

DYDD MAWRTH, 9 GORFFENNAF, 2019

**PWYLLGOR AR Y CYD ERW
Y COTHI, CANOLFAN HALLIWELL, PRIFYSGOL CYMRU Y DRINDOD
DEWI SANT, CAERFYRDDIN, SA31 3EP AM 10.30 YB
AR DDYDD LLUN, 15FED GORFFENNAF, 2019**

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CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

ETHOL CADEIRYDD AC IS-GADEIRYDD CADARNHAU PRIF WEITHREDWR ARWEINIOL

Y Pwrpas:

Bod Cyd-bwyllgor ERW yn pleidleisio dros Gadeirydd ac Is-gadeirydd ac yn cadarnhau trefniadau ar gyfer y Prif Weithredwr Arweiniol

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Bod y chwe Arweinydd Cyngor yn pleidleisio dros Gadeirydd ac Is-gadeirydd ac yn cadarnhau'r trefniadau erbyn y bydd Phil Roberts yn dychwelyd fel Prif Weithredwr Arweiniol.

Y RHESYMAU:

Cytundeb Cyfreithiol ERW

Awdur yr Adroddiad:	Swydd:	Rhif Ffon 01267 24 5640
Geraint Rees	RhG dros dro	E: bost Geraint.rees@erw.org.uk



**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
15 JULY 2019**

**APPOINTMENT OF CHAIR AND VICE-CHAIR
CONFIRMATION OF PERMANENT LEAD CHIEF EXECUTIVE**

BRIEF SUMMARY OF PURPOSE OF REPORT

The ERW Legal Agreement requires the Joint Committee to hold a vote for a Chair and Vice-Chair.

DETAILED REPORT ATTACHED?

NO



IMPLICATIONS

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

Details of any consultations undertaken are to be included here

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



Mae'r dudalen hon yn wag yn fwriadol

(NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY THE JOINT COMMITTEE AT ITS NEXT MEETING)



ERW Joint Committee
Thursday, 30th May, 2019
Y Llwyfan, College Road, Carmarthen
11.00 am - 12.10 pm

PRESENT: Councillor Ellen ap Gwynn [Chair], Ceredigion County Council

Councillor Rob Stewart	Powys County Council
Councillor Rob Jones	Neath Port Talbot Council
Councillor Emlyn Dole	Carmarthenshire County Council
Councillor Guy Woodham (substituting for Cllr David Simpson)	Pembrokeshire County Council
Councillor Jennifer Raynor	Swansea City Council
Mr Eifion Evans	Ceredigion County Council
Mr Steven Phillips	Neath Port Talbot County Council
Ms Caroline Turner	Powys County Council
Mr Ian Westley	Pembrokeshire County Council
Mr Geraint Rees	ERW Senior Leadership Team
Mr Jonathan Haswell	Pembrokeshire County Council (ERW - S151 Officer)
Ms Elin Prysor	Ceredigion County Council (ERW-Monitoring Officer)
Mr Ian Eynon	Pembrokeshire County Council (Deputy S151 Officer)
Mr Chris Llewelyn	WLGA
Ms Katie Morgan	Senior Accountant, ERW
Mr Martin Davies	Carmarthenshire County Council (Democratic Services)
Mrs Llinos Jenkins	Carmarthenshire County Council (Democratic Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Glynog Davies (Carmarthenshire County Council), Councillor Rosemarie Harris (Powys County Council), Councillor Rob Stewart (Swansea Council), Cllr David Simpson (Pembrokeshire County Council), Mr Phil Roberts (Swansea Council), Mr Ian Llywelyn (WLGA), and Mr Gareth Morgans (Carmarthenshire County Council).



2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interests made at the meeting.

3. TO SIGN AS CORRECT MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON:

3.1 - 8TH FEBRUARY 2019

AGREED that the minutes of the meeting held on 8th February 2019 be signed as a correct record, subject to the following amendment:

1. Apologies for Absence – *The Chair advised that ERW's Managing Director Ms Betsan O'Connor had resigned and thanked her for her work.*

Ms O'Connor had not resigned, she had been seconded from ERW to the Welsh Government.

3.2 - 3RD APRIL 2019

AGREED that the minutes of the meeting held on 3rd April 2019 be signed as a correct record.

4. MATTERS ARISING FROM THE MINUTES (IF ANY)

There were no matters arising from the minutes of the meetings held on 8th February 2019 and 3rd April 2019.

5. UPDATE ON ERW RECRUITMENT

Mr Geraint Rees shared an updated version of the new organisational structure with the Committee and gave an overview of the recruitment process. The overview highlighted that some senior posts had not been filled and it was likely that they would need to be filled by short term secondments while the permanent vacancies were re-advertised. Mr Rees noted that the appointment panel would not make an appointment unless all parties were in agreement.

The Committee expressed some disappointment that a number of posts, in particular senior posts, remained vacant and asked whether the language requirement was a factor. In response Mr Geraint Rees advised that there wasn't a common reason across all vacant posts and noted that the recruitment of Areas of Learning and Expertise (AOLE's) had attracted 63 applications, of which 22 had been shortlisted and 12 appointed. However some senior posts did not attract many applications, and Mr Rees advised that he was aware that some potential applicants did not apply due to the language requirement. Members also noted that the lack of appointment of Managing Director could also be an understandable reason for potential applicants to be cautious in applying. Committee Members

asked whether consideration could be given to job-sharing where one applicant with Welsh language skills could undertake the role for three days per week and a non-Welsh speaker for the remaining two days. Mr Rees advised that the recruitment of Welsh speakers to senior roles was an issue in the recruitment of teaching staff generally. Members agreed that this matter would be dealt with at a workshop in the near future.

In answer to a question on the next stages of implementing the new structure, Mr Geraint Rees advised that on the agreement of the Directors of Education the vacant posts would be re-advertised the following week with one term secondments offered in the first instance. In acknowledging the notice period required by senior teaching staff, it was noted that the earliest senior appointments could be permanently filled would be January 2020.

Mr Geraint Rees asked the Committee to note that the current administrative structure was aligned to a past model and a restructure of existing staff was under way. The new structure would not involve any significant changes, and there were no concerns to highlight.

The Committee resolved–

5.1: to receive the update on the new structure

5.2: that a workshop should be arranged to review the language arrangements in relation to the recruitment of staff

5.3: that a detailed organisational chart (to include CV's where possible) be circulated to the Committee

6. CORRESPONDENCE

ERW Scrutiny Councillor Group

A letter from the Scrutiny Councillor Group dated 18th April 2019 was noted and a copy of the draft response considered, and subsequently agreed, by the Committee. Mr Geraint Rees advised that he had attended the last Scrutiny Councillor Group and provided the group with a presentation on the finance structure. He felt that the meeting was positive and the group was keen to support the work of the Joint Committee. However, there were some issues in relation to the scheduling of meetings and the timely receipt of letters of response from the Joint Committee. Mr Rees advised that the group has taken steps to resolve the timing of meetings which should bring the receipt of correspondence in to line.

Letter from the Minister for Education, Kirsty Williams AM

A letter from the Minister for Education had been circulated ahead of the meeting, which referred to the outcome of a meeting held between the Minister and members of the committee at the end of March. The Chair gave an overview of the meeting and advised that a detailed report on the matter would be provided at the next meeting.



Members also reviewed a grant offer letter in relation to the Regional Consortia School Improvement Grant which outlined the terms and conditions of the funding. The Section 151 Officer gave the Committee an overview of the letter which had also been circulated to the regional Directors of Education.

The Committee resolved–

6.1: to agree the draft letter of response to the ERW Scrutiny Councillor Group

6.2: to sign the Regional Consortia School Improvement Grant offer letter

7. APPOINTMENT OF CHAIR AND VICE CHAIR

The Monitoring Officer advised that the term of office for the Chair and Vice Chair of the Joint Committee is two years and the incumbent Chair and Vice Chair had been appointed in July 2017.

The Committee considered the possible appointment of a Lead Chief Executive at the next meeting in July and agreed that the appointment of Chair and Vice Chair should be deferred.

The Committee resolved–

7.1: to defer the appointment of a Chair and Vice Chair until the next Joint Committee Meeting

8. ANY OTHER ITEMS OF BUSINESS THAT BY REASONS OF SPECIAL CIRCUMSTANCES THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100(4)(B) OF THE LOCAL GOVERNMENT ACT 1972

The Chair noted that there were no other items of business that should be considered as a matter of urgency.

Before closing the meeting Mr Geraint Rees advised that Mr Ian Budd was recovering from a serious illness. The Committee asked that their best wishes for a quick recovery be passed on to Mr Budd.

CHAIR

DATE





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CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

GOHEBIAETH

Y Pwrpas:

I'r Cyd-Bwyllgor dderbyn y gohebiaeth diweddaraf wrth Grwp Cynghorwyr Craffu ERW, ac wrth Estyn

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

I'r Cyd-Bwyllgor gytuno'r pwyntiau am lythyr drafft i ymateb i'r Pwyllgor Craffu.

Y RHESYMAU:

Trefniant Llywodraethu

Awdur yr Adroddiad:	Swydd:	Rhif Ffon
Cyngh. Ellen ap Gwynn	Cadeirydd y Cyd-Bwyllgor	E: bost



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

CORRESPONDENCE

BRIEF SUMMARY OF PURPOSE OF REPORT

The Scrutiny Councillor Group has formed a letter which requires a response from the Joint Committee.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Details of any consultations undertaken are to be included here
N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
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Ellen ap Gwynn
ERW
Y Llwyfan
Heol y Coleg
Caerfyrddin
SA31 3EQ

12 Mehefin 2019

Annwyl Ellen ap Gwynn

Diolch am eich llythyr dyddiedig 4 Mehefin, a oedd yn cynnig diweddariad ar sefyllfa ERW, fel y gofynnwyd.

Rwy'n falch i glywed am y cynnydd gyda threfniadau staffio a threfniadau ariannol, gan gydnabod ar yr un pryd nid aethpwyd i'r afael yn llawn â'r naill na'r llall.

Hoffai Jassa Scott, Clive Phillips a Mark Campion ymweld ag ERW i weld y cynnydd mewn mwy o fanylder, ac i geisio sicrwydd ynghylch y ffordd ymlaen. Hoffant ymweld ar 24-25 Mehefin a chyfarfod â'r canlynol:

- chi, fel cadeirydd y cydbwyllgor
- o leiaf dau aelod arall o'r cydbwyllgor
- y prif weithredwr arweiniol
- y prif gyfarwyddwr addysg
- o leiaf dau gyfarwyddwr awdurdod lleol arall (yn ddelfrydol byddem yn cwrdd â phob cyfarwyddwr arall)
- rheolwr-gyfarwyddwr ERW
- cadeirydd y grŵp craffu (gyda gwahoddiad i gynifer o bobl eraill o'r grŵp i ymuno hefyd)
- 3 neu 4 aelod o fwrdd cynrychioliadol penaethiaid ERW

Yn dilyn y cyfarfodydd, hoffai Jassa, Clive a Mark ddarparu adborth ar lafar i chi ac unrhyw uwch arweinwyr eraill y dymunwch eu cynnwys. Ni fydd adroddiad cyhoeddedig o'r ymweliad.

Bydd angen i'r cyfarfodydd gael eu trefnu am awr yr un rhwng 1 y prynhawn – 5 y prynhawn ar 24 Mehefin neu 9 y bore - 12 y prynhawn ar 25 Mehefin. Bydd Mark Campion yn cysylltu â Geraint Rees cyn diwedd yr wythnos i drafod ac i gwblhau'r trefniadau.

Yn gywir



Meilyr Rowlands

Prif Arolygydd Ei Mawrhydi dros Addysg
a Hyfforddiant yng Nghymru

Estyn, Llys Angor/Anchor Court, Heol Keen/Keen Road, Caerdydd/Cardiff, CF24 5JW
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Mae Estyn yn croesawu gohebiaeth yn Gymraeg a Saesneg. Bydd gohebiaeth a dderbynnir yn y naill iaith neu'r llall yn cael yr un flaenoriaeth. | Estyn welcomes correspondence in both English and Welsh. Correspondence received in either language will be given equal priority.

Ellen ap Gwynn
ERW
Y Llwyfan
College Road
Carmarthen
SA31 3EQ

12 June 2019

Dear Ellen ap Gwynn

Thank you for your letter dated 4 June, providing an update on ERW's position as requested.

I'm pleased to hear about progress with staffing and financial arrangements, while recognising that neither are fully addressed at this stage.

Jassa Scott, Clive Phillips, Mark Campion would like to visit ERW to explore progress in more detail and seek assurance about the way forward. They would like to visit on 24-25 June and would like meetings with the following:

- you, as chair of the joint committee
- at least two other members of the joint committee
- the lead chief executive
- the lead education director
- at least two other local authority directors (ideally we would meet all other directors)
- ERW's managing director
- the chair of the scrutiny group (with an invitation for as many others of the scrutiny group to join as well)
- 3 or 4 members of ERW's headteacher representative board
-

Following the meetings, Jassa, Clive and Mark would like to provide verbal feedback to you and any other senior leaders who you would like to include. There will not be a published report from the visit.

The meetings will need to be scheduled for an hour each between 1pm – 5pm on 24 June or 9am – 12pm on 25 June. Mark Campion will be in touch with Geraint Rees before the end of the week to discuss and finalise the arrangements.

Yours sincerely



Meilyr Rowlands
Her Majesty's Chief Inspector of
Education and Training in Wales

Ellen ap Gwynn
ERW
Y Llwyfan
Heol y Coleg
Caerfyrddin
SA31 3EQ

28 Mehefin 2019

Annwyl Ellen

Diolch eto am eich diweddariadau diweddar am ddatblygiadau yn ERW. Fel y gwyddoch, ymwelodd Jassa Scott, Clive Phillips a Mark Campion â'ch swyddfeydd yng Nghaerfyrddin ar 24 a 25 Mehefin 2019 i drafod cynnydd ERW yn unol â'i gynlluniau diweddaraf. Ysgrifennaf atoch i roi ychydig o adborth i chi o'u hymweliad byr.

Rhoddodd yr ymweliad rywfaint o sicrwydd i ni fod strwythur staffio newydd a chynllun busnes ERW yn cyd-fynd â gwaith y rhanbarth yn unol â dyheadau Ein Cenhadaeth Genedlaethol. Mae'n dda fod pob un o'r partneriaid wedi cytuno ar y cynlluniau hyn i'ch galluogi i recriwtio tîm canolog parhaol. Rydym yn ymwybodol nad ydych wedi llwyddo i benodi ar gyfer yr holl rolau eto, gan gynnwys sawl rôl uwch arweinyddiaeth, a bod risg o hyd na fydd gan ERW efallai y cyflenwad llawn o staff canolog i gyflwyno'r cynllun busnes yn yr hydref. Rydych chi'n gwbl ymwybodol o'r her hon a phwysigrwydd allweddol sefydlu tîm canolog cryf i gefnogi ysgolion ar draws y rhanbarth. Rydych chi hefyd yn ymwybodol o'r angen am gydlynid rhwng gwaith staff canolog ERW ac ymgynghorwyr her a gyflogir yn lleol o ran cyflwyno gwasanaethau gwella ysgolion.

Yn ystod yr ymweliad, fe wnaethoch gydnabod yr angen am drefniadau llywodraethu a rheoli perfformiad gwell ar bob lefel, yn ogystal â'r angen i sicrhau llinellau atebolrwydd clir a thryloywder wrth wneud penderfyniadau. Bydd hyn yn hanfodol wrth i chi barhau i feithrin ymddiriedaeth a chydweithrediad o'r newydd gyda'r holl bartneriaid. Mae'n galonogol eich bod yn cymryd camau cynnar i bennu'r model ariannol ar gyfer 2020-2021, ond mae hefyd yn hanfodol fod y broses yn cael ei chwblhau mewn da bryd.

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Mae Estyn yn croesawu gohebiaeth yn Gymraeg a Saesneg. Bydd gohebiaeth a dderbynnir yn y naill iaith neu'r llall yn cael yr un flaenoriaeth.	Estyn welcomes correspondence in both English and Welsh. Correspondence received in either language will be given equal priority.
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Amlygodd yr ymweliad gyfraniad y rheolwr gyfarwyddwr dros dro mewn hyrwyddo gweledigaeth gref ar gyfer gwaith ERW a chyfleu'r weledigaeth honno yn dda i randdeiliaid allweddol yn y rhanbarth. Bu ganddo rôl bwysig hefyd o ran gwella perthnasoedd gwaith gydag awdurdodau lleol ac ysgolion ar draws rhanbarth ERW. Rydych yn cydnabod bod angen cynnal yr ymgysylltiad a'r momentwm hwn ar ôl i'r rheolwr gyfarwyddwr dros dro adael fis nesaf.

Hoffwn ddiolch i chi a'ch staff am gyfarfod â'r tîm ar fyr rybudd, ac am roi o'ch amser i drafod y materion pwysig hyn.

Yn gywir



Meilyr Rowlands

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Ellen ap Gwynn
ERW
Y Llwyfan
College Road
Carmarthen
SA31 3EQ

28 June 2019

Dear Ellen

Thank you again for your recent updates about developments in ERW. As you are aware, Jassa Scott, Clive Phillips and Mark Campion visited your Carmarthen offices on 24 and 25 June 2019 to discuss ERW's progress against its most recent plans. I am writing to provide you with some feedback from their brief visit.

The visit provided us with some assurance that ERW's new staffing structure and business plan aligns the region's work to the aspirations of Our National Mission. It is good that all partners have agreed these plans to enable you to recruit a permanent central team. We are aware that you have not managed to appoint to all the roles yet, including several senior leadership roles, and that there remains a risk that ERW may not have the full complement of central staff to deliver the business plan in the autumn. You are fully aware of this challenge and the critical importance of establishing a strong central team to support schools across the region. You are also aware of the need for coherence between the work of ERW's central staff and locally employed challenge advisers in the delivery of school improvement services.

During the visit, you acknowledged the need for improved governance and performance management arrangements at all levels as well as the need to ensure clear lines of accountability and transparency in decision-making. This will be essential as you continue to re-build trust and cooperation with all partners. It is encouraging that you are taking early steps to determine the financial model for 2020-2021, but it is also essential that this process is concluded in good time.

The visit highlighted the contribution of the acting managing director in promoting a strong vision for the work of ERW and communicating that vision well to key stakeholders in the region. He has also played an important role in improving

working relationships with local authorities and schools across the ERW region. You recognise the need to maintain this engagement and momentum after the acting managing director leaves next month.

May I thank you and your staff for accommodating the team at short notice and for giving of your time to discuss these important issues.

Yours sincerely



Meilyr Rowlands
Her Majesty's Chief Inspector of
Education and Training in Wales



At:

Y Cyng. Ellen ap Gwynn
Cadeirydd Cyd-bwyllgor ERW

Gofynnwch am:

Y Tîm Craffu

Llinell y Swyddfa Graffu:

01792 637256

e-bost:

scrutiny@swansea.gov.uk

Dyddiad

24 June 2019

Annwyl Gyngorydd ap Gwynn

Grŵp Cynghorwyr Craffu ERW – 3 Mehefin 2019

Hoffai'r Grŵp Cynghorwyr Craffu ddiolch i Geraint Rees ac Osian Evans am ddod i'r cyfarfod, ac am gyflwyno'r wybodaeth y gofynasom amdani ac ateb ein cwestiynau. Ysgrifennaf atoch i adlewyrchu safbwyntiau'r cyfarfod hwnnw.

Aeth Geraint ati i amlinellu'r sefyllfa gyfredol a'r cynnydd a wnaed o ran y rhaglen ddiwygio. Clywsom fod pethau wedi symud yn eu blaen yn sylweddol gyda chydweithredu cynyddol a gwell cysondeb ledled y rhanbarth. Roeddem yn falch o glywed hefyd am achosion o weithio agosach gyda Phenaethiaid ledled y rhanbarth.

Clywsom fod Cyngor Castell-nedd Port Talbot wedi rhoi rhybudd o flwyddyn ei fod yn gadael ERW. O glywed y bydd penderfyniad y Cyngor i adael yn dibynnu ar ba un a yw'n teimlo bod y rhaglen ddiwygio wedi symud yn ei blaen mewn modd effeithiol ai peidio, yna mae'n bosibl y gallai ddiddymu ei rybudd os yw o'r farn ei bod wedi gwneud hynny. Deallwn fod y Cyngor wedi nodi y bydd yn cymryd rhan lawn yn y gwaith o ddatblygu ERW yn ystod y cyfnod hwnnw, a hynny er mwyn llywio gwelliant i gyd-fynd â'i ddisgwyliadau.

Roeddem yn falch o glywed bod rhai staff allweddol wedi cael eu penodi, ac y daethpwyd o hyd i ddatrysiad ar gyfer llenwi swyddi'r Penaethiaid. Fodd bynnag, roeddem yn pryderu ynghylch y ffaith y byddai'r Rheolwr Gyfarwyddwr Dros Dro yn gadael ei swydd ym mis Gorffennaf, ac nad oedd unrhyw un wedi cael ei enwi i gymryd ei le. Teimlwn y bydd ERW mewn sefyllfa wannach heb y rôl hon ar waith. Hoffai'r Grŵp Cynghorwyr weld y mater hwn yn cael ei ddatrys ar frys. Aethom ati hefyd i ddiolch i Geraint Rees am ei gymorth a'i wasanaeth yn ystod y flwyddyn ddiwethaf, ac i ddymuno'r gorau iddo ar gyfer y dyfodol.

Trafodwyd yr angen i gyflymu gweithgarwch ERW, ac yn arbennig faterion Llywodraethu. Deallwn mai dim ond unwaith y tymor y mae'r Cyd-bwyllgor yn cwrdd ac felly bod yn rhaid aros tan y cyfarfodydd hynny cyn gwneud penderfyniadau; gall hyn arafu cynnydd. Clywsom fod yna gynigion i gyflymu'r Swyddogaeth Weithredol trwy ragor o weithgarwch datganoledig, gan gynnwys datblygu strategaeth 3:2:1 a fydd yn

cyflymu'r broses ar gyfer rhai penderfyniadau. Dywedwyd wrthym hefyd y bydd strwythur llywodraethu newydd ERW yn datblygu ochr yn ochr â'r model staffio newydd. Hoffem wedi cynlluniau datganoli yn cael eu rhoi ar waith i wella cyflymder y broses gwneud penderfyniadau. Mae'r Grŵp Cynghorwyr wedi gofyn am gael rhagor o wybodaeth am hyn yn ei gyfarfod nesaf.

Yn ystod y cyfarfod, trafodwyd yr anawsterau a amlygir gan y system categoreiddio, gan gynnwys sut y mae'r cyhoedd, y rhieni a'r cyfryngau yn ystyried ei bod yn feirniadaeth o ba mor dda y mae'r ysgol yn gwneud, yn hytrach na'i gwir rôl fel fframwaith cymorth ar gyfer ysgolion. Byddem yn annog bod safbwyntiau'r rhanbarthau yn hyn o beth yn cael eu mynegi i Lywodraeth Cymru.

Clywsom fod yna fwlch yn y rhanbarth ar hyn o bryd o ran datblygu arweinyddiaeth a meithrin arweinwyr newydd mewn ysgolion, a chytunwyd bod angen i hyn fod yn flaenoriaeth yn y dyfodol.

Dosbarthwyd Cynllun Busnes ERW ar gyfer 2019-20 i'r Grŵp. Roeddem yn falch o glywed y bydd y cynllun yn cyd-fynd yn well â chynlluniau addysg yr ALLau unigol wrth iddo ddatblygu. Clywsom hefyd fod yr holl gamau gweithredu sy'n gysylltiedig â'r cynllun yn cael eu prisio ar hyn o bryd, a hoffem weld hyn yn ein cyfarfod nesaf ym mis Medi. Roeddem yn cytuno â'r Rheolwr Dros Dro pan ddywedodd y bydd cyfateb arian grant â blaenoriaethau'r cynllun busnes yn sicrhau mwy o uniondeb o ran y modd y caiff yr arian hwnnw ei rannu ledled yr awdurdodau lleol. Aethom ati i bwysleisio pwysigrwydd dangos yn glir sut y mae'r arian yn cael ei ddefnyddio ledled y rhanbarth er mwyn darparu hyder yn y broses.

Roeddem wedi ein siomi â'r diffyg amseroldeb o ran gohebiaeth gan y Cyd-bwyllgor. Mae angen i ni ddatblygu system rhwng y Cyd-bwyllgor a'r Tîm Craffu, sy'n sicrhau sgwrs ddwyffordd effeithiol ac amserol. Awgrymwn ein bod yn ysgrifennu atoch yn dilyn pob cyfarfod, a gofynnwn i chi ymateb yn ysgrifenedig cyn pen 28 niwrnod wedi i'r llythyr hwnnw ddod i'ch llaw. Byddwch cystal ag ystyried a yw'r cais hwn yn bosibl, gan nodi eich barn yn eich llythyr nesaf.

Rydym yn croesawu eich barn ar unrhyw fater a fynegwyd yn ein llythyr, a byddem yn ddiolchgar pe gallech ymateb yn ysgrifenedig gan fynd i'r afael â'r pwyntiau canlynol:

- 1) Beth yw'r sefyllfa gyfredol a'r cynlluniau ar gyfer penodi rôl Rheolwr Gyfarwyddwr ERW?
- 2) Beth yw'n cynlluniau ar gyfer cynlluniau datganoli ERW ac ar gyfer gwella cyflymder y broses gwneud penderfyniadau ledled y sefydliad?
- 3) Ystyried ffordd o ddatblygu system rhwng y Cyd-bwyllgor a'r Tîm Craffu, a fydd yn sicrhau sgwrs ddwyffordd effeithiol ac amserol yn seiliedig ar ein hawgrym.

