

Complete Agenda



Tuag at Ragoriaeth
Towards Excellence



Meeting

GWE JOINT COMMITTEE

Date and Time

2.00 pm, WEDNESDAY, 6TH JULY, 2016

Location

GwE Offices, Bryn Eirias, Abergele Road, Colwyn Bay, LL29 8BF

Contact Point

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(DISTRIBUTED 30/06/16)

GWE JOINT COMMITTEE

MEMBERSHIP OF THE JOINT COMMITTEE

Voting Members

Councillors

Councillor Kenneth P. Hughes	Isle of Anglesey County Council
Councillor Gareth Thomas	Gwynedd Council
Councillor Wyn Ellis Jones	Conwy County Borough Council
Councillor Chris Bithell	Flintshire County Council
Councillor Eryl Williams	Denbighshire County Council
Councillor Michael Williams	Wrexham County Borough Council

Co-opted Non-voting Members

Rita Price	Wrexham Diocese
Diane Chisholm	Primary Schools Representative
Eithne Hughes	Secondary Schools Representative
Jonathan Morgan	Special Schools Representative
Alison Fisher	Governor Representative

Non-voting Officers

Delyth Molyneux	Isle of Anglesey County Council
Arwyn Thomas	Gwynedd Council
Richard E. Owen	Conwy County Borough Council
Karen Evans	Denbighshire County Council
Ian Budd	Flintshire County Council
John Davies	Wrexham County Borough Council

Officers in Attendance

Iwan G. Evans	Host Authority
Dafydd L. Edwards	Host Authority
Geraint Rees	Welsh Government
Huw Foster Evans	GwE Managing Director
Susan Owen Jones	GwE Business & Finance Manager
Mohammed Mehmet	Denbighshire County Council
Rhys Howard Hughes	GwE Assistant Director (Support and Brokerage)
Alwyn Jones	GwE Assistant Director (Standards)

Observer

Gareth Jones	GwE Advisory Board Chairman
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A G E N D A

1. ELECT CHAIR

To elect a Chairman for 2016 - 2017

2. ELECT VICE CHAIR

To elect a Vice Chair for 2016 - 2017

3. APOLOGIES

To receive any apologies for absence.

4. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

5. URGENT ITEMS

To note any items that are a matter of urgency in the view of the Chairman for consideration.

6. MINUTES OF PREVIOUS MEETING

4 - 10

(copy enclosed)

7. A REPORT ON THE QUALITY OF THE SCHOOL IMPROVEMENT SERVICES PROVIDED BY THE NORTH WALES CONSORTIUM

11 - 14

(copy enclosed)

8. THE FINANCE AND RESOURCES NETWORK

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(copy enclosed)

9. FINAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016

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(copy enclosed)

10. GOVERNANCE STATEMENT

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(copy enclosed)

11. RISK REGISTER

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(copy enclosed)

12. CALENDAR OF MEETINGS 2016/17

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(copy enclosed)

GwE JOINT-COMMITTEE 24.02.16

Present: **Councillor Eryl Williams (Chair)**
 Councillor Michael Williams (Vice Chair)

Councillors: Chris Bithell, Kenneth P. Hughes, Wyn Ellis Jones and Gareth Thomas.

Co-opted Non-voting Members: Eithne Hughes (Secondary Schools Representative), Jonathan Morgan (Special Schools Representative)

Non-voting Members: Ian Budd (Lead Director – Chair of Management Board (Flintshire Council)), John Davies (Wrexham County Borough Council), Karen Evans (Denbighshire Council), Delyth Molyneux (Anglesey Council), R. Ellis Owen (Conwy County Borough Council) and Arwyn Thomas (Gwynedd Council).

Also Present: Huw Foster Evans (GwE Managing Director), Rhys Howard Hughes (GwE Assistant Director (Support and Brokerage)), Alwyn Jones (GwE Assistant Director (Standards)), Susan Owen Jones (GwE Business and Finance Manager), Geraint Rees (Welsh Government Representative), Dafydd Edwards (Host Authority's Head of Finance – Gwynedd Council), Iwan Evans (Host Authority's Head of Legal Services – Gwynedd Council), and Glynda O'Brien (Host Authority Member's Support Officer – Gwynedd Council)

Apologies: Diane Chisholm (Primary Schools Representative), Delyth Molyneux (Anglesey Council)

A special welcome was extended to Mrs Eithne Hughes, Secondary Schools Representative, who was attending her first meeting of the Joint-committee as a successor to Mrs Anwen Morgan who is now the Chief Executive's Deputy in Anglesey Council.

1. DECLARATION OF PERSONAL INTEREST

No declaration of personal interest was received by any Members present.

2. MINUTES

The Chair signed the minutes of this meeting, held on 27 January 2016, as a true record.

The Councillor Gareth Thomas (Gwynedd Council) noted that a matter had been raised in the previous meeting which had not been included in the minutes. Nonetheless, he wished to explain the situation and brought Gwynedd Council's internal procedures in relation to advertising specific positions to attention. He went on to express his discontent at the fact that another county's Education Portfolio Member had sent an e-mail with regards to the issue following the meeting. The Councillor Thomas felt that no member of the joint-committee should have raised the issue and any concerns should be directly

- Whilst aware of the background to the underspend, the question was raised as to whether there were plans to spend it, considering schools were consistently judged for retaining substantial balances.
- Reference was made to the grants received by Welsh Government, particularly the Schools Challenge Wales Grant, and the importance of avoiding a disproportionate system and variation across the 4 regions, ensuring value for money for schools.
- The question was raised as to whether it would be possible in future to receive an outline of the provident sum to be retained in terms of underspend.

(d) In response to the above comments, it was explained:

- That £271,486 was not a particularly big underspend since reserve elements were required for situations that may arise e.g. authorities could be forced to make more cuts, dismiss staff etc.
- That balances of no more than 5% - 10% had been set locally. Underspend was discussed with Chief Executives across the North and the decision was taken not to establish levels since the situation could change for the following year.
- The variation in grant levels across the 4 consortia was acknowledged, but it is hoped that there will be more collaboration between consortia in future.

It was decided to: Accept and note the report's content.

5. 2016/17 BUDGET

GwE's Managing Director and Gwynedd Council's Head of Finance presented to the joint-committee GwE's base budget for 2016/17, including authorities' financial contributions.

Members of the joint-committee were talked through the budget, and their attention was drawn to the £59,092 decrease in the financial allocation from authorities. Further reference was made to how GwE must deal with the financial implications of inflation and savings which signify a £131,180 decrease in the proposed spend for 2016/17, and it was noted that a report would be presented early in June reflecting this figure.

It was decided to: Accept and adopt the base budget for 2016/17 as outlined in the report.

6. PARTNERSHIP AGREEMENT (AUTHORITIES AND SCHOOLS)

- (a) GwE's Managing Director presented, for members' information, the Partnership Agreement between the six local authorities of the north and their schools, highlighting the importance of the joint-committee's awareness of the document. The agreement was amended in 2015 to reflect the changes which took place. The document was shown to

explain many elements such as principles of action and the school categorisation process which is an integral part of the partnership between GwE and schools. It was also mentioned that the categorisation process was being refined consistently. Annex 3 of the agreement was referred to, which outlines the powers of intervention in place for the local authorities as statutory bodies.

(b) During the ensuing discussion, the following points were highlighted by individual Members:

- A footnote on page 46 of the documentation stated that local authorities had asked GwE to undertake some of the responsibilities in relation to governors' training and roles – the question was raised as to whether these responsibilities should be listed.
- Some matters within the agreements were rather evident, but on the other hand some uncertainty could arise as to who would provide support on some matters.
- It was proposed that, with regards to the agreement, it could be useful to include an annex for each local authority as in the regional business plan.
- In terms of safeguarding children, should the responsibilities of schools, authorities and GwE be clearly identified?

(c) In response to the above comments:

- The Lead Director – Chair of the Management Board (Flintshire Council) explained that it was the duty of the Management Board to provide a continuous service for schools, and that it was their view that one document would be appropriate. However, the Management Board intended to hold a review during the summer term.
- Whilst accepting that each county was different, it was explained that work in each classroom was to be similar.
- It was explained that there were some similar elements across the region, but that capacity, which can have an impact on the nature of the agreement, should be taken into consideration.

It was decided to: Note the contents of the Partnership Agreement and the need to receive an update on generic and local responsibilities in the next meeting of the joint-committee.

7. COLLABORATION BETWEEN CONSORTIA

GwE's Managing Director reported that ESTYN expected regions to collaborate on developing and improving processes within schools.

A presentation was given by GwE's Assistant Director (Support and Brokerage) on developments thus far, noting that the aim was to provide the most effective challenge and support possible for schools in Wales. The immense pressure on schools to collaborate was underlined, and more importantly for consortia to also collaborate.

In terms of developments to date, it was explained that:

- The 4 regions' directors often meet
- They are sharing good practice
- They are identifying collaboration opportunities
- They are coming to an agreement on a specific work programme

Further detail was provided on the collaboration areas, which are:

- The agreed National Development Programme for Challenge Advisers
- The National Categorisation Quality and Standardisation Group (one member from each consortia given the task of moderating and ensuring better consistency)
- Creating a diverse Development Programme for career development by collaborating with other consortia
- Implementing the enterprises of the Digital / New Deal / Successful Futures Pioneer Schools and Creative Lead Schools (work is underway to promote a National Group for collaboration and it was explained that Welsh Government are part of this collaboration)
- Sharing good practice in relation to PDG in each sector, providing clear evidence of the impact
- Ensuring a better understanding of the effective use of funding and grants on national level
- Risk / value for money assessments in order to verify / evaluate

To conclude, it was noted that the work was developing and that collaboration was proving useful.

The following points were highlighted by individual Members:

- (i) The Welsh Government representative reported that the Quality Group's work had been highly praised, with individuals responding very positively in the dialogue
- (ii) Collaboration was welcomed and the importance of its development underlined
- (iii) In response to an enquiry made with regards to ESTYN inspectors' use of the Welsh language, it was confirmed that Welsh speakers would be used within the Inspection Teams.

It was decided to: Accept, note and thank for the presentation.

8. CHALLENGE ADVISER DEVELOPMENT PROGRAMME

GwE's Managing Director explained the background of the following presentation, noting that there were high expectations on GwE's teams which had led to developing the development programme for Challenge Advisers.

GwE's Assistant Director (Support and Brokerage) explained that practitioners / headteachers placed emphasis on staff development to ensure quality and standards, and that GwE had a responsibility to develop its own staff.

A presentation was given by GwE's Assistant Director (Standards), who noted that the Challenge Adviser's role was changing in order to develop and

formalise a programme which would focus on national standards. He provided further detail on developments to date:

- Developing coaching and mentoring
- Sharing effective practice and lessons learned
- Workshops focusing on key skills e.g. how to work effectively with underachieving schools
- Statutory safeguarding training for each Challenge Adviser
- Presentations on effective practice by colleagues from other consortia e.g. effective techniques
- Providing opportunities to share good practice between the hubs for Challenge Advisers working with secondary schools in the red and amber categories
- Train the trainers for two Challenge Advisers working with the primary sector
- Developing Challenge Advisers' knowledge, understanding and skills to the level required to satisfy the national standards
- Improving quality
- Framework – ensure that Challenge Advisers work with schools / senior leaders / governors
- Ensuring a robust self-evaluation and improvement plan
- Arranging effective support and intervention
- Developing school leaders
- Focus on the quality and outcomes of teaching and learning
- Termly formal meetings for monitoring and evaluating improvements

Members' attention was drawn to the fact that the programme is currently under development and being piloted for the secondary sector, with the hope of expanding the programme to the primary sector. Individuals within GwE's team are encouraged to develop their own staff.

It was further reported that advertisements for new Challenge Advisers had recently appeared in the press and following appointments an induction programme will be developed for them.

Members were given the opportunity to ask questions, and the following main points were highlighted:

- (i) No mention was made to how Challenge Advisers would keep in contact with the local authorities, who are ultimately responsible for the standards of teaching and learning

In response, GwE's Managing Director noted that a meeting was to be held on 15 March 2016 where extended discussions on the above matter would take place.

- (ii) Current inconsistencies in terms of quality were perhaps not necessarily related to training but rather more to do with organisation.

