Contents

Cyfarfod / Meeting

CYD-BWYLLGOR GwE

GwE JOINT-COMMITTEE

Dyddiad ac Amser / Date and Time

2.00 pm DYDD LLUN, 29 MEDI 2014

2.00 pm MONDAY, 29 SEPTEMBER 2014

Lleoliad / Location
VENUE CYMRU
LLANDUDNO

Pwynt Cyswllt / Contact Point

GLYNDA O'BRIEN

(01341) 424301

GlyndaOBrien@gwynedd.gov.uk

AELODAETH Y CYDBWYLLGOR/MEMBERSHIP OF THE JOINT COMMITTEE

Aelodau â phleidlais/ Voting Members

Cynghorydd/Councillor Ieuan Williams – Cyngor Sir Ynys Môn/Isle of Anglesey County Council
Cynghorydd/Councillor Gareth Thomas – Cyngor Gwynedd Council
Cynghorydd/Councillor Wyn Ellis Jones – Cyngor Bwrdeistref Sirol Conwy/Conwy County Borough Council
Cynghorydd/Councillor Eryl Williams – Cyngor Sir Ddinbych/ Denbighshire County Council
Cynghorydd/Councillor Chris Bithell – Cyngor Sir y Fflint/Flintshire County Council
Cynghorydd/Councillor Michael Williams – Cyngor Bwrdeistref Sirol Wrecsam/Wrexham County Borough Council

Aelodau Cyfetholedig heb Bleidlais/Co-opted Non-voting Members

Esgobaeth Llanelwy/St Asaph Diocese – Rosalind Williams
Cynrychiolydd Ysgolion Cynradd/Primary Schools Representative – sedd wag / vacant seat
Cynrychiolydd Ysgolion Uwchradd/ Secondary Schools Representative – Annwen Morgan
Cynrychiolydd Ysgolion Arbennig/Special Schools Representative – Jonathan Morgan
Cynrychiolydd Llywodraethwr/Governor Representative – Alison Fisher

Swyddogion heb Bleidlais/Non-voting Officers

Dr Gwynne Jones – Cyngor Sir Ynys Môn/Isle of Anglesey County Council
Owen Owens – Cyngor Gwynedd Council
Richard E. Owen – Cyngor Bwrdeistref Sirol Conwy/Conwy County Borough Council
Karen Evans – Cyngor Sir Ddinbych/Denbighshire County Council
Ian Budd – Cyngor Sir y Fflint/Flintshire County Council
John Davies – Cyngor Bwrdeistref Sirol Wrecsam/Wrexham County Borough Council

Swyddogion yn bresennol/Officers in attendance

Iwan Evans a Dafydd Edwards – Awdurdod Lletyol/Host Authority
Geraint Rees – Llywodraeth Cymru/Welsh Government
Huw Foster Evans – Prif Swyddog GwE/GwE Chief Officer
Susan Owen Jones – Rheolwr Busnes a Chyllid GwE/GwE Business & Finance Manager
Mohammed Mehmet – Cyngor Sir Ddinbych/Denbighshire County Council

AGENDA

1. APOLOGIES

To receive any apologies for absence.

2. DECLARATION OF PERSONAL CONNECTION

To receive any declaration of personal interest.

3. URGENT ITEMS

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

4. MINUTES OF THE LAST MEETING 9/7/14
(copy enclosed)

5. THE JOINT COMMITTEE'S FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 AND RELEVANT AUDIT
(copy enclosed)

6. GwE PROGRESS REPORT

7. GwE GOVERNANCE ARRANGEMENTS
(copy enclosed)

8. ALIGNMENT OF REGIONAL WORKING ARRANGEMENTS WITH WELSH GOVERNMENT NATIONAL MODEL
(copy enclosed)

9. USE OF THE 2013/14 UNDERSPEND
(copy enclosed)

GwE JOINT COMMITTEE
09.07.14

Present:

Councillors Chris Bithell, Eryl Williams, Ieuan Williams, Michael Williams, Siân Gwenllian (alternate member), D. Miles (alternate member).

Co-opted Non-voting Members: Mrs Annwen Morgan (Secondary Schools' Representative), Ms Alison Fisher (Governor Representative)

Non-voting Officers: Mr John Davies (Wrexham County Borough Council), Mr Dewi R Jones (Gwynedd Council), Dr Gwynne Jones (Isle of Anglesey County Council), Mr Geraint James (Conwy County Borough Council), Karen Evans (Denbighshire Council), Ian Budd (Flintshire Council)

Also present: Mr Geraint Rees (Welsh Government representative), Mrs Susan Owen Jones (GwE Business and Finance Manager), Mr Iwan Evans (Host Authority Legal Service Manager - Gwynedd Council), Mr Dafydd Edwards (Host Authority Head of Finance – Gwynedd Council), and Glynda O'Brien (Host Authority Members Support Officer – Gwynedd Council).

Apologies: Mr Huw Foster Evans (GwE Chief Officer), Mr Elfyn Vaughan Jones (GwE Acting Chief Officer), Mr Jonathan Morgan (Special Schools' Representative)

1. **ELECTING A CHAIRPERSON**

   It was resolved to re-elect Councillor Eryl Williams as Chairperson of the Joint Committee for 2014/15.

2. **ELECTING A VICE- CHAIR**

   It was resolved to elect Councillor Michael Williams as Vice Chair of the Joint Committee for 2014/15.

3. **DECLARATION OF PERSONAL INTEREST**

   No Member in attendance declared a personal interest.

4. **MINUTES**

   The Chair signed the minutes of this meeting, held on 30 April 2014 as a true record.

4.1 **MATTERS ARISING FROM MINUTES**

Item 4 (vi) – Foundation Phase Educational Curriculum Review

In response to an enquiry about the timetable for a review of the educational curriculum from the Foundation Phase to the Secondary by Professor Graham Donaldson, Mr Geraint Rees reported that the Minister for Education and Skills would be reporting in the New Year and that comments would be welcomed. It was added that the requirements of assessments in Key Stage 2 and 3 would be addressed as part of the review.

It was decided to: Accept and note the above.

