

DYDD IAU, 14 MEDI 2017

**PWYLLGOR AR Y CYD ERW
Y LLWYFAN, COLLEGE ROAD, CARMARTHEN AM 2.30 PM,
AR DYDD IAU, 21AIN MEDI, 2017**

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AMGYLCHIADAU ARBENNIG, BENDERFYNU EI YSTYRIED YN
FATER BRYN YN UNOL AG ADRAN 100B(4)(B) DEDDF
LLYWODRAETH LEOL 1972**





Cyd-bwyllgor ERW
Dydd Llun 17 Gorffennaf 2017
Y Llwyfan, Heol y Coleg, Caerfyrddin
2.00-3.50pm

YN BRESENNOL: Y Cyngorydd Ellen Ap Gwynn [Cadeirydd]

Y Cyngorydd Emlyn Dole	Cyngor Sir Caerfyrddin
Y Cyngorydd David Simpson	Cyngor Sir Penfro
Y Cyngorydd Rosemarie Harris	Cyngor Sir Powys
Y Cyngorydd Jennifer Raynor	Dinas a Sir Abertawe
Y Cyngorydd Peter Rees	Cyngor Bwrdeistref Sirol Castell-nedd Port Talbot
Y Cyngorydd Myfanwy Alexander	Cyngor Sir Powys
Mr Mark James	Prif Weithredwr Arweiniol ERW
Ms Bronwen Morgan	Cyngor Sir Ceredigion
Mr Ian Westley	Cyngor Sir Penfro
Mr Jeremy Patterson	Cyngor Sir Powys
Mr Aled Evans	Cyfarwyddwr Arweiniol ERW
Ms Betsan O'Connor	Rheolwr Gyfarwyddwr ERW
Mr Jonathan Haswell	Cyngor Sir Penfro (Swyddog A151 ERW)
Ms Elin Prysor	Cyngor Sir Ceredigion (Swyddog Monitro ERW)
Mr Ian Budd	Cyngor Sir Powys
Ms Chris Sivers	Dinas a Sir Abertawe
Ms Jo Hendy	Cyngor Sir Penfro (Pennaeth Archwilio Mewnol ERW)
Mr Ian Eynon	Cyngor Sir Penfro (Dirprwy Swyddog A151 ERW)
Mr Steve Davies	Llywodraeth Cymru
Ms Katie Morgan	ERW
Ms Catherine Gadd	Cyngor Sir Caerfyrddin (Gwasanaethau Democrataidd)



1. PENODI CADEIRYDD AC IS-GADEIRYDD

Cytunwyd ar y canlynol:

- (i) Penodi'r Cynghorydd Ellen ap Gwynn yn Gadeirydd;
- (ii) Penodi'r Cynghorydd Emlyn Dole yn Is-gadeirydd.

2. YMDDIHEURIADAU AM ABSENOLDEB

Cafwyd ymddiheuriadau am absenoldeb gan y Cynghorydd Rob Jones (Cyngor Bwrdeistref Sirol Castell-nedd Port Talbot), y Cynghorydd Rob Stewart (Dinas a Sir Abertawe), Mr Steven Phillips (Cyngor Bwrdeistref Sirol Castell-nedd Port Talbot) a Mr Phil Roberts (Dinas a Sir Abertawe).

3. DATGANIADAU O FUDDIANNAU PERSONOL

Ni chafwyd unrhyw ddatganiadau o fuddiant personol. Rhoddwyd ffurflenni i aelodau'r Cyd-bwyllgor er mwyn iddynt ddiweddarau eu buddiannau personol, a gofynnodd Rheolwr Gyfarwyddwr ERW iddynt ddychwelyd y ffurflenni, wedi'u llenwi, i ERW.

CYTUNWYD y byddai aelodau'r Cyd-bwyllgor yn dychwelyd eu Ffurflenni Buddiannau Personol, wedi'u llenwi, i ERW.

4. COFNODION – 20 CHWEFROR 2017

CYTUNWYD i lofnodi'n gywir gofnodion y cyfarfod a gynhaliwyd ar 20 Chwefror 2017.

5. Y GOFRESTR RISGIAU

Rhoddwyd copi o'r Gofrestr Risgiau i'r Cyd-bwyllgor, a oedd yn tynnu sylw at y prif risgiau yn y meysydd Corfforaethol, Ariannol a Gwella Ysgolion, gan alluogi ERW i leihau'r potensial o risgiau lle bynnag y bo hynny'n bosibl. Nodwyd y byddai'r gofrestr risgiau yn cael ei hailfformatio i'w gwneud yn fwy clir ar gyfer cyfarfodydd yn y dyfodol.

Amlygodd Rheolwr Gyfarwyddwr ERW y ddwy risg allweddol a nodwyd yn y Gofrestr Risgiau Ganolog. Yn gyntaf, gallu'r rhanbarth i ymateb i ofynion posibl y Model Cenedlaethol a'r Papur Gwyn diwygiedig – Diwygio Llywodraeth Leol. Yn ail, y llythyrau a ddaeth i law gan Lywodraeth Cymru, a oedd yn amlinellu'r disgwyliadau o ran sut y dylai ERW fod yn defnyddio ei Grant Amddifadedd Disgyblion 2017-2018: Cymorth i blant sy'n derbyn gofal, yn ysbryd y telerau ac amodau, fel y manylir arnynt yn yr adroddiad.

Nodwyd bod y gofrestr risgiau ar gyfer Ceredigion yn eisiau o'r adroddiad. Byddai'r swyddogion yn sicrhau ei bod yn cael ei dosbarthu i'r Pwyllgor a'i chynnwys mewn papurau yn y dyfodol.

CYTUNWYD bod y gofrestr risgiau yn cael ei derbyn a'i chymeradwyo.



6. DIWEDDARIAD GAN Y CYFARWYDDWR ARWEINIOL A'R RHEOLWR GYFARWYDDWR

Rhoddodd y Cyfarwyddwr Arweiniol a Rheolwr Gyfarwyddwr ERW adroddiad ar lafar i'r Cyd-bwyllgor ar weithgareddau. Gofynnodd y Cadeirydd am gael adroddiad ysgrifenedig ar gyfer cyfarfodydd yn y dyfodol. Nodwyd bod gwybodaeth fanwl am adborth gan Benaethiaid wedi'i chynnwys mewn adroddiad diweddarach.

Rhoddodd Rheolwr Gyfarwyddwr ERW yr wybodaeth ddiweddaraf i'r Pwyllgor am y datblygiadau cenedlaethol i wella sgoriau PISA. Roedd gan bob rhanbarth gynrychiolydd ar grŵp cenedlaethol a oedd yn arwain y gwaith hwn. Nodwyd bod ysgolion yn gwbl ymwybodol o'r adnoddau sydd ar gael iddynt wrth baratoi ar gyfer y profion PISA. Tynnwyd sylw at y ffaith bod yr adnoddau hyn hefyd yn ddefnyddiol o ran paratoi ar gyfer arholiadau TGAU, gan eu bod yn cwmpasu'r un set o sgiliau. Nodwyd bod dau Bennaeth o'r rhanbarth wedi cael eu penodi gan Lywodraeth Cymru i gefnogi'r gwaith hwn. Jackie Parker, Pennaeth Ysgol Crucywel ym Mhowys, i gefnogi pob ysgol yn ERW; a Heather Lewis o Ysgol y Strade, i gefnogi ysgolion cyfrwng Cymraeg yn benodol, ledled Cymru, gan fod y data'n awgrymu y gallai anomaleddau fodoli o ran data PISA ar gyfer ysgolion Cymraeg. Cadarnhawyd bod Prif Weinidog Cymru yn dal yn ymrwymedig i'r targedau ar gyfer PISA.

Darparwyd diweddariad ar y trefniadau ar gyfer drafftio'r Model Cenedlaethol newydd. Eglurwyd y bu oedi o ran y gwaith ar y prosiect hwn oherwydd yr etholiadau a rhwystrau eraill, ac na fyddai'n dechrau tan dymor yr hydref.

Rhoddodd Rheolwr Gyfarwyddwr ERW adborth ar ganlyniadau'r arholiadau TGAU. Nodwyd y disgwyliad i'r gofynion newydd ar gyfer y cwricwlwm TGAU arwain at set ddata newydd na fyddai'n debyg i flynyddoedd blaenorol. Newidyn arall a drafodwyd oedd rhoi mynediad cynnar i ddisgyblion i arholiadau. Gofynnodd yr aelodau pam yr oedd hyn yn effeithio ar y canlyniadau, gan na ddylai disgyblion gael mynediad cynnar oni bai eu bod yn barod i sefyll yr arholiadau. Eglurwyd bod llawer mwy o ddisgyblion blwyddyn 10 yn cael mynediad cynnar, a bod hyn yn effeithio ar gyflawniad y cohort. Nodwyd mai'r flaenoriaeth oedd y deilliannau gorau posibl ar gyfer y dysgwyr, ac y gallai mynediad cynnar i arholiad arwain at ddisgyblion yn cael gradd is na phe byddent wedi cwblhau'r cwrs llawn. Yn ogystal, nid oedd y disgyblion hynny a oedd wedi cael gradd C bob amser yn cael eu hailgofrestru ar gyfer yr arholiad er mwyn cael y deilliant gorau posibl. Eglurodd y Cyfarwyddwr Arweiniol fod trafodaethau wedi cael eu cynnal â Chyfarwyddwyr Addysg a sefydliadau Addysg Bellach ynghylch y mater hwn. Mynegwyd pryderon ynghylch Estyn yn gwneud dyfarniadau ar ysgolion yn ystod y cyfnod hwn, heb lwyf ystyried y newidiadau i'r safonau. Nodwyd nad oedd sgwrs ffurfiol wedi cael ei chynnal, ond bod Estyn yn ymwybodol o'r anghysondeb hwn. Cytunwyd y byddai adroddiad ar fynediad cynnar, yn cynnwys data rhanbarthol, yn cael ei roi gerbron cyfarfod o'r Pwyllgor yn y dyfodol.

Dywedodd Rheolwr Gyfarwyddwr ERW wrth y Pwyllgor y byddai'r Hunanasesiad wedi ei gwblhau erbyn diwedd y mis. Roedd yr adroddiad yn broses flynyddol a



oedd yn dwyn ynghyd brif ganfyddiadau nifer o ffynonellau o ran gweithgareddau gwerthuso a sicrhau ansawdd yn ystod y flwyddyn. Nodwyd y byddai'r prif themâu yn cynnwys:

- Yr amrywiad yng ngwaith yr Ymgynghorwyr Her o un Awdurdod Lleol i'r llall.
- Y gwahaniaethu rhwng Awdurdodau Lleol o ran y ffordd yr oeddent yn darparu agweddau ar gefnogaeth i ysgolion.
- Gwaith Tîm Canolog ERW, o ran blaenoriaethau cenedlaethol allweddol, yn cae ei ddatblygu gan Staff yr Awdurdod Lleol; roedd hyn yn effeithio ar werth am arian.

Nodwyd bod ERW wedi trefnu cyfarfodydd briffio ag Aelodau o'r chwe Awdurdod Lleol, i roi diweddariad ar waith y consortiwm, a fyddai'n arbennig o fanteisiol i aelodau newydd. Nodwyd bod cyfathrebu da ledled y rhanbarth yn ffactor allweddol er mwyn i ERW weithio'r effeithlon.

Nodwyd bod y cydweithredu rhanbarthol â rhanbarthau eraill yn faes cryfder. Cafodd dau ddarn allweddol o waith eu hamlygu'n benodol, sef yr Academi Arweinyddiaeth ac ymgyrch i leihau llwyth gwaith athrawon. Eglurodd y Cyfarwyddwr Arweiniol fod arweinyddiaeth a datblygiad proffesiynol yn y rhanbarth yn cael sylw, a bod yr Academi Arweinyddiaeth yn rhaglen genedlaethol i sicrhau bod cymorth cydlynol a chyson ar gael ledled y pedwar rhanbarth. Mynegwyd pryderon gan yr Aelodau ynghylch y gwahaniaethau yn ansawdd y cymorth a ddarperid, ac o ran atal dyblygu. Esboniwyd y byddai'r Academi Arweinyddiaeth yn darparu mwy o gysondeb i gefnogi arweinyddiaeth ar amrywiaeth o lefelau, ac y byddai wedi'i thrwyddedu i sicrhau'r safon gywir. Eglurwyd mai'r amserlen ar gyfer datblygu'r gwaith hwn fyddai sicrhau bod cynnig cyffredin o ran agweddau ar arweinyddiaeth ar gael ym mhob rhanbarth erbyn mis Medi 2017, a bod rhaglen lawn ar waith erbyn mis Medi 2018.

Nodwyd y byddai Estyn yn arolygu ERW yn ystod yr wythnos yn dechrau 13 Tachwedd 2017. Byddai gwybodaeth ar gael i'r Aelodau yn ystod yr wythnos yn dechrau 18 Medi 2017.

CYTUNWYD ar y canlynol:

- (i) bod yr adroddiad wedi dod i law ac wedi cael ei dderbyn;**
- (ii) y byddai adroddiad ar Fynediad Cynnar a Pherfformiad Cyfnod Allweddol 4, yn cynnwys data rhanbarthol, yn cael ei gyflwyno i gyfarfod o'r Cyd-bwyllgor yn y dyfodol.**

7. LLYTHYR GAN Y PWYLLGOR CRAFFU

Dywedwyd wrth y Cyd-bwyllgor fod Cadeiryddion ac Is-gadeiryddion pwyllgorau craffu pob un o'r chwe Awdurdod Lleol wedi cynnal eu cyfarfod chwemisol yng Ngheredigion, a hynny ar 27 Chwefror 2017. Daeth y casgliadau a'r argymhellion o'r cyfarfod i law y Pwyllgor.

Roedd y pynciau a drafodwyd yn ystod y cyfarfod yn cynnwys Rheoli Perfformiad, Categorioidio Ysgolion, Arolygiad Estyn o ERW, yr ymgyrch i recriwtio athrawon, Addysg Ddewisol yn y Cartref a Llywodraethiant Ysgolion. Nodwyd y byddai'r grŵp yn croesawu ymateb i unrhyw un o'r pwyntiau a godwyd. Yn benodol, roeddent wedi amlygu y byddent yn falch o gael ymateb gan y Cyd-bwyllgor ynghylch pam



nad oedd gan rai Awdurdodau Lleol y cwota llawn cytunedig o Ymgynghorwyr Her, a pha gamau oedd yn cael eu cymryd i fynd i'r afael â hyn.

Gofynnodd Aelodau'r Cyd-bwyllgor am i adroddiad ar y cwota o Ymgynghorwyr Her gael ei gyflwyno i'r Pwyllgor, cyn ymateb i'r ymholiad penodol hwnnw.

CYTUNWYD ar y canlynol:

7.1 bod yr adroddiad yn cael ei dderbyn;

7.2 y byddai adroddiad ar y cwota o Ymgynghorwyr Her yn cael ei gyflwyno i'r cyfarfod nesaf o'r Cyd-bwyllgor;

7.3 bod ymateb yn cael ei ddrafftio i'r pwyntiau a godwyd gan y Grŵp.

8. DATGANIAD O GYFRIFON ERW AR GYFER 2016-17

Eglurodd Swyddog Adran 151 ERW nad oedd Swyddfa Archwilio Cymru eto wedi llunio'r Archwiliad o'r Adroddiad ar y Datganiadau Ariannol (ISA 260), ac felly bod yn rhaid tynnu'r adroddiad yn ôl o'r cyfarfod. Nodwyd y byddai angen llofnodi'r Datganiad o Gyfrifon erbyn 30 Medi 2017, a gofynnwyd am gael cyfarfod ychwanegol o'r Cyd-bwyllgor yn ystod mis Medi, i ystyried yr adroddiad hwn.

Cytunwyd ar y canlynol:

8.1 bod yr adroddiad yn cael ei dynnu'n ôl o gyfarfod y diwrnod hwnnw;

8.2 bod cyfarfod ychwanegol o'r Cyd-bwyllgor yn cael ei drefnu ar gyfer mis Medi 2017.

9. DIWEDDARIAD ARIANNOL ERW – CHWARTER 1 2017-18

Cafodd y Pwyllgor wybod am y sefyllfa ariannol ddiweddaraf ar gyfer blwyddyn 2017-18. Roedd yr adroddiad yn manylu ar y cyllidebau dangosol drafft ar gyfer blynyddoedd ariannol 2018-19 a 2019-20, y cronfeydd wrth gefn a oedd ar gael i ranbarth ERW yn ystod y tair blynedd nesaf, lefel ddisgwyliedig cyllid grant Llywodraeth Cymru ar gyfer blwyddyn ariannol 2017-18, a gwybodaeth am nifer, rolau a chost y staff ar secondiad o'r ysgolion a'r Awdurdodau Lleol cyfansoddol. Nodwyd bod nifer y secondiadau yn risg i'r gwaith o drefnu'r tîm canolog rhanbarthol yn effeithiol.

Eglurwyd bod newidiadau wedi cael eu gwneud i'r Cytundebau Lefel Gwasanaeth, er mwyn sicrhau eu bod yn adlewyrchu gwir gost ERW, a bod costau bellach yn cael eu hadennill yn llawn. Nodwyd bod rolau'r swyddogion arweiniol yn dal i gael eu darparu'n rhad ac am ddim gan y rhanbarthau.

Nodwyd bod yr oedi o ran cadarnhau a thalu grantiau yn risg i'r rhanbarth. Eglurodd y Swyddog Adran 151 bod yna randaliadau terfynol sylweddol o grantiau Llywodraeth Cymru ar gyfer 2016-17 nad oeddent wedi dod i law o hyd. Roedd hyn yn rhoi pwysau ariannol ychwanegol ar y bancer arweiniol ar gyfer y rhanbarth, a hynny ar adeg pan oedd Awdurdodau Lleol o dan bwysau ariannol cynyddol. Nodwyd y byddai arian ERW wedi darfod pe byddai ganddo ei gyfrif banc ei hun. Eglurwyd bod Adran Addysg Llywodraeth Cymru wedi bod yn destun ailstrwythuro sylweddol, a bod hyn yn cynnwys cyllido. Dylai newidiadau o'r fath wella'r sefyllfa o ran talu grantiau mewn pryd, a byddai'r Pwyllgor yn gallu barnu'r flwyddyn ganlynol a fyddai gwelliannau wedi cael eu gwneud.



Nodwyd bod blaengynllunio yn anodd heb syniad bras o ddyraniad arian y grantiau dros gyfnod hirach. Nodwyd bod Gweinidogion Cymru yn ymwybodol o'r pryderon hyn, a'u bod yn ymchwilio i sut i fynd i'r afael â nhw.

Eglurodd y Swyddog Adran 151 y sefyllfa o ran cronfeydd wrth gefn, ac y byddai'r gyllideb ddisgwyliedig ar gyfer y tair blynedd nesaf yn arwain at wagio'r cronfeydd wrth gefn. Cytunodd y Pwyllgor i adolygiad ariannol gael ei gynnal.

CYTUNWYD ar y canlynol:

- 9.1 bod yr adroddiad yn cael ei dderbyn, a bod diweddariad ariannol ERW ar gyfer Chwarter 1 2017-18 yn cael ei nodi;
- 9.2 bod y newidiadau i Gyllideb Refeniw Tîm Canolog ERW a chronfeydd wrth gefn ar gyfer 2017-18 a'r blynyddoedd i ddod, yn cael eu cymeradwyo;
- 9.3 bod swm sylweddol yr incwm grant a oedd yn ddyledus i'r rhanbarth yn ystod y flwyddyn ariannol honno yn cael ei nodi, ond mynegwyd pryder bod llythyrau cynnig terfynol yn dal heb ddod i law;
- 9.4 bod y risg sylweddol i'r rhanbarth, yn wyneb yr ansicrwydd a oedd yn parhau ynghylch cymeradwyo sawl ffrwd cyllid grant, yn cael ei nodi;
- 9.5 bod y risg sylweddol i'r rhanbarth, yn wyneb swm y cyllid craidd y mae'n ei gael, ynghyd â'r effaith ar gronfeydd wrth gefn y rhanbarth yn y tymor canolig, yn cael ei nodi;
- 9.6 bod adolygiad ariannol llawn yn cael ei gynnal o'r grantiau a'r cyllid craidd.

10. BARN SICRWYDD BLYNYDDOL PENNAETH ARCHWILIO MEWNOL CONSORTIWM ERW ar gyfer 2016-17

Cafodd y Cyd-bwyllgor Farn Sicrwydd Blynyddol y Pennaeth Archwilio Mewnol ar gyfer 2016-17 o ran effeithiolrwydd trefniadau llywodraethu, rheolaeth fewnol, rheoli risgiau a rheolaeth ariannol ERW. Nodwyd bod y Cynllun Archwilio Mewnol ar gyfer 2016-17 wedi cael ei gyflwyno yn unol â'r amserlen y cytunwyd arni gan y Pwyllgor. Roedd y rhaglen sicrhau ansawdd a gwella yn cadarnhau cydymffurfiaeth â gofynion gorfodol. Rhoddwyd sicrwydd sylweddol o ran digonolrwydd ac effeithiolrwydd y trefniadau sydd ar waith. Nodwyd bod yna gyfleoedd ar gyfer gwella a oedd yn cael eu disgrifio'n fwy manwl yn yr Adroddiad Archwilio Mewnol.

CYTUNWYD bod Barn Sicrwydd Blynyddol y Pennaeth Archwilio Mewnol ar gyfer 2016-17 yn cael ei nodi.

11. DATGANIAD LLYWODRAETHU BLYNYDDOL CONSORTIWM ERW ar gyfer 2016-17

Eglurodd y swyddogion fod cysylltiad rhwng yr adroddiad a'r Cod Llywodraethu Corfforaethol Rhanbarthol diwygiedig a, chan fod angen gwneud mwy o waith ar y Cod, gofynnwyd am gael tynnu'r eitem hon yn ôl o'r cyfarfod. Cytunwyd y byddai'r adroddiad yn cael ei gyflwyno yn y cyfarfod ychwanegol o'r Cyd-bwyllgor ym mis Medi 2017.



Cytunwyd bod yr adroddiad yn cael ei dynnu'n ôl o'r cyfarfod a'i gyflwyno yn y cyfarfod ychwanegol o'r Cyd-bwyllgor.

12. ADRODDIAD ARCHWILIO MEWNOL CONSORTIWM ERW 2016-17

Ystyriodd y Cyd-bwyllgor Adroddiad Archwilio Mewnol Consortiwm ERW ar gyfer 2016-17, a oedd yn rhoi sicrwydd o ran effeithiolrwydd y trefniadau llywodraethu, rheolaeth fewnol, rheoli risgiau a rheolaeth ariannol. Dywedodd y Pennaeth Archwilio Mewnol wrth y Pwyllgor ei bod yn bosibl rhoi sicrwydd sylweddol o ran digonolrwydd ac effeithiolrwydd y trefniadau a oedd ar waith. Fodd bynnag, roedd yna sawl cyfle i wella digonolrwydd ac effeithiolrwydd y trefniadau a oedd yn bodoli. Nodwyd bod cynllun gweithredu wedi cael ei lunio i fynd i'r afael â'r meysydd i'w gwella a nodwyd yn yr adolygiad.

O ran cymorth i ysgolion, eglurwyd nad oedd y cymorth a ddarperid bob amser yn unol â'r gwelliannau a nodwyd, ac nad oeddid bob amser yn cyrraedd y targedau. Nodwyd bod y Pwyllgor eisoes wedi gofyn am wybodaeth am leoli Ymgynghorwyr Her, a chytunwyd i'r adroddiad gael ei estyn i gynnwys ansawdd a pherfformiad yr Ymgynghorwyr. Eglurodd Rheolwr Gyfarwyddwr ERW y byddai'n adrodd yn ôl gyda'r wybodaeth a oedd ar gael am berfformiad yr Ymgynghorwyr Her a'r safonau a ddisgwyliid. Nodwyd y gallai rhanbarthau eraill symud ymlaen yn gynt â'r gwaith hwn gan mai'r consortia oedd rheolwyr llinell uniongyrchol yr Ymgynghorwyr Her; nid oedd hyn yn wir yn achos ERW.

Nodwyd yn yr adroddiad nad oedd y cymorth rhwng ysgolion yn cael ei ddatblygu'n gyson. Tynnwyd sylw at y ffaith bod rhannu arfer da rhwng ysgolion yn ddefnyddiol iawn, a darparwyd sawl enghraifft o hyn. Eglurwyd bod adborth hefyd yn cael ei roi i'r ysgolion hynny a oedd yn rhannu arfer da.