In response, it was explained that GwE had specific duties to provide a development programme as well as to manage the performance of individuals. It was noted that processes would have to intertwine and current inconsistencies were acknowledged, but this was identified as a matter for collaboration.

(i) In response to an enquiry with regards to training and collaboration with other consortia, GwE's Assistant Director for Standards explained that the intention was to provide a national package for sharing expertise.

(ii) The test for the development programmes will be how to measure their impact and their influence on individual schools, groups of schools, and summer examination results.

In response, it was acknowledged that these were long term developments and that it would prove difficult to measure their impact on this year's summer results.

(iii) GwE's Assistant Director for Standards added that strengths needed to be disseminated across the schools, and that the above programme should successfully raise standards and ensure improvements for individuals. In response to a further enquiry with regards to Challenge Advisers' failure to achieve in accordance with the expected standards, it was noted that guidance on capability procedures would be provided from the host authority.

(iv) There is a tendency to focus on schools in the red / amber categories and it needs to be ensured that schools in the green and yellow categories are not disregarded.

It was decided to: Accept, note and thank for the presentation.

The meeting began at 9.00 a.m. and concluded at 10.40 a.m.

CHAIR

At the end of the meeting it was announced that around 1,300 teachers had attended a national conference at Venue Cymru, Llandudno, on 12 March 2015. It gave great pleasure to note that so many had attended, showing the commitment of staff.



REPORT TO THE JOINT COMMITTEE

6 JULY 2016

Report by: GwE Lead Director / Chair of the Management Board & Managing Director

Subject: A report on the quality of school improvement services provided by the North Wales Consortium.

1.0 Purpose of the Report

1.1 To update Joint Committee members on the report on the quality of school improvement services provided by the North Wales Consortium.

2.0 Background

2.1 The Welsh Government asked Estyn to report on the progress being made nationally by consortia in improving schools. Estyn's report was published in June 2015. While it does refer to individual consortia where relevant, the report was a primarily a report on national progress. The Auditor General for Wales asked Wales Audit Office to report on progress on the consortia too, and a separate report was published at the time. Estyn and Wales Audit Office worked closely together in producing their reports.

2.2 The Welsh Government then asked Estyn to follow-up their report by inspecting and reporting on each consortium individually with a timescale of completion by 31 July 2016.

2.3 The National Model for Regional Working sets out the government's expectations about the role and responsibilities of consortia and the relationship they have with local authorities. All

statutory responsibilities for education remain with local authorities. Estyn's approach to inspecting consortia is based on the relevant aspects of the Common Inspection Framework.

3.0 Considerations

3.1 The Estyn Regional Inspection took place during the two weeks commencing 18 April 2016.

3.2 At the end of the on-site part of the inspection at the end of week 2, the reporting inspector and a small number of the team provided oral feedback to the Consortium.

3.3 Following the formal feedback at the end of the two week inspection process, discussions have taken place in various boards (North Wales Leadership Board, GwE Management Board & Advisory Board) and activity has begun in order to respond to the findings & draft recommendations as discussed. A formal Post Inspection Action Plan is in the process of being prepared & is proposed to be presented to the Joint Committee at its meeting in September.

3.4 Estyn will publish the report within a maximum of six weeks from the inspection – for GwE it is due for publication on Thursday 30 June 2016.

3.5 The structure of the consortia inspection reports are based on those aspects of Estyn's Common Inspection Framework that apply to regional consortia, which are covered by six quality indicators. Estyn will not make overall judgements on current performance and prospects for improvement and neither will Estyn make overall judgements on key questions. . Inspection reports will take the following forms:

Context

Summary

- How good are standards?
- How good is the support for school improvement services?
- How good are leadership and management?

Recommendations

Main findings

How good are standards?

How good is the support for school improvement?

How good are leadership and management?

- Leadership
- Quality improvement
- Partnership working
- Resource management

Appendices

- Key performance data
- Perception survey results

3.6 The report will include recommendations that cover the main areas for improvement. Estyn will not place any consortia in a category of follow-up activity. Estyn will, however, follow-up all consortia inspections after approximately 12 months to review the progress they are making in addressing their recommendations. This review will involve a small team, and may include Wales Audit Office, that will visit for no more than a week. The review will result in a letter to the consortium with an evaluation of progress to date for each recommendation and, if relevant, further or amended recommendations.

3.7 When the report has been published, the reporting inspector or Estyn's regional coordinator, whoever is available, will arrange to meet with a representative group of scrutiny committees from the relevant local authorities to discuss the report. If the region has a formal joint scrutiny arrangement then Estyn will work within this process if possible. If individual councils request, and subject to availability, the reporting inspector or regional coordinator will attend a full Council meeting to present the key messages and recommendations from the report. As the text of the report will have been published by this stage, this will not be an opportunity to reopen previous debates, but will afford an opportunity to explain and amplify the report's findings.

3.8 Estyn does not anticipate any further follow-up with consortia after the initial review. Any remaining areas for improvement will be monitored through Estyn's regional coordinator and will be picked up where appropriate through local authority inspections.

3.9 Estyn is currently planning to begin a new cycle of core inspections of all local authorities from September 2017, although this is subject to change depending on Welsh Government policy. The focus for local authority inspections from 2017 will include school improvement services, and issues relating to consortia will be covered by these inspections.

4.0 Recommendations

4.1 The Joint Committee is asked to note the content of the report & consider the Post Inspection Action Plan at its September meeting.

5.0 Financial Implications

5.1 There are no financial implications arising from this report.

6.0 Equalities Impact

6.1 There are no new equalities implications arising from this report.

7.0 Personnel Implications

7.1 There are no new personnel implications arising from this report.

8.0 Appendices

8.1 A report on the quality of school improvement services provided by the North Wales Consortium (to follow).

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

This report is introducing the report following the recent Estyn inspection & identifies a suitable way forward to ensure the approval of the Joint Committee in agreeing on the response.

Statutory Finance Officer:

A meeting was arranged between Estyn inspectors / WAO and the statutory finance officers from the 6 Councils; another meeting was arranged with the relevant accountants and in addition relevant information on finance and governance was provided for Estyn / WAO. Despite this, I did not see a draft version of the specific Estyn / WAO inspection report on GwE and did not have an opportunity to provide comments on the accuracy of the contents before the final version of the report was published. Unfortunately, it is not known whether there will be any financial implications arising from the recommendations of Estyn inspectors / WAO.



REPORT TO THE JOINT COMMITTEE

6 July 2016

Report by: John Davies – Head of Education, Wrexham

Subject: The Finance and Resources Network

1.0 Purpose of Report

1.1 To update GwE Joint Committee on the activity of the above Network.

2.0 Background

2.1 The Network was established to provide the GwE Management Board with financial information and guidance specifically on matters related to School Funding and Regional Grants. However, other aspects of Education Funding are also covered as and when necessary.

2.2 The Network also provides financial information related to collaborative developments and in order to secure consistent policies.

2.3 The Network has a permanent focus of identifying ways to reduce financial bureaucracy for schools, whilst maintaining the financial integrity of school accounts.

3.0 Regional Grants

3.1 Education Improvement Grant (EIG) 2016/17

3.1.1 This is the second year of the EIG following its inception in 2015/16 through the

amalgamation of eleven previous specific grants (including Local Authority match funding contributions as appropriate) which included the School Effectiveness Grant, Welsh in Education Grant, 14-19 Network Grant and Foundation Phase Grant. This initial amalgamation process also included a funding cut of £3.4million (10%) on the previous year's allocations.

3.1.2 The Network was involved in discussions with Welsh Government (WG) officials regarding the content of the Terms and Conditions for the new EIG and made the case that a reduction in financial bureaucracy for schools was needed. We were very pleased to find that this had been implemented when the Terms and Conditions were received through not having to track actual spend on the significant delegated grant element thus allowing schools to focus on delivery and outcomes.

3.1.3 For 2016/17 the total grant for North Wales is £29,398,348 following a further cut of £1.5million (4.9%). The compulsory match funding requirement is also expected to reduce by £129,400 (4.9%) to £2,500,672 however we currently await the final Terms and Conditions for confirmation of this.

Total gross spend on the EIG for 2016/17 is therefore estimated to be £31,899,020, of which over £27 million (85%) is delegated to schools.

3.1.4 The distribution method of the EIG between the LA's remains predominantly based upon the historical basis of how the previous eleven grants were received from WG, which has remained the basis that WG currently uses to distribute the EIG.

3.2 Pupil Deprivation Grant (PDG) 2016/17

3.2.1 Funding for pupils entitled to free school meals (eFSM) for the 5-15 age range increases from £1,050 per head in 2015/16 to £1,150 per head in 2016/17, whereas funding per 3 and 4 year old eFSM pupils remains at £300 per head. The various total amounts, therefore, are:

- £14,877,550 5-15 age range schools (2015/16 £13,803,300)
- £806,700 3-4 age range schools (2015/16 £836,100)
- £61,500 3-4 age range non-maintained (2015/16 £70,800)
- £671,600 looked after children (2015/16 £661,500)
- £108,400 pupil referral units (2015/16 £0)

- **£16,525,750 Total (2015/16 £15,371,700)**

3.3 GwE provides full support to schools on their use of the EIG and PDG, whilst also having responsibility to monitor and challenge their use of this funding.

4.0 Future work programme

4.1 **EIG** – consider and develop a consistent North Wales distribution method between schools (once WG have released results of their review into their Consortia distribution method)

4.2 **PDG** – instigate further discussions with WG officials and other networks with a view to removing the completely unnecessary financial bureaucracy within the PDG

4.3 **Non Teaching Staff in Schools** – support HR colleagues in their review of terms and conditions of employment across North Wales LA's

4.4 **Any other 'Task and Finish' exercises received from the GwE Management Board**

5 Matters for consideration

5.1 None.

6.0 Recommendations

6.1 None.

7.0 Financial implications

7.1 None.

8.0 Equality impacts

8.1 None.

9.0 Implications for personnel

9.1 None.

10.0 Consultation undertaken

10.1 N/A

11.0 Annexes

11.1 None

STATUTORY OFFICERS' VIEWS

Monitoring Officer:

No observations in relation to propriety.

Statutory Finance Officer:

I have collaborated with the author in preparation of this report and I confirm the accuracy of the content.

MEETING	GwE Joint Committee
DATE	6 July 2016
TITLE	The Joint Committee's Final Accounts for the year ended 31 March 2016
PURPOSE	To submit – <ul style="list-style-type: none">• The Revenue Income and Expenditure “outturn” report for 2015/16, and• The Statement of Accounts, in the ‘statutory’ format, duly certified, but subject to audit.
RECOMMENDATION	To receive and note the information, and confirm the handling of the underspend.
AUTHOR	Dafydd L Edwards, Head of Finance, Gwynedd Council

1. STATUTORY FINANCIAL REPORTING REQUIREMENTS

- 1.1 There are specific accounting and audit reporting requirements for Joint Committees.
- 1.2 Section 12 of the Public Audit (Wales) Act 2004 states that a joint committee of two or more (local) authorities is a local government body, and Section 13 of the Act requires such bodies to maintain accounts subject to audit by an external auditor approved by the Auditor General for Wales.
- 1.3 Although they are not independent legal entities, for the purposes of keeping accounts and being audited, a joint committee is separately subject to the same regulations as other local councils.
- 1.4 Gwynedd Council is the host Council responsible for meeting the accounting and financial reporting responsibilities of GwE's Joint Committee.
- 1.5 The Accounts and Audit (Wales) Regulations 2014 require all Joint Committees to prepare year-end accounts. Where the turnover exceeds £2.5million, a statement of accounts must be prepared in accordance with the CIPFA code for the Joint Committee.
- 1.6 GwE's Statement of Accounts will be subject to an audit by Deloitte, external auditors appointed by the Auditor General for Wales.

2. ACCOUNTS FOR 2015/16

- 2.1 **The Revenue Income and Expenditure Account for 2015/16 is submitted herewith as Appendix A**, as well as commentary on the major variances between the budget and actual expenditure for information “as usual”, in “outturn” format which, I trust, is more understandable for members acting as a “management board”. The table appears in **Appendix A a.** and the commentary in **Appendix A b..**
- 2.2 **The Statement of Accounts for 2015/16 (subject to audit) is submitted herewith as Appendix B, duly completed and certified** by Dafydd L Edwards the Statutory Finance Officer for the Joint Committee. This statement is in a standard statutory format and is essential from a “governance” perspective.
- 2.3 The Statement of Accounts will be subject to imminent audit by Deloitte, Gwynedd Council’s external auditors appointed by the Auditor General for Wales, The Auditor General will then produce an “ISA 260” report, detailing Deloitte’s main findings, for submission to the GwE Joint Committee on 22 September 2016.