5. **FINAL ACCOUNTS OF JOINT COMMITTEE FOR THE YEAR ENDING 31 MARCH 2014**

(a) A report by Gwynedd Council's Head of Finance was presented which outlines the "outturn" position of the Income and Revenue Expenditure accounts 2013/14 together with a statement of the accounts, in a statutory and certified, but pre-audit form.

(b) The Head of Finance referred to a breakdown of expenditure and the main differences and highlighted an underspend of £776,662 of which £706,000 could be allocated for commissioning purposes in order to realise the business plan, the national model, and schools' requirements in 2014/15 and beyond.

(c) In response to enquiries, the Head of Finance noted that there were several reasons for the underspend on the salary element i.e.:

- Salary scales of posts within GwE were set lower than stated in the full business case.
- When the budget was set, some posts were pitched at top scale, with some appointments actually being lower.
- Some appointments have been completed over the year.
- Gradual progress has been made to get System Leaders in place.

(d) During the subsequent discussion, the following points were highlighted:

(i) Concern regarding underspend given the financial climate facing local government and which could be allocated for commissioning purposes.

(ii) Savings to be made in future and requirement to increase GwE's capacity with regard to the National Model.

(iii) Whilst accepting that there is an underspend, the importance was noted of holding transparent discussions in order to enable the Education Directors to report back to their authorities given their responsibility of representing authorities on GwE's Joint Committee. It was added that there is a need to understand the brokerage and recruitment budget and whether or not there are any barriers to recruitment so that the Directors can help.

(iv) The need for the Education Directors to be able to discuss and share any concerns with the Authorities' Statutory Finance Officers in order to safeguard the service in future.
(v) It would be helpful to obtain information about GwE's capacity along with the workforce's age profile to ensure balance and fill gaps.
(vi) That the Statutory Finance Officers of the 6 Authority need to discuss concerns regarding the underspend.

(d) In response to the above concerns, the following were noted:

- That the level of the current budget is part of the original agreement and assigned to GwE for three years. In managerial terms that permanent savings must be found however in the above instance, this is a one-off saving.
- That there is a need to permanently increase GwE's capacity rather than offering secondments. During initial discussions of the business case, it was decided at the time that 30 System Leaders would be needed to cover the region with 3 of those being Senior System Leaders; however no consideration was given to the fact that they would have comprehensive timetables.
- It is assumed that there is lack of capacity centrally to develop programmes for improving performance on the classroom floor therefore consideration must be given to what's needed and that GwE can act on behalf of the authorities to respond to the requirements.

- Bod lefel y gyllideb gyfredol yn rhan o'r gytundeb gwreiddiol ac wedi ei bennu i GwE am dair blynedd. Yn rheolaethol, rhaid chwilio am arbedion parhaol, ond yn yr achos uchod arbediad un-tro sydd yma.

It was decided to: Accept and note the content of the report and approve the accounts and revenue expenditure 2013/14 as outlined in Appendix A together with the Statement of Accounts 2013/14 (pre-audit) – Appendix B.

6. ANNUAL GOVERNANCE STATEMENT

(a) Gwynedd Council's Head of Finance presented an Annual Governance Statement, for approval by the Joint Committee.

(b) The Head of Finance reported that the statement consisted of many principles including effectiveness, accountability, performance management together with user needs and complaints.

It was decided to: Approve the Annual Governance Statement and the Chairperson and Education Director of Wrexham Borough County Council certified the statement at the meeting.

7. PROGRESS REPORT ON GwE DEVELOPMENTS

(a) A report was submitted prepared by Mr Elfyn Vaughan Jones, who will be temporarily standing in as Acting Chief Officer for Mr Huw Foster Evans, GwE Chief Officer, until Mr Evans returns to work following ill-health. The Joint Committee was grateful of the arrangement and the opportunity was also taken to thank Mr Geraint Rees for his additional support and helpfulness over the past month.

(b) Mr John Davies guided the Members through the content of the report and referred to:

- The appointments made over the past few months
- Temporary secondments and appointments in order to release officers to undertake developmental work
- System Leaders' programme of work
- Feedback by schools on termly visits
- Update on Literacy and Numeracy – GwE was responsible for monitoring the administration and marking of the National Reading and Number tests and a report will be presented at the next Joint Committee meeting on the performance of the region's schools
- PISA Project – as a region, schools are invited to take the lead in one or more of 4 specific subjects (Welsh First Language, English, Mathematics and Science)
- Schools Challenge Cymru – advisers have been appointed to work with 5 schools. A secondment has been advertised for the purpose of coordinating work to ensure consistency and quality.
- GwE structure – that the structure refers to an additional permanent position i.e. Head of Standards for increasing capacity within the SMT and on a regional basis.

(c) In response to an enquiry, it was noted that the school categorisation system would operate alongside the banding model.

It was decided to: (a) Approve and note the content of the report on GwE's current developments, and thank Mr Elfyn Vaughan Jones for providing the report.

(b) Approve:

(i) That the Chief Officer continues to work with the Education Directors of the 6 authorities to implement the requirements of the National Model Business Plan and report back to the Joint Committee on developments;
(ii) To adapt the title of GwE Chief Officer to GwE Managing Director (in line with the National Model and other regional consortia in Wales);
(iii) In principle, add the post of Head of Standards to the core structure of the service and recognise the need to increase capacity, temporarily, until an appointment is made.

8. **GwE BUDGET 2014/15 – 1st QUARTER REVIEW**

(a) A joint report by GwE's Chief Officer and Gwynedd Council's Head of Finance was presented outlining the initial position of GwE's budget for the 2014/15 financial year.

(b) The Head of Finance reported on the basis of the final situation 2013/14 with an estimated net underspend of £230,000 this year. He elaborated on the details of the most significant budget variances i.e. employee costs, pension commitments, brokerage and reserves.

(c) Members highlighted the following points:

- It was suggested for the Heads of Finance and Education Directors to meet to discuss the budget in order to ensure clarity with regard to GwE's vision and business plan following the 3 year period. A report to the Joint Committee in the autumn term would be welcomed.
- Concern that the underspend money will be lost and that a robust business plan should be ensured to safeguard the budget.
- Importance for Elected Members to be given an explanation of any underspend and the need to note plans in future of what services are commissioned and any barriers faced so that there is no slippage in the budget.