Yr eiddoch yn gywir,

Y Cyng. John Davies
Cadeirydd Grŵp Cynghorwyr Craffu ERW
Cllr.john.davies@pembrokeshire.gov.uk

Darperir Cymorth Craffu Grŵp Cynghorwyr Craffu ERW gan Gyngor Abertawe
Cyswllt: Y Tîm Craffu, Ystafell Gloucester, Neuadd y Ddinas, Abertawe SA1 4PE
☎ 01792 637256

✉ scrutiny@swansea.gov.uk

CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

CYNLLUN AWDIT ERW GAN SWYDDFA AWDIT CYMRU AM 2018-19

Y Pwrpas:

I ddarparu diweddariad i Gyd-Bwyllgor ERW ar y gwaith fydd Swyddfa Awdit Cymru yn gwneud fel rhan o'i rol Ystatudol.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

1. Cymeradwyo'r Cynllun Awdit
2. Cymeradwyo'r cost Awdit o £13,000
3. Cytuno'r amserlen
4. Cytuno'r cyfrifoldebau priodol

Y RHESYMAU:

Derbyn cymeradwyaeth y Cyd-Bwyllgor

Awdur yr Adroddiad: Jeremy Saunders	Swydd: Rheolwr Awdit SAC	Rhif Ffon 07810832434 E: bost Jeremy.saunders@audit.wales
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EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
15 JULY 2019

ERW WALES AUDIT OFFICE AUDIT PLAN FOR 2018-19

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide The ERW Joint Committee with a plan outlining the following:

1 The Auditors Statutory Duty.

2 To provide assurance that the accounts are

- Free from material misstatement as a result of Fraud or error.
- Comply with statutory and other applicable requirements
- Comply with all relevant requirement for accounting presentation and disclosure.

3 To set out

- Respective roles and responsibilities
- Audit approach
- Fees
- The audit team and timetable
- Outline of value for money work and other future developments work.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues YES	Staffing Implications NONE
1. Legal As detailed in the report				
2. Finance As detailed in the report				
3. Risk Management As detailed in the report				

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



Mae'r dudalen hon yn wag yn fwriadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – Education through Regional Working (ERW) Joint Committee

Audit year: 2018-2019

Date issued: April 2019

Document reference: 1161A2019-20

This document has been prepared as part of work performed in accordance with statutory functions.
Further information on this is provided in [Appendix 1](#).

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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, the Wales Audit Office and, where applicable, the auditor acting on behalf of the Auditor General 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.

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2019 Audit Plan

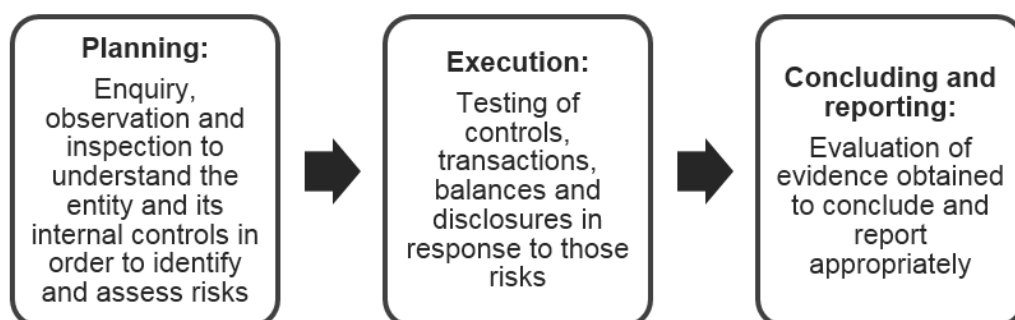
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not the Education through Regional Working Joint Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



- 9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them. Also, included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit.

Financial audit risk	Proposed audit response
Significant risks	
Management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Other risks	
Related-parties' disclosure We identified that up-to-date declarations of interest were not available for all members of the Joint Committee and Executive Board at the time of audit in 17/18. These were due to be collated in Autumn 2017. We made recommendations to improve the arrangements.	My audit team will review related-parties' disclosures and check that up to date declarations of interest are available for all members of the Joint Committee and Executive Board and that the disclosure in the financial statements is complete and accurate.

Financial audit risk	Proposed audit response
Senior Officer Remuneration There has been a change in senior personnel at the joint committee in 2018-19.	My audit team will review senior officer disclosures to ensure that the disclosure within the financial statements is accurate and complete.
Timely completion of the Annual Governance Statement (AGS) In 2017-18, the AGS was not fully completed on receipt of the draft financial statements. The AGS should be completed alongside the draft financial statements in accordance with the timescales.	My audit team will review the AGS to ensure it accords with the requirements and is consistent with our knowledge. On the basis that the joint committee scheduled to approve the accounts is scheduled for mid-July, it is essential that the AGS is produced alongside the draft financial statements.
New accounting standards IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses and will impact on how the bad debt provision is calculated. IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.	My audit team will assess the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.
Non-compliance with grant terms and conditions Welsh Government (WG) has stated in the Offer letter for the Regional Consortia School Improvement Grant (RCSIG) that WG require confirmation that payment has been made by all six Local Authorities as part of their contribution. At the time of this Audit Plan, one of the Local Authorities have not paid their 18/19 contribution to ERW.	My audit team will substantively test the RCSIG grant to confirm whether ERW have received their 18/19 grant in full.

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. When setting materiality for account balances and transactions, we take into consideration both quantitative and qualitative aspects such as legal and regulatory requirements and political sensitivity. For the purposes of our audit planning, we have identified related party transactions and senior officer remuneration as sensitive areas of disclosure. The levels at which I judge such misstatements to be material will be reported to the Joint Committee prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees and planned timescales for completion of the audit are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review, particularly as ERW intends to present draft statements by 24 May 2019, a month ahead of the current statutory deadline;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 14 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 15 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

Fee

- 16 Your estimated fee for 2019 is £13,000. This is consistent with your 2018 audit fee.
- 17 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with Education through Regional Working (ERW) Joint Committee.
- 18 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 19 The main members of my team, together with their contact details, are summarised in [Exhibit 3](#).

Exhibit 3: my audit team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director – Financial Audit	07896 271873	Anthony.veale@audit.wales
Jeremy Saunders	Financial Audit Manager	02920 829329	jeremy.saunders@audit.wales
Julie Owens	Financial Audit Team Leader	07581 499092	julie.owens@audit.wales
Jonathan Mather	Financial Audit Team Member	02920 320691	jonathan.mather@audit.wales

- 20 I can confirm that my team members are all independent of Education through Regional Working (ERW) Joint Committee and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

- 21 I will provide reports, or other outputs as agreed, to Education through Regional Working (ERW) Joint Committee covering the areas of work identified in this document. My key milestones are set out in [Exhibit 4](#).

Exhibit 4: timetable

Planned output	Work undertaken	Report finalised
2019 Audit Plan	March 2019	March 2019
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	March to July 2019 March to July 2019 March to July 2019	July 2019 July 2019 September 2019
2020 Audit Plan	October to December 2019	March 2020

* Estimated dates. Reporting subject to timely clearance of draft findings with ERW.

Future developments to my audit work

- 22 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 2](#).

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Education through Regional Working (ERW) Joint Committee has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Education through Regional Working (ERW) Joint Committee's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Education through Regional Working (ERW) Joint Committee's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Education through Regional Working (ERW) Joint Committee from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Appendix 2

Other future developments

A. Forthcoming key IFRS changes

Exhibit 5: changes to IFRS standards

This table details the key future changes to International Financial Reporting Standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance.

[Further information, including details of forthcoming GPX events and outputs from past seminars.](#)

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place in March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh

public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February, the Auditor General issued a report¹ on preparations in Wales for a 'no-deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

¹ <http://www.audit.wales/publication/preparations-wales-no-deal-brexite>

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CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

ADRODDIAD ARCHWILIO MEWNOL CONSORTIWM ERW 2018-19

Y Pwrpas:

Darparu canfyddiadau adolygiad Archwilio Mewnol Consortiwm ERW 2018-19 ar gyfer y Cyd-bwyllgor.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Nodi Adroddiad Archwilio Mewnol 2018-19.

Y RHESYMAU:

Rhoi sicrwydd i'r Cyd-bwyllgor ynghylch y trefniadau sydd ar waith ar gyfer Consortiwm ERW o ran effeithiolrwydd llywodraethu, rheolaeth fewnol, rheoli risg a rheolaeth ariannol, ac amlygu'r meysydd i'w gwella.

Awdur yr Adroddiad:	Swydd:	Rhif Ffon: 01437 776213
Jo Hendy	Pennaeth Archwilio Mewnol	E: bost Joanne.hendy@pembrokeshire.gov.uk



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

ERW CONSORTIUM INTERNAL AUDIT REPORT 2018-19

BRIEF SUMMARY OF PURPOSE OF REPORT

To give assurance to the Joint Committee on the effectiveness of governance, internal control, risk management and financial management arrangements in place for the ERW Consortium.

The Internal Audit review for 2018-19, as approved by the Section 151 Officer and the Joint Committee on 08 February 2019, resulted in a limited assurance opinion. The following provides a summary of the key areas of weakness identified.

- A number of recommendations from the previous audit review and Significant Governance Issues and Priorities for Improvement in the AGS remain outstanding (though it should be noted that the majority of these are minor non-compliance issues or a strategic decision has been taken to put them on hold until the Review & Reform programme has been implemented).
- Improvements are required to enhance the Governance arrangements (review of the Legal Agreement & Scheme of Delegation, publishing delegated decisions, and ensuring GDPR compliance), though as above it is noted that a number of these have been on hold, whilst the Review & Reform programme is implemented.
- The Review & Reform programme is now progressing and a budget for the core structure has been agreed. However, there is still some debate over the final funding model for this.
- The inability to agree a funding mechanism for this core budget (and the use of grant funding to fund core salaries) is a concern and this, coupled with the diminishing level of reserves could cast doubt on ERW's ability to continue as a going concern.
- Neath Port Talbot did not pay their contribution but have been receiving all of the benefits of being part of ERW without repercussion (noted that Neath Port Talbot have now paid their contribution but have given notice to withdraw from the ERW Consortium from March 2020).
- Invoices are not being processed for payment on a timely basis and a high volume of journals are still being carried out.
- Financial non-compliance issues (e.g. non-compliance with Standing Orders, VAT not being accounted for on purchase card transactions, purchase card paperwork not submitted on a timely basis).

The factual accuracy of the draft Internal Audit Report has been agreed. Management responses have been received, with the report being finalised on 24 June 2019.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues YES	Staffing Implications NONE
1. Legal Section 6 of the report highlights the need for the Legal Agreement to be reviewed and updated, which is an ongoing recommendation from 2018-19. It also highlights areas for improvement to comply with the General Data Protection Regulations. Section 7 of the report identifies Significant Governance Issues and Priorities for Improvement from 2018-19 which have still not been addressed, namely clarification and formal arrangements for the delegation of grant funding. Section 8 of the report identifies areas of improvement required in the completion of Register of Interest forms by key Members and Officers.				
2. Finance Section 6 of the report highlights that a decision is required on how the core structure of the consortium is to be funded, which requires approval by all Local Authorities. Section 7 of the report highlights that the Business Plan requires costing to align financial resources to outcomes projected. Section 8 of the report highlights areas for strengthening financial processes within the Consortium.				
3. Risk Management Section 6 of the report also highlighted risk management improvements are required in respect of the Review and Reform programme to ensure that all risks are captured and managed appropriately.				

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



Powys
Tudalen 41

Mae'r dudalen hon yn wag yn fwriadol



Internal Audit Service
PRIVATE AND CONFIDENTIAL

Education Through Regional Working (ERW) Consortium

Final Report

Audit No. 18050 (2018/19)

Current Assurance Rating 2018/19	Limited
Progress To Date (↑, ↓ or →)	↑
Previous Assurance Rating 2017/18	Limited

Report issued to:	Geraint Rees, ERW Acting Managing Director Jon Haswell, ERW Section 151 Officer
--------------------------	--

Report copied to:	Ian Eynon, ERW Deputy Section 151 Officer
--------------------------	--

Auditor:	Justin Blewitt, Senior Auditor
-----------------	---------------------------------------

Manager/Reviewer:	Matt Holder, Audit, Risk & Counter Fraud Manager
--------------------------	---

Fieldwork complete:	15/04/19
Draft report issued:	13/05/19
Management comments:	24/06/19
Final report issued:	24/06/19

Education Through Regional Working (ERW) Consortium

This report may contain data as defined by the General Data Protection Regulation 2016 and the Data Protection Act 2018, which must be treated as strictly private and confidential.

1.0 Introduction

- 1.1 An audit review of the Education Through Regional Working (ERW) Consortium has been carried out as part of the 2018/19 Internal Audit Plan, as agreed by the Joint Committee, the ERW Section 151 Officer, and the ERW Acting Managing Director.
- 1.2 The scope of the 2018/19 audit, as approved by the Joint Committee on 8 February 2019 included:
- Follow-up of Previous Internal Audit Recommendations
 - Follow-up of Annual Governance Statement (AGS) Significant Governance Issues and Priorities for Improvement
 - Corporate Governance
 - Business Planning
 - Compliance with Estyn Action Plan
 - Invoice Processing
 - Grant Schedules & Returns from Authorities

2.0 Audit Objectives

- 2.1 To provide assurance to the Joint Committee, the Executive Board, the ERW Section 151 Officer, and the ERW Acting Managing Director that ERW has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively and assisting it to achieve its objectives.
- 2.2 To provide assurance that the 2017/18 recommendations have been implemented.
- 2.3 To identify areas of weakness and risk, good practice and opportunity.

3.0 Audit Methodology

- 3.1 We took an evidence based approach to our audit review using interviews with staff, review of supporting documentation and sample testing to arrive at our opinion.
- 3.2 Compilation of a formal internal audit report making recommendations for improvement and adding value to the ERW Consortium.

4.0 Audit Opinion and Assurance Statement¹

- 4.1 We have identified a number of opportunities for improvement to the adequacy and effectiveness of existing arrangements, which if implemented, would both improve and add value to the ERW Consortium.
- 4.2 Some weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements in place for ERW were identified and these could have an impact on the ability of the Consortium to achieve its objectives. Therefore, **Limited Assurance** is given on the adequacy and effectiveness of the arrangements in place for the ERW Consortium.
- 4.3 Key areas of weakness and risk, good practice and opportunity identified during the audit review are summarised below:

Follow-up of Previous Internal Audit Recommendations & AGS

- Of the 34 recommendations from the previous internal audit review, 18 have been completed in full, 4 have been partially completed, 2 are no longer applicable, and 10 remain outstanding. However, it should be noted that the majority of the outstanding recommendations are minor non-compliance issues or a strategic decision has been taken to put them on hold until the Review & Reform programme has been implemented.
- Of the 2 Significant Governance Issues, and 7 Priorities for Improvement in the AGS, progress has been made with 6 of these. The remaining 3 (relating to the Legal Agreement, the Scheme of Delegation, and compliance with GDPR) require further work in order to fully address them.

Corporate Governance

- There have been improvements in the culture at ERW (more open and honest debate within meetings and employees providing information openly) and improved collaboration and debate between ERW and Local Authorities has resulted in outcomes starting to be agreed, and a way forward for the Consortium beginning to progress.
- The Review & Reform programme is now progressing which will give ERW a foundation of core staff to drive the Consortium forward. A budget for the structure has been agreed, though there is still some debate over the final funding model for this.
- Neath Port Talbot have not paid their contribution for 2017/18 but have received all of the benefits of being part of ERW without repercussion. During the review, Internal Audit was informed that Neath Port Talbot have now paid their contribution for 2018/19 and 2019/20 but have given notice to withdraw from the ERW Consortium from March 2020.

¹ A definition of the Assurance Ratings are shown at Appendix B

- Progress has been made with regards to a number of key governance documents (e.g. approval of the Code of Corporate Governance and Business Plan). There are still a small number of improvements required to enhance the governance arrangements further (e.g. review of the Legal Agreement & Scheme of Delegation, publishing delegated decisions, and ensuring GDPR compliance), though it is noted that a number of these have been on hold, whilst the Review & Reform programme is implemented.

Business Planning

- Assurance was given that Local Authorities have been fully involved with, and had the opportunity to contribute to, the business planning process. This has assisted in the Business Plan being approved by the Joint Committee.
- The Business Plan clearly sets out the roles and responsibilities of ERW and the Local Authorities, and the expectation of schools, with detailed delivery plans, actions and timeframes in place.
- A new process for monitoring implementation of the Business Plan is being introduced this year and will involve a dedicated team (made up of 3 Practitioners, 2 Senior Local Authority staff and 1 Director of Education) being responsible for monitoring the delivery of each stream. The addition of some key performance indicators and creation of an ERW Impact Report will help to demonstrate the success (or otherwise) of the Business Plan implementation.
- The Business Plan has not yet been fully costed, but this is planned as soon as confirmation of the grant funding offer is received from Welsh Government.

Compliance with Estyn Action Plan

- In a follow up visit, Estyn stated that satisfactory progress was being made with the exception of one recommendation where only limited progress was noted (relating to schools causing concern). A new team has been created to help address this and assurance was given that there are signs of progress.

Invoice Processing

- A high volume of journals was carried out in 2018/19 (nearly double the previous year), particularly in the latter half of the year. This was mainly due to the late receipt of grant. With a timely receipt of grant and the reduction in the number of seconded employees, it is anticipated that the number of journals should reduce during 2019/20. This should be monitored.
- Invoices are not being processed for payment on a timely basis.

Grant Schedules & Returns from Authorities

- Improvements were noted in this area with the majority of grant schedules and returns now being submitted within the agreed timeframes. For those which were not, the majority were submitted within a week of that deadline.

- 4.4 The arrangements reviewed and tested which were not deemed fully adequate and effective are shown in tabular format (Action Plan) at Appendix A. Details of the arrangements reviewed and tested which were deemed adequate and effective are available from Internal Audit if required.
- 4.5 Prompt action to implement these recommendations will improve the adequacy and effectiveness of the existing governance, internal control, risk management and financial management arrangements for ERW and assist it to achieve its objectives.
- 4.6 A summary of the Action Plan is shown in the table below:

Expected Arrangements (Controls)		Adequate & Effective ²	Recommendations ³						
			A1*	A2*	B1* ⁴	A3	B2	C1	Other
6	Follow Up of Previous Internal Audit Recommendations	✓	2	2	0	0	5	1	4
7	Follow Up of Annual Governance Statement (AGS) Significant Governance Issues & Priorities for Improvement	✓	0	0	1	0	0	0	0
8-10	Corporate Governance	✗							
8	<i>Governance Arrangements</i>	✓	0	1	1	0	2	1	0
9	<i>Structure & Service Level Agreements</i>	✓	0	1	0	0	0	0	0
10	<i>Financial Stability**</i>	✗	0	0	0	0	0	0	0
11	Business Planning**	✓	0	0	0	0	0	0	0
12	Compliance with Estyn Action Plan	✓	0	0	0	0	0	0	0
13	Invoice Processing**	✓	0	0	0	0	0	0	0
14	Grant Schedules & Returns from Authorities	✓	0	0	0	0	0	0	0
Total			2	4	2	0	7	2	4

* Recommendations graded A1, A2 and B1 may be reported to the Audit Committee

** No recommendations recorded in the table as reference is made to recommendations within other sections

² A definition of the Adequate & Effective ratings are shown at Appendix B

³ A definition of the Recommendation Gradings are shown at Appendix B


⁴ Previous recommendations not implemented (prior to the introduction of the Recommendation Monitoring & Escalation Protocol) are graded B1. Recommendations not implemented after the introduction of the Recommendation Monitoring & Escalation Protocol will be referred to the Director of Resources and the Audit Committee.

5.0 Acknowledgement


5.1 It should be noted that all testing undertaken as part of this audit review was on a sample basis and therefore the results should be considered in this context.

5.2 We would like to thank all staff involved for their co-operation during the audit review. If the Internal Audit Service can be of any further assistance, please contact:
Justin Blewitt, Senior Auditor (extension 5641)
Matt Holder, Audit, Risk & Counter Fraud Manager (extension 6581)


ACTION PLAN

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6	Follow Up of Previous Internal Audit Recommendations				
6.1	Accepted "Governance" recommendations from the previous audit review have been implemented.		<p>Of the 7 "Governance" recommendations from the previous internal audit, 4 have been completed, 1 is no longer applicable, 1 has been partially completed and 1 remains outstanding as follows:</p> <ul style="list-style-type: none"> Standing Orders must be complied with for all instances where individual or aggregate payments to suppliers exceeds £50k and that the spirit of the Standing Orders are followed for all individual or aggregate payments above the value of £5k & below £50k. <p><i>Partially Complete – testing again identified issues of non-compliance. A small number of exceptions were approved but did not cover all significant spend and have now ended (or are coming to an end). A Dynamic Purchasing System (DPS) was set up by Procurement in January 2019 but they are awaiting specification requirements from ERW.</i></p>	<p>a. Contract Procedure Rules must be complied with for all instances where individual or aggregate payments to suppliers exceeds £25k and that the spirit of the Contract Procedure Rules* are followed for all individual or aggregate payments above the value of £5k and below £25k.</p> <p>Grade: C2</p> <p>* The previous Standing Orders have now been superseded by Contract Procedure Rules.</p>	<p>a. Acceptance:</p> <p>Accepted</p> <p>Management Response: Capacity at Senior Level in ERW is largely diminished in the interim period until the new structure is fully implemented. Once appointments are made, individuals will be able to complete the specification requirements of ERW's DPS, and therefore comply with Standing Orders.</p> <p>Timescale for Action: September to December 2019</p> <p>Responsible Officer: ERW SLT + Assistant MD</p>


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.1 (cont)			<ul style="list-style-type: none"> 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. <i>Not Complete - this has been discussed at Joint Committee and a summary setting out what Service Level Agreements are in place and what each Authority is responsible for has been reported. However, review of the Legal Agreement is on hold as it was not thought appropriate to review it until the Review & Reform programme has been implemented.</i> 	<p>b. 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. Grade: A1</p>	<p>b. Acceptance: Accepted Management Response: Once the ERW Review and Reform Programme is completed and the region's strategic leadership is resolved, the Monitoring Officer can begin engaging with the Joint Committee regarding changes to the Legal Agreement, including potential amendments to Service Level Agreements with constituent Local Authorities. Timescale for Action: September 2019 to March 2020 Responsible Officer: Monitoring Officer, ERW Assistant MD / Interim MD</p>


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.2	Accepted "Budgetary Control" recommendations from the previous audit review have been implemented.		<p>Of the 2 "Budgetary Control" recommendations from the previous internal audit, both have been partially completed as follows:</p> <ul style="list-style-type: none"> The level of Local Authority contributions and the level of reserves should be reviewed to determine if they are sufficient or if additional contributions are required from Authorities going forward. <p><i>Partially Complete - review carried out and £1 million core funding required (budget agreed in principle by the Joint Committee in April 2019). Local Authorities have been asked to double their contributions. £500k grant funding being used (initially thought that this would be additional funding from Welsh Government but this is not now the case and will need to be taken from existing grant). The other £500k needs to be provided by Local Authorities (though also looking at the option of keeping Local Authority contributions at £250k and funding the other £250k from grants) (refer also to section 10.3).</i></p>	<p>a. A decision needs to be made on how the new core structure of the Consortium is to be funded (budget of £1 million). Ideally this should not include permanent core posts being funded by grant.</p> <p>Grade: A2</p>	<p>a. Acceptance:</p> <p>Accepted</p> <p>Management Response: The funding model for 2019-20 has been agreed by the Joint Committee with the specific details of a funding model for 2020-21 onwards still under discussion.</p> <p>Timescale for Action: July 2019</p> <p>Responsible Officer: Director of Resources (S151 Officer) and Interim Managing Director</p>