3. UNDERSPEND

- 3.1 The final net underspend for 2015/16 is £205,050.
- 3.2 Appendix A details the reasons for the net underspend and outlines the intended use of the balance.

4. RECOMMENDATION

- 4.1 **The GwE Joint Committee is asked to receive and note the information in the appendices, and confirm the handling of the underspend i.e. –**
- Revenue Income and Expenditure Account for 2015/16 – Appendix A
 - The Statement of Accounts for 2015/16 (subject to audit) – Appendix B

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer :

I will provide any observations on propriety in the Joint Committee.

Statutory Finance Officer :

Author of the report.

GwE JOINT COMMITTEE

REVENUE INCOME AND EXPENDITURE ACCOUNT 2015/16

	Budget £	Final Expenditure £	Over / (Under) Spend Net £
Expenditure			
Employees			
Salaries			
- Management, Brokerage, Standards and Administration	734,128	734,320	192
- Challenge Advisers	2,225,915	2,099,067	(126,848)
Training, advertising and other employee costs	35,491	46,570	11,079
Building			
Rent (includes services)	92,997	82,009	(10,988)
One-off office relocation costs	75,000	79,143	4,143
Travel			
Travel Costs	122,822	112,280	(10,542)
Supplies and Services			
Furniture, equipment, printing, postage, telephone, room hire etc	58,070	85,586	27,516
Information Technology	15,000	15,000	0
Audit Fees	7,590	7,590	0
Brokerage	259,400	159,277	(100,123)
Gwynedd Council Host Authority Support Service Costs			
Legal	5,187	5,187	0
Human Resources	8,894	8,894	0
Finance	38,466	38,466	0
Information Technology	42,544	42,544	0
National Model Commitments	492,478	492,478	0
Use of the GwE Underspend Reserve			
Website Development	11,500	11,500	0
Contribution to Pension Requirements Fund	36,157	36,157	0
Specific Projects			
Education Improvement Grant : Commission the Authorities	4,699,188	4,699,188	0
Education Improvement Grant : Direct Schemes	1,153,319	1,153,319	0
Supporting Literacy and Numeracy and MFL	250,000	250,000	0
Literacy and Numeracy - WG	5,000	5,000	0
Pupil Deprivation Grant - Looked After Children	661,500	586,223	(75,277)
Schools Challenge Cymru (SCC)	1,301,310	1,304,288	2,978
New GCSEs, PISA and science literacy	721,044	709,881	(11,163)
CPD - Welsh Baccalaureate	75,000	74,685	(315)
Learning in Digital Wales (LiDW)	125,174	102,486	(22,688)
Physical Literacy Programme in Schools (PLPS)	217,938	217,938	0
Mentoring & Networking Support to New Head teachers	12,666	12,666	0
Dyfal Donc Courses	21,590	21,590	0
Modern Foreign Language (MFL) Schools Centres of Excellence	140,000	136,790	(3,210)
Pioneer Schools Network	366,828	337,500	(29,328)
Providing Schools with Equipment - GCSE	22,948	22,948	0
Literacy and Numeracy Framework (Additional Learning Needs)	50,000	50,000	0
Northworts Headsprout Project	40,842	40,842	0
Quality Assurance Tender	38,928	38,928	0
NPQH	92,522	92,522	0
PDG Consortia Support Grant	18,128	18,128	0
HLTA	19,661	19,661	0
Total Expenditure	14,295,225	13,950,651	(344,574)

	Budget £	Final Expenditure £	Over / (Under) Spend Net £
Income			
Core Service Contributions			
- Anglesey Council (10.14%)	(418,422)	(418,422)	0
- Gwynedd Council (17.78%)	(733,896)	(733,896)	0
- Conwy Council (15.50%)	(639,779)	(639,779)	0
- Denbighshire Council (15.22%)	(628,027)	(628,027)	0
- Flintshire Council (22.51%)	(928,897)	(928,897)	0
- Wrexham Council (18.85%)	(777,762)	(777,762)	0
One off contribution by Authorities - office relocation	(75,000)	(75,000)	0
Miscellaneous Income	(12,199)	(12,199)	0
Use of the Underspend Reserve	(11,500)	(11,500)	0
Contribution from Pension Requirements Provision	(36,157)	(36,157)	0
Specific Projects			
Education Improvement Grant : Commission the Authorities	(4,699,188)	(4,699,188)	0
Education Improvement Grant : Direct Schemes	(1,153,319)	(1,153,319)	0
Supporting Literacy and Numeracy and MFL	(250,000)	(250,000)	0
Literacy and Numeracy - WG	(5,000)	(5,000)	0
Pupil Deprivation Grant - Looked After Children	(661,500)	(586,223)	75,277
Schools Challenge Cymru (SCC)	(1,301,310)	(1,301,490)	(180)
New GCSEs, PISA and science literacy	(721,044)	(709,881)	11,163
CPD - Welsh Baccalaureate	(75,000)	(74,685)	315
Learning in Digital Wales (LiDW)	(125,174)	(102,486)	22,688
Physical Literacy Programme in Schools (PLPS)	(217,938)	(217,938)	0
Mentoring & Networking Support to New Head teachers	(12,666)	(12,666)	0
'Dyfâl Donc' Courses	(21,590)	(21,590)	0
Modern Foreign Language (MFL) Schools Centres of Excellence	(140,000)	(136,790)	3,210
Pioneer Schools Network	(366,828)	(337,500)	29,328
Providing Schools with Equipment - GCSE	(22,948)	(22,948)	0
Literacy and Numeracy Framework (Additional Learning Needs)	(50,000)	(50,000)	0
Northworts Headsprout Project	(40,842)	(40,842)	0
Quality Assurance Tender	(38,928)	(38,928)	0
NPQH	(92,522)	(92,522)	0
PDG Consortia Support Grant	(18,128)	(18,128)	0
HLTA	(19,661)	(19,661)	0
Interest on Balances	0	(2,277)	(2,277)
Total Income	(14,295,225)	(14,155,701)	139,524
Total	0	(205,050)	(205,050)
Memorandum -			
The Underspend Reserve			
	Fund balance as at 1 April 2015		(266,829)
	Add - Underspend 2015/16		(205,050)
	Less - Use of the Fund		11,500
	Fund balance as at 31 March 2016		(460,379)
Information Technology Renewal Reserve			
	Fund balance as at 1 April 2015		(30,000)
	Add - Contribution 2015/16		(15,000)
	Fund balance as at 31 March 2016		(45,000)
Pension Requirements Reserve			
	Fund balance as at 1 April 2015		0
	Add - Contribution 2015/16		(36,157)
	Fund balance as at 31 March 2016		(36,157)

1. FINANCIAL VARIANCES

1.1 **Employees – Management, Brokerage, Standards and Administration: £192 overspend:**

A fairly neutral final net position. GwE received a grant contribution towards its management and administration costs. The Management/Administration Unit managed to cope with an element of the additional work on grant projects within their existing resources, leading to a saving of £25,732. The savings were transferred as a contribution towards the additional cost of supplies, specifically ICT equipment and software for the additional staff employed by grants (as the costs were not covered by grant conditions).

No significant change to what was reported in the term 2 review

1.2 **Employees – Challenge Advisers: (£126,848) underspend**

Secondment of core staff to specific projects along with staff turnover has led to an underspend on this heading. In addition, there were difficulties and a delay in terms of staff appointments in some specific areas, such as Special Schools Challenge Adviser.

A (£33,211) underspend was reported in the term 2 review

1.3 **Employees – Training, advertising and other employee costs: £11,079 overspend**

A slight overspend, mainly due to the need to re-advertise some posts and the need to advertise a number of temporary posts.

A £4,271 overspend was reported in the term 2 review

1.4 **Building: (£6,845) underspend**

In establishing the 2015/16 budget, the 'Buildings Rent' budget was increased so as to reflect whole year costs for new GwE offices in Caernarfon and Colwyn Bay. There was a delay in acquiring the new buildings, which has led to a one-off underspend in 2015/16. In addition, there was an additional one-off cost of £79,143 for moving, adapting, setting up ICT systems/telephones and furnishing the offices and training rooms to be fit for purpose. This one-off cost was funded by means of an additional contribution from the Authorities.

A (£18,157) underspend was reported in the term 2 review. The underspend is slightly less than anticipated due to an increase in the use of external rooms.

1.5 **Travel costs: (£10,542) underspend**

The staff turnover noted in 1.2 above has also led to an underspend in travel costs.

No significant change to what was reported in the term 2 review

1.6 **Supplies and Services: £27,516 overspend**

A final £27,516 overspend situation under this heading, despite a budget transfer of (£25,732) as noted above in 1.1

Grants had funded some additional temporary staff which led to increasing the need for ICT resources at a cost of approximately £35,000. This was not eligible to be funded from the grants.

In addition, there was a one-off payment of £19,620 for an online data collection system (SMS) under this heading.

A decrease from what was reported in the term 2 review (£39,768 overspend) following efforts to reduce the use of supplies in response to the anticipated overspend.

1.7 **Brokerage: (£100,123) underspend / slippage**

Following a decision by the Management Board, the service has committed to contributing to a GCSE support programme across a number of north Wales schools. As the majority of courses commenced in April 2016, this underspend is committed to be spent in 2016/17.

No over/underspend was predicted in the term 2 review

1.8 **Specific projects: (£139,004) underspend - No net effect:**

The service is involved in a number of specific projects which are funded from external sources, including grants. There is significant funding available (£9,891,785 in 2015/16) with tight conditions and a limited spending time frame.

An overspend of £2,978 on the Schools Challenge Cymru grant is to be funded from the core budget.

Comments from GwE managers and the Regional Networks to explain the reasons for failing to spend an element of the available grant:

LiDW

Expenditure reflects the regional ICT Network's capacity to support, taking into account the very challenging time frame and limited scope of the grant. Concerns were raised with WG regarding the likelihood of underspend and additional support was offered to schools. This was rejected by WG as specifically supporting HWB+ was not considered. Taking into account the grant support that HWB+ Centres of Excellence have already received, approximately £30,000 each, and the same limited time frame for undertaking activities (4 months), we believe that the strategic support provided by the region to the 5 HWB+ Centres of Excellence is significant and reasonable considering the restrictions noted.

PDG-LAC

2015/16 was the first year of implementation of the LAC grant in line with new WG arrangements. Confirmation of arrangements was not received until the end of the first quarter of the financial year. As a result, a co-ordinator was not in post until the end of the first quarter and there were only 2 terms left to develop and deliver a programme. We are confident that we are in a much better situation this year as we have had time to prepare and develop the programme which will span the whole year.

Pioneer Schools Network

Two schools decided to pull out of the programme after fully understanding requirements. The decision was made due to lack of capacity to commit in full to the programme. Schools to receive £7,500 each.

£14,328 of the grant has been specifically earmarked (by the Government) for a specific 'workload' project with tight conditions to follow. Details about this element of the grant were received too late to be shared with schools so as to produce worth while plans to have an impact.

No over/underspend was predicted in the term 2 review.

2. UNDERSPEND RESERVE

- 2.1 At the beginning of the 2015/16 financial year, there was (£266,829) in the reserve. During 2015/16, £11,500 was used to develop the GwE website. After adding the (£205,050) underspend, the total in the fund on 31 March 2016 comes to (£460,379).
- 2.2 As noted in 1.7 above, £100,100 has been committed to be spent in early 2016/17 on the GCSE support programme. Following this, the value of the reserve will decrease to (£360,279).

GwE Joint Committee
(Conwy, Denbighshire, Flintshire, Gwynedd,
Anglesey and Wrexham Councils)

STATEMENT OF
ACCOUNTS
2015/16
(Subject to Audit)

Finance Department
Gwynedd Council
www.gwynedd.llyw.cymru

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NARRATIVE REPORT

INTRODUCTION

The Regional School Effectiveness and Improvement Service (GwE) has been established in partnership between the six North Wales authorities, being Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Gwynedd Council, Isle of Anglesey County Council and Wrexham County Borough Council, to be accountable to the Councils and undertake the statutory function of the Councils in respect of school improvement and effectiveness. This includes the duty to monitor, challenge, provide support services for curriculum continued professional development and management of schools, and in addition provides services that can be commissioned by schools and local authorities.