It was decided to: (a) Approve the commitment of any underspend for commissioning purposes in order to achieve the business plan, national model and school requirements in 2014/15 and beyond.

(b) Ask GwE's Chief Officer and Gwynedd Council's Head of Finance to present the Joint Committee with a follow-up report on proposed steps to create a senior managerial capacity (with non-contact time) within GwE using the flexibility within the budget, without approaching the 6 Councils for additional contributions, given the current financial climate where authorities could face unprecedented grant cuts by 2015/16.

9. **THE NATIONAL MODEL**

(a) For information purposes, the response by the Minister of Education and Skills to the GwE consortium business plan was presented, in line with the national model for improving regional school services, together with GwE's response to the additional matters raised as part of the Welsh Government's feedback on the business plan.

(b) In light of the national model, Mr Geraint Rees, Welsh Government, highlighted the following points:

- That GwE is a separate body and larger than anticipated and that the next few months will be spent discussing the definition of the role of the Education Directors and GwE officers.
- Discussion needed on GwE's accommodation arrangements in terms of offices.
- A Project Officer will lead and present a report in the autumn on an element of human resources work.

- ESTYN and Wales Audit Office intend to conduct a thematic survey to look at a range of matters such as scrutiny role and how effectively this is carried out.
- School related matters and specifically Challenge Advisers – importance for the region to agree on appointments was noted.
- School-to-school development programme – (need for a model to be prioritised which could perhaps be funded from the underspend).
- Schools Challenge Cymru – it was noted that a bid had been submitted for a sum of £1m for school support.

(c) In response to the above, Members highlighted the following points:

- Within the national model, that there is an expectation to establish an Executive Board that will be accountable to GwE's Joint Committee. It is understood that the Welsh Local Government Association (WLGA) has obtained legal advice challenging the decision.
- Within the agreement between GwE and the local authorities, that GwE is expected to provide a report to each of the 6 authorities and that it is important to consider the type of information presented in the report to ensure effective scrutiny by authorities.

10. **DATES OF MEETINGS 2014/15**

A report by the Business and Finance Manager outlining dates for the Joint Committee's meetings in 2014/15 was presented for agreement and approval.

It was decided to: (a) Accept and note the content of the report.

(b) Approve the following dates:

DATE	**TIME**	**LOCATION**
29 September 2014	**Afternoon**	**Conwy**
6 November 2014	**Afternoon**	**Conwy**
25 February 2015	**Morning**	**Conwy**
11 June 2015	**Morning**	**Conwy**

The meeting started at 1.30 a.m. and ended at 3.15 p.m.

CHAIRPERSON

MEETING	GwE Joint Committee
DATE	29 September 2014
TITLE	The Joint Committee's Final Accounts for the year ended 31 March 2014 and relevant Audit
PURPOSE	To submit – • The Statement of Accounts post-Audit; • The Wales Audit Office's report; • Letter of Representation.
RECOMMENDATION	To receive, note and approve the information before authorising the Chairman to certify the letter.
AUTHOR	Dafydd L Edwards, Head of Finance, Gwynedd Council

1. FINANCIAL REPORTING REQUIREMENTS

Members will recall that it was reported as follows to the 9 July 2014 meeting of GwE's Joint Committee:

1.1 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.

1.2 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.

1.3 Gwynedd Council is the 'host' Council responsible for meeting the accounting and financial reporting responsibilities of GwE's Joint Committee.

1.4 The Accounts and Audit (Wales)(Amendment) Regulations 2010 require all Joint Committees to prepare year-end accounts, i.e. an income and expenditure account, and where the turnover exceeds £1m, a statement of accounts must be prepared in accordance with the CIPFA code for the Joint Committee.

1.5 That Statement of Accounts will be subject to a separate audit by the Wales Audit Office.

2. ACCOUNTS FOR 2013/14

The Revenue Income and Expenditure Account for 2013/14 was submitted to the 9 July 2014 meeting of GwE's Joint Committee in simple "outturn" format, together with the Statement of Accounts for 2013/14 (pre-audit).

3. AUDIT

It was noted at the time that these accounts would be subject to audit by the Wales Audit Office, and the 'ISA 260' report is presented here by the Appointed Auditor (Anthony Barrett) detailing the Wales Audit Office's main findings.

4. FINAL ACCOUNTS FOR 2013/14

The final version (post-audit) of the Statement of Accounts for 2013/14 is also presented herewith. The minor amendments since the pre-audit version have been outlined in Appendix 3 to the Wales Audit Office's 'ISA260' report.

5. RECOMMENDATION

GwE's Joint Committee is asked to receive, note and approve the information in the appendices, i.e. –

- 'ISA260' report by the Wales Audit Office
- The Statement of Accounts for 2013/14 (post-audit)

6. LETTER OF REPRESENTATION

The Chairman of the meeting, together with Gwynedd Council's Head of Finance (as Statutory Finance Officer for GwE), are asked to certify the Letter of Representation (Appendix 1 to the Wales Audit Office's report) **after the Joint Committee has considered the above.**

7. CERTIFICATION BY THE APPOINTED AUDITOR

After receiving the Letter of Representation duly certified by the Chairman and the Head of Finance, Anthony Barrett of the Wales Audit Office will issue the certificate on the accounts.

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

STATEMENT OF ACCOUNTS 2013/14

Finance Department
Gwynedd Council
www.gwynedd.gov.uk

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EXPLANATORY FOREWORD

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 2013/14 are presented here on pages 6 to 26. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.*

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 2013/14 :

Conwy	15.64%
Denbighshire	15.09%
Flintshire	22.48%
Gwynedd	18.04%
Anglesey	10.13%
Wrexham	18.63%

- **The Balance Sheet** - Sets out the financial position of the Joint Committee on 31 March 2014.

- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2013/14 for revenue and capital purposes.

These accounts are supported by this Foreword, the Accounting Policies and various notes to the accounts. The accounting policies adopted by 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.