CYTUNWYD ar y canlynol:

- 12.1 bod Adroddiad Archwilio Mewnol ERW ar gyfer 2016-17 yn cael ei nodi;**
- 12.2 bod yr adroddiad ar y cwota o Ymgynghorwyr Her yn cael ei estyn i gynnwys ansawdd, perfformiad a lleoliad yr ymgynghorwyr a'r staff cymorth, ynghyd ag argymhellion o ran sut i ymateb i'r risgiau a nodwyd yn yr Adroddiad Archwilio Mewnol.**

13. Y COD LLYWODRAETHU CORFFORAETHOL RHANBARTHOL

Nodwyd bod angen gwneud mwy o waith ar y Cod Llywodraethu Corfforaethol Rhanbarthol, a gofynnwyd am i'r adroddiad gael ei dynnu'n ôl o'r cyfarfod. Cytunwyd y byddai'n cael ei gyflwyno i'r cyfarfod ychwanegol o'r Cyd-bwyllgor a oedd yn cael ei drefnu ar gyfer mis Medi 2017.

Cytunwyd bod yr adroddiad yn cael ei dynnu'n ôl a'i gyflwyno i'r cyfarfod ychwanegol o'r Cyd-bwyllgor.



14. GWERTH AM ARIAN

Cafodd y Cyd-bwyllgor adroddiad diweddarau ar y rhaglen waith drefnedig o ran adolygiadau gwerth am arian ar gyfer 2017-18. Amlinellodd y swyddogion fod y fframwaith yr oedd y Pwyllgor wedi cytuno arno'n flaenorol yn cynnwys saith agwedd allweddol, a bod yr adroddiad yn cynnwys diweddariad o'r cynnydd ar ddau llyn penodol, sef cymharu â rhanbarthau eraill a defnydd cynyddol o weithio digidol.

Eglurwyd bod sawl gweithgor gwahanol wedi cael eu sefydlu, a'u bod yn gweithio ar lefel gydweithredol ryngranbarthol i gymharu strategaethau, i ddysgu oddi wrth ei gilydd, ac i gynhyrchu deilliannau cadarnhaol yn y rhanbarth. Er enghraifft, roedd y grŵp cyllid wedi cwrrd i drafod strwythurau, adnoddau, modelau ariannu ac arfer gorau. Roedd rhannu arfer gorau a ffurfio fframwaith cyffredin wedi sicrhau bod y consortia yn gallu cynnal agwedd effeithiol at newid gan, ar yr un pryd, leihau defnydd unigolion o adnoddau a chyfyngu ar ddyblygu. Roedd Rheolwr Prosiectau Consortia wedi cael ei benodi, ac roedd hyn eto yn gwella gallu ERW i gymharu â rhanbarthau eraill ac i weithio'n gydweithredol. Nodwyd bod lefel uwch o gysondeb wedi bod yn amlwg wrth ddelio â Llywodraeth Cymru, a'r nod oedd parhau i sicrhau cyfarfodydd rheolaidd rhwng y grŵp a chynrychiolwyr Llywodraeth Cymru. Mynegwyd peth pryder y byddai hyn yn annog Llywodraeth Cymru i ystyried y grŵp yn sefydliad cenedlaethol. Eglurwyd bod y grŵp yn deall ei rôl o ran gweithio ar y cyd, a bod llinynnau rhanbarthol clir yn bodoli. Nodwyd pwysigrwydd cydnabod beth oedd yn gweithio'n effeithiol.

Tynnwyd sylw at y ffaith y bu cynnydd yn y defnydd o weithio digidol o ran teithio, cynhaliath, deunyddiau ysgrifennu a gweinyddiaeth. Rhoddwyd enghreifftiau o effaith gadarnhaol y gwaith hwn, a oedd wedi arwain at fwy o allu a phrosesau integredig.

CYTUNWYD bod y diweddariad ar werth am arian yn cael ei nodi, a bod y rhaglen waith drefnedig ar gyfer gwerth am arian yn cael ei nodi.

15. ADRODDIAD GWERTHUSO Y PENAEITHIAID

Ystyriodd y Cyd-bwyllgor adroddiad Gwerthuso y Penaethiaid, a oedd yn dadansoddi cyfweiliadau â Phenaeithiaid y rhanbarth, yn ogystal â holiaduron ar-lein, ynghylch eu canfyddiad o ERW a'r rôl y mae'n ei chwarae ym mywyd eu hysgol o ddydd i ddydd.

Eglurodd Rheolwr Gyfarwyddwr ERW fod holiadur y Penaethiaid mewn blynyddoedd blaenorol wedi bod yn darparu llun o adborth a oedd yn gwella, ond nad oedd hyn wedi bod yn gyson â thrafodaethau parhaus â Phenaeithiaid a rhanddeiliaid eraill. Roedd ERW wedi comisiynu gwerthusiad annibynnol, mwy manwl, i gefnogi canfyddiadau'r holiadur.

Roedd yr adborth o'r gwaith hwn wedi dangos nad oedd meysydd allweddol o waith y rhanbarth yn gwella yn ddigon cyflym.



Roedd y negeseuon allweddol fel a ganlyn:

- Anghysondeb o ran ansawdd y cymorth a'r her gan yr Ymgynghorwyr Her.
- Roedd y trosiant Ymgynghorwyr Her ar gyfer pob ysgol yn rhwystr i ddilyniant.
- Yr anghysondeb mewn canfyddiadau ledled y rhanbarth o ran beth oedd swyddogaethau ERW, ac yn benodol pan fyddai ymgynghorwyr a gyflogid gan yr Awdurdod Lleol yn ymgysylltu ag ysgolion.
- Fel rhanbarth, nid oedd ERW yn symud ar hyd y continwwm gwella ysgolion yn ddigon cyflym. Roedd hyn yn arwain at fwy o angen i rannu arfer da a gwaith ysgol i ysgol.

Nodwyd bod angen mwy o gysondeb o ran cymorth ysgol i ysgol ac o ran meithrin hyder ysgolion mewn gwasanaethau gwella ysgolion.

Eglurwyd bod Tîm Canolog ERW, erbyn mis Medi, wedi paratoi'r gwelliannau canlynol o ran cyfathrebu:

- Gwefan newydd, a ddylai arwain at well cyfathrebu ag ysgolion.
- Gwybodaeth benodol i'w hanfon trwy e-bost at Benaethiaid.
- Byddai gwybodaeth fwy cyffredinol yn cael ei dosbarthu trwy gylchlythyr ERW.
- Byddai gan bob ysgol ddewislen cymorth, roedd dysgu proffesiynol ar gael i sicrhau gwelliant yn y modd yr oedd anghenion yn cael eu bodloni, ac roedd yna well paratoi ar gyfer ymweliadau craidd.

Nododd yr Aelodau y dyfyniadau a'r sylwadau yn yr adroddiad a oedd yn amlygu'r pwysau ar Benaethiaid a'r swm cynyddol o waith papur. Nodwyd bod y pedwar rhanbarth yn cydweithio ar adnodd i Leihau Llwyth Gwaith Athrawon ar gyfer mis Medi.

CYTUNWYD bod Adroddiad Gwerthuso y Penaethiaid yn cael ei dderbyn.

16. Y MODEL CLWSTWR

Daeth adroddiad i law'r Cyd-bwyllgor ar y datblygiadau allweddol angenrheidiol i gyflawni Cynllun Busnes a Strategaeth ERW ac ymateb i flaenoriaethau allweddol y Llywodraeth, yn ogystal â gwella ansawdd yr addysgu a'r dysgu yn y rhanbarth. Roedd yr adroddiad yn rhoi diweddariad ar fecanwaith cyflawni allweddol ar gyfer darparu cymorth i ysgolion a rhwng ysgolion.

Dywedwyd wrth y Pwyllgor y byddai ERW yn ariannu pob clwstwr i gyflogi Arweinydd Dysgu, er mwyn cefnogi pob ysgol i wella ansawdd yr addysgu a'r dysgu, a gwella gallu arweinwyr ledled y clwstwr. Nodwyd bod y gwaith yn adeiladu ar arfer gorau o waith Arweinwyr Dysgu cyfredol mewn ysgolion uwchradd, a gwaith rhanbarthau eraill o ran ariannu cydweithio.

Holodd yr Aelodau am y risgiau a oedd yn gysylltiedig â'r gost gynyddol ar gyfer gwaith clwstwr, ac eglurwyd mai secondiadau mewn blynyddoedd i ddod, ac oedi o ran cadarnhau a thalu grantiau oedd y risgiau. Mynegwyd pryder ynghylch



bodloni gofynion ieithyddol mewn rhai clystyrau, a chadarnhawyd y byddai'r dyraniad sgiliau yn bodloni angen. Yn ogystal, nodwyd bod anghenion pob clwstwr o ran cymorth wedi cael eu mapio yn erbyn anghenion, a bod Pennaeth cyswllt wedi cael ei benodi i gefnogi pob rhwydwaith.

Gofynnwyd a oedd y gallu ar gael i lenwi swyddi'r Arweinwyr Dysgu, gan fod y rhanbarth yn cael trafferth recriwtio Ymgynghorwyr Her. Nodwyd bod athrawon brwdfrydig, hynod fedrus, wedi dangos diddordeb, a'u bod, mae'n debyg, o'r safon gywir ac yn ystyried y newidiadau i'r cwricwlwm yn gyfle da. Nodwyd hefyd mai'r Awdurdod Lleol, ac nid ERW yn ganolog, oedd yn gwneud y gwaith o recriwtio Ymgynghorwyr Her.

CYTUNWYD ar y canlynol:

16.1 bod yr Adroddiad ar y Model Clwstwr yn cael ei dderbyn;

16.2 bod y gwaith o ddatblygu rhwydweithiau Addysgu a Dysgu ledled y rhanbarth yn cael ei gymeradwyo.

CADEIRYDD

DYDDIAD





CYD-BWYLLGOR ERW 21 MEDI 2017

Datganiad o Gyfrifon ERW ar gyfer 2016-17

Diben: Cymeradwyo a llofnodi Datganiad o Gyfrifon ERW ar gyfer 2016-17.

ARGYMHELLION/PENDERFYNIADAU ALLWEDDOL SY'N OFYNNOL:

Y Cyd-bwyllgor i gymeradwyo Datganiad o Gyfrifon ERW ar gyfer 2016-17.

Swyddog A151 ERW a Chadeirydd y Cyd-bwyllgor i lofnodi Datganiad o Gyfrifon ERW ar gyfer 2016-17.

RHESYMAU: Cael cymeradwyaeth y Cyd-bwyllgor

Awdur yr Adroddiad: Jon Haswell	Swydd: Swyddog A151 ERW	Rhif Ffôn: 01437 775836 E-bost: haswellj@pembrokeshire.gov.uk
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**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
21 SEPTEMBER 2017**

ERW Statement of Accounts for 2016-17

BRIEF SUMMARY OF PURPOSE OF REPORT

- (a) The Joint Committee review the ERW Statement of Accounts for 2016-17 and consider the WAO Audit of Financial Statements Report and Audit Opinion (ISA260).
- (b) The ERW Statement of Accounts for 2016-17 be approved and signed by the ERW S151 Officer and the Chair of the Joint Committee.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	NONE
<p>1. Legal As detailed in the report - Statutory requirement to approve the ERW Statement of Accounts for 2016-17 by 30 September 2017.</p>				
<p>2. Finance As detailed in the report.</p>				
<p>3. Risk Management As detailed in the report.</p>				

CONSULTATIONS

ERW Statement of Accounts for 2016-17 were available for public inspection for 20 working days ending on 30 June 2017.

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
N/A	N/A	N/A





WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – Education through Regional Working Joint Committee

Audit year: 2016-17

Date issued: August 2017

Document reference: **477A2017**

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval,

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the Education through Regional Working (ERW) Joint Committee (the Joint Committee) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for the Joint Committee are £1.3million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Joint Committee, for 2016-17, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 2 June 2017, two days after the target deadline of 31 May 2017. This was still well in advance of the current statutory deadline of 30 June.
- 7 We have now substantially completed the audit work and are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Joint Committee's Section 151 officer and his team.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:
- **We have no significant concerns about the qualitative aspects of your accounting practices and financial reporting although there is scope to improve the accounts closure process.** We were unable to complete the audit by the target deadline of the 17 July 2017 Joint Committee as we needed additional time to work with officers to resolve misstatements identified in the draft accounts presented for audit. Improvements to the closure process, as listed in 'Matter arising 1' of [Appendix 4](#) are required to prevent issues recurring in future years and allow the Joint Committee to be well placed to be able to meet earlier closure deadlines.
 - **We did not encounter any significant difficulties during the audit.** We were not restricted in our work and received the information that we required to complete our audit although we did experience some delays receiving some supporting evidence. We will continue to work with Joint Committee officers to clarify our working paper requirements and delivery timetable to ensure that delays are limited in future years.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There is one other matter significant to the oversight of the financial reporting process that we need to report to you.** The value of central expenditure on ERW projects, funded through Welsh Government grant, has increased significantly since the inception of the Joint Committee. This expenditure totalled £4.3million in 2016-17, with £0.31million being used to fund the costs of the Central Team. The financial monitoring reports for Joint Committee and Executive Board continue to focus on central team

'overhead' expenditure. Grant allocations are not split out between those grants paid to member authorities and those grants being used to support ERW's centrally run projects. There appears to be limited Member oversight of the use of centrally held funds.

- **We did not identify any material weaknesses in your internal controls.**
- **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**

Recommendations arising from our 2016-17 financial audit work

- 13 The recommendations arising from our financial audit work are set out in [Appendix 4](#). Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Independence and objectivity

- 14 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 15 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Joint Committee that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

[Joint Committee's letterhead]

Appointed Auditor
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

21 September 2017

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of the Education through Regional Working Joint Committee for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the UK 2016-17; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Education through Regional Working Joint Committee and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions.

Representations by the Joint Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on 21 September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Section 151 Officer

Chair of Joint Committee

Date: 21 September 2017

Date: 21 September 2017

Appendix 2

Proposed audit report of the Auditor General to the Education through Regional Working Joint Committee

Auditor General for Wales' report to the Members of the Education through Regional Working Joint Committee

I have audited the accounting statements and related notes of Education through Regional Working Joint Committee for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Education through Regional Working Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-2017 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Education through Regional Working Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or

materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Education through Regional Working Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Education through Regional Working Joint Committee as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-2017.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Education through Regional Working in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
September 2017

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of the Education through Regional Working Joint Committee

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: Summary of corrections made to the draft financial statements.

Value of correction	Nature of correction	Reason for correction
£3,402,000	Note 4.1 Revenue Grants Welsh Government grants 'passport' to member authorities were understated, with payments to schools for specific work and supplies and services being overstated.	To correct the misclassification of transactions where Welsh Government, rather than the Joint Committee, had set the funding for each school. This included payments made for Digital Pioneer Schools, Schools Challenge Cymru and Informal Use of Welsh.
-	Note 4.4.1 Remuneration Details An employee receiving remuneration in excess of £60,000 has been removed from the note as seconded staff should be shown in the member authority accounts and not the Joint Committee accounts.	To comply with the Local Government Code and Accounts and Audit (Wales) Regulations 2014.

Appendix 4

Recommendations arising from our 2016-17 financial audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 2: Matter arising 1

Matter arising 1 – Accounts closure processes	
Findings	We were unable to complete the audit by the target deadline of 17 July 2017 due to some delays in obtaining working papers at the start of the audit. We also needed additional time to work with officers to address and correct a number of misstatements in the draft financial statements.
Priority	High
Recommendation	<p>The accounts closure process should be reviewed to ensure that high quality financial statements and working papers can be produced on a timely basis. This should include:</p> <ul style="list-style-type: none">• a review of how transactions are recorded in the ledger to reduce the amount of time required to check and allocate transactions on a line-by-line basis as part of closure processes;• clarifying roles and responsibilities between Joint Committee officers and Pembrokeshire County Council officers (as lead authority for Finance);• reviewing the classification of transactions in the ledger and having a clear rationale for when transactions are payments to schools for specific work, supplies and services and payments made directly to local authorities; and• agreement of working paper requirements and a deliverables timetable with the Wales Audit Office.
Accepted in full by management	Accepted.

Management response	Having been the first body to have their 2015-16 statement of accounts audited and approved, it is disappointing that there was a delay in having the 2016-17 statement of accounts audited and approved. The delay was due to changes in accounting personnel during 2016-17, workload levels (volume and late notification of grants by Welsh Government) and limited capacity at the time of closure and compilation of the statement of accounts. We will review and update the accounts closure process to ensure that in future, high quality financial statements and working papers are produced on a timely basis.
Implementation date	November 2017

Exhibit 3: Matter arising 2

Matter arising 2 – Overview of Joint Committee Central Expenditure	
Findings	<p>Joint Committee central expenditure consists of the costs of running the central team which is predominantly made up of permanently employed officers and running costs. In addition, expenditure is incurred on the delivery of projects directly by the Joint Committee. These costs are for a range of transactions but mainly for staff seconded to the Joint Committee from member authorities or schools and funding for specific projects to be undertaken by specific schools.</p> <p>The costs of the central team are included in budget monitoring reports reviewed by the Joint Committee and/or Executive Board but there is little analysis in those reports on the expenditure incurred on central projects.</p>
Priority	High
Recommendation	Budget monitoring reports should be expanded to provide Members with information on the expenditure incurred on centrally delivered projects.
Accepted in full by management	Accepted.
Management response	Future reporting will include Central Team expenditure and expenditure on projects delivered by the Central Team.
Implementation date	Next Joint Committee meeting.

Exhibit 4: Matter arising 3

Matter arising 3 - Use of Grant Funding	
Findings	The costs of the central team (salaries and running costs such as translation) are funded via member authority contributions, reserves and, increasingly, grant funding. However, some grant funding streams are not guaranteed for more than one financial year.
Priority	High
Recommendation	Whilst we have not identified any funding of central costs which appears contrary to grant terms and conditions, the Joint Committee should be clear on which fixed costs are being funded using grants and ensure that this approach is sustainable for funding fixed costs.
Accepted in full by management	Accepted.
Management response	Any posts in the Central Team which are funded by grant are fixed term for the period of grant funding. We will review the sustainability of grant funding contributing to the costs of the Central Team. This risk has been recognised and included in the ERW Annual Governance Statement for 2016-17.
Implementation date	November 2017

Exhibit 5: Matter arising 4

Matter arising 4 – Allocation of transactions to financial years and supporting evidence	
Findings	We identified one payment where the full value of the invoice was recognised in the accounts but the supporting evidence confirmed that work was only partly completed at 31 March. We also identified another transaction where it was difficult to confirm whether work undertaken on behalf of the Joint Committee had been completed in advance of the financial year-end.
Priority	High
Recommendation	Accounts closure processes need to ensure that only transactions relating to work completed before the financial year end are recognised in expenditure in the financial statements. Robust evidence of the completion of work should be requested from providers and retained for audit purposes, particularly where the Joint Committee uses estimates to establish the value of expenditure to be recognised.

Accepted in full by management	Accepted.
Management response	We will review and update the accounts closure process to ensure that only transactions relating to work completed before the financial year end are recognised in expenditure in the financial statements, and to ensure that robust evidence of the completion of work is requested from providers and retained for audit purposes, particularly where we use estimates to establish the value of expenditure to be recognised.
Implementation date	November 2017

Exhibit 6: Matter arising 5

Matter arising 5 – Related Party/Conflict of Interest Declarations	
Findings	We identified that up to date conflict of interest declarations were not available for all members of the Joint Committee and Executive Board at the time of audit. These are due to be collated in Autumn 2017.
Priority	Medium
Recommendation	Declarations of interest returns should be completed by all members of the Joint Committee and Executive Board in advance of preparing the annual statement of accounts. This should ensure that any relevant disclosures can be made in the accounts.
Accepted in full by management	Accepted.
Management response	All members of the Joint Committee and Executive Board will be required to complete and/or update their register of interest declarations.
Implementation date	November 2017

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Ein Rhanbarth ar Waith
Education through Regional Working

ERW Statement of Accounts for 2016-17

Director of Finance (ERW S151 Officer)

Cynghrair o 6 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithiol.
Y nod yw gweithredu strategaeth a chynllun busnes rhanbarthol cytunedig a chefnogi gwelliant ysgolion.

ERW is an alliance of 6 local authorities governed by a legally constituted joint committee.
Its aim is to implement the agreed regional strategy and business plan to support school improvement.



REVIEW OF ERW STATEMENT OF ACCOUNTS for 2016-17

1. The Joint Committee aimed to publish its draft 2016-17 Statement of Accounts by 31 May 2017 and have them audited and approved by 31 July 2017. The deadlines required by the Accounts and Audit (Wales) Regulations 2014 were 30 June 2017 and 30 September 2017 respectively.
2. The Budget Outturn Monitoring Report for 2016-17 was considered by the Joint Committee on 20 February 2017. The draft Statement of Accounts for 2016-17 were published on 2 June 2017 and have been subject to audit by ERW's external auditors, the Wales Audit Office (WAO). The WAO have completed their audit and have issued their Audit of Financial Statements Report and Audit Opinion (ISA260), copy attached as an Appendix, for consideration of the Joint Committee.
3. The Joint Committee need to review and formally approve the Statement of Accounts for 2016-17, copy attached as an Appendix.
4. ERW's Statement of Accounts must comply with Cipfa's Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of government. IFRS provides a comprehensive framework of mandatory requirements for the production of financial statements in the public and private sector and this framework is continually being refined.
5. The overall financial position of ERW is recognised in a number of key statements within the Statement of Accounts, namely the Expenditure and Funding Analysis, Comprehensive Income & Expenditure Statement (CIES), Movement in Reserves Statement and the Balance Sheet.

Further details on these and other statements within the Statement of Accounts for 2016-17 are outlined below:

- **Narrative Report** (The Explanatory Foreword in previous years) – The purpose of the Narrative Report is to provide a commentary on the Statement of Accounts. It includes an explanation of key events and their effect on the Statement of Accounts.
- **Expenditure and Funding Analysis** (Categorised as a core financial statement for 2016-17) – This statement shows the reconciliation between how annual expenditure is used and funded from resources (cash basis) by ERW in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices (IFRS basis).

- **Comprehensive Income and Expenditure Statement (CIES)** – The CIES reports on how ERW performed during the year and whether its operations resulted in a surplus or deficit. It shows the economic cost in the year of providing services. It analyses ERW’s day to day expenditure on the basis of the Cipfa Service Reporting Code of Practice (SeRCOP) groupings (including future pension costs etc.) on the basis of organisational structure.
- **Movement in Reserves Statement** – Reserves represent ERW’s net worth and show its spending power. They are analysed into two categories, usable and unusable.
- **Balance Sheet** – The balance sheet is a “snapshot” of ERW’s financial position at a specific point in time, showing what it owns (assets) and owes (liabilities) at 31 March.
- **Cash Flow Statement** – This sets out ERW’s cash receipts and payments during the year, analysing them into operating, investing and financing activities.

6. The Joint Committee review of the Statement of Accounts for 2016-17 should be focused on the following issues:

(a) **Financial Reporting Standards**

The International Financial Reporting and Other Standards that have been issued have been applied as required by the Code.

The Code requires that ERW discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards introduced in the 2017-18 Code that are relevant are:

- Amendments to IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interests in Other Entities

The impact of the above changes is unlikely to be material but will result in some presentational changes and these will be disclosed in the 2017-18 Statement of Accounts.

The Statement of Accounts for 2016-17 have been prepared in compliance with the Code of Practice on Local Authority Accounting for 2016-17.

(b) **Accounting Concepts**

The following pervasive accounting concepts have been used in the preparation of the Core Accounting Statements:

- Accruals
- Going concern

The qualitative characteristics of financial information continue to be employed:

- Relevance
- Comparability
- Verifiability
- Timeliness
- Understandability
- Materiality
- Faithful Representation
 - Completeness
 - Neutrality
 - Free from error
- Primacy of legislative requirements

(c) **Critical Judgements in Applying Accounting Policies and Estimation Risk**

In applying the accounting policies set out in the Statement of Accounts for 2016-17, the Joint Committee has made judgements about the complex transactions and those involving uncertainty in future years.

Although there is a high degree of uncertainty about the future level of funding for local government, to date Education has been a priority for the Welsh Government. Therefore, while some grants may be reduced and given the small number of employees directly employed by ERW, there is insufficient evidence to conclude that the Joint Committee activities will be severely impaired or reduced in future years.

In certain instances it has been necessary to estimate the changes made in the accounts using historical experience, current trends etc. Actual results may be different from the assumptions made and consequently may affect the charges made in future years' accounts.

