning

We launched a new national model for professional learning in September 2018 which aims to support and strengthen professional learning for Scotland's teachers. The framework was developed in partnership with a range of stakeholders across the education sector and outlines the kind of learning that will empower education professionals and enable them to best meet learners' needs.

##### Scottish Learning Festival

In 2018, the Scottish Learning Festival focused on collaborations that ensure young people have greater input into decisions which affect their lives, as well as Science, Technology, Engineering and Mathematics (STEM) education and training. It was attended by 4,585 people in total. Of the 398 participants who completed the event evaluation, 64% said it had increased their confidence in learning and teaching, 65%

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<sup>2</sup> The residentials for cohort 4 are still ongoing. The figures presented above relate to the evaluation of the initial residentials for this group.

said they were likely to use what they learned in their practice and 76% said they would share their learning from the event with colleagues.

### **Working in partnership**

We are involved in 18 national Community Learning and Development (CLD) professional networks as members, chairs and co-chairs. For example, we chair the Adult Literacies Key Contacts group which brings together individuals providing adult literacy support. Recently our work has involved creating links with the Scottish Government's Employability Team, who run the Fairstart programme, which helped improve links and relationships between CLD partners and Fairstart contractors.

Our literacy and English team worked with the Scottish Book Trust to create the 'First Minister's Reading Challenge (FMRC) planning and evaluation toolkit'. This toolkit is aligned with 'How good is our school? (4th edition)' and supports teachers to integrate FMRC activities into their improvement plans, evaluate the impact of their FMRC activities and identify opportunities for development. Pilot schools found it very useful and have been able to use it to support planning and practice.

Our Developing the Young Workforce and CLD teams have worked together to facilitate a national working group on recognising young people's wider learning and achievement. The group includes representatives from schools, youth award providers and other stakeholders such as Skills Development Scotland (SDS) and the Scottish Qualifications Authority. The group will work to define, identify and share good practice around wider learning and achievement, as well as considering what guidance is required. It will also help inform SDS's work on the new online profile tool on My World of Work.

### **Supporting equality, diversity and inclusion**

We have supported professional learning around inclusive education through the launch of our Introduction to Inclusive Education module on the Open University's OpenLearn Create site in June 2018. Since then there have been 600 registered users and 184 users have completed the module. Working in partnership with the Scottish Government, Dyslexia Scotland and practitioners, we also published two new online modules focusing on dyslexia and inclusive practice. Almost 800 users have completed these modules.

### **Developing our people**

We provided several staff engagement opportunities including an All Staff Conference, a conference for Corporate Services staff and a Learning Week with 39 training and awareness sessions. We also introduced a new corporate induction programme in 2018 to support new employees to learn about how their roles contribute to our objectives and to facilitate their understanding of our culture, and values. Feedback suggests that the approach has supported our new colleagues to have a positive and productive introduction to Education Scotland.



## **What's next**

*“Over the next year we will continue to deliver the suite of professional leadership development programmes through SCEL, aiming to support professional learning through the Regional Improvement Collaboratives. A new organisational structure within Education Scotland will also see a renewed focus on professional learning internally, to ensure our staff are equipped with the tools and resources needed to do their jobs effectively”.*

Gillian Hamilton, Director of Professional Learning and Leadership

## **Demonstrating our impact: Professional Learning and Leadership**

### **Background**

The Into Headship Programme is Scotland's national qualification for headship. It focuses on the specificity of headship and the strategic role of head teachers. Into Headship aims to ensure that aspiring head teachers are supported to develop and to continue to build the necessary knowledge, skills and understanding required of senior leaders. On completion of the programme, participants are awarded the Standard for Headship, which will become a pre-requisite for all new head teachers from 2020.

### **What happened?**

Victoria Hood, then an Acting Head teacher, participated in the programme from April 2017 to December 2018. This included:

- Practice-based learning where she identified an issue or problem facing her school and built a strategic change process to address it;
- Taught elements delivered through face to face or online methods;
- Directed study including set reading and online tasks; and
- Collaborative learning opportunities with her cohort colleagues.

### **What was the impact?**

Victoria rated the programme very highly and felt that it had increased her confidence, knowledge and skills around becoming a head teacher. It helped her to successfully face some of the real challenges of leadership and to lead, and work with, different groups. The Strategic Change Initiative she completed as part of Into Headship also helped contribute to her school's development by supporting collaborative approaches to learning across the whole school community. Staff worked together to use data to inform the next steps of the school's development journey, which helped to increase their confidence in making professional judgements on children's attainment and learning.

Victoria told us:

“I was always unsure of what was meant by ‘strategic’ and doubted my abilities. This was largely due to a leap from Principal Teacher to Assistant Head teacher. I now know how to go about embedding change through focusing on ownership of the change and the culture within my school.

It has changed the way that all stakeholders are involved in planning for strategic change. Teachers are now more focused on 'impact' and there is a 'joined-up' approach when considering our next steps as a school. Pupil voice plays a greater role in terms of teachers seeking pupils' views rather than this coming from the top down. This session, pupils were heavily involved in evaluating current teaching and learning approaches around raising writing attainment and how it could be improved. They felt ownership of their journey."

**What's next?**

Victoria has now gained a permanent head teacher role and feels that what she learned will have a positive impact on how she undertakes this role moving forwards.

"As well as now having a solid overview of current policy and research, the transferable skills have enhanced my effectiveness as a leader and helped me to grow as an individual. What I learned on the programme will most definitely help me in my role in the future".

## Regional Working

We are embedding a new regional structure for our educational improvement work. This structure will bring our support, knowledge and expertise to as near practice as possible. In 2018/19 we continued to deliver improvement support to Regional Improvement Collaboratives, local authorities, education establishments, individual practitioners and other stakeholders.

### Key highlights

#### **Supporting regional improvement planning**

Regional Improvement Collaboratives submitted their phase two plans to the Chief Inspector by September 2018. Our Regional Advisors conducted a detailed analysis of the plans and facilitated meetings with senior staff, and the Regional Improvement Collaborative Leads. The plans have an increased emphasis on the impact on learners, use of professional networks and a strengthening of collective responsibility at Chief Officer and elected member level. Discussions are now taking place with each of the Collaboratives to agree future arrangements for improvement planning.

We are working with Scottish Government and the Regional Improvement Collaboratives to deliver a series of events from March to June 2019. Each event is designed to reflect the priorities of each Regional Improvement Collaborative. For example, the event with the South West partnership focused on a whole system approach to collaboration, focusing specifically on literacy, numeracy and health and wellbeing. Each event will be supported by Attainment Advisors and will be attended by the Deputy First Minister and either our Chief Executive, Gayle Gorman, or our Strategic Director: Regional Improvement, Maria Walker. To date a total of 996 practitioners and head teachers have attended the events.

#### **Support to close the poverty-related attainment gap**

We have updated the Education Endowment Foundation's 'Scottish Attainment Challenge: Learning and Teaching Toolkit' to include a series of challenge questions which help contextualise the content for Scottish practitioners. The toolkit can be used to support practitioners' decisions about which interventions are likely to lead to the best outcomes for learners.

We have also recruited 19 permanent Attainment Advisors to help us support the Scottish Attainment Challenge. Our Advisors undertake a wide range of tasks including supporting collaboration across the system, building capacity in self-evaluation, facilitating networking and sharing of practice and brokering, and co-ordinating support. Over the last year, they have reviewed all mid-year and end of year progress reports for the Challenge Authorities (nine of each) and mid/end of year progress reports from schools involved in the Schools Programme (more than 70 of each).

#### **Support for the National Improvement Framework**

Over the last year we delivered 28 professional learning events on quality assurance and moderation for practitioners from all local authorities. These events support practitioners who lead and promote assessment and moderation within their authorities to improve the consistency of moderation practice. Evaluation findings

suggest that events increase practitioners' understanding and confidence. For example, before events in November 2018, 44% of all 105 evaluation respondents had high levels of understanding of holistic assessment but after the event 79% reported high levels of understanding. We have also delivered three Assessment Co-ordinators' meetings and 13 regional events around quality assurance and moderation. In addition, we delivered three moderation events focusing on Gaelic Medium Education with approximately 58 attendees. Evaluation respondents (total number of evaluation respondents =16) from one of these events all indicated that they had an increased understanding of using holistic assessment.

### **Supporting parents and carers**

We delivered a range of events and engagements around family learning and parental engagement. For example, we delivered three conversation days which focused on family learning, involving parents in improvement planning and Science, Technology, Engineering and Mathematics (STEM), attended by approximately 132 practitioners. Evaluation findings from a January 2019 conversation day suggest that the event increased participants' confidence and understanding in this area, and 88% of the 42 respondents stated they were likely to use what they had learned in practice. We also ran five workshops and research cafes focusing on similar topics, which were attended by approximately 107 practitioners.