Revenue Expenditure in 2013/14

- The Comprehensive Income and Expenditure Statement on page 7 shows that the Joint Committee's gross revenue expenditure was £3,903k during 2013/14, with the net position as (£680k). Reversing the Code's required technical adjustments through the Statement of Movement in Reserves, the true net increase is seen to be (£777k).

- The financial out-turn position for 2013/14 was reported to the Joint Committee at its meeting on 9 July 2014. Joint Committee Members' approval was sought to transfer the £777k underspend to an earmarked reserve.

- The Movement in Reserves Statement and the Comprehensive Income and Expenditure Statement on page 6 and 7 detail the actual 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 £'000	Actual £'000	Variance £'000
Expenditure on Operations	3,520	3,806	286
Income			
Council Contributions for the core service:			
Conwy	(551)	(551)	0
Denbighshire	(531)	(531)	0
Flintshire	(791)	(791)	0
Gwynedd	(635)	(635)	0
Anglesey	(356)	(356)	0
Wrexham	(656)	(656)	0
Income for one-off start up costs (contributions from the 6 councils)	-	(853)	(853)
Other Income	-	(210)	(210)
Net (Underspend)/Overspend	0	(777)	(777)

TABLE 2 –Transposition movement between <u>'Budget and Actual Comparison Summary (Net)' (Table 1)</u> to the <u>Income and Expenditure</u> format

	Performance Report £'000	*Transposition Adjustment £'000	Income & Expenditure Statement £'000
Expenditure	3,806	97	3,903
Income	(4,583)	0	(4,583)
Net Cost of Services	(777)	97	(680)

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

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.

Further Information

The Statement of Accounts is available on Gwynedd Council's website www.gwynedd.gov.uk.

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 and the Responsible Financial 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.

________________________________ **29 September 2014**

Councillor Eryl Williams
GwE Joint Committee Chairman

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 of Practice.

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 2014 and its income and expenditure for the year then ended.

DL Edwards

________________________________ **18 September 2014**

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

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**
Opening Balance 1 April 2013		**0**	**0**	**0**	**4,097**	**4,097**
Movement in reserves during 2013/14						
(Surplus)/Deficit on provision of services		(495)	0	**(495)**	**0**	**(495)**
Other Comprehensive Income and Expenditure		0	0	**0**	**(1,104)**	**(1,104)**
Total Comprehensive Income and Expenditure		(495)	0	**(495)**	**(1,104)**	**(1,599)**
Adjustments between accounting basis and funding basis under regulations	*8*	(282)	0	**(282)**	**282**	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(777)	0	**(777)**	**(822)**	**(1,599)**
Transfers to/from Earmarked Reserves	*9*	777	(777)	**0**	**0**	**0**
(Increase)/Decrease in 2013/14		0	(777)	**(777)**	**(822)**	**(1,599)**
Balance 31 March 2014 carried forward		0	(777)	**(777)**	**3,275**	**2,498**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – 2013/14

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

2012/13					2013/14		
Gross Expenditure	**Gross Income**	**Net Expenditure**		*Note*	**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
0	0	0	Employees		2,264	0	2,264
0	0	0	Property		31	0	31
0	0	0	Transport		98	0	98
0	0	0	Supplies and Services		370	0	370
0	0	0	Exceptional Item *	*20*	853	(853)	0
0	0	0	Non Distributed Costs		287	0	287
0	0	0	Income		0	(3,730)	(3,730)
0	**0**	**0**	**Cost of Services**		**3,903**	**(4,583)**	**(680)**
0	0	0	Other Operating Expenditure		0	0	0
0	0	0	Financing and Investment Income and Expenditure	*10*	185	0	185
0	0	0	Taxation and non-specific grant income		0	0	0
0	**0**	**0**	**(Surplus) / Deficit on Provision of Services**		**4,088**	**(4,583)**	**(495)**
		0	Remeasurements of the net defined benefit liability/(assets)	22			(1,104)
		0	**Other Comprehensive Income and Expenditure**				**(1,104)**
		0	**Total Comprehensive Income and Expenditure**				**(1,599)**

* One off GwE start-up costs and income.

BALANCE SHEET – 31 MARCH 2014

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.

1 April 2013 £'000		*Note*	31 March 2014 £'000
0	**Long Term Assets**		**0**
0	Short Term Debtors	*11*	1,041
0	Cash and Cash Equivalents		126
0	**Current Assets**		**1,167**
0	Short Term Creditors	*12*	(440)
0	**Current Liabilities**		**(440)**
(4,097)	Pension Liability	*22*	(3,225)
(4,097)	**Long Term Liabilities**		**(3,225)**
(4,097)	**Net Assets/(Liabilities)**		**(2,498)**
0	Usable Reserves	*13*	(777)
4,097	Unusable Reserves	*14*	3,275
4,097	**Total Reserves**		**2,498**

CASH FLOW STATEMENT – 2013/14

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

2012/13 £'000		*Note*	2013/14 £'000
0	Net (Surplus) or Deficit on the Provision of Services		(495)
0	Adjustments to net surplus or deficit on the provision of services for non-cash movements *(creditors, debtors and pension)*	*15*	369
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
0	Net cash flows from Operating Activities		(126)
0	Investing Activities		0
0	Financing Activities		0
0	Net (Increase)/Decrease in cash and cash equivalents		(126)
0	Cash and cash equivalents at the beginning of the reporting period		0
0	**Cash and cash equivalents at the end of the reporting period**		**(126)**

** Cash Flow position in line with Accounting Policy 1.3.*

NOTES TO THE ACCOUNTS

NOTE 1 – ACCOUNTING POLICIES

1.1 General Principles
The Statement of Accounts summarises the Joint Committee's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2005, 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 2013/14* and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued in the 2005 Act.

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

1.2 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.

1.3 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.

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

Contingent assets are not recognised in the Balance Sheet, but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. The Joint Committee has no contingent assets.

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

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

1.6 Employee Benefits

1.6.1 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.

1.6.2 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.

1.6.3 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.

1.6.4 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 4.3% 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:

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 cost 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.

1.6.5 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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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) 2013/14. 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.

1.12 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.

1.13 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.

1.14 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.