Gwynedd Council has been appointed as Host Authority in implementing and maintaining the Service, and the Joint Committee of all the partners oversees the management of the service.

The GwE Joint Committee accounts for the year 2015/16 are presented here on pages 6 to 29. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16*.

The Accounts consist of:-

- **Movement in Reserves Statement** – This statement shows the movement in year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and 'unusable reserves'.
- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. The income and expenditure has been split between the six councils as follows for 2015/16 :

Conwy	15.50%
Denbighshire	15.22%
Flintshire	22.51%
Gwynedd	17.78%
Anglesey	10.14%
Wrexham	18.85%

- **The Balance Sheet** - Sets out the financial position of the Joint Committee on 31 March 2016.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2015/16 for revenue and capital purposes.

These accounts are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

REVENUE EXPENDITURE IN 2015/16

- The Comprehensive Income and Expenditure Statement on page 7 shows that the Joint Committee's gross revenue expenditure on 'Cost of Services' level was £13,924k during 2015/16, with the net position as (£220k).
- The financial out-turn position for 2015/16 was reported to the Joint Committee at its meeting on 6 July 2016. Joint Committee Members' approval was sought to transfer the £205k underspend to an earmarked reserve.

- The Movement in Reserves Statement and the Comprehensive Income and Expenditure Statement on page 6 and 7 detail the analysis in movements for the year.

TABLE 1 - Budget and Actual Comparison Summary (Net)

Table 1 provides a budgetary performance comparison at a summary level, which is detailed further in Table 2.

	Budget	Actual	Variance
	£'000	£'000	£'000
Expenditure on Operations	14,295	13,951	(344)
Income			
Council Contributions for the core service:			
Conwy	(640)	(640)	0
Denbighshire	(628)	(628)	0
Flintshire	(929)	(929)	0
Gwynedd	(734)	(734)	0
Anglesey	(418)	(418)	0
Wrexham	(778)	(778)	0
Other Income	(10,168)	(10,029)	139
Net (Underspend)/Overspend	0	(205)	(205)

TABLE 2 –Transposition movement between ‘Budget and Actual Comparison Summary (Net)’ (Table 1) to the Income and Expenditure format

	Performance Report	*Transposition Adjustment	Income & Expenditure Statement
	£'000	£'000	£'000
Expenditure	13,951	(27)	13,924
Income	(14,156)	12	(14,144)
Net Cost of Services	(205)	(15)	(220)

* The adjustments in the transposition column relate to the required technical adjustments for pensions and accumulated absences and any contributions to and from reserves.

- **Material Items of Income and Expenditure**

Related Items include :-

- A movement of £2,998k on pensions, on the remeasurements of the net defined benefit liability/(assets), in line with Gwynedd Pension Fund's Actuary's assessment (Note 16).
- Increase of £6,030k in grants and contributions and equivalent expenditure (Note 21).

- **Other Issues**

- Since 2008 there have been unprecedented problems in the worldwide financial situation. Because of this general situation, it has been necessary for the Joint Committee to take the circumstances into consideration in its financial plans, whilst maintaining a prudent level of reserves.

- Since the referendum on the UK's membership of the European Union, there has been a degree of economic uncertainty. This is expected to last for some time and may affect some factors and financial decisions made by the Joint Committee in 2016/17 and into the medium term.

Provisions and Reserves

The Joint Committee has provisions of £2k and earmarked reserves of £542k. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Notes 9 a 14.

Pension Fund

The Joint Committee has a net liability from its share of the assets and liabilities of the Gwynedd Pension Fund, which has been calculated in accordance with International Accounting Standard 19. The Balance Sheet contains an assessment by the Fund's Actuary, Hymans, of the Joint Committee's share of the Pension Fund liability. This net liability has reduced by £1,413k to £3,231k in 2015/16. Refer to Note 25 for further information.

The net pension liability is a position at one point in time. Market prices can move substantially up or down in the short term and it is therefore not possible to quantify the long term effect such movements in market prices will have on the Pension Fund.

Accounting Policies

The accounting policies adopted on behalf of the Joint Committee comply with all relevant recommended accounting practices and are fully explained in the Accounting Policies set out in Note 1 of the Accounts commencing on page 10.

Changes in Accounting Policies and to the Statement of Accounts

There are no changes in the accounting policies during the 2015/16 financial year.

FURTHER INFORMATION

The Statement of Accounts is available on Gwynedd Council's website www.gwynedd.llyw.cymru.

Further information relating to the accounts is available from:

William E Jones
Senior Finance Manager
01286 679406

or

Caren Rees Jones
Central Accountancy Unit, Finance Department
01286 679134

Finance Department
Gwynedd Council
Council Offices
Caernarfon
Gwynedd
LL55 1SH

This is part of the Council's policy of providing full information relating to the Council and the Joint Committees' affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press at the appropriate time.

GwE JOINT COMMITTEE

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE JOINT COMMITTEE'S RESPONSIBILITIES

Gwynedd Council bears the responsibility for the arrangements and administration of the Joint Committee's financial affairs. Gwynedd Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Gwynedd Council, that "Section 151 Officer" is the Head of Finance.

It is the Joint Committee's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the GwE 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 the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of the GwE Joint Committee at 31 March 2015 and its income and expenditure for the year then ended.



Dafydd L. Edwards B.A., C.P.F.A., I.R.R.V.
Head of Finance, Gwynedd Council

29 June 2016

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Joint Committee.

	Note	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Joint Committee's Reserves
		£'000	£'000	£'000	£'000	£'000
Balance 31 March 2014 carried forward		0	(777)	(777)	3,275	2,498
<u>Movement in reserves during 2014/15</u>						
(Surplus)/Deficit on provision of services		482	0	482	0	482
Other Comprehensive Income and Expenditure		0	0	0	1,420	1,420
Total Comprehensive Income and Expenditure		482	0	482	1,420	1,902
Adjustments between accounting basis and funding basis under regulations	8	(2)	0	(2)	2	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		480	0	480	1,422	1,902
Transfers to/from Earmarked Reserves	9	(480)	480	0	0	0
(Increase)/Decrease in 2014/15		0	480	480	1,422	1,902
Balance 31 March 2015 carried forward		0	(297)	(297)	4,697	4,400
<u>Movement in reserves during 2015/16</u>						
(Surplus)/Deficit on provision of services		(71)	0	(71)	0	(71)
Other Comprehensive Income and Expenditure		0	0	0	(1,578)	(1,578)
Total Comprehensive Income and Expenditure		(71)	0	(71)	(1,578)	(1,649)
Adjustments between accounting basis and funding basis under regulations	8	(174)	0	(174)	174	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(245)	0	(245)	(1,404)	(1,649)
Transfers to/from Earmarked Reserves	9	245	(245)	0	0	0
(Increase)/Decrease in 2015/16		0	(245)	(245)	(1,404)	(1,649)
Balance 31 March 2016 carried forward		0	(542)	(542)	3,293	2,751

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – 2015/16

This statement shows the accounting cost in the year of providing the Joint Committee service in accordance with generally accepted accounting practices.

2014/15			Note	2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
2,624	0	2,624	Employees	3,053	0	3,053
6	0	6	Property	41	0	41
137	0	137	Transport	148	0	148
1,492	0	1,492	Supplies and Services	1,007	0	1,007
4,215	0	4,215	Third Party	9,675	0	9,675
0	(8,128)	(8,128)	Income	0	(14,144)	(14,144)
8,474	(8,128)	346	Cost of Services	13,924	(14,144)	(220)
0	0	0	Other Operating Expenditure	0	0	0
136	0	136	Financing and Investment Income and Expenditure	149	0	149
0	0	0	Taxation and non-specific grant income	0	0	0
8,610	(8,128)	482	(Surplus) / Deficit on Provision of Services	14,073	(14,144)	(71)
		1,420	Remeasurements of the net defined benefit liability/(assets)			(1,578)
		1,420	Other Comprehensive Income and Expenditure			(1,578)
		1,902	Total Comprehensive Income and Expenditure			(1,649)

BALANCE SHEET – 31 MARCH 2016

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets/(liabilities) of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

31 March 2015 £'000		Note	31 March 2016 £'000
	Long Term Assets		
11	Long Term Debtors		7
11			7
5,398	Short Term Debtors	11	1,547
0	Cash and Cash Equivalents	12	1,561
5,398	Current Assets		3,108
(762)	Bank Overdraft	12	0
(4,279)	Short Term Creditors	13	(2,506)
0	Short Term Provisions	14	(2)
(120)	Grants Receipts in Advance	21	(127)
(5,161)	Current Liabilities		(2,635)
(4)	Long Term Provisions	14	0
(4,644)	Pension Liability	25	(3,231)
(4,648)	Long Term Liabilities		(3,231)
(4,400)	Net Assets/(Liabilities)		(2,751)
(297)	Usable Reserves	15	(542)
4,697	Unusable Reserves	16	3,293
4,400	Total Reserves		2,751

CASH FLOW STATEMENT – 2015/16

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period.

2014/15 £'000	Note	2015/16 £'000
482 Net (Surplus) / Deficit on the Provision of Services		(71)
395 Adjustments to net surplus or deficit on the provision of services for non-cash movements (<i>creditors, debtors and pension</i>)	17	(2,247)
0 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
877 Net cash flows from Operating Activities		(2,318)
11 Investing Activities		(5)
0 Financing Activities		0
888 Net (Increase)/Decrease in cash and cash equivalents		(2,323)
(126) Cash and cash equivalents at the beginning of the reporting period		762
762 Cash and cash equivalents at the end of the reporting period		(1,561)

* Cash Flow position in line with Accounting Policy 1.3.

NOTES TO THE ACCOUNTS

NOTE I – ACCOUNTING POLICIES

I.1 General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued in the 2014 Act.

The Joint Committee's practice is to operate on the basis that all items of expenditure are treated as revenue in the first instance. Should any items of a capital nature (e.g. IT equipment, furniture) prove to have a material significance on the true and fair presentation of the financial position then the items would be treated according to proper practices.

The nature of the Joint Committee's transactions is limited and only the relevant policies can be seen below.

I.2 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet where such balances are considered material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor 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.

I.3 Cash and Cash Equivalents

The Joint Committee does not have its own bank account and cash is administered by Gwynedd Council within its own accounts.

I.4 Employee Benefits

I.4.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

NOTE 1 – ACCOUNTING POLICIES (continued)

1.4.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Joint Committee can no longer withdraw the offer of those benefits or when the Joint Committee recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Joint Committee to be charged with the amount payable by the Joint Committee to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

1.4.3 Post Employment Benefits

Employees of the Joint Committee are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Westminster Government's Department for Education.
- The Local Government Pensions Scheme, administered by the Gwynedd Pension Fund at Gwynedd Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Joint Committee and their previous employers.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Joint Committee. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

1.4.4 The Local Government Pension Scheme

All other staff, subject to certain qualifying criteria, are entitled to become members of the Local Government Pension Scheme. The pension costs charged to the Joint Committee's accounts in respect of this group of employees is determined by the fund administrators and represents a fixed proportion of employees' contributions to this funded pension scheme.

The Local Government Scheme is accounted for as a defined benefit scheme:

The liabilities of the Gwynedd Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions such as mortality rates, employee turnover rates, etc., and projections of earning for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 3.5% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

The assets of the Gwynedd Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value as determined by the Fund's actuary.

The change in the net pensions liability is analysed into the following components:

NOTE 1 – ACCOUNTING POLICIES (continued)

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Net interest on the net defined benefit/(asset), i.e. the net interest expense for the authority – the change during the period in the net defined benefit liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period – taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments.

Remeasurements comprising:

- The return on Plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the Gwynedd Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Joint Committee to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Joint Committee of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

International Accounting Standard (IAS) 19 governs how the long term liabilities which exist in relation to pension costs should be reported. Local councils (including joint committees) in Wales and England are required to produce their financial statements in accordance with IAS19.