Our Parentzone website provides up-to-date information about learning in Scotland as well as practical advice, and ideas to support children's learning at home. The site includes performance data for school leavers from S4 to S6 and links to the national, local authority and school level data on the achievement of Curriculum for Excellence levels. Information about additional support needs and how parents can get involved in their child's school and education is also available. From April 2018 to the end of March 2019, there were 608,256 page views and 300,368 unique users.

### **What's next**

*"Our support for improvement is already delivering positive benefits across Scotland. In financial year 2019/20 our new regional structure will enable us to support improvement with increased pace and coherence".*

**Maria Walker, Director of Regional Improvement**

## **Demonstrating our impact – Regional Working**

### **Background**

From August 2016 until June 2018, almost 100 schools and early learning centres were inspected across the eight authorities in the WEST Regional Improvement Collaborative. Two aspects for development which featured regularly were the need to improve the consistency of learning and teaching, and to improve self-evaluation. These areas were also identified in individual self-evaluations from the authorities. To help address them and bring about system improvement through sharing good practice between authorities, Education Scotland staff designed a capacity building activity with the authorities.

### **What happened?**

Our staff designed an activity which focused on observing learners' experiences in volunteer schools in one or both of the initial two participating authorities. Various approaches to the activity were trialled – for example, in some instances HMI colleagues worked with authority staff to observe lessons. However as the activity evolved, the observations were increasingly conducted by pairs of senior education authority staff, head teachers and depute head teachers, supported by Education Scotland.

Participants had opportunities to compare practices in their authorities while we provided additional support and guidance around approaches to self-evaluation and inspection. We shared our best practice framework for inspection and reviews which includes how to gather evidence respectfully, and how to report and write evaluatively. At the end of the activity, we facilitated discussions with participants to share the findings from their lesson observations.

### **What was the impact?**

The activity ran three times between April 2018 and February 2019 with more than 50 participants from four authorities. Outcomes included sharing good practice, gathering and presenting using evaluative language and reinforcing beliefs about learning and teaching. Participants stated that they had begun to use their learning to take forward developments in pedagogy and self-evaluation and that the learning would contribute to school improvement:

“(The activity provided an) insight into the expectations of HMI and a better understanding as to how they evaluate and collate evidence to support findings. There will be a clearer emphasis within my establishment on the links between the relevant QIs (quality indicators) and classroom observations and supports. The input has helped shape my thoughts around constructive feedback to teaching staff and it has highlighted the common areas for development that were identified across the host schools. These reflect the needs within my own school and will feature in the School Improvement Plan moving forward”. (Participant 1)

“As a result of this experience, we will review our current practice in sharing information linked to QIs and in identifying strengths and next steps across the school. There will be a focus on ensuring that information shared is evaluative, particularly written evidence. There will be opportunities for the management team to participate in moderation activities with each other, to discuss the relevant QIs and

the feedback which is shared with teachers as part of the quality assurance programme” (Participant 2)

**What’s next?**

The activity will continue as part of a suite of capacity-building activities within the Collaborative. It provides opportunities to share good practice and exemplifies how we and the regional partnerships can work collaboratively. There are plans to involve more authorities and to ensure that participants have opportunities to observe learners’ experiences in all sectors.

## National Improvement

Our work on national improvement includes contributing to a number of key national priorities and policies. We provide evidence and expert professional advice to add value to this work. Our new structure which will bring increased coherence to these areas of work.

### Key highlights

#### Supporting the Year of Young People

One of the aims of the Year of Young People was to create more opportunities for young people to be partners in the decisions that matter to them. We developed a new Participation Award for the 2018 Scottish Education Awards and to support this we created a judging panel with equal representation from young people and educationalists. We published resources to help schools and early learning and childcare settings develop their understanding and to provide practical support to help embed participation. We worked with the Children's Parliament to support their Unfearties network – comprised of individuals from all walks of life who are committed to addressing children's issues. We worked with the youth work sector and the Scottish Government's Community Learning and Development policy team to start evaluating the Youth Work strategy (2014-19) and to develop a new strategy from 2020, which will take forward many aims of the Year of Young People.

#### Participating in key national boards

We play a key role in a national boards and working groups. For instance, our Chief Executive, Gayle Gorman, chairs the Curriculum and Assessment Board which works to improve curriculum and assessment policy. In October 2018, we agreed with Board members an innovative approach to developing subject-specific support for curriculum, learning, teaching and assessment through our collaboration with teachers in the Regional Improvement Collaboratives and local authorities. We also support the Strategic Board for Teacher Education which oversees and evaluates reforms to teacher education. As part of this, our Strategic Director: Professional Learning and Leadership, Gillian Hamilton, chaired a working group whose recommendations led to the development of our national model of professional learning.

#### Equality, diversity and inclusion

We provided advice and guidance to the LGBTI+ Inclusive Education Working Group. This drew on inspection evidence and information about schools' curriculum practice in health and wellbeing, and equality. We also developed a self-evaluation framework for Initial Teacher Education as part of our contribution to the Equality Outcomes and Mainstreaming report 2019. This will be used to evaluate how training prepares students in terms of safeguarding, wellbeing, equality and inclusion. We continued our work to deliver on key actions listed in the Race Equality Framework. For instance, we completed a peer review of curricular resources in December 2018 and used this to inform professional advice to Scottish Government.

We are on track to deliver the 22 actions outlined in our Corporate Parenting Plan. A Corporate Parenting Policy is being drafted which will outline appropriate governance of each action through our new directorates. Our inspectors have

worked to ensure that establishments consistently assess the wellbeing of care experienced children and young people. We also reviewed our safeguarding forms to ensure that they capture further data around available support for this group.

The 3 year pilot of the Improving Gender Balance project, managed by the Institute of Physics in collaboration with Education Scotland and Skills Development Scotland, ended in March 2018. We have continued to work closely with our partners to build on the learning from the pilot in order to support a national rollout. We have recruited a new team of six Improving Gender Balance Development Officers. In January 2019, we assumed lead responsibility for the national rollout of the project.

### **Early learning and Childcare – Expansion of hours**

In partnership with the Care Inspectorate, we evaluated the 1140 hours trial delivery model from January to April 2018. There were 14 models across 14 authorities and 69 registered care services involved. We identified a number of key considerations for authorities when they are developing their expansion plans, including the need for a continued focus on high quality professional learning and the benefits of sharing practice within, and across, authorities. Our findings were included in the Scottish Government's overall evaluation of the trials.

### **Digital Learning and Teaching**

The Corporate Digital Skills team now includes two Education Officers and six Development Officers who have been working with all local authorities to deliver tailored support. This has included delivering 116 sessions to 3,900 individuals.

We continue to provide a range of digital learning and teaching opportunities through our online platforms. Glow usage numbers continue to increase month by month with an average of 250,000 individual users logging on each month across 3,000,000 user sessions.

The annual National Digital Learning Week took place in May 2018 and celebrated the Year of Young People. A range of activities took place including the National Collaborative Story which was delivered in partnership with children's author, Lari Don. This activity allowed pupils to work collaboratively using digital technology to add their own parts to a story as it travelled the country. By the end of the week, three stories had been written by 800 children and young people in 28 schools in 20 local authorities.

Our Digital Schools Awards which promote, recognise and encourage a whole-school approach to the use of digital technology, continue to be popular with early learning and childcare settings, primaries and secondary schools. Since September 2018, registrations have increased from 612 to 839 in early years and primary, and from 109 to 157 in secondary.

### **What's next**

*"We already make a strong contribution to influencing national policy through our unique evidence base. Our new structure will let us make even more of that evidence".*

**Alan Armstrong, Director of National Improvement**



## **Demonstrating our impact – Raising Aspirations in Science Education (RAiSE)**

### **Background**

The Raising Aspirations in Science Education (RAiSE) pilot began in 2017 to increase the confidence and skills of primary practitioners in science, technology, engineering and mathematics (STEM) learning. It builds the STEM skills and knowledge of young people and aims to inspire them to develop a passion for STEM and interest in STEM-related careers. As of 2019, there are 12 local authorities participating. The pilot, led by Education Scotland, has been funded and supported by the Wood Foundation, Scottish Government and the participating authorities.

### **What happened?**

Education Scotland's National Education Officer for Science, Gayle Duffus, has had overall responsibility for leading the pilot. Gayle has worked closely in partnership with each of the participating local authorities to ensure effective co-ordination of the process.

Each authority was granted funding to second a Primary Science Development Officer (PSDO) to lead the programme within the authority. Authorities then developed an action plan, based on programme objectives but aligned to their own priorities and existing national frameworks, which allowed them to take things forward in a way that best suited their local context. Some of the developments undertaken included:

- Professional learning opportunities to support STEM education;
- Work to build community partnerships to further science education;
- Development of online networks for practitioners within their authorities;
- Providing opportunities to share best practice in science education;
- A national science resource guide for early years to second level has been created and will be launched in Summer 2019; and
- Web page on the National Improvement Hub for news stories, information and case studies.

