



Ein Rhanbarth ar Waith
Education through Regional Working

Annual Governance Statement 2015-16

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.



EDUCATION THROUGH REGIONAL WORKING (ERW)

ANNUAL GOVERNANCE STATEMENT 2015-16

1.0 Scope of Responsibility

- 1.1 The ERW Consortium was re-established in April 2014, following the release of the National Model for School Improvement (Welsh Government in February 2014). The National Model outlines the Welsh Government's vision of regional school improvement consortia. The ERW Consortium was reformed in April 2014. The Consortium comprises of six Local Authorities; Carmarthenshire, Ceredigion, Pembrokeshire, Powys, the County Borough of Neath and 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 in a range of settings within the six Local Authorities.
- 1.2 The Cabinet of each respective Local Authority within the Region adopted the Legal Agreement in place for ERW's operation and governance. ERW is governed by a legally constituted Joint Committee with membership made up of the six Local Authority Leaders.
- 1.3 The six Local Authorities have a joint responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Local Authorities have a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 1.4 In discharging this overall responsibility, ERW is also responsible for putting in place proper arrangements for the governance of its affairs which facilitate the effective exercise of the Consortium's functions, which includes arrangements for the management of risk and ensuring a sound system of internal control.
- 1.5 The Section 151 Officer is responsible for the proper administration of ERW's financial affairs and ensuring the financial arrangements put in place conform with the governance requirements of *Cipfa's Statement on the Role of the Chief Financial Officer in Local Government*.

1.6 The Joint Committee approved ERW's Regional Code of Corporate Governance at its meeting on 18 May 2015. The adopted Code is consistent with the principles of 'CIPFA/SOLACE Framework', 'Delivering Good Governance in Local Government'. The Regional Code of Corporate Governance will be updated in 2016-17 to reflect the CIPFA guidance 'Delivering Good Governance in Local Government: Framework (2016 Edition)', and the requirements of the Well Being of Future Generations Act (Wales) 2015.

1.7 This Statement explains how ERW is complying with the Code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 and related practice.

2.0 **The Purpose of the Corporate Governance Framework**

2.1 Corporate governance is the system and processes, cultures and values by which regional working is directed and controlled, and through which it accounts to, engages with and offers support to school leaders, governors and teachers. Governance is about how local government bodies ensure that they are doing the right things, in the rights way for the right people in a timely, inclusive, open and accountable manner.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

3.0 **The Governance Framework**

The key elements of ERW's governance framework are summarised below:

3.1 Regional Business Plan

In accordance with the National Model for Regional Working the Region has produced a Business Plan for 2016-2019 with priorities that reflect and inform the Single Integrated Plan priorities for each Local Authority. The Regions priorities for 2016-19 are grouped into three strategic themes:

- Leading Learning
- Teaching & Learning
- Support for Learning

3.2 Joint Committee

ERW is governed by a legally constituted Joint Committee whose membership is made up of the six Local Authority Leaders. The Joint Committee is responsible for appointing the Lead Authority for each of the Functions, e.g. Legal Services, Procurement, Finance, Internal Audit, Human Resources, IT, etc. The Joint Committee meets on a termly basis.

3.3 Executive Board

The Executive Board is appointed by the Joint Committee and has delegated powers for operational decision-making. The Executive Board is made up of the Managing Director, the six Local Authority Education Directors, external school improvement experts and Headteacher representatives.

3.4 Strategy Implementation Board

The Strategy Implementation Board is responsible for the operational delivery of the ERW Business Plan. Membership consists of all Local Authority Chief Education Officers and is chaired by the Managing Director.

3.5 Advisory Board

Membership of the Advisory Board consists of the supporting and statutory functions which include HR, Legal, Scrutiny, Finance, Data, Risk Management, and Internal Audit. The purpose of the Advisory Board is to support and advise ERW and its senior management team to ensure that the organisation follows due and legal process in delivery of its core functions. The Data Group and Scrutiny Officers provide additional support to the senior management team in undertaking their responsibilities.

3.6 Democratic Accountability and Scrutiny Framework

The arrangements for ERW's democratic accountability and scrutiny were approved by the Joint Committee on 18 May 2015. This defines the expectations for effective joint scrutiny and accountability arrangements to key stakeholders within the democratic accountability process of each constituent Local Authority.

Members of the Joint Committee use their local knowledge to represent their Local Authority on issues that are important to the diverse communities. Scrutiny is the process by which decision-makers are accountable to local people via their elected representatives, for improving outcomes. The Local Authority Scrutiny Committees do not make decisions but seek to influence those who do, by considering the major issues affecting their areas and making recommendations about how services can be improved.