1.4.5 Discretionary Benefits

The Joint Committee also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

NOTE 1 – ACCOUNTING POLICIES (continued)

1.5 Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect (where it is possible to estimate the cost).

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.6 Prior Period Adjustments, changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.7 Government Grants and Other Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised immediately in the relevant service line in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Joint Committee has not satisfied.

1.8 Overheads and Support Services

Charges for services provided by the Central Support Departments within Gwynedd Council are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae.

1.9 Non Distributed Costs

The majority of central support services are allocated to the service divisions in accordance with the Service Reporting Code of Practice (SeRCOP) 2015/16. The items that are excluded from this treatment are defined as Non Distributed Costs and include the cost of discretionary benefits awarded to employees retiring early.

1.10 Provisions

The Joint Committee sets aside provisions for specific obligations which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. These provisions are classified as long-term or short-term liabilities as appropriate according to the nature of each provision.

1.11 Reserves

Specific reserves are created to set aside amounts for future spending schemes. This is done through transfers out of the General Fund Balance in the Movement in Reserves Statement.

NOTE 1 – ACCOUNTING POLICIES (continued)

Certain reserves, namely “unusable reserves” are kept for the technical purpose of managing the accounting processes for non-current assets, financial instruments and employee benefits. These do not represent the usable resources of the Joint Committee.

1.12 Value Added Tax

Only in a situation when VAT is irrecoverable, will VAT be included or charged as ‘irrecoverable VAT’. Since the Joint Committee has not registered for VAT, the VAT is recovered through Gwynedd Council’s VAT registration.

1.13 Debtors and Creditors

The Joint Committee’s Accounts are maintained on an accruals basis in accordance with the Code of Accounting Practice. The accounts reflect actual expenditure and income relating to the year in question irrespective of whether the payments or receipts have actually been paid or received in the year.

An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years, and certain annual payments. This policy is consistently applied each year and therefore does not have a material effect on the year’s accounts.

1.14 Jointly Controlled Operations

Jointly controlled operations are activities undertaken in conjunction with other venturers that involve the use of assets and resources of the venturers rather than the establishment of a separate entity.

The GwE Joint Committee has been categorised as a Jointly Controlled Operation.

NOTE 2 – CHANGE IN ACCOUNTING POLICY

There are no changes in the accounting policies during the 2015/16 financial year.

NOTE 3 – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted be disclosed. The related accounting standards in the 2016/17 Code of Practice are as follows:

Amendments to IAS 1 Presentation of Financial Statements - This standard provides guidance on the form of the financial statements and will result in changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and will introduce a new Expenditure and Funding Analysis. These changes are as a result of the “Telling the Story” review of the presentation of the local authority financial statements as well as the changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS 11 Joint Arrangements, IAS 16 Property Plant, Equipment, and IAS 19 Employee Benefits, are minor and are not expected to have a material effect on the Joint Committee’s Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

NOTE 4 – CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Joint Committee has had to make judgments, estimates and assumptions relating to complex transactions, those involving uncertainty about future events and also the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgments, estimates and associated assumptions applied are based on current proper practices, historical experience and other factors, including historical, professional assessment, current trends, local factors and actual future projections and assumptions that are considered to be relevant.

In recent years there has been some uncertainty about future levels of funding from Welsh Government relating to grants. This issue forms an important part of the Joint Committee's continually revised financial strategy, and where all known and forecasted factors are given due consideration.

All available and related information is sourced and applied in assessing and determining the position, which is particularly critical when considering such matters as actuarial valuation of pension fund assets and liabilities, earmarked reserves, provisions and contingent liability. However, because these issues cannot be determined with certainty, actual results may subsequently differ from those estimates. The estimates and underlying assumptions are continually reviewed.

NOTE 5 – ASSUMPTIONS MADE ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because certain balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The following item in the Joint Committee's Balance Sheet at 31 March 2016 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

- **Pension Liability** – The Pension Liability position as contained within the accounts is based on a number of complex assessments and judgments and varying profiles such as discount rate used, projected salary levels, changes in retirement ages, mortality rates and expected returns on pension fund assets, as provided by Actuaries engaged by the Gwynedd Pension Fund. Further details are contained in Notes 24 and 25.

NOTE 6 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:-

- A movement of £2,998k on pensions, on the remeasurements of the net defined benefit liability/(assets), in line with Gwynedd Pension Fund's Actuary's assessment (Note 16).
- Increase of £6,030k in grants and contributions and equivalent expenditure (Note 21)

NOTE 7 – EVENTS AFTER THE BALANCE SHEET DATE

There are no known post balance sheet events.

NOTE 8 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Joint Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Committee to meet future expenditure.

2015/16		
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS		
	Usable Reserve General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 25)	(741)	741
Employer's pensions contributions and direct payments to pensioners payable in the year	576	(576)
Adjustment primarily involving the Accumulated Absences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(9)	9
Total Adjustments	(174)	174

2014/15		
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS		
	Usable Reserve General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 25)	(551)	551
Employer's pensions contributions and direct payments to pensioners payable in the year	552	(552)
Adjustment primarily involving the Accumulated Absences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3)	3
Total Adjustments	(2)	2

NOTE 9 – TRANSFERS TO/FROM EARMARKED RESERVES

The note below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans.

Earmarked Reserves

GwE Joint Committee Reserves	
	£'000
Balance 31 March 2015	297
<u>Transfers:</u>	
Between Reserves	0
In	256
Out	(11)
Balance 31 March 2016	542

NOTE 10 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014/15	2015/16
£'000	£'000
136 Net interest on the net defined benefit liability (asset)	149
136 Total	149

NOTE 11 – SHORT-TERM DEBTORS

	31 March 2015	31 March 2016
	£'000	£'000
Welsh Government	1,580	1,218
Central Government Bodies	67	54
Other Local Authorities	3,738	72
Other Entities and Individuals	13	203
Total	5,398	1,547

NOTE 12 – CASH AND CASH EQUIVALENTS

The Joint Committee does not have its own bank account and cash is administered by Gwynedd Council within its own accounts. The figure shown in the table each year is the net cash sum or bank overdraft held on behalf of the Joint Committee within the Gwynedd Council amounts.

	31 March 2015 £'000	31 March 2016 £'000
Cash in Hand	0	1,561
Cash and Cash Equivalents	0	1,561
Bank Overdraft	(762)	0
Total	(762)	1,561

NOTE 13 – SHORT-TERM CREDITORS

	31 March 2015 £'000	31 March 2016 £'000
Welsh Government	1	88
Other Central Government Bodies	57	65
Other Local Authorities	3,866	1,348
Other Entities and Individuals	355	1,005
Total	4,279	2,506

NOTE 14 – PROVISIONS

The Joint Committee sets aside provisions for specific obligations, the amount or timing of which cannot be determined accurately. It is not permitted, under accounting conventions, to make provisions for uneven patterns of expenditure. However, earmarked reserves may be established and these are disclosed in Note 9.

The details below are analysed into short term provisions (within 12 months) and long term provisions (over 12 months). However, the provision level on all related items are reviewed periodically.

	Balance at 31 March 2015 £'000	(Addition) / Reduction / Transfer £'000	Used during the year £'000	Balance at 31 March 2016 £'000
<u>Short Term Provisions</u>				
Green Car Scheme Provision	0	(2)	0	(2)
<u>Long Term Provisions</u>				
Pension Provision	(4)	4	0	0
	(4)	2	0	(2)

NOTE 14 – PROVISIONS (continued)

Green Car Scheme Provision – provision for staff leased car scheme requirements.

Pension Provision – provision for future pension requirements.

NOTE 15 – USABLE RESERVES

The Movement in Reserves Statement details the movements in the Joint Committee's usable reserves.

NOTE 16 – UNUSABLE RESERVES

31 March 2015		31 March 2016
£'000		£'000
(4,644)	Pensions Reserve	(3,231)
(53)	Accumulated Absences Account	(62)
(4,697)	Total Unusable Reserves	(3,293)

Pensions Reserve

The Pensions Reserve 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 Joint Committee accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Joint Committee has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15		2015/16
£000		£000
(3,225)	Balance 1 April	(4,644)
(1,420)	Re-measurements of the net defined benefit (liability) / assets (Note 25)	1,578
(551)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(741)
552	Employer's pensions contributions and direct payments to pensioners payable in the year	576
(4,644)	Balance 31 March	(3,231)

NOTE 16 – UNUSABLE RESERVES (continued)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15 £000	2015/16 £000
(50) Balance 1 April	(53)
(3) Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(9)
(53) Balance 31 March	(62)

NOTE 17 – CASH FLOW STATEMENT : ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2014/15 £'000	2015/16 £'000
(3,971) (Increase)/Decrease in Creditors	1,774
4,489 Increase/(Decrease) in Debtors	(3,850)
2 Pension Liability	(165)
(125) Other non-cash items charged to net surplus/deficit on the provision of services	(6)
395	(2,247)

NOTE 18 – AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure on the face of the Comprehensive Income and Expenditure Statement is that specified by the Code. However, decisions about resource allocation are based on budgetary reports prepared on a different basis. The differences are :

- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year.
- There is no accrual for compensated absences earned but not taken in the year .

Tables 1 and 2 in the Narrative Report (Page 3) shows the figures reported to management for resource allocation decisions and the reconciliation with the figures shown in the Comprehensive Income and Expenditure Statement.

NOTE 19 – OFFICERS’ REMUNERATION

a. The Accounts and Audit (Wales) Regulations 2014, require the Joint Committee to disclose the following information relating to employees appointed as Senior Officers, and whose salary is between £60,000 and £150,000. In compliance with the defined requirements, the pensionable pay and the employer’s pension contributions are included below, but the employer’s national insurance contributions are excluded. The remuneration paid to the Joint Committee’s senior officers who are directly employed by GwE is as follows:

2014/15				Chief Officers	2015/16				
Employer's		Other	Total		Employer's		Other	Total	
Salary	Pension Contribution	Employer Costs			Salary	Pension Contribution	Employer Costs		
£	£	£			£	£	£		£
83,397	22,840	22			106,259	Chief Officer	85,482		22,062

b. Other Joint Committee employees receiving more than £60,000 remuneration for the year (excluding employer’s pension and national insurance contributions), were paid the following amounts. The figures include termination benefits paid in 1 case in 2014/15, but there were no cases in 2015/16. This post would not appear below except for the termination benefits paid in the individual year.

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:			
Number in 2014-15		Number in 2015-16	
Total		Total	
0	£60,000 - 64,999	3	
1	£65,000 - 69,999	1	
1	£70,000 - 74,999	0	

NOTE 20 – EXTERNAL AUDIT COSTS

The Joint Committee has incurred the following costs relating to external audit.

2014/15		2015/16
£'000		£'000
8	Fees payable to auditors appointed by the Auditor General for Wales with regard to external audit services	8

Wales Audit Office were the external auditors until 2014/15. For the audit of the 2015/16 accounts onwards, Deloitte were appointed by the Auditor General for Wales as Gwynedd Council’s, and subsequently GwE’s, external auditors.

NOTE 21 – GRANT INCOME

a. The Joint Committee credited the following grants, contributions and donations to the comprehensive Income and Expenditure Statement :

	2014/15		2015/16	
	£'000	£'000	£'000	£'000
Grants and Contributions Credited to Services				
Welsh Government -				
Schools Challenge Cymru (SCC)	1,020		1,291	
GCSE, PISA and Science Literacy	459		710	
NPQH - National Professional Qualification for Headship	81		93	
Literacy & Numeracy development - Primary Phase	75		0	
Pupil Deprivation Grant – Looked After Children *			586	
Pioneer Schools Network			338	
Supporting Literacy and Numeracy and Modern Foreign Languages			250	
Modern Foreign Language (MFL) Centres of Excellence			137	
Learning in Digital Wales (LiDW)			102	
Other	214		173	
		1,849		3,680
Other Government Grants and Contributions -				
Sports Council for Wales	95		205	
		95		205
Other Grants and Contributions -				
Councils' Contributions towards the Core Service				
Conwy	649		640	
Denbighshire	629		628	
Flintshire	931		929	
Gwynedd	748		734	
Anglesey	425		418	
Wrexham	775		778	
		4,157		4,127
SEG and WEG * :				
Match funding from Councils				
Conwy	204		0	
Denbighshire	325		0	
Flintshire	304		0	
Gwynedd	352		0	
Anglesey	215		0	
Wrexham	354		0	
Welsh Government	152		0	
		1,906		0

Table continued overleaf.....