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.2 (cont)			<ul style="list-style-type: none"> A review of journals needs to be carried out to determine the reasons for the high volume in order that processes can be put in place to reduce the number of journals going forward. <p><i>Partially Complete - assurance given that high level review carried out. Testing identified a high volume of journals again this year (nearly double the amount from last year). This was due to the late receipt of grant (not received till October 2018) - all expenditure was coded to the core budget and then moved to the relevant budget code when funding was received. Internal Audit was informed that employees can work across a number of different streams during different periods and salaries are therefore initially coded to the core budget and then moved to the appropriate budget code each month. The same is done for the Admin team but their coding is more fixed and could be coded direct by Payroll to help reduce the number of journals.</i></p>	<p>b. The number of journals carried out should be monitored to ensure they decrease as expected. If numbers do not decrease, the reasons why they continue to be high should be established.</p> <p>Grade: B2</p> <p>c. For contracted employees where the coding of salaries is generally fixed, they should be set up to be coded direct to these codes by Payroll.</p> <p>Grade: B2</p>	<p>b. Acceptance: Accepted Management Response: We will review the way in which we record financial information with a view to reducing the number of journals required. Timescale for Action: July 2019 Responsible Officer: Head of Finance & Business Services (Deputy S151 Officer)</p> <p>c. Acceptance: Accepted Management Response: As above Timescale for Action: As above Responsible Officer: As above</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.3	Accepted "Distribution of Grant Funding" recommendations from the previous audit review have been implemented.		<p>The 1 "Distribution of Grant Funding" recommendation from the previous internal audit has not yet been completed as follows:</p> <ul style="list-style-type: none"> The delegation arrangements for the allocation of grant funding need to be clarified and formally approved by the Joint Committee. <p><i>Not Complete – Scheme of Delegation still needs to be reviewed and formally approved by Joint Committee as conflicting versions have been presented/approved previously. Testing also identified delegated decisions are not currently recorded and published. A new process (Acting Managing Director to agree in consultation with Local Authority Directors) for distributing grant funding based on various different criteria has also been agreed by Joint Committee. The Scheme of Delegation will also need to reflect this.</i></p>	<p>a. The delegation arrangements for the allocation of grant funding need to be clarified and formally approved by the Joint Committee.</p> <p>Grade: A2</p>	<p>a. Acceptance:</p> <p>Accepted</p> <p>Management Response: Two Local Authority Directors are currently working on a paper relating to ERW's governance structure moving forward. Within this piece of work, there will be recommendations on various delegation arrangements.</p> <p>Timescale for Action: August 19, signoff in Autumn 19 Joint Committee</p> <p>Responsible Officer: Lead Director + 1</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.3 (cont)				<p>b. Delegated decisions (delegated to bodies or persons other than Joint Committee) should be recorded and published.</p> <p>Grade: B2</p>	<p>b. Acceptance: Accepted</p> <p>Management Response: As part of ERW's new work programme, there will be Working Groups for priority areas consisting of 3 School Practitioners, 2 LA Staff, and 1 Director of Education. These groups will monitor and agree spend, and will be incorporated into the aforementioned work regarding ERW Governance. Moving forward, Directors will also receive a monthly update on budget summaries which includes delegation of funds to schools.</p> <p>Timescale for Action: September 2019</p> <p>Responsible Officer: ERW Director Group, ERW SLT</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.4	Accepted "Business Plan Implementation & Value for Money" recommendations from the previous audit review have been implemented.		<p>Of the 3 "Business Plan Implementation & Value for Money" recommendations from the previous internal audit, 1 has been completed, and 2 remain outstanding as follows:</p> <ul style="list-style-type: none"> Annual ERW Impact Reports should be publicised in the public domain (potentially via a press release) to raise awareness of the work carried out by ERW and the impact and value being achieved, and increase public perception. Value added should also be aligned to funding where possible. <i>Not Complete – no impact report was completed for 2017/18.</i> Overall ERW Impact Reports, and impact reports for individual grants/projects should include qualitative data, and should be aligned to funding, wherever possible to help evidence the impact on outcomes and value added. <i>Not Complete – no impact report was completed for 2017/18.</i> 	<p>An ERW Impact Report should be produced annually to help evidence the impact of the Consortium's work and the value for money achieved. This should include quantitative data, be aligned to funding, and should be publicised to raise awareness and increase public perception.</p> <p>Grade: C1</p>	<p>Acceptance: Accepted</p> <p>Management Response: While consistency of personnel over time has been an issue regarding the Impact Report, this work will be revisited in the 19-20 academic year, with a view to having a publishable impact report by September 2020.</p> <p>Timescale for Action: September 2020</p> <p>Responsible Officer: ERW Interim MD, ERW Assistant MD, ERW SLT</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.5	Accepted "Project Management of the Review & Reform Programme" recommendations from the previous audit review have been implemented.		<p>Of the 2 "Project Management of the Review & Reform Programme" recommendations from the previous internal audit, 1 has been completed, and 1 has been partially completed as follows:</p> <ul style="list-style-type: none"> A risk register for the Review & Reform programme should be documented as soon as possible. <p><i>Partially Complete - testing confirmed that a risk register for the Review & Reform programme has started to be drafted. This now needs to be completed and finalised to ensure all risks are captured and managed appropriately.</i></p>	<p>The risk register for the Review & Reform programme should be finalised as soon as possible.</p> <p>Grade: B2</p>	<p>Acceptance: Accepted</p> <p>Management Response: While a live Risk analysis of the ERW Review and Reform programme has been difficult, work can move forward with a separate Risk Register detailing potential risks and hazards for the first 12 months of the new system.</p> <p>Timescale for Action: September 2019</p> <p>Responsible Officer: ERW Interim MD / ERW Assistant MD</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.6	Accepted "Preparation for the Introduction of the General Data Protection Regulations (GDPR)" recommendations from the previous audit review have been implemented.		<p>The 1 "Preparation for the Introduction of the General Data Protection Regulations (GDPR)" recommendation from the previous internal audit has not yet been completed as follows:</p> <ul style="list-style-type: none"> A Joint Committee decision is required on how to progress preparations for the introduction of the General Data Protection Regulation (GDPR) urgently. The ICO's "Preparing for the General Data Protection Regulation (GDPR) - 12 steps to take now" would be a useful starting point. <p><i>Not Complete - this is on hold until after the Review & Reform programme has been implemented, and the risk has been accepted. The risk is recorded on the risk register and in the interim, data protection training has been provided to staff.</i></p>	<p>A Joint Committee decision is required on how to ensure compliance with the General Data Protection Regulation (GDPR) urgently. The ICO's "Preparing for the General Data Protection Regulation (GDPR) - 12 steps to take now" would be a useful starting point.</p> <p>Grade: A1</p>	<p>Acceptance: Accepted</p> <p>Management Response: By September, there will be a working group to support the work in Digital Learning and Systems. One key task for this group will be to write a paper on how best to ensure compliance with the General Data Protection Regulation, and make recommendations to the Joint Committee.</p> <p>Timescale for Action: Autumn Joint Committee</p> <p>Responsible Officer: ERW Lead for Digital and Systems</p>


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.7	Accepted "Compliance with Financial Procedures" recommendations from the previous audit review have been implemented.	✓	<p>Of the 17 "Compliance with Financial Procedures" recommendations from the previous internal audit, 11 have been completed in full, 1 is no longer applicable, but issues remain with 5 as follows:</p> <ul style="list-style-type: none"> Invoices should be paid promptly on receipt, and within 30 days at the latest, to avoid claims under the Late Payment of Commercial Debts (Interest) Act 1998. <i>Not Complete – Testing identified that there are still issues with this.</i> Order should be placed on Commitments system at the time of ordering and not only once the invoice has been received. <i>Not Complete – Testing identified there are still issues with this.</i> Monthly purchase card returns should be submitted to Procurement on a timely basis. <i>Not Complete – Procurement stated that there are still issues with these being returned in a timely manner and they require chasing each month.</i> 	<p>a. Invoices should be paid promptly on receipt, and within 30 days at the latest. Grade: B2</p>	<p>a. Acceptance: Accepted Management Response: Arrangements will be put in place to ensure ERW staff forward VAT invoices to the Finance Team for processing in a timely manner. The Finance Team will endeavour to process the invoices promptly and within 30 days. Timescale for Action: July 2019 Responsible Officer: Interim Managing Director and Head of Finance & Business Services (Deputy S151 Officer)</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.7 (cont)			<ul style="list-style-type: none"> Where VAT is applicable, VAT invoices should be requested from suppliers in order that the VAT can be appropriately accounted for. <i>Not Complete – Testing confirmed there were still some issues with VAT not being claimed (where it could be claimed if a VAT invoice had been requested).</i> Care should be taken to ensure VAT is recorded correctly for purchase card transactions. This should also be checked as part of the supervisor review. <i>Not Complete – Testing confirmed still some issues with VAT being claimed when VAT invoices were not present.</i> 	b. Orders should be placed on Commitments System at time of ordering rather than when invoice received. Grade: C2	b. Acceptance: Accepted Management Response: Arrangements will be put in place to ensure that ERW staff are aware of the requirement to place orders on the commitments system at the time of ordering. Timescale for Action: July 2019 Responsible Officer: Interim Managing Director and Head of Finance & Business Services (Deputy S151 Officer)


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.7 (cont)				c. Monthly purchase card returns should be submitted to Procurement on a timely basis. Grade: C2	c. Acceptance: Accepted Management Response: Arrangements will be put in place to ensure that ERW staff are aware of the requirement to submit purchase card returns to Procurement on a timely basis. Timescale for Action: July 2019 Responsible Officer: Interim Managing Director and Head of Finance & Business Services (Deputy S151 Officer)

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
6.7 (cont)				<p>d. Care should be taken to ensure VAT is recorded correctly for purchase card transactions. Where VAT is applicable, VAT invoices should be requested from suppliers in order that the VAT can be appropriately accounted for. This should also be checked as part of the supervisor review.</p> <p>Grade: C2</p>	<p>d. Acceptance: Accepted</p> <p>Management Response: Arrangements will be put in place to ensure ERW staff obtain VAT invoices and pass them to the Finance Team/ Procurement (purchase card transactions) for processing. The Finance Team/Procurement will ensure that VAT is correctly accounted for.</p> <p>Timescale for Action: July 2019</p> <p>Responsible Officer: Interim Managing Director and Head of Finance & Business Services (Deputy S151 Officer)</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
7	Follow Up of Annual Governance Statement (AGS) Significant Governance Issues & Priorities for Improvement				
7.1	Annual Governance Statement (AGS) Significant Governance Issues & Priorities for Improvement have been addressed.	✓	<p>Of the 2 "Significant Governance Issues" from the Annual Governance Statement (AGS), 1 has been completed and 1 remains outstanding as follows:</p> <ul style="list-style-type: none"> The ERW Legal Agreement needs to be reviewed and updated to ensure that it is enforceable and equitable to all member authorities. Governance arrangements should be reviewed; in particular, the composition of the Joint Committee and allocation of Statutory Roles, to ensure that there is no perceived conflict of interest. <p>Of the 7 "Priorities for Improvement", 4 have been completed, 1 has been partially completed and 2 remain outstanding as follows:</p> <ul style="list-style-type: none"> The Scheme of Delegation needs to be reviewed to ensure that it is robust and operationally practical, whilst ensuring that there is clarity and transparency in decision-making. Decisions need to be recorded so that there is a clear audit trail for accountability purposes. 	Refer to recommendation 6.1b and 6.3a	Refer to recommendation 6.1b and 6.3a


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
7.1 (cont)			<ul style="list-style-type: none"> The ERW business planning timescales should be aligned to the financial planning timescale of the Consortium to enable effective planning within available resources. Measures need to be taken to ensure that ERW is compliant with changes to Data Protection legislation (General Data Protection Regulation and the Data Protection Act 2018) which came into effect on 25 May 2018. This will need to include the appointment of a designated Data Protection Officer (refer to recommendation 6.6) 	<p>As soon as funding arrangements have been received from Welsh Government, the business plan should be fully costing.</p> <p>Grade: B1</p>	<p>Acceptance: Accepted</p> <p>Management Response: This exercise has commenced and should be completed by July 2019.</p> <p>Timescale for Action: July 2019</p> <p>Responsible Officer: Interim Managing Director and Head of Finance & Business Services (Deputy S151 Officer)</p>
8	Corporate Governance - Governance Arrangements				
8.1	Core Principle A (Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law) of the Local Code of Corporate Governance is being applied.		The Legal Agreement (and associated Service Level Agreements) still require updating but these have been deferred until after the Review & Reform programme has been implemented (refer to recommendation 6.1b and 9.1). Neath Port Talbot have not yet paid their contribution (as per the Legal Agreement) but have remained part of the Consortium without repercussion.		

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
8.1 (cont)			<p>However, Internal Audit was informed during the Internal Audit review that they have now paid their contribution but have given notice to withdraw from the Consortium in March 2020.</p> <p>Declarations of interest are requested as a standing agenda item at Joint Committee meetings, though no declarations have ever been made.</p> <p>Declarations of interests are captured annually but testing identified that they were not present for all Joint Committee Members/Executive Board Members/Senior Officers, and those that were present were now out of date (should be updated annually).</p>	<p>Register of interest forms should be completed by all Joint Committee Members, Executive Board Members, and Senior Officers, on an annual basis.</p> <p>Grade: C1</p>	<p>Acceptance: Accepted</p> <p>Management Response: Expressions of Interest were circulated for completion in the May 2019 Joint Committee meeting, with a deadline to be completed by the end of June. As new Senior Officers begin in post in September, their declarations will be completed during their induction cycle. These will then be passed on to the ERW Monitoring Officer.</p> <p>Timescale for Action: September 2019</p> <p>Responsible Officer: ERW Executive Officer</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
8.2	Core Principle B (Ensuring openness and comprehensive stakeholder engagement) of the Local Code of Corporate Governance is being applied.		The Scheme of Delegation requires review and formal approval by the Joint Committee as conflicting versions have been presented previously (refer to recommendation 6.3a). The audit also identified that delegated decisions are also not currently recorded and published (refer to recommendation 6.3b).	a. Minutes of the Executive Board and ERW Scrutiny Councillor Group meetings should be published online on a timely basis. Grade: A2	a. Acceptance: Accepted Management Response: Work is currently being undertaken to ensure that the ERW Scrutiny Councillor Group meetings are published in a timely manner, including setting up a direct communication stream between the Lead Scrutiny Officer in Swansea, and the ERW Systems Officer. (continued) Timescale for Action: September 2019 Responsible Officer: Lead Director + 1, Lead Scrutiny Officer, Executive Officer
Management Response (continued): Regarding the Executive Board, the paper on ERW Governance being constructed by 2 LA Directors will make recommendations on the content of Executive Board agendas, which will allow ERW to make an informed decision on publication of minutes and agendas.					



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
8.2 (cont)			<p>Whilst Joint Committee meetings minutes are published online (February 2019 and April 2019 not yet published), the same process is not in place for Executive Board and the ERW Scrutiny Councillor Group. Executive Board meetings are not open to the public and minutes are not published. ERW Scrutiny Councillor Group meetings are open to the public and minutes are published online but they are within the agenda for the next meeting resulting in them not being published for a number of months (when the next agenda is due to be published) and are not immediately easily accessible. No meetings are currently webcast.</p> <p>The Consortium is a public authority in terms of the Freedom of Information Act and deals with requests as appropriate. However, it does not currently have a Publication Scheme as required by the Act.</p>	<p>b. A Freedom of Information Act Publication Scheme should be documented as soon as possible. Guidance is available on the Information Commissioner's Office (ICO) website.</p> <p>Grade: B2</p>	<p>b. Acceptance:</p> <p>Accepted</p> <p>Management Response:</p> <p>Following the Review and Reform Programme, the Monitoring Officer will work on the Legal Agreement, including provision of SLAs with Local Authorities. There is scope within this exercise to look at the potential of an SLA with a Local Authority to support Freedom of Information Act services.</p> <p>Timescale for Action:</p> <p>April 2020</p> <p>Responsible Officer:</p> <p>ERW Interim MD, ERW S151, ERW Monitoring Officer</p>


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
8.3	Core Principle D (Determining the interventions necessary to optimise the achievement of the intended outcomes) of the Local Code of Corporate Governance is being applied.	✓	The Business Plan has been approved by Joint Committee and new monitoring processes are being introduced this year. However, the Business Plan (and lower level plans) do not currently include any key performance indicators. The introduction of some key performance indicators could assist with evidencing the achievement of intended outcomes. Internal Audit was informed that discussions around this have taken place.	The Business Plan should be updated to include some key performance indicators to assist with evidencing the achievement of the intended outcomes, and with the scrutiny process. Grade: B2	Acceptance: Accepted Management Response: The approach to KPI moving forward will move away from data driven judgements, in line with the national direction of travel. ERW's performance will then be judged on achieving the aims stated in the Welsh Government National Mission document, and workstreams will decide on their means of measuring progress against the National Mission. Timescale for Action: Ongoing activity, but will be able to make judgements on impact and performance by April 2020. Responsible Officer: ERW Interim MD, ERW Assistant MD, ERW SLT and Project Leads

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
8.4	Core Principle E (Developing ERW's capacity including the capability of its leadership and the individuals within it) of the Local Code of Corporate Governance is being applied.		<p>As stated previously, the ERW Legal Agreement and the Scheme of Delegation both require review. There have been recent issues with the Senior Leadership team, the Lead Chief Executive on long term sick leave and the Lead Director resigning. A new Lead Director (Pembrokeshire) and temporary Lead Chief Executive (Ceredigion) have now been appointed but it needs to be ensured that these appointments do not result in conflicts of interest or an imbalance of power (with Ceredigion already holding the role of Chair and Pembrokeshire already holding the role of Section 151 Officer and many of the corporate functions).</p> <p>Internal leadership of the Consortium is also turbulent currently, with staff only employed on a secondment basis and not being clear on whether they will remain part of the organisation going forward. The implementation of the proposed new structure should help address these issues.</p> <p>There may be further difficulties in the interim period until the new structure is in place.</p>	Refer to recommendation 6.1b and 6.3a	Refer to recommendation 6.1b and 6.3a

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
8.4 (cont)			Two of the current Senior Leadership Team are leaving ERW after Easter and one is on long term sickness absence. The ERW Acting Managing Director gave assurance that interim arrangements are being put in place to manage this risk.		
8.5	Core Principle F (Managing risks and performance through robust internal control and strong public financial management) of the Local Code of Corporate Governance is being applied.	✓	New processes are being introduced this year to monitor service delivery and to implement the Business Plan. The introduction of some key performance indicators could assist with this (refer to recommendation 8.3). Processes for managing data require additional work, as no work has yet been done (other than data protection training for staff) to ensure compliance with GDPR and the Data Protection Act 2018. This has been deferred until after the Review & Reform programme has been implemented. The risk has currently been accepted and is included on the risk register (refer to recommendation 6.6). There is also not currently any data sharing agreement between ERW and Local Authorities.	The type of data shared between the Consortium and Local Authorities should be investigated to determine if a data sharing agreement is required. If necessary, a Data Sharing Agreement should then be documented and signed by all parties. Grade: B1	Acceptance: Accepted Management Response: ERW is currently considering all possible avenues regarding their continued collation of data, and this has been agreed to be within the scope of the re-arrangement of ERW's business support arrangements. Once this is resolved, the ERW Data resource will work with LA counterparts to make a recommendation to Joint Committee regarding Data Sharing Agreements. Timescale for Action: Autumn Term 2019 Responsible Officer: ERW Interim MD

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
8.6	Core Principle G (Implementing good practices in transparency, reporting and audit to deliver effective accountability) of the Local Code of Corporate Governance is being applied.	✓	As noted previously, the Legal Agreement requires review, Executive Board and Joint Scrutiny Group minutes are not currently published on a timely basis, and the costs and benefits associated with webcasting should be investigated.	Refer to recommendations 6.1b, 8.2a and 8.2b	Refer to recommendations 6.1b, 8.2a and 8.2b
9	Corporate Governance - Structure & Service Level Agreements				
9.1	Service Level Agreements (SLAs) have been formalised and documented for key functions.	✓	A report setting out the arrangements currently in place for key functions, and whether a Service Level Agreement (SLA) had been formally documented was presented to Joint Committee in February 2019. This identified that a number of arrangements have changed since the Legal Agreement was agreed and that this now requires updating (refer to recommendation 6.1b). It also identified that a Service Level Agreement (SLA) has not yet been documented for a number of key functions.	The provision of key functions for the Consortium should be opened up to all Local Authorities for expressions of interest, and Service Level Agreements (SLAs) should then be documented for each. Grade: A2	Acceptance: Accepted Management Response: See below Timescale for Action: Autumn Term 2019 Responsible Officer: ERW Interim MD / ERW Monitoring Officer / ERW Lead Chief Executive
Management Response: With the Review and Reform programme restricting the ability to open for expressions of interest for 2019-2020, the Joint Committee can begin to receive expressions of interest for the 2020-2021 financial year as early as their Autumn Term meeting.					

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
9.2	Service Level Agreements (SLAs) are opened up for expressions of interest to all Local Authorities.		Service Level Agreements (SLAs) have not been opened up to all Local Authorities for expressions of interest for a number of years. The Acting Managing Director stated that this is planned after the new organisation structure has been put in place (planned for September 2019).	Refer to recommendation 9.1	Refer to recommendation 9.1
9.3	Service Level Agreements (SLAs) are distributed fairly across all Local Authorities.		<p>Currently, there are 12 key functions which Local Authorities provide for the Consortium. The current provision of these is broken down as follows:</p> <ul style="list-style-type: none"> • Pembrokeshire – 7 functions (58.5%) • Ceredigion – 2 functions (17.5%) • Carmarthenshire – 1 function (8%) • Swansea – 1 function (8%) • Vacant – 1 function (8%) <p>This shows that Pembrokeshire carry out the majority of key functions for ERW, with Ceredigion next. With the Lead Director role also now being held by Pembrokeshire, and Ceredigion holding the role of Lead Chief Executive and Chairman, it needs to be ensured that there is not an imbalance of power. Inviting SLAs for expressions of interest should assist with this.</p>	Refer to recommendation 9.1	Refer to recommendation 9.1

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
10	Corporate Governance - Financial Stability				
10.1	ERW has sufficient funding for core staff and functions.		Historically, grant funding has been used to fund core posts. A new organisation structure has now been approved and a core budget (£1 million) for this has been agreed. However, the funding of this budget is still being negotiated. Welsh Government have agreed for £500k to be funded from the Regional Consortium School Improvement Grant (it was originally thought that this would be an additional £500k but this is not now the case which means use of this funding to fund core staff will result in a reduction of funds being delegated to schools). It is proposed for the remaining £500k to be funded by increased contributions from Local Authorities but this cannot currently be agreed and attempts are being made to keep Local Authority contributions at the current level of £250k. If this proposal is successful then it will result in an additional £250k being funded from grant money taking the total to £750k.	Refer to recommendation 6.2a	Refer to recommendation 6.2a

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
10.2	All Local Authority contributions have been received.	✓	All Local Authority contributions for 2018/19 have been received with the exception of Neath Port Talbot. Whilst the audit report was being finalised, confirmation was received that Neath Port Talbot have now paid.	-	-
10.3	There are no material uncertainties that may cast significant doubt about ERW's ability to continue as a going concern.	✗	<p>Previously there would have been a number of employees funded by grant money. This creates an element of uncertainty if the funding were to cease or the grant terms and conditions were amended resulting in these funds no longer being able to be used to fund these salaries.</p> <p>The new agreed structure will result in a significant reduction in the number of seconded employees and will establish a core structure and budget (£1 million) for the Consortium.</p> <p>However, the inability to agree a funding mechanism for this core budget (and the use of grant funding to fund core salaries) is a concern and this, coupled with the diminishing level of reserves (reduced from £406k at 31/03/17 to £145k at 31/03/19), could cast doubt on ERW's ability to continue as a going concern.</p>	Refer to recommendation 6.2a	Refer to recommendation 6.2a

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
11	Business Planning				
11.1	The business planning process ensures that the Business Plan is financially costed and is aligned with the financial model.	✓	A core structure has been put in place to help deliver the Business Plan and this structure has been costed. The Business Plan has been approved by Joint Committee but has not yet been fully costed. This is due to be done once confirmation of funding has been received from Welsh Government.	Refer to recommendation 7.1	Refer to recommendation 7.1
12	Compliance with Estyn Action Plan	✓	No issues were identified.	-	-
13	Invoice Processing				
13.1	Invoices are processed for payment on a timely basis.	✗	Testing confirmed that invoices were not always processed for payment on a timely basis. Of the 47 invoices reviewed (sample of 50 selected but 2 had not yet been scanned and 1 was processed by IT), 21 (45%) were not paid within 30 days - 11 of these took 50 days or more to pay, and of these 5 took over 100 days to pay (4 of these taking over 200 days).	Refer to recommendation 6.7a	Refer to recommendation 6.7a

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
13.1 (cont)			The invoices which took over 100 days to pay were investigated in more detail to establish the reasons for the delays. For 2, the supplier had not provided details to set them up to make the payment, 1 was due to the officer who ordered leaving ERW and ERW not being aware of the cost, and the remaining 2 were due to the invoice being mislaid.		
13.2	Invoices are processed correctly and posted to the correct budget code.	✓	<p>A sample of journals was tested and identified that the majority were due to the late receipt of grant funding and the decision being taken to code everything to the core budget until funding was received (when funding was received, everything was moved to the relevant code).</p> <p>The majority were also salary related, with some ERW employees working across different teams at different times and their salaries therefore being coded to the core budget and moved each month. The Administrative team are set up the same way but the coding of their salaries is generally known and could therefore be coded directly to the relevant budget by Payroll.</p>	Refer to recommendation 6.2c	Refer to recommendation 6.2c

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
14	Grant Schedules & Returns from Authorities	✓	No issues were identified.	-	-

Assurance Ratings

Level of Assurance	Description
Full	There are either no weaknesses or only low impact weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which if addressed would further improve the ability of the Consortium to achieve its objectives. These weaknesses do not affect key elements of the arrangements in place and are unlikely to impair the ability of the Consortium to achieve its objectives. Therefore, we can conclude that the arrangements are adequate and are operating effectively, assisting the Consortium to achieve its objectives.
Substantial	There are some weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could impair the ability of the Consortium to achieve its objectives. However, they would either be unlikely to occur or their impact would be less than high.
Limited	There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could have a significant impact on the ability of the Consortium to achieve its objectives.
None	There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements which, in aggregate, have a significant impact on the ability of the Consortium to achieve its objectives.

Recommendation Gradings

Action	Requires strategic management action or a corporate policy or procedural decision.	A	A1*	A2*	A3
	Requires operational management action or a directorate/service policy or procedural decision.	B	B1*	B2	B3
	Continued compliance with an existing policy or procedure.	C	C1	C2	C3
			1	2	3
			Critical	Important	Desirable
			Seriousness		

*May be reported to the Audit Committee

Adequate & Effective Ratings

- ✓ Adequate and effective
- ✓ or ✗ Partially adequate and effective
- ✗ Not adequate and effective

Mae'r dudalen hon yn wag yn fwriadol

CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

BARN SICRWYDD FLYNYDDOL PENNAETH ARCHWILIO MEWNOL CONSORTIWM ERW AR GYFER 2018-19

Y Pwrpas:

Rhoi barn flynyddol y Pennaeth Archwilio Mewnol i'r Cyd-bwyllgor ar effeithiolrwydd trefniadau ERW o ran llywodraethu, rheoli mewnol, rheoli risg a rheoli ariannol.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Nodi Barn Sicrwydd Flynyddol y Pennaeth Archwilio Mewnol ar gyfer 2018-19.

Y RHESYMAU:

Cynorthwyo'r Cyd-bwyllgor i lywio Datganiad Llywodraethu Blynyddol ERW ar gyfer 2018-19.

Awdur yr Adroddiad:	Swydd:	Rhif Ffon: 01437 776213
Jo Hendy	Pennaeth Archwilio Mewnol	E: bost Joanne.hendy@pembrokeshire.gov.uk



**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
15 JULY 2019**

ERW Consortium Internal Audit Report 2017-18

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide the Joint Committee with the opinion of the Head of Internal Audit on the effectiveness of ERW's governance, internal control, risk management and financial management arrangements, in order to inform ERW's Annual Governance Statement.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues NONE	Staffing Implications NONE
<p>1. Legal</p> <p>Section 4 within the report highlights the requirement to review and update the Legal Agreement and Service Level Agreements following completion of the Review & Reform programme.</p> <p>Working practices need to be reviewed to ensure compliance with Data Protection legislation.</p>				
<p>2. Finance</p> <p>Section 4 within the report highlights the need for improvement in scrutiny and transparency by having a costed business plan in place, which is monitored by the Joint Committee to ensure that priorities are funded, outcomes are being delivered and value for money is achieved.</p>				

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



Mae'r dudalen hon yn wag yn fwriadol

EDUCATION THROUGH REGIONAL WORKING (ERW)

Head of Internal Audit Annual Assurance Opinion 2018-19

1.0 Introduction

- 1.1 The Public Sector Internal Audit Standards came into effect on the 1st April 2013 and require the Head of Internal Audit to “deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement”.
- 1.2 The purpose of the annual internal audit opinion is to contribute to the assurances available to the Section 151 Officer and the Joint Committee which underpin the assessment of the effectiveness of the system of internal control for ERW. The audit work undertaken has been based on a risk assessment and the Joint Committee will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement.