The main risk areas are set out in the following tables:

Issues appertaining to items in the current Statement of Accounts:		
Item	Risk	Potential Affect
Contractual Obligations	Incorrect quantifications and legal challenge	Additional charge to the Joint Committee and its Partner Authorities
Grant Funding	Claimed ineligible expenditure	Loss of grant with expenditure to be funded from core or grant clawback
Pension Liability	Actuarial assumptions incorrect	Increased Employer Contributions at future date

Issues potentially impacting the Statement of Accounts in the future:		
Item	Risk	Potential Affect
Confirmation of Regional Position as Delivery Mechanism for School Improvement	Increased funding from WG and subsequent expectations	Inability to respond to increasing expectations of regional working
Changes in Political Priorities	Reduced funding	Reduction in service, or cessation of regional working
Educational Outcomes	Pupils Attainment does not Improve at the necessary pace	Loss of future grant funding/Local Authorities having to change support levels to ERW
Grant Funding	Claimed ineligible expenditure	Loss of grant with expenditure to be funded from core or grant clawback
Delay in Receiving Grant Funding	Committed expenditure not being eligible. Poor planning	Loss of grant with expenditure to be funded from core or grant clawback
Demographic Change	Assumptions Incorrect	Increased service & contractual costs
Grant Funding/Brexit	Loss of grant from Welsh Government & Europe	Reduction in service provision
Governance	Decisions not made in timely manner	Delay in improvements Budget over/under spends & loss of grant funding
Transformation/ Alternative Service Delivery	Changed ways of working do not deliver assumed financial savings	Budget over/under spend Separate accounting arrangements

Issues potentially impacting the Statement of Accounts in the future:		
Item	Risk	Potential Affect
Welsh Language Standard	Assumption incorrect	Increased service & contractual costs
Wellbeing of Future Generations Act	Act not considered in decision making	Cost of corrective action
Grant funding withheld by Welsh Government	ERW not adhering to regional nature of grant conditions	Schools do not access the support required

(d) **Accounting Policies**

The accounting policies used to prepare the Core Accounting Statements, the Supporting Notes and Supplementary Financial Statements have been reviewed using the Code for 2016-17.

(e) **Internal Control Issues**

The ERW Head of Internal Audit Annual Assurance Opinion for 2016-17, considered by the Joint Committee on 17 July 2017, confirms that there are no significant internal control issues which would impact upon the Statement of Accounts for 2016-17.

(f) **Wales Audit Office**

The Wales Audit Office have completed their audit of the Statement of Accounts for 2016-17 and have issued their Audit of Financial Statements Report and Audit Opinion (ISA 260), copy attached as an Appendix, for consideration of the Joint Committee.

7. The Director of Finance (ERW S151 Officer) and Head of Finance & Business Services (ERW Deputy S151 Officer) will support the Joint Committee at the meeting in reviewing the Statement of Accounts for 2016-17 and the specific matters highlighted above.

8. **RECOMMENDATIONS**

- (a) The Joint Committee review the ERW Statement of Accounts for 2016-17 and consider the WAO Audit of Financial Statements Report and Audit Opinion (ISA260).
- (b) The ERW Statement of Accounts for 2016-17 be approved and signed.



Ein Rhanbarth ar Waith
Education through Regional Working

Education through Regional Working

South West and Mid Wales Consortium

Statement of Accounts 2016/17

Cyngrair o 6 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithiol.
Y nod yw gweithredu strategaeth a chynllun busnes rhanbarthol cytunedig a chefnogi gwelliant ysgolion.

ERW is an alliance of 6 local authorities governed by a legally constituted joint committee.
Its aim is to implement the agreed regional strategy and business plan to support school improvement.



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NARRATIVE REPORT

ERW is an alliance of six Local Authorities, Carmarthenshire, Ceredigion, Pembrokeshire and Powys the County Borough of Neath Port Talbot and the City and County of Swansea. ERW delivers a single consistent and integrated professional school improvement service across the six Local Authorities

ERW's vision is for a consistently high performing school network across the region with every school a good school offering high standards of teaching under good leadership resulting in all learners achieving their maximum potential. In order to achieve this vision, we will build school capacity through support, challenge and intervention to become self-improving, resilient organisations which continually improve outcomes for all learners.

The ERW region has well established governance arrangements in place with a legally constituted Joint Committee holding the regional school improvement service to account for its performance in improving outcomes for learners. The Joint Committee membership is made up of the six Local Authority Leaders. ERW's Joint Committee is advised by the Executive Board. The Board is made up of the six LA Directors, external school improvement experts, Head Teacher representatives and the Managing Director.

The Joint Committee is established through and operates under a legal agreement signed and sealed by each constituent Council on 16th July 2014.

Pembrokeshire County Council has been appointed as finance lead for the region. As such ERW operates under Pembrokeshire County Council's Financial Regulations, Employers Tax and VAT registration, Pension schemes, Human Resources policies (as they relate to centrally employed core staff) and all relevant accounting policies.

Powys County Council Procurement policies are followed, Carmarthenshire County Council lead on governance and Committee Services, Ceredigion County Council lead on Legal and Monitoring Officer duties, Neath Port Talbot County Borough Council lead on Risk Management and the County of Swansea lead on Scrutiny.

SUMMARISED FINANCIAL PERFORMANCE 2016/17

The summarised financial performance provides a high level overview of the financial position of the Consortium as at 31st March 2017. Set out in the following paragraphs is the final outturn position for 2016/17 compared to the original estimate agreed by the ERW Joint Committee on 5 February 2016 and consideration of the Central Team draft budget and funding position for 2017/18 approved by the Joint Committee on 20 February 2017.

1. REVENUE EXPENDITURE

Central Team	2016/17		2016/17	2016/17	2015/16
	Central Team		Grants	Total	Total
	Original Estimate £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000
Gross Expenditure					
Employees	402	376	1,116	1,492	1,199
Premises	33	32	-	32	28
Transport	10	3	32	35	23
Translation	35	1	90	91	93
Supplies & Services	61	90	1,294	1,384	1,934
Payments to Schools via LA's for specific work		-	1,608	1,608	-
Facilitation	10	9	165	174	9
Grants Passported to LA's	-	-	63,527	63,527	62,883
Total Gross Expenditure	551	511	67,832	68,343	66,169
Income					
Contributions from Member Authorities	(250)	(250)	-	(250)	(250)
Welsh Government Grant	(150)	(310)	(67,492)	(67,802)	(65,893)
Contributions from Other Consortia	-	-	(33)	(33)	-
Other Grant Income	-	-	(307)	(307)	(86)
Miscellaneous Income	-	(21)	-	(21)	-
Total Income	(400)	(581)	(67,832)	(68,413)	(66,229)
Net Expenditure	151	(70)	-	(70)	(60)
Appropriation from Reserve	(151)	-	-	-	(10)
Appropriation to Reserve	-	70	-	70	70

DRAFT BUDGET AND FUNDING POSITION 2017/18

Central Team	2017/18
	Total
	Estimated Expenditure £000
Gross Expenditure	
Employees	439
Premises	33
Transport	5
Translation	35
Supplies & Services	94
Facilitation	-
Grants Passported to LA's	-
Total Gross Expenditure	606
Income	
Contributions from Member Authorities	(250)
Welsh Government Grant	(150)
Sports Council of Wales	-
Miscellaneous Income	(12)
Total Income	(412)
Net Expenditure	194
Appropriation from Reserve	(194)

1.1 Commentary on the 2016/17 Revenue Performance

The ERW Consortium gross expenditure for 2016/17 totalled £68.34 million which included £63.5 million of grants being passported directly to the six constituent Local Authorities.

The ERW Joint Committee and Executive Board received regular budget reports throughout the year and were updated on additional grant resources as they became available. All Joint Committee reports can be found on the ERW website www.erw.wales.

The Central Team and their capacity to support the region has increased through 2016/17. The Central Team have been supported by specialist professionals being seconded from the 6 Local Authorities during the year at a cost of £904k, which have been funded from various grant funding streams. Substantial additional resources were made available to the region during the year at reasonably short notice which did not aid coherent planning, however this has allowed professional salaries to be funded from grants, and helped reduce the core overhead costs of providing the service such as transport and translation costs. This has allowed the region to take all opportunities to build and strengthen its capacity to lead change, innovate and support schools to become resilient self-improving organisations. As a consequence more payments have been issued to schools to enhance their capacity.

Supplies and Services exceeded budget during 2016/17 due to additional charges for Printing & Stationery totalling £10k for the ERW inspection and a range of other training materials that could not be apportioned to grant funding due to restrictions on administration costs. Investment was made to the IT infrastructure at a cost of £13k. There was also the need to employ specialist professionals to provide services to the region that ERW were unable to purchase internally. This cost £7k which was not originally budgeted for.

Local Authority contributions for 2016/17 have been collected from the six partners in the sum of £250k. Unlike other consortiums, ERW does not directly employ School Improvement Challenge Advisors. They are employed by each Local Authority and work collaboratively across the three area hubs and the region as a whole as and when necessary to deliver an effective service. ERW therefore only directly employs a small, but growing administrative Central Team which support the Managing Director. This model allows greater flexibility in delivery than employing all Challenge Advisors directly given the geographical area the region covers.

Contributions towards the costs of the Central Team were split between the six Local Authorities on the basis of pupil numbers for 2016/17:

Local Authority	% of Pupils in Region	Contribution
Carmarthenshire	21.0%	£52,500
Ceredigion	7.4%	£18,500
Neath Port Talbot	16.0%	£40,000
Pembrokeshire	13.9%	£34,750
Powys	14.2%	£35,500
City and County of Swansea	27.5%	£68,750
Total	100.0%	£250,000

These percentages were also used for apportioning reserves across the six local authorities.

£310k of the costs of the Central Team have been funded by various Welsh Government grants.

During 2016/17, written confirmation was received from Welsh Government that they would be seeking repayment of £10k of specific 2015/16 grant which was unclaimed by local authorities.

1.2 Implications and Risks

It is not anticipated that there are any unbudgeted commitments or liabilities arising from 2016/17 that the Consortium cannot meet. However the number and scope of various grant funding streams continues to increase, and the future shape and status of the organisation is partly dependant on the result of Welsh Government deliberations on future collaboration and partnership working as a result of the recent white paper.

2. CAPITAL INVESTMENT

There was no capital expenditure in 2016/17. Capital grants from Welsh Government are issued direct to the relevant Local Authority.

3. ASSETS & LIABILITIES

3.1 Current Assets and Current Liabilities

Total ERW debtors were valued at £10.152m, being mostly grant income due from Welsh Government. No issues have been identified in relation to the impairment of these or any other current assets.

No issues have been identified regarding the settlement of current liabilities.

3.2 Pensions Liability

ERW participates in two pension schemes - the Dyfed Pension Fund and the Teachers' Pension Fund.

3.2.1 Dyfed Superannuation Scheme, which is administered by Carmarthenshire County Council, is a funded defined benefit scheme to which both employees and the ERW Joint Committee as employers pay contributions. From April 2014 pensions are based around career average pension as opposed to final salary pensions (for the post April 2014 element only).

A composite employer's contribution rate used in 2016/17 ((employer's rate 15.4%) employee rate 5.5% to 12.5%) was calculated by the Fund's actuary based on the valuation as at 31 March 2013 for all employees of ERW (Pembrokeshire County Council) who are members of the scheme. An updated composite employer's contribution rate will be used from April 2017 ((employer's rate 15.5%) employee rate 5.5% to 12.5%) for the 2017/18 financial year, based on the valuation of the Fund as at March 2016.

The Fund was valued as at 31 March 2016 & the results of this valuation are reflected in the 2016/17 Accounts.

The scheme is subject to statutory triennial actuarial valuations to ensure that the fund can meet future obligations, the last valuation having taken place in 2016. The Dyfed Fund has seen an increase in its net deficit.

3.2.2 Implications and Risks

Under the Compact between Welsh Local Government and the Welsh Government, one of the proposed policy reviews involved considering the number and organisational structure of pension funds in Wales.

Auto-enrolment of staff in the Scheme has been introduced during 2017.

The major risks facing the ERW Joint Committee relate to:

- The overall number of contributors to the fund relative to the number of pensioners falling significantly resulting in higher employer contribution rates.
- Any consequential increase in employer contribution rates arising from the reforms outlined above or poor economic performance of the Dyfed Fund investments.

A new all Wales Pensions Investment Pool is to be created as a result of a National UK agreement with the Treasury to increase the size of the investment funds and reduce administration costs. The all Wales fund will be administered by Carmarthenshire County Council and will take effect from April 2018. The new fund will be responsible for investing the funds of the current 8 Local Government pension funds.

Each existing pension fund within the all Wales pooled investment fund will continue to be able to set its own investment criteria and strategies.

Given the small number of employees employed by ERW its exposure to these risks is small.

3.2.3 Teachers Pension Scheme

The scheme is administered by the Department for Education. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise, and therefore no fund assets or liabilities appearing in the ERW Joint Committee's Balance Sheet.

3.2.4 Implications and Risks

The Government introduced reforms to Teachers pensions from April 2015. Future pensions will be based around career average pension as opposed to final salary pensions.

The major risk facing the ERW Joint Committee relates to:

- The consequential increase in employer contribution rates arising from the falling contributor to pensioner ratios and from the reforms outlined above.

3.3 Usable Reserves and Balances

3.3.1 General Reserve

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities.

3.3.2 Earmarked Reserves

These constitute balances held at the year end for specific purposes and will be used in accordance with those specific requirements. A working reserve of £100k was created in 2016/17 in order to provide an adequate level of funding to deal with any unexpected expenditure.

4. SIGNIFICANT INTERESTS

Members of the ERW Joint Committee, Lead Officers and Officers of the Executive Board are required to declare potential conflicts of interest arising from employment and other arrangements. There are no conflicts of interests to report.

5. PAYMENTS TO AUDITORS

It is estimated that £13k will be paid to the Wales Audit Office for its work auditing the 2016/17 financial statements. All grant certification will be subject to Internal Audit as required by Welsh Government.

6. POST BALANCE SHEET EVENTS

There were no events judged as material to ERW's financial position at 31 March 2017, which occurred after the financial year end but before the initial reporting date of 5 June 2017.

Any events taking place between the 5 June 2017 and the 21 September 2017, the date the audited Statement of Accounts being authorised for issue by the S151 Officer, will be reported and approved by the ERW Joint Committee. There are no events to be reported.

Auditor General for Wales' report to the Members of Education through Regional Working Joint Committee

I have audited the accounting statements and related notes of Education through Regional Working Joint Committee for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Education through Regional Working Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Education through Regional Working Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Education through Regional Working Joint Committee

In my opinion the accounting statements and related notes:
give a true and fair view of the financial position of Education through Regional Working Joint Committee as at 31 March 2017 and of its income and expenditure for the year ended; and have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit; and
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Education through Regional Working Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

**For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ
21st September 2017**

STATEMENT OF ACCOUNTS

ERW, SOUTH WEST AND MID WALES CONSORTIUM JOINT COMMITTEE

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT

The ERW Joint Committee's Responsibilities

The ERW Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this ERW Joint Committee, that officer is the Director of Finance of Pembrokeshire County Council.
- To manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the Joint Committee Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the Code.

The Director of Finance has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF DIRECTOR OF FINANCE

The Statement of Accounts of the ERW, South West and Mid Wales Consortium Joint Committee for the year ended 31 March 2017 is contained on pages 13 to 36, and is produced in accordance with the requirements of the Local Government Accounts and Audit (Wales) Regulations 2014. The Regulations prescribe the contents of the Statement of Accounts and it is upon the contents only that the Audit opinion is expressed.

I certify the accounts present a true and fair view of the financial position of the ERW, South West and Mid Wales Consortium Joint Committee as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017 and append my signature to the Statement in accordance with Regulation 10(1).

J HASWELL FCCA

Director of Finance

Date : 21.09.2017

REPORTING AND APPROVAL

These accounts, initially published on 5 June 2017, will be reported to the ERW South West and Mid Wales Consortium Joint Committee for approval following the conclusion of the Annual Audit on 21 September 2017. The audit certificate is shown on pages 9 - 10.

Chair of ERW South West and Mid Wales Consortium Joint Committee

Name: Cllr. Ellen Ap Gwynn

Offices Address: Y Llwyfan
College Road
Carmarthen
SA31 3EQ

Date: 21.09.2017

1.0 CORE FINANCIAL STATEMENTS - UNDERLYING PRINCIPLES

The application of accounting standards, concepts, critical judgements and inherent risks, and accounting policies used in preparing the core financial statements are set out in the following pages.

1.1 FINANCIAL REPORTING STANDARDS

The International Financial Reporting and Other Standards that have been issued have been applied as required by the Code of Practice on Local Authority Accounting.

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The standards introduced in the 2017/18 Code that are relevant are:

- Amendments to IFRS10 Consolidated Financial Statements
- IFRS12 Disclosure of Interests in Other Entities

The impact of the above changes won't be material.

The Statement of Accounts set out on pages 13 to 35 have been prepared in compliance with the 2016/17 Code of Practice on Local Authority Accounting.

1.2 ACCOUNTING CONCEPTS

The following pervasive accounting concepts have been used in the preparation of the Core Accounting Statements:

- Accruals basis
- Going concern

The qualitative characteristics of financial information continue to be employed:

- Relevance
- Comparability
- Verifiability
- Timeliness
- Understandability
- Materiality
- Faithful Representation
 - Completeness
 - Neutrality
 - Free from error
- Primacy of legislative requirements

1.3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION RISK

In applying the accounting policies set below in section 1.4. The ERW Joint Committee has made judgements about the complex transactions and those involving uncertainty in future years.

Although there is a high degree of uncertainty about the future level of funding for local government, to date Education has been a priority for the Welsh Government. Therefore while some grants may be reduced and given the small number of employees directly employed by ERW, there is insufficient evidence to conclude that the Joint Committee activities will be severely impaired or reduced in future years.

In certain instances it has been necessary to estimate the changes made in the accounts using historical experience, current trends etc. Actual results may be different from the

assumptions made and consequently may affect the charges made in future years' accounts.

The main risk areas are set out in the following table:

Issues appertaining to items in the current set of accounts:		
Item	Risk	Potential Affect
Contractual Obligations	Incorrect quantifications and legal challenge	Additional charge to the Joint Committee and its Partner Authorities
Grant Funding	Claimed ineligible expenditure	Loss of grant with expenditure to be funded from core or grant clawback
Pension Liability	Actuarial assumptions incorrect	Increased Employer Contributions at future date

Issues potentially impacting the accounts in the future		
Item	Risk	Potential Affect
Confirmation of regional position as delivery mechanism for school improvement	Increased funding from WG and subsequent expectations	Inability to respond to increasing expectations of regional working.
Changes in Political Priorities	Reduced funding	Reduction in service, or cessation of Regional Working
Educational Outcomes	Pupils Attainment does not improve at the necessary pace	Loss of future grant funding/ Local Authorities having to change support levels to ERW
Grant Funding	Claimed ineligible expenditure	Loss of grant with expenditure to be funded from core or grant clawback
Delay in receiving grant funding	Committed expenditure not being eligible. Poor planning.	Loss of grant with expenditure to be funded from core or grant clawback.
Demographic Change	Assumptions Incorrect	Increased service & contractual costs
Grant Funding / Brexit	Loss of grant from Welsh Government & Europe	Reduction in service provision
Governance	Decisions not made in	Delay in improvements

	timely manner	Budget over/under spends & loss of grant funding
Transformation/ Alternative Service Delivery	Changed ways of working do not deliver assumed financial savings	Budget over/under spend Separate accounting arrangements
Welsh Language Standard	Assumption incorrect	Increased service & contractual costs
Wellbeing of Future Generations Act	Act not considered in decision making	Cost of corrective action
Grant funding withheld by WG	ERW not adhering to regional nature of grant conditions	Schools do not access the support required.

1.4 ACCOUNTING POLICIES

The accounting policies used to prepare the Core Accounting Statements and the following Supporting Notes and Supplementary Financial Statements have been reviewed using the 2016/17 Code of Practice on Local Authority Accounting.

1.4.1 General Principals

The objective of the accounting policies adopted shall be to ensure that the Statement of Accounts provides a “true and fair” view of the financial position of the ERW Joint Committee.

The accounts shall be prepared in accordance with the latest Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) (the Code) and adhere to the relevant Financial Reporting Standards and Practices, unless otherwise stated.

Figures shall be included in the Financial Statements using the cost convention specified by the appropriate accounting standard.

The accounting policies shall be revised as required from those of the previous year to reflect changes in reporting requirement with any such changes being disclosed.

1.4.2 Going Concern, Exceptional, Extraordinary Items, Prior Year Adjustments & Events After the Reporting Period

The Financial Statements shall be prepared on a going concern basis unless there is an intention by government that the services will no longer be provided.

Extraordinary items - No items of income or expense will be treated as extraordinary. All items will therefore be accommodated within one of the specified lines of the Surplus or Deficit on the Provision of Services or the Other Comprehensive Income and Expenditure.

Exceptional items – When items of income and expense are material, their nature and amount will be disclosed separately, either on the face of the Comprehensive Income and Expenditure Account or in the notes to the accounts.

Unless otherwise sanctioned by the Code, material prior period adjustments shall result in a restatement of prior year figures and disclosure of the effect.

Material events occurring after the end of the reporting period shall, if applicable at the Balance Sheet date, amend the Statement of Accounts. Other events will be disclosed with an estimate of the likely financial effect. If amended after being issued prior to the conclusion of audit the responsible financial officer shall re-certify the revised Statement of Accounts as replacing that previously issued. Materiality shall be defined as the amount estimated by the Wales Audit Office in any one year.

1.4.3 Leases and Lease-Type Arrangements

Recognition and Classification

Leases and similar financial arrangements shall be classified as either finance leases or operating leases. Finance leases are defined as arrangements whereby all risks and rewards incidental to ownership transfer substantially to the lessee but title may or may not eventually transfer. Operating leases shall be defined as all other lease type arrangements.

In considering property leases, land and buildings shall be considered separately for classification purposes, with land with an infinite life generally being recognised as an operating lease.

Finance Leases - shall be recorded in the Balance Sheet as assets and equal liabilities in the appropriate category at fair value of the property or, if lower, the present value of the minimum lease payments – the discount rate applied being that implicit in the lease. Subsequently assets are subject to revaluation and depreciation.

The finance charge shall be charged to the revenue account on a constant basis over the term of the lease.

Operating Leases - the whole of the rental payable under operating leases shall be charged to the revenue account on a straight line basis over the term of the lease.

1.4.4 ERW Joint Committee Reserves (Working Balances)

Classification

Reserves shall be classified as usable, being available to support future expenditure or unusable being those required for financial accounting purposes.

Usable Reserves

The ERW Joint Committee shall govern the management and use of all reserves.

The expenditure financed from reserves shall be shown, when it is incurred, in the appropriate service section of the Comprehensive Income and Expenditure Statement.

The following circumstances shall allow amounts to be reserved from revenue:

- i. Material commitments exist for goods and services not received or paid for by 31 March
- ii. Facilitation of rolling over of funding to future years to ensure the cost effective use of resources and allow for variation in service demand from year to year
- iii. To set aside resources for future developments or contingencies

Unusable Reserves

The following financial reserves shall be maintained:

- i. Pension Reserve – to reflect the position of the Scheme's Fund.
- ii. Accumulated Absences Account – to reflect the cost of paid absence entitlement due but not taken at 31 March.

Reporting

Appropriations to and from reserves shall be reported in the Movement in Reserves Statement.

1.4.5 Income & Expenditure

Employee Costs & Benefits

Salaries and wages shall be charged against the periods to which they relate and if necessary estimated accruals made using previous pay periods as a basis. An adjustment shall be made in the Comprehensive Income & Expenditure Account to take account of accrued leave entitlement.

Pension costs – see policy 1.4.7 below.

Supplies and Services Etc

The ERW Joint Committee operates a system of accruals and converted payments. Creditors will be accrued by the end of a predetermined period of the following year and by the inclusion of estimates for significant items remaining outstanding at this time based on quotations or past costs. An exception to this principle relates to electricity and similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy shall be consistently applied each year and therefore does not have a material effect on any year's accounts.

Income

All income due to the ERW Joint Committee shall be accounted for at the due date and recognised at fair value.

1.4.6 Government Grants And Other Contributions

General

Government grants and other contributions shall be accounted for on an accruals basis and when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

Revenue Grants and Contributions

Where a revenue grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant or contribution shall be recognised as a receipt in advance. When the grant conditions are met it shall be recognised in Comprehensive Income and Expenditure Statement as income and be matched in the service revenue accounts with the expenditure to which it relates.

Repayment

In the event of repayment this shall first be applied to any receipt or contribution received in advance. To the extent that the repayment exceeds any such receipt in advance, or where no receipt in advance exists, the repayment shall be recognised within the Comprehensive Income and Expenditure Statement as an expense.

1.4.7 Employee Costs & Benefits

Benefits during Employment

Normal remuneration costs shall be charged as an expense in the period to which they relate.

A year end accrual shall be made in the Comprehensive Income and Expenditure Statement of any material costs arising from holiday entitlement not taken. However, not being a charge for taxation purposes shall be reversed out in the Movement in Reserves Statement.

Termination Benefits

Termination benefits shall be charged in the Comprehensive Income and Expenditure Statement when the ERW Joint Committee is demonstrably committed to the termination of employment.

Pension Costs

The pension contributions paid by the ERW Joint Committee shall be charged on an accruals basis to the appropriate service revenue account and, together with the contributions made by employees, shall be paid over to the respective fund.

Dyfed Pension Fund – The accounting policies applying to the Fund shall be determined by the administering authority, Carmarthenshire County Council, who keep the accounts of the Fund and arrange for actuarial information to be provided to participating authorities.

Pembrokeshire County Council, as an employing authority for the ERW Joint Committee shall include the current service costs of pensions as calculated by the Fund's actuary in the cost of services in accordance with the requirements of Financial Reporting Standard IAS19 as this is accounted for as defined benefit scheme.