NOTE 21 - GRANT INCOME (continued)

Table continued.....		2014/15		2015/16	
		£'000	£'000	£'000	£'000
Education Improvement Grant (EIG)*:					
Match funding from Councils					
Conwy		0		67	
Denbighshire		0		363	
Flintshire		0		88	
Gwynedd		0		579	
Anglesey		0		307	
Wrexham		0		98	
Welsh Government		0		4,350	
			0		5,852
Other			36		209
			6,099		10,188
Total Grants and Contributions Credited to Services					
			8,043		14,073

* Does not include grants distributed directly to schools.

b. The Joint Committee has received a grant that has yet to be recognised as income as it has conditions attached that could require the monies to be returned to the giver. The balance at the year end is as follows:

	31 March 2015 £'000	31 March 2016 £'000
Grants and Contributions Received in Advance		
Short Term		
Sports Council for Wales	120	127
Total	120	127

NOTE 22 – RELATED PARTIES

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

Members

Members of the Joint Committee have an influence over the Joint Committee's financial and operating policies.

Members have declared an interest or relationship in companies or businesses which may have dealings with the Joint Committee. A breakdown of the payments and balances at 31 March 2016 made to these companies under this heading during 2015/16 is as follows:

NOTE 22 – RELATED PARTIES (continued)

Payments made	Amounts owed by the Joint Committee	Amounts owed to the Joint Committee
£'000	£'000	£'000
8	6	0

The figures are based on information received in respect of Councillors' returns.

Officers

The Joint Committee's Senior Officer has declared as required and where appropriate an interest or relationship in companies, voluntary, charitable, or public bodies which receive payments from the Joint Committee. No payments have been made to these companies during 2015/16, and no amounts is owed by the Joint Committee or to the Joint Committee from the companies named.

NOTE 23 – EXIT PACKAGES

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The cost in the table below reflects the related cost to the employer rather than the actual value of the payments to the individuals.

(a)	(b)		(c)		(d)		(e)	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£	Number	Number	Number	Number	Number	Number	£'000	£'000
60,001 - 80,000	1	0	0	0	1	0	69	0
Total	1	0	0	0	1	0	69	0

NOTE 24 – PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Joint Committee are members of the Teachers' Pension Scheme, administered by the Government's Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Joint Committee contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Joint Committee is not able to identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/16 the Joint Committee paid £11k (2014/15: £7k) in respect of teachers' pension costs, which represented 15.47%, on average, of teachers' pensionable pay. In addition the Joint Committee is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms for the teachers' scheme. There were no such costs in 2015/16 and 2014/15. These costs are accounted for on a defined benefits basis and are included in Note 25.

NOTE 25 – PENSION COSTS

As part of the terms and conditions of employment of its officers and other employees, the Joint Committee makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments. These need to be disclosed at the time that employees earn their future entitlement.

GwE participates in two post employment schemes:

- a) **The Local Government Pension Scheme** administered locally by Gwynedd Council. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014 and based on a career average salary from 1 April 2014. The Joint Committee and the employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- b) **Arrangements for the award of discretionary post retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Gwynedd Council. Policy is determined in accordance with the Local Government Pensions Scheme Regulations. The investment managers of the fund are appointed by the committee.

The principal risks to the Joint Committee from the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (such as large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the amounts required by statute as described in the accounting policies note to the Joint Committee.

Transactions Relating to Post-employment Benefits

The Joint Committee recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge it is required to make against Council Tax (via the Councils' contributions) is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Joint Committee's General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

NOTE 25 – PENSION COSTS (continued)

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2015			Period ended 31 March 2016		
	Assets	Liabilities	Net (liability) /asset	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	10,980	0	10,980	12,910	0	12,910
Present Value of Funded Liabilities	0	(14,205)	(14,205)	0	(17,554)	(17,554)
Present Value of Unfunded Liabilities	0	0	0	0	0	0
Opening Position at 31 March	10,980	(14,205)	(3,225)	10,980	(14,205)	(3,225)
Service Cost						
Current Service Cost*	0	(415)	(415)	0	(592)	(592)
Past Service Costs(including curtailments)	0	0	0	0	0	0
Total Service Cost	0	(415)	(415)	0	(592)	(592)
Net interest						
Interest Income on Plan Assets	484	0	484	418	0	418
Interest Cost on Defined Benefit Obligation	0	(620)	(620)	0	(567)	(567)
Total Net Interest	484	(620)	(136)	418	(567)	(149)
Total Defined Benefit Cost Recognised in Profit/(Loss)	484	(1,035)	(551)	418	(1,159)	(741)
Cashflows						
Plan participants contributions	142	(142)	0	166	(166)	0
Employer contributions	540	0	540	540		540
Contributions in respect of unfunded benefits	0	0	0	0	0	0
Benefits Paid	(137)	137	0	(416)	416	0
Unfunded Benefits Paid	0	0	0	0	0	0
Expected Closing Position	12,009	(15,245)	(3,236)	13,618	(18,463)	(4,845)
Re-measurements						
Change in demographic assumptions	0	0	0	0	0	0
Change in financial assumptions	0	(2,376)	(2,376)	0	1,596	1,596
Other experience	0	67	67	0	107	107
Return on Assets excluding amounts included in net interest	901	0	901	(89)	0	(89)
Total remeasurements recognised in Other Comprehensive Income (OCI)	901	(2,309)	(1,408)	(89)	(2,309)	(1,408)
Fair Value of Employer Assets	12,910	0	12,910	13,529	0	13,529
Present Value of Funded Liabilities	0	(17,554)	(17,554)	0	(16,760)	(16,760)
Present Value of Unfunded Liabilities**	0	0	0	0	0	0
Closing Position at 31 March	12,910	(17,554)	(4,644)	13,529	(16,760)	(3,231)

* The current service cost includes an allowance for administration expenses of 0.5% of payroll

** For unfunded liabilities as at 31 March 2016, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the members pension at the date of the member's death.

NOTE 25 – PENSION COSTS (continued)

The Major Categories of Plan Assets as a Percentage of Total Plan Assets

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets and to further break them down between those with a quoted price in an active market and those that do not. The asset split for GwE is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2015. The split is shown in the table above. The actuary estimates the bid value of the Fund's assets as at 31 March 2016 to be £1,536,000,000 based on information provided by the Administering Authority and allowing for index returns where necessary.

Fair Value of Employer Assets

The asset values below are at bid value as required under IAS19.

Asset Category	At 31 March 2015					At 31 March 2016				
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total			Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		
	£'000	£'000	£'000	%		£'000	£'000	£'000	%	
Equity Securities										
Consumer	358	0	358	3		430	0	430	3	
Energy and Utilities	266	0	266	2		74	0	74	1	
Financial Institutions	201	0	201	2		221	0	221	2	
Health and Care	537	0	537	4		780	0	780	6	
Information Technology	375	0	375	3		448	0	448	3	
Other	654	0	654	5		539	0	539	4	
Debt Securities										
Other	0	0	0	0		0	1,808	1,808	13	
Private Equity										
All	0	546	546	4		0	550	550	4	
Real Estate										
UK Property	0	1,238	1,238	10		258	1,139	1,397	10	
Overseas Property	0	37	37	0		0	26	26	0	
Investment Funds and Unit Trusts										
Equities	2,948	3,668	6,616	51		2,746	3,981	6,727	50	
Bonds	0	1,788	1,788	14		0	0	0	0	
Infrastructure	0	61	61	0		0	113	113	0	
Derivatives										
Inflation	0	0	0	0		0	0	0	0	
Cash and Cash Equivalents										
All	233	0	233	2		417	0	417	3	
Total	5,572	7,338	12,910	100		5,913	7,616	13,529	100	

NOTE 25 – PENSION COSTS (continued)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on fund specific projections called VitaCurves with long term improvement assumed to have already peaked and converging to 1.25% per annum.

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2013. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:-

	31 March 2015	31 March 2016
Financial Assumptions	% p.a.	% p.a.
Pensions Increase Rate	2.4	2.2
Salary Increase Rate*	4.3	4.2
Inflation Rate	2.4	2.2
Discount Rate	3.2	3.5
Long term expected rate of return on all categories of assets	3.2	3.5
Take-up option to convert annual pension into retirement lump sum		
for pre-April 2008 service	50	50
for post-April 2008 service	75	75
Mortality assumptions	Years	Years
Longevity at 65 for current pensioners		
Men	22	22
Women	24	24
Longevity at 65 for future pensioners		
Men	24.4	24.4
Women	26.6	26.6

*Salary increases are assumed to be 1% p.a. until 31 March 2016 reverting to the long term assumption shown thereafter.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2016 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Joint Committee of a one year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

NOTE 25 – PENSION COSTS (continued)

The figures in the table below have been derived based on the membership profile of the Joint Committee as at 31st March 2013, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

Impact on the Defined Benefit Obligation in the Scheme		
Change in assumption	Approximate increase to Employer	Approximate monetary amount
	31 March 2016	31 March 2016
	%	£'000
0.5% decrease in real discount rate	10	1,670
1 year increase in life expectancy	3	503
0.5% increase in the salary increase rate	2	389
0.5% increase in the pension increase rate	8	1,258

Impact on the Joint Committee's Cash Flows

One of the objectives of the scheme is that employer contributions should be kept at as constant a rate as possible. Gwynedd Council has agreed a strategy with the fund's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis.

The contributions paid by the Joint Committee are set by the Fund Actuary at each triennial valuation (the most recent being as at 31 March 2013), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2017 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Joint Committee, please refer to the 2013 actuarial report dated 31 March 2014.

Information about the Defined Benefit Obligation

	Liability Split		Duration
	£'000	%	
Active Members	12,867	73.3	22.6
Deferred Members	389	2.2	33.7
Pensioner Members	4,298	24.5	14.7
Total	17,554	100.0	20.6

The above figures are for funded obligations only and do not include unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2013.

Impact in Future Years

The total contributions expected to be made to the Local Government Pensions Scheme by the Joint Committee in the year to 31 March 2017 is £541,000.

As the Actuary's report is based on estimates and due to timing issues, there is a variance of £35,950 in 2015/16 (£12,650 in 2014/15) between the deficit in the Scheme based on the Actuarial figures in comparison with the liability related to the defined benefit pension schemes in the Balance Sheet. This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities and therefore has been included in the Liability related to the defined benefit Pension Schemes in the Balance Sheet.



REPORT TO THE JOINT COMMITTEE

6 JULY 2016

Report by: GwE Managing Director

Subject: Annual Governance Statement for the Joint Committee

1.0 Purpose of the Report

1.1 To accept and approve the Annual Governance Statement.

2.0 Background

2.1 The Accounts and Audit (Wales) 2014 Regulations sets fixed requirements on public bodies that operate partnership management arrangements through formal joint committees.

2.2 Section 5 requires the Joint Committee to review and approve annually a statement of internal control. To comply with this requirement the Annual Governance Statement has been prepared. The document has been produced to offer a framework to the Joint Committee's operation.

3.0 Recommendations

3.1 The Joint Committee is asked to accept and approve the Annual Governance Statement.

4.0 Financial Implications

4.1 There are no financial implications arising from this report.

5.0 Equalities Impact

5.1 There are no new equalities implications arising from this report.

6.0 Personnel Implications

6.1 There are no new personnel implications arising from this report.

7.0 Appendices

7.1 Annual Governance Statement 2015/16

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

I will provide any observations on propriety in the Joint Committee.

Statutory Finance Officer:

The review of the service by Estyn and the Wales Audit Office has assisted GwE to review the effectiveness of its governance arrangements, and a commitment has been made to respond to these reports. I am satisfied that this statement is a fair reflection of the governance arrangements of GwE for the year 2015/16.

ANNUAL GOVERNANCE STATEMENT

This statement meets the requirement to produce a Statement of Internal Control pursuant to Section 5 of the Accounts and Audit (Wales) Regulations 2014.