Throughout the process, Gayle has provided tailored support to each PSDO and helped to facilitate the sharing of good practice which has emerged from the work with authorities. Participating authorities have also benefited from the use of Education Scotland's STEM self-evaluation framework.

### **What was the impact?**

An interim evaluation by the Robert Owen Centre, University of Glasgow, found that RAiSE is adopting an effective continuing professional learning model which reflects recognised best practice approaches to effective system change and fostering educational change which, in turn, increases pupil attainment. As a result of participation, authorities have continued to prioritise STEM education through, for example, the retention of a STEM lead leads. Nationally, RAiSE has influenced the development of the STEM Education and Training Strategy.

### **What's next?**

A final evaluation report will be published in 2019. Following a review of the findings, a decision will be taken regarding the national roll-out of the programme.

## Scrutiny

We provided independent evaluation of the quality of provision across education sectors and used this information to promote improvement, and provide assurance to our key stakeholders about standards, quality and improvement. We delivered inspections across a range of sectors.

### Key highlights

#### Delivering our Scrutiny programme

We have continued to carry out a portfolio of scrutiny activity across different education sectors from early learning and childcare to adult learning.

We now report on our scrutiny activities in academic years. We published our [annual programme of inspection activity](#) for the first time in June 2018 for academic year 2018/19. This programme indicates the range of scrutiny activity which will be carried out each academic year.

In the last complete academic year, 2017/18<sup>3</sup>, we inspected 317 early learning and childcare settings<sup>4</sup> and primary, secondary and special schools<sup>5</sup>. In addition, we carried out 40 further inspections of schools, following their initial inspection, to ensure improvements in the quality of education. We also carried out 12 inspections and 2 continuing engagement visits of Community Learning and Development services. We are currently on track to deliver on our range of scrutiny activity as set out in the annual programme.

#### National Thematic Inspections

In the Mental Health Strategy 2017-27, the Scottish Government committed to a review of **Personal and Social Education** (PSE). To support this we conducted a national thematic inspection of PSE in 55 schools and early learning and childcare settings in academics year 2017/18. The findings were published in August 2018. The review covered areas including the content and quality of PSE and health and wellbeing programmes, how they are delivered, their quality and how learner engagement is taken forward. Our findings were used to inform the engagement with key stakeholders which took place during the next stage of the Scottish Government's PSE review, and the final Scottish Government publication which was published in January 2019.

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<sup>3</sup> We are presenting inspection figures based on the number of completed inspections over the last academic year -2017/18. Completed inspections refer to those inspections where the report has been published. This is a change to how we presented inspection figures in last year's Annual Report and Accounts where we reported on financial year and figures were based on on-site activity rather than the publication of the report.

<sup>4</sup> 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 settings, including private, voluntary, local authority family centres and standalone local authority nursery schools.

<sup>5</sup> Includes local authority, grant aided, independent, special (day special, residential and secure accommodation services) and all through schools.

We have completed and published our findings for two national **thematic inspections** on school empowerment so far in academic year 2018/19. One focused on readiness for empowerment while the other looked at curriculum leadership. We are currently carrying out the fieldwork for two national thematic inspections which look at parent and pupil participation, and mathematics.

### **Inspections focusing on how well local authorities are improving learning, raising attainment and closing the poverty-related attainment gap**

We have completed a new programme of inspections and reported 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. The inspections were completed in partnership with Audit Scotland.

### **Work with colleges**

The quality assurance arrangements for colleges are agreed annually between Education Scotland and the Scottish Funding Council (SFC). Evaluative Reports and Enhancement Plans (EREPs) for all of Scotland's 27 colleges, along with their associated grades, were endorsed and published by Education Scotland and SFC as part of the new quality arrangements for colleges. All EREPs, and associated proposed grade outcomes, were subject to rigorous and robust moderation arrangements involving HM Inspectors of Education and SFC Outcome Agreement Managers. We will continue to provide targeted support, a challenge function and conduct a new annual programme of progress visits as part of our work with colleges.

### **Work with other scrutiny bodies**

We continue to work in partnership with other scrutiny bodies. We undertook six external reviews, five follow-up reviews of career information, advice and guidance services, and three Modern Apprentice reviews in partnership with Skills Development Scotland. Working with HM Inspectorate of Prisons, we inspected the educational provision of four prisons. We also inspected one private college and English language school, on behalf of UK Visas and Immigration. We have worked with the Fire Service Inspectorate in Scotland as part of their national review of training of Retained Duty System Firefighters in Scotland.

### **Sharing highly effective practice**

We worked to identify new ways of sharing highly effective practice identified by HM Inspectors of Education during inspection enabling leaders and practitioners across Scotland to learn and benefit from 'what works'. As part of this, in June 2018, we launched our new sketchnotes approach, which provides a visually appealing and easy-to-access way of showcasing examples of highly effective practice identified during inspection. The design is supported by the production of a blog created by the establishment, which tells the story of their improvement journey. We currently have nine published examples with more under development.

### **Using evidence from Scrutiny**

Evidence from school inspections contribute to the National Improvement Framework evidence report. Our pre-inspection questionnaires contributed to the

Scottish Government's [National Improvement Framework Evidence Dashboard](#). The findings give an indication of parents'/carers' and pupils' satisfaction with various aspects of their school. A total of 6,816 parents/carers and 19,128 children and young people in primary, secondary, all-through and special schools completed the questionnaires issued to the 121 establishments which were part of the annual sample.

### **Impact of Inspection**

We developed a new approach to post-inspection questionnaires in 2018 where online questionnaires are issued approximately nine to 12 months after an inspection to help us determine the impact of our approaches. So far questionnaires have been sent to all early learning and childcare settings and school establishments inspected between September 2017 and March 2018<sup>6</sup>. Findings indicate that inspection is making a strong contribution to improvement and is viewed positively by establishments. 98% of 83 headteachers who responded to the questionnaires stated they had made changes as a result of the inspection.

It is clear that establishments have found the inspection findings of use when planning for improvement. For example, 96% of 81 headteachers/Heads of settings who responded to the questionnaire felt the findings had prompted them to reflect on strengths and areas for development. Additionally, 95% of 81 headteachers/heads of settings who responded reported that professional dialogue with inspectors had helped them to make improvements. Many headteachers/Heads of settings had used the findings to inform their self-evaluation and improvement planning (95% of 81 headteachers/Heads of settings who responded) and had used specific effective practice resources or applied advice from the inspection team (78% of 66 headteachers/Heads of setting who responded).

We have almost completed a 3-year cycle of Community Learning and Development (CLD) inspections at strategic and place-based level in all local authorities. 31 inspections have been completed, with the final one planned for May/June 2019. We surveyed 16 local authorities in Autumn 2018 to gather feedback on inspection and found that CLD partnerships and authorities valued the approach. Respondents felt inspection helps raise the profile of CLD in all areas and had either helped them to identify areas for improvement or had provided reassurance over their existing improvement priorities.

### **What's next**

*"We will continue to develop our scrutiny activities across a range of sectors in Scottish education in an open and transparent way, with a clear focus on improvement. A key priority for us in financial year 2019/20 will be ensuring the best use of, and sharing of, highly effective practice and evidence from our scrutiny work to promote improvement."*

**Janie McManus, Director of Scrutiny**

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<sup>6</sup> Figures in this section only relate to feedback gathered in part of the complete academic year.

## **Demonstrating our impact – Improvement through inspection**

### **Background**

Aberdeen Grammar was inspected in October 2018, as part of Education Scotland's national programme of inspection, to evaluate the overall quality of education within the school.

### **What happened?**

The inspection team undertook a rigorous programme of activities including evaluative observation, professional dialogue and the review of areas such as the school's leadership of change and standards in attainment and achievement. The place of parental and partnership work in the school was also considered and meetings with all stakeholders were conducted to triangulate the evidence gathered.

### **What was the impact?**

After the inspection, headteacher, Alison Murison, commented on how positive and helpful the process had been for her school. She valued the opportunity to work in partnership with the inspection team and it enabled Alison, and her staff to highlight their strengths, as well as identify key areas to improve.

'The inspection was very positive. Prior to the inspection, I had the opportunity to talk things through with the Managing Inspector (MI) and find out more about the process, and how it would benefit the school. This opportunity to build up a professional relationship and develop mutual respect was crucial, and started the inspection off on the right foot. There were lots of opportunities to engage with the team throughout the process and that helped us to feel that we were all in it together.'