These charges shall be reversed out in the Movement in Reserves Statement and the actual contributions paid to the Fund included to ensure that the correct cost is charged to the ERW Joint Committee.

Assets and liabilities pertaining to the ERW Joint Committee shall be disclosed on the Balance Sheet.

Teachers Pension Scheme - In the case of teachers, pensions are "unfunded" and are met from annual contributions, therefore no liability for future benefits shall be recognised in the Balance Sheet. The scheme is accounted for as a defined contribution scheme and the contributions payable are charged to the Consolidated Income and Expenditure Statement.

1.4.8 Stocks and Works in Progress

Stocks held by the ERW Joint Committee shall be valued at the lower of cost and net realisable value.

1.4.9 Debtors, Bad Debt Impairment & Creditors

General Debtors shall be recognised in the Balance Sheet and measured at fair value of the amount receivable when revenue has been recognised. In the majority of cases fair value will equate to the cash value but in the case of long term debtors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income and Expenditure Statement but not being a proper charge to the ERW Joint Committee shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

Impairment of Debts

General allowances for impaired debts shall be made in the Balance Sheet using the following guidelines (or in specific circumstances on a basis agreed with S151 Officer).

Age of Debt	%age of debt provided
Less than 1 year	50%
1 to 2 years	90%
2 to 3 years	100%

The bad debt allowance shall be reviewed at the end of each financial year against the debts outstanding and adjustments made in the Comprehensive Income and Expenditure Statement as is appropriate.

General Creditors shall be recognised in the Balance Sheet and measured at fair value of the amount payable when goods have been delivered or services rendered. In the majority of cases fair value will equate to the cash value but in the case of long term creditors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income and Expenditure Statement but not being a proper charge to the ERW Joint Committee fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

1.4.10 VAT

Transactions shall be shown net of VAT to the extent that it is recoverable/payable.

1.4.11 Related Parties

The following disclosures shall be made in respect of material transactions with related parties not disclosed elsewhere in the Statement of Accounts:

- i. Nature of the relationship and influence exerted either by or on the ERW Joint Committee
- ii. The aggregate of transactions in the year separately showing payable and receivable amounts
- iii. Outstanding balances as at 31 March.

2.0 CORE FINANCIAL STATEMENTS – COMPONENTS AND DETAIL

The core financial statements, prepared using International Financial Reporting Standards, (IFRS) comprise of:

- The Expenditure and Funding Analysis – showing the reconciliation between how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities as reported to management in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices (IFRS basis) as shown in the Comprehensive Income and Expenditure Statement.
- The Comprehensive Income and Expenditure Statement - showing the accounting cost in the year of providing services measured on an IFRS basis as opposed to the cost actually funded from taxation. The reconciliation to the taxation position, as represented by the actual funds available to the ERW Joint Committee, is shown in the Movement in Reserves Statement in section 2.3.
- The Movement in Reserves Statement – showing the movement on the different reserves held by the authority analysed between usable reserves and unusable reserves held for financial accounting purposes.
- The Balance Sheet - which sets out the financial position on 31 March in terms of the value of assets and liabilities recognised by the ERW Joint Committee and the reserves held by the ERW Joint Committee
- The Cash Flow Statement - which summarises the inflows and outflows of cash and cash equivalents with third parties arising from revenue and capital transactions.

Supporting Notes and Supplementary Financial Statements

These comprise of:

- Notes to the core financial statements.

2.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practice.

The Comprehensive Income and Expenditure Statement can be summarised as follows:

- **Surplus/Deficit on Continuing Operations** – analyses by subjective groupings, the day to day income and expenditure on such items as employee remuneration, running costs of services, service specific grants, fees and charges.

In accordance with the Code requirements, the operating income and expenditure of services include the following “notional” costs that are “reversed out” in the Movement in Reserves Statement:

- current service pension costs.
- **Other Comprehensive Income & Expenditure** – shows the surplus or deficit arising from the remeasurement of pension assets and liabilities.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	2015/16			2016/17		
	Pg Ref	Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000
Expenditure							
Employees		1,234	-	1,234	1,517	-	1,517
Premises		28	-	28	32	-	32
Transport / Mileage		23	-	23	35	-	35
Translation		93	-	93	91	-	91
Supplies & Services		271	-	271	1,192	-	1,192
Consultancy		132	-	132	162	-	162
Support Services		30	-	30	30	-	30
Payments to Schools via LA's for specific work		1,362	-	1,362	1,608	-	1,608
Training / Conferences		148	-	148	174	-	174
Total Expenditure		3,321	-	3,321	4,841	-	4,841
Income							
Contributions from Member Authorities		-	(250)	(250)	-	(250)	(250)
Welsh Government Grant		-	(3,010)	(3,010)	-	(4,275)	(4,275)
Contributions from Other Consortia		-	-	-	-	(33)	(33)
Other Grant Income		-	(2)	(2)	-	(307)	(307)
Miscellaneous Grant Income		-	(84)	(84)	-	(21)	(21)
Total Income		-	(3,346)	(3,346)	-	(4,886)	(4,886)
WG Grant Passported to Member Authorities	27						
Carmarthenshire		12,946	(12,946)	-	13,265	(13,265)	-
Ceredigion		4,544	(4,544)	-	4,477	(4,477)	-
Neath Port-Talbot		10,679	(10,679)	-	11,107	(11,107)	-
Pembrokeshire		8,967	(8,967)	-	8,585	(8,585)	-
Powys		7,964	(7,964)	-	8,158	(8,158)	-
City and County of Swansea		17,783	(17,783)	-	17,935	(17,935)	-
		62,883	(62,883)	-	63,527	(63,527)	-
(Surplus) / Deficit on Continuing Operations		66,204	(66,229)	(25)	68,368	(68,413)	(45)
Financing & Investment Income and Expenditure							
Net Pensions Interest	29			18			18
(Surplus) or Deficit on Provision of Services				(7)			(27)
TOTAL COMPREHENSIVE INCOME & EXPENDITURE				(7)			(27)

2.3 MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the ERW Joint Committee, analysed between usable (those that can be applied to fund expenditure) and other unusable reserves. The unusable reserves include reserves that hold unrealised gains and losses that are only realised when assets are sold and reserves that hold accounting differences needed to reconcile the differences between reporting on the IFRS accounting basis and the statutory funding basis.

The (Surplus)/Deficit on the provision of services reflects the economic cost of providing the ERW Joint Committee's services, more details of which are provided in the Comprehensive Income and Expenditure Statement on the following page.

Actuals 2016/17	ERW Usable Reserves £000	ERW General Working Balance £000	ERW Unusable Reserves £000	Total ERW Reserves £000
Balance 1st April 2016	(472)	-	93	(379)
(Surplus) / Deficit On Provision of Services	(27)	-	-	(27)
Total Comprehensive Income & Expenditure (see page 22)	(27)	-	-	(27)
Transfer to ERW General Working Balance	100	(100)		-
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see note 3)	(43)	-	43	-
(Increase) / Decrease In Year	30	(100)	43	(27)
Balance 31st March 2017	(442)	(100)	136	(406)

2.4 BALANCE SHEET

This Statement shows the value at the Balance Sheet date of the assets and liabilities recognised by the ERW Joint Committee. The net assets (assets less liabilities) are matched by:

- Usable reserves comprising of the general reserve and earmarked reserves.
- Unusable reserves comprising of reserves facilitating the adjustments required between accounting basis used to prepare the Statement of Accounts and the statutory funding basis under regulation.

BALANCE SHEET AS AT 31st MARCH	Pg Ref	2015/16		2016/17	
		£000	£000	£000	£000
CURRENT ASSETS:					
Short-term Debtors and Prepayments	33	1,720		10,152	
Cash & Cash Equivalents	34	56			
Total Current Assets			1,776	10,152	
TOTAL ASSETS					
CURRENT LIABILITIES					
Short-term Creditors	33	(1,298)		(8,390)	
Payment in Advance		(6)		(378)	
Overdraft				(842)	
Total Current Liabilities			(1,304)	(9,610)	
TOTAL ASSETS LESS CURRENT LIABILITIES			472	542	
Net Pension Fund Liability	35	(93)		(136)	
TOTAL LONG TERM LIABILITIES			(93)	(136)	
NET ASSETS			379	406	
Usable Reserves					
- General Joint Committee Reserve	32		(472)	(442)	
- ERW General Working Reserve	32			(100)	
- Earmarked Joint Committee Reserve	32				
Unusable Reserves					
- Pensions Reserve	32		93	136	
TOTAL RESERVES			(379)	(406)	

2.5 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period, showing how the ERW Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating, investing and financing activities.

The amount of net cash flows arising from net operating activities is a key indicator of the extent to which operations are funded by way of grant income or from the recipients of services provided by the ERW Joint Committee.

All cash transactions are administered by Pembrokeshire County Council as ERW South West & Mid Wales Consortium Joint Committee does not operate its own bank account.

CASH FLOW STATEMENT	2015/16		2016/17	
	£000	£000	£000	£000
Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cashflow				
Net (Surplus)/Deficit on the provision of services	-	(7)	-	(27)
Adjustments to net surplus or deficit on the provision of services for non-cash movements				
Pension fund adjustments	(53)		(43)	
Movements in revenue debtors, creditors, stocks etc.	151	98	968	925
Net cash Flow from Operating Activities		91		898
NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		91		898
Cash & Cash equivalents at the beginning of reporting period	147		56	
Cash & Cash equivalents at the end of reporting period	56		(842)	
(INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		91		898

3.0 NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

	2016/17		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	25		25
Other Operating Expenditure			
Financing & Investment Income & expenditure	18		18
Taxation and non-specific grant income			
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	43	-	43

	2015/16		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	35		35
Other Operating Expenditure			
Financing & Investment Income & expenditure	18		18
Taxation and non-specific grant income			
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	53	-	53

3.1 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee

Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure — the net interest on the defined benefit liability is charged to the CIES.

4.0 NOTES TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

4.1 REVENUE GRANTS

The table below sets out specific grant income from Welsh Government and Other Grant Awarding Bodies subsequently passported to the Member Authorities.

Revenue Grants	2015/16	Grants Allocated Direct to Authority	Grants Held Centrally	2016/17	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Pupil Deprivation Grant	(21,008)	(20,953)	(55)	(22,768)	(22,683)	(85)
National Qualification for Headteachers	(49)	-	(49)	(169)	-	(169)
Learning in Digital CPD	(71)	-	(71)	(142)	-	(142)
Learning in Wales Digital Capacity Building	(83)	-	(83)	-	-	-
14-19 Learning Pathways	(1)	(1)	0	-	-	-
Literacy & Numeracy for Special Schools	(50)	-	(50)	(25)	-	(25)
Regional Collaboration Fund	(358)	(348)	(10)	-	-	-
GCSE Yr 9 Cross Curricula	(70)	-	(70)	-	-	-
GCSE Tranche 2	-	-	0	(775)	-	(775)
Support for Headteachers	(42)	(42)	0	(21)	-	(21)
GCSE / Milan	(679)	-	(679)	(240)	-	(240)
Physical Literacy	-	-	0	-	-	-
GCSE Drama, Music	(26)	(26)	0	-	-	-
Welsh Baccalaureate	(50)	-	(50)	(28)	-	(28)
Lit Num + MFL	(255)	-	(255)	-	-	-
Education Improvement Grant	(40,419)	(39,137)	(1,282)	(38,938)	(37,277)	(1,661)
Securing Teacher Assessment	(33)	-	(33)	(14)	-	(14)
MFL School of Excellence	(121)	-	(121)	(119)	(57)	(62)
New Deal	-	-	-	(857)	-	(857)
Schools Challenge Cymru - Tranche 1	(571)	(529)	(42)	-	-	-
School Challenge Cymru - Tranche 2	(1,455)	(1,359)	(96)	(780)	(754)	(26)
Yr 6 National Numeracy Tests	(5)	-	(5)	-	-	0
Digital Pioneer Schools	(488)	(488)	-	(1,575)	(1,412)	(163)
Mathematics Events	(45)	-	(45)	-	-	-
NQT Moderation	-	-	-	(62)	-	(62)
Implimenting Successful Futures	-	-	-	-	-	-
British Council Grant	-	-	-	(4)	-	(4)
HLTA	(28)	-	(28)	-	-	-
Schools Challenge Cymru - Tranche 3	-	-	-	(1,100)	(924)	(176)
Informal Use Welsh	-	-	-	(196)	(194)	(2)
ALN	-	-	-	(296)	(226)	(70)
Total Revenue Grants	(65,907)	(62,883)	(3,024)	(68,109)	(63,527)	(4,582)
Grants to Support Activity - Not linked to SLA's	(7)	-	(7)	-	-	-
Total All Grants Offered to ERW	(65,914)	(62,883)	(3,031)	(68,109)	(63,527)	(4,582)

The above revenue grants have been accounted as follows during the year:

Revenue Grants	2015/16	Grants Allocated Direct to Authority	Grants Held Centrally	2016/17	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Welsh Government Grants Received	(65,829)	(62,883)	(2,946)	(67,802)	(63,527)	(4,275)
Qualifications Wales	(50)	-	(50)	(28)	-	(28)
Education Achievement Service (EAS)	(33)	-	(33)	(13)	-	(13)
Routes into Language	(1)	-	(1)	-	-	-
GwE Consortium	(1)	-	(1)	-	-	-
EWC	-	-	-	(62)	-	(62)
WLGA	-	-	-	(200)	-	(200)
British Council	-	-	-	(4)	-	(4)
Grants Credited As Income in Year	(65,914)	(62,883)	(3,031)	(68,109)	(63,527)	(4,582)

4.2 PENSION COSTS

The ERW Joint Committee participates in two pension schemes:

4.2.1 The Dyfed Superannuation Scheme, which is administered by Carmarthenshire County Council, is a funded defined benefit scheme to which both employees and the ERW Joint Committee, through Pembrokeshire County Council as employers, pay contributions. The scheme operates under the legislation appertaining to Local Government Pensions.

A composite employer's contribution rate used in 2016/17 was calculated by the Fund's actuary based on the valuation as at 31 March 2016 for all employees of the ERW Joint Committee who are members of the scheme.

The Fund was valued as at 31 March 2016 & the results of this valuation are reflected in the 2016/17 Accounts.

The disclosures set out below are required by International Accounting Standard 19 (IAS 19), which employs slightly different assumptions than those used in the actuarial valuation, are also produced by the Fund's actuary at each financial year end.

IAS 19 requires most assets to be valued at "realisable values" i.e. bid values, as opposed to "fair values" (in effect, mid-market values).

Interest on Assets

This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

The Net Interest Cost is calculated as interest on pension liabilities less the interest on assets.

Recognition of Actuarial Gains and Losses

All actuarial gains and losses are recognised in the year of occurrence via Other Comprehensive Income and Expenditure.

Actuarial gains and losses on liabilities due to changes in actuarial assumptions are split between the effect of changes in financial assumptions and changes in demographic assumptions.

Expenses

Administration expenses are recognised as a separate item within the pension cost. Investment expenses are treated as a loss on asset and so recognised via Other Comprehensive Income and Expenditure.

4.2.2 Teachers Pension Scheme

The scheme is administered by the Department for Education. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise, and therefore no fund assets or liabilities appearing in the ERW Joint Committee's Balance Sheet.

The Government introduced reforms to Teachers pensions from April 2015. Future pensions will be based around career average pension as opposed to final salary pensions.

The major risk facing the ERW Committee relates to:

- The consequential increase in employer contribution rates arising from the falling contributor to pensioner ratios and from the reforms outlined above.

Revenue Transactions

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2015/16		2016/17	
	£000	£000	£000	£000
Interest on Pension Liabilities	98		98	
Interest on Plan Assets	(80)		(80)	
		18		18
Current Service Cost		88		77
		106		95
Statement of Movement on the Council Fund Balance Entries				
Reversal IAS 19 Entries Above:		(106)		(95)
Actual Charges Paid in Year				
Actual Amount Charged for Period	53		52	
		53		52
Net Adjustment Required		(53)		(43)

4.3 EXCEPTIONAL COSTS

There were no exceptional costs incurred in the period.

4.4 REMUNERATION DETAILS

4.4.1 The following tables set out the disclosure of remuneration for ERW Joint Committee Senior Staff as follows:

- Managing Director and Other Senior Staff including pension contributions or equivalent payments. The total contribution rate for employer pension contributions was 15.4% for 2015/16 and 15.5% for 2016/17.
- Other Employees receiving remuneration of £60,000 or more (not including employer pension contributions) in bands of £5,000.

Senior Officers	Year	Gross Salary, Fees & Other Emoluments	Employer Pension Contributions to Local Government Pension Scheme	Benefits in Kind
Managing Director	2015/16	£79,430	£12,221	-
Managing Director	2016/17	£81,614	£12,650	-

Other Employees	Number of Other Employees	
Remuneration Band	2015/16	2016/17
£60,000 - £64,999	-	-
£60,000 - £64,999	1	-

There are other senior officer roles within the ERW South West and Mid Wales Consortium Joint Committee who are not employed by the Consortium and they do not receive any remuneration through the additional roles that they carry out on behalf of the region. They include

Lead Chief Executive	- Carmarthenshire
Lead Director of Education	- Neath Port Talbot
S151 / Director of Finance	- Pembrokeshire
Monitoring Officer	- Ceredigion

Also on the Executive Board are the other five Directors of Education from Carmarthenshire, Ceredigion, Pembrokeshire, Powys and Swansea.

For information on the remuneration of the above individuals and seconded staff members, users should refer to the respective Local Authority statement of accounts.

4.4.2 Termination Benefits

There were no terminations during 2015/16 or 2016/17.

4.5 AUDIT FEES

The following amounts are estimated as payable to the Wales Audit Office for the year:

	2015/16 £000	2016/17 £000
Fees payable to Wales Audit Office with regard to external audit services carried out by the Appointed Auditor for the year	13	13
Total	13	13

4.6 RELATED PARTIES

Related parties refers to bodies or individuals that have the potential to control or influence the ERW Joint Committee or to be influenced or controlled by the ERW Joint Committee thereby possibly constraining the ability of the ERW Joint Committee or the other party to operate independently.

There are other instances where Executive Board Members, lead officers and Members of the ERW Joint Committee may attend meetings of the third party bodies but do not have the direct ability to exercise control, however, the opinions they express may influence decisions and policy.

4.6.1 Material Relationships

The following material relationships have been identified where material influence exists.

4.6.1.1 UK and Welsh Government

The UK and Welsh Governments, have the responsibility for the statutory framework and provide the majority of the ERW Joint Committees funding, much of which is subject to specific terms and conditions. The bodies can, therefore, exert effective control over the operations of the ERW Joint Committee. Details of grants received are set out in note 4.1. Grant receipts outstanding at 31 March 2017 are set out in note 6.1.3.

4.7 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The Comprehensive Income and Expenditure Statement is prepared using the accounting policies set out within note 1.4 to meet the requirements of the Code of Practice on Local Authority Accounting.

Decisions about resource allocation are taken by the Joint Committee on the basis of budget reports prepared on a different basis using the service groupings set out in the Service Reporting Code of Practice (SERCOP).

In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year.

4.7.1 Net Cost of Services Analysed by Income and Expenditure Type

This reconciliation shows how the figures in the Net Revenue Summary relate to the amounts included in the Comprehensive Income and Expenditure Statement (note 2.2).

Actual Expenditure 2016/17	ERW Central Team Expenditure £000	ERW Specific Grants Expenditure £000	Total Expenditure £000
Local Authority Contributions	(250)	-	(250)
Government Grants	(310)	(67,492)	(67,802)
Other Grant Income	(21)	(307)	(328)
Contributions from Other Consortias		(33)	(33)
Total Income	(581)	(67,832)	(68,413)
Employee Costs	376	1,116	1,492
Other Operating Costs	105	1,581	1,686
Support Services	30	-	30
Payments to Schools via LAs for specific work	-	1,608	1,608
Grants Passported to LA's	-	63,527	63,527
Total Costs	511	67,832	68,343
Net Cost of Services	(70)	-	(70)
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement			
Net Cost of Services			(70)
Add Financial Adjustments not included in management reports			43
Remove amounts not in Comprehensive Income and Expenditure			-
Net Cost of Services Comprehensive Income and Expenditure Statement			(27)

Actual Expenditure 2015/16	ERW Central Team Expenditure £000	ERW Specific Grants Expenditure £000	Total Expenditure £000
Local Authority Contributions	(250)	-	(250)
Government Grants	(288)	(65,605)	(65,893)
Other Grant Income	(2)	(84)	(86)
Total Income	(540)	(65,689)	(66,229)
Employee Costs	349	850	1,199
Other Operating Costs	101	1,956	2,057
Support Services	30	-	30
Grants Passported to LA's	-	62,883	62,883
Total Costs	480	65,689	66,169
Net Cost of Services	(60)	-	(60)
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement			
Net Cost of Services			(60)
Add Financial Adjustments not included in management reports			53
Remove amounts not in Comprehensive Income and Expenditure			-
Net Cost of Services Comprehensive Income and Expenditure Statement			(7)

5.0 NOTES TO THE MOVEMENT IN RESERVES STATEMENT

5.1 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND REGULATORY FUNDING BASIS

Actuals	2015/16		2016/17	
	ERW Usable Reserves £000	ERW Unusable Reserves £000	ERW Usable Reserves £000	ERW Unusable Reserves £000
Amounts included in Total Comprehensive Income and Expenditure required by regulation to be excluded to arrive at the funding position				
Pension Cost Adjustment	(106)	106	(95)	95
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position				
Employers Contribution to Pension Scheme	53	(53)	52	(52)
Net Adjustment Required	(53)	53	(43)	43

5.2 USABLE RESERVES

Usable Reserves	Balance 1st April 2016 £000	Contribution from Revenue Accounts £000	Contribution to Revenue Accounts £000	Balance 31st March 2017 £000
Earmarked Reserves	-	-	-	-
General Reserve	(472)	30	-	(442)
ERW General Working Reserve	-	(100)	-	(100)
Total Useable Reserves	(472)	(70)	-	(542)

5.3 UNUSABLE RESERVES

The transactions in the unusable reserve accounts summarised below can be found in more detail in note 6.3.

Unusable Reserves	Balance 1st April 2016 £000	Movement in Year £000	Balance 31st March 2017 £000
Pensions Reserve	93	43	136
Total Unusable Reserves	93	43	136

6.0 NOTES TO THE BALANCE SHEET

6.1 DEBTORS AND CREDITORS

6.1.1 Debtors and Prepayments

All amounts included as assets are shown at market (fair) value.

	Net 1st April 2016 £000	Gross 31st March 2016 £000	Impairment Allowance £000	Net 31st March 2017 £000
Amounts falling due in one year:				
Welsh Government	1,720	10,152	-	10,152
Local Authorities & Schools	-	-	-	-
Other Debtors	-	-	-	-
Total Debtors	1,720	10,152	-	10,152

6.1.2 Creditors

	Balance 31st March 2017			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
Amounts falling due in one year:				
Welsh Government	-	-	-	-
Local Authorities & Schools	(8,390)	(378)	-	(8,768)
Other Creditors	-	-	-	0
Total Creditors	(8,390)	(378)	-	(8,768)

	Balance 1st April 2016			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
Amounts falling due in one year:				
Welsh Government	-	-	-	-
Local Authorities & Schools	(1,298)	(6)	-	(1,304)
Other Creditors	-	-	-	-
Total Creditors	(1,298)	(6)	-	(1,304)

6.1.3 Further Breakdown of Short-Term Creditor Analysis

Breakdown of Short-Term Creditors	2015/16 £000	2016/17 £000
Pupil Deprivation Grant	5	6,729
National Qualification for Headteachers	11	46
Learning in Digital Wales CPD	6	27
14-19 Learning Pathways	3	-
Literacy & Numeracy for Special Schools	35	-
Regional Collaboration Fund	197	-
GCSE Tranche 2	-	95
GCSE / Milan	82	-
Physical Literacy	6	5
GCSE Drama, Music	26	-
Welsh Baccalaureate	6	5
Education Improvement Grant	225	593
MFL School of Excellence	10	10
New Deal	-	114
School Challenge Cymru - Tranche 2	670	-
Digital Pioneer Schools	-	316
NQT Moderation	-	15
British Council Grant	-	1
Schools Challenge Cymru - Tranche 3	-	331
Informal Use Welsh	-	4
ALN	-	63
Total Current Liabilities Revenue Grants	1,282	8,354
Central Team	16	26
Swansea Underspend to go back to WG	-	10
Total Creditors Owed 31st March	1,298	8,390

6.2. CASH AND CASH EQUIVALENTS

	Balance 31st March 2016 £000	Balance 31st March 2017 £000
Cash at Bank / in Hand	56	-
Bank Call Accounts	-	-
Cash Overdrawn	-	(842)
Total Cash and Cash Equivalents	56	(842)

6.3 PENSIONS RESERVE

The Pensions Reserve relates to the Dyfed Pension Scheme (see note 2.2.1) and absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The debit balance on the Pensions Reserve reflects the shortfall at a point in time between the benefits earned by past and current employees and the resources in terms of pension fund assets required to meet them. The statutory arrangements for managing the Fund should ensure that funding will have been set aside by the time the benefits come to be paid.