1.15 Pensions
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.

1.16 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

As this is the first year of the Joint Committee all accounting policies are in line with the *Code of Practice on Local Authority Accounting in the United Kingdom* for 2013/14.

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 2014/15 has introduced several changes in accounting policies which will be required from 1 April 2014. The changes are as follows:

IFRS 10 - Consolidated Financial Statements (May 2011)
This change in the accounting policy has introduced a new definition of control, which is used to determine which entities are consolidated for the purpose of group accounts.

IFRS 11 - Joint Arrangements (May 2011)
This change in accounting policy is related to accounting for joint arrangements, which is a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. Proportionate consolidation is no longer an option for jointly controlled entities.

IFRS 12 - Disclosure of Interest with Other Entities (May 2011)
This change requires a number of disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IAS 27 - Separate Financial Statements and IAS 28 - Investments in Associates and Joint Ventures (amended May 2011)
These statements have been amended as a result of the changes to IFRS 10, IFRS 11 and IFRS 12 (above). Given that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.

IAS 32 - Financial Instruments: Presentation (amended December 2011)
This standard introduces changes to the presentation of financial instruments and allows the offsetting of financial assets and financial liabilities.

It is not likely that the above changes will have a material effect on GwE's 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 about 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 historical experience and other factors, other factors being historical and actual future projections and assumptions that are considered to be relevant.

All available and related information is sourced and applied in assessing and determining the position, which is particularly critical when considering such matters as earmarked reserves, provisions and contingent liability. 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 2014 may be considered to be a significant risk, 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 as provided by Actuaries engaged by the Council. Further details are contained in Notes 21 and 22.

NOTE 6 – MATERIAL ITEMS OF INCOME AND EXPENSE
(Not disclosed on the face of the Comprehensive Income and Expenditure Statement)
There are no material items of income and expense which are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

NOTE 7 – EVENTS AFTER THE BALANCE SHEET DATE

There are no known events after the balance sheet date.

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 capital and revenue expenditure.

2013/14 **ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**	**Useable 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 22)	(886)	886
Employer's pensions contributions and direct payments to pensioners payable in the year	654	(654)
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	(50)	50
Total Adjustments	**(282)**	**282**

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 1 April 2013	**0**
Transfers:	
Between Reserves	0
In	777
Out	0
Balance 31 March 2014	**777**

NOTE 10 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2012/13		**2013/14**
£'000		**£'000**
0	Net interest on the net defined benefit liability (asset)	185
0	**Total**	**185**

NOTE 11 – SHORT-TERM DEBTORS

	1 April 2013 £'000	31 March 2014 £'000
Central Government Bodies	0	2
Other Local Authorities	0	1,022
Other Entities and Individuals	0	17
Total	**0**	**1,041**

NOTE 12 – SHORT-TERM CREDITORS

	1 April 2013 £'000	31 March 2014 £'000
Central Government Bodies	0	46
Other Local Authorities	0	277
Public Corporations and Trading	0	6
Other Entities and Individuals	0	111
Total	**0**	**440**

NOTE 13 – USABLE RESERVES

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

NOTE 14 – UNUSABLE RESERVES

1 April 2013 £'000		31 March 2014 £'000
(4,097)	Pensions Reserve	(3,225)
0	Accumulated Absences Account	(50)
(4,097)	**Total Unusable Reserves**	**(3,275)**

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.

2012/13 £000		2013/14 £000
0	**Balance 1 April**	**(4,097)**
0	Re-measurements of the net defined benefit liability / (assets)	1,104
0	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	(886)
0	Employer's pensions contributions and direct payments to pensioners payable in the year	654
0	**Balance 31 March**	**(3,225)**

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.

2012/13 £000		2013/14 £000
0	**Balance 1 April**	**0**
0	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	(50)
0	**Balance 31 March**	**(50)**

NOTE 15 – CASH FLOW STATEMENT : ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2012/13 £'000		2013/14 £'000
0	(Increase)/Decrease in Creditors	(440)
0	Increase/(Decrease) in Debtors	1,041
0	Pension Liability	(232)
0		**369**

NOTE 16 – OFFICERS' REMUNERATION

a. 7A (1) (b) of the Accounts and Audit (Wales) (Amendment) Regulations 2010, 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 employees is as follows:

2012/13				Chief Officers	2013/14			
Salary	Employer's Pension Contribution	Other Employer Costs	Total		Salary	Employer's Pension Contribution	Other Employer Costs	Total
£	£	£	£		£	£	£	£
0	0	0	0	Chief Officer[1]	34,749	11,363	72,170	118,282
0	0	0	0	Chief Officer[2]	48,648	15,908	0	64,556

1 Employed in post up to 31 August 2013
2 Employed in post from 1 September 2013

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 3 cases in 2013/14. These posts would not appear below except for the termination benefits paid in the individual year.

Number of other employees who received more than £60,000 including remuneration and termination benefits:

Number in 2012/13 Total		Number in 2013/14 Total
0	£60,000 - 64,999	1
0	£65,000 - 69,999	1
0	£70,000 - 74,999	0
0	£75,000 - 79,999	0
0	£80,000 - 84,999	0
0	£85,000 - 89,999	0
0	£90,000 - 94,999	1

NOTE 17 – EXTERNAL AUDIT COSTS

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

2012/13		2013/14
£'000		£'000
0	Fees for External Audit Services	6

NOTE 18 – 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 (as defined) in companies or businesses which may have dealings with the Joint Committee. A breakdown of the payments and balances at 31 March 2014 made to these companies under this heading during 2013/14 is as follows:

Payments made	Amounts owed by the Joint Committee	Amounts owed to the Joint Committee
£2,031	£0	£0

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

Officers
The Joint Committee's Senior Officers (as defined) have declared as required and where appropriate an interest or relationship (as defined) in companies, voluntary, charitable, or public bodies which receive payments from the Joint Committee. A breakdown of the payments and balances at 31 March 2014 made to these companies under this heading during 2013/14 is as follows:

Payments made	Amounts owed by the Joint Committee	Amounts owed to the Joint Committee
£0	£0	£0

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

NOTE 19 – 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 cost of the payments to the individuals. All of the packages listed are for officers who transferred over to GwE and were financed entirely by the originating authorities (see Note 20).

