

HM Inspectorate of Education

1. INTRODUCTION

1.1 The Committee's letter outlines the remit for the inquiry and directs three specific questions for HMIE to address as part of a written submission to the committee. The three questions are:

- Can you outline the internal process which occurs to establish what your required budgets are for each financial year?
- Can you outline the process for the Scottish Executive scrutinising this budget bid?
- Do you consider there to be any overlaps between your remit and the remit of any established or proposed independent, regulatory or investigatory body?

1.2 The remit of the inquiry also includes reference to the need to look at the appropriateness of existing lines of accountability and how this works in practice. Although this element is not explicit in the questions posed to HMIE, it would seem reasonable to seek to cover the sense of it in addressing the specific questions that are posed.

2. BACKGROUND

2.1 The first HM Inspector of Schools was appointed in 1840. In addition to the status conferred by civil service appointment, HM Senior Chief Inspector, and all HM Inspectors have Privy Council approval which confers an important additional element of independence. On 1 April 2001, HMIE was established as an Executive Agency of the Scottish Ministers under the terms of the Scotland Act 1998.

2.2 HMIE's principal activity is to promote sustainable improvements in standards, quality and achievements for all learners in Scottish education through first-hand independent evaluation.

2.3 The Inspectorate has statutory authority to undertake its inspection activity in:

- pre-school centres;
- primary schools;
- secondary schools;
- independent schools;
- education authorities;
- community learning and development services;
- secure care and accommodation services;
- residential special schools; and
- prisons

under the provisions of:

- Education (Scotland) Act 1980;

- Children (Scotland) Act 1995;
- Standards in Scotland's Schools etc Act 2000;
- The Regulation of Care (Scotland) Act 2001; and
- School Education (Ministerial Powers and Independent Schools) (Scotland) Act 2004.

and we are developing procedures for the inspection of services for children under some of the provisions above but additionally:

- Protection of Children (Scotland) Act 2003; and
- Joint Inspection of Children's Services and Inspection of Social Work Services (Scotland) Act 2006.

We have further powers to review further education provision under the terms of:

- Education (Scotland) Act 1980 as refined through definitions arising out of:
- Further and Higher Education (Scotland) Act 1992; and
- Further and Higher Education (Scotland) Act 2005.

and to inspect teacher education in line with powers granted through the:

- Teaching and Higher Education Act 1998.

3. GOVERNANCE AND ACCOUNTABILITY

“Our budget is HMIE’s Business Plan expressed in financial terms”

3.1 The main source of material to respond to the committee’s questions around the internal budget process, SE scrutiny and approval and overall appropriateness of accountability lines/practice is the main foundation document for HMIE. HMIE’s governance and accountability arrangements are specified in the overarching framework within which we operate – the Agency’s Framework Document (FD) – which is agreed with Scottish Ministers. A copy of the [Framework Document](#) can be accessed by clicking on this link. A hard copy is also attached to this submission.

3.2 The FD underlines the fact that “...HMIE operates independently and impartially whilst remaining directly accountable to Scottish Ministers for the standards of its work. This status safeguards its independence of inspection, review and reporting within the overall context of Scottish Ministers’ strategic objectives for the Scottish education system.”

3.3 The [Framework Document](#) clearly sets out the roles of Scottish Ministers, the Head of the Scottish Executive Education Department (SEED), HMIE’s Chief Executive – HM Senior Chief Inspector (HMSCI) – and HMIE’s Management Board. This includes their specific responsibilities in relation to answering to the Scottish Parliament, approving the Agency’s strategic objectives, Business Plans and targets as well as the relevant Accountable Officer and Resource Planning and Management arrangements.

3.4 HMIE funding is approved by Scottish Ministers through the SEED Departmental Budget. The process for arriving at the budget is:

- HMIE develop and maintain a Corporate Plan covering a three period. The development of this plan involves discussion between HMIE Senior Management and staff throughout HMIE, with the Head of Education Department and other key policy officials to help identify priorities and the involvement of and scrutiny by HMIE Management Board, which includes four non-executive members. We also consult with stakeholders across the education community. The overall process involves a rigorous consideration of our agreed strategic objectives and priorities, an examination of the environment and context within which we work and review of the strengths/weaknesses of and opportunities/threats for HMIE relative to the context;
- once developed, the Corporate Plan is subject to discussion with Scottish Ministers and the Head of SEED before being agreed. A copy of the current [Corporate Plan](#) can be accessed by clicking on this link. A copy is attached to this submission;
- the agreed Corporate Plan provides the detail to support HMIE's budget estimates over each spending review period. These estimates are formulated in-line with detailed guidance issued by the SE and Ministers, are agreed at HMIE Management Board level and are subject to bi-lateral discussion and agreement between HMIE and SEED. These discussions focus on agreed: changes in HMIE's operations; planned efficiency savings; and targeted outcomes. The process needs to arrive at an agreed, funded, work programme. It may be important to note here that although these discussions can be challenging, HMIE and SEED have never failed to agree a budget and work programme in the time since agency status was established;
- the Corporate Plan and spending review outcome are used as the basis for a more detailed annual Business Plan and annual budget which form the basis for operational management of HMIE. Again, the budget is the subject of scrutiny, discussion and agreement at HMIE Management Board and bi-lateral discussions with SEED. Details of the performance for the past year and the proposed Business Plan and associated targets for the forthcoming year are published each year in the Agency's Annual Report. A copy of the latest [Annual Report](#) can be accessed by clicking on this link. A copy is attached to this submission;
- Scottish Ministers answer to the Scottish Parliament for the functions of HMIE. The Head of SEED, as the Departmental Accountable Officer, and HMSCI, as the Agency Accountable Officer, are liable to be summoned to appear before the Audit Committee of the Scottish Parliament on the responsibilities allocated to them in the HMIE Framework Document. The detailed operation of HMIE's governance and accountability arrangements, and in particular the budget and financial management arrangements, are subject to annual review by SE Internal Audit Services and to external audit by the Auditor General for Scotland. Arrangements are overseen internally by HMIE's Audit Committee which is chaired by one of our non-executive members;
- the regularity of HMIE's annual expenditure and HMIE's system of internal control are audited by an auditor appointed by the Auditor General for Scotland. This audit examines whether our expenditure has been incurred in accordance with any applicable enactments and guidance issued by

Scottish Ministers, the Budget (Scotland) Act and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000. We publish our audited Annual Accounts each year and lay them in the Parliament. A copy of the latest [Annual Accounts](#) can be accessed by clicking on this link. A copy is attached to this submission;

- details of HMIE's expenditure and funding form part of the consolidated SE accounts each year. The external audit process associated with HMIE's Annual Accounts and the separate external audit of the SE consolidated account by Audit Scotland ensure the reconciliation of HMIE's expenditure to SE funding;
- monitoring of expenditure and financial management forms part of each HMIE Management Board meeting. Additionally, HMIE's expenditure is subject to monitoring throughout the year by the SEED through reports provided on a quarterly (for the first half of the year) and monthly (for the second half of the year) basis. The SEED Management Board, of which HMSCI is a member, monitors and reviews HMIE's financial performance throughout the year;
- the outcomes and management information gathered as part of the ongoing monitoring and financial management activities surrounding our budget all contribute to future budgeting exercises and scrutiny regimes;
- exceptionally, if policy or circumstances change significantly Scottish Ministers or HMSCI may propose revisions to HMIE's Corporate Plan or Business Plans, including changes to targets and financial resources. Any such changes agreed are subject to the various elements of scrutiny, monitoring and audit outlined above.

3.5 The Committee's final query relates to the identification of any overlaps between HMIE's remit and the remit of any other established or proposed independent, regulatory or investigatory body. We are acutely conscious of perceptions amongst key stakeholder groups, in particular with regard to local authorities, that audit demands are a significant burden on them. We therefore continually review our work programme and the roles that HM Inspectors undertake to ensure not only that there are no overlaps between HMIE and our partners but that we streamline our own work so that it has the maximum impact with the minimum intrusion. To that end we have already streamlined our inspection and review models and continue to examine ways of doing more.

3.6 The increased requirement for integrated inspection arising out of developments such as child protection inspection, inspection of services for children and the potential for joint inspection activity around the area of youth justice, all bring a heightened focus on the roles of all of the main inspectorates. We have established a Heads of Inspectorate steering group and are working intensively to ensure we develop an effective integrated approach to inspecting all of these services which support young people and their families. A continuing focus on this collaborative approach to development should help avoid duplication and overlap and lead to more efficient inspection as a whole.

3.7 However, although not strictly overlap between remits, we do believe that there remain some areas where improvements could be made:

- the degree of inspection in the pre-school sector does seem to be excessive – each establishment receives an inspection from the Care Commission each year which focuses on care aspects of provision and in addition on average every three years they receive a joint inspection from HMIE and the Care Commission where we look at the educational provision in addition to what the Care Commission are doing; and
- there are multiple demands from inspectorates for the data and information that underpins our inspection activity. We believe that establishing more effective ways of capturing much of this data and information once and then effectively sharing between the inspectorates would be more effective, economic and efficient.

3.8 We believe these two areas should be the subject of further improvements. We have already made a submission to Scottish Ministers outlining our plans to reduce our activity in the pre-school sector beyond the three yearly cycle that we have been working to. We have also introduced the need for improved information sharing into the joint inspectorate activity and are taking a lead in examining developments that would support this, most notably through ICT platforms.

HMIE
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