	2015/16 £000	2016/17 £000
Balance 1st April	40	93
Remeasurement of Pension Liabilities and Assets	-	-
Reversal of items chargeable to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement	106	95
Employers pension contributions and other direct payments in the year	(53)	(52)
Balance 31st March	93	136



CYD-BWYLLGOR ERW 21 MEDI 2017

Datganiad Llywodraethu Blynyddol Consortiwm ERW ar gyfer 2016-17

Diben: Cyflwyno i'r Cyd-bwyllgor ganfyddiadau'r adolygiad blynyddol o drefniadau llywodraethu Consortiwm ERW ar gyfer 2016-17.

ARGYMHELLION/PENDERFYNIADAU ALLWEDDOL SY'N OFYNNOL:

Cymeradwyo Datganiad Llywodraethu Blynyddol 2016-17.

RHESYMAU: Gofyniad statudol.

Awdur yr Adroddiad: Jo Hendy	Teitl: Pennaeth Archwilio Mewnol	Rhif Ffôn: 01437 776213 E- bost: Joanne.hendy@pembrokeshire.gov.uk
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EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

21 SEPTEMBER 2017

ERW Consortium Annual Governance Statement 2016-17

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide the Joint Committee with the findings from the annual review of Governance arrangements 2016-17 for the ERW Consortium and to agree the Priorities for Improvement.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	NONE	NONE

1. Legal

The review and update of ERW's Legal Agreement has been included as a Priority for Improvement.

2. Finance

ERW is heavily dependent on grant funding from Welsh Government. Delays in Welsh Government confirming funding for 2017-18 presents difficulties in meaningful business planning. There has also been delays in paying grant funding from the previous year which has led to financial pressure on the Lead Banker.

Currently the ERW Business Plan is not aligned to the financial model, this presents concerns over the achievability of the plan within existing resources.

CONSULTATIONS

Details of any consultations undertaken are to be included here.

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection





Ein Rhanbarth ar Waith
Education through Regional Working

Datganiad Llywodraethu Blynyddol 2016-17

Annual Governance Statement 2016-17

Cynghrair o 6 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithiol.
Y nod yw gweithredu strategaeth a chynllun busnes rhanbarthol cytunedig a chefnogi gwelliant ysgolion.

ERW is an alliance of 6 local authorities governed by a legally constituted joint committee.
Its aim is to implement the agreed regional strategy and business plan to support school improvement.



Introduction

ERW is an alliance of six local authorities governed by a legally constituted Joint Committee. ERW provides a single integrated regional professional school effectiveness service driving school improvement and learner achievement across the combined area of six local authorities in the South West and Mid Wales region within three hubs:

- Carmarthenshire/Pembrokeshire
- Ceredigion/Powys
- Neath Port Talbot/Swansea

Vision

“consistently high performing school network across the region with every school offering high standards of teaching under good leadership resulting in all learners achieving their maximum potential”

Mission Statement

“build school capacity through support, challenge and intervention to become self-improving, resilient organisations which continually improve outcomes for learners”

Review of Governance Arrangements

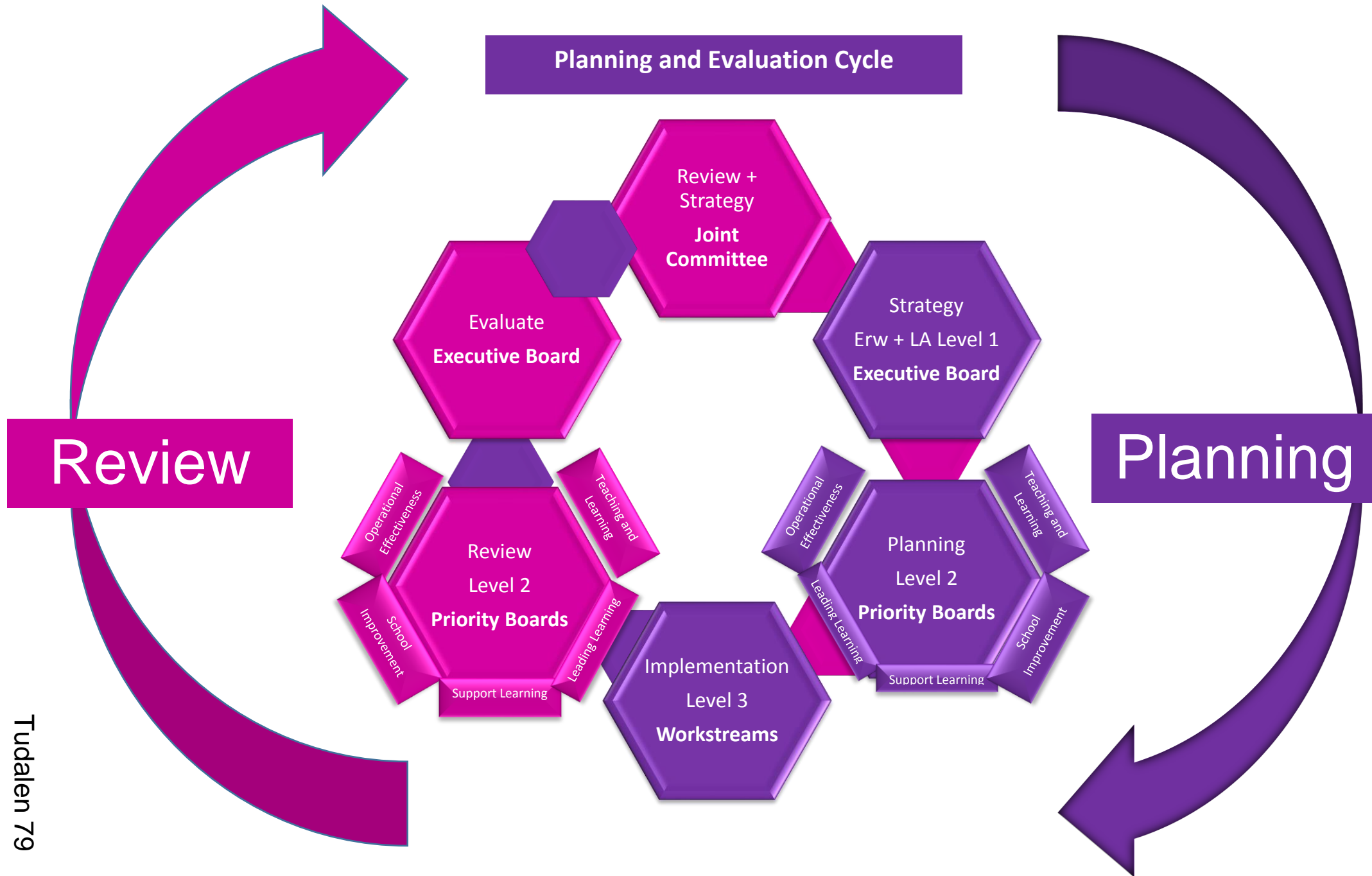
What is Governance?

ERW is responsible for ensuring that its business is conducted in accordance with laws, regulations and its ethical standards. The governance framework is the process, culture, values and systems by which this is achieved.

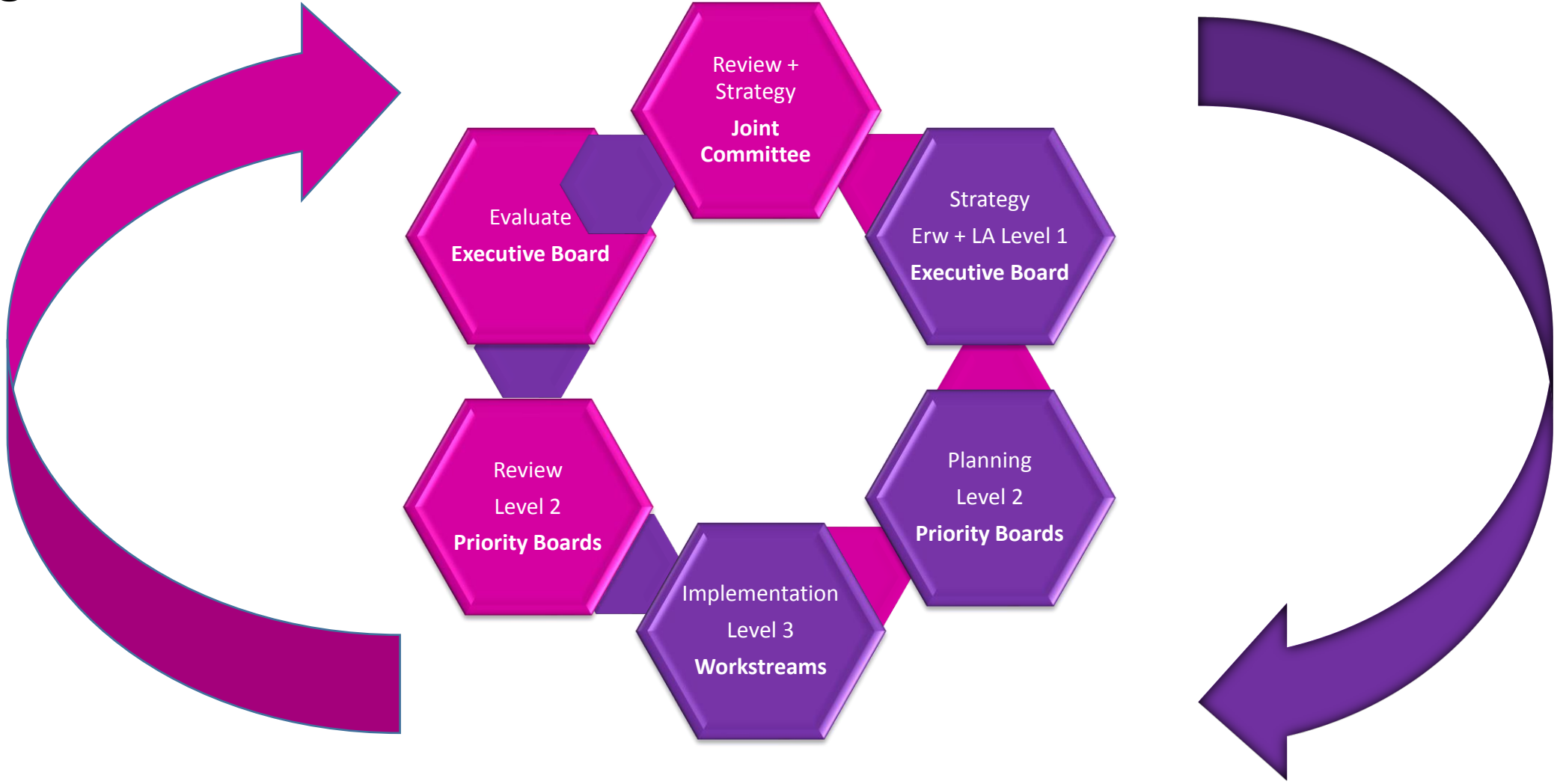
To deliver good governance in local government, both ERW and its Officers must try to achieve ERW’s objectives whilst acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The next two pages outline the Business Planning Cycle and the Governance Structure in place to monitor and provide challenge to the delivery of intended outcomes.

Planning and Evaluation Cycle



The Governance and Accountability Process



Governance Framework

ERW Business Plan

A three year Business Plan is in place to support the collective priorities and actions for the ERW Consortium. The Business Plan is reviewed and updated on an annual basis. The [Business Plan 2016-2019](#) explains how ERW will enhance and develop the National Model of School Improvement and deliver the Minister's priorities in 'Qualified for Life'.

Joint Committee

The [Joint Committee](#) is made up of the six Local Authority Leaders supported by the six Chief Executives and is advised by the Executive Board, Statutory Officers, external school improvement experts and Headteacher representatives. Internal Audit and Wales Audit Office report independently to the Joint Committee.

Executive Board

The [Executive Board](#) is made up of the Directors of Education of each of the six local authorities, the Managing Director, the Section 151 Officer and external members.

Scrutiny

All workstreams and activity both locally and regionally are led by the Joint Committee and are accountable locally. The Chairs and Vice Chairs of the six local authorities' Education Scrutiny Committees meet bi-annually as a [Scrutiny](#) Group to consider scrutiny work plans and make requests directly to the Joint Committee.

Headteacher Representative Board

The [Headteacher Representative Board](#) is made up of the Chair or Representative of each Headteacher association in the six local authorities. Its aim is to act as a reference point to ERW in terms of its interface with school leaders.

Statutory Officers

Statutory roles are divided across the Local Authorities. Statutory Officers during 2016-17:
Lead Chief Executive Officer – Mark James, Carmarthenshire County Council
Lead Education Director – Aled Evans, Neath Port Talbot County Borough Council
Section 151 Officer – Jon Haswell, Pembrokeshire County Council
Monitoring Officer – Elin Prysor, Ceredigion County Council

Internal Audit

Pembrokeshire County Council, as the Lead Authority for Finance, provides the Internal Audit Service to ERW. The role of Internal Audit is to provide independent assurance on the effectiveness of governance, internal control, financial management and risk management arrangements in place. In accordance with the Public Sector Internal Audit Standards a risk-based plan of work was agreed with the Section 151 Officer and the Managing Director and was approved by the Joint Committee in November 2016. The Head of Internal Audit's Annual Opinion concluded that overall, subject to variation between individual audit areas and the need for further improvement and development in some areas, generally substantial assurance can be given on the effectiveness of governance, internal control, financial management and risk management arrangements in place.

External Audit & Regulators

The Wales Audit Office are the appointed external auditors for ERW. Estyn provide an independent inspection and advice service on quality and standards in education and training provided in Wales. Estyn in association with Wales Audit Office published a report on the 'Quality of the School Improvement Services provided by the ERW Consortium' in September 2016.

Review of Effectiveness

ERW has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness for 2016-17 was informed by a self-assessment of compliance with the CIPFA Delivering Good Governance in Local Government Framework 2016, by the Managing Director. Additional assurance was provided from the Head of Internal Audit Annual Assurance Opinion based on the work undertaken by Internal Audit in 2016-17; the Estyn and Wales Audit Office Inspection Report September 2016, and the minutes from the ERW Joint Committee and Executive Board. The outcome of the review was circulated to ERW Statutory Officers for consideration and comment. The diagram on the next page outlines what assurance was required, what sources of assurance were available under the current Governance Structure, the sources of assurance provided and the areas for improvement identified.

There were no Significant Governance Issues identified, however there are a number of Priorities for Improvement. The action plan on page 8 provides further detail along with the actions planned and timescale for addressing.

Review of ERW's Governance Arrangements for 2016-17

Assurance Required on

- Achievement of objectives;
- Adherence to ethical standards;
- Compliance with laws, regulations and internal policies & procedures;
- Standards of conduct and behaviour;
- Financial management, including achievement of value for money;
- Sustainability;
- Quality of service delivery;
- Management of risk;
- Accountability.

Sources of Assurance

- ERW Legal Agreement;
- Joint Committee;
- Executive Board;
- Scrutiny;
- Headteacher Representative Group;
- Policies;
- Business Plan & Strategies;
- Financial Plans;
- Internal Audit Reports;
- External & Regulator Reports;
- Self-Evaluation Report;
- Statutory Officers;
- HR policies and procedures;
- Impact Report;
- Value for Money Reviews;
- Risk Registers.

Assurance Received

- Estyn Inspection Report;
- Letter from Scrutiny;
- Internal Audit Report;
- Statement of Accounts;
- Head of Internal Audit Opinion;
- Joint Committee Minutes;
- Executive Board Minutes.

Areas for Improvement

- ERW's commitment to the latest CIPFA Good Governance Framework has not been defined;
- Grant Funding arrangements with Welsh Government;
- The Business Plan needs to be aligned to the financial model;
- Support delivered to schools is not consistently provided in line with need;

Priorities for Improvement 2016-17

Priority for Improvement	Action Planned	Timescale and Lead Officer
The Local Code of Corporate Governance for ERW needs to be re-written in line with the requirements of CIPFA's Delivering Good Governance in Local Government Framework 2016.	Draft revised Code of Corporate Governance	Managing Director October 2017
The ERW Legal Agreement, which would include details of the Service Level Agreements between ERW and respective authorities, needs to be reviewed and updated in consultation with the Monitoring Officer, Section 151 Officer and Lead Director.	Amendments and updates awaiting opportunity to be presented to Joint Committee	Managing Director. Dependant on advice of Lead Chief Exec
ERW is dependent on grant funding from Welsh Government. Delays in paying grant owed from 2016-17 has led to a financial pressure on the Lead Banker. There are also delays in Welsh Government confirming funding for 2017-18, which puts pressure on planning and achievability of the business plan. Any posts reliant on grant funding also represent a financial risk to ERW if the funding were to cease.	To continue to highlight in the Risk Register and make sure that the conversations with WG on these matters continue between MDs and WG Director of Education.	Managing Director ongoing
The ERW business plan should be aligned to the financial model of the Consortium to enable effective planning within available resources.	See above. It is currently not possible to completely align ERW BP with financial model.	Managing Director ongoing
Support delivered to schools by Challenge Advisers needs to be applied consistently in line with identified need and recorded so that the impact of support can be effectively measured.	Compliance and quality reporting to Exec Board is a standing agenda item. Each known compliance matter will be raised individually with relevant Director of Education. (Challenge Advisers and employed, deployed and performance managed by LAs)	Directors of Education September 2017

We are committed to implementing the improvements outlined above to enhance the achievement of our intended outcomes. We are satisfied that these steps will address areas of improvement identified by both our internal and external assurance providers.

Signed by Betsan O'Connor, ERW Managing Director

Date:

Signed by Mark James, Lead Chief Executive

Date:

Signed by Cllr. Ellen AP Gwynn, Chair of the Joint Committee

Date:

Mae'r dudalen hon yn wag yn fwriadol

CYD-BWYLLGOR ERW

21 MEDI 2017

Côd Rhanbarthol Llywodraethu Corfforaethol

Y Pwrpas: I gyflwyno Côd Rhanbarthol Llywodraethu Corfforaethol i'r Cyd-Bwyllgor

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

I'r Cyd-Bwyllgor dderbyn yr adroddiad

Y RHESYMAU:

Sicrwydd ychwanegol i gydfynd gyda adroddiadau Archwilio Mewnol

Awdur yr Adroddiad:

Betsan O'Connor

Swydd:

Rheolwr Gyfarwyddwr

Rhif Ffon 01267 676840

E: bost

betsan.oconnor@erw.org.uk



EXECUTIVE SUMMARY ERW JOINT COMMITTEE 21 SEPTEMBER 2017

Regional Code of Corporate Governance

BRIEF SUMMARY OF PURPOSE OF REPORT

The report is split into the following Core Principles, in line with PCC Internal Audit's Core Principles:

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement.

Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Core Principle E: Developing ERW's capacity including the capability of its leadership and the individuals within it.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management.

Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

In each core principle, evidence sources for assurance of their implementation is noted. A large bulk of the evidence is located on the Pembrokeshire and ERW Intranets respectively.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	NONE	YES	NONE

1. Risk Management

The Corporate Code of Governance is an additional layer of assurance for Internal Audit, and failure to comply with their recommendations is noted as a risk on the Central Risk Register.

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
N/A	N/A	N/A



Regional Code of Corporate Governance

ERW



July 2017

ERW's Regional Code of Corporate Governance has been developed in accordance with 'Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework').

The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision-making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures, which is in line with the requirements of the Well-being of Future Generations (Wales) Act 2015.

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

As an organisation, we are accountable not only for how much we spend, but also for how we use resources. This includes accountability for outputs, both positive and negative, and for the outcomes achieved as a result. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub Principle: Behaving with Integrity		
Requirement	Local Guidance	Sources of Assurance
Ensuring Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of ERW.	<ul style="list-style-type: none"> • Induction for Officers and Members • Monitoring Officer and Section 151 Officer Guidance • Equal Opportunities Policy • ERW Values and Aims 	<ul style="list-style-type: none"> • Performance appraisals • Declarations at meetings • Publication of Delegated Decisions • Minutes of the Executive Board and Joint Committee meetings • Minutes of meetings • Declarations of interest • Conduct of meetings • Monitoring Officer • Section 151 Officer • Other Statutory Officer • Register of gifts and hospitality
Ensuring Officers take the lead in establishing values for ERW and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).	<ul style="list-style-type: none"> • Legal Agreement • Regional Code of Corporate Governance • ERW Values and Aims • Code of Conduct • Equal Opportunities Policy 	
Demonstrating, communicating and embedding the values through appropriate policies and processes, which are reviewed on a regular basis to ensure that they are operating effectively.	<ul style="list-style-type: none"> • HR Policies • Legal Agreement • Regional Code of Corporate Governance • ERW Values and Aims • Code of Conduct • Equal Opportunities Policy 	

Sub Principle: Demonstrating strong commitment to ethical values		
Requirement	Local Guidance	Sources of Assurance
Seeking to establish, monitor and maintain ERW's ethical standards and performance.	<ul style="list-style-type: none"> • Complaints Policy • Code of Conduct • Equal Opportunities Policy 	<ul style="list-style-type: none"> • Scrutiny work plan and minutes • Scrutiny function • Monitoring Officer Role • Complaints & Compliments • Performance Appraisals for Central
Underpinning personal behaviour with ethical values and ensuring	<ul style="list-style-type: none"> • Job descriptions • Induction Arrangements 	

they permeate all aspects of ERW's culture and operation.	<ul style="list-style-type: none"> • Independent Statutory Officers • Equal Opportunities Policy 	<p>Team</p> <ul style="list-style-type: none"> • Internal and External Assurance Provider Reviews • Partnership Agreements / SLAs • Self-Evaluation
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.	<ul style="list-style-type: none"> • Monitoring Officer Advice and Guidance • Equal Opportunities Policy • Welsh Language Policy 	
Ensuring that external providers of services on behalf of ERW are required to act with integrity and in compliance with ethical standards expected by ERW.	<ul style="list-style-type: none"> • Contracts • Procurement and Tendering Specification and Evaluation. Authorisation Forms for Decision Required • SLAs • Training and development, guidance and feedback to LA employed staff working for ERW. 	

Sub Principle: Respecting the rule of law		
Requirement	Local Guidance	Sources of Assurance
Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.	<ul style="list-style-type: none"> • Statutory Provisions • Monitoring Officer advice and guidance • Code of Conduct • Equal Opportunities Policy 	<ul style="list-style-type: none"> • Statutory guidance is followed • Monitoring & Appraisals • Feedback • Internal and External Audit Reports
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	<ul style="list-style-type: none"> • Job descriptions • Joint Committee support 	
Striving to optimise the use of the full powers available for the benefit of citizens, communities	<ul style="list-style-type: none"> • Advice and guidance from Legal Services • Monitoring Officer 	

and other stakeholders. Ensuring corruption and misuse of power are dealt with effectively.			
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Core Principle B: Ensuring openness and comprehensive stakeholder engagement.

ERW is run for the public good and should ensure openness in our activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual's citizens and service users, as well as institutional stakeholders.

Requirement	Local Guidance	Sources of Assurance
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.	<ul style="list-style-type: none"> • Local/National Guidance • Joint Plan for Regional Working (ERW, GWE, EAS, CSC) • Grant conditions 	<ul style="list-style-type: none"> • Scrutiny Work Plan • Legal Agreement • Joint Plan • Grant Conditions • EIG Outcomes Framework
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. Ensuring that partnerships are based on: <ul style="list-style-type: none"> • Trust • A shared commitment to change • A culture that promotes and accepts challenge among partners and that the added value of partnerships working is explicit. 	<ul style="list-style-type: none"> • Local/National Guidance • Joint Plan for Regional Working • Grant conditions 	

Sub Principle: Openness		
Requirement	Local Guidance	Sources of Assurance
Ensuring an open culture through demonstrating, documenting and communicating ERW's commitment to openness.	<ul style="list-style-type: none"> • Joint Committee Meetings • Executive Board Meetings 	<ul style="list-style-type: none"> • Website • Public Notices • Scheme of Delegation • Decision Log from Executive Board / Directors • Publication of Joint Committee and Executive Board Reports • Annual calendar of events and meetings • Annual financial calendar of deadlines and guidance on compliance • Annual Headteacher Survey
<p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p>	<ul style="list-style-type: none"> • Committee Meetings • Monitoring Officer Advice • Democratic Services Report Templates • Risk Register 	
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.	<ul style="list-style-type: none"> • Complaints Policy • Feedback from Headteacher Board • Executive Board Function • Self-Evaluation • Role of Research and Evaluation Officer 	

Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

The long-term nature and impact of ERW's responsibilities mean that we should define and plan outcomes and that these are sustainable. Decisions should further ERW's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub Principle: Defining outcomes		
Requirement	Local Guidance	Sources of Assurance
Having a clear vision which is an agreed formal statement of ERW's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for ERW's overall strategy, planning and other decisions.	<ul style="list-style-type: none"> • Values and Aims • Annual Business Plan • ERW Strategy • Legal Agreement 	<ul style="list-style-type: none"> • Annual Improvement Cycle • Risk Registers and arrangements
Specifying the intended impact on or changes for stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.	<ul style="list-style-type: none"> • Communication Strategy 	
Identifying and managing risks to the achievement of outcomes.	<ul style="list-style-type: none"> • Risk Register 	
Delivering defined outcomes on a sustainable basis within the resources that will be available. Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.	<ul style="list-style-type: none"> • Financial Plan 	

Sub Principle: Sustainable economic, social and environmental benefits		
Requirement	Local Guidance	Sources of Assurance
Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.	<ul style="list-style-type: none"> • Legislative requirements • National Model for Regional Working • Grant Conditions 	<ul style="list-style-type: none"> • Record of decision making and supporting materials • Complaints and Compliments • Service Feedback • Risk Register • ERW Strategy and Business Plan
Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the ERW's intended outcomes and short-term factors such as the political cycle or financial constraints.	<ul style="list-style-type: none"> • All LA Single Plans and Corporate plans • Business Plan • ERW Strategy • Grant Conditions • Legal Agreement 	
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	<ul style="list-style-type: none"> • HT survey and feedback • On-going engagement with ERW HT Board • Hub QA 	
Ensuring fair access to services.	<ul style="list-style-type: none"> • Equal Opportunities Policy • Welsh Language Policy • Staff Induction 	

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

At ERW we achieve intended outcomes by providing a mixture of legal, regulatory and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that ERW has to ensure intended outcomes are achieved.