(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**	
	2012/13	**2013/14**	**2012/13**	**2013/14**	**2012/13**	**2013/14**	**2012/13**	**2013/14**
£	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**£'000**	**£'000**
0 - 20,000	0	4	0	0	0	4	**0**	**56**
20,001 - 40,000	0	6	0	0	0	6	**0**	**158**
40,001 - 60,000	0	6	0	0	0	6	**0**	**273**
60,001 - 80,000	0	3	0	0	0	3	**0**	**199**
80,001 - 100,000	0	1	0	0	0	1	**0**	**95**
100,001 - 150,000	0	0	0	0	0	0	**0**	**0**
Total	**0**	**20**	**0**	**0**	**0**	**20**	**0**	**781**

NOTE 20 – EXCEPTIONAL ITEM

The exceptional item in the Comprehensive Income and Expenditure Statement (2013/14) indicates the one-off start up costs for the GwE Joint Committee. The main element are the costs of exit packages as indicated in Note 19, financed from contributions from each originating authority.

NOTE 21 – 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 2013/14 the Joint Committee paid £2k in respect of teachers' pension costs, which represented 14.10% 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 2013/14. These costs are accounted for on a defined benefits basis and are included in Note 22.

NOTE 22 – 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 final salary scheme, meaning that the authority and employees pay contributions into a 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 statue 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 Council’s 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.

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2014		
	Assets	**Liabilities**	**Net (liability) /asset**
	£'000	**£'000**	**£'000**
Fair Value of Employer Assets	9,806	0	9,806
Present Value of Funded Liabilities		(13,903)	(13,903)
Present Value of Unfunded Liabilities		0	0
Opening Position at 1 April	9,806	(13,903)	(4,097)
Service Cost			
Current Service Cost*	0	(414)	(414)
Past Service Costs(including curtailments)	0	(287)	(287)
Total Service Cost	**0**	**(701)**	**(701)**
Net interest			
Interest Income on Plan Assets	447	0	447
Interest Cost on Defined Benefit Obligation	0	(632)	(632)
Total Net Interest	**447**	**(632)**	**(185)**
Total Defined Benefit Cost Recognised in Profit/(Loss)	**447**	**(1,333)**	**(886)**
Cashflows			
Plan Participants Contributions	109	(109)	0
Employer Contributions	645	0	645
Contributions in respect of funded benefits	0	0	0
Benefits Paid	(406)	406	0
Unfunded Benefits Paid	0	0	0
Expected Closing Position	**10,601**	**(14,939)**	**(4,338)**
Re-measurements			
Change in Demographic Assumptions	0	0	0
Change in Financial Assumptions	0	(420)	(420)
Other Experience	0	1,154	1,154
Return on Assets excluding amounts included in net interest	379	0	379
Total Re-measurements recognised in Other Comprehensive Income (OCI)	**379**	**734**	**1,113**
Fair Value of Employer Assets	10,980	0	10,980
Present Value of Funded Liabilities	0	(14,205)	(14,205)
Present Value of Unfunded Liabilities	0	0	0
Closing Position at 31 March 2014	**10,980**	**(14,205)**	**(3,225)**

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

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 2013. The split is shown in the table above. The actuary estimates the bid value of the Fund's assets as at 31 March 2014 to be £1,305,000,000 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 1 April 2013				At 31 March 2014			
	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	117	0	117	1	206	0	206	2
Energy and Utilities	297	0	297	3	263	0	263	2
Financial Institutions	165	0	165	2	92	0	92	1
Health and Care	494	0	494	5	487	0	487	4
Information Technology	154	0	154	2	306	0	306	3
Other	472	0	472	5	501	0	501	5
Private Equity								
All	0	483	483	5	0	525	525	5
Real Estate								
UK Property	0	841	841	9	0	945	945	9
Overseas Property	0	30	30	0	0	28	28	0
Investment Funds and Unit Trusts								
Equities	218	3,018	3,236	33	2,463	3,217	5,680	52
Bonds	1,979	1,296	3,275	33	0	1,632	1,632	15
Infrastructure	0	0	0	0	0	48	48	0
Derivatives								
Inflation	0	25	25	0	0	0	0	0
Cash and Cash Equivalents								
All	217	0	217	2	268	0	268	2
Total	**4,113**	**5,693**	**9,806**	**100**	**4,586**	**6,395**	**10,981**	**100**

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 being based on the latest full valuation of the scheme as at 31 March 2013. The significant assumptions used by the actuary are as follows:-

	31 March 2014
Financial Assumptions	**% p.a.**
Pensions Increase Rate	2.8
Salary Increase Rate	4.6*
Inflation Rate	2.8
Discount rate	4.3
Long term expected rate of return on all categories of assets	4.3
Take-up option to convert annual pension into retirement lump sum	
for pre-April 2008 service	50
for post-April 2008 service	75
Mortality assumptions	**Years**
Longevity at 65 for current pensioners	
Men	22.0
Women	24.0
Longevity at 65 for future pensioners	
Men	24.4
Women	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 2014 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 at younger or older ages). 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 2014	**31 March 2014**
	%	£'000
0.5% decrease in real discount rate	16	2,205
1 year increase in life expectancy	3	426
0.5% increase in the salary increase rate	3	464
0.5% increase in the pension increase rate	12	1,725

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	9,950	70.1	22.6
Deferred Members	302	2.1	33.7
Pensioner Members	3,953	27.8	14.7
Total	**14,205**	**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

Future IAS19 reporting will take account of the national changes to the scheme under the Public Pensions Services Act 2013 and the change from final salary benefits to career average revalued benefits for service from 1st April 2014 onwards.

The total contributions expected to be made to the Local Government Pensions Scheme by the Joint Committee in the year to 31 March 2015 is £458,000.

As the Actuary's report is based on estimates and due to timing issues, there is a variance of £8,523 in 2013/14 between the deficit in the Scheme based on the Actuarial figures in comparison with the Liability related to the defined benefit Pension Scheme 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 Scheme in the Balance Sheet.