The Local Authority Scrutiny Committees have a number of different roles including:

- Holding the Joint Committee to account and reviewing its decisions;
- Scrutinising the work of the ERW Consortium;
- Helping to develop new policies and developing existing ones; and
- Monitoring the budgets and performance.

There is a Regional Forward Work Programme in place which is co-ordinated centrally.

This can often lead to recommendations which are co-ordinated centrally so that any required actions are captured and managed accordingly.

3.7 Internal Audit

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

3.8 Wales Audit Office

The Wales Audit Office has been appointed as the external auditors for ERW. An audit work plan has been agreed which will include:

- Examine and certify whether the financial statements are 'true and fair';
- Assess whether proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources; and
- Undertake studies to make recommendations for improving economy, efficiency and effectiveness for improving financial or other management arrangements.

3.9 Other Assurance Providers

Estyn working with the Wales Audit Office will be undertaking a Regional Inspection in June 2016.

4.0 **Review of Effectiveness**

4.1 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 2015-16 was informed by the Managing Director, Lead Director, Regional Education Directors and Statutory Officers within the consortium who have responsibility for the development and maintenance of the governance environment, along with the work of Internal Audit, Risk Management and other review agencies and inspectorates. The review of the effectiveness of ERW's governance framework included assurance on the following:

- ERW's policies have are implemented in practice
- High-quality services are delivered efficiently and effectively
- ERW's values and ethical standards are met
- Laws and regulations are complied with
- Required processes are adhered to
- Financial statements and other published performance information are accurate and reliable
- Human, financial, environmental and other resources are managed efficiently and effectively.

4.2 Assurance has been received on the effectiveness of key financial systems used by ERW from the work done by Pembrokeshire County Council's Internal Audit reviews and an assurance statement from the Section 151 Officer.

4.3 The Internal Audit review for 2015-16 focused on:

- Follow-up of previous recommendations, including the Priorities for Improvement within the AGS 2014-15;
- Governance Arrangements;
- Compliance with the Ladder of Support;
- Funding Arrangements & Outcomes (specifically PDG);
- Scrutiny Arrangements.

The Internal Audit review gave a substantial assurance rating on the adequacy and effectiveness of the governance, internal control, risk management and financial management arrangements in place. Areas requiring further improvement have been included within the Priorities for Improvement in Section 5.

5.0 Significant Governance Issues and Priorities for Improvement

There are no significant governance issues that have been identified; however there are a number of priorities for improvement for the next financial year:

- 5.1 Continuing to build Leadership capacity in Schools to ensure resilience in the near future and medium to long term. Increase the proportion of Schools that best fit A and B type characteristics for leadership and teaching under the National Categorisation System.
- 5.2 Further support is required to ensure continued improvement in Key Stage 4 performance within Pembrokeshire.
- 5.3 The Legal Agreement is due to be reviewed and will be updated in 2016-17.
- 5.4 The Regional Code of Corporate Governance will be reviewed and updated to reflect the latest Cipfa guidance 'Delivering Good Governance in Local Government: Framework (2016 Edition)' and the requirements of the Well Being of Future Generations Act (Wales) 2015.
- 5.5 Business Risk Management – the Internal Audit review made recommendations to strengthen the Business Risk Management process, e.g. risks need to be clearly articulated to describe the event, consequence and impact should it materialise. There should be a scoring methodology in place to ensure consistency in assessing probability and impact across the region. The escalation and de-escalation process between ERW and each of the six Local Authorities also requires improvement.
- 5.6 Grant Funding Arrangements – each Local Authority is required to provide assurance on a quarterly basis that expenditure is in accordance with the terms and conditions of grants. Not all Authorities complied with this requirement within the expected timeframe. To ensure funds are spent appropriately and areas of non-compliance detected at an early stage, prompt and thorough reviews should be completed by each Local Authority and assurance given to Pembrokeshire as the Lead Authority.
- 5.7 Scrutiny Arrangements – further improvements are required to ensure that there is a robust process in place to monitor recommendations made by Scrutiny Committees and to ensure that feedback is provided.
- 5.8 Continuing to work strategically with other Regions in order to better inform and influence National Policy, whilst also looking for opportunities to share best practice and achieve efficiencies.

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 the areas of improvement identified by both our internal and external assurance providers.

Signed by Mark James, Lead Chief Executive



Date: 15/7/2016

Signed by Alun Thomas, Chair of the Joint Committee



Date: 15/7/2016