2.0 Internal Audit Work 2018-19

- 2.1 The Internal Audit Plan for 2018-19 was a fully risk-based audit plan, which was agreed with the Acting Managing Director and the Section 151 Officer and approved by the Joint Committee on the 8 February 2019.
- 2.2 The Internal Audit Plan for 2018-19 consisted of the following:
- Follow-up of Previous Internal Audit Recommendations
 - Follow-up of the Annual Governance Statement 2017-18 Action Plan
 - Corporate Governance
 - Business Planning
 - Compliance with ESTYN Action Plan
 - Invoice Processing
 - Grant Schedules & Returns from Authorities
- 2.3 The Joint Committee at their meeting on 3 April 2019, requested an Internal Investigation into the authorisation, source, and terms and conditions of Leaders of Learning staff funding arrangements.

3.0 Head of Internal Audit Opinion

- 3.1 In order to form an opinion on each audit review, the Internal Audit Service have to obtain sufficient evidence on which to base their opinion, and by necessity this results in testing on a sample or selected basis and having to place reliance on assurances provided by management. Due to this, Internal Audit are unable to provide absolute assurance that all the governance, internal control, risk

management and financial management arrangements in place in the areas audited are fully adequate and effective.

- 3.2 Based on the work undertaken by the Internal Audit Service during 2018-19 (including the Internal Audit Review undertaken in April/May 2019), it is my opinion that overall, subject to variation between areas audited, that limited assurance (although improvement is noted since 2017-18) is given on the effectiveness of governance, internal control, risk management and financial management arrangements in place. Management have agreed to implement the recommendations made following the Internal Audit review. The implementation of these recommendations in an effective and timely manner will assist in strengthening the governance, internal control, risk management and financial management arrangements in place.
- 3.3 In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit undertook a self-assessment of compliance with the Public Sector Internal Audit Standards. The Assessment concluded that the Internal Audit Service conforms to the Code of Ethics and the Public Sector Internal Audit Standards.

4.0 Delivery of the Audit Plan

- 4.1 The internal audit plan has been delivered in accordance with the schedule agreed by the Acting Managing Director, Section 151 Officer and the Joint Committee.
- 4.2 The Internal Audit quality assurance and improvement programme has confirmed compliance with the mandatory requirements of the Public Sector Internal Audit Standards.
- 4.3 Overall, limited assurance was given on the adequacy and effectiveness of arrangements in place. Following engagement across the region, the Review and Reform Programme was approved by the Joint Committee in February 2019. This will assist to address some of the governance arrangements highlighted during 2017-18 and 2018-19 by Internal Audit.

Other areas identified within the Internal Audit review which should be considered for inclusion within the Annual Governance Statement:

- Review and update the ERW Legal Agreement and Service Level Agreements following completion of the Review & Reform Programme;
- Improving transparency: delegation arrangements should be clarified and formally approved by the Joint Committee. Delegated decisions should be recorded and published. Minutes of the Executive Board and the ERW Scrutiny Councillor Group should be published. Register of interest forms should be completed annually and made available to the Joint Committee;

- Improved scrutiny: introduction of an Annual ERW Impact Report to assess and evidence the impact of the Consortium's work and the value for money achieved. Regular performance monitoring via the Joint Committee to ensure that the Business Plan is delivering the expected outcomes and within the approved budget and grant conditions.
- Working practices need to be reviewed to ensure compliance with Data Protection legislation.

Mae'r dudalen hon yn wag yn fwriadol

CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

DATGANIAD LLYWODRAETHU BLYNYDDOL 2018-19

Y Pwrpas:

Darparu ar gyfer y Cyd-bwyllgor ganfyddiadau'r adolygiad blynyddol o'r trefniadau Llywodraethu ar gyfer Consortiwm ERW ar gyfer 2018-19.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Adolygu a chymeradwyo Datganiad Llywodraethu Blynyddol 2018-19.

Y RHESYMAU:

Gofyniad statudol

Awdur yr Adroddiad:	Swydd:	Rhif Ffon: 01437 776213
Jo Hendy	Pennaeth Archwilio Mewnol	E: bost Joanne.hendy@pembrokeshire.gov.uk



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

ANNUAL GOVERNANCE STATEMENT 2018-19

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide the Joint Committee with the findings from the annual review of Governance arrangements 2018-19 for the ERW Consortium and to agree the Significant Governance Issues and the Priorities for Improvement.

Management action plans have been received, and are in the process of being agreed and finalised.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues NONE	Staffing Implications NONE
<p>1. Legal</p> <p>The review and update of ERW's Legal Agreement is still included as a Significant Governance Issue. The roles and responsibilities of ERW should be reviewed to ensure an equitable balance of power and responsibility within the region. The publishing of Executive Board minutes has been included as a Priority for Improvement to ensure that there is transparency of meetings as well as providing the Joint Committee with assurance that effective challenge is being undertaken. The delegation arrangements for the Consortium have also been included as a Priority for Improvement as there are no records of any delegated decisions being published.</p>				
<p>2. Finance</p> <p>The business plan is not fully costed to ensure that priorities are deliverable or that the business plan provides value for money. Virements both between and within grants should be formalised to ensure clarity, transparency and scrutiny of transfers made. Both of these have been included as Priorities for Improvement.</p>				

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



Mae'r dudalen hon yn wag yn fwriadol



Ein Rhanbarth ar Waith
Education through Regional Working

Datganiad Llywodraethu Blynyddol 2018-19

Annual Governance Statement 2018-19

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

‘Improving Learning Together’

Mission Statement:

‘ERW has a clear mission of actively working together to improve teaching and learning to secure the best outcomes for all learners.’

ERW’s Aims:

- **Improve the quality of Leadership and its impact on outcomes;**
- **Improve the quality of teaching and learning experiences and its impact on outcomes;**
- **Reduce the impact of poverty on attainment, support vulnerable learners, and ensure all learners reach their potential;**
- **Deliver high quality and bespoke support, challenge and intervention to schools;**
- **Communicate effectively with all stakeholders.**

ERW’s Values:

- **Equity & Fairness**
- **Supportive**
- **Innovation**
- **Collaboration**
- **Integrity**

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 priorities 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 learners and other stakeholders.

ERW Governance Framework

The [ERW Code of Corporate Governance](#) was approved by the Joint Committee on 16 July 2018.

The [ERW Business Plan 2018-19](#) was approved by the Joint Committee on 12 October 2018. The Business Plan identified the following four improvement priorities that match with the enabling objectives of The National Mission:

- To develop a high-quality education profession;
- To develop inspirational leaders and to facilitate them working collaboratively to raise standards;
- To develop strong and inclusive schools that are committed to excellence and wellbeing;
- To develop robust assessment, evaluation and accountability processes that support a self-improving system.

In addition to the detailed plan to deliver the improvement priorities, the Business Plan 2018-19 outlines ERW's approach to:

- Delivering Local, Regional & National Priorities;
- Approach to School Improvement;
- The Welsh Language;
- The Business Planning Process (including the Value for Money Framework).

Following extensive engagement across the Region a proposal for [ERW's Review & Reform](#) Programme was approved by the Joint Committee on 8 February 2019 as a working model, subject to further budget discussions.

Joint Committee

The [Joint Committee](#) is made up of the six Local Authority Leaders supported by the six Chief Executives and is advised by Lead/Statutory Officers, the Executive Board and external school improvement experts. 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 (or deputy) and external members.

Scrutiny

All work streams 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. In March 2019, the Scrutiny Group reviewed their Terms of Reference and agreed the following changes:

- Increase meetings to four times a year (month preceding a Joint Committee meeting);
- Alignment of the work programme with the Joint Committee work programme
- Standing agenda items and attendance at meetings.

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/Lead Officers

During 2018-19, only the Managing Director role changed:

- Lead Chief Executive – Phil Roberts (Chief Executive, Swansea)
- Lead Education Director – Ian Budd (Director of Education, Powys)
- Managing Director – Geraint Rees (Interim Managing Director) took over from Betsan O'Connor in October 2018
- S151 Officer – Jon Haswell (Director of Resources, Pembrokeshire)
- Monitoring Officer – Elin Pryor (Monitoring Officer, Ceredigion)

In April 2019, Eifion Evans (Chief Executive, Ceredigion) was appointed as Temporary Lead Chief Executive due to the absence of the Lead Chief Executive and Ms Kate Evan-Hughes (Director for Children & Schools, Pembrokeshire) was appointed as the Lead Education Director following the departure of the former Lead Education Director from the region.

Central Team

In September 2018, an engagement exercise was undertaken with the 6 Local Authorities' education department leads and subsequently with the wider head teacher community across the region. Following feedback from the exercise the current organisational structure was evaluated, resulting in a proposal for a new central staffing structure which was approved by the Joint Committee in February 2019.

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. To ensure that the Internal Audit plan is appropriately risk-based, it is agreed on an academic year and undertaken in the latter quarters of the year. In accordance with the Public Sector Internal Audit Standards, a risk-based plan of work was agreed with the Section 151 Officer and the Interim Managing Director and was approved by the Joint Committee in February 2019. The Head of Internal Audit's Annual Assurance Opinion concluded that overall, limited assurance is placed on the adequacy and effectiveness of governance, internal control, financial management and risk management arrangements in place. Management have agreed to implement the recommendations made following the internal audit review. The implementation of these recommendations in an effective and timely manner will assist in strengthening the governance, internal control, risk management and financial management arrangements in place.

Internal Audit were asked to undertake an investigation into the Leaders of Learning Programme, including funding and governance arrangements. This work concluded in June 2019 and findings from this investigation have also fed into the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit undertook a self-assessment of compliance with the Public Sector Internal Audit Standards. The Assessment concluded that the Internal Audit Service conforms to the Code of Ethics and the Public Sector Internal Audit Standards.

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. No reviews were undertaken during 2018-19, however Estyn have undertaken a review in June 2019, and a formal report is awaited but positive verbal feedback was received.

Business Risk Management

Members and Officers are responsible for ensuring that risk is considered in the decisions that they take and suitable arrangements are put in place to manage risk. Business Risk Management arrangements have been strengthened during 2018-19. The Joint Committee has responsibility for overseeing the ERW's Business Risk Management arrangements. The table below is a summary of movement of risks in ERW's risk register for 2018-19:

Risk	Residual Rating February '19	Residual Rating October '18	Residual Rating July '18
ERW Estyn Monitoring result in follow up/Failure to comply with Estyn Action Plan	12	16	16
Cuts to School Services/Cuts to School Budgets	12	12	12
Failure to deliver Business Plan	9	9	16
New National Model/Deliver National Mission	9	9	9
Pembrokeshire Estyn Monitoring result in follow up	8	8	
Carmarthenshire Estyn Monitoring result in follow up	8	8	
Org Design, Governance or Legal footing found to be ineffective/ERW Governance	8	8	16
Non-compliance with Grant Terms and Conditions/WG Grant Compliance	8	12	12
Data Protection	8	8	
ERW is found to not provide Value for Money	8	8	9
LA failure to comply with Grant Regulations	8	8	6
Timeliness of Welsh Government Funding	6	6	6
Powys Estyn Monitoring result in follow up	4	4	
Ceredigion Estyn Monitoring result in follow up	4	4	4
Swansea Estyn Monitoring result in follow up	4	4	
Neath Port Talbot Estyn Monitoring result in follow up	4	4	
ERW Central Team Accommodation	3	3	6

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 2018-19 was informed by a self-assessment of compliance with the CIPFA Delivering Good Governance in Local Government Framework 2016, which all Education Directors and Lead/Statutory Officers, along with the Interim Managing Director, were requested to complete. Additional assurance was provided from the Head of Internal Audit Annual Assurance Opinion based on the work undertaken by Internal Audit in 2018-19, and the minutes from the ERW Joint Committee and Executive Board. 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.

Two Significant Governance Issues have been identified, along with six Priorities for Improvement. The action plan on page nine provides further detail along with the actions planned and timescales for addressing.

Review of ERW's Governance Arrangements for 2018-19

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

- Letter from Scrutiny;
- Internal Audit Report;
- Statement of Accounts;
- Head of Internal Audit Opinion;
- Joint Committee Minutes;
- Annual Assurance Checklists and Statements_

Areas for Improvement

- Completing the Review & Reform Programme;
- Legal Agreement and distribution of key roles and responsibilities;
- Transparency of meetings of the Executive Board;
- Transparency of grant funding arrangements;
- Review of delegation arrangements;
- Fully costed Business Plan;
- Data Protection Compliance arrangements;
- Completion of Register of Interest forms.

Significant Governance Issues 2018-19

Significant Governance Issues	Action Planned	Timescale and Lead Officer
<p>Following extensive engagement across the region during 2018-19, the ERW Review & Reform Programme was approved by the Joint Committee in February 2019 as a working model, subject to further budget discussions.</p> <p>Discussions have been held with Section 151 Officers, Leaders and Chief Executives to discuss the revised funding model for 2019-20 and beyond.</p> <p>This is a key piece of work for ERW which will be prioritised for delivery in 2019-20.</p>	<p>The funding model for 2019-20 has been agreed by the Joint Committee with the specific details of a funding model for 2020-21 onwards still under discussion.</p>	<p>July 2019</p> <p>Director of Resources (S151 Officer) and Interim Managing Director</p>
<p>The ERW Legal Agreement needs to be reviewed and updated following conclusion of the Review & Reform Programme.</p> <p>Governance arrangements should be reviewed; in particular, the distribution of roles and responsibilities, to ensure that there is an equitable balance of power and responsibility.</p>	<p>Once the ERW Review and Reform Programme is completed and the region's strategic leadership is resolved, the Monitoring Officer can begin engaging with the Joint Committee regarding changes to the Legal Agreement, including potential amendments to Service Level Agreements with constituent Local Authorities</p>	<p>September to March 2020</p> <p>Monitoring Officer, ERW Assistant MD / Interim MD</p>
Priority for Improvement	Action Planned	Timescale and Lead Officer
<p>There needs to be greater transparency of meetings of the Executive Board through publishing minutes of meetings. This should also provide evidence to the Joint Committee that robust challenge is undertaken by the Executive Board, including delivery of outcomes, financial challenge and value for money scrutiny.</p>	<p>Regarding the Executive Board, the paper on ERW Governance being constructed by 2 LA Directors will make recommendations on the content of Executive Board agendas, which will allow ERW to make an informed decision on publication of minutes and agendas</p>	<p>September 2019</p> <p>Lead Director + 1.</p>

Priority for Improvement	Action Planned	Timescale and Lead Officer
<p>There needs to be greater transparency over grant funding arrangements. The Joint Committee should approve utilisation of grant funding and ratify decisions delegated to the Executive Board, this should include any centrally retained funding.</p> <p>The expenditure virement process between grants should be formalised to ensure clarity, transparency and scrutiny of transfers.</p>	<p>Directors are currently working on a paper relating to ERW's governance structure moving forward. Within this piece of work, there will be recommendations on various delegation arrangements.</p> <p>Virements between elements of the RCSIG are going to be reported to the ERW Directors on a monthly basis moving forward, as well as the monthly detailing of payments to Local Authorities and their schools.</p>	<p>August 2019, signoff in Autumn 2019 Joint Committee</p> <p>Lead Director + 1</p> <p>Interim MD</p>
<p>Delegation arrangements should be clarified and formally approved by the Joint Committee. Records should be published of delegated decisions to improve transparency and accountability.</p>	<p>As part of ERW's new work programme, there will be Working Groups for priority areas consisting of 3 School Practitioners, 2 LA Staff, and 1 Director of Education. These groups will monitor and agree spend, and will be incorporated into the aforementioned work regarding ERW Governance. Moving forward, Directors will also receive a monthly update on budget summaries, which includes delegation of funds to schools.</p>	<p>September 2019</p> <p>ERW Director Group, ERW SLT.</p>
<p>The Business Plan should be fully costed to ensure priorities are deliverable and performance measures identified which demonstrate value for money. Performance should be monitored by the Joint Committee throughout the year to ensure that outcomes are delivered in accordance with National Priorities and value for money is being achieved.</p>	<p>This exercise has commenced and should be completed by July 2019.</p>	<p>July 2019</p> <p>Interim Managing Director and Head of Finance & Business Services (Deputy S151 Officer)</p>

<p>Arrangements to ensure compliance with Data Protection legislation need to be put in place.</p>	<p>By September, there will be a working group to support the work in Digital Learning and Systems. One key task for this group will be to write a paper on how best to ensure compliance with the General Data Protection Regulation, and make recommendations to the Joint Committee.</p>	<p>Autumn Joint Committee</p> <p>ERW Lead for Digital and Systems</p>
<p>Register of Interest forms should be completed annually, continuously considered for potential conflicts and should be available for review by the Joint Committee.</p>	<p>Expressions of Interest were circulated for completion in the May 2019 Joint Committee meeting, with a deadline to be completed by the end of June. As new Senior Officers begin in post in September, their declarations will be completed during their induction cycle. These will then be passed on to the ERW Monitoring Officer.</p>	<p>September 2019</p> <p>ERW Interim MD</p>

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 ERW Interim Managing Director

Date:

Signed by Lead Chief Executive

Date:

Signed by Chair of the Joint Committee

Date:

Mae'r dudalen hon yn wag yn fwriadol

CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

DATGANIAD O GYFRIFON ERW AR GYFER 2018-19

Y Pwrpas:

Cymeradwyo a llofnodi Datganiad o Gyfrifon ERW ar gyfer 2018-19

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

- Cymeradwyaeth y Cyd-bwyllgor o Ddatganiad o Gyfrifon ERW ar gyfer 2018-19
- Bod y Cyfarwyddwr Adnoddau (Swyddog A151 ERW) a Chadeirydd Cyd-bwyllgor ERW yn llofnodi Datganiad o Gyfrifon ERW ar gyfer 2018-19

Y RHESYMAU:

Cael cymeradwyaeth Cyd-bwyllgor ERW.

Awdur yr Adroddiad:	Swydd:	Rhif Ffon: 01437 775836
Jon Haswell	Cyfarwyddwr Adnoddau Swyddog A151 ERW	E: bost: haswellj@pembrokeshire.gov.uk



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

ERW STATEMENT OF ACCOUNTS FOR 2018-19

BRIEF SUMMARY OF PURPOSE OF REPORT

- The ERW Joint Committee review the ERW Statement of Accounts for 2018-19 and consider the WAO Audit of Financial Statements Report and Audit Opinion (ISA260).
- The ERW Statement of Accounts for 2018-19 be approved and signed by the Director of Resources (ERW S151 Officer) and the Chair of the ERW Joint Committee.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues YES	Staffing Implications NONE
1. Legal As detailed in the report – Statutory requirement to approve the ERW Statement of Accounts for 2018-19 by 15 September 2019.				
2. Finance As detailed in the report.				
3. Risk Management As detailed in the report.				

CONSULTATIONS

The ERW Statement of Accounts for 2018-19 were available for public inspection for 20 working days.

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



Mae'r dudalen hon yn wag yn fwriadol

ERW JOINT COMMITTEE

Report of: **Director of Resources (ERW S151 Officer)**

Date: **15 July 2019**

ERW STATEMENT OF ACCOUNTS for 2018-19

1. ERW published its draft Statement of Accounts for 2018-19 (see Appendix A) on 30 May 2019 and aims to have them audited and approved by 15 July 2019. The deadlines required by the Accounts and Audit (Wales) (Amendment) Regulations 2018 were 15 June 2019 and 15 September 2019 respectively.
2. The Projected Budget Outturn for 2018-19 was considered by the ERW Joint Committee on 3 April 2019. The draft ERW Statement of Accounts for 2018-19 are 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 (ISA 260), see Appendix B. The ERW Joint Committee need to review and formally approve the ERW Statement of Accounts for 2018-19.
3. 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.
4. The overall financial position of ERW is recognised in a number of core financial statements within the Statement of Accounts, namely the Comprehensive Income & Expenditure Statement (CIES), the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement. These are prepared using International Financial Reporting Standards (IFRS).

Further details on these and other statements within the Statement of Accounts for 2018-19 are outlined below:

- **Narrative Report** (The Explanatory Foreword until 2016-17) - This was in a new format for 2017-18 and aims to communicate ERW's purpose, how it has performed in accordance with its overall strategy and against performance indicators over the year, and how it has allocated its resources in line with intended outcomes. It demonstrates collective performance over the year and how well ERW is equipped to deal with the challenges ahead and to continue delivering Education through Regional Working. It tells the story of ERW by providing a holistic, clear and well-structured view of its strategy, performance and future outlook.
- **Expenditure and Funding Analysis** (Categorised as a core financial statement for 2016-17 only) - This 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 ERW in accordance with generally accepted accounting practices (IFRS basis).
- **Comprehensive Income and Expenditure Statement (CIES)** - This shows 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 ERW, is shown in the Expenditure and Funding Analysis.
- **Movement in Reserves Statement** - This shows the movement on the different reserves held by ERW analysed between usable reserves and unusable reserves held for financial accounting purposes.
- **Balance Sheet** - This sets out the financial position on 31 March in terms of the value of assets and liabilities recognised by ERW and the reserves held by ERW.
- **Cash Flow Statement** - This summarises the inflows and outflows of cash and cash equivalents with third parties arising from revenue and capital transactions.

5. **Local Authority Contributions**

During 2018-19, one Local Authority did not pay their annual contribution so a bad debt provision of 50% of the debt was accounted for in the draft Statement of Accounts for 2018-19. Following their issue, the annual contribution was paid but the Statement of Accounts for 2018-19 have not been adjusted as the sum involved is not material.

6. The ERW Joint Committee review of the Statement of Accounts for 2018-19 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. There is one key change to accounting standards that will impact on ERW over the next three years - IFRS 16 leases, effective 2019-20, will replace the current leases standard IAS 17 and further details are shown on page 32 of the Statement of Accounts. The impact of this change is not considered to be material.

The ERW Statement of Accounts have been prepared in compliance with the Code for 2018-19.

(b) Accounting Concepts

The pervasive accounting concepts of “accruals basis” and “going concern” have been used in the preparation of the Core Accounting Statements and the qualitative characteristics of useful financial information continue to be employed, as shown on page 19 of the Statement of Accounts.

(c) Critical Judgments in Applying Accounting Policies and Estimation Risk

In applying the accounting policies set out in the Statement of Accounts for 2018-19, ERW has made judgments about the complex transactions and those involving uncertainty in future years and these are shown on page 20 of the Statement of Accounts.

The main risk areas appertaining to items in the current set of accounts and potentially impacting accounts in the future are shown on pages 20 and 21 of the Statement of Accounts.

(d) Accounting Policies

The accounting policies used to prepare the Core Financial Statements, the Supporting Notes and the Supplementary Financial Statements have been reviewed using the Code for 2018-19.

(e) Internal Control Issues

The ERW Head of Internal Audit Annual Assurance Opinion for 2018-19, to be considered by the ERW Joint Committee on 15 July 2019, confirms that there are no significant internal control issues which would impact upon the Statement of Accounts for 2018-19. However, her opinion concluded that overall, limited assurance is placed on the adequacy and effectiveness of governance, internal control, financial management and risk management arrangements in place.

All the audit reviews of the main financial systems (Pembrokeshire County Council) received an assurance rating of “substantial”.

(f) Wales Audit Office

The WAO have completed their audit of the Statement of Accounts for 2018-19 and have issued their Audit of Financial Statements Report and Audit Opinion (ISA 260), see Appendix B.

7. The Director of Resources (ERW S151 Officer), Head of Finance & Business Services (ERW Deputy S151 Officer) and ERW Senior Accountant will support the ERW Joint Committee at the meeting in reviewing the ERW Statement of Accounts for 2018-19 and the specific matters highlighted above.

RECOMMENDATIONS

- The ERW Joint Committee review the ERW Statement of Accounts for 2018-19 and consider the WAO Audit of Financial Statements Report and Audit Opinion (ISA 260).
 - The ERW Statement of Accounts for 2018-19 be approved and signed.
-

Glossary of Terms:

WAO - Wales Audit Office

ISA 260 - WAO Audit of Financial Statements Report and Audit Opinion

CIPFA - The Chartered Institute of Public Finance Accountancy

The Code - CIPFA's Code of Practice on Local Authority Accounting

IFRS - International Financial Reporting Standards

CIES - Comprehensive Income & Expenditure Statement

SeRCOP - CIPFA Service Reporting Code of Practice



Ein Rhanbarth ar Waith
Education through Regional Working

Education through Regional Working

South West and Mid Wales Consortium

Statement of Accounts 2018-19

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.



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1.0 Narrative Report

1.1 Introduction

ERW's Statement of Accounts for 2018-19 provides a record of the financial position for the year. This section of the report aims to communicate ERW's purpose, how it has performed in accordance with its overall strategy and against performance indicators over the year, and how it has allocated its resources in line with intended outcomes. It demonstrates collective performance over the year and how well ERW is equipped to deal with the challenges ahead and to continue delivering Education Through Regional Working. It tells the story of ERW by providing a holistic, clear and well-structured view of its strategy, governance, performance and future outlook.

2.0 Organisational Overview and External Environment

2.1 Key Facts about ERW

ERW is an alliance of six local authorities – Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council, Powys County Council, Neath Port Talbot County Borough Council and the City and County of Swansea Council. It is 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.

2.2 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, Managing Director, Statutory Officers, external school improvement experts and Headteacher representatives. Welsh Government, Estyn and the WLGA attend the Joint Committee meetings. Internal Audit and Wales Audit Office report independently to the Joint Committee. The Joint Committee is chaired by Councillor Ellen ap Gwynn, Leader of Ceredigion County Council.

2.3 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/Deputy Section 151 Officer (where applicable) and external members (where applicable).

2.4 Management Structure

During 2018-19, only the Managing Director role changed:

- **Lead Chief Executive** – Phil Roberts (Chief Executive, Swansea)
- **Lead Education Director** – Ian Budd (Director of Education, Powys)
- **Managing Director** – Geraint Rees (Interim Managing Director) took over from Betsan O'Connor in October 2018
- **S151 Officer** – Jon Haswell (Director of Resources, Pembrokeshire)
- **Monitoring Officer** – Elin Pryor (Monitoring Officer, Ceredigion)

In April 2019, Eifion Evans (Chief Executive, Ceredigion) was appointed as Temporary Lead Chief Executive due to the absence of the Lead Chief Executive and Ms Kate Evan-Hughes (Director for Children & Schools, Pembrokeshire) was appointed as the Lead Education Director following the departure of the former Lead Education Director from the region.

2.5 ERW Vision/Aim

The ERW Vision for 2018-19 was “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”.

The ERW Aim for 2019-20 is “ERW is a regional partnership designed to promote excellence in all schools through a self-improving system. This will be achieved through collaborative planning for the new curriculum and the provision of professional learning and leadership opportunities that can develop all as individuals, learners, citizens and contributors”.