The inspection gave everyone a boost and staff felt all their hard work, and commitment, had been recognised. There were specific actions that have been particularly helpful including tips from the MI on building in opportunities for accreditation, helping skills development and work around wellbeing. For example, advice on supporting young carers, on personal and social education, and on differentiation. This led to us seconding a member of staff to focus on this area. An action plan has now been developed and we are sharing our work across the city.'

The school have also had the opportunity to share examples of good practice identified by the inspection team. For example, staff presented on their use of Google classroom at a national Digital Learning Masterclass in February 2019 as part of Education Scotland's Excellence in Headship programme.

### **What's next?**

The school are working on their school improvement plan and feel that the inspection findings have been a really useful tool to help stimulate their thinking.

'We are currently in the middle of school improvement planning. The inspection findings have fed into this process and helped us to take stock of where we are, and how to move forward. It has helped identify a number of areas e.g. accreditation and wellbeing for us to focus on in the future.'

## Corporate Services and Governance

Our Corporate Services and Governance directorate provides high quality support around service delivery, finance, facilities, analysis and governance for our organisation. It underpins our externally facing offer to the Scottish education system and is at the heart of everything we do.

### Key highlights

#### Finance, Infrastructure and Analysis

We are currently developing new strategies to help us work effectively and efficiently. For example, we have developed a Procurement Strategy to ensure there is cost effective procurement of goods and services, and this will allow us to maximise the benefits from the money we spend. We are also developing an Estate Strategy which will set out the outcomes for the next 10 years in relation to our existing office accommodation and the changes which may be required to support our enhanced remit.

To help deliver our enhanced remit, we have begun to introduce Smarter Working across our offices. We are fully committed to developing flexible workplaces in order to support everyone to deliver, now and in the future. We have begun to implement desk-sharing which allows the organisation to improve the utilisation of existing space. Our Smarter Working groups are currently exploring options to move this initiative forward and ensure that solutions are found which work for individuals, teams and the organisation as a whole.

Our analytical teams provide a wide range of evaluation and statistical support to the organisation. The team provide educational data to support the inspection process and contribute to the Scottish Government's reporting for the National Improvement Framework. In 2018/19, they successfully piloted and rolled out new post-inspection questionnaires, supported staff to evaluate the impact of their work, helped to build staff evaluation capacity and have been working in partnership with colleagues to develop a new set of KPIs for Education Scotland.

Our Corporate Plan for 2019-22 has been published and sets out the strategic direction for the Agency over the next three years. Our vision, mission and strategic priorities build upon our successes and set further targets to which we will aspire.

#### Digital Services

Our Corporate Digital Services Team have been working over the last year to bring the Corporate Digital Services and Glow teams under a unified management and governance structure. This will allow us to provide cohesive and effective support to the organisation and our stakeholders. Additionally, the team are currently working to produce a Digital Strategy for Education Scotland, which will set the direction of travel for all our corporate systems. This will include an increased commitment to work with our users (including external users) to design and build digital services that work and provide value to Scotland's education sector.

## Operations

Operational teams played a significant role during our recent restructure, working to challenging timescales and successfully using a collaborative approach. Our Human Resources, Communications and Planning and Performance Teams worked closely together with each team bringing their unique skills and experience to the key tasks. Human Resources lead on a significant recruitment campaign to ensure we had the full complement of staff to deliver on our enhanced remit; Communications provided updates to staff and delivered engagement opportunities, and Programme Managers provided support and advice to Strategic Directors including developing role descriptions, organograms and allocating staff to regional teams.

Our Communications Team continued to effectively manage and lead on our range of communication channels and 2018/19 saw our newsletter subscribers increase by 3%, our Facebook followers by 12% and our Twitter followers by 18%.

## Governance

We launched a new suite of core briefings in October 2018 to provide information on key issues from across our work. We currently have 32 core briefs available to inform our staff.

Our Official Correspondence Unit respond to the range of Freedom of Information (FOI) requests, Ministerial and Corporate Communication (MACCS) requests and handle any complaints<sup>7</sup> we may receive. Throughout 2018/19, we received a number of such requests and complaints, and as the charts below show, we responded to the majority of these before or by 20 working days, in accordance with our processes.



## What's next

*"In 2019/20 we will embedding our new structure and putting our strategic priorities into practice. Our corporate teams will be providing broad directorate support and looking into new and improved ways of working to deliver of our enhanced remit."*

**Brian Taylor, Director of Corporate Services**

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<sup>7</sup> It should be noted that the highest proportion of complaints are not in relation to Education Scotland but focus on bullying in or outwith school, or are related to inspection.

## **Demonstrating our impact – Using the Agile development approach**

### **Background**

In 2018, Corporate Digital Services team (CDS) recognised that traditional methods used to deliver projects and systems did not always provide the flexibility to deliver functionality quickly. The existing approach suited larger, longer term projects better but struggled to keep pace with our fast changing environment. For digital solutions to meet the needs of those who would be using them – our staff – they had to be closely involved in their development and quickly be able to use working functions.

### **What happened?**

After consulting with colleagues in Scottish Government, the Care Inspectorate and other organisations, the team identified the Agile approach as the most effective solution. This approach involves working closely with system users throughout the design process in a series of short bursts, each lasting around two weeks. It allows the developer to quickly understand user requirements, demonstrate the system and effectively tailor it based on user feedback.

CDS have been working to embed Agile within the organisation. For example, they worked closely with the Scrutiny Planning and Administration Team to develop a new system to support the planning and organisation of inspections. From January to April 2019, small teams of users and developers worked side by side to review the current planning system and to create, review and adapt a digital solution.

### **What was the impact?**

The Agile approach meant the revised system for the planning and organisation of inspections was able to be developed within three months – a fraction of the time that this would have taken using a more traditional approach. Laura Burman, Operations Team Leader spoke highly of the Agile method:

“I was very impressed by the speed at which the Digital team got to grips with all the facets of the administrative process supporting scrutiny activity. We developed strong working relationships very quickly. There was no ‘them and us’ situation, it was very much a team effort. Learning by doing has featured heavily during design and testing. The Agile approach allowed us to more easily integrate the development work within our normal workload.”

Using Agile also led her team to identify where they could potentially share systems or information with colleagues, or remove steps in the process. Some processes have been automated through the use of an updated technical platform which means that, going forward, we should be able to support more inspections without creating a burden on support staff.

### **What's next?**

This is the first in a series of projects using the Agile approach. By adapting the functionality created in the new Scrutiny Planning and Admin system, the Digital team created a Note of Visit tracker to record our non-inspection engagements within a week. Looking forward, the team will be using the approach in areas such as programme and project planning, support and reporting and communications. This should enable Education Scotland to continue to deliver high quality services in the way users want and in response to changing user needs and expectations.



## **Financial Review**

Education Scotland is funded by the Scottish Government through the Education and Skills Portfolio. The total budget allocated at the start of the year was £20.4m and a further £12.5m 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 2018-19 was £32.9m. Overall expenditure for the year was £32.1m, resulting in an underspend of £0.8m

<b>2018-19</b>	<b>Original Budget £000</b>	<b>Updated Budget £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>
Cash Resource Expenditure (RDEL)	20,003	32,360	31,557	(803)
Non-Cash Resource Expenditure (RDEL)	420	420	405	(15)
Annually managed Expenditure (AME)	0	110	62	(48)
<b>Total Expenditure scoring against Resource Budgets</b>	<b>20,423</b>	<b>32,890</b>	<b>32,024</b>	<b>(866)</b>
Capital Expenditure	20	50	87	37
<b>Total</b>	<b>20,443</b>	<b>32,940</b>	<b>32,111</b>	<b>(829)</b>

The financial results for 2018-19 are reported in the attached accounts. They show a net outturn of resource expenditure of £32.024m (2017-18 £25.898m) compared to a budget of £32.890m (2017-18 £30.103m) yielding a net resource underspend of £0.866m (2017-18 underspend of £4.217m). Note that transactions totalling (£0.009m) are reflected in the comprehensive net expenditure for the year but do not score against budgets.

Capital outturn was £0.087m (2017-18 £0.070m) compared to a budget of £0.050m (2017-18 £0.020m).

### **Significant variances**

The underspend this year relates to 3 key areas:

- Glow safeguarding and security – following a review, we committed to set aside £500,000 for security and safeguarding products that could be deployed to improve Glow. Due to the nature of the service and these products, procurement was complex and we were unable to purchase suitable products in the financial year.
- Reduced Blogs support contract (£52,000). Costs for the migration of Blogs support to a new supplier turned out to be significantly less than had been predicted for FY18-19 due to costs reducing overall and (because the procurement had to be run 3 times in order to identify a suitable supplier) some of the work running beyond March
- SWAN costs £133,000 less than estimated. Costs for the supply of SWAN services by Capita are variable depending on the number of members joining or leaving the service in any year. In addition to reduced costs related to increased member numbers, we also negotiated reduced rental costs on a number of circuits.