Robust decision-making mechanisms are in place to ensure that the defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Sub Principle: Determining interventions		
Requirement	Local Guidance	Sources of Assurance
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided.	<ul style="list-style-type: none"> Decision making protocols Forward work plans 	<ul style="list-style-type: none"> Agenda reports and minutes of meetings Data capture of support to schools (Rhwyd) Support log analysis Decision log from Executive Board
Considering feedback from service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills and bearing in mind future impacts.	<ul style="list-style-type: none"> HT Conferences Annual Headteacher Survey Newsletter feedback and information from survey and questionnaires after events 	

Sub Principle: Planning interventions		
Requirement	Local Guidance	Sources of Assurance
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	<ul style="list-style-type: none"> Joint Scrutiny meeting schedule Risk Register Business Plan 	<ul style="list-style-type: none"> Minutes of meetings Joint Committee and Executive Board meetings Improvement Planning Schedule Service/Project Plans Reports to Committees Partnership Agreements Risk Register Business Plan Planning protocols Service Improvement Plans Quarterly performance report
Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	<ul style="list-style-type: none"> Internal Audit Work Programme 	
Considering and monitoring risks facing each partner when working collaboratively, including shared	<ul style="list-style-type: none"> Risk Register 	

risks.		<ul style="list-style-type: none"> • Scrutiny Committee Reports • Budget Monitoring • Cost Reduction/Efficiency Monitoring • Corporate and Service Improvement Plans
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.	<ul style="list-style-type: none"> • Service Improvement Plans 	
Establishing appropriate key performance indicators (KPI's) as part of the planning process in order to identify how the performance of services and projects is to be measured.	<ul style="list-style-type: none"> • Service Improvement Plans • Project Plans 	
Ensuring capacity exists to generate the information required to review service quality regularly.	<ul style="list-style-type: none"> • Service Improvement Plans and Performance Monitoring 	
Preparing budgets in accordance with objectives, strategies and the medium term financial plan.	<ul style="list-style-type: none"> • Financial Regulations 	
Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed to developing a sustainable funding strategy.	<ul style="list-style-type: none"> • Financial Regulations 	

Sub Principle: Optimising achievement of intended outcomes		
Requirement	Local Guidance	Sources of Assurance
Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.	<ul style="list-style-type: none"> • Service Planning Process 	<ul style="list-style-type: none"> • Ongoing review of the Medium Term Financial Plan • Annual Budget Setting Process • Annual Budget Report • Committee Minutes
Ensuring the budgeting process is	<ul style="list-style-type: none"> • Service Planning Process 	

<p>all-inclusive, taking into account the full cost of operations over the medium and longer term.</p>		<ul style="list-style-type: none"> • Quarterly Integrated Reports
<p>Ensuring the medium term financial strategy sets the context of ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</p>	<ul style="list-style-type: none"> • Financial Regulations 	
<p>Ensuring the achievement of 'social value' through service planning and commissioning.</p>	<p>Compliance with the 10 Principles of Welsh Public Procurement Policy as detailed in the Welsh Government's Wales Procurement Policy Statement.</p>	

Core Principle E: Developing ERW's capacity including the capability of its leadership and the individuals within it.

At ERW we need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. At ERW we must ensure that we have both the capacity to fulfil our own mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for ERW as a whole. Because both individuals and the environment in which ERW operates will change over time, there will be a continuous need to develop our capacity as well as the skills and experience of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub Principle: Developing the entity's capacity		
Requirement	Local Guidance	Sources of Assurance
Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.	<ul style="list-style-type: none"> • Performance Management • Appraisal Process 	<ul style="list-style-type: none"> • Scrutiny Committees • Appraisals • Utilisation of research and benchmarking exercises
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.	<ul style="list-style-type: none"> • Scrutiny Committee 	
Recognising the benefits of partnership and collaborative working where added value can be achieved.	<ul style="list-style-type: none"> • Joint Plan for Regional Working 	
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.	<ul style="list-style-type: none"> • Workforce Planning Strategy 	

Sub Principle: Developing the capability of ERW’s leadership and other individuals

Requirement	Local Guidance	Sources of Assurance
<p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p>	<ul style="list-style-type: none"> • Legal Agreement • ERW Values and Aims • Induction of Members 	<ul style="list-style-type: none"> • Job descriptions • Register of delegated decisions • Minutes of Meetings (Executive Board & Joint Committee) • Induction and ongoing training and development programme • Arrangements for succession planning. • Communication strategy • Manager Performance Reviews • Employee Performance Reviews • Training and development plans • HR policies • Occupational Health
<p>Publishing a statement that specifies the types of decision that are delegated and those reserved for the collative decision making of the governing body.</p>	<ul style="list-style-type: none"> • Legal Agreement • Register of delegated decisions • Financial Regulations 	
<p>Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority.</p>	<ul style="list-style-type: none"> • Legal Agreement • ERW Values and Aims 	

<p>Developing the capabilities of members and senior management to achieve effective leadership and to enable ERW to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged. • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis. • Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. 	<ul style="list-style-type: none"> • Induction • Committee Training Programmes • Learning & Development Programme • Job Descriptions & Recruitment • Best Practice Guidance • Workforce Planning Strategy 	
<p>Ensuring that there are structures in place to encourage public participation.</p>		
<p>Taking steps to consider the</p>	<ul style="list-style-type: none"> • Performance Management 	

<p>leaderships own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</p>			
<p>Holding staff to account through regular performance reviews, which take account of training and development needs.</p>	<ul style="list-style-type: none"> • Performance Appraisals 		
<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p>	<ul style="list-style-type: none"> • HR Policies and Procedures 		

Core Principle F: Managing risks and performance through robust internal control and strong public financial management.

At ERW we need to ensure that the organisations and governance structures that we oversee have implemented and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.

Risk management and internal control are important and integral parts of performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery.

Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub Principle: Managing risk		
Requirement	Local Guidance	Sources of Assurance
Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.	<ul style="list-style-type: none"> • Risk Register 	<ul style="list-style-type: none"> • Risk Registers • Business Plans
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.	<ul style="list-style-type: none"> • Risk Register • Business Plan 	
Ensuring that responsibilities for managing individual risks are clearly allocated.	<ul style="list-style-type: none"> • Risk Register • Business Plan 	

Sub Principle: Managing performance		
Requirement	Local Guidance	Sources of Assurance
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	<ul style="list-style-type: none"> • Service Improvement Plans • Performance Management 	<ul style="list-style-type: none"> • Audit Plans • Publication of Joint Committee and Executive Board documentation of meetings • Agreement on the information that will be needed and timescales • Discussion between members and officers on the information needs of members to support decision-making. • Scrutiny Committee's Terms of Reference • Agenda and minutes of Scrutiny meetings • Evidence as a result of scrutiny • Training for members • Committee reports • Budget Reports
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in ERW's financial, social and environmental position and outlook.	<ul style="list-style-type: none"> • Report Templates for Committees • Forward Work Plans 	
Ensuring an effective scrutiny or oversight function is in place, which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby	<ul style="list-style-type: none"> • Joint Scrutiny Committee 	

enhancing ERW's performance and that of any organisation for which it is responsible.		
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.	<ul style="list-style-type: none"> • Forward Work Programmes • Joint Scrutiny Committee 	
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).	<ul style="list-style-type: none"> • Financial Regulations 	

Sub Principle: Robust internal control		
Requirement	Local Guidance	Sources of Assurance
Aligning the risk management strategy and policies on internal control with achieving objectives.	<ul style="list-style-type: none"> • Risk Register 	<ul style="list-style-type: none"> • Risk registers • Audit plan • Audit reports • Reports to Scrutiny Committee • Annual Governance Statement 2015-16 • Head of Internal Audit Annual Assurance Statement
Evaluating and monitoring risk management and internal control on a regular basis.	<ul style="list-style-type: none"> • Risk Register 	
Ensuring effective counter fraud and anti-corruption arrangements are in place.	<ul style="list-style-type: none"> • Whistleblowing Policy 	
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	<ul style="list-style-type: none"> • Business Plan • Internal Audit Reports 	

Sub Principle: Managing data		
Requirement	Local Guidance	Sources of Assurance
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	<ul style="list-style-type: none"> • Data Protection Policy • Freedom of Information Policy 	<ul style="list-style-type: none"> • Data Protection Policy and Procedures • Data sharing agreement • Data sharing register • Data processing agreements • Data quality procedures and reports • Internal Audit Reports
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.	<ul style="list-style-type: none"> • IT Security and Internet Policy 	
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	<ul style="list-style-type: none"> • IT Security and Internet Policy 	

Sub Principle: Strong public financial management		
Requirement	Local Guidance	Sources of Assurance
Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.	<ul style="list-style-type: none"> • Financial Regulations 	<ul style="list-style-type: none"> • Annual Outturn Report • Budget monitoring reports
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	<ul style="list-style-type: none"> • Financial Regulations 	

Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as ERW plans and carries out its activities in a transparent manner.

Both external and internal audit contribute to effective accountability.

Sub Principle: Implementing good practice in transparency		
Requirement	Local Guidance	Sources of Assurance
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	<ul style="list-style-type: none"> • Joint Committee Meetings • Executive Board Meetings 	<ul style="list-style-type: none"> • Website • Joint Committee and Executive Board Meetings • Joint Scrutiny Meetings • Communication Plan
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.	<ul style="list-style-type: none"> • Joint Committee Meetings • Joint Scrutiny 	

Sub Principle: Implementing good practice in reporting		
Requirement	Local Guidance	Sources of Assurance
Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.	<ul style="list-style-type: none"> • Legal Agreement 	<ul style="list-style-type: none"> • Annual Statement of Accounts • Annual Governance Statement • Internal Audit Review • Annual Governance Statement • Partnership Agreements
Ensuring members and senior management own the results reported.	<ul style="list-style-type: none"> • Legal Agreement 	

Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance.		
Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.	<ul style="list-style-type: none"> • Joint Regional Plan 	
Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.	<ul style="list-style-type: none"> • Financial Regulations 	

Sub Principle: Assurance and effective accountability		
Requirement	Local Guidance	Sources of Assurance
Ensuring that recommendations for corrective action made by external audit are acted upon.	<ul style="list-style-type: none"> • Internal Audit Reports 	<ul style="list-style-type: none"> • Scrutiny Committees • Head of Internal Audit Annual Assurance Statement • Annual Governance Statements • Risk Registers
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.	<ul style="list-style-type: none"> • Internal Audit Reports 	
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.	<ul style="list-style-type: none"> • Internal Audit Reports 	
Gaining assurance on risks associated with delivering services	<ul style="list-style-type: none"> • Risk Register 	

through third parties and that this is evidenced in the annual governance statement.			
Ensuring that when working in partnership, arrangements for accountability have been recognised and met.	<ul style="list-style-type: none"> • Joint Working Plan 		

Application & Monitoring

In order to demonstrate the spirit and ethos of good governance, the shared values of ERW must be reflected in the behaviour of Officers and Members, as well as Policy, in order to integrate into the Culture.

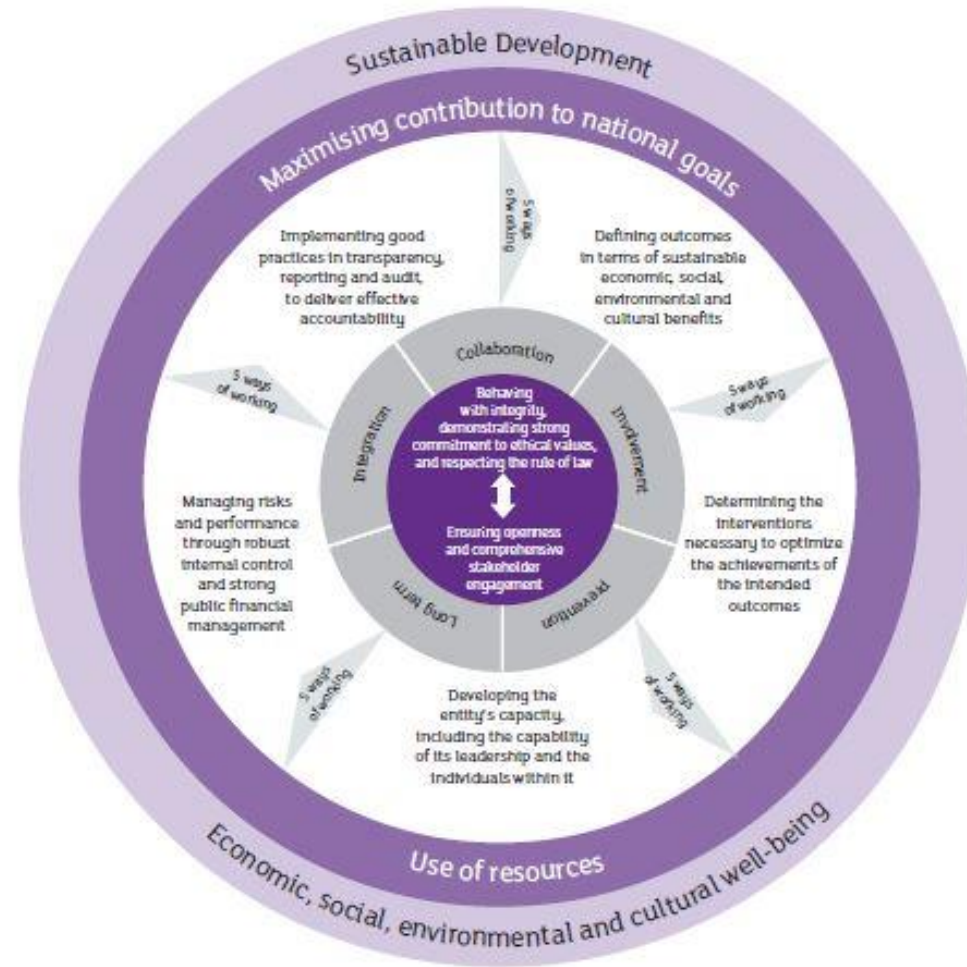
As part of the review of the Annual Governance Process, an independent assessment of Compliance with this Regional Code of Corporate Governance will be undertaken by the Internal Audit Service. This will also rely on work undertaken in year by both Internal Audit, Wales Audit Office and other Regulatory Bodies.

Directors and Statutory Officers will be required to complete a self-assessment of the application of the Regional Code of Corporate Governance within their area of responsibility.

The outcome of these assessments, along with the Head of Internal Audit Annual Assurance Statement will inform the Annual Governance Statement. Any areas that require further improvement will be considered for inclusion as a Significant Governance Issue or a Priority for Improvement.

The Regional Code of Corporate Governance will be subject to annual review and update to reflect changes to working practices and policies.

Well-being of Future Generations (Wales) Act 2015 and the International Framework



Mae'r dudalen hon yn wag yn fwriadol

CYD-BWYLLGOR ERW 21 MEDI 2017

Arolwg o Drefniadau Ariannol ERW

Y Pwrpas: Mewn ymateb i ymgais yn y cyfarfod diwethaf, atodwn papur arolwg. Pwrpas y papur yw i gasglu gwybodaeth allweddol sy'n ymwneud a threfniadau ariannol ERW

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Derbyn canfyddiadau'r adroddiad a chefnogi camau i galluogi'r rhanbarth i ddatblygu ac esblygu ymhellach, ac i adeiladu ar gryfderau.

Rydym yn ymgeisio am ganiatad i gyflwyno'r gwelliannau sydd angen arnom. Mae angen cryfhau sefyllfa'r rhanbarth ac mae angen dangos cynnydd yn erbyn pob argymhelliad, ond yn benodol:

- Cyfarwyddo'r Prif Weithredwr Arweiniol, Swyddog Adran 151, y Rheolwr Gyfarwyddwr a'r Tim Rhaglen i baratoi cynllun prosiect sydd yn cyfuno'r gwaith o esblygu'r rhanbarth gyda'r grantiau oll erbyn Ebrill 2018 ac adnoddau eraill, fel staff, erbyn Medi 2018. Dylid cynnwys y canlynol yng nghynllun y Tim Rhaglen:
 - Sefydlu cynlluniau clir i sicrhau a chynnal cyfathrebu ac ymgysylltu effeithiol gyda Chyfarwyddwyr a phenaethiaid drwy'r sefydliad, a sicrhau cysondeb pan yn gweithredu ar y Cynllun Busnes
 - I egluro, cytuno, a nodi roliau ac atebolrwydd yr Awdurdodau Lleol a'r rhanbarth parthed unrhyw gwasanaethau Gwella Ysgolion.
 - I ddatblygu a chostio model darparu sefydliadol i gyraedd blaenoriaethau, sy'n cael ei gefnogi gan gynllun costio gweithredu.
 - I sicrhau mewn modd priodol Uwch Dim Rheoli Canolog ERW ac i ddatblygu capasiti strategaethol a gweithredol.

Y RHESYMAU:

I sicrhau gall y rhanbarth ddatblygu ac esblygu ymhellach, ac adeiladu ar gryfderau.

Awdur yr Adroddiad:	Swydd:	Rhif Ffon 01267 24 5640
Betsan O'Connor	Rheolwr Gyfarwyddwr	E: bost betsan.oconnor@erw.org.uk



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

21 SEPTEMBER 2017

BRIEF SUMMARY OF PURPOSE OF REPORT

The review, undertaken following a request from the Chair of the Joint Committee in the July 2017 meeting, collates and analyses the key financial working of the ERW region.

The attached paper discusses the grant delegation arrangements of the consortium as well as the level of reliance on grant funding and any fragility this creates within ERW's system.

- Instruct the Lead Chief Executive, Section 151 officer and Managing Director and Programme Team to prepare a project plan bringing together the work of evolving the region with all grants by April 2018 and other resources, including staff from September 2018. The Programme Team scope and plan should include the following:
 - To put in place clear plans to secure and maintain effective communication with and engagement of Directors, headteachers throughout the organization and secure consistent implementation of the Business Plan.
 - To clarify, agree and document the respective roles and accountabilities of the LAs and region in relation to all School Improvement functions and services.
 - To develop and cost an organisational delivery model to meet identified priorities, supported by a comprehensive and costed implementation plan.
 - To secure appropriately the current ERW Central Senior Leadership Team and develop strategic and operating capacity.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Finance YES	Risk Management Issues YES
<p>1. Finance The recommendations will inherently have impact on the financing of ERW</p>	
<p>2. Risk Management The reasoning behind this paper is to improve the effectiveness and efficiency of ERW's school improvement service. Failure to secure these improvements presents a risk to ERW of a slowdown in the pace of improvement.</p>	

CONSULTATIONS

Details of any consultations undertaken are to be included here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection



Mae'r dudalen hon yn wag yn fwriadol



Joint Committee Report ERW Financial Arrangements

An overview of the ERW Consortium Financial arrangements

Foreword.

The purpose of this report is to respond to the decision of the ERW Joint Committee (JC) that:

‘A full financial review be undertaken of both grants and core funding’ (minute 9.6 ERW Joint Committee July 2017)

Method

The report has been constructed using information previously presented to the JC by the Section 151 Officer, information received directly from Local Authority (LA) finance officers, and from the ERW Senior Accountant. These include:

- The Statement of Accounts 2016-17 and 2017-18
- The Risk Register
- Revenue Budget and Financial Monitoring Reports
- Consortium Internal Audit Report 2016 and 2017
- Correspondence from Welsh Government
- Relevant grant terms and conditions

Jon Haswell and Betsan O’Connor September 2017

1. Introduction and Purpose

The purpose of this report is to provide an overview of the ERW Consortium financial arrangements.

2. Context

In 2013 Robert Hill conducted a review of education services in Wales. This review was intended to help shape Wales' education reform programme by placing at the heart, a national model for school improvement. The development of the model was based upon a vision of regional school improvement, where consortia deliver services on behalf of local authorities (LA) and

'lead, orchestrate and coordinate improvement in the performance of schools and education of young people' (National Model for Regional Working Guidance 126/2014).

The model enabled the LA to retain the statutory responsibility for schools and school improvement but through undertaking the role of commissioner and quality assurer, rather than the traditional deliverer of services.

An agreement was reached between the leaders of all 22 local authorities, the Welsh Local Government Association and the then Minister for Education and Skills, to ringfence funding for school improvement. Following transition, some other consortia have been able to reduce this funding subsequently and in a planned way over a period of 2-4 years.

On 1st April 2014, Council Leaders agreed to transfer identified school improvement funding directly to the lead financial authority for the Region, who, in turn would make it available in full to the consortium. In addition, the major Welsh Government grants and associated Local Authority match funding would also be transferred. However, this did not take place in ERW.

At the time ERW was established, the partner authorities took a positive decision to introduce a new organisational model in a way which minimised disruption. This approach was also applied to financial management and the distribution of grants. As a consequence, the ERW authorities have continued to manage, distribute and monitor resources using their established local authority financial systems rather than moving to a regional financial model with pooled school improvement budgets and a common approach to grant arrangements.

Over the past 4 years, there has been a steady but relentless increase in the demands placed upon the consortium. As Welsh Government become more prescriptive in their expectation that School Improvement services, initiatives and resources should be delivered on a regional basis and in accordance with the National Model for regional working, the current financial arrangements become increasingly unsustainable in ERW.

3. Core Budget ERW

The National Model for School Improvement identified the required Local Authority minimum contribution to the consortium based on the 2014 -15 Mainstream Schools SSA. The total for the ERW region was £5,322,639

Table 1

Required Local Authority minimum contributions for 2014-15, based on the 2014-15 Mainstream Schools SSA

	Local Authority	Contribution
ERW	Powys	£786,048
	Ceredigion	£414,511
	Pembrokeshire	£759,950
	Carmarthenshire	£1,141,069
	Swansea	£1,370,773
	Neath Port Talbot	£850,288
	Sub total	£5,322,639 *

**The contribution is calculated according to pupil numbers taken from the Stats Wales and applied on a pro rata basis.*

At the time ERW was established, the region's Local Authorities agreed that rather than passport the identified funding to the Central Team, each LA would retain their individual School Improvement funding and make a collective contribution of £250,000 to support the running costs of the consortium. This figure has remained unchanged for the last 3 years.

Table 2

Local Authority Contribution to the running of ERW 2017-18

Local Authority	Contribution	%
Carmarthenshire	£52,500	21%
Ceredigion	£18,500	7.4%
Neath Port Talbot	£40,250	16.1%
Pembrokeshire	£34,250	13.7%
Powys	£35,000	14.0%
Swansea	£69,500	27.8%
Total	£250,000	100%

Table 3

The Central Team Revenue Budget for 2017-18 is £725k (June 2017).

ANNUAL EXPENDITURE CORE CENTRAL TEAM BUDGET	2017-18 Approved Budget February 2017 £000's	2017-18 Projected Outturn Budget as at June 2017 £000's
1. STAFFING COSTS		
Salaries	439	477
Travel, Subsistence, Training & Development	5	4
	444	481
2. RUNNING COSTS		
Accommodation	33	42
Stationery/Telephone/Printing/Copying/Equipment/IT	21	10
Translation	35	20
Rhwyd and Dolen Developments	0	44
	89	116
3. FACILITATION		
Service Level Agreements	73	128
	73	128
TOTAL ESTIMATED EXPENDITURE	£606	£725
ANNUAL INCOME		
Local Authority Contributions	250	250
Other Income/Grants	12	4
Grant Funding Administration	150	326
TOTAL ESTIMATED INCOME	£412	£580
NET EXPENDITURE	194	145
Appropriation from Reserve	(194)	(145)

It must be noted that the Projected Outturn Budget, (June 2017) presented to the Joint Committee by the Section 151 Officer for ERW, includes the £250,000 local authority contribution and in order to balance the budget, £145,000 from the local authority reserve. The Section 151 Officer advised, that moving forward, there will be a requirement to increase the contribution from the six local authorities (from within the ringfenced funding) as there will be a limited local authority reserve balance remaining. (This has also been noted also in previous years)

Local Authority School Improvement Core Budget

Each LA manages its own core school improvement budget and in 2016-17(Table 4) a total of circa £5,480,000 was spent on non-delegated school improvement activity across the 6 local authorities (**Source: LA finance officers March 2017**).