2.6 ERW Mission Statement

The ERW Mission Statement for 2018-19 was “Build school capacity through support, challenge and intervention to become self-improving, resilient organisations which continually improve outcomes for learners”.

The ERW Mission Statement for 2019-20 is “to raise standards, reduce the attainment gap and deliver an education system that is a source of national pride and confidence”

2.7 Funding Sources

ERW receives its funding from two main sources – Annual contribution from the six Local Authorities and grant from Welsh Government. One of the six Local Authorities did not pay their 2018-19 contribution. In March 2019 this Local Authority also handed in their notice to withdraw from ERW effective from March 2020, albeit they reserve the right to retract their notice within the next 12 months should they choose to remain within ERW. At the Joint Committee meeting on 3 April 2019, the Local Authority advised that they would pay their outstanding 2018-19 contribution, which they have done, and their 2019-20 contribution at the same level.

3.0 Governance

3.1 Regional Code of Corporate Governance

The revised Regional Code of Governance (including the Ethical Framework) was approved by the Joint Committee on 21 September 2017.

3.2 Annual Governance Statement

The Annual Governance Statement for 2017-18 was approved by the Joint Committee on 16 July 2018, with the detailed action plan signed by the Lead Chief Executive and the Chair of the Joint Committee on 12 October 2018. It included two Significant Governance Issues and seven Priorities for Improvement, all identifying specific actions to be undertaken during 2018-19:

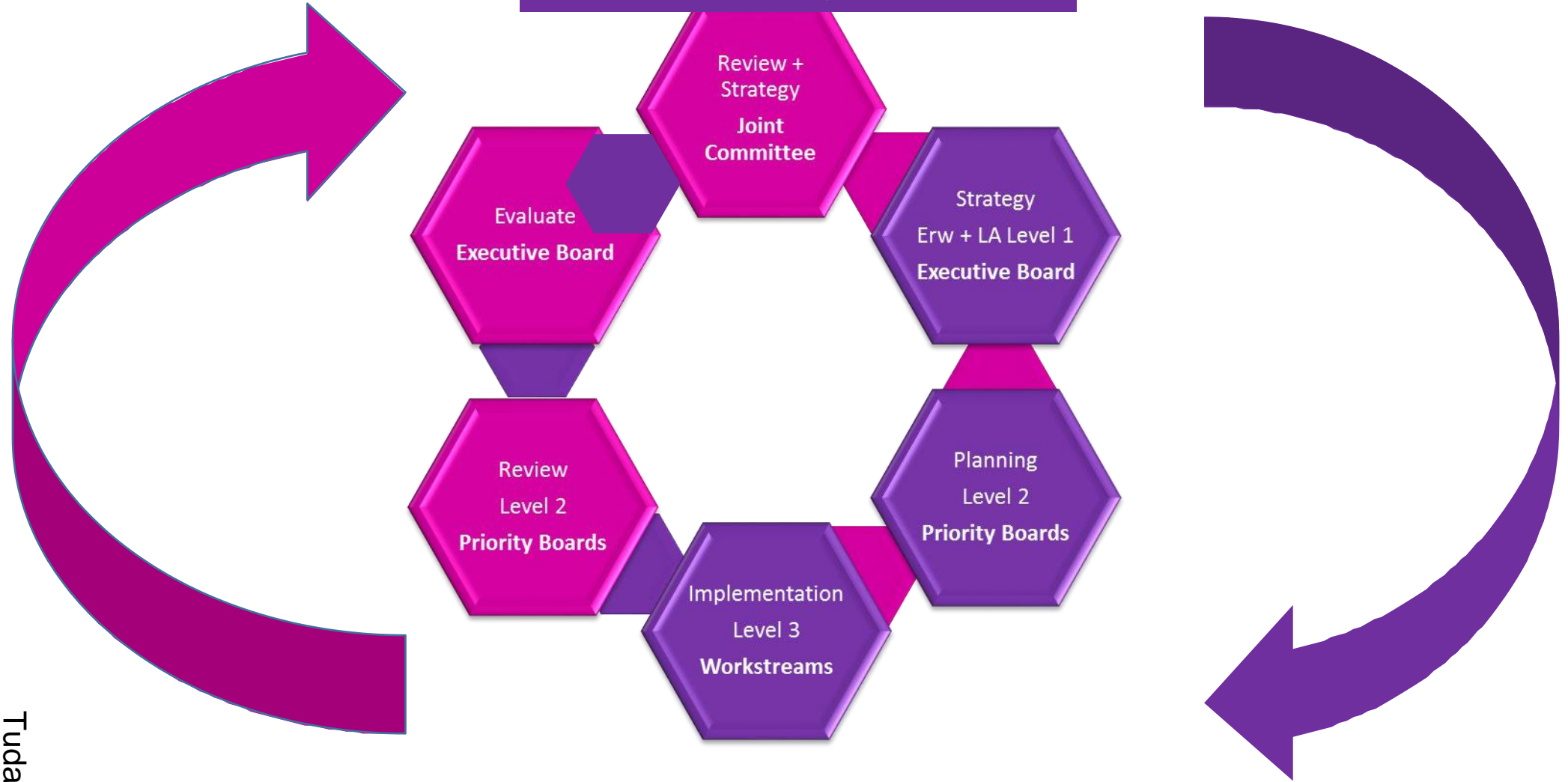
- SGI - ERW Legal Agreement/Governance Arrangements
- SGI - Review & Reform Programme
- PFI - Regional Code of Corporate Governance
- PFI – Alignment of Business/Financial Planning
- PFI - Core Budget/Reserves/Contributions
- PFI - Scheme of Delegation
- PFI - Data Protection/GDPR
- PFI - Challenge Advisors/Consistency of Support
- PFI - Estyn Recommendation

The Annual Governance Statement for 2018-19 and the implementation of the aforementioned actions will be considered by the Joint Committee on 15 July 2019.

3.3 Governance and Accountability Process

The Governance and Accountability Process is shown below.

The Governance and Accountability Process



3.4 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.

3.5 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.

4.0 Operational Model

4.1 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, with progress regularly reported to the Joint Committee. The Business Plan 2018-19 explained how ERW will enhance and develop the National Model of School Improvement and deliver the Minister's priorities in 'Qualified for Life'.

A self-evaluation was completed by ERW in March 2019, which identified areas for development.

The Joint Committee considered the draft Business Plan 2019-20 on 3 April 2019, resolving that it can be approved on the basis it can be revised/amended. The Business Plan covered:

- The Regional Aims
- Delivering Local, Regional and National Priorities
- Approach to School Improvement
- The Welsh Language
- Our Business Planning Process
- National Mission for Wales
- Business Plan Priorities and Responsibilities

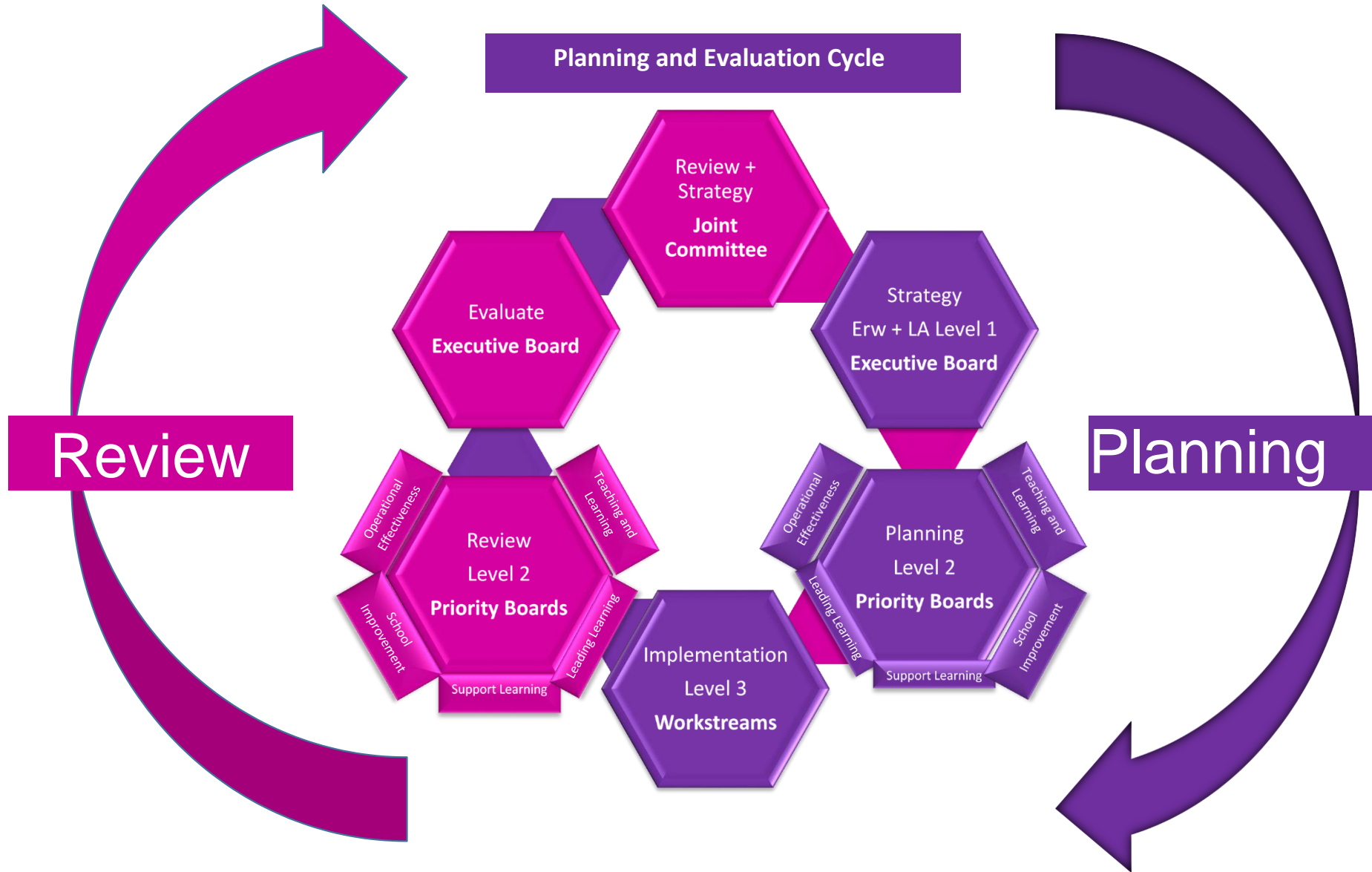
4.2 Performance Management Framework

As the employing Local Authority for ERW, Pembrokeshire County Council's Performance Management Framework, dated December 2017, is used. It enables all staff working for ERW to identify how their work contributes to achieving the organisation's overall objectives. This is achieved this by compiling and publishing a hierarchy of aligned plans. The highest level plans describe ERW's objectives, set the strategic direction and take a long term view. By contrast, individual officer performance review plans are reviewed annually, and in many cases, twice a year. The link between these plans is often referred to as the "Golden Thread".

4.3 Business Planning and Evaluation Cycle

The Business Planning and Evaluation Cycle is shown below.

Planning and Evaluation Cycle



5.0 Risks and Opportunities

5.1 Business Risk Management

ERW's risk register captures the systemic risks facing the ERW Consortium and its constituent Local Authorities and is split between Central and Financial risks. Risks are scored on an impact/probability matrix. The format of the risk register was changing during 2018-19 and now includes agreed tolerance levels for financial risks, infrastructure risks, people and knowledge risks, and governance and compliance risks.

5.2 ERW Risk Register (Threats) for 2018-19

The ERW risk register identifies those risks (threats) to the achievement of the ERW Aims and Priorities in its Business Plan. As a live document, it is revised and updated on an ongoing basis and was last formally reviewed by the Joint Committee on 8 February 2019. The Central and Financial risks and their residual risk score and RAG (red, amber & green) ratings at the end of the year are shown below:

- Central - Estyn visits result in Local Authorities being placed in follow up / special measures or requiring further attention ((Varies between Green 4 – Amber 8 across the 6 Local Authorities)
- Central - Failure to comply with Estyn Action Plan (Red 12)
- Central - Failure to deliver ERW Business Plan (Amber 9)
- Central - ERW governance (Amber 8)
- Central - ERW central team accommodation (Green 3)
- Central - Data Protection (Amber 8)
- Central - ERW found not to provide Value For Money (Amber 8)
- Central - Local Authority failure to comply with Grant Regulations (Amber 8)
- Financial - Timeliness of Welsh Government funding (Amber 6)
- Financial - Cuts to school budgets (Red 12)
- Financial - Delivery of National Mission (Amber 9)
- Financial - Welsh Government grant compliance (Amber 8)

On 8 February 2019, the Joint Committee received and approved the ERW risk register.

5.3 Key Financial Risks for Budget Setting 2019-20

Some of the key risks considered by ERW when considering the outturn for 2018-19 and setting the budget for 2019-20 are outlined below:

- The outcome of the ERW Review and Reform Programme determined the nature and level of financial risks for the future. Value for money must be obtained from all aspects of ERW
- Ensuring compliance with grant funding terms and conditions, including compliance monitoring
- Non-payment of one Local Authority contribution for the 2018-19 financial year
- Whilst the overall level of reserves has reduced considerably, the core Central Team budget for 2019-20 does not require any contribution from reserves. The annual movement on the earmarked reserve for 2018-19 was £60k and on the pension reserve £24k, reducing the overall reserves balance from £190k to £106k. Any further adverse movement on the pension reserve for 2019-20 would reduce the overall reserves balance further.

5.4 Opportunities

The decisions made by the Joint Committee in respect of its Review and Reform Programme, outlined in the ERW Business Plan 2019-20, and its revised funding model provides the opportunity for a more effective and financially sustainable organisation for the future.

6.0 Strategy and Resource Allocation

6.1 Grant Allocations

For budgeting and business planning purposes, the grants received are allocated according to the ERW Business Plan priorities:

- Curriculum and Assessment
- Developing the Profession
- Leadership
- School Improvement
- Strong and Inclusive Schools
- Operational Effectiveness (included within the other 5 priorities)

Some grants may be allocated to more than one priority area.

An update is included in the Finance Report provided to the Joint Committee at each meeting.

6.2 Welsh Government Grant Funding

The various Welsh Government grants received in 2018-19 are outlined in Note 13. For 2018-19, a key change was the introduction of the Regional Consortia School Improvement Grant, which replaced many of the regional grants as one main grant.

7.0 Performance

7.1 Performance Reporting

Regional performance in terms of examination results and progress implementing the Business Plan is regularly reported to the Joint Committee.

7.2 Financial Reporting

The Joint Committee are provided with a Finance Report from the S151 Officer at each of their meetings.

7.3 Summarised Financial Performance for 2018-19

The summarised financial performance provides a high level overview of the financial position of the Consortium as at 31 March 2019. Set out in the following paragraphs is the final outturn position for 2018-19 compared to the original estimate agreed by the ERW Joint Committee on 21 March 2018 and consideration of the Central Team budget and funding position for 2019-20 approved in principle by the Joint Committee 3 April 2019.

7.3.1 Revenue Expenditure

Central Team	2018-19		2018-19	2018-19	2017-18
	Central Team		Grants	Total	Total
	Original Estimate £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000	Actual Expenditure £000
Gross Expenditure					
Employees*	452	494	4,800	5,294	2,990
Premises	45	40	-	40	32
Transport	5	3	123	126	62
Translation	21	12	39	51	81
Supplies & Services	191	173	849	1,022	1,252
Payments to Schools via LA's for specific work *	-		1,771	1,771	3,115
Facilitation	-	11	159	170	212
Grants Passported to LA's	-	-	61,439	61,439	62,712
Bad debt provision	-	20	-	20	-
Total Gross Expenditure	714	753	69,180	69,933	70,456
Income					
Contributions from Member Authorities	(250)	(250)		(250)	(250)
Welsh Government Grant	(378)	(439)	(68,839)	(69,278)	(69,878)
Other Grant Income	-		(341)	(341)	(264)
Miscellaneous Income	(4)	(4)		(4)	(4)
Total Income	(632)	(693)	(69,180)	(69,873)	(70,396)
Net Expenditure	82	60	-	60	60
Appropriation from Reserve	(82)	(60)	-	(60)	(60)
Appropriation to Reserve	-	-	-	-	-

* Employees costs have increased in 2018-19 due to the appointment of Cluster Leaders of Learning.

Commentary on the 2018-19 Revenue Performance

The ERW Consortium gross expenditure for 2018-19 totalled £69.93m which included £61.4m of grants being pass ported directly to the six constituent Local Authorities.

The ERW Joint Committee and Executive Board received regular budget monitoring reports and financial updates 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 been maintained through 2018-19. The Central Team have been supported by an increased number of specialist professionals being seconded from the six Local Authorities during the year at a cost of £3.701m, 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. 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.

Local Authorities were invoiced for their contributions for 2018-19 in the sum of £250k, but one Local Authority contribution was not paid. Unlike other consortiums, ERW does not directly employ School Improvement Challenge Advisors. They are employed by each Local Authority and work collaboratively across the region as a whole as and when necessary to deliver an effective service. ERW therefore only directly employs a small administrative Central Team which supports the Managing Director.

Contributions towards the costs of the Central Team were split between the six Local Authorities on the basis of pupil numbers for 2018-19:

Local Authority	% of Pupils in Region	Contribution
Carmarthenshire	21.1%	£52,810
Ceredigion	7.4%	£18,500
Neath Port Talbot	16.2%	£40,390
Pembrokeshire	13.5%	£33,950
Powys	13.9%	£34,700
City and County of Swansea	27.9%	£69,650
Total	100.0%	£250,000

These percentages were also used for apportioning reserves across the six Local Authorities.

£439k of the costs of the Central Team have been funded by various Welsh Government grants.

7.3.2 Budget and Funding Position 2019-20

Central Team	2019-20	
	Total	
	Estimated Expenditure £000	
Gross Expenditure		
Employees		1,586
Premises		63
Transport		45
Translation		15
Supplies & Services		312
Total Gross Expenditure		2,021
Income		
Contributions from Member Authorities *		(250)
Welsh Government Grant		(1,477)
Miscellaneous Income		(294)
Total Income		(2,021)
Net Expenditure		-
Appropriation from Reserve		0

7.3.3 Implications and Risks

It is not anticipated that there are any unbudgeted commitments or liabilities arising from 2018-19 that the Consortium cannot meet. However, the 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, and the implementation of ERW's own Review and Reform Programme.

Risk areas are also noted within the Contingent Liabilities note 15.3.

7.3.4 Capital Investment

There was no capital expenditure in 2018-19. Capital grants from Welsh Government are issued direct to the relevant Local Authority.

7.3.5 Assets and Liabilities

Current Assets and Current Liabilities

Total ERW debtors were valued at £21k, this predominantly being the contribution due from one Local Authority, adjusted for 50% bad debt provision. No issues have been identified in relation to the impairment of any other current assets.

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

Pensions Liability

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

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).

The Dyfed Fund has seen an overall increase in its net deficit. A pension liability of £168.4m as recorded at 31 March 2019 (compared to £137.1m at 31 March 2018) for Pembrokeshire County Council. The share of the pension liability relating to ERW has increased to £0.316m at 31 March 2019 (compared to £0.292m at 31 March 2018), with the remainder relating to Pembrokeshire County Council. It is not anticipated that there is any cause for concern at this stage, as the actuarial assumptions used to calculate the balance sheet position are complex, meaning that the actual payments could differ to this. The position will be recovered in the longer term with the Fund able to meet its commitments.

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.

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 was 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.

The new all Wales Pensions Investment Pool was created as a result of a National UK agreement with the Treasury Department to increase the size of the investment funds and reduce administration costs. The all Wales fund is 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.

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.

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.

7.3.6 Usable Reserves and Balances

General Working Reserve

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities. It was created in 2016-17 in order to provide an adequate level of funding to deal with any unexpected expenditure.

Earmarked Reserves

These constitute balances held at the year-end for specific purposes and will be used in accordance with those specific requirements.

7.3.7 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.

7.3.8 Payments to Auditors

It is estimated that £13k will be paid to the Wales Audit Office for its work auditing the 2018-19 financial statements. All grant certification will be subject to Internal Audit as required by Welsh Government.

7.3.9 Post Balance Sheet Events

There were no events judged as material to ERW's financial position at 31 March 2019, which occurred after the financial year end but before the initial reporting date of 30 May 2019.

Any events taking place between 30 May 2019 and 15 July 2019, 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.

8.0 Outlook

The future outlook for ERW is dependent on the Welsh Government National Model for School Improvement and the decisions made by the Joint Committee in respect of its Review and Reform Programme, outlined in the ERW Business Plan 2019-20 and its revised funding model.

9.0 Basis of Preparation and Presentation

Any matters which may affect ERW's ability to deliver its Business Plan over the short, medium and long term have been identified in the body of this Narrative Report.

If you need any more information about the ERW Statement of Accounts, please contact the Director of Resources, Pembrokeshire County Council, County Hall, Haverfordwest, SA61 1TP. The ERW Statement of Accounts will also be available on ERW's internet site.

**Jonathan Haswell FCCA
Director of Resources
15 July 2019**

The Independent Auditor's Report of the Auditor General for Wales to the Members of the Education Through Regional Working Joint Committee

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Education through Regional Working Joint Committee for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004.

The Education through Regional Working Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

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 2019 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Education through Regional Working Joint Committee as at 31 March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has

been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019;

- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the joint committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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

- proper accounting records have not been kept;
- the financial 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.

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.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 17 to 18, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the joint committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Anthony J Barrett
For and on behalf of the Auditor General for Wales
15 July 2019

24 Cathedral Road
Cardiff
CF11 9LJ

STATEMENT OF ACCOUNTS

ERW 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 Resources 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 Resources Responsibilities

The Director of Resources 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 Resources 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 Resources 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 RESOURCES

The Statement of Accounts of the ERW Joint Committee for the year ended 31 March 2019 is contained on Sections 10 to 15, and is produced in accordance with the requirements of the Local Government Accounts and Audit (Wales) Regulations 2014, (as amended). 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 Joint Committee as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019 and append my signature to the Statement in accordance with Regulation 10(1).

J HASWELL FCCA

Director of Resources

Date : 15 July 2019

REPORTING AND APPROVAL

These accounts, initially published on 30 May 2019 will be reported to the ERW Joint Committee for approval following the conclusion of the Annual Audit on 15 July 2019. The audit certificate is shown on pages 15 - 16.

Chair of ERW Joint Committee

Name:

Offices Address: Y Llwyfan
College Road
Carmarthen
SA31 3EQ

Date: 15 July 2019

10 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.

10.1 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 Joint Committee adopted IFRS 9 Financial instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and measurement of financial assets, the earlier recognition of the impairment of financial assets.
- The Joint Committee has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the re-measurement is instead shown in the Movement in Reserves Statement.

The Code of Practice requires that the Joint Committee 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. There is one key change to accounting standards that will impact on the Joint Committee over the next three years.

- IFRS 16 leases, effective 2019-20, will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.
- The Accounts and Audit (Wales) Regulations 2014 amended by SI 2018 No 91 requires Welsh local authorities to bring forward the accounts closure and publication timetable. The regulations require publication to take place by 31st of July from 2021. The Joint Committee has been producing its Statement of Account earlier than current regulations require, for several years.

The impact of the above changes are not considered to be material.

The Statement of Accounts set out in sections 11 to 15 have been prepared in compliance with the 2018-19 Code of Practice on Local Authority Accounting.

10.2 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

10.3 Critical judgements in Applying Accounting Policies and Estimating Risk

In applying the accounting policies set below in section 10.4 the ERW Joint Committee has made judgements about the complex transactions and those involving uncertainty in future years.

There continues to be a high degree of uncertainty about the future level of funding for local government. Therefore whilst some grants may be reduced, 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.

Welsh Government consolidated many of the Regional Grants into one main grant for 2018-19, the Regional Consortia School Improvement Grant (RCSIG), with bimonthly payment schedules. Due to compliance issues at the start of the year ERW did not receive their first payment until 27 October 2018. The RCSIG offer letter has been received for 2019-20 and the payments will now be made quarterly instead of bimonthly.

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
Confirmation of regional position as delivery mechanism for School improvement	Funding from WG and subsequent expectations	Inability to respond to increasing expectations of regional working.
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. Adverse cashflow.
Governance Review and Reform Programme	Decisions not made in timely manner	Delay in improvements Grant clawback or loss of grant funding
Core LA funding not being received	Break-up of the Consortium	Loss of Welsh Government grant Cessation of regional working

Issues potentially impacting the accounts in the future		
Item	Risk	Potential Affect
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
Demographic Change	Assumptions Incorrect	Increased service & contractual costs
Grant Funding / Brexit	Loss of grant from Welsh Government & Europe	Reduction in service provision
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 Welsh Government	ERW not adhering to regional nature of grant conditions	Schools do not access the support required.

10.4 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 2018-19 Code of Practice on Local Authority Accounting.

10.4.1 General Principles

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.

10.4.2 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.

10.4.3 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.

10.4.4 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.

10.4.5 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 10.4.7 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.

10.4.6 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.

10.4.7 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 Bodies.

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 IAS19 as this is accounted for as a 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.

10.4.8 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.

Where revenue has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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.

10.4.9 CASH AND CASH EQUIVALENTS

Represented by funds that are held to meet short-term cash commitments, rather than invested for other purposes, and that are readily convertible to known amounts of cash. The amount of cash and cash equivalents so defined shall be determined by reference to the daily cash flow forecasts.

10.4.10 VAT

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

10.4.11 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.

10.4.12 Continent Liabilities and Assets

Contingent Liabilities

A contingent liability arises where an event has taken place that gives ERW a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of ERW. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives ERW a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of ERW.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

11.0 Core Financial Statements – Components and Detail

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

- 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 Expenditure and Funding Analysis (note 11.1)
- The Movement in Reserves Statement – showing the movement on the different reserves held by the ERW Joint Committee 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:

- The Expenditure and Funding Analysis.
- Notes to the core financial statements.