### **Estates Strategy**

Education Scotland have been preparing its updated Estate Strategy which will cover the next 10 years. This work, to be published in the summer of 2019, will set out the short medium and long term options for the existing accommodation and what requires to be

done to support the new and enhanced remit of the organisation. The Estate Strategy is influenced by this new remit with its associated increase on our staffing numbers and it will also focus on the impact of moving to a Smarter Workplace and how this will better support our staff to deliver the highest possible services for the education system in Scotland.

The Estate Strategy sets out the timescales by which key decisions require to be made from the available choices. We aim to:

- Increase the utilisation of our office accommodation
- Provide flexibility for a range of working methods such as team working, quiet areas, formal meetings spaces which are equipped with modern communication technology
- Provide hot desk arrangements so that staff can book into a desk if they are visiting an office
- Promote close collaborative working internally and with external stakeholders
- Ensure that our accommodation is fit for purpose and effectively maintained.

### **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 2019, Education Scotland paid 99.6% of invoices within ten days (2017-18 99%).

## **Sustainability Report**

### **Introduction**






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 43% by 2020 and 80% by 2050;
- 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 2018/19**

<b>Area</b>	<b>Target</b>	<b>Progress made</b>	<b>Status</b>
<b>Green house gas emissions</b>	Year on year reduction of greenhouse gas emissions.	Carbon emissions have decreased by 28% from the last reporting year.	
<b>Waste</b>	Year on year reduction of waste generated.	Waste generated has increased by 10% from the last reporting year.	
<b>Recycling</b>	Year on year increase in waste recycled.	Waste continues to be 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.	
<b>Water</b>	Year on year reduction in water usage.	Water consumption has decreased by 27% from the last reporting year.	
<b>Travel</b>	Year on year reduction in our level of travel.	The overall level of travel has increased by 34% from the last reporting year.	

<b>Greenhouse Gas emissions and energy</b>		<b>2017/18</b>	<b>2018/19</b>
<b>Non-financial indicators (tonnes CO2e)</b>	Total emissions	191	137
<b>Related energy consumption (mWh)</b>	Electricity non renewable	0	0
	Electricity renewable	723	449
<b>Financial indicators (£k)</b>	Expenditure on energy	102	88

Note: The figures used to work out CO2 emissions are as recommended by the Carbon Reduction Commission (CRC). Electricity is kwh multiplied by 0.30482 (2017-18 0.00348). Source CRC Energy Efficiency Scheme Order: Table of Conversion Factors Version 6: Published June 2016.

**Greenhouse Gas emissions and energy Performance, targets and commentary**

Education Scotland has continued to decrease consumption this year with an achievement of a 28% reduction. This is a result of estate rationalisations and increased actual data from suppliers and managing agents opposed to estimated data received in previous years.

<b>Waste and recycling</b>			<b>2017/18</b>	<b>2018/19</b>
<b>Non-financial indicators (tonnes)</b>	Total volume of waste (not inc. construction)		20	22
	Non-hazardous waste	20	20	22
		0	0	0
<b>Financial indicators (£k)</b>	Total waste disposal cost		5	5

**Waste and recycling Performance, targets and commentary**

Education Scotland has increased waste generated slightly this year due to disposal related to estate rationalisations. All of the information Education Scotland receives for waste management confirms 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.

<b>Water</b>		<b>2017/18</b>	<b>2018/19</b>
<b>Non-financial indicators (m3)</b>	Consumption	2,745*	1998*
<b>Financial indicators (£k)</b>	Water supply costs	49*	40*

Note: Non-financial indicators include water supplied and waste management.

\*2017/18 and 2018/19 includes full year estimates for Optima.

**Water**

**Performance, targets and commentary**

Education Scotland continued to decrease consumption this year with an achievement of a 27% reduction as a result of estate rationalisations. We are working with the managing agent for the building we occupy in Glasgow, Optima, to improve actual data consumption in future years.

Travel	2017/18	2018/19
<b>Rail (miles)</b>	340,029	410,938
<b>Air (miles)</b>	222,534	183,690
<b>Motor (miles)</b>	511,833	850,696
<b>Fleet (miles)</b>	7,341	5,821
<b>Financial indicators (£k)</b>	500	666

**Travel**

**Performance, targets and commentary**

Travel is necessary in carrying out Education Scotland’s role in supporting quality and improvement in Scottish education. In carrying out our enhanced remit our level of travel has increased by 34% from the last reporting year and is expected to continue as our organisation expands.

Education Scotland continues to participate in the Scottish Government Carbon Emissions Scheme whereby a mandatory £1 levy is charged when a hire car is booked for official business. The levy is returned to the Scottish Government’s carbon levy pot for donation to an environmental cause.

Travel will be an area of focus for the organisation in the year ahead, as we continue to highlight improved technologies such as Skype for business and video conference equipment to help reduce the level of unnecessary travel.

**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. Although our consumption has increased from the previous year, it falls below the levels observed prior to the introduction of our electronic records system. We will continue to promote technology as a method to reduce paper consumption in the year ahead.

### **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.

Each year we submit our climate change duties report, detailing the climate change performance of our estate for that financial year, to the Scottish Sustainable Network. Reports and analysis are publically available, increasing accountability and transparency.

**Gayle Gorman**  
Chief Executive  
25 June 2019

## Accountability Report

### Corporate Governance Report

#### Directors Report

The Chief Executive is the Accountable Officer of the Agency and is supported by the Advisory 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 40).

#### Education Scotland Advisory Board

The Advisory Board is chaired by the Chief Executive and includes the Education Scotland Strategic Directors and 5 Non-Executive Board Members.

<b>Chief Executive &amp; Accountable Officer</b>	<b>Gayle Gorman</b>
<b>Strategic Director</b>	<b>Alan Armstrong</b>
<b>Strategic Director</b>	<b>Gillian Hamilton</b>
<b>Strategic Director</b>	<b>Janie McManus</b> ( <i>appointment made permanent from 20 August 2018</i> )
<b>Strategic Director</b>	<b>Brian Taylor</b> ( <i>appointment made permanent from 20 August 2018</i> )
<b>Strategic Director</b>	<b>Maria Walker</b> ( <i>from 20 August 2018</i> )
<b>Interim Strategic Director</b>	<b>Elizabeth Morison</b> ( <i>until 19 August 2018</i> )
<b>Non-Executive Board Members</b>	<b>Moi Ali</b> <b>Michael Ewart</b> <b>John Fyffe</b> <b>Linn Phipps</b> <b>Stephen Ross</b>

#### 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 were no data breaches notified to the ICO during the reporting year.

## **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 Officer 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 reviewed the Framework during 2018-19 with the aim of strengthening the accountability and assurance processes across the Agency. We will do so again in 2019-20 in light of our organisational restructure.

Currently, I am supported by a Leadership Team (formerly known as the Executive Team until 1 April 2018 ) which comprises the Agency's Strategic Directors. For the first part of the year, the Leadership Team included 3 Interim Strategic Directors. In order to deliver a greater degree of stability and accountability to the organisation, we undertook a recruitment campaign to appoint permanent people into these roles. Two of the Interim Strategic Directors were successful during that process and were made permanent on the same day the one external candidate took up post - 20 August 2018.

The Leadership Team meets fortnightly as a formal decision making group, responding to strategic and corporate issues. In addition, additional Twilight sessions and Away Days have taken place throughout the year, particularly as we developed our thinking about our new organisational structure. 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 currently have five Non-Executive Board members who all attend Advisory Board with three of them also attending Audit and Risk Committee. One, John Fyffe, has also been involved in supporting the Agency by assuming the role of critical friend for a number of key pieces of work for the Agency, such as the development of our new risk management arrangements and corporate plan.

During 2018-19 we also recruited an Independent Committee Member to bring recent, and relevant, public sector financial experience to the Audit and Risk Committee. The Independent Audit and Risk Committee Member does not sit on the Advisory Board.

The terms of appointment of three of the existing Non-Executive Board Members will end in summer 2019-20. We have therefore undertaken a skills assessment and commenced a recruitment campaign to recruit new members. Our aim is to recruit four Non-Executive Board Members to ensure an even balance between executive and non-executive board members.

### **Advisory Board**

The Education Scotland Management Board was renamed the Advisory Board in 2018 to better reflect its function. The Advisory Board comprises myself (as Chair), the Strategic Directors and all the Non-Executives.