However, as there has been no agreement as to which functions should be included in a School Improvement Service, all operate on a slightly different basis, providing similar but different functions. This must be taken into consideration when looking at individual LA budget figures .It also makes comparisons and judgements about efficiency or value for money difficult.

Table 4 Local Authority Core School Improvement Budget 2016-17

Local Authority	Core School Improvement Budget 2016-17
Carmarthenshire	£1,290,309
Swansea	£1,353,485
Neath Port Talbot	£709,920
Powys	£920,920
Pembrokeshire	£556,732
Ceredigion	£648,642
	Total
	£5,480,008

Source: LA Finance Officers March 2017

RISKS

- ❖ The agreed collective LA contribution to the ERW central team revenue budget set in 2014, does not support the functions and the demands now placed upon the consortium
- ❖ The funding risk to the organisation has been identified by the:

Section 151 Officer
Annual Internal Audit Report
Risk Register
Self-Evaluation Report

- ❖ The lack of core funding has resulted in an over reliance on WG grants to ensure the consortium is able to deliver the National Agenda.
- ❖ The service is dependent on ERW 'local authority reserves' to balance the budget
- ❖ There will be a requirement in future years to increase the contributions from the 6 local authorities. Over 2-4 years, 2 of the other consortia have secured savings on LA contributions on the basis that ringfenced national model funding is centralised.
- ❖ The small core budget prevents the MD from making secure appointments and this adds to the instability of the small central team.
- ❖ There has been no collective rationalisation of posts, building of capacity or significant pooling of resources across the region, leading to duplication and creating a Value for Money (VFM) concern.

4. Grants.

In 2017-18 ERW is projected to receive £68m in grant income. The two major grants targeted to drive the improvement of education outcomes for all children, are the Education Improvement Grant (EIG) and the Pupil Deprivation Grant (PDG) which is largely devolved directly to schools. . In 2017-18 these total £40,941,220 (including LA match funding) and £22,799,300 respectively. These grants are not managed or administered centrally but distributed to individual local authorities to use according to their local priorities. There is no regional approach or agreed formulae as to how funding is delegated to schools and as a consequence the school improvement resources and support for schools across the region is variable. This creates inconsistencies which are a cause of concern for Headteachers. (**Source:** *Headteacher Survey 2017*).

Education Improvement Grant (EIG)

The EIG provides financial assistance to schools, local authorities and regional education consortia to improve education outcomes for all learners. A minimum delegation rate to schools of the total gross funding (including the match -funding element) of 80% is required (2017-18). A maximum of 0.75% of the total gross grant can be retained for administrative and management purposes.

In the current financial year, (2017-18) the EIG grant for the Region is £40,941,887 (including LA match funding) of which £1,094,000 is allocated to ERW. The grant is distributed to the six LA's based upon a formula agreed by all Directors and they each have a local formula for distributing the required 80% minimum to schools. The value of administration contribution to ERW is £8,000.

When the central team was established in 2014, there were 5fte support staff and a coordinator supporting the Managing Director (MD). In July 2017, there are a total of 34 employees, who, with the exception of the MD and 6 support staff, are on temporary contracts funded by grants. Hence, these costs are in addition to the Central Team Revenue Budget. This over reliance on grant funding to support posts has been essential to meet the requirements placed upon the consortium by the Welsh Government. However, it brings instability and makes the team vulnerable as the MD does not have the resources to make secure appointments.

Table 5.a.

Education Improvement Grant (Including Match funding)

LA	EIG 2016/17	Admin 1%	EIG 2017/18	Admin .75 %
Carmarthen	8,445,042	84,450	8,310,800	62,331
Ceredigion	3,375,652	33,757	3,322,206	24,917
Neath Port Talbot	6,163,771	61,638	6,065,708	45,493
Pembrokeshire	5,714,902	57,149	5,624,464	42,183
Powys	6,133,896	61,339	6,036,899	45,277
Swansea	10,656,862	106,569	10,486,255	78,647
ERW	801,770	8,017	1,094,887	8,212
TOTALS	£41,291,895	£412,919	£40,491,219	£307,060

Table 5a shows the distribution of EIG grant across the Region (April 2016 and April 2017) the proportions allocated to each local authority and the allowable sum available for grant monitoring and administration.

Table 5.b.

Education Improvement Grant 2016/17

LA	Grant value	EIG spend on LA Staff 16/17
Carmarthenshire	8,445,042	649,202
Ceredigion	3,375,652	131,295
Neath Port Talbot	6,163,771	679,565
Pembrokeshire	5,714,902	406,751
Powys	6,133,896	296,310
Swansea	10,656,862	372,672
TOTALS	£40,490,125	£2,535,795

Table 5b shows the grant, with match funding, distributed to Local Authorities, including the LA staff costs to EIG as advised by LA finance officers March 2017.

ERW complete quarterly returns to the Welsh Government (WG). However, they do not monitor school spend as this is undertaken at a local level. The section 151 officer and MD have put into place appropriate measures to ensure that they can be assured of compliance by all 6 LAs. Whilst this may be acceptable from a financial perspective, it does not secure the vitally important closer monitoring of grant spend at school level.

Looked After Children Grant (LAC)

The purpose of the Pupil Deprivation Grant (PDG) is to make a lasting impact on outcomes for disadvantaged learners.

When the National Model for School Improvement was introduced, the Looked After Children grant(LAC) sat outside the remit of the consortia, however this changed in 2014-15 when the LAC became a component part of the Pupil Deprivation Grant. The grant conditions clearly state that the LAC element is to be retained and managed centrally by the consortium. However, in ERW, individual local authorities continue to manage and administer the majority of grant spend.

In 2016-17 the LAC element of PDG allocated to the Region was £1,068,350, with £75,365 directly allocated to the ERW central team. The remainder, was distributed across the 6 LAs and used primarily to employ staff. A member of staff is seconded from one of the constituent LAs to work as a member of the central team, the remainder, work in and are directed by each of the 6 local authorities. The current arrangements are inconsistent with the WG instruction to all Consortia Managing Directors –

“to take personal responsibility in making sure that the grant funded support is delivered as intended. We will be scrutinising Consortia plans closely when they are submitted and will need to be satisfied that these are consistent with the regional approach advocated by the Welsh Government. (Welsh Government July 2017).

Other Grants

The Region is projected to receive a further 31 grants which total £7,500,000 (2017-18). These grants are designed to support and drive National Policy and unlike EIG and PDG they are managed and administered centrally.

The Welsh Government has committed to allocate an additional £100 million Education funding in the period of the current assembly term (until May 2021). In 2017-18 £9,500,000 has been allocated across Wales, to be managed and distributed through accountable regional consortia. This demonstrates the WG commitment to fund consortia to deliver services rather than LAs. Similarly, the tighter conditions on consortia to use and be accountable for grants regionally. ERW is projected to receive £3,071,337 this financial year and further substantial regional grants are expected to be received through to 2021. It is essential that the region establishes appropriate capacity to manage effectively this significant accountability.

Table 6

Indicative grant figures for 2017-18

ID	Name	ERW IN TOTAL	Managed by ERW	Direct to LAs/ Schools
1	Education Improvement Grant	37,751,710	1,094,887	36,656,823
2	Pupil Deprivation Grant	22,799,300	75,000	22,724,300
3	Enrichment and Experiences programme for schools	25,000	25,000	0
4	Schools Challenge Cymru (SCC)	20,513	20,513	0
5	Targeted Funding	313,118	313,118	0
6	GCSE Support Programme Grant	724,935	724,935	0
7	Teaching and Learning Supply	264,126	264,126	0
8	Pioneers Grant	2,336,944	806,944	1,530,000
9	Welsh Language Use Framework (inc. Welsh Language Charter (Welsh-medium schools)	243,000	243,000	0
10	Learning in a Digital Wales (LiDW) - Phase II CPD	142,109	142,109	0
11	100 million ministerial committed to School Improvement	3,071,337	3,071,337	0
12	ALN Innovation	360,000	60,000	300,000
		£68,052,092	£6,840,969	£61,211,123

RISKS

- ❖ Current consortium grant management arrangements do not reflect WG requirements and expectations
- ❖ There is no consistent regional approach to the administration or distribution of grant funding
- ❖ Unless the grants are managed to Welsh Government requirements there is a significant risk that essential School Improvement funding will be withheld.
- ❖ There is no regional level evaluation of impact
- ❖ A significant number of local authority staff are funded through the EIG grant which is not guaranteed.
- ❖ There is inconsistency and potential duplication in the way in which the Looked After Children (LAC) element of the PDG grant is used across the Region.
- ❖ The MD has been given specific accountability for regional grant management which is not deliverable in the current structure.

Conclusions

- ❖ The agreed collective LA contribution to the central team revenue budget set in 2013-14, does not support the functions and demands now placed upon the consortium
- ❖ The funding risk to the organisation has been identified by the:
 - Section 151 Officer
 - Annual Internal Audit Report
 - Risk Register
- ❖ The budgeted salary costs for ERW 2017-18 are £3,075,000. £83,000 from core budget, and a total of £2,992,000 from grant funding.
- ❖ The lack of core funding has resulted in an over reliance on grant funding streams to ensure the consortium is able to deliver the National Agenda.
- ❖ As a result of the Section 151 Officer's requirement to balance the budget, there is a minimal Local Authority Reserve remaining
- ❖ If ERW is to remain financially viable, and respond to the increased need for support services (such as Finance, HR) local authorities will be required to increase their contribution to the core budget in line with the agreed ring fence.
- ❖ There is inconsistency and potential duplication in the way in which the Looked After Children (LAC) element of the PDG grant is used across the Region.
- ❖ The need for resilient strategic management capacity at the heart of the consortium is undermined, currently, by an overdependence on grant funding for core staff and the extensive use of temporary contracts which are a disincentive for talented potential applicants.

- ❖ Current consortium grant management arrangements do not reflect WG requirements and expectations that the LAC element of PDG and EIG will be managed and administered regionally.
- ❖ The Risk Register (June 2017), highlights (risk13), the risk that grant funding may be withdrawn.
- ❖ There is no direct line of accountability between challenge advisors responsible for monitoring the use of grant funding at school level and the central team.
- ❖ Inconsistent grant management across the Region leads to variable school and pupil access to school improvement funding
- ❖ There are a significant number of ERW and LA staff paid through grant funding streams which are not guaranteed.
- ❖ A lack of core funding prevents the MD from making secure appointments and this adds to the instability of the central team.
- ❖ There has been no collective rationalisation of posts, building of capacity or significant pooling of resources across the region, leading to duplication and creating a Value for Money (VFM) concern

Recommendations

The Joint Committee agree to:

- Instruct the Lead Chief Executive, Section 151 officer and Managing Director to establish a Programme Team with suitable governance structures and with access to the appropriate financial and HR information to manage the project of clarifying and aligning core and grant funding arrangements to enable the consortium to deliver a single effective school improvement service and to comply fully with WG requirements.
- Instruct the Lead Chief Executive, Section 151 officer, Managing Director and Programme Team to prepare a project plan bringing together the work of evolving the region with all grants by April 2018 and other resources, including staff starting from September 2018. The Programme Team scope and plan should include the following:
 - To put in place clear plans to secure and maintain effective communication with and engagement of Directors, headteachers throughout the organization and secure consistent implementation of the Business Plan.
 - To clarify, agree and document the respective roles and accountabilities of the LAs and region in relation to all School Improvement functions and services.

- To develop and cost an organisational delivery model to meet identified priorities, supported by a comprehensive and costed implementation plan.
 - To secure appropriately the current ERW Central Senior Leadership Team and develop strategic and operating capacity.
-
- Instruct the Lead Chief Executive, Section 151 officer and Managing Director to create a common EIG funding formula for schools.

 - Instruct the Managing Director to ensure that the above recommendations be undertaken in parallel with the findings of the report on the capacity of Challenge Advisors.

Mae'r dudalen hon yn wag yn fwriadol

CYD-BWYLLGOR ERW 21 MEDI 2017

CAPASITI YMGYNGHORWYR HER

Y Pwrpas: Yn dilyn cais gan y Grwp Cynghorwyr Craffu ar y Cyd, cafwyd cais gan y Cyd-Bwyllgor am fwy o fanylion am gapasiti Ymgynghorwyr Her yr rhanbarth

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Derbyn canyffiadau'r adroddiad a chefnogi camau i galluogi'r rhanbarth i ddatblygu ac esblygu ymhellach, ac i adeiladu ar gryfderau.

Rydym yn ymgeisio am ganiatad i gyflwyno'r gwelliannau sydd angen arnom. Mae angen cryfhau sefyllfa'r rhanbarth ac mae angen dangos cynnydd yn erbyn pob argymhelliad, ond yn benodol:

- Cyfarwyddo'r Prif Weithredwr Arweiniol, Swyddog Adran 151, y Rheolwr Gyfarwyddwr a'r Tim Rhaglen i baratoi cynllun prosiect sydd yn cyfuno'r gwaith o esblygu'r rhanbarth gyda'r grantiau oll erbyn Ebrill 2018 ac adnoddau eraill, fel staff, erbyn Medi 2018. Dylid cynnwys y canlynol yng gnhynllun y Tim Rhaglen:
 - Sefydlu cynlluniau clir i sicrhau a chynnal cyfathrebu ac ymgysylltu effeithiol gyda Chyfarwyddwyr a phenaethiaid drwy'r sefydliad, a sicrhau cysondeb pan yn gweithredu ar y Cynllun Busnes
 - I egluro, cytuno, a nodi roliau ac atebolrwydd yr Awdurdodau Lleol a'r rhanbarth parthed unrhyw gwasanaethau Gwella Ysgolion.
 - I ddatblygu a chostio model darparu sefydliadol i gyraedd blaenoriaethau, sy'n cael ei gefnogi gan gynllun costio gweithredu.
 - I sicrhau mewn modd priodol Uwch Dim Rheoli Canolog ERW ac i ddatblygu capasiti strategaethol a gweithredol.

Y RHESYMAU:

I sicrhau gall y rhanbarth ddatblygu ac esblygu ymhellach, ac adeiladu ar gryfderau.

Awdur yr Adroddiad:	Swydd:	Rhif Ffon 01267 24 5640
Betsan O'Connor	Rheolwr Gyfarwyddwr	E: bost betsan.oconnor@erw.org.uk



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

21 SEPTEMBER 2017

BRIEF SUMMARY OF PURPOSE OF REPORT

The report is broken down into the following sections:

1. Staffing Numbers
2. Consistency and Compliance
3. Accountability and Line Management
4. Meeting National Standards
5. Subject Specialists

The recommendations are as follows:

- Instruct the Lead Chief Executive, Section 151 officer and Managing Director and Programme Team to prepare a project plan bringing together the work of evolving the region with all grants by April 2018 and other resources, including staff from September 2018. The Programme Team scope and plan should include the following:
 - To put in place clear plans to secure and maintain effective communication with and engagement of Directors, headteachers throughout the organization and secure consistent implementation of the Business Plan.
 - To clarify, agree and document the respective roles and accountabilities of the LAs and region in relation to all School Improvement functions and services.
 - To develop and cost an organisational delivery model to meet identified priorities, supported by a comprehensive and costed implementation plan.
 - To secure appropriately the current ERW Central Senior Leadership Team and develop strategic and operating capacity.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Legal YES	Finance YES	Risk Management Issues YES	Staffing Implications YES
1. Legal The subject of Challenge Adviser employment is raised in ERW Legal Agreement. Recommendations in this report for changes may facilitate eventual amendments to this Legal Agreement.			
2. Finance Any recommendation from the report linked to changing the employment and deployment			
3. Risk Management Any issue surrounding lack of capacity, compliance or consistency in the region's Challenge Adviser presents a risk to ERW's core business of school improvement.			
4. Staffing Implications The discussion of Challenge Adviser capacity and their employment by individual Local Authorities is intrinsically linked to staffing.			

CONSULTATIONS

Details of any consultations undertaken are to be included here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection



Mae'r dudalen hon yn wag yn fwriadol



**Report to Joint Committee on the
Capacity of Challenge Advisers**

1. Introduction

This report has been prepared in response to a request from the Joint Committee on 17th July 2017. The request was to collate a full picture of the capacity of Challenge Advisers across the region to deliver effective school improvement services and propose recommendations for improvement.

The Joint Committee received correspondence from the Chair of Scrutiny in relation to the number Challenge Advisers employed within the region and requested a report on the issues. Following consideration of the risk register, the Joint Committee agreed that the report should be extended to include the quality, performance and deployment of advisors and support staff and recommendations as to how to respond to the risks identified in the Internal Audit report

The report highlights key areas for development and recommendations for the Joint Committee. It has been informed by Joint Committee documents, the risk register and feedback from recent Headteacher and Challenge Adviser surveys.

2. Context

The report has been informed by documents considered by the Joint Committee relating to the Risk Register, Internal Audit Report and responses to the July 2017 Headteacher Survey.

The ERW risk register includes the following risks at Central Team level:-

- (Estyn) Inspection of the region finds less than adequate standards, provision and leadership
- Insufficient capacity of the Central Team and Challenge Adviser Team to deliver Business Plan to high standards, and maintain the levels of progress seen in ERW in recent years
- Governance footing of ERW found to be ineffective at securing consistent improvement across all LAs, recognizing that some LAs make good progress.
- Failure to address or implement key areas of the ERW business plan
- Limited capacity risks undermining ability of ERW to respond at pace and with impact to new National Model
- Letters from Welsh Government raising concerns that regions is not using regional grants within the spirit and terms and conditions. Risk funding may be withdrawn
- Individual LAs fail to comply with Grant Terms and Conditions.

At Local Authority level, the Risk Register includes the following risks which applied to the six authorities reporting, albeit with slightly different assessments of likelihood and impact :-

- Inconsistencies in support to schools due to variability in the work of Challenge Advisers
- Categorisation judgements undermined by a proportion of Advisers not following processes
- Insufficient monitoring of and support to schools causing concern
- LA staff including Challenge Advisers unnecessarily undertaking activities outside regional strategy
- Failure to continue to raise standards especially for EFSM pupils

The 2015-16 Internal Audit Opinion and Assurance Statement included the following:-

- Support agreed by Challenge Advisers following visits was not always in line with recommendations made/ areas of improvement identified. Further improvement is required to ensure targeted concise recommendations are made
- Support delivered by Challenge Advisers is not always in line with the support package agreed as part of the Core Visit, with variations also identified between the support entitlement and the number of days actually delivered.
- As Local Authority action/Improvement plans are not consistently received by the ERW Central Team it is difficult to determine whether the support is being targeted correctly to fully aid Improvement within these schools

The key improvement issues identified in the Headteacher Survey reported to the Joint Committee in July 2017 have been summarised as follows:-

- Support is not sufficiently tailored to meet needs of schools, only 61% of respondents believed it met well the allocation entitlement of the categorisation process. Another 31% found it only adequate.
- There is a need for more school to school Networking, sharing of good practice and more knowledge of schools which should be used as benchmarks
- There is a high turnover of Challenge Advisors in schools which is disruptive to school progress and development. This was exacerbated by the commissioned Headteacher model in some cases.
- All Challenge Advisers need to be well prepared before visiting schools.

- There needs to be greater consistency in the work of Challenge Advisers at Local Authority level and across the Consortium. There is a divide in the experience schools in different local authorities have received. Surveys show this.
- Some Challenge Advisers were described as too focussed on interrogating the data and not engaging with the work of the school. Despite this, 84% of HTs felt that the core visits carried out by ChAds understood the school's strengths and weaknesses very well and that 84% felt that categorisation was delivered effectively. There is however variation in each LA related to this judgement.
- There is a lack of regional consistency and understanding of the role of ERW and what it stands for.

It should be noted that the concerns of Headteachers and the risks identified by the Joint Committee continue to be addressed by the Consortium Central Team and by partner authorities. The Consortium and its partner authorities can demonstrate numerous areas of good practice, excellent outcomes and innovations which are delivering a positive impact for learners. The purpose of this report is to identify opportunities to built the capacity and systems of the Consortium to ensure that best performance becomes a standard achieved across the region so that pupils in every setting have an opportunity to excel.

The concerns and identified areas for improvement outlined above have helped to shape this report on the regional arrangements for Challenge Advisers and other school Improvement staff. The report addresses staffing numbers, consistency and compliance, accountability and line management, the national standards and other school improvement staff.

3. Staffing Numbers

When ERW was established, an agreement was made between directors that 58 FTE Challenge Advisers would be provided between the 6 Local Authorities to allow ERW to carry out its work in monitoring, supporting, challenging and intervening in schools.

The following numbers were agreed:

LA	Full time equivalent (FTE)
Carmarthenshire	12.48
Pembrokeshire	7.73
Ceredigion	5.99
Powys	10.28

NPT	8.95
Swansea	12.52

The original agreement made in March 2012 was reaffirmed by Directors in September 2015.

The number of staff employed varies from term to term due to a staff turnover and use of secondments including commissioned headteachers. During the academic year 2016-17 the number of Challenge Advisers working in the region varied between 39 and 45. In July 2017 the number of FTE Challenge Advisers engaged to work in September 2017 was 41.7

LA	Current FTEs	Vacant posts	Permanent staff	Fixed term	Seconded staff	Commissioned HTs	Consultant
Pembs	6	1.73	3.5	1	1.5	0	
Carms	7	5.48	3				
NPT	7.5	1.95	6	0	1	0	
Swansea	8	6.52	4.2		1	1.7	0.1
Ceredigion	5.7	0.29	4.9	0	0.8	0	0
Powys	8	2.28	8	0	0	0	0
Total	41.7	18.25	26.6	1	3.5	1.7	0.1

Based on information received from LAs the above table outlines current Challenge Adviser numbers in each LA.

Ceredigion and NPT have historically been at or close to full quota.

There are also 4 Challenge Advisers employed by the ERW central team on a part time basis to support secondary schools in Pembrokeshire and Powys. These are in addition to the LA employed advisers, providing recent school leadership experience and adding capacity to the local team.

The employment and deployment of Challenge Advisers is undertaken by Local Authorities independently of the ERW Central Team, leading to variation in approach between authorities and schools. Too often it is unclear if these staff meet the required national standards for Challenge Advisers.

Some Challenge Advisers also undertake other roles for a proportion of their time. Those proportions are determined by the employing authorities and tend to be interpreted pragmatically. As there is no regional system to apportion Challenge Adviser time there can be no certainty about the hours actually committed to Challenge Adviser activity and no basis to make judgements about the productivity of the staff employed.

ERW is the only consortium in Wales which does not directly employ, deploy or performance manage regional Challenge Advisers. The best efforts of the Central Consortium team and six partner authorities to achieve a consistent approach has not been fully successful to date. Whilst some progress has been achieved through regionally managed and delivered training, not all Challenge Advisers attend. In addition, there is a high turnover of seconded headteachers in the team which affect continuity. This also affects attendance at training, as does other commitments outside 'school improvement'. Furthermore, there is a lack of a regional approach to induction for the permanent, part time and temporary roles being undertaken.

The number of schools in ERW has reduced during the period 2012-2017 but there has been no formal agreement to review the irreducible minimum number of Challenge Advisers. As there is no collective information about the productivity of Challenge Advisers, the data necessary to accurately review the numbers on a regional basis does not exist. Currently the ERW Challenge Capacity is 16.3 FTE below the agreed 'irreducible minimum' number, even assuming that the agreed percentage of Challenge Advisor time allocated is delivered.

495 = 2017

532 = 2012

4. Consistency and Compliance

There is no uniform adoption of the national standards for Challenge Advisers, resulting in inconsistencies in expectation and deployment. There are no common job descriptions across the region, enabling local flexibilities and sustaining previous practices which have minimised impact on schools. Discussions on inconsistencies have taken place, and additional support has been made available. Regular compliance reports are taken to Executive Board to highlight these issues.

However, this has compromised opportunities for more consistent regional practices to be developed, clarity of roles to be understood and coherent processes for performance management and staff development to be introduced. These inconsistencies are also reflected in staff undertaking similar roles on different terms.

The ERW central team provide guidance to all Challenge Advisers to seek to improve consistency of approach in support, challenge and intervention in schools. This includes sharing of effective strategies to support school causing concern and to establish consistently high expectations amongst Headteachers across the region. However, the day to day pressures on Challenge Advisers undertaking additional and different roles, directed by Local Authority managers, means that the impact of central efforts to establish consistency and support high standards are undermined, particularly when too many Challenge Advisers are unable to attend scheduled training and briefing events.

Summative reports are prepared by Hub leads to draw together the key themes from Challenge Adviser visits annually. Review of this documentation by the Central Team reveals high levels of support required to bring reports to a standard fit for publication; reports too often describe data and fail to make definitive judgements. Coaching and further training has not had the necessary impact, especially when Advisers do not meet the necessary standards on appointment. Significant variation and inconsistency have been identified, for example when being too generous with judgements (Estyn 2016) and not following guidance set in the Challenge Adviser handbook. In addition to inconsistencies in reporting, the Q A process has identified that arrangements to ensure agreed support and school actions are delivered but not consistently followed up with sufficient rigour.

