



Ein Rhanbarth ar Waith
Education through Regional Working

Y Llwyfan, Heol Y Coleg, Caerfyrddin, SA31 3EQ

Ffôn: 01267 676840

E-bost: admin@erw.org.uk

Y Llwyfan, College Road, Carmarthen, SA31 3EQ

Telephone: 01267 676840

Email: admin@erw.org.uk

www.erw.cymru / www.erw.wales

EDUCATION THROUGH REGIONAL WORKING (ERW) ANNUAL GOVERNANCE STATEMENT 2014-15

- 1.0 **Scope of Responsibility**
- 1.1 The ERW Consortium was re-established 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 Cabinet of each respective Local Authority within the Region has adopted the Legal Agreement in place for ERW's operation and governance.
- 1.2 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.
- 1.3 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.
- 1.4 The Section 151 Officer is responsible for the proper administration of the 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*.

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1.5 The Joint Committee approved ERW's Regional Code of Corporate Governance at its meeting on 18th May 2015. The adopted Code is consistent with the principles of 'CIPFA/SOLACE Framework', 'Delivering Good Governance in Local Government'

1.6 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 right 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 an annual Regional Business Plan was developed which outlined nine priority outcomes.

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Following recommendations from the Estyn and Wales Audit Office inspections in 2014-15 the Region has produced a Business Plan for 2015-2018 with priorities that reflect and inform the Single Integrated Plan priorities for each local authority.

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. 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 Delivery Board

The ERW Delivery Board takes responsibility for the operational delivery of the ERW Business Plan. This is the region's Leadership team and is chaired by the Managing Director. All Local Authority Chief Education Officers sit on the Board or are represented at this level.

3.5 Strategic Priority Boards

There are three Strategic Priority Boards that report on implementation of the Business Plan to the Delivery Board:

- Leading Learning Priority Board
- Teaching and Learning Priority Board
- Support for Learning Priority Board

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3.6 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.

3.7 Democratic Accountability and Scrutiny

The arrangements for ERW's democratic accountability and scrutiny were approved by the Joint Committee on the 18th 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 the areas and making recommendations about how services can be improved.

The 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 partnership;
- Helping to develop new policies and developing existing ones; and
- Monitoring the budgets and performance.

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

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3.8 Internal Audit

Pembrokeshire County Council, as the Lead Authority for Finance, provide the internal audit service to ERW. The role of Internal Audit is to provide independent assurance on the effectiveness of governance, internal control, financial management and risk management arrangements in place. In accordance with the Public Sector Internal Audit Standards a risk-based plan of work was agreed with the Section 151 Officer and the Managing Director and was approved by the Joint Committee in November 2014. The Head of Internal Audit's Annual Opinion concluded that overall, subject to variation between individual services/systems and the need for further improvement and development in some areas, generally substantial assurance can be given on the effectiveness of governance, internal control, risk management and financial management arrangements in place.

3.9 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.

3.10 Other Assurance Providers

Estyn undertook a review of progress being made to provide school improvement services by regional education consortia and report to the Welsh Government. Additionally Wales Audit Office on behalf of the Auditor General for Wales carried out a study on the Welsh Government's approach to improving schools through regional consortia. Estyn and Wales Audit Office carried out fieldwork visits to each regional consortium in the partnership.

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The visits took place between November 2014 and January 2015. A report by Estyn which includes the main findings and recommendations of WAO was published in June 2015. Recommendations that have not been addressed are included as Priorities for Improvement in Section 5.

4.0 Review of Effectiveness

4.1 This is the first full year of the re-established ERW Consortium and as such improvements have been made in year to develop the governance, internal control, risk management and financial management arrangements.

4.2 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 2014-15 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.

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- 4.3 Assurance has been received on the effectiveness of key financial systems used by ERW from the work done by Pembrokeshire County Councils Internal Audit reviews and an assurance statement from the Section 151 Officer.
- 4.4 The Internal Audit review for 2014-15 focused on the Governance, Risk Management, Performance Data and Management Information and Grant Funding arrangements in place. An interim report was issued in December 2014 with nineteen recommendations for improvement. A follow-up review to assess progress against the implementation of those recommendations was undertaken in March 2015 and a final report issued, substantial assurance was given on the effectiveness of arrangements in place. Areas requiring further improvement have been included within the Priorities for Improvement in Section 5.
- 4.5 A number of frameworks and policies have been developed during the year to strengthen the governance arrangements. The list below is a summary of in year developments:
- Regional Code of Corporate Governance
 - Complaints Policy
 - Shared Functions Framework
 - Longer-term Business Plan
 - ERW's Language Scheme

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.

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- 5.1 Business Risk Management – both Internal and External assurance providers identified areas for improvement with the Business Risk Management Framework. Work has commenced in year to strengthen the framework, however this will need to be progressed to ensure that there is a clear escalation process between Local Authority and ERW risk registers. The process of identifying and managing risks will need to be more robust with clear accountability and regular reporting processes in place.
- 5.2 Grant funding arrangements – the change from individual grants to the combined Education Improvement Grant has had an impact on the way funding is received and distributed between the partner authorities. There will need to be clear guidance in place on how the funding is audited and assurance provided to ERW to ensure that outcomes are achieved.
- 5.3 Scrutiny arrangements – a Democratic Accountability and Scrutiny report was approved by the Joint Committee at the meeting on the 18th May 2015. Further work will be required from Local Authorities to ensure that they are holding their senior officers and representatives to account to ensure that the consortium meets the needs of the local authority's schools.
- 5.4 A regional strategy for a self-improving system building on work underway to strengthen interschool support and school to school work will be formally implemented in September 2015.

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.

Betsan O'Connor
 Signed by Betsan O'Connor, ERW Managing Director
 Date: *[Signature]*

Alun Thomas
 Signed by Alun Thomas, Chair of the Joint Committee
 Date: *29.9.15*

Mark James
 Lead Chief Executive
29.9.15.

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