The Advisory 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 Advisory Board met 6 times during the year to progress the business of the Agency - four times for formal Board meetings and twice for strategic discussion sessions. I attended and chaired all the meetings with the exception of the Strategic Discussion session in January when calendar pressures meant that the Strategic Director for Corporate Services and Governance deputised for me. For the formal Board meeting in December 2018, the Strategic Directors were excused from attending due to the need to collectively progress a priority task. On that occasion, I was supported at the meeting by the Acting Assistant Director who was leading on the development of the Corporate Plan and Organising to Deliver.

### **Audit and Risk Committee (ARC)**

The Audit and Risk Committee supports the Advisory 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.

During the reporting year, the ARC comprised three Non-Executive members and the newly appointed Independent Audit and Risk Committee Member mentioned above. The ARC met four times during the year. The Chair of the Committee in 2018-19 was Linn Phipps, one of the Agency's Non-Executive Board Members. Her term of appointment ends in August 2019 and John Fyffe, one of our other Non-Executive Board Members who sits on ARC, will replace her as Chair thus ensuring a degree of continuity.

The Portfolio Accountable Officer, Paul Johnson, Director-General for Education, Communities and Justice, Scottish Government attended one meeting of ARC during 2018-19.

The ARC carried out a self-evaluation of its effectiveness during 2018-19 and has agreed some changes to the processes and procedures underpinning the Committee. In addition, to ensure that all members of Advisory Board are sighted on the work of ARC, a formal, written report is now tabled at every Advisory Board meeting following ARC. The chair of the Audit and Risk Committee also submits an Annual Statement of Assurance to the Accountable Officer.

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 three audits in 2018-19 and one follow up audit:

- Procurement and Contract Management
- Financial Management
- Change Management
- Follow up on the 2017-18 Corporate Review

Following this range of work, Internal Audit has provided an overall Reasonable Assurance for 2018-19.

## **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**

Our procurement activity was reviewed in during 2018-19 by Internal Audit, the findings of which, along with information captured as part of our annual Certificate of Assurance process, have led me to conclude that there is a need to strengthen our controls in this area. Recommendations to address the identified control issues will be implemented in the ES procurement action plan for 2019-20. Implementation of the action plan will ensure appropriate and sustainable systems are in place and will be subject to an independent Procurement & Commercial Improvement Programme (PCIP) review to provide assurance on progress.

While no other significant weaknesses or issues have arisen in the expected standards for good governance, risk management and control, I am fully committed to the continued improvement in our corporate governance arrangements. We have therefore implemented a number of changes during 2018-19. These include, but are not limited to:

- the appointment of a new Independent Audit and Risk Committee member with recent and relevant public sector finance experience;
- the stabilisation of the Leadership Team with the permanent appointment of 3 new Strategic Directors;
- a review of the Agency's corporate governance committees, to streamline the structure and provide greater clarity around accountability and assurance responsibilities. This resulted in the introduction of a formal Partnership Board to consider common employee relations and strategic issues facing the Agency and it replaced the local partnership forum that had previously existed. The Framework will be further reviewed in 2019-20 in light of the introduction of our new Directorate Structure;
- the development and publication of a new Corporate Plan for the Agency, based around 5 key strategic priorities;
- introduction of a formal written report to Advisory Board following each ARC meeting;
- introduction of deep dives into key risks or programmes at both ARC and senior leadership team meetings;
- introduction of an annual published programme of inspection activity.

2018-19 has also seen us develop a suite of new Key Performance Targets, informed by our 5 new strategic priorities as set down in the Corporate Plan. These will be baselined during 2019-20. At the same time, we are developing a new suite of management information that will also support and inform both better decision making and accountability.

Given my commitment to ongoing improvement, we will continue to develop and improve our governance arrangements in 2019-20. In particular we will be seeking to raise awareness about the importance of governance and effective internal controls. Planned actions include, among other things:

- the development and introduction of new induction processes for both staff and non-executive board members, both of which will include a session on governance and the importance of internal controls;
- the roll out of a programme of training and financial awareness for all staff with targeted workshops for budget holders;
- the roll out of a new risk management strategy and escalation process;
- introduction of new Directorate Management Boards to support our new organisational Directorate structure, delivering clearer and stronger accountability structures;

- the development of a governance guide to reflect our new structure and to deliver greater clarity about roles and responsibilities; and
- review of our financial processes with a view to simplifying and streamlining where appropriate.

**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.

During 2018-19, we maintained a corporate risk register, a Portfolio risk register and programme risk registers, all of which identified owners for the key risks that may affect the delivery of our business objectives. We use the risk registers to analyse the likelihood and impact of risks crystallising and to identify any actions required to further reduce the risks. The risk registers detail mitigating actions, including both the controls already in place and the future actions planned to further reduce the risk. The Audit and Risk Committee has regularly monitored the corporate level risks contained in the Corporate Risk Register and in doing so it has also considered the Portfolio Risk Register through which all programme risks were escalated to the Senior Leadership Team. The Senior Leadership Team also regularly reviewed both the Corporate Risk Register and the Portfolio risk register. The Audit and Risk Committee also examined selected risks in closer detail through a programme of risk interrogations (deep dives).

In addition, during 2018-19 we have been reviewing our risk management arrangements, leading to the development of a new risk management framework which, as mentioned above, will be rolled out across the Agency in summer 2019. This includes new escalation routes and the creation of Directorate Risk Registers (DRRs) which will contain all the business, programme and corporate risks for that area.

The most significant risks and issues identified during 2018-19 and the mitigating actions taken to address these are:

Key risks and issues	Risk Mitigation
Lose or corruption of our digital service	Number of key services and products moved onto the Glow platform;  Begin to implement Digital Strategy through annual digital priorities plan;  Develop business case for essential and desirable digital transformation requirements.
Failure to effectively reshape our service delivery	Reorganisation delivered as a dedicated programme;  Extensive internal engagement and consultation informing final outcome and structure;  External consultation with key stakeholders; on planned restructure;

	<p>Independent company employed to develop and deliver engagement sessions and to produce an independent report on findings;</p> <p>Local union officials and SG HR Business Partner fully involved in the redesign;</p>
<p>The large scale recruitment campaign required to deliver our enhanced remit</p>	<p>Use of an external recruitment provider;</p> <p>Appointment of a new, experienced, permanent Head of HR;</p> <p>Targeted and extensive advertising to reach the right people;</p> <p>Independent non-Education Scotland panel members sitting on recruitment panels;</p> <p>Development of new approaches to induction;</p>

**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 Advisory 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 Leadership 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 updates on key priorities for Education Scotland
- Reports from senior responsible officers about progress across our programmes of work
- 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 agency’s systems of internal control together with recommendations for improvement; and
- Comments made by the external auditors in their management letters and other reports.

## **Remuneration and staff report for the year ended 31 March 2019**

### **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](http://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](http://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 2018-19 was £115-120,000 (2017-18, £115-120,000). This was 2.0 times (2017-18, 2.4) the median remuneration of the workforce which was £ 57,503 (2017-18, £49,124). The equivalent remuneration in the Scottish Government was £165-£170,000 (2017-18 £165-£170,000) which was 4.6 times (2017-18 4.8) the median remuneration of £36,328 (2017-18 £34,764).

In 2018-19, no employees (2017-18, 0) received remuneration in excess of the highest paid director. Remuneration ranged from £19,562 to banded remuneration of £115-£120,000. (2017-18, £17,642 to banded remuneration of £115-£120,000).

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 £1000) <sup>1</sup>		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Gayle Gorman</b> Chief Executive	115-120	35-40 FTE 115-120	46	15	160-165	50-55
<b>Alan Armstrong</b> Strategic Director	75-80	75-80	29	14	105-110	90-95
<b>Gillian Hamilton</b> Strategic Director	85-90	-	35	-	120-125	-
<b>Janie McManus</b> Strategic Director	75-80	70-75 FTE 70-75	41	14	115-120	85-90
<b>Elizabeth Morrison</b> Interim Strategic Director (to 19 August 2018)	25-30 FTE 75-80	70-75 FTE 70-75	16	14	45-50	85-90
<b>Brian Taylor</b> Strategic Director	75-80	0 FTE 70-75	50	-	125-130	-
<b>Maria Walker</b> Strategic Director (from 20 August 2018)	25-30 FTE 70-75	-	12	-	40-45	-
<b>Moi Ali</b> Non Exec Board Member	0-5	0-5	-	-	0-5	0-5
<b>Michael Ewart</b> Non Exec Board Member	0-5	0-5	-	-	0-5	0-5
<b>John Fyffe</b> Non Exec Board Member	5-10	0-5	-	-	5-10	0-5
<b>Linn Phipps</b> Non Exec Board Member	0-5	0-5	-	-	0-5	0-5
<b>Stephen Ross</b> Non Exec Board Member	0-5	0-5	-	-	0-5	0-5

<sup>1</sup> 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.

Janie McManus and Brian Taylor were interim directors until 20<sup>th</sup> August 2018 when they were appointed as strategic directors.