11.1 Expenditure and Funding Analysis

This statement shows the reconciliation between how annual expenditure is used and funded from resources (government grants and contributions) by ERW as reported to management in comparison with those resources consumed or earned by ERW in accordance with generally accepted accounting practices (IFRS basis). It also shows how this expenditure is allocated for decision making purposes between ERW's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017-18				2018-19		
Net Expenditure £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
2,990	119	3,109	Expenditure	5,294	111	5,405
32		32	Employees *	40		40
62		62	Premises	126		126
81		81	Transport / Mileage	51		51
			Translation			
349		349	Supplies & Services	202		202
809		809	Consultancy	705		705
94		94	Support Services	115		115
			Payments to Schools via LA's for ERW defined projects *			
3,115		3,115	Training / Conferences	1,771		1,771
212		212	Grants passported to LA's	170		170
62,712		62,712	Bad debt provision	61,439		61,439
				20		20
70,456	119	70,575	Total Expenditure	69,933	111	70,044
			Income			
(250)		(250)	Contributions from Member Authorities	(250)		(250)
(69,878)		(69,878)	Welsh Government Grant	(69,278)		(69,278)
(264)		(264)	Other Grant Income	(341)		(341)
(4)		(4)	Miscellaneous Income	(4)		(4)
(70,396)		(70,396)	Total Income	(69,873)		(69,873)
60	119	179	(Surplus) / Deficit on Continuing Operations Financing & Investment Income and Expenditure	60	111	171
-	37	37	Net Pensions Interest Remeasurement of Pension Liabilities and Assets	-	37	37
-	-	-		-	(124)	(124)
60	156	216	(Surplus) or Deficit on Provision of Services	60	24	84
60	156	216	TOTAL COMPREHENSIVE INCOME & EXPENDITURE	60	24	84

* Employees costs have increased in 2018-19 due to the appointment of Cluster Leaders of Learning.

11.2 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 re-measurement of pension assets and liabilities.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	2017-18			2018-19		
	NO.	Gross	Income	Net	Gross	Income	Net
		Expenditure £000	£000	Expenditure £000	Expenditure £000	£000	Expenditure £000
Expenditure							
Employees		3,109	-	3,109	5,405	-	5,405
Premises		32	-	32	40	-	40
Transport / Mileage		62	-	62	126	-	126
Translation		81	-	81	51	-	51
Supplies & Services		349	-	349	202	-	202
Consultancy		809	-	809	705	-	705
Support Services		94	-	94	115	-	115
Payments to Schools via LA's for ERW defined projects		3,115	-	3,115	1,771	-	1,771
Training / Conferences		212	-	212	170	-	170
Bad debt provision					20	-	20
Total Expenditure		7,863	-	7,863	8,605	-	8,605
Income							
Contributions from Member Authorities		-	(250)	(250)	-	(250)	(250)
Welsh Government Grant		-	(7,166)	(7,166)	-	(7,839)	(7,839)
Other Grant Income		-	(264)	(264)	-	(341)	(341)
Miscellaneous Income		-	(4)	(4)	-	(4)	(4)
Total Income		-	(7,684)	(7,684)	-	(8,434)	(8,434)
WG Grant Pass ported to Member Authorities	13.1						
Carmarthenshire		13,024	(13,024)	-	13,069	(13,069)	-
Ceredigion		4,410	(4,410)	-	4,105	(4,105)	-
Neath Port-Talbot		11,163	(11,163)	-	11,186	(11,186)	-
Pembrokeshire		8,381	(8,381)	-	7,979	(7,979)	-
Powys		8,063	(8,063)	-	7,708	(7,708)	-
City and County of Swansea		17,671	(17,671)	-	17,392	(17,392)	-
		62,712	(62,712)	-	61,439	(61,439)	-
(Surplus) / Deficit on Continuing Operations		70,575	(70,396)	179	70,044	(69,873)	171
Financing & Investment Income and Expenditure							
Net Pensions Interest Re-measurement of Pension Liabilities and Assets	13.2			37			37
	13.2			-			(124)
(Surplus) or Deficit on Provision of Services				216			84
TOTAL COMPREHENSIVE INCOME & EXPENDITURE				216			84

11.3 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 2018-19	ERW Usable Earmarked Reserves £000	ERW General Working Reserve £000	ERW Unusable Reserves £000	Total ERW Reserves £000
Balance 1st April 2018	(382)	(100)	292	(190)
(Surplus) / Deficit On Provision of Services	84	-	-	84
Total Comprehensive Income & Expenditure (see page 27)	84	-	-	84
Adjustments Between Accounting Basis and Funding Basis Under Regulation (See note 12.0)	(24)	-	24	-
(Increase) / Decrease In Year	60	-	24	84
Balance 31st March 2019	(322)	(100)	316	(106)

Actuals 2017-18	ERW Usable Earmarked Reserves £000	ERW General Working Reserve £000	ERW Unusable Reserves £000	Total ERW Reserves £000
Balance 1st April 2017	(442)	(100)	136	(406)
(Surplus) / Deficit On Provision of Services	216	-	-	216
Total Comprehensive Income & Expenditure (see page 27)	216	-	-	216
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see note 12.0)	(156)	-	156	-
(Increase) / Decrease In Year	60	-	156	216
Balance 31st March 2018	(382)	(100)	292	(190)

11.4 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 Working 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	Note No.	2017-18		2018-19	
		£000	£000	£000	£000
CURRENT ASSETS:					
Short-term Debtors and Prepayments	15.1.1	10,197		21	
Cash & Cash Equivalents	15.2	-		1,845	
Total Current Assets			10,197		1,866
TOTAL ASSETS					
CURRENT LIABILITIES					
Short-term Creditors	15.1.2	(8,396)		(655)	
Payment in Advance	15.1.2	(723)		(789)	
Overdraft	15.2	(596)		-	
Total Current Liabilities			(9,715)		(1,444)
TOTAL ASSETS LESS CURRENT LIABILITIES			482		422
Net Pension Fund Liability	15.4	(292)		(316)	
TOTAL LONG TERM LIABILITIES			(292)		(316)
NET ASSETS			190		106
Usable Reserves					
- Earmarked Joint Committee Reserves	14.2		(382)		(322)
- General Working Reserve	14.2		(100)		(100)
Unusable Reserves					
- Pensions Reserve	14.3		292		316
TOTAL RESERVES			(190)		(106)

*In 2017-18 there was a large amount due from Welsh Government shown within short term debtors, as a consequence there was also a large amount due from ERW to Local Authorities shown within short term creditors. All funding for 2018-19 was received prior to the 31 March 2019 thus no large short term debtors / creditors were required and the bank balance restored.

11.5 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 Joint Committee does not operate its own bank account.

CASH FLOW STATEMENT	2017-18		2018-19	
	£000	£000	£000	£000
Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cashflow				
Net (Surplus)/Deficit on the provision of services	-	216	-	84
Adjustments to net surplus or deficit on the provision of services for non-cash movements				
Pension fund adjustments	(156)		(24)	
Movements in revenue debtors, creditors, stocks etc.	(306)	(462)	(2,501)	(2,525)
Net cash Flow from Operating Activities		(246)		(2,441)
NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS				
Cash & Cash equivalents at the beginning of reporting period	(842)		(596)	
Cash & Cash equivalents at the end of reporting period	(596)		1,845	
(INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		(246)		(2,441)

12.0 Notes to the Expenditure and Funding Analysis

	2017-18		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	119		119
Other Operating Expenditure			
Financing & Investment Income & expenditure	37		37
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	156	-	156

	2018-19		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	111		111
Other Operating Expenditure			
Financing & Investment Income & expenditure	(87)		(87)
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	24	-	24

12.1 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 ERW 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.

13.0 Notes to the Comprehensive Income & Expenditure Statement

13.1 Revenue Grants

The table below sets out specific grant income from Welsh Government and Other Grant Awarding Bodies * subsequently pass ported to the Member Authorities. The Grants held centrally are further analysed on the next page.

Revenue Grants	2017-18	Grants Allocated Direct to Authority	Grants Held Centrally	2018-19	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Pupil Development Grant	(23,961)	(23,867)	(94)	(24,492)	(24,214)	(278)
National Qualification for Headteachers	(143)	-	(143)	(113)	-	(113)
Learning in Digital CPD	(142)	-	(142)	-	-	-
GCSE	(766)	-	(766)	-	-	-
Welsh Baccalaureate	(22)	-	(22)	-	-	-
Education Improvement Grant	(37,759)	(36,669)	(1,090)	-	-	-
MFL School of Excellence	(120)	-	(120)	-	-	-
Digital Pioneer Schools	(2,419)	(1,708)	(711)	-	-	-
NQT Moderation*	(264)	-	(264)	(341)	-	(341)
British Council Grant *	(6)	-	(6)	(14)	-	(14)
Schools Challenge Cymru - Tranche 3	(21)	-	(21)	-	-	-
Informal Use Welsh	(65)	-	(65)	(191)	-	(191)
ALN	(360)	(300)	(60)	-	-	-
Welsh Language Pilot	(150)	-	(150)	-	-	-
Assessment for Learning	(129)	-	(129)	-	-	-
Foundation Phase Training & Materials	(5)	-	(5)	-	-	-
Literacy & Numeracy	(125)	-	(125)	-	-	-
Schools Causing Concern	(313)	-	(313)	-	-	-
Professional Teaching						
Standards & Post 16	(23)	-	(23)	-	-	-
National Tests	(5)	(5)	-	(5)	(5)	-
Raising Standards	(3,096)	-	(3,096)	(37)	-	(37)
Review & Reform	(63)	-	(63)	-	-	-
MAT	(100)	(78)	(22)	-	-	-
SRE	(50)	(50)	-	-	-	-
Wellbeing	(35)	(35)	-	-	-	-
Regional Consortia School Improvement Grant	-	-	-	(44,414)	(37,220)	(7,194)
Others	-	-	-	(12)	-	(12)
Total Revenue Grants	(70,142)	(62,712)	(7,430)	(69,619)	(61,439)	(8,180)
Total All Grants Offered to ERW	(70,142)	(62,712)	(7,430)	(69,619)	(61,439)	(8,180)

All of the Welsh Government grants not identified as separate for 2018-19 were merged into one grant 'Regional Consortia School Improvement Grant'.

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

Revenue Grants	2017-18	Grants Allocated Direct to Authority	Grants Held Centrally	2018-19	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000		£000	£000
Welsh Government Grants Received	(69,872)	(62,712)	(7,160)	(69,252)	(61,439)	(7,813)
EWC	(264)	-	(264)	(341)	-	(341)
Others	-	-	-	(12)	-	(12)
British Council	(6)	-	(6)	(14)	-	(14)
Grants Credited As Income in Year	(70,142)	(62,712)	(7,430)	(69,619)	(61,439)	(8,180)

Further analysis of the Grants held centrally:

Revenue Grants	2017-18	Grants Held Centrally	2018-19	Grants Held Centrally
		£000		£000
Payments to schools via LA's for specific work				
Carmarthenshire	793		394	
Ceredigion	379		122	
Neath Port-Talbot	486		237	
Pembrokeshire	305		279	
Powys	464		265	
City and County of Swansea	648		423	
General	40		51	
		3,115		1,771
Other expenditure				
Employees	2,540		4,964	
Grants covering Central Team	340		275	
Transport / Mileage	61		123	
Translation	70		39	
Supplies & Services	1,106		849	
Facilitation	198		159	
		4,315		6,409
Total expenditure		7,430		8,180

13.2 Pension Costs

The ERW Joint Committee participates in two pension schemes:

- 13.2.1 **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 2018-19 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 and the results of this valuation are reflected in the 2017-18 and 2018-19 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 cash flows 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.

13.2.2 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.

Revenue Transactions

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2017-18		2018-19	
	£000	£000	£000	£000
Interest on Pension Liabilities	170		201	
Interest on Plan Assets	(133)	37	(164)	37
Current Service Cost		228		253
Remeasurement of Pension Liabilities and Assets		-		(124)
		265		166
Statement of Movement on the Council Fund Balance Entries				
Reversal IAS 19 Entries Above:		(265)		(166)
Actual Charges Paid in Year				
Actual Amount Charged for Period	109	109	142	142
Net Adjustment Required		(156)		(24)

13.3 Exceptional Costs

There were no exceptional costs incurred in the period.

13.4 Remuneration Details

13.4.1 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 15.8% for 2017-18 and 16.9% for 2018-19.
- 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	2017-18	* £90,106	£14,093	-
Managing Director	2018-19	** £56,280	£8,435	-
Interim Managing Director	2018-19	*** £59,924	-	-

Other Employees	Number of Other Employees	
Remuneration Band	2017-18	2018-19
£60,000 - £64,999	1	3

*Includes two additional SPA points (Soulbury) backdated to 1 May 2015 and a third SPA from 1 May 2017, all awarded in January 2018

** The Managing Director was seconded and recharged to Welsh Government for the period November 2018 to 31 March 2019. The total reimbursement from Welsh Government was £62,500.

*** The Interim Managing Director was seconded from Cardiff City Council for the period November 2018 to 31 March 2019.

There are other senior officer roles within the ERW 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	Swansea
Lead Director of Education	Powys
Director of Resources/S151 Officer	Pembrokeshire
Monitoring Officer	Ceredigion

Also on the Executive Board are the other five Directors of Education from Neath Port Talbot, Carmarthenshire, Ceredigion, Pembrokeshire 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.

13.4.2 Termination Benefits

There were no senior staff terminations during 2018-19.

13.5 Audit Fees

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

	2017-18 £000	2018-19 £000
Fees payable to Wales Audit Office with regard to external audit services carried out by the Appointed Auditor for the year	14	13
Total	14	13

13.6 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.

During 2018-19, the Managing Director was seconded to Welsh Government, who provide ERW with the majority of its funding.

In 2017-18, the £3,060 paid to Pembrokeshire College was recorded due to the Director of Resources/S151 Officer and the Director for Children & Schools (Pembrokeshire) being Members of the College Board. There were no payments made in 2018-19.

13.6.1 Material Relationships

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

Welsh Government

The Welsh Government has 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 13.1. Grant receipts outstanding at 31 March 2019 are set out in note 15.1.3.

The following table shows the total transactions and year end balances with the 6 Local Authorities

Transactions with Local Authorities	Balance owed at the year-end £000	Total transactions in the year £000
Carmarthenshire County Council	50	14,518
Pembrokeshire County Council	50	8,741
Neath Port Talbot County Council	91	12,041
Swansea County Council	91	18,760
Powys County Council	178	8,518
Ceredigion County Council	35	4,623
Total	495	67,201

14.0 Notes To The Movement In Reserves

14.1 Adjustments Between Accounting Basis & the Regulatory Funding Basis

Actuals	2017-18		2018-19	
	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	(265)	265	(290)	290
Remeasurement of Pension Liabilities and Assets	-	-	124	(124)
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	109	(109)	142	(142)
Net Adjustment Required	(156)	156	(24)	24

14.2 Usable Reserves

Usable Reserves	Balance 1st April 2018 £000	Contribution from Revenue Accounts £000	Contribution to Revenue Accounts £000	Balance 31st March 2019 £000
Earmarked Reserves	(382)	-	60	(322)
General Working Reserve	(100)	-	-	(100)
Total Useable Reserves	(482)	-	60	(422)

General Working Reserve

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities. It was created in 2016-17 in order to provide an adequate level of funding to deal with any unexpected expenditure.

Earmarked Reserves

These constitute balances held at the year-end for specific purposes and will be used in accordance with those specific requirements.

Both reserves are reviewed annually during the budget process.

14.3 Unusable Reserves

The transactions in the unusable reserve accounts summarised below can be found in more detail in note 15.4.

Unusable Reserves	Balance 1 st April 2018 £000	Movement in Year £000	Balance 31st March 2019 £000
Pensions Reserve	292	24	316
Total Unusable Reserves	292	24	316

15.0 Notes To The Balance Sheet

15.1 Debtors and Creditors

15.1.1 Debtors and Prepayments

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

	Net 1st April 2018 £000	Gross 31st March 2019 £000	Impairment Allowance £000	Net 31st March 2019 £000
Amounts falling due in one year:				
Welsh Government	10,193	-	-	-
Local Authorities & Schools	-	40	(20)	20
Other Debtors	4	1	-	1
Total Debtors	10,197	41	(20)	21

15.1.2 Creditors

	Balance 31st March 2019			
	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		(193)	-	(193)
Local Authorities & Schools	(513)	-	-	(513)
Other Creditors	(142)	(596)	-	(738)
Total Creditors	(655)	(789)	-	(1,444)

	Balance 1st April 2018			
	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	-	(723)	-	(723)
Local Authorities & Schools	(8,396)	-	-	(8,396)
Other Creditors	-	-	-	-
Total Creditors	(8,396)	(723)	-	(9,119)

15.1.3 Further Breakdown of Short-Term Creditor Analysis

Breakdown of Short-Term Creditors	2017-18 £000	2018-19 £000
Pupil Development Grant	7,212	28
National Qualification for Headteachers	10	-
GCSE	64	-
Welsh Baccalaureate	6	-
Education Improvement Grant	146	-
MFL School of Excellence	8	-
Digital Pioneer Schools	37	-
British Council Grant	4	-
Schools Challenge Cymru - Tranche 3	70	-
ALN	212	-
Raising Standards	506	-
Schools Causing Concern	14	-
Assessment for Learning	11	-
Foundation Phase Training	2	-
Literacy & Numeracy	34	-
Wellbeing	35	-
Regional Consortia School Improvement	-	594
Total Current Liabilities Revenue Grants	8,371	622
Central Team	25	33
Total Creditors Owed 31st March	8,396	655

15.2 Cash and Cash Equivalents

	Balance 31st March 2018 £000	Balance 31st March 2019 £000
Cash at Bank / in Hand	-	1,845
Cash Overdrawn	(596)	-
Total Cash and Cash Equivalents	(596)	1,845

15.3 Contingent Liabilities

Local Authority Contributions

The 2019-20 Central Team Budget has been prepared on the basis of the partner Local Authorities contributing £250k core contributions in proportion to the number of pupils attending each of the Local Authority's schools. This is highlighted due to one Local Authority having not yet paid their 2018-19 contribution, a value of £40,390, which at the time of preparing these accounts had not been received and a 50% provision has been provided for in these financial statements.

Following the implementation of the new ERW senior management structure following its Review and Reform Programme, there is the potential for severance/redundancy payments during 2019-20. The HR department are currently assessing the impact as the severance redundancy liabilities are not clear. All severance redundancy payments for senior management must be approved by the Joint Committee prior to any payments being made. No provision for any liability has been made in these financial statements.

McCloud Legal Judgement – Age Discrimination in pension funds

The December 2018 McCloud legal judgement about age discrimination in pension funds could result in more pension scheme members having increased levels of transitional protection following the change from final salary to career average schemes. The Government has sought leave to appeal against this judgement, however, the supreme Court has denied the Governments application.

The judgement has placed risks upon the assumptions that have been used to prepare the IAS19 postemployment benefit notes as this could impact future benefit payments.

The Government Actuary's Department is currently assessing the impact of the judgment and it is likely to show an increased cost of ½% to 1% of total liabilities at scheme level. As the liabilities are assumed to increase then the cost implication of the case would result in higher employment contributions and current service cost. This could affect the Joint Committee's current financial planning, but any adjustment for ERW is likely to be below trivial.

The final position in terms of employer pension's liabilities and financial impact is not clear, since the governments' appeal and any remediation process may affect the financial impact. Timescales for the resolution of this matter could be lengthy and outcomes will be challenging to assess and quantify. No provision for any potential liability has been made in these financial statements.

15.4 Pensions (Reserve)/Liability

The Pensions (Reserve)/Liability relates to the Dyfed Pension Scheme (see note 13.2.1) 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.

	2017-18 £000	2018-19 £000
Balance 1st April	136	292
Re-measurement of Pension Liabilities and Assets	-	(124)
Reversal of items chargeable to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement	265	290
Employers pension contributions and other direct payments in the year	(109)	(142)
Balance 31st March	292	316

Mae'r dudalen hon yn wag yn fwriadol



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: 2018-19

Date issued: July 2019

Document reference: 1369A2019-20

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.

The team who delivered the work comprised of Anthony Veale, Jeremy Saunders, Julie Owens, Jonathan Mather and Ellis Williams.

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 Joint Committee (the Joint Committee) at 31 March 2019 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 level at which we judge such misstatements to be material for the Joint Committee is £1.4 million. 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 Committee, for 2018-19, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2019 on 31 May 2019, one week after the target deadline of 24 May 2019. That said, the production of the draft financial statements was still well in advance of the current statutory deadline of 15 June.
- 7 We have now substantially completed the audit work subject to the following:
 - the completion of our final review.
 - receipt and review of the final Annual Governance Statement. We understand that the final Annual Governance Statement is due to be presented to the Joint Committee at its meeting scheduled for 15 July 2019. We will review the final Annual Governance Statement as soon as this is received.
 - receipt and review of the declarations of interests and subsequent review of any related party disclosures.
 - receipt and review of the recently prepared Internal Audit Report in respect of the 'Leaders of Learning' programme.
- 8 We 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

- 9 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](#).
- 10 The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

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

Corrected misstatements

- 12 There are no significant corrected misstatements identified in the financial statements. A small number of narrative changes were made to the notes to the accounts.

Other significant issues arising from the audit

- 13 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.
- **We have no significant concerns about the qualitative aspects of your accounting practices and financial reporting.**
 - **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.**
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are four other matters significant to the oversight of the financial reporting process that we need to report to you.** These are outlined below with recommendations made in [Appendix 3](#):
 - a. The costs of the central team (salaries and running costs such as translation) are funded via a combination of member authority contributions, reserves and increasingly grant funding. It is imperative that the Joint Committee reviews this position to ensure that its forward financial planning considerations are sustainable and appropriate.
 - b. We identified that up to date declarations of interest were not available for all members of the Joint Committee and Executive Board at the

time of audit. These were due to be collated in Autumn 2018 but two thirds of declarations were not available at the time of audit.

- c. On receipt of the draft financial statements, the Annual Governance Statement was not available. This is a key document and needs to be produced (and agreed by the Joint Committee alongside the preparation of the draft financial statements).
 - d. We understand that Neath Port Talbot County Borough Council has provided notice to withdraw from the Consortium with effect from 31 March 2020. The Joint Committee needs to assess the financial and operational implications of any withdrawal including whether this position would impact on any future funding through Welsh Government of the Regional School Consortium Improvement Grant (RSCIG).
- **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 2018-19 financial audit work

- 14 The recommendations arising from our financial audit work are set out in [Appendix 3](#). 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

- 15 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 16 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]

Auditor General for Wales

Wales Audit Office

24 Cathedral Road

Cardiff

CF11 9LJ

15 July 2019

Representations regarding the 2018-19 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 2019 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 2018-19; 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.
- Confirmation that there are no further liabilities that need to be recorded in the financial statements in respect of grant awarding bodies requesting clawback of grant monies received by ERW.

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 **15 July 2019**.

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:

Jon Haswell

Section 151 Officer

Date:

Chair of Joint Committee

Date:

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Education through Regional Working Joint Committee for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004.

The Education through Regional Working Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

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 2019 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Education through Regional Working Joint Committee as at 31 March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the joint committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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

- proper accounting records have not been kept;
- the financial 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.

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.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 17 to 18, the responsible financial officer is responsible for the preparation of the statement of accounts, , which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the joint committee's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Anthony J Barrett
For and on behalf of the Auditor General for Wales
16 July 2019

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Recommendations arising from our 2018-19 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.

Recommendation 1

Matter arising 1 - use of grant funding, reserves and contributions from the authorities to fund central costs	
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.
Priority	High
Recommendation	We recommend that the Joint Committee reviews how central revenue costs are currently being funded to ensure that its forward financial planning considerations are appropriate and sustainable.
Accepted in full by management	Agreed
Management response	Following completion of the ERW Review and Reform Programme, a revised Business Plan and outline Funding Model were determined. The Funding Model for 2019-20 has been agreed and discussions are ongoing between the Joint Committee, Chief Executives and the ERW S151 Officer to agree the Funding Model for 2020-21 onwards.
Implementation date	April 2020 (Start of the 2020-21 Financial Year)

Recommendation 2

Matter arising 2 - the Annual Governance Statement was not fully completed on receipt of the draft financial statements	
Findings	On receipt of the draft financial statements, the Annual Governance Statement was not completed and approved.
Priority	High
Recommendation	<p>In future years, the Annual Governance Statement needs to be completed alongside the production of the draft financial statements.</p> <p>With regards to the 2018-19 Annual Governance Statements, the action plan to address any governance issues needs to be fully completed and presented to the ERW Joint Committee at its meeting scheduled for 15 July 2019.</p>

Accepted in full by management	Agreed
Management response	<p>The Annual Governance Statement for 2019-20 will be completed alongside the Draft Financial Statements for 2019-20.</p> <p>The Annual Governance Statement for 2018-19 will be presented to the Joint Committee for approval on 15 July 2019.</p>
Implementation date	May 2020 (For the 2019-20 Annual Governance Statement)

Recommendation 3

Related party/ declaration of interests	
Findings	We identified that up-to-date declarations of interest were not available for all members of the Joint Committee and Executive Board at the time of audit. These were due to be collated in Autumn 2018 but two thirds of declarations were not available at the time of audit.
Priority	High
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 related party disclosures can be included within the accounts.
Accepted in full by management	Agreed
Management response	Declarations of interest will be obtained from all Members of the Joint Committee and Executive Board immediately and on an annual basis thereafter.
Implementation date	Immediately

Recommendation 4

Neath Port Talbot have provided ERW with notice to withdraw from the Consortium from 31 March 2020	
Findings	Neath Port Talbot County Borough Council has provided notice to withdraw from the Consortium with effect from 31 March 2020.
Priority	High
Recommendation	The Joint Committee need to assess the financial and operational implications of any withdrawal including whether this position would impact on any future funding

	through Welsh Government of the Regional School Consortium Improvement Grant (RSCIG).
Accepted in full by management	Agreed
Management response	The ERW Managing Director, with advice from the ERW S151 Officer and ERW Monitoring Officer, will assess the financial and operational implications of any withdrawal and whether this would impact on any future RSCIG funding. This will be reported to the Joint Committee for consideration.
Implementation date	November 2019

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CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

DIWEDDARIAD ARIANNOL ERW 2019-20

Y Pwrpas:

Darparu diweddariad ar sefyllfa ariannol ERW ar gyfer 2019-20 ar gyfer Cyd-bwyllgor ERW.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

- Bod y Cyd-bwyllgor yn cymeradwyo'r diwygiadau i gyllideb y Tîm Canolog ar gyfer 2019-20.
- Dylai'r Cyd-bwyllgor, y Bwrdd Gweithredol a'r Swyddog A151 barhau i ddatblygu'r model ariannol a chyllido ar gyfer y dyfodol ar gyfer 2020-21 a thu hwnt.