The use of seconded Headteachers as Challenge Advisers is an important opportunity to secure recent and relevant school experience. Headteachers and other consultant Challenge Advisers brings additional challenges for line management, requiring strong infrastructure, effective induction and clear processes to secure identified support for their schools. The variability in the work of Challenge Advisers appears greater when externally commissioned consultants undertake the role. Headteachers welcome the peer support but more effective regional arrangements are needed to equip and support this talented (and high cost) Challenge Adviser resource. Effective Challenge Adviser support needs to be delivered as part of a coordinated, systematic and quality assured process in order to ensure authoritative, secure and consistent judgement about school progress across the region.

A key responsibility of the Challenge Advisor is to ensure that School Improvement grants (EIG, PDG, LAC) allocated to schools are deployed in accordance with School Development plans. Increasingly WG are placing accountability for grant spend with consortia but in the ERW region local authorities continue to fulfil this function. The absence of an effective link between the Challenge Adviser oversight of school use of key grants and the central team, limits the ability of the Consortium to deliver this key operational and financial accountability for grants management.

These arrangements also contribute to variability in grant funding and expectations between schools. It is inevitable that lack of consistency in these areas contributes to variable school performance.

These inconsistencies hinder ERW's ability to improve further and develop the region strongly and coherently and build on recent strong foundation and progress.

There is a risk of creating reputational damage which undermines all ERW partners. The recent Headteacher survey results also reflect the consequential confusion of some Headteachers as to the key purposes of the Consortium and the respective accountabilities of ERW and the Local Authorities. Almost a third of Head teachers in ERW feel that communication is less than effective. In other regions in Wales accountabilities are more clear.

5. Accountability and Line Management

Accountability for the employment of Challenge Advisers rests with Local Authority partners. Whilst the Local Authorities have established operational hubs of paired authorities to manage the geography of the region, the deployment and performance management of Challenge Advisers is managed by each local Authority and each takes a different approach.

The quality assurance of Challenge Adviser work is the responsibility of their Local Authority line managers, both Heads of Hub and Principal Challenge Advisers. Heads of Hub lead and deploy staff within the paired local authorities with Principal Challenge Advisers appointed by authorities to undertake additional complex or supervisory roles. However, there is no consistency across the region.

Currently, the ERW Central team have limited oversight of the work of Challenge Advisers. Quality assurance processes, undertaken by a senior manager in ERW, focus almost entirely on the Challenge Adviser school visit reports and progress against recommendations made as a result of ESTYN inspections and core visits. Whilst this process has limitations, it is sufficient to reveal inconsistencies in the work in supporting schools, delivering National priorities and in responding to school underperformance. This matches the experiences reported by Headteachers.

Challenge Advisers currently identify themselves in terms of their local authority employer. The weak links with ERW and lack of direct line management from the Central Team prevents the development and delivery of consistent Challenge Adviser improvement practice across the region.

From a consortium perspective the information, communication and management chain is too long and the links too weak. From a Headteacher perspective the quality of support is variable. 60% of HT respondents stated that they had received a good and relevant menu of support as a consequence of the adviser's visit to their school. The lack of consistent regional focus is further revealed when different Challenge Advisers attending the same school (due to turnover or lack of core staff) are seen to adopt different approaches based on their own expertise rather than the needs of the school, and when the feedback is analyzed on an LA level.

There are examples of effective work being delivered by some excellent and experienced Challenge Advisers but performance across the region is inconsistent. There can be little doubt that this is a significant contributory factor to the current variability in school performance. Whilst Challenge Advisers remain accountable to and deployed by the six local Authority partners, inconsistency in approach, prioritisation and impact will continue.

Arrangements have been put in place to support colleagues to learn from each other's practice, these include training using best and worst practice in writing, master classes on writing evaluatively for data analysis. In addition, shadowing opportunities have been made available across partner authorities. However, many Challenge Advisers have not taken advantage of these opportunities. Similarly, feedback on ChAd judgements are provided at regional moderation events for categorisation. However, again advisers do not respond to the feedback given systematically, and this information is not consistently used to manage or improve performance

6. Meeting National Standards

The National Standards for Challenge Advisers has 4 aspects, each with a specific group of skills linked to that aspect. Each ChAd is expected to be able to comply with the standards

Annually, Challenge Advisers complete an anonymous self-assessment against the national standards. This helps the ERW Central team to shape training and provide further guidance and professional learning.

Advisers have reported over the last three years the following aspects of the standards which they are confident or less confident about. In 2017 Challenge Advisers are:-

- *more confident in their knowledge, skill and confidence when supporting and challenging schools on self-evaluation.*
- *able to and confident when building relationships effectively and motivating leaders in schools.*
- *less confident when engaging in difficult conversations although skills and confidence has improved slightly over three years.*
- *less confident when writing clear and concise reports although skills and confidence has improved over three years.*
- *becoming more confident in their knowledge, skills and confidence when brokering support and intervention; however, progress in this area has been slower than supporting self evaluation and developing school leadership.*
- *more confident when identifying resources and measuring the impact of support provided.*
- *less confident when brokering support and facilitating school to school support.*
- *fairly comfortable with coaching and supporting different levels of leadership in schools.*
- *less confident when developing levels of collective accountability and challenging leadership. ChAds are less confident when working with lead*

practitioners in schools to facilitate a journey of improvement in other schools.¹

Self evaluation therefore of the core work being undertaken across the region demonstrate that elements of the skills and knowledge required to tackle key aspects of support and challenge to schools is not improving at a sufficient pace and that Challenge Adviser performance remains too variable.

This year, (2017), evaluations of our work across the region demonstrated that progress to tackle key aspects of support and challenge to schools was not improving at a sufficient pace, and that Challenge Adviser performance was too variable. The self-assessment survey then became personalised so that this became a more relevant and useful tool to measure self-assessment against actual performance. Up to 30% of advisers require development in these core areas.

The National Standards for Challenge Advisers has 4 aspects, each with a specific group of skills linked to that aspect. Each ChAd is expected to be able to comply with the standards.

7. Other School Improvement Staff

In addition to Challenge Advisers and their six management structures in the local authorities, there are a range of staff who work to deliver School Improvement. Local Authorities also employ specialist subject Advisers for different phases, local authorities also employ Athrawon Bro, Early Years specialists, LAC, Minority Ethnic support, ICT, Digital Leaders, Wellbeing Officers, Governor Support and Data management staff.

Subject specialists work across the region to support specific areas for improvement. The job titles, job descriptions, roles and pay vary across Local Authorities. The impact and quality of their work is also variable. This is identified through the support log on ERW's intranet which reveals inconsistencies, lack of sharing of good practice and potential duplication.

Subject specialist representatives from each Local Authority attend ERW working groups and contribute to the development of the menu of support. In addition, subject specialists across the region work jointly to develop support packages for schools to improve consistency of message. However, the ERW central team are not able to monitor, target or direct the work of individual subject specialists. As a result, the quality of support provided to schools varies across the region. This is especially an issue for school causing concern.

¹ Summative report of Challenge Adviser self assessment against National Standards 2014-16.

The quality of report writing and the completion of the support log is too variable for schools causing concern, making it difficult for the ERW central team to monitor support activity in schools. In addition, a significant number of subject specialists develop resources independent of ERW and do not share these resources in a timely manner with colleagues in each LA. This results in further duplication and inconsistency, too often this work is neither recent nor relevant and does not take account of the latest national position or guidance.

Where highly able and potentially influential subject specialist are identified, the current structures limit their scope for impact and opportunities for regional Improvement are constrained. Feedback from support sessions provided by subject specialists still vary too greatly, despite the development of common packages. In addition there are examples of Local Authority officers offering advice to schools which conflicts with those messages provided by ERW's Leaders of Learning. This is a major cause of frustration amongst Headteachers and adversely affects the credibility of all involved.

These inconsistencies in practice, lost opportunities for collaboration and areas of potential duplication are also likely to apply to some degree to the management and deployment of other School Improvement staff groups identified. It is beyond the scope of this report to undertake a formal assessment of the potential benefits arising from bringing these staff under a single management structure. However, as the arrangements for reorganising Challenge Adviser arrangements are progressed, the processes for redefining the regional role in School Improvement should include the potential for other groups to transfer to the direct management of the Consortium.

Any transfer arrangements must also take into account the linguistic demands, cultural expectations and also the geographic opportunities and constraints if the region. Whilst the current Hub structures do not appear to be delivering the regional improvements required, some form of sub regional delivery structures with clear accountabilities to the Central Team are likely to be required to balance the need for improved outcomes and regional consistency with practical arrangements which minimise travel and non school time for these valuable staff groups.

8. Conclusions

Since its establishment, ERW has done very well in driving improvement in school performance. This is to be celebrated. However, there are inconsistencies and a need to review the function, finance and structure of ERW to meet future demands and WG expectations.

When the region was established, arrangements for employing and deploying Challenge Advisers were agreed with a clear rationale to protect relationships between Challenge Advisers and schools and to ensure that the Local Authorities links with schools was not undermined. That arrangement has delivered some successes but is no longer fit for purpose.

Whilst the scope of this report was to identify capacity and quality of the current Challenge Advisers, it is clear that the current organisational design does not allow for consistent and effective recruitment, deployment and performance management. Variability adversely affects performance, credibility and Headteacher confidence.

Some measures to address the shortcomings identified in this report may be possible within existing organisational arrangements. However, the scale of changes needed across the six partner authorities can only be delivered effectively through a reorganisation which places the accountability for employing and deploying Challenge Advisers with the Consortium. Local Authorities should become commissioners rather than providers of core school improvement services.

In undertaking a review of arrangements for these key Challenge Adviser posts, it is inevitable that the impact on other School Improvement staff and residual local Authority roles will need to be addressed. The review should also examine closely the current use of grant funding to support School Improvement posts across the region. Current arrangements are overdependent on grant funding and lack resilience.

It is a credit to current managers, staff and Headteachers that there continue to be examples of good pupil progress in the Region despite current organisational complexities and diffuse accountability structures.

The change management processes required should build upon existing strengths and be developed in consultation with key partners, teaching associations and staff representatives.

The scope and form of the change will require careful consideration from all stakeholders. The development of key options are necessary now through the next stages of development, in parallel with decisions on funding.

9. Recommendations

The Joint Committee agree to:

- Instruct the Lead Chief Executive, Section 151 officer and Managing Director to establish a Programme Team with suitable governance structures and with access to the appropriate financial and HR information to manage the project of clarifying, scoping and shaping the accountability arrangements for the employment and deployment of school improvement staff including Challenge Advisers to enable the consortium to deliver a single effective school improvement service and to comply fully with WG requirements.

- Instruct the Lead Chief Executive, Section 151 officer and Managing Director and Programme Team to prepare a project plan bringing together the work of evolving the region with all grants by April 2018 and other resources, including staff from September 2018. The Programme Team scope and plan should include the following:

- To put in place clear plans to secure and maintain effective communication with and engagement of Directors, headteachers throughout the organization and secure consistent implementation of the Business Plan.
 - To clarify, agree and document the respective roles and accountabilities of the LAs and region in relation to all School Improvement functions and services.
 - To develop and cost an organisational delivery model to meet identified priorities, supported by a comprehensive and costed implementation plan.
 - To secure appropriately the current ERW Central Senior Leadership Team and develop strategic and operating capacity.
- Instruct the Managing Director to ensure that the above recommendations be undertaken in parallel with the findings of the report Review of Financial arrangements.

Mae'r dudalen hon yn wag yn fwriadol



CYD-BWYLLGOR ERW

21 MEDI 2017

Canlyniadau T.G.A.U.

Diben: Darparu diweddariad ar newidiadau i fesurau perfformiad, yn ogystal â gwybodaeth am berfformiad disgyblion yn ERW a ledled Cymru.

ARGYMHELLION/PENDERFYNIADAU ALLWEDDOL SY'N OFYNNOL:
Er gwybodaeth yn unig

RHESYMAU:

Awdur yr Adroddiad:
Alan Edwards
Yan James

Swydd:
Pennaeth Addysgu a Dysgu
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EXECUTIVE SUMMARY ERW JOINT COMMITTEE 21 SEPTEMBER 2017

G.C.S.E. Results

BRIEF SUMMARY OF PURPOSE OF REPORT

This report provides an overview of the national outcomes at GCSE.

It also provides key headline information with regard to changes to qualifications and performance measures.

National headline figures.

In comparison with summer 2016 results for all candidates:

- the proportion achieving A* is unchanged at 6.1%
- the proportion achieving A* and A is down by 1.5 percentage points to 17.9%
- the proportion achieving A* to C is down by 3.8 percentage points to 62.8%
- the proportion achieving A* to G is down by 1.8 percentage points to 96.9%

Performance in ERW

Performance in ERW has declined in all key indicators. Performance in the Level 2 inclusive threshold has declined by 8 percentage points and is lower than performance in 2014.

IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance NONE	Risk Management Issues YES	Staffing Implications NONE
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1. Risk Management

It will be necessary to consider the impact of this performance in each LA and school. The ERW central team are currently analysing data at school and pupil level to identify and target support for this term.

CONSULTATIONS

Not applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Performance Data		





Joint Committee Report

August 2017

GCSE results

Introduction

The aim of this report is to highlight the key changes which have affected the GCSE results this year. The report will also identify national level figures and subject data for Wales. This report is for information only.

GCSE All-Wales Summary 2017

A number of changes to performance measures and qualifications in Wales should be considered when interpreting headline figures. These are:

- new qualifications for Welsh and English Language and literature have been introduced
- new qualifications for mathematics and mathematics numeracy have been introduced – this means that pupils now sit two qualifications for mathematics (2 papers); and
- there has been an increase in the number of pupils entered early for these qualifications which will have impacted on grade boundaries and results.

Headlines

In comparison with summer 2016 results for **all** candidates:

the proportion achieving A* is unchanged at 6.1%

the proportion achieving A* and A is down by 1.5 percentage points to 17.9%

the proportion achieving A* to C is down by 3.8 percentage points to 62.8%

the proportion achieving A* to G is down by 1.8 percentage points to 96.9%

- A significant factor contributing to this fall is the considerable change in entry patterns, notably, a significant increase in the number of Year 10 entries and a significant number of Year 11 students achieving their maths qualifications in November.
- The growing trend in early entry means more students have taken exams early, 'banked' a result and not returned to sit the exam again this summer – many will be students who have achieved a Grade C or above that would otherwise appear in this summer's results. **As a consequence, reliable conclusions cannot be drawn from direct comparisons between results in summer 2017 and summer 2016, or direct comparisons between summer results across the UK.**

GCSE Mathematics

Due to the range of entry patterns, reliable conclusions cannot be drawn from the comparison between results in summer 2017 and summer 2016. Given the scale of

change between the old mathematics GCSE and the two new mathematics GCSEs, along with the multiple entry attempts available to students, detailed comparisons between previous years' results and this year's results are not possible.

In the table below the **best** outcomes for **16-year-old students this academic year compared to the 2015/2016 and 2014/2015 academic years** are shown as they provide the most consistent comparator:

	2014 / 2015 cumulative %	2015 / 2016 cumulative %	2016/2017 cumulative %	2016-2017 difference
A*	6.8	7.5	10.8	+3.3
A*-A	16.0	17.4	20.2	+2.8
A*-C	63.7	65.5	63.8	- 1.7
A*-G	97.9	98.7	98.0	- 0.7

GCSE English Language

Between 2016 and 2017 there has been a significant increase in the overall entries in **GCSE English Language** by 67%. This significant increase is affected by the number of Year 10 students entered this summer.

This year, pupils could only sit the new qualification in the summer series, so care needs to be taken when comparing this summer's data to data from previous years.

Given the significant shift in entry pattern for this qualification, reliable conclusions cannot be drawn from the comparison between all student results in summer 2017 and summer 2016. Therefore, we have used 16-year-old outcomes as the only consistent comparator.

Outcomes for **16-year-old students this year compared to the 2014/2015 and 2015/2016 academic years** are shown in the table below:

	2014 / 2015 cumulative %	2015 / 2016 cumulative %	2016 / 2017 cumulative %	2016-2017 difference
A*	3.1	2.8	3.2	+0.4
A*-A	13.8	13.6	14.0	+0.4
A*-C	64.5	64.2	64.5	+0.3
A*-G	99.2	99.2	98.6	- 0.6

It is evident both nationally and regionally that many year 10 pupils have performed well at the Level 2 indicator. In many cases they are outperforming pupils in current year 11. There are a number of likely reasons for this.

- School adapted their Key Stage 3 Scheme of work so year 10 will have had an extra year of focused skills teaching
- The delay in release of the specification meant that schools were less well prepared to teach current year 11 effectively
- Teachers will have improved and developed their teaching style and year 10 pupils have had more time to benefit from this
- Year 10 pupils have had an additional 2 years national literacy tests and the LNF.

GCSE English Literature

Outcomes for **16-year-old students who have achieved a GCSE in English Literature (either sat in Year 10 or Year 11)**, are shown in the table below:

	2015 / 2016 cumulative %	2016 / 2017 cumulative %	2016-2017 difference
A*	4.3	4.1	- 0.2
A*-A	19.8	19.9	+0.1
A*-C	77.5	77.1	-0.4
A*-G	99.3	99.3	=

GCSE Welsh Language

As for **GCSE Welsh Language**, overall entries for GCSE Welsh Language have increased due to a significant increase in Year 10 entries. Given the significant shift in entry pattern for this qualification, reliable conclusions cannot be drawn from the comparison between all student results in summer 2017 and summer 2016.

Outcomes for **16-year-old students this year compared to 2015/2016 academic years** are shown in the table below:

	2015 / 2016 cumulative %	2016 / 2017 cumulative %	2016 / 2017 difference
A*	3.9	4.0	+0.1
A*-A	15.4	15.6	+0.2
A*-C	73.9	73.6	-0.3
A*-G	99.8	99.6	-0.2

GCSE Welsh Literature

Outcomes for **16-year-old students this year compared to 2015/2016** are shown in the table below:

	2015 / 2016 cumulative %	2016 / 2017 cumulative %	2016 / 2017 difference
A*	8.2	9.0	+0.8
A*-A	23.4	24.2	+0.8
A*-C	74.5	75.1	-0.6

A*-G	99.9	99.9	=
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GCSE Science

The new **science GCSEs** will be awarded for the first time next year and are currently being studied by Year 10 students. This therefore means that the old GCSE Science which was historically taken by Year 10 students has seen a significant fall in overall entries this year of 78%. This significant change in entries means that comparisons cannot be made when interpreting results year on year. With such a major change, the results are also very different, with 34.8% of candidates gaining grades A*-C.

For Additional Science, there was a 26.2% increase in entries and a reduction in outcomes by 1.6 and 6.0 percentage points at A*-A and A*-C respectively (from 69.9% to 63.9% respectively for the latter).

For Biology, results at A* and A*-A are similar to 2016, with a reduction of 2.3 percentage points at A*-C. For Chemistry and Physics there have been falls in outcomes at grades A*-C, by 1.3 and 0.8 percentage points respectively and also at grades A* and A*-A for Physics.

Welsh (2nd) Language

Results have remained stable for the full course at A*-C, but have improved by 1.7 and 1.8 percentage points at grades A* and A*-A respectively. This year has seen a decrease of 2,000 in the overall entries for the short course (which are now 12,450), but an increase of 500 in the number of candidates aged 15. For these 5,100 younger candidates the outcomes are somewhat better (17.1% gaining grades A*-A and 61.9% gaining grades A*-C) than for the overall entry.

Modern Foreign Languages

Results are substantially improved for German, by 5.1, 11.9 and 8.3 percentage points at A*, A*-A and A*-C respectively, reversing a weakening in results at upper grades last year. Results for Spanish are very similar to the previous year, with small improvements at A*, A*-B and A*-C, but for French results are considerably lower at the top grades (e.g. at A*-A and A*-B by 2.5 and 3.7 percentage points, respectively). However, in each of these subjects, well over 70% of candidates continue to achieve grades A*-C.

24/8/17

Mae'r dudalen hon yn wag yn fwriadol

Key Stage 4 Performance in ERW

(Provisional data)

Performance in ERW has declined in all Key Indicators. Below is a summary of pupil performance in the Key indicators. **This summary is based on provisional and unverified data.**

L2+	2015 (%)	2016 (%)	2017 (%)	Difference from 2016 – 2017 (%)
Powys	64	65	61	-4
Ceredigion	63	70	62	-8
Pembrokeshire	54	59	55	-4
Carmarthenshire	61	65	56	-9
Swansea	64	65	57	-8
NPT	58	61	50	-11
ERW	61	64	56	-8

The Level 2 inclusive figure (5 Level 2 qualifications including Welsh/English and maths)

Performance in the Level 2 inclusive figure has been more variable across schools in ERW in 2017. Many schools have seen a decrease in this key indicator and only 11 schools have improved on performance of pupils from 2016. In addition, all 6 Local authorities have seen a decrease in the proportion of pupils achieving this measure.

Performance in ERW remains the highest of the four consortia. However the decrease of 8 percentage points is a concern. In addition, performance in ERW in this indicator is below the performance in 2014

Welsh

2017 is the first year where pupil attainment in Welsh Literature is not included in the Welsh performance indicator. However, when disaggregating Welsh literature it has very little impact on results.

Welsh	2015 (%)	2016 (%)	2017 (%)	Difference from 2016 – 2017 (%)

Powys	74.3	65.2	69.7	+4.5
Ceredigion	74.8	73.5	78.8	+5.3
Pembrokeshire	78.4	88.7	81.3	-7.4
Carmarthenshire	74.4	72.8	71.7	-1.1
Swansea	83.9	82.7	85.2	+2.5
NPT	71.7	68.5	72.1	+3.6
ERW	75.8	75.0	75.9	+0.9

Performance in Welsh Language has improved appropriately in 4 of the 6 Local Authorities. Performance in ERW has improved by 0.9 percentage points. However, 2 of the 6 Local Authorities has had a declined in pupils outcomes.

English

2017 is the first year where pupil attainment in English literature is not included in the English performance indicator.

<i>English</i>	2016		2017	Difference from 2016 -17	
	inc Lit	exc Lit	Language only	Inc Lit 2016	Exc Lit 2016
Mainstream only					
Powys	75	70	73	-2	+3
Ceredigion	77	74	69	-8	-5
Pembrokeshire	70	60	65	-5	+5
Carmarthenshire	74	70	63	-11	-7
Swansea	70	65	66	-4	+1
NPT	69	65	61	-8	-4
ERW	72	67	66	-6	-1

Performance in English is variable across ERW. When comparing figures from 2016 to 2017 for the English measure all 6 Local Authorities have seen a decline in performance. However, when English literature is excluded from 2016 figures half of the Local Authorities in ERW have improved and half have decreased.

Performance in ERW has declined from 2016.

Mathematics

In 2017 pupils sat two GCSEs in mathematics. The table outlined performance in mathematics, mathematics numeracy and the best of either qualification. Due to the significant changes in the mathematics numeracy qualification, Comparisons in 2017 are only made between mathematics and the best of either qualification.

Mathematics	2016 (%)	2017			Difference from 2016 - 2017	
		(%)	(%)	(%)	(%)	(%)
		Maths	Num	Best of	Maths	Best of
Powys	72	63	63	68	-9	-4
Ceredigion	75	64	63	69	-11	-6
Pembrokeshire	65	59	53	62	-6	-3
Carmarthenshire	71	55	51	58	-16	-13
Swansea	72	61	58	64	-11	-8
NPT	67	56	52	59	-11	-8
ERW	70	59	56	63	-11	-7

Performance in mathematics has declined significantly in 2017. When considering mathematics only and the best of either mathematics qualification all 6 Local Authorities have seen a decline in performance.

Pupil performance in mathematics across ERW has declined from 2016.

Level 2 Threshold

	2015 (%)	2016 (%)	2017 (%)	Difference from 2015 – 2017 (%)
Powys	88.7	86.6	74.0	-9.6
Ceredigion	89.9	91.4	80.7	-10.7
Pembrokeshire	83.0	84.5	65.9	-18.6

Carmarthenshire	87.0	89.2	73.3	-15.9
Swansea	88.9	86.9	67.7	-19.2
NPT	92.0	89.0	63.7	-25.3
ERW	88.2	87.7	69.9	-17.8

Performance in the level 2 threshold has declined in all Local Authorities in 2017. This is the first year where there the 40% rule for vocational subjects has been applied. Performance in this indicator has decreased significantly in ERW.

Level 1 Threshold

L1	2015 (%)	2016 (%)	2017 (%)	Difference from 2016 – 2017 (%)
Powys	97	96	97	-1
Ceredigion	97	96	96	0
Pembrokeshire	95	96	94	-2
Carmarthenshire	96	97	97	0
Swansea	97	97	95	-2
NPT	96	95	92	-3
ERW	96	96	95	-1

Performance in ERW in the Level 1 threshold has declined by 1 percentage point since 2015. Performance in this indicator has remained consistent across most Local Authorities.