Non-Executive Board member positions are fixed term appointments and are non-pensionable.

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

No benefits in kind were paid in 2018-19.



## Bonuses

The Scottish Government suspended non-consolidated bonus payments from 2011-12. No bonus payments were made in 2018-19.

## Pension Benefits

Officials	Accrued pension at pension age as at 31/3/19	Real increase in pension and related lump sum at pension age	Cash equivalent transfer value (CETV) at 31/3/19	Cash equivalent transfer value (CETV) at 31/3/18	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>Gayle Gorman</b> Chief Executive	0-5	2.5-5	42	9	23
<b>Alan Armstrong</b> Strategic Director	15-20	0-2.5	339	293	21
<b>Gillian Hamilton</b> Strategic Director	0-5	0-2.5	25	0	18
<b>Janie McManus</b> Strategic Director	35-40	0-2.5	607	513	26
<b>Elizabeth Morrison</b> Interim Strategic Director (to 19 August 2018)	35-40	0-2.5	700	659	15
<b>Brian Taylor</b> Strategic Director	20-25	2.5-5	281	213	25
<b>Maria Walker</b> Strategic Director (from 20 August 2018)	0-5	0-2.5	12	0	10

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

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

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

In 2015 the government introduced reforms to public sector pensions. Most civil servants were moved into a new ("alpha") pension scheme. In December 2018, the Court of Appeal ruled that the transitional protection provided to some members of the judicial and fire fighters' schemes as part of the reforms amounted to unlawful age discrimination. The judgement is expected to have an impact on other public sector groups who have seen similar changes to their pension schemes. The government is to appeal against the Court of Appeal's decision. As the legal process is ongoing, it is therefore not possible to say what impact, if any, this will have on Education Scotland.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### Cash Equivalent Transfer Values

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

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

### Real increase in CETV

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

### Compensation for Loss of Office

No employees left under compulsory early retirement terms in the year 2018-19 (2017-18 Nil).  
No employees left under voluntary exit terms in the year 2018-19 (2017-18 Nil).

### Settlement Agreements

One settlement agreement was concluded in 2018-19 and amounted to £0.057m

## Staff Report

### Staff Resources

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

#### 18/19

	All	Male	Female	Other
Senior Civil Servants	6	2	4	
Other permanent staff	235	63	172	
Other staff	68	19	46	3
<b>Total</b>	<b>309</b>	<b>84</b>	<b>222</b>	<b>3</b>

#### 17/18

	All	Male	Female
Senior Civil Servants	4	2	2
Other permanent staff	221	59	162
Other staff	41	11	30
<b>Total</b>	<b>266</b>	<b>72</b>	<b>194</b>

<b>Staff costs</b>	<b>2018-19</b>			<b>2017-18</b>
	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
	<b>Permanent Staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
Wages and salaries	13,071	3,002	16,073	13,727
Social security costs	1,469	-	1,469	1,302
Other pension costs	2,890	-	2,890	2,547
<b>Total Net Costs</b>	<b>17,430</b>	<b>3,002</b>	<b>20,432</b>	<b>17,576</b>
<b>Other staff costs</b>				
Subscriptions and Memberships	27	-	27	21
Early severance costs	2	-	2	(3)
Actuarial Advice	29	-	29	-
Holiday pay accrual	376	-	376	(346)
<b>Total staff costs</b>	<b>17,864</b>	<b>3,002</b>	<b>20,866</b>	<b>17,248</b>

For 2018-19, employer's contributions of £ 2,757,324 (2017-18 £2,422,765) were payable to the PCSPS at one of four rates in the range 20% to 24.5% (2017-18 - 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 £24,996 (2017-18 £23,300) 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 2018 to 31 March 2019, an average of 2.47% of working days were lost as a result of sickness absence (2017-18 4.40% 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 8 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.

### **Trade union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 place a requirement on public sector employers to publish information relating to facility time taken by union representatives before 31<sup>st</sup> July each year. There are no separate arrangements in place for us to publish information relating to facilities time and the requirements will be covered within the main Scottish Government Annual Report and Accounts. However, we are committed to supporting strong partnership working.

### **Consultancy**

The Agency spent £21,060 on consultancy services during 2018-19 (2017-18 £26,000).

### **Exit Packages**

No staff left on voluntary exits terms in 2018-19. There were no early exit terms during 2017-18. 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 calculated as 0.5% of the organisation's pay bill minus a levy allowance, and is paid directly by the Scottish Government. Education Scotland has been charged £62,671 as its share of the levy.

## **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.

<b>Organisation</b>	<b>Service provided</b>	<b>Cost of service</b>	<b>Charge for service</b>
Scottish Funding Council	College review services	£993,115	£993,115
States of Guernsey	Inspection Services	£49,468	£49,468

The Scottish Funding Council pays Education Scotland for college reviews and reviews of specific subject areas within Scotland's colleges. During 2018-19 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

Following a review of outstanding debt in 2018-19, balances on 13 invoices were written off totalling £88.

### Regularity of Expenditure

Expenditure and income reported 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.

### Gifts

No gifts were awarded or received during the year.

### Contingent Liabilities

There were no contingent liabilities at 31 March 2019.

### 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 72

**Gayle Gorman**  
Chief Executive  
25 June 2019

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

### **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 2019 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 2018/19 Government Financial Reporting Manual (the 2018/19 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 Education Scotland's affairs as at 31 March 2019 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 2018/19 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)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. 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 was appointed by the Auditor General on 16 July 2016. The period of total uninterrupted appointment is three years. 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 agency 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.

### **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

### **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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other information in the annual 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.

**Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

**Use of my report**

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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

25 June 2019

**Statement of Comprehensive Net Expenditure for the year ended 31 March 2019**

	Notes	2018-19 £'000	2017-18 £'000
Operating Income	4	(1,464)	(1,604)
Other Income	4	(429)	(3,435)
<b>Total Income</b>		<b>(1,893)</b>	<b>(5,039)</b>
Staff costs	2	20,866	17,248
Purchase of goods and services	3.1	9,955	7,008
Depreciation and impairment charges	5 & 6	405	426
Loss on disposal of assets		1	6
Grant payments	3.2	2,643	6,221
Other Operating expenditure	3.2	38	28
<b>Total Expenditure</b>		<b>33,908</b>	<b>30,937</b>
<b>Net expenditure for the year</b>		<b>32,015</b>	<b>25,898</b>
<b>Comprehensive net expenditure for the year ended 31 March 2019</b>		<b>32,015</b>	<b>25,898</b>

The notes on pages 62-71 form part of these accounts.

## Statement of Financial Position as at 31 March 2019

	Notes	2018-19 £'000	2017-18 £'000
<b>Non Current Assets</b>			
Property plant & equipment	5	350	629
Intangible assets	6	6	45
<b>Total non current assets</b>		<b>356</b>	<b>674</b>
<b>Current Assets</b>			
Trade receivables	8	101	246
Prepayments	8	402	260
Accrued income	8	566	1,088
<b>Total current assets</b>		<b>1,069</b>	<b>1,594</b>
<b>Total assets</b>		<b>1,425</b>	<b>2,268</b>
<b>Current liabilities</b>			
Trade and other payables	9	(274)	(126)
Other Payables	9	(7)	(15)
Accruals and deferred income	9	(3,455)	(3,313)
Provisions	10	(6)	(46)
<b>Total current liabilities</b>		<b>(3,742)</b>	<b>(3,500)</b>
<b>Total assets less current liabilities</b>		<b>(2,317)</b>	<b>(1,232)</b>
<b>Non current Liabilities</b>			
Trade payables	9	0	(1)
Provisions	10	0	(5)
<b>Total non current Liabilities</b>		<b>0</b>	<b>(6)</b>
<b>Total assets less total liabilities</b>		<b>(2,317)</b>	<b>(1,238)</b>
<b>Taxpayer equity and other reserves</b>			
General Fund		(2,317)	(1,238)
<b>Total taxpayers equity</b>		<b>(2,317)</b>	<b>(1,238)</b>

**Gayle Gorman**  
Chief Executive 25 June 2019

The notes on pages 62-71 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2019

	Notes	2018-19 £'000	2017-18 £'000
<b>Cash flows from operating activities</b>			
Comprehensive net expenditure for the year		(32,015)	(25,898)
Adjustment for non cash transactions:			
Depreciation	5,6	405	426
Audit fee	3	38	38
Donated asset	4	0	(12)
loss on disposal of assets	5	1	6
<b>Movements in working capital:</b>			
(Increase)/decrease in trade and other receivables	8	525	(1,301)
Increase/(decrease) in trade and other payables	9	281	(1,728)
Increase/(decrease) in provisions	10	(45)	(1,041)
<b>Net cash outflow from operating activities</b>		<b>(30,810)</b>	<b>(29,510)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(85)	(76)
Purchase of intangible assets	6	(3)	0
<b>Net cash outflow from investing activities</b>		<b>(88)</b>	<b>(76)</b>
<b>Cash flows from financing activities</b>			
Funding from Scottish Government		30,898	29,586
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>0</b>	<b>0</b>

The notes on pages 62-71 form part of these accounts.

**Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019**

		<b>General Fund</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 31 March 2018</b>		(1,238)	0	(1,238)
Net funding		30,898	0	30,898
Non-cash charges - auditors remuneration	3	38	0	38
Comprehensive net expenditure for the year		(32,015)	0	(32,015)
<b>Balance as at 31 March 2019</b>		<b>(2,317)</b>	<b>0</b>	<b>(2,317)</b>

		<b>General fund</b>	<b>Revaluation reserve</b>	<b>Total</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 31 March 2017</b>		(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
<b>Balance as at 31 March 2018</b>		<b>(1,238)</b>	<b>0</b>	<b>(1,238)</b>

The notes on pages 62-71 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 2018-19 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 2019 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, IT Systems, Plant and Equipment, 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, and 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. Furniture and fittings are no longer capitalised and the balances reported relate to previously capitalised assets which are still in use.

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 advance and services have not yet been performed, income is deferred.

### **1.10 Leases**

Education Scotland leases its office accommodation. All 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.

### **1.11 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.

### **1.12 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 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 and will come into effect in the public sector on 1 April 2020. The effect of IFRS 16 will be to reclassify leases which were previously treated as operating leases, requiring capitalisation of the underlying assets.

## 2. Staff

Total staff costs for the year were £20.866m (17/18 £17.248m)

Details of staff numbers and costs are provided in the staff report at page 50.

### 3. Purchase of Goods and Services

	2018-19	2017-18
	£'000	£'000
3.1 Costs		
Cost of software sales	0	9
SWAN	1,207	882
Glow	2,398	2,030
Practitioner events	572	207
External advice	233	111
Contractors	1,180	773
FE Associate members costs	38	32
Lay member costs	12	7
Travel and Subsistence	1,221	879
Training costs	116	71
Reports and publications	98	144
Rent, rates, utilities and maintenance	1,902	1,035
Advertising costs (including recruitment)	132	16
IT support	500	472
IT maintenance & consumables	98	87
Legal costs	0	3
Telecoms	68	68
Postage	16	51
Stationery	21	14
Copier Rental	30	34
Catering	29	28
Health & Safety	7	7
Books and periodicals	4	7
Consultancy	21	26
Other office Expenditure	52	15
	<b>9,955</b>	<b>7,008</b>

### 3.2 Other Operating Expenditure and Non-cash charges

	2018-19	2017-18
	£'000	£'000
Grants	2,643	6,221
Audit fee	38	38
Provision utilised in year	0	(10)
	<b>2,681</b>	<b>6,249</b>
Total (3.1 and 3.2)	<b>12,636</b>	<b>13,257</b>

<b>4. Income</b>	<b>2018-19</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
SFC Income	993	1,124
Local authority and other grants	81	20
Conferences	44	45
SWAN reimbursements for additional services	163	169
Skills Development Scotland	110	65
State of Guernsey strategic inspection work	50	69
International Income	23	112
<b>Total Operating Income</b>	<b>1,464</b>	<b>1,604</b>
Creative Scotland	176	203
The Wood Foundation	196	178
Other income	57	149
Donated assets	0	12
Vat Refund	0	2,893
<b>Total Other Income</b>	<b>429</b>	<b>3,435</b>
<b>Total Income</b>	<b>1,893</b>	<b>5,039</b>

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
<b>Cost</b>						
At 1 April 2018	2,176	0	368	16	796	3,356
Additions	0	0	0	0	85	85
Disposals	(6)	0	(11)	0	(560)	(577)
<b>At 31 March 2019</b>	<b>2,170</b>	<b>0</b>	<b>357</b>	<b>16</b>	<b>321</b>	<b>2,864</b>
<b>Depreciation</b>						
At 1 April 2018	1,865	0	174	16	672	2,727
Charge for year	213	0	65	0	85	363
Disposals	(6)	0	(11)	0	(559)	(576)
<b>At 31 March 2019</b>	<b>2,072</b>	<b>0</b>	<b>228</b>	<b>16</b>	<b>198</b>	<b>2,514</b>
<b>Net Book Value</b>						
At 31 March 2019	98	0	129	0	123	350
At 31 March 2018	311	0	194	0	124	629

	Leasehold Improvements	Furniture and Fittings	Plant and Equipment	Vehicles	IT systems	Total
<b>Cost</b>						
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)
<b>At 31 March 2018</b>	<b>2,176</b>	<b>0</b>	<b>368</b>	<b>16</b>	<b>796</b>	<b>3,356</b>
<b>Depreciation</b>						
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
<b>At 31 March 2018</b>	<b>1,865</b>	<b>0</b>	<b>174</b>	<b>16</b>	<b>672</b>	<b>2,727</b>
<b>Net Book Value</b>						
At 31 March 2018	311	0	194	0	124	629
At 31 March 2017	495	1	260	0	208	964

**6. Intangible Assets**

	<b>Software Licences</b>	<b>Other Software</b>	<b>Total</b>
	£,000	£,000	£,000
<b>Cost</b>			
<b>At 1 April 2018</b>	<b>150</b>	<b>12</b>	<b>162</b>
Additions	3	0	3
Disposals	0	0	0
<b>At 31 March 2019</b>	<b>153</b>	<b>12</b>	<b>165</b>
<b>Amortisation</b>			
<b>At 1 April 2018</b>	106	11	117
Charge for year	41	1	42
Disposals	0	0	0
<b>At 31 March 2019</b>	<b>147</b>	<b>12</b>	<b>159</b>
<b>Net Book Value</b>			
At 31 March 2019	6	0	6
At 31 March 2018	44	1	45

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

## 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

	<b>2018-19</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade receivables	101	246
Prepayments	402	260
Accrued income	566	1,088
	<b>1,069</b>	<b>1,594</b>
Central government debtors	0	0
Local government debtors (including schools)	740	1,255
Other debtors	329	339
	<b>1,069</b>	<b>1,594</b>

## 9. Trade payables and other liabilities

	<b>2018-19</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade payables	274	126
Other payables	7	15
Accruals	3,291	3,061
Deferred income	164	252
	<b>3,736</b>	<b>3,454</b>
Central government creditors	910	216
Local government creditors (including schools)	1,175	1,355
Other creditors	1,651	1,883
	<b>3,736</b>	<b>3,454</b>
<b>Amounts falling due after more than one year</b>		
Other creditors	0	1
<b>Total non-current liabilities</b>	<b>0</b>	<b>1</b>

## 10. Provision for liabilities and charges

	Early Departure Costs £'000	Other £'000	Total £'000
<b>Balance as at 1 April 2018</b>	<b>11</b>	<b>40</b>	<b>51</b>
Provisions created in year	2	0	2
Provisions utilised in year	(7)	(40)	(47)
<b>Balance as at 31 March 2019</b>	<b>6</b>	<b>0</b>	<b>6</b>

	Early Departure Costs £'000	VAT £'000	Other £'000	Total £'000
<b>Balance as at 1 April 2017</b>	<b>22</b>	<b>970</b>	<b>100</b>	<b>1,092</b>
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)
<b>Balance as at 31 March 2018</b>	<b>11</b>	<b>0</b>	<b>40</b>	<b>51</b>

### Analysis of timings of early departure costs

	2018-19 £'000	2017-18 £'000
Provision for early retirement costs		
Payable in one year	<b>6</b>	6
Payable between 2-5 years	<b>0</b>	5
Payable between 6-10 years	<b>0</b>	0
<b>Total</b>	<b>6</b>	<b>11</b>

### 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.

## 11. Leasing commitments

At 31 March 2019, Education Scotland was committed to making the following payments in respect of building leases at Denholm House (Livingston), Endeavor House (Dundee), Huntly Street (Aberdeen), Optima Building (Glasgow) and Longman House (Inverness) :-

	<b>2018-19</b>	<b>2017-18</b>
	<b>£'000</b>	<b>£'000</b>
Buildings		
Not later than one year	1,115	432
Later than one and not later than five years	639	384
Later than five years	0	0
<b>Total Present Value of obligations</b>	<b>1,754</b>	<b>816</b>

## 12. Related party transactions

Education Scotland is an Executive Agency of the Scottish Government Education and Skills 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 53). 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 2019 (31 March 2018: nil).

## 14. Losses and special payments

Following a review of outstanding debt in 2018-19, balances on 13 invoices were written off totalling £88.

No bad debts were written off during 2017-18.

## 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 25 June 2019.





## 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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