Y RHESYMAU:

Cael cymeradwyaeth Cyd-bwyllgor ERW.

Awdur yr Adroddiad: Jon Haswell	Swydd: Cyfarwyddwr Adnoddau Swyddog A151 ERW	Rhif Ffon: 01437 775836 E: bost: haswellj@pembrokeshire.gov.uk
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EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

ERW FINANCIAL UPDATE 2019-20

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide the ERW Joint Committee with a financial update on the following:

- 2019-20 Central Team Budget
- Service Level Agreements
- 2019-20 Grant Allocations
- 2019-20 Grants
- RCSIG
- ERW Business Plan 2019-20 Priorities:
 - Curriculum and Assessment
 - Developing the Profession
 - Leadership
 - School Improvement
 - Strong and Inclusive Schools
- Risks
- Reserves

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	Risk Management Issues YES	Staffing Implications YES
1. Finance As detailed in the report.				
2. Risk Management As detailed in the report.				
3. Staffing Implications As detailed in the report.				

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



Mae'r dudalen hon yn wag yn fwriadol



Ein Rhanbarth ar Waith
Education through Regional Working

ERW Financial Update 2019-20

15 July 2019

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.



¹
Tudalen 175

1. Introduction

This report presents the Joint Committee with a financial update at 31 May 2019.

2. 2019-20 Central Team Budget

The 2019-20 Central Team budget was approved by the Joint Committee on 8 February 2019. Whilst the budget was set in February, given the scale of the restructure proposed this year budgets will need to be amended accordingly. Once the new structure is in place, it should result in a stable budget position. However, whilst it is accepted that we need to limit the number of budget amendments during the year, reality and changing circumstances will inevitably mean that revisions will be needed as we respond to changes in funding from Welsh Government.

It has been noted that grant dependency has risks but these have been accepted by the Joint Committee.

Service Level Agreements (SLA's)

All SLA's have been reviewed in order to provide full cost recovery for the Authority providing the service. For 2019-20 the breakdown is as follows:

SLA's	Budgeted Cost
Committee Services (Carmarthenshire)	£5,000
Scrutiny (Swansea)	£5,000
Finance (Pembrokeshire)	£40,000
Internal Audit (Pembrokeshire)	£25,000
Human Resources (Pembrokeshire)	£20,000
Information Technology (Pembrokeshire)	£24,000
Procurement (Pembrokeshire)	£20,000
Insurance (Pembrokeshire)	£20,000
Total Budgeted SLA's	£159,000

It is understood that expressions of interest for these services will be sought from the six Local Authorities during 2019-20, with a view to any potential changes commencing in 2020-21.

Core Budgeted Expenditure	2019-20 Projected Outturn at June 2019 £000's	Core Funded	Grant Funded	Actual Income / Expenditure May 2019 £000's
Staffing Costs				
Salaries, Secondments, Specialists	676	676	-	62
Core Central Staff Salaries to be Recharged	912	-	912	33
Travel, Subsistence, Training and Development	6	6	-	6
IT Hardware & Mobiles	-	-	-	-
Recruitment costs	10	10	-	-
	1,604	692	912	101
Development and Running Costs				
Rent and Accommodation	63	26	37	16
Stationary, Telephone, Photocopying	11	11	-	
Translation	15	15	-	1
Software, Marketing, R&E,	53	53	-	6
Service Level Agreements	159	98	61	-
External Audit	14	14	-	-
Schools Causing Concern	75	75	-	-
Contingency unallocated	60	60	-	-
	450	352	98	23
Total Estimated Expenditure	2,054	1,044	1,010	124
Core Budgeted Income				
Local Authority Contributions	250	250	-	-
Other Income	4	4	-	-
Grant Funding	1,510	500	1,010	33
2018-19 funding utilised	290	290	-	290
Total Estimated Income	2,054	1,044	1,010	323
Core Net Expenditure / (Income)	0	0	0	(199)
Appropriation to Reserve	0	0	0	199

- All office costs are primarily costed to the Core Central Team and where appropriate, the costs are recharged to various grants.
- It is anticipated that £1,510,000 (2018-19 £439,000) of Core Central Team costs will be recoverable from various grant funding sources in 2019-20. The increase in costs reflects the planned restructure.

- The planned use of reserves for 2019-20 is nil, resulting in the reserves remaining at £106k.
- The 2019-20 budget has been prepared on the basis of the total annual contribution from the six Local Authorities remaining at £250k, as in previous years.

3. 2019-20 Grant Allocations

	2019-20 £000's
RCSIG	
Curriculum and Assessment	1,881
Developing the Profession	36,879
Leadership**	621
Supporting Self Improving System	417
Strong Inclusive Controls	-
RCSIG Total	39,798
PDG	
PDG	23,292
LAC PDG	1,100
PDG Coordinator	100
Estimated PDG	24,492
Others	
EWC	480
MAT *	144
Estimated Others	624
Total Grant Income Expected	64,914

*These are 2018-19 grants which span the academic year September 2018 – August 2019. This money has been committed to be spent between April – August 2019 in line with the 2018-19 ERW Business Plan.

**Within Leadership is estimated additional funding of £240k which is due to ERW in a variation in September 2019 for support NPQH.

4. 2019-20 Grants

4.1 A breakdown of the funding for the new ERW staffing structure (grant funding and core funding) is shown at Appendix A.

4.2 Regional Consortia School Improvement Grant (RCSIG)

The revised RCSIG is allocated according to the National Ministerial Priorities. Grants received are allocated according to the ERW Business Plan 2019-20 priorities:

- Curriculum and Assessment (4.3)
- Developing the Profession (4.4)
- Leadership (4.5)
- School Improvement (4.6)
- Strong and Inclusive Schools (4.7)

The terms and conditions of the grant are carefully adhered to, and wherever possible clear links are made between grants to enable greater value for money when planning expenditure.

The RCSIG will now be distributed on a quarterly basis compared to bi-monthly in 2018-19. The 2019-20 grant offer letter was accepted by the Joint Committee on 30 May 2019 and the first payment is due to ERW on 5 July 2019.

At the time of writing this report, the PDG grant offer letter was awaited from Welsh Government, therefore any PDG funding identified within this report is an estimate based on 2018-19 funding.

This report and the financial information contained within it should be considered alongside the ERW Business Plan 2019-20.

4.3 Curriculum and Assessment

Curriculum and Assessment Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG Curriculum & Assessment 2019-20	1,881	-	
Total Estimated Income	1,881	0	
Curriculum and Assessment Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	548	29	519
Core Central Staff	59	14	45
Travel, Subsistence, Training and Development	-	-	-
IT Hardware & Mobiles	-	-	-
	607	43	564
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
Service Level Agreements	61	-	61
	61	0	61
Delegated to Schools			
Passported on WG Instruction	750	-	750
Regional Support, Support Work, Task	287	-	287
	1,037	0	1,037
Delegated to Local Authorities	-	-	-
Unallocated Funds	176	-	-
Total Estimated Expenditure	1,881	43	1,662

4.4 Developing the Profession

Developing the Profession Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG Developing the Profession 2019-20	36,879	-	
EWC 2019-20	480	-	
Total Estimated Income	37,359	0	
Developing the Profession Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	2,172	93	2,079
Core Central Staff	520	2	518
Travel, Subsistence, Training and Development	3	3	-
IT Hardware & Mobiles	-	-	-
Grant Funding used to fund core costs 19-20	500	-	500
	3,195	98	3,097
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	1	1	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	1	1	0
Delegated to Schools			
Passported on WG Instruction	998	-	998
Regional Support, Support Work, Task	116	96	20
	1,114	96	1,018
Delegated to Local Authorities	32,527	-	32,527
Unallocated Funds	522	-	-
Total Estimated Expenditure	37,359	195	36,642

4.5 Leadership

Leadership Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG Leadership 2019-20	621	-	
Total Estimated Income	621	0	
Leadership Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	37	-	37
Core Central Staff	192	17	175
Travel, Subsistence, Training and Development	2	2	-
IT Hardware & Mobiles	-	-	-
	231	19	212
Development and Running Costs			
Accommodation & Venue Hire	5	5	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	5	5	0
Delegated to Schools			
Passported on WG Instruction	-	-	-
Regional Support, Support Work, Task	-	-	-
	0	0	0
Delegated to Local Authorities	-	-	-
Unallocated Funds	390	-	-
Total Estimated Expenditure	626	24	212

4.6 School Improvement

School Improvement Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
RCSIG School Improvement 2019-20	417	-	
Total Estimated Income	417	0	
School Improvement Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	217	-	217
Core Central Staff	137	-	137
Travel, Subsistence, Training and Development	-	-	
IT Hardware & Mobiles	-	-	
	354	0	354
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	0	0	0
Delegated to Schools			
Passported on WG Instruction	-	-	
Regional Support, Support Work, Task			
Delegated to Local Authorities	-	-	-
Unallocated Funds	63	-	-
Total Estimated Expenditure	417	0	354

4.7 Strong and Inclusive Schools

Strong and Inclusive Schools Budgeted Income	2019-20 Projected Income £000's	Actual Income at May 2019 £000's	
PDG	23,292	-	
PDG Coordinator	100	-	
LAC PDG	1,100	-	
RCSIG 2018-19 academic funding	144	144	
Total Estimated Income	24,636	144	
Strong and Inclusive Schools Budgeted Expenditure	2019-20 Projected Expenditure £000's	Actual Expenditure May 2019 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	70	10	60
Core Central Staff	4	-	4
Travel, Subsistence, Training and Development	-	-	-
IT Hardware & Mobiles	-	-	-
	74	10	64
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	-	-	-
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	0	0	0
Delegated to Schools			
Passported on WG Instruction	-	-	-
Regional Support, Support Work, Task	1,144	-	1,144
Delegated to Local Authorities	23,292	-	23,292
Unallocated Funds	126	-	-
Total Estimated Expenditure	24,636	10	24,500

5. Risks

This report, in a similar vein to previous Financial Updates, highlights risks for ERW.

The ERW Reserves are diminishing as outlined below, albeit the budget for 2019-20 does not include any contribution from reserves. Work is ongoing in respect of the future financial and funding model for ERW and a workshop was held for Joint Committee Members on 25 June 2019, followed by a meeting of the Education Directors on 28 June 2019.

6. Reserves

The table below shows the projected implications on ERW Reserves from 2018-19 to 2019-20.

The projected annual contribution to the cost of the Central Team for 2019-20 is nil.

Movement on the Pension Reserve for 2019-20 could reduce the total reserve balance of £106k further.

Useable Reserves	Earmarked Joint Committee Reserves £000's	General Working Reserve £000's	Pensions Reserve £000's	Total Reserves £000's
Balance 31 March 2018	382	100	-292	190
2018-19 To Revenue	-60		-24	-84
Balance 31 March 2019	322	100	-316	106
2019-20 To Revenue	-	-	-	-
Balance 31 March 2020	322	100	-316	106

7. Recommendations

- The Joint Committee approves the amendments to the Central Team budget for 2019-20.
- The Joint Committee, Executive Board and S151 Officer should continue to develop the future financial and funding model for 2020-21 and beyond.

Breakdown of funding for the new ERW staffing structure							
NOTE - the table on page 3 provides a breakdown on how the costs detailed under the heading 'core' are funded.							
CENTRAL TEAM	Core	Grant	C&A % Total	Dev Prof % total	Lead % total	Self Imp % total	Strong Inc % total
MD	100%	0%					
1 X AMD	50%	50%	50%				
Areas of Specialism (Tier 2)							
Head of Primary Sector - not appointed	20%	80%		40%		40%	
Head of Secondary Sector - not appointed	20%	80%		40%		40%	
Head of Special Schools and Education in Alternative Settings	20%	80%		40%		40%	
Head Professional Learning and Leadership - not appointed	20%	80%		5%	75%		
Head Curriculum Reform and Innovation - not appointed	20%	80%		80%			
Lead for research and HEI Partnerships	0%	100%		36%		64%	
Lead for Leadership	0%	100%			100%		
Lead for Secondary and Curriculum and Examinations	0%	100%		100%			
Lead for Welsh in Education	0%	100%		100%			
Lead for Digital Learning and Systems	0%	100%		100%			
Lead for Health and Wellbeing	0%	100%		100%			
Office Organisation	90%	10%	1%	4%	3%	1%	1%
STRATEGIC TEAM							
Secondary Curriculum Leads (Tier 3)							
Science Lead	0%	100%		100%			
Science Lead	0%	100%		100%			
Maths Lead	0%	100%		100%			
Maths Lead	0%	100%		100%			
English Lead	0%	100%		100%			
English Lead	0%	100%		100%			
Welsh Lead	0%	100%		100%			
Welsh Lead	0%	100%		100%			
Post 16	0%	100%		100%			
Humanities	0%	100%	100%				
Technology - not appointed	0%	100%		100%			
Modern Foreign Languages - not appointed	0%	100%		100%			
Expressive Arts - not appointed	0%	100%		100%			
AoLEs Secondary / AoLEs Primary (Tier 3)							
12 AOLEs (all appointed)	0%	100%	100%				
12 AOLEs (all appointed)	0%	100%	100%				
12 AOLEs (all appointed)	0%	100%		100%			
12 AOLEs (all appointed)	0%	100%		100%			
12 AOLEs (all appointed)	0%	100%		100%			
12 AOLEs (all appointed)	0%	100%		100%			
12 AOLEs (all appointed)	0%	100%		100%			
12 AOLEs (all appointed)	0%	100%		100%			
12 AOLEs (all appointed)	0%	100%		100%			
12 AOLEs (all appointed)	0%	100%				100%	
12 AOLEs (all appointed)	0%	100%				100%	
Current structure costs April 19 - Aug 19	13%	87%	25%	46%	6%	9%	2%

Mae'r dudalen hon yn wag yn fwriadol



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CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

SWYDDOGAETH CYLLID ERW

Y Pwrpas:

I'r Cyd-Bwyllgor ystyried a fydd Cyngor Sir Benfro yn parhau i ddarparu swyddogaeth cyllidol ERW yn y blynyddoedd nesaf.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

I'r Cyd-Bwyllgor ystyried a fydd Cyngor Sir Benfro yn parhau i ddarparu swyddogaeth cyllidol ERW yn y blynyddoedd nesaf, neu'r Awdurdod Lleol fydd yn darparu'r swyddogaeth yn y blynyddoedd nesaaf

Y RHESYMAU:

Angenrheidiol ar gyfer prosesau cynllunio cyllid y dyfodol

Awdur yr Adroddiad:	Swydd:	Rhif Ffon 01437 775836
Jon Haswell	ERW Section 151 Officer	E: bost haswellj@pembrokeshire.gov.uk



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

ERW FINANCE FUNCTION

BRIEF SUMMARY OF PURPOSE OF REPORT

Pembrokeshire County Council have provided the Finance function for ERW since it was created in 2014:

- Section 151 Officer
- Finance function including the Deputy Section 151 Officer, provision of the ledger, payment of invoices, production of the Statement of Accounts, etc. (SLA with ERW)
- Management and professional support for the ERW Senior Accountant and ERW Accounting Technicians

Pembrokeshire County Council are in the process of implementing a new financial ledger and will need to input the details of every School in the ERW region (circa. 480), along with the financial coding structure. This is a considerable and timing consuming task. If the Finance function for ERW was to remain with Pembrokeshire County Council, it is a worthwhile task as it would improve the financial planning and financial management information for ERW in the future. If the Finance function for ERW is to be passed to another Local Authority, there would be no benefit in inputting the Schools onto the new financial ledger.

DETAILED REPORT ATTACHED?

No



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	Risk Management Issues YES	Staffing Implications NONE
1. Finance As outlined above.				
2. Risk Management The Finance function and the HR (employing Local Authority) function for ERW are both provided by Pembrokeshire County Council and are very closely aligned, so careful consideration would be required as to the effect on ERW operations if the functions were to be split from each other.				

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report: THERE ARE NONE

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



Mae'r dudalen hon yn wag yn fwriadol

CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

APWYNTIO RHEOLWR GYFARWYDDWR DROS DRO

Y Pwrpas:

I'r Cyd-Bwyllgor cyeradwyo apwyntiad Andi Morgan fel Rheolwr Gyfarwyddwr Dros Dro ERW hyd at 31/12/19

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

I'r Cyd-Bwyllgor cymeradwyo apwyntiad Andi Morgan fel Rheolwr Gyfarwyddwr Dros Dro ERW hyd at 31/12/19

Y RHESYMAU:

Darparu arweinyddiaeth strategol i'r consortiwm rhanbarthol yn ystod secondiad yr unigolyn sydd yn y swydd parhaol.

Awdur yr Adroddiad:

Kate Evan-Hughes

Swydd:

Rhif Ffon

E: bost.kate.evan-hughes@pembrokeshire.gov.uk



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

INTERIM APPOINTMENT OF MANAGING DIRECTOR

The substantive post-holder is currently seconded to another role and the current interim has tendered their resignation with effect from 31/07/2019.

Options:

1. To ratify the appointment of Andi Morgan in the post of Interim Managing Director until 31/12/19

Pros

Continued strategic leadership of ERW

Cons

Does not provide a long term solution to the Managing Director post

2. To not ratify the appointment of Andi Morgan in the post of Interim Managing Director until 31/12/19

Pros

None

Cons

Failure to secure interim strategic leadership for the regional consortia

DETAILED REPORT ATTACHED?

No



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	Risk Management Issues YES – Reduction of risk	Staffing Implications YES
1. Finance Secondment salary is within the range of the agreed salary for the substantive post holder in the revised structure				
2. Risk Management This will reduce the risk of not delivering the review and reform model of ERW				
3. Staffing Implications Appointment of an interim post holder				

CONSULTATIONS

Details of any consultations undertaken are to be included here
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



Mae'r dudalen hon yn wag yn fwriadol



CYD-BWYLLGOR ERW 15 GORFFENNAF 2019

DIWEDDARIAD AR STAFF A CYLLIDO'R STRWYTHUR

Y Pwrpas:

Rhoi gwybod i'r Cyd-bwyllgor am y cynnydd a wnaed mewn perthynas â'r trefniadau staffio a chyllido ar gyfer strwythur ERW

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

Bod y Cyd-bwyllgor yn cael yr adroddiad gyda'r bwriad o gael adroddiad manylach yng nghyfarfod y Cyd-bwyllgor yn ystod tymor yr Hydref 2019

Y RHESYMAU:

Diweddariad ar Gynnydd (Crynodeb ar dudalen 2)

Awdur yr Adroddiad:

Geraint Rees

Swydd:

Rh.G Dros Dro

Rhif Ffon 01267 24 5640

E: bost.geraint.rees@erw.org.uk



**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
15 JULY 2019**

STAFFING AND STRUCTURAL FUNDING UPDATE

BRIEF SUMMARY OF PURPOSE OF REPORT

To report on the current situation with appointments and building agreement around a financial model for 2020-21.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance NONE	Risk Management Issues YES	Staffing Implications YES
1. Risk Managements Issues Early discussion on next year's financial planning is designed to minimise the risk relating to setting a budget for 2020-21.				
2. Staffing Implications Appointments have already been made and some flexibility still remains at senior leadership level.				

CONSULTATIONS

Details of any consultations undertaken are to be included here 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



Mae'r dudalen hon yn wag yn fwriadol

Staffing and Structural Funding Update

The ERW Directors met with the MD and Senior accountant on June 28th to examine the structural funding of ERW in 2019-20.

Resolving vacancies in the school-facing staffing structure previously agreed at February and April 2019 Joint Committee is currently being finalized, with only a small number of roles now dependent on temporary/secondment basis. The Estyn visit of June 2019 commended the move towards the staffing structure, and indicated the need to ensure full resolution as soon as is practically possible.

Having agreed on key priorities for the regional service, and the balance between regional and locally delivered support for schools, the revised structure is designed to ensure that ERW will be able to deliver those functions from September 2019. Those functions are in keeping with the key regional grants from Welsh Government. The revised RCSIG is allocated according to the National Ministerial Priorities and the grants received are allocated according to the ERW Business Plan 2019-20 priorities 4.3 – 4.7. That business plan is clear about what ERW commits to deliver for its funding in relation to each of the priorities i.e. what local authorities and their schools can expect to receive from being in the ERW partnership.

Agreed Priorities identified in the 2019/2020 Business Plan (i.e. what will ERW do for schools and LA's in the current year)

- **Curriculum and Assessment (4.3)** From September 2019 this will be done by supporting groups of schools with preparing for the new curriculum, working across each the key aspect (Curriculum design and integration, Pedagogy, Areas of Learning and Experience and Assessment) and also provide additional strategic leadership around the transformational challenges of Welsh, Digital Learning and Systems and Health and Wellbeing. The work will be closely linked to the work on professional learning across the region.

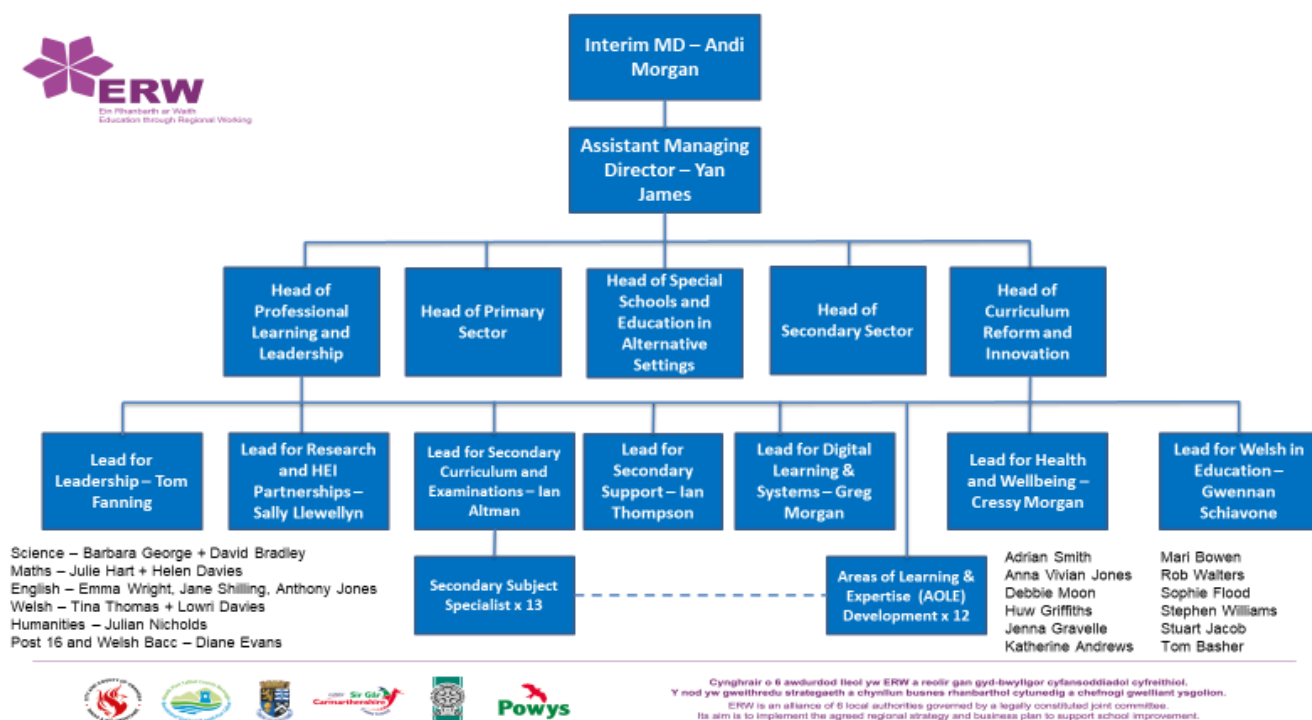
- **Developing the Profession (4.4)** in ERW this will involve facilitating the embedding of the Higher Education Partnerships (Trinity St David, Swansea and Aberystwyth) to help coordinate their work with schools and build new alternative and part-time training routes into teaching with schools and the universities (including a new programme with the Open University). ERW will also expand its support for newly qualified teachers, including those working for supply agencies, who have no regular school base. Additionally, ERW will develop a range of deliveries for supporting teachers as researchers and as users of effective university research & supporting schools in terms of upskilling their staff for the new curriculum (including the regional coordination of staffing programmes to improve the ability of schools to deliver to the Cymraeg 2050 agenda). Additionally, there will be further development of provision to support teaching assistants and Higher Level Teaching Assistants through a partnership across the region.

· **Leadership (4.5)** ERW will add to its current leadership portfolio for middle leaders, the new/interim headteacher programme and NPQH with programmes for aspiring and experienced serving headteachers and bespoke middle leadership programmes including leadership of sixth forms and leadership of ALN, and by summer of 2020 have programmes (in partnership with the other 3 regions, universities and the National Academy for Educational Leadership) which cover the lifelong leadership development requirements of teachers – from leadership in early professional development through to the leadership of more than one school.

· **School Improvement (4.6)** Through shared training of challenge advisers, moderation, cross authority dialogue and sharing effective practice, ERW will work to develop a more cohesive approach to the support and challenge of schools, acknowledging that local authorities hold the statutory responsibilities, but that they can utilize ERW for building professional capacity to secure improvement. ERW will also be able to deploy a small team of secondary leadership specialists (who are in the main experienced headteachers from around the region) to provide bespoke and urgent support for secondary schools on a needs led basis (self-identified or identified through local authority challenge advisers and directors), and a full-time small team of secondary subject specialists who can provide support for improving the capacity of middle leadership, pedagogy and examination preparation of the main academic disciplines. Additionally, ERW will work with the 6 authorities and their schools to help share effective practice and secure consistency of approaches across all aspects of school improvement.

· **Strong and Inclusive Schools (4.7)** – ERW will work with schools to ensure professional learning of teachers to support effective pedagogy across all abilities and secure leadership development to embed inclusive values and practises in relation to the new curriculum. Additionally, ERW will provide strategic leadership around best practice for supporting pupils who are looked after and those entitled to free school meals, and provide expert input as schools seek to address the significant challenges of the new expectations in relation to health and wellbeing – within the new curriculum and beyond.

To achieve these commitments, ERW has put in place the following staffing structure:



This outward facing structure will be supported by a revised internal business support structure (within the agreed budget), which will be geared specifically to supporting the revised purposes of ERW, which are in keeping with the key areas of national priority identified in the grant allocations.

Funding the Model

Directors have been briefed on how core and grant funding streams are utilised in order to fund posts in the current and planned structure, as well as the general context of this year's budget. The rationale for various posts' funding has been shown, and explained within the context of the RCSIG Grant Terms and Conditions.