Independent auditor's report to the Members of the GwE Joint Committee

I have audited the accounting statements and related notes of the GwE Joint Committee for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

The GwE Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

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

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

Scope of the audit of the accounting statements

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

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

Opinion on the accounting statements of the GwE Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of GwE Joint Committee as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Annual Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with ‘Delivering Good Governance in Local Government: Framework’ published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the GwE Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

30 September 2014

APPENDIX A

ANNUAL GOVERNANCE STATEMENT

This statement meets the requirement to produce a Statement of Internal Control pursuant to Regulation 4 of the Accounts and Audit (Wales) Regulations 2005.

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, the 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 the 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 the GwE for the year ended 31 March 2014 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 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.

Since 2013/14 was the first year of GwE's existence, a review of the effectiveness of its system of governance was undertaken by Internal Audit. Attention was given to the outcome of the host authority's Head of Internal Audit's annual report. Mainly based on the work of Internal Audit, the assessment of the effectiveness of the governance framework is as follows:

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.

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.

Leadership

The Joint Committee met on the following dates:

- 20/02/2013
- 08/07/2013
- 06/11/2013

However, there was an attempt to hold a meeting on 12/03/2014 but there was no quorum as five members of the Joint Committee with voting rights were required, and five were not available.

Risk Management

GwE's risk register has been updated in December 2013. The relevance of the risk register will be kept under review.

Accountability

In an independent assessment, Internal Audit was satisfied that:

- The agreement had been signed by appropriate officials in the 6 Authorities.
- The agreement prescribes the service in detail.
- Appropriate clauses exist in the contract refers to key governance issues as follows:
    - Duties of the Host Authority and the Other Councils
    - Decision Making
    - The Joint Committee
    - Commitment and Contributions of Councils
    - The commitment of the Host Authority and the Other Councils
    - Commencement, Duration and Termination
    - Withdrawal
    - Underperformance of the Service.

Performance Management Systems
Under the agreement, the Service's Chief Officer 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.

Under the agreement, a report will be provided to all Councils by the Chief Officer no later than 31 October in any year, but it was decided in October 2013 that the Service had not been running long enough to be able to report on the performance and therefore the next report to the Councils will be by 31/10/2014.

Internal Audit was of the opinion that appropriate outcomes have been established to monitor the performance of the Service.

User Needs and Complaints
The Service follows Gwynedd Council complaints procedure. So far 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 meets three times a year.
- 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 corporate policies were the process of being reviewed by Human Resources, GwE and the Unions with some way to go until this work is complete.

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**.

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.

Part 6: OPINION

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

J Davies

GwE Lead Officer

Date : 9/7/14

JOHN DAVIES
HEAD OF LIFELONG LEARNING
WREXHAM COUNTY BOROUGH COUNCIL

GwE Chairman

Date : 9/7/2014

COUNCILLOR ERYL WILLIAMS
DENBIGHSHIRE COUNTY COUNCIL

Archwilydd Cyffredinol Cymru
Auditor General for Wales

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Audit of Financial Statements Report

GwE Joint Committee

Audit year: 2013-14

Issued: September 2014

Document reference: 558A2014

Status of report

This document has been prepared for the internal use of GwE Joint Committee as part of work performed in accordance with the statutory functions.

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

The team who delivered the work comprised Derwyn Owen, Amanda Hughes, Alan Hughes and Andrew Smith.

Contents

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

Summary report

Introduction

1. The Appointed Auditor is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the GwE Joint Committee at 31 March 2014 and its income and expenditure for the year then ended.

2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.

3. The quantitative level at which we judge such misstatements to be material for the GwE Joint Committee is £39,000. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.

4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.

5. This report sets out for consideration the matters arising from the audit of the financial statements of the GwE Joint Committee, for 2013-14, that require reporting under ISA 260.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2014 on 30 June 2014, the agreed deadline, and have now substantially completed the audit work.

7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Dafydd Edwards, Head of Finance.

Proposed audit report

8. **It is the Appointed Auditor's intention to issue an unqualified audit report on the financial statements** once you have provided us with a Letter of Representation based on that set out in Appendix 1.

9. The proposed audit report is set out in Appendix 2.

Significant issues arising from the audit

Uncorrected misstatements

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

Corrected misstatements

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

Other significant issues arising from the audit

12. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you.

There were some issues arising in these areas this year:

We have two concerns about the qualitative aspects of your accounting practices and financial reporting.

13. It is a requirement of the Code of Practice on Local Authority Accounting that details of related party transactions are disclosed within the Joint Committee's accounts. In order to gather the relevant information, Gwynedd Council sought details of related party interests from the relevant Councils. Anglesey County Council did not provide this until the very end of the audit window and therefore the draft accounts were prepared without this information. In future they must ensure that the information is provided on a timely basis.

14. Whilst the Council provided working papers to support the financial statements, the process of reconciling some of the primary statements and notes back to the underlying financial records was not straightforward. We would recommend that a clear audit trail is provided in future years.

There are no other matters that we need to report to you

15. There are no other matters to report to you. In particular:

- We did not encounter any significant difficulties during the audit.
- There were no significant matters discussed and corresponded upon with management which we need to report to you.
- There are no other matters significant to the oversight of the financial reporting process that we need to report to you.
- We did not identify any material weaknesses in your internal controls that we have not reported to you already.

- There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.

Independence and objectivity

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

17. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the GwE Joint Committee that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

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

29 September 2014

Dear Mr Barrett,

REPRESENTATIONS REGARDING THE 2013/14 FINANCIAL STATEMENTS

This letter is provided in connection with your audit of the financial statements of the GwE Joint Committee for the year ended 31 March 2014 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

MANAGEMENT REPRESENTATIONS

Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

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

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects the GwE Joint Committee and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

FINANCIAL STATEMENT REPRESENTATIONS

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

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

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

REPRESENTATIONS BY THE GwE JOINT COMMITTEE

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the GwE Joint Committee on 29 September 2014.

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

Yours sincerely,

DAFYDD L EDWARDS	**COUNCILLOR ERYL WILLIAMS**
HEAD OF FINANCE	**GwE JOINT COMMITTEE CHAIRMAN**
GWYNEDD COUNCIL	
Date ……………………………..	Date …………………………….