Part 1: SCOPE OF RESPONSIBILITY

GwE was established as a Joint Committee to be a regional school effectiveness and improvement service by the 6 north Wales local authorities in 2013 by undertaking the functions that are detailed in an agreement between the Joint Committee and the authorities. In the agreement, the Councils have agreed to work together in a partnering relationship to establish a Regional School Effectiveness and Improvement Service to be accountable to, and undertake the statutory functions of the Councils in respect of school improvement and effectiveness.

The Councils' vision was to establish a Regional School Effectiveness and Improvement service to be accountable to, and undertake the statutory responsibilities of, the six local North Wales Authorities in respect of the duties to monitor; challenge; provide support services for curriculum continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.

GwE is responsible 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.

In discharging this overall responsibility, GwE is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk and adequate and effective financial management.

Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which GwE is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authorities that are part of the GwE to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of GwE's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework described above has been in place at GwE for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

Part 3: THE GOVERNANCE FRAMEWORK

3.1 Membership

The Councils have entered into an Agreement to establish and implement GwE pursuant to the powers conferred on them by Section 9 of the Local Government Wales Measure 2009, Section 2 of the Local Government Act 2000 Sections 101 and 102 of the Local Government Act 1972 and associated Regulations.

Membership of the Joint Committee includes one member each from Isle of Anglesey County Council, Gwynedd Council, Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, and Wrexham County Borough Council with voting rights.

The Statutory Chief Education Officers, one from each local authority in north Wales, are currently officer members without voting rights.

One Diocese Representative, one Primary Schools Representative, one Secondary Schools Representative, one Special Schools Representative and one Governor Representative are co-opted non-voting members.

3.2 Functions

The Councils have signed an agreement on 13 February 2013 to formalise each of their roles and responsibilities in respect of the Service, and have appointed Gwynedd Council the Host Authority for operating and maintaining the Service in accordance with the terms of the agreed Final Business Case.

The agreement is comprehensive, and includes information on governance and administrative aspects of the Joint Committee. The agreement is the foundation of GwE's governance framework.

3.3 Principles

By signing the agreement, the Councils have agreed that they would maintain their relationship in accordance with the following principles of good governance:

- **Openness and Trust**

In relation to the Agreement the Councils will be open and trusting in their dealings with each other, make information and analysis available to each other, discuss and develop ideas openly and contribute fully to all aspects of making the joint working successful;

- **Commitment and Drive**

The Councils will be fully committed to working jointly, will seek to fully motivate employees and will address the challenges of the Service with drive, enthusiasm and a determination to succeed;

- **Skills and Creativity**

The Councils recognise that each brings complementary skills and knowledge which they will apply creatively to achieving the Councils' objectives, continuity, resolution of difficulties and the development of the joint working relationship and the personnel working within it;

- **Effective Relationships**

The roles and responsibilities of each Council will be clear with relationships developed at the appropriate levels within each organisation with direct and easy access to each other's representatives;

- **Developing and Adaptive**

The Councils recognise that they are engaged in what could be a long term relationship which needs to develop and adapt and will use reasonable endeavours to develop and maintain an effective joint process to ensure that the relationship develops appropriately and in line with these principles and objectives;

- **Reputation and Standing**

The Councils agree that, in relation to this Agreement and the Service generally, they shall pay the utmost regard to the standing and reputation of one another and shall not do or fail to do anything which may bring the standing or reputation of any other Council into disrepute or attract adverse publicity to any other Council;

- Reasonableness of Decision Making

The Councils agree that all decisions made in relation to this Agreement and the Service generally shall be made by them acting reasonably and in good faith;

- Necessary Consents

Each Council hereby represents to the other Councils that it has obtained all necessary consents sufficient to ensure the delegation of functions and responsibilities provided for by this Agreement; and

- Members and Officers' Commitments

Each Council shall use its reasonable endeavours to procure that their respective members and officers who are involved in the Service shall at all times act in the best interests of the Service, and respond in a timely manner to all relevant requests from the other Councils.

Part 4: EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

GwE has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

Gwynedd Council is the Host Authority of the Joint Committee. As a result, therefore, reviews of the effectiveness of the Local Code of Governance, the Constitution and the system of internal control of that authority will also incorporate the basis of the Joint Committee's governance.

In January 2015, a review of the service was conducted by Wales Audit Office & Estyn. The purpose of the review was to gain an early view of the progress of the arrangements to achieve school improvement through regional education consortia. The report was produced in June 2015.

(<http://www.audit.wales/publication/achieving-improvement-support-schools-through-regional-education-consortia---early-view/> / <http://www.estyn.gov.wales/thematic-reports/improving-schools-through-regional-education-consortia-june-2015>)

The report and response to the findings were presented to the Joint Committee on the 15th of July 2015.

Objectives

A Full Business Case has been provided for the Service, dated March 2012, with the business case showing evidence that clear objectives have been established and are SMART and that an appropriate work programme is in place.

A 3 Year Business Plan is in place for the service which has been approved by the Joint Committee & Welsh Government. The Business Plan ensures an appropriate work programme is in place & monitoring reports are presented to the Joint Committee at their meetings.

Structure, Roles and Responsibilities

The Joint Committee has been established, with appropriate membership.

There is a clear organisational structure for the service, but after receiving the new national model, there will be changes to the structure in the future due to changes in expectations on the part of the Service.

The terms of reference of the Joint Committee set out some of its responsibilities together with a list of members of the Joint Committee and voting rights. The role of the Authorities has been identified in the Agreement.

As a result of the adoption of the National Model For Regional Joint Working the governance structure of GwE has been the subject of a review. This has involved creating an Advisory Board and a Management Board and review of the structure of the Joint Committee. Elements of the structure are already functioning and will be fully adopted once approved by the Executives of all Partners and lead to a revised Inter Authority Agreement.

Leadership

The Joint Committee met on the following dates:

- 15/07/15
- 23/09/15
- 12/11/15
- 27/01/16
- 24/02/16

Risk Management

GwE's risk register is regularly updated. The relevance of the risk register will be kept under review.

Under the agreement, the Service's Managing Director will report annually to the Joint Committee and to each individual Council on the performance of the Service in undertaking Functions and achieving Key Service Objectives.

The Annual Report for 2014/15 was presented to the Joint Committee at their meeting on 12/11/15.

User Needs and Complaints

The Service follows Gwynedd Council complaints procedure. During 2015/16 no complaints have been received.

In addition, it is possible for schools to provide feedback via the User Group that has been established to provide support to the Joint Committee as well as challenge. Appropriate representatives from secondary and primary schools of the 6 authorities belong to the user group.

The User Group is operating effectively because:

- It has the right to report and make recommendations to the Joint Committee on any matter within the scope of functions of the Service.
- The group met on the following dates:
 - 05/05/15
 - 09/07/15
 - 29/10/15
 - 01/12/15
 - 01/03/16
- The group includes:
 - 6 Secondary representatives, one from each Authority
 - 6 Primary representatives, one from each Authority
 - 1 representatives of Special Schools
 - School Governors - 1 representative per Council.

Corporate Policies

At the balance sheet date, the process of reviewing the corporate policies by Human Resources, GwE and the Unions was continuing.

We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** by GwE, and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**.

In response to the National Model, changes have been implemented & are in the process of being formalised into the revised Inter Authority Agreement.

Part 5: SIGNIFICANT GOVERNANCE ISSUES

The processes outlined in previous sections of this statement describe the methods used by GwE to identify the most significant governance issues that need to be addressed.

GwE does not believe that any such issues have arisen during the assessment of its governance arrangements that warrant attention in this Annual Governance Statement.

Following the review of the service by Wales Audit Office & Estyn in January 2015, the report & response to their findings were presented to the Joint Committee on the 15th of July 2015.

<http://www.gwegogledd.cymru/Content/Uploaded/Downloads/e9b60082-92fa-4306-bf95-d59b10d37e4d.pdf>

A report on progress against the recommendations was presented to the Joint Committee on the 12th of November 2015.

<http://www.gwegogledd.cymru/Content/Uploaded/Downloads/477b9283-b2db-43ba-b68f-1b87f95fcc83.pdf>

Part 6: OPINION

Over the coming year work on the revision of the governance structure of GwE in response to the National Model will be completed.

GwE Lead Officer

Date : _____

HUW FOSTER EVANS

GwE MANAGING DIRECTOR

GwE Chairman

Date: _____

COUNCILLOR ERYL WILLIAMS

DENBIGHSHIRE COUNTY COUNCIL



REPORT TO THE JOINT COMMITTEE

6 JULY 2016

Report by: GwE Lead Director / Chair of the Management Board & Managing Director

Subject: GwE Risk Register

1.0 Purpose of the Report

1.1 To present the latest GwE Risk Register to the Joint Committee.

2.0 Background

2.1 The purpose of the risk register is to formalise the process of identifying risks and consequently taking action to mitigate the risk.

2.2 Effective management of the region's risks will enable GwE to support the region's objectives, make effective use of resources and deliver outcomes as intended.

3.0 Considerations

3.1 The GwE Risk Register has been re-developed in partnership with the North Wales Economic Ambition Board & has during its development been discussed by the Advisory Board & Management Board.

3.2 The following risk matrix has been followed in determining the residual risk status.

Risk Matrix					
Probability	Almost Certain	Low (4)	Medium (8)	High (12)	High (16)
	Likely	Low (3)	Medium (6)	Medium (9)	High (12)
	Possible	Low (2)	Low (4)	Medium (6)	Medium (8)
	Unlikely	Low (1)	Low (2)	Low (3)	Low (4)
		Low	Medium	High	Extreme
Impact					

3.3 There are currently 33 risks identified, of those 5 are judged as being of medium / high risk with 1 as high risk.

3.4 As we develop a new business planning model, risk management will be integral at all levels.

4.0 Recommendations

4.1 The Joint Committee is asked to review the content of the register.

4.2 Determine whether there are any risks that the Joint Committee wish to bring to the attention of their respective Cabinet's etc.

5.0 Financial Implications

5.1 Effective management of risks and financial controls helps to monitor costs and enable value for money.

6.0 Equalities Impact

6.1 There are no new equalities implications arising from this report.

7.0 Personnel Implications

7.1 There are no new personnel implications arising from this report.

8.0 Consultation Undertaken

8.1 The register template has been developed in partnership with the North Wales Economic Ambition Board.

8.2 The Advisory Board & Management Board have discussed the content of the register & have amended risks as appropriate.

9.0 Appendices

9.1 GwE Risk Register

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

I welcome the presentation of this report to the Joint Committee as a positive step in the governance of GwE. Although the assessment has been prepared through the Advisory & Management Boards, it is important that during the development of the process, that attention is given to include wider input from the Statutory Officers.

Statutory Finance Officer:

I believe that the GwE risk register is of standard and includes appropriate information. I expect, of course, that the content of the risk register will be kept “live” and that a revised version will appear regularly before the GwE Management Board or GwE Advisory Board, and annually before the Joint Committee.

I note that the Risk Register highlights three financial issues. Risk 1 refers to the savings target in the 2016/17 budget, as approved by the Joint Committee on 24 February 2016, and we will cost saving plans when they are available. We will also provide support to the GwE Managing Director, where necessary, with regards to Risks 2 and 3 which involve Welsh Government grant funding.