The ERW Director Group has also received a newly constructed reporting format that would show them ERW's spend from month to month, which could be broken down to LA and/or school level.

In the **current financial year (2019-2020)**, budgeted ERW staffing **and** running costs of £4,460,000 are broken down to

- Budgeted Staffing & other costs £3,420,000 funded from grant (including over £700k to end the Network Leaders of Learning Programme, which will cease to be a cost from September 1st 2019)

- Budgeted ERW core function costs £1,040,000 in this financial year funded by –
 Contributions from Local Authorities - £250,000
 Transition year agreed flexibility from Welsh Government - £500,000
 Use of reserves - £290,000

Total: £1,040,000

There are posts which cannot be funded directly through grant funding, which require an agreement between the authorities in relation to some core funding for ERW, in order to deliver the priorities noted above.

The 19th July has been set aside by Directors as a day to go further into the complexities of funding, and to run the model for 2020/2021 in order to be able to present a report to Joint Committee showing the options for 2020/2021, It is essential that any options are clear as to how the resource deployed can be faithfully used to fund the work of ERW in delivering the national priorities noted in grant agreements, whilst also respecting the need for local and regional funding to be appropriately directed towards school budgets.

Next Steps:

Directors meet on 19th July to examine fully the financial modelling for 2020/2021.

The finance team, on behalf of the Director group will then produce a paper for ERW Joint Committee regarding approaches to funding the structure for 2020-21 with a view to bringing a paper to JC Autumn Term 2019 meeting.

It is expected that in 2020/2021, grant funding will be passed on to local authorities and schools in the same way that it is currently distributed. It should then be a matter for each local authority to determine the sources from which they are to fund their share of the ERW core budget from April 2020.



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CYD-BWYLLGOR ERW 15.7.19

Y GOFNOD RISG

Y Pwrpas:

I ddiweddarau'r Cyd-Bwyllgor ar y risg systemig sydd yn gwynebu Consortiwm ERW a'r Awdurdodau Lleol ar hyn o bryd

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

I'r Cyd-Bwyllgor dderbyn yr adroddiad

Y RHESYMAU:

Rheoli Risg mewn modd effeithiol
Anghenion Llywodraethu

Awdur yr Adroddiad:

Geraint Rees

Swydd:

Rh.G Dros Dro

Rhif Ffon 01267 24 5640

E: bost.geraint.rees@erw.org.uk



Powys
Tudalen 205

EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

15 JULY 2019

RISK REGISTER

BRIEF SUMMARY OF PURPOSE OF REPORT

The Risk Register has been updated since the previous Joint Committee, following feedback from the ERW Executive Board.

The overall Risk profile has remained stable since the previous meeting, with most risks being scored equally to the previous report, one increasing, and one decreasing.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	Risk Management Issues YES	Staffing Implications NONE
1. Finance The Risk Register has a dedicated section where it discussed financial risks within ERW				
2. Risk Management The Risk Register is the primary mechanism for capturing and reporting on Risks within the ERW Governance structure.				

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



Mae'r dudalen hon yn wag yn fwriadol



ERW

Ein Rhanbarth ar Waith
Education through Regional Working
www.erw.cymru
www.erw.wales

Corporate Risk Register (Threats)

2019-2020

For Joint Committee July 2019

Introduction

ERW's Corporate Risk Register contains the strategic business risks (threats) to the achievement of the ERW's Vision and Aims as outlined within the ERW Business Plan.

ERW's Vision: "Improving Learning Together"

ERW's Objectives:

- Improve the quality of leadership and its impact on outcomes
- Improve the quality of teaching and learning experiences and its impact on outcomes
- Reduce the impact of poverty on attainment, support vulnerable learners and ensure all learners reach their potential
- Deliver high quality and bespoke support, challenge, and intervention to schools
- Communicate effectively with all stakeholders

Corporate business risks (threats) are scored against the risk (threats) evaluation matrix shown on page 4, using the probability and impact criteria shown on pages 5 and 6.

The Corporate Risk Register is a live document which is subject to regular review by the ERW Managing Director. New business risks identified or escalated via Local Authority risk registers are captured as proposed business risks and considered for inclusion on the Corporate Risk Register by the Lead Chief Executive. The updated Corporate Risk Register is then formally reviewed by the ERW Executive Board. The Corporate Risk Register is reviewed regularly by the ERW Joint Committee.

Business risks are scored at inherent level (before any control measures are applied) and at residual level (after control measures have been applied).

Although control measures are applied, they may not be sufficient to reduce the residual score if external factors (outside of officer control) still have a high influence on the probability of the risk occurring or the impact should it occur, e.g. Review and Reform Programme. The heat map on page 7 shows the highest residual risks on the Corporate Risk Register.

Each risk has its own table showing the inherent and residual risk score along with the tolerance for the risk. Tolerance levels and responsible officers should ultimately be decided by the Joint Committee, who will be advised by the ERW Central Team.

To assist with the monitoring of changes to the Corporate Risk Register between reviews, the risk score table for each risk includes a movement column which shows if the residual risk has increased↑, decreased↓, or stayed the same↔. Where there is no arrow icon, this process will commence from the report presented to the next Joint Committee.

The Corporate Risk Register for 2018-19 contains 17 business risks (threats), each of which is indexed at page 8 and 9, and shown in detail on pages 10 to 21.

Risks are categorised under one of the four following groupings, with each grouping requiring an agreed tolerance level.

1. Financial Risks - Tolerance Level 6
2. Infrastructure Risks – Tolerance Level 8
3. People and Knowledge Risks – Tolerance Level 9
4. Governance and Compliance – Tolerance Level 4

Every risk is explained in three steps:

1. Event
2. Consequence
3. Impact

Risk Evaluation Matrix

Threats					
Probability	Very High	Low (4)	Medium (8)	High (12)	High (16)
	High	Low (3)	Medium (6)	Medium (9)	High (12)
	Medium	Low (2)	Low (4)	Medium (6)	Medium (8)
	Low	Low (1)	Low (2)	Low (3)	Low (4)
		Low	Medium	High	Very High
Impact					

Impact assessment criteria

(Review the risk against the following criteria, chose the one that best describes the impact and rate accordingly from 1 – 4)

Rating	Description	Financial Capital / Revenue	Political	Service / Operations
4	Very High	>40% to <100% budget	<ul style="list-style-type: none"> Political intervention required. 	<ul style="list-style-type: none"> Catastrophic fall in service quality and statutory service standards are not met. Long term interruption to service provision. Report from regulator or inspectorate requiring major project for corrective action.
3	High	>15% to <40% budget	<ul style="list-style-type: none"> Major adverse political reaction. 	<ul style="list-style-type: none"> Major impact to service quality, statutory service standards are not met, long term disruption to operations, multiple partnerships affected. Report of breach to regulator with immediate correction to be implemented.
2	Medium	>5 % to < 15 % budget	<ul style="list-style-type: none"> Significant adverse regional political reaction. 	<ul style="list-style-type: none"> Significant fall in service quality, major partnership relationships strained, serious disruption to statutory service standards. Reportable incident to regulator(s).
1	Low	< 5% budget	<ul style="list-style-type: none"> Minor adverse political reaction and complaints which are quickly remedied. 	<ul style="list-style-type: none"> Minor impact to service quality, minor statutory service standards are not met.

< = Less than

> =More than

Probability assessment criteria

(Select one of the ratings from the definitions below)

Rating	Annual Frequency			Probability	
	Description	Definition		Description	Definition
4	Very High	More than once in last 12 months		Very High	>85 % chance of occurrence
3	High	Once in last 2 years		High	>45% to <85 % chance of occurrence
2	Medium	Once in 3 years up to 10 years		Medium	>15% to < 45 % chance of occurrence
1	Low	Once in 10 years		Low	<15 % chance of occurrence

< = Less than

> =More than

Corporate Business Risks

The heat map below summarises the highest residual risks contained on the Corporate Risk Register.

Very High Probability	12 Cuts to School Budgets	16
High Probability		12 Estyn Action Plan
	High Impact	Very High Impact

Index and Summary of Residual Business Risk Scores

Central

No.	Risk	Probability	Impact	Residual Risk	Movement	Page
1.1	Powys Estyn Monitoring result in follow up	2	4	8	↑	11
1.2	Ceredigion Estyn Monitoring result in follow up	1	4	4	⇔	12
1.3	Pembrokeshire Estyn Monitoring result in follow up	2	4	8	⇔	13
1.4	Carmarthenshire Estyn Monitoring result in follow up	2	4	8	⇔	14
1.5	Swansea Estyn Monitoring result in follow up	1	4	4	⇔	15
1.6	Neath Port Talbot Estyn Monitoring result in follow up	1	4	4	⇔	16
2	Failure to comply with Estyn Action Plan	3	4	12	⇔	17
3	Failure to deliver Business Plan	2	3	6	↓	18
4	ERW Governance	2	4	8	⇔	19
5	Data Protection	2	4	8	⇔	22
6	ERW found not to provide Value for Money	2	4	8	⇔	23
7	LA Failure to comply with Grant Regulations	2	4	8	⇔	24

Financial

No.	Risk	Probability	Impact	Residual Risk	Movement	Page
1	Timeliness of Welsh Government Funding	2	3	6	↕	25
2	Cuts to School Budgets	4	3	12	↕	26
3	Delivery of National Mission	3	3	9	↕	27
4	WG Grant Compliance	2	4	8	↕	28

Contextualisation

ERW (Education through Regional Working) is one of 4 regional education consortia in Wales. It 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. The purpose of ERW is to deliver a single, consistent and integrated professional school improvement service for children and young people across the South-West and Mid-Wales region.

ERW works closely with Welsh Government and with the other three regional consortia to deliver national priorities and policies in Wales, such as literacy, numeracy and digital competence, and improving learner outcomes.

The regional education consortia were formally established following the publication of the National Model for School Improvement by Welsh Government in 2014. The National Model is based on a vision of regional school improvement consortia working with and on behalf of local authorities to lead, orchestrate and co-ordinate the improvement in the performance of schools and education of young people. This would be achieved by allowing local authorities to work collaboratively to share good practice, knowledge and skills, build capacity and increase opportunities for constructive challenge and targeted support.

ERW works to communicate, broker and support the development of high performing school networks in order to identify the challenges and establish improvement pathways that lead to success. It seeks to ensure that every school is a good school offering high standards of teaching and good leadership resulting in all learners achieving their maximum potential. This can only be achieved by building school capacity through support, challenge and intervention so that they become self-improving, resilient organisations which continually improve outcomes for learners.

Our Objectives:

- 1. Developing a high-quality education profession**
- 2. Inspirational Leaders working collaboratively to raise standards**
- 3. Strong and inclusive schools committed to excellence, equity and well-being**
- 4. Robust assessment, evaluation and accountability arrangements supporting a self-improving system**

Central Risks

1.1 Estyn Monitoring activity results in follow up for Powys (Governance and Compliance)

Description of Risk

Estyn visits result in Powys being placed in follow up / special measures or requiring further attention.

Background

Powys was subject to an Estyn improvement conference in 2016 and 2017 primarily because the Authority had too many secondary schools in Estyn follow up. The Authority's performance on key indicators and rankings has improved since then. The number of schools in follow up has significantly reduced. There remain challenges in the secondary sector in relation to resilience of governance, leadership and organisation in some schools, which require long term continued vigilance and maintenance.

Powys have received notice that they are to be inspected in July 2019

Objectives at Risk: All

Risk Control Measures

Collaboration with numerous regional programmes surrounding Leadership – Secondary Support Team being a good example

Peer Review undertaken of key elements of work by other ERW Directors.

Risk Scores:

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↑
Residual	2	4	8	↑
Tolerance			4	

Risk Owner

Alec Clarke (Powys)

1.2 Estyn Monitoring activity results in follow up for Ceredigion (Governance and Compliance)

Description of Risk

Estyn visits result in Ceredigion being placed in follow up / special measures or requiring further attention.

Background

Objectives at Risk : All

Risk Control Measures

Consolidation of existing strengths in processes and procedures deemed to be successful in the previous Estyn inspection. Many are still relevant in the new Estyn Local Authority Education Service Inspection Framework.

Continue work to improve quality, resilience and impact of senior and middle leadership in schools, particularly where recruitment has been difficult in order to improve intra and inter school variation.

Continue to provide high quality curriculum and leadership support for schools, in particular in core subject areas in specific secondary schools.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	1	4	4	↔
Residual	1	4	4	↔
Tolerance			4	

Risk Owner

Meinir Ebbsworth (Ceredigion)

1.3 Estyn Monitoring activity results in follow up for Pembrokeshire (Governance and Compliance)

Description of Risk

Estyn visits result in Pembrokeshire being placed in follow up / special measures or requiring further attention.

Background

Pembrokeshire has had two improvement conferences undertaken by Estyn. It is unlikely that there will be an inspection until 12 months after last conference.

Objectives at Risk : All

Risk Control Measures

Consolidation of existing strengths in processes and procedures deemed to be appropriate at improvement conferences.

Continue work to improve quality and resilience in senior and middle leadership in secondary schools, particularly where recruitment has been difficult, in order to improve outcomes.

Continue to provide high quality curriculum and leadership support for schools

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Kate Evan Hughes (Pembrokeshire)

1.4 Estyn Monitoring activity results in follow up for Carmarthenshire (Governance and Compliance)

Description of Risk

Estyn visits result in Carmarthenshire being placed in follow up / special measures or requiring further attention.

Background

Objectives at Risk : All

Risk Control Measures

- A regular review of core services, to determine whether outcomes are being achieved and where potential issues may be arising.
- Effective business function evaluation and monitoring in place as part of regular Directorate Team meetings with overview of risk register, financial planning, outcomes measurement etc.
- Effective and constructive partnership working with schools, corporate Council Services, the regional Consortium and other partners who contribute to delivering school improvement and education services.
- Robust and honest self-evaluation, incorporating the views of a range of stakeholders and partners, leading to clear Business Plans identifying successes and challenges/areas to develop.
- Service and Business Plan development put in place in order to ensure most effective use of resources across services and with partners in order to achieve excellent outcomes for our children and young people.
- Ensure that there is clarity in terms of vision and staff role and remit in their work towards achieving this vision.
- Effective Performance reporting in place throughout the directorate.
- Effective appointments and support and training provided to provide a high quality, skilled team of Senior Managers and officers.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Gareth Morgans (Carmarthenshire)

1.5 Estyn Monitoring activity results in follow up for Swansea (Governance and Compliance)

Description of Risk

Estyn visits result in Swansea being placed in follow up / special measures or requiring further attention.

Background

Objectives at Risk : All

Risk Control Measures

- The local authority benefits from strong leadership at all levels, strong partnership with schools and other key agencies and has a good track record of delivering strong outcomes for children and young people.
- Self-evaluation processes are robust and clear priorities are identified in operational plans. Areas of underperformance are identified as early as possible and support and challenge put in place to secure improvements.
- Existing monitoring processes will be further developed to ensure that key strategic priorities, eg foundation phase, wellbeing post 16 provision, school leadership, are addressed.
- Through our ERW partnership, the local authority will continue to secure good standards and overall progress of learners, including specifically raising standards in primary schools and provision for pupils in key stage 4.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	2	4	8	↔
Residual	1	4	4	↔
Tolerance			4	

Risk Owner

Nick Williams (Swansea)

1.6 Estyn Monitoring activity results in follow up for Neath Port Talbot (Governance and Compliance)

Description of Risk

Estyn visits result in Neath Port Talbot being placed in follow up / special measures or requiring further attention.

Background

- NPT was inspected by Estyn in December 2017 and judged to be good in all inspection areas. NPT will now focus on delivering progress against the four recommendations made.

Objectives at Risk : All

Risk Control Measures

- The local authority benefits from strong leadership at all levels, strong partnership with schools and other key agencies and has a long, secure track record of delivering strong outcomes for children and young people.
- Business planning processes have been modified to account for the four recommendations and progress will be scrutinised by elected members on a regular basis.
- Self-evaluation processes have been revised to secure improvement and to better inform planning processes. These will continue to be developed in order to identify aspects of underperformance as early as possible.
- Existing monitoring processes will be further developed to ensure that key strategic priorities, eg children's school readiness, post 16 transition, school leadership, are addressed.
- Action has been taken to address the safeguarding issue identified during the inspection and Estyn is satisfied with the progress made in relation to this area.
- Through our ERW partnership, the local authority will continue to secure good standards and overall progress of learners, including specifically raising standards in primary schools and provision for pupils in key stage 4.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	2	4	8	↔
Residual	1	4	4	↔
Tolerance			4	

Risk Owner

Aled Evans (Neath Port Talbot)

2. Failure to comply with Estyn Action Plan (Governance and Compliance)

Description of Risk

Inspection/ Visit of Region finds less than adequate progress on any recommendation thus resulting in further follow up activity for ERW.

Background

This risk had been identified during the last 24 months and the mitigating actions did not successfully reduce the likelihood of the risk. Therefore, ERW has a judgement of limited progress (Nov 2017) against Recommendation 1 (improvement in Schools Causing Concern, most notably secondaries), from its June 2016 inspection.

The risk has now been compounded by slow progress in making decisions to progress the Review and Reform Programme, which is cited in the 2017 Estyn Report as cause for possible governance improvements which could in turn impact ERW's ability to respond to recommendations.

There may be sufficient cause to downgrade this risk following Estyn's visit to ERW in June 2019.

Objectives at Risk : All

Risk Control Measures

- ERW Secondary Support Team working alongside Secondary Schools in difficulty, early feedback on this work is very positive.
- Schools Performance Team now meets regularly with each Principal Challenge Adviser individually to discuss early warning signs for schools, increasing chances of prevention.
- Progress in the ERW Review and Reform Programme should help mitigate this risk

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	4	4	16	↔
Residual	3	4	12	↔
Tolerance			4	

Risk Owner

ERW Managing Director, Lead Director and Lead Chief Executive

3. Failure to deliver Business Plan (Governance and Compliance)

Description of Risk

Delivery of Business Plan fails to meet the satisfaction of Welsh Government/WAO/Estyn.

Background

2018-19 Business Plan Approved by Welsh Government. Delays in clearance / delivery of funding have increased the difficulty of implication due to reduced timescales.

2019-20 Business Plan Approved by Welsh Government following extensive stakeholder engagement. Positively received by Estyn, JC, Directors and Headteacher Community. Delivery and judging value is now the key issue

Objectives at Risk : All

Risk Control Measures

- Effective planning by Central Team, Lead Director and Lead Chief Executive.
- Ongoing dialogue with Welsh Government and other monitoring bodies

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	3	9	↔
Residual	2	3	6	↓
Tolerance			4	

Risk Owner

Managing Director, Lead Director

4. ERW Governance (Governance and Compliance)

Description of Risk

Organisational Design, Governance or Legal footing of ERW found to be ineffective at securing consistent improvement across all LAs by Estyn / WAO / WG / Self-Evaluation, This then resulting in action by the inspectorate, or clawback of funds from WG.

Background

Estyn follow up report note that the governance structure has hindered progress. December 2017

Challenge and Review meetings with Cabinet Secretary for Education have increased in frequency – meetings took place in December, February, and April.

Following an invitation from the Chair of the Joint Committee when WG raised concerns about financial delegation to Local Authorities and governance, WG are conducting a review of ERW funding arrangements. This was then expanded into a review of all regions.

Paper to be submitted to Autumn 2019 Joint Committee surrounding revised Operational Governance of ERW to support the new structure.

Objectives at Risk: All

Risk Control Measures

- Undertaking Review and Reform Programme – formal decision pending Feb 2019 meeting of Joint Committee
- Meetings of Chief Execs in September – discussions progressing. Further meetings held in run up to Feb 2019 Joint Committee
- Geraint Rees appointed to assist

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↓
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Lead Chief Exec, Section 151 Officer, Monitoring Officer, Lead Director, Managing Director

5. Data Protection (Governance and Compliance)

Description of Risk

ERW fails to comply with the Data Protection Act 2018.

Background

Currently ERW does not have a designated Data Protection Officer which is a requirement of General Data Protection Regulations as of May 2018.

Objectives at Risk: All

Risk Control Measures

ERW has taken pro-active steps to prepare staff for GDPR, including awareness seminars at ERW Central Team Training. However, the absence of a dedicated DPO remains a concern.

Some of this risk is mitigated by the Local Authorities employing their own DPOs for schools respectively.

Executive Board 21.9.18 agreed an interim measure of the Managing Director being named DPO, with a view of appointing a Business and Finance Manager for ERW and naming them DPO once appointed and sufficiently trained.

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Managing Director, Lead Chief Executive, Lead Director

6. ERW is judged to not provide Value for Money (Governance and Compliance)

Description of Risk

Failure to ensure value for money in future years results in action from Estyn, reputational damage, or a reduction in grant funding.

Background

In ERW's 2017 Estyn Report, it is stated:

"Senior leaders understand that the current organisational design constrains ERW's ability to deliver value for money"

"ERW is also judged to make "satisfactory" progress only when addressing:

Recommendation 4: Refine the framework for assessing value for money so that all relevant costs across the six authorities are taken into account fully when set against outcome."

Objectives at Risk: All

Risk Control Measures

- Comprehensive VFM Framework in place.
- In house monitoring of effectiveness; support in any identified areas of concern.
- VFM monitoring and recommendations from Internal Audit undertaken.
- Annual Governance Statement
- Proposed financial efficiencies in the new ERW Model.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			6	

Risk Owner

Managing Director

7. Local Authority failure to comply with Grant Regulations (Governance and Compliance)

Description of Risk

Individual LAs fail to comply with Grant Regulations and limited assurance given from other LA's to PCC, resulting in clawback of funding,

Objectives at Risk: All

Risk Control Measures

Clear agreed financial guidance and procedures.

- Correspondence from Section 151 Officer and Internal Audit to all LA's.
- Assurance for PCC from each LA.
- Improved communication and understanding of roles, responsibilities and risks.
- Training and termly finance officers meeting.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			6	

Risk Owner

LA Section 151 Officers, Head of Internal Audit,

Financial Risks

1. Timeliness of WG Funding (Financial Risk)

Description of Risk

WG Funding may not be timely resulting in underspend or an inability to spend at the end of the financial year.

Background

Financial forward planning with contingency arrangements so that essential implementation is not hindered.

Due to a significant dependence on grants and the use of ERW's reserves, timely receipt of funding is a key cash flow issue.

Other regions report that bi-monthly payments for 18-19 financial year have been on time. The issue surrounding receiving money from Welsh Government is now ERW's ability to meet grant terms and conditions, which is represented in other risks within the register

Objectives at Risk: All

Risk Control Measures

- A new bi-monthly payment profile has been established with Welsh Government
- Financial forward planning with contingency arrangements so that essential implementation is not hindered.
- Constant communication with WG to improve expectation.
- New Regional Consortia School Improvement Grant

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	3	9	↔
Residual	2	3	6	↔
Tolerance			6	

Risk Owner

Section 151 Officer, Lead Banker Authority

2. Real Term Cuts to school budgets (Financial Risk)

Description of Risk

Further cuts to school services and reductions of quantum in Welsh Government funding, which in turn have an effect on service capacity, and therefore outcomes in schools.

Background

Financial pressures in each LA leading to cuts affecting school services. This would then have a further impact on capacity and willingness of schools to engage in the self-improving system

The EIG, which is now an element of the Regional Consortia School Improvement Grant, has seen an 11% cut for the 18-19 financial year.

Local Government 19-20 budget and the Teachers Pay Award also present significant risks. Other risks that were noted by the ERW Headteacher Representative Board were the rise in teacher pensions, as well as the permanence of the new Professional Learning Funding.

Objectives at Risk: All

Risk Control Measures

Further work with HT board to ensure clarity around expectations of HT to collaborate and the remuneration.

Maximising of delegated funding to schools wherever possible. The new funding stream for schools dedicated to Professional Learning is aimed at reducing the impact of this risk.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	4	4	16	↔
Residual	4	3	12	↓
Tolerance			6	

Risk Owner

Managing Director, Lead Director, All 6 LA Directors, Section 151 Officer, Lead Chief Executive.

3. ERW unable to deliver National Mission (Financial Risk)

Description of Risk

ERW fails to deliver Welsh Government's National Mission. Subsequently, WG could tie funding conditions to this delivery, risking grant clawback.

Background

Currently, there are many issues that are caused by a lack of capacity to manage the business side of ERW.

Many of the roles have evolved with the growth of ERW with staff undertaking more than one role.

Staff insecurity is heightened at present as ERW, increasing the risk of insufficient capacity to deliver the National Mission.

It should be noted that elements of the National Mission fall outside ERW's responsibility, and this risk is directed at the elements that fall inside ERW's scope of responsibility.

Objectives at Risk: All

Risk Control Measures

- ERW Review and Reform Programme

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	3	9	↔
Residual	3	3	9	↔
Tolerance			6	

Risk Owner

Managing Director, 6 LA Directors, Joint Committee

4. Failure to comply with Grant Conditions from WG (Financial Risk)

Description of Risk

ERW fails to comply with Welsh Government Grant Conditions, resulting in the withholding or clawback of funding, and adversely affecting the region's School Improvement service.

Background

Due to the heavy reliance on grant funding, ERW's compliance with grant conditions is key.

The region has received two letters from WG outlining the concerns that ERW is not using its "Regional Grants" within the spirit of the terms and conditions.

Following an invitation from the Chair of the Joint Committee when WG raised concerns about financial delegation to Local Authorities and governance, WG are conducting a review of ERW funding arrangements. This has now been extended to all 4 consortia.

ERW had received a revised Grant Offer Letter for the Regional Consortia School Improvement Grant which contained additional conditions which were to be met before funding is released for the remaining 7/12ths of funding – urgent actions were required for this funding to be released. The funding was subsequently released.

Grant arrangements for 2019-2020 much more effective/efficient – Grant Offer Letter signed and agreed in May 2019, funding expected imminently.

Objectives at Risk: All

Risk Control Measures

- Central Team and Senior Challenge Advisers commissioned to provide additional Business Plan Details for 2018-19
- Ongoing dialogue with Welsh Government
- Business Plan for 2019-2020 co-constructed in early 2019, approved by May

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	4	4	16	↔
Residual	2	4	8	↓
Tolerance			6	

Risk Owner

Lead Director, Managing Director, Lead Chief Executive, Section 151 Officer

Mae'r dudalen hon yn wag yn fwriadol