	RISK NUMBER	REGIONAL or LOCAL	SUMMARY	GwE PRIORITY	RISK IDENTIFIED	LIKELIHOOD OF RISK	IMPACT OF RISK	CURRENT ACTIVITIES / MITIGATION	RESIDUAL RISK / OVERALL RISK	RISK OWNER	FUTURE ACTIONS
Guidance	This will go in simple numerical order 1, 2, 3..... Etc., and will ease monitoring and allow identification of returning risks with greater ease etc.	A simple 'R' (Regional) or 'L' (Local) will be used to identify the geography and scale of importance of the risks identified	Provide summary of issue from a drop down of 'subcategories' e.g. Quality Management, Governance, Rationalisation, Financial Controls	Alignment to the five GwE priorities where applicable - http://www.gwe.gov.wales	This is where the description of the risk is outlined in summary for colleagues. To include identification and consequence of risk	A simple 'H' (High), 'M' (Medium) or 'L' (Low) risk rating will be applied here on the likelihood of the risk happening.	A simple 'H' (High), 'M' (Medium) or 'L' (Low) risk rating will be applied here on the impact of the risk should it happen.	Information will be shared here in brief on the current activities within the region/county/partner body/school(s), to address in advance the current risk identified	A simple 'H' (High), 'M' (Medium) or 'L' (Low) risk rating will be applied here on the overall risk based on the sum of the information already shared	This could be an individual, partner organisation, school, etc.	Information will be shared here in brief on the proposed activities required by the region/county/partner body/school(s) to address and reduce the risk
	1	R	Financial	ALL	Cuts in funding to the GwE Core Budget affects strategic long term planning.	M	H	Assumptions made regarding future funding situation. A number of appointments made on secondment basis to ensure flexibility within the service to respond quickly to any changes.	M	MD / B&FM	
	2	R	Financial	ALL	Uncertainty regarding grant funding from WG hampers strategic long term planning.	M	H	Assumptions made regarding future funding situation. A number of appointments made on secondment basis to ensure flexibility within the service to respond quickly to any changes.	M	MD / B&FM	
	3	R	Financial	ALL	Inequitable distribution of grant funding between consortia leading to difficulties in comparison of performance	M	H	Discussions underway at Consortia MD level & formula presented to WG for consideration.	M	MD	Continue to work with the other consortia & WG to agree a more equitable formula for grant distribution.
	4	R	Standards	P1	The same schools participate in all co-leading initiatives (GwE & WG) - could lead to a dip in standards in those participating schools.	H	M	GwE in partnership with the LAs proactive in the selection of schools.	L	AD	Continue to monitor the situation in partnership with the LAs & be proactive in identifying any likely impacts in order to rectify.
	5	R	Standards	ALL	The task asked of consortia continues to change, therefore creates uncertainty & reduces the likelihood of success.	M	H	Working with WG. Keeping focus on the needs in the region and trying to share practice / models across the consortia.	M	MD	Continue to work with WG & remain focussed on the needs of the region.
	6	R	Governance	P5	Focus on process & structures takes attention away from core purpose	M/L	H	Focus on delivering the GwE Challenge & Support Programme. Ensure flexibility in response to changing needs.	L	MD / AD	Continue to monitor the impact on schools' progress & take swift action as & when required.
	7	R	Governance	ALL	Too reactive rather than proactive - changing priorities	H	M	3 year strategic business plan now in place. Self-improving Strategy Lead appointed from September 2016.	M	MD	
	8	R	Standards	P1 / P2 / P3	Regional information / data systems limited resulting in GwE being unable to effectively ascertain the needs of schools across the region.	H	H	Agreement by GwE Management Board of the need to increase capacity. 12 month secondment post advertised & appointment made (to start in April 2016).	M	Management Board	Further discussions regarding the Regional Data Service required by the GwE Management Board
	9	R	Governance	P5	Commissioning of the LAs / regional networks not fully embedded in the regional governance structure	M	H	Agreement under development to include the adoption of the National Model for School Improvement and to clarify accountability of the regional networks / LA structures in place.	M	Joint Committee / Management Board	Version 2 of the Inter Authority Agreement to be agreed & finalised.
	10	R	Business	ALL	Communication with schools - balancing the methods used can be difficult to ensure messages & information reach the target audience. The risk that information does not reach the required audience.	H	M	Nationalised email contact with schools into weekly bulletin sent to all schools (& others who have signed up for the mailing list) & linked to the GwE website. Social media used as effective method of communication - good number of twitter followers (currently 1280).	M	B&FM	Continue to promote the bulletin mailing list. Re-design the website navigation to ensure ease of access. Continue to develop the use of social media.
	11	R	Standards	P1	The difficulties in the recruitment of high quality trained teaching workforce within schools in the region which impacts on standards in all subjects such as English & Maths	H	H	Offer various developmental programmes to upskill current workforce.	M/H	MD / AD	Appoint subject specific Challenge Advisers.
	12	R	Standards	P3	Not all schools share the vision of a self-improving system	M	H	Fully embed GwE Challenge & Support Programme. Highlight & share good practice. Develop & evolve the model of working to be fit for purpose. Appoint self-improving strategy lead to drive forward the system.	M	MD	Appointed strategy lead for self-improving system on a secondment basis. Secondment to commence on f/t basis from September 2016.
	13	R	Standards	P1 / P2 / P3	Recruitment of quality Challenge Advisers to work in the secondary sector	H	H	Review recruitment policy. Secondment opportunities for experienced heads. Commission of retired experienced heads. Challenge Adviser Development Programme to upskill Challenge Advisers.	M/H	AD	Review position following current recruitment drive. Continue to develop & implement the Challenge Adviser Development Programme to upskill Challenge Advisers.
	14	R	Standards	P1	Curriculum and qualification changes creates uncertainty within schools	M	H	Work with WG, WJEC to communicate & explain changes. Support programmes in place. Fully support Pioneer Schools initiative.	M	AD	Appointed lead for Pioneer Schools initiative.
	15	R	Standards	ALL	Difficulties in the recruitment of Headteachers across the region	H	H	Delivery of the NPQH, Leadership Development Programmes to include programmes for aspiring leaders & headteachers.	M	MD / AD	Develop further the strategy to enable a proactive response to problems in recruiting headteachers across the region.
	16	R	Standards	ALL	The service cannot meet the level of expectation across the six North Wales Local Authorities & Welsh Government.	H	H	Service Level Agreement between GwE & LAs revised (06/11/15). 3 year strategic business plan now in place to include local annex for each LA. Partnership Agreement between LAs & Schools presented to Joint Committee for information (24/02/16).	M	Management Board / MD	Version 2 of the Inter Authority Agreement to be agreed & finalised.
	17	R	Standards	ALL	Insufficient capacity within the service to deliver various WG initiatives.	M	H	Recruitment of part / full time secondments to the service in order to deliver the various programmes. Use of commissioned individuals with relevant experience to provide additional capacity as & when required.	L	MD	

18	R	Standards	ALL	Cuts in school budgets are affecting schools' ability to continue to raise standards.	H	H	Finance & Resources Network working with schools to reduce impact. Exploring possibility of upskilling School Business Manager's across the region.	M/H	Finance & Resources Network	Further discussions required regarding School Business Manager development programme.
19	R	Governance	P5	Under-development of Scrutiny	M	M	A model of coordinating formal scrutiny arrangements the region was proposed & agreed by the Joint Committee (November 2015). The model is now being implemented.	L	Joint Committee / Management Board	Continue to work with scrutiny committees to develop best practice & deliver effective high quality engagement / reporting, discussion and avoid duplication.
20	R	Financial / Standards	P1 / P2	Use of the Education Improvement Grant not fully embedded into regional approach - reduces speed & impact of the delivery of the Strategic Business Plan	H	H		H	Management Board	Management Board to review the roles of the Regional Networks as regards to the EIG during summer term.
21	R	Governance / Standards	P5	Uncertainty regarding future direction of elements within the National Model	M	M		M	Management Board	Management Board to review the roles of the Regional Networks as regards to National Model functions during summer term.
22	R	Governance	P5	Changes in leadership of authorities can affect political or corporate buy-in	M	M	Clear understanding of the responsibilities of all authorities & GwE over the strategic direction of the region.	M	LD / MD	Continue with current activities.
23	R	Standards	P4	Challenge Adviser secondments can lead to high turnover of CAs & therefore impact on engagement	H	M	Aim to extend secondments for a period of 2 years (dependent upon funding) to ensure sufficient balance between experience & knowledge of schools.	L	MD	
24	R	Standards	P1	That the Pupil Deprivation Grant is not used effectively	M	M	Challenging & monitoring schools on their use of the PDG & its impact on the performance of FSM pupils.	M	SC&SA (SM)	Identify and share good practice in order to improve the performance of FSM pupils.
25	R	Standards	P1 / P4	Inconsistency between the judgements of Challenge Advisers can lead to schools not receiving intervention as & when required across the region.	L	H	Robust Performance Management, quality assurance & accountability procedures in place & implemented consistently. Skills analysis undertaken & training / development programme in place. Sharing good practice more effectively across the hubs. Using experienced secondary headteachers to target improvement in Key Stage 4.	L	AD / SC&SA	
26	R	Governance / Standards	P5	Under-development of the strategic role of the Regional Networks & their accountability to the Joint Committee	M	H	Review of Regional Network structure part of Management Board Work Programme for the Summer Term 2016.	M	Management Board	
27	R	ALL	ALL	Political changes may lead to a change in national policy thereby impacting on the future strategic direction.	M	M	Keeping regular lines of communication open between the region & Welsh Government.	M	Joint Committee	
28	R	ALL	ALL	The strategic direction does not reflect the views of the Children & Young People in the region.	M	L	A strategy to gather the views of Children & Young People on the actions of GwE needs to be developed.	L	MD	
29	R	Standards	P1 / P4	Lack of specialist support for Special Schools.	M	M	Challenge Adviser with specialist focus on Special Schools appointed & commencing in post in April 2016.	L	MD	
30	R	Standards	P1 / P4	Lack of specialist support for PRUs across the region & GwE's consequent lack of overview of standards in this important sector.	M	H	Recruitment of a Challenge Adviser specialising in PRUs unsuccessful. Agreement to add to current Challenge Adviser capacity & provide training & support for Challenge Advisers in supporting PRUs in progress. Additional capacity appointed & in place from September 2016.	M / H	MD	Training to be given to all Challenge Advisers during the summer term 2016.
31	R	Governance / Standards	P2	Governors do not possess the necessary knowledge & skills to act in a critical friend capacity.	M	M / H		M / H	Management Board	Governor support & training will be part of the review of the Regional Network structure (Management Board Work Programme for the Summer Term 2016).
32	R	Standards	P1 / P4	Lack of capacity to provide the level of challenge & support required for amber/red category schools.	M	M / H	Ongoing discussions regionally & nationally about the targeting of core & grant funding.	M	MD	
33	R	ALL	ALL	Outcome of consortium inspection less than adequate leads to reputational damage & delays the development of a self-improving system in the region.	M	H	3 Year strategic business plan in place. Action taken on recommendations made during Estyn review (January 2015).	L/M	Joint Committee / Management Board / SLT	Clear communication of self-evaluation outcomes. Clear communication required following Estyn's report.



REPORT TO THE JOINT COMMITTEE

6 July 2016

Report by: Business & Finance Manager

Subject: Calendar of Meetings

1.0 Purpose of the Report

1.1 To request the Joint Committee to agree the meeting programme for the coming year.

2.0 Background

2.1 The Joint Committee shall meet as and when required to suit the needs of the Service in accordance with the Service timetable provided that there be a minimum of three meetings per year, one of which shall be specified as the annual general meeting. The venue for the meetings shall be agreed by the Joint Committee.

2.2 In Appendix 1 is the proposed timetable (draft) for adopting

3.0 Considerations

3.1 Proposed Meeting dates for the 2016/17 are included as Appendix 1.

3.2 If alterations to the calendar are required, it is proposed that the Chair be authorised to make changes following appropriate consultation.

3.3 It is proposed that the meetings be held at the GwE Offices, Bryn Eirias, Colwyn Bay.

4.0 Recommendations

4.1 The Joint Committee is requested to:

4.1.1 Approve the meetings as proposed within Appendix 1.

4.1.3 That the Chair be authorised to make amendments to the calendar if required.

5.0 Financial Implications

5.1 There are no financial implications arising from this report.

6.0 Equalities Impact

6.1 There are no new equalities impacts arising from this report.

7.0 Personnel Implications

7.1 There are no new personnel implications arising from this report.

8.0 Consultation Undertaken

8.1 Consultation has been undertaken with the 6 North Wales Local Authorities, to avoid any duplication with Council meetings.

MEETING	DATE	TIME	VENUE
GwE Joint Committee	22/09/2016	9.00am	GwE Offices, Bryn Eirias, Colwyn Bay
GwE Joint Committee	25/11/2016	9.00am	GwE Offices, Bryn Eirias, Colwyn Bay
GwE Joint Committee	08/03/2017	9.00am	GwE Offices, Bryn Eirias, Colwyn Bay

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

No observations in relation to propriety.

Statutory Finance Officer:

The proposed GwE Joint Committee meeting dates, as proposed here, are fit for purpose. In particular, 22 September 2016 will be timely for receiving and approving independent auditor's report on the 2015/16 accounts, which is statutorily required before 30 September. Another Joint Committee meeting will be required early in July 2017, to receive the 2016/17 pre-audit accounts.