Appendix 2

Proposed audit report of the Appointed Auditor to the GwE Joint Committee

Independent auditor's report to the Members of the GwE Joint Committee

I have audited the accounting statements and related notes of the GwE Joint Committee for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

The GwE Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

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

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

Scope of the audit of the accounting statements

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

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

Opinion on the accounting statements of the GwE Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the GwE Joint Committee as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Annual Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the GwE Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

30 September 2014

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of the GwE Joint Committee

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

Value of correction	Nature of correction	Reason for correction
£78,000	Note 12 – Reclassification of short-term creditors from other entities (-£78,000) to central government (+£46,000) and local authorities (+£32,000).	To ensure the correct disclosure of short-term creditors at the balance sheet date.
£2,031	Additional disclosure relating to Anglesey County Council member	To fully disclose all related parties
Narrative	A small number of minor amendments to correct for typos etc.	To improve the quality of the accounts.

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MEETING	GwE Joint Committee
DATE	29 September 2014
TITLE	GwE Governance Arrangements
PURPOSE	To recommend proposed governance arrangements for GwE and to consider the establishment of an Advisory Board, in response to the National Model for Regional Working Guidance
RECOMMENDATION	That the Joint Committee confirms its approval of the the proposed governance structure and approves the establishment of an Advisory Board for GwE, in accordance with the National Model for School Improvement Services and the legal advice received via the WLGA.
AUTHOR	Iwan G D Evans head of Legal Services, Gwynedd Council

Introduction

1. The guidance document – National Model for Regional Working was published by the Welsh Government in February 2014 . The Cabinets of the 6 partner Councils resolved in the Spring of 2014 to:

    - To approve the National Model for Regional Working in Wales in relation to School Improvement.
    - To adopt the National Model for Regional Working on School Improvement and develop a business plan with the intention that the additional services listed in the Model be incorporated into the GwE regional model, in phases, subject to a satisfactory business case for each and a supporting transition plan to ensure service continuity and performance.

Current Governance Structure

2. GwE was originally established on a joint committee, host authority model. The membership of the Joint Committee was drawn from

Cabinet Members and Chief Education Officers with Co-opted membership drawn from consultative users groups (Appendix A). The Terms of reference of the Joint Committee were:

1. to promote joint working in the delivery of the Service through:
   - facilitating constructive partnership working;
   - engaging with key interested bodies and stakeholders when appropriate; and
   - carrying out such other activities calculated to facilitate, or which are conducive to the successful delivery of the Service; and;
2. to oversee the management of the Service and ensure that the Service is provided and performs in accordance with the expectations of the Councils as reflected in the Full Business Case, Inter Authority Agreement and agreed Annual Business and Commissioning Plans;
3. to approve the budget for the Service on an annual basis';
4. to approve the business plan for the Service on an annual basis;
5. to monitor and manage the risks associated with the Service;
6. to ratify requests from the Service for additional budget funding from individual Councils;
7. to approve the staff structure of the Service;
8. to appoint the Chief Officer of the Service;
9. to decide on disciplinary action against the Chief Officer; and , where required, to determine or arrange for the determination of appeals in relation to Human Resources matters.

The National Model

4. The National Model (Appendix B) provides for a Joint Committee whose membership shall be made up of either the Leaders or Education Portfolio Holders of the partner authorities supported by the Lead Chief Executive. The responsibilities of the Joint Committee in the Guidance are expected to include :

   - approval of the consortia budget, including remuneration,
   - business planning
   - performance management.

   It is also envisaged that the Joint Committee need only meet once during every school term with one meeting at least focusing on business planning and budget setting. The Joint Committee should also establish arrangements for the appointment of senior staff and dealing with HR issues such as grievances.

5. The second limb of the proposed governance model set out in the Guidance provides for the creation of an Executive Board. The Guidance envisaged that operational decision making would be delegated to the Board by the Joint Committee whose role would be to “oversee and challenge the work of the regional consortium”

   The Guidance envisaged that the Executive Board would:

   - strategy – constructively challenge and contribute to the development of strategy
   - business planning - consider and recommend an annual business plan to the Joint Committee
   - budget – ensure that the agreed business plan is in line with the budget,
   - performance – monitor and review the performance of management
   - self-evaluation and risk – members will need to ensure that financial controls and systems are robust and where necessary report to individual authorities
   - people recommend appropriate levels of remuneration for the managing director and “top team” and have a prime role in appointing / removing the managing director.

6. The Guidance envisages that the Executive Board will be a formal sub-committee of the Joint Committee. It suggests that the membership should comprise:

   - a representative of the joint committee
   - Welsh Government nominee (observer status)
   - lead director of education
   - Managing Director
   - No more than five individuals appointed with the approval of the Joint Committee for their expertise in education, leadership and corporate governance and drawn from an approved pool of individuals assembled by the WLGA and Welsh Government. Those nominated shall include at least one serving head teacher from a school within the consortium area.

7. Following the publication of the Guidance legal advice was sought through the WLGA on the governance and constitutional issues relating specifically to the proposed governance model and the status of the Executive Board as a Sub-Committee with delegated decision powers. The advice raised specific issues as to the proposed model for the Executive Board. These in particular related to the general approach to governance, voting rights and officer participation in sub-committees.

8. The Guidance identifies that statutory accountability for school improvement remains with the Local Authorities as well as powers of intervention and organisation of schools. In terms of the Joint

Committee it highlights that governance should not contradict local authority decision making and accountability and that the form is less important than the capacity and drive to deliver improved outcomes.

Proposed Model

9. Following initial discussions with lead officers and Welsh Government representative the proposed draft model (Appendix C) envisages a governance structure which reflects the key aspects of the National Model whilst also providing a structure which addresses the governance issues stemming from the advice. At this stage it is an outline proposal which seeks to identify the structure and anticipated roles of the relevant groups and the Joint Committee.

10. In terms of the Joint Committee the membership should follow the Model in that the membership should comprise Education Portfolio Holders. The current terms of reference of the Joint Committee broadly accord with the Model and it suggested that this can remain the basis for any revised scheme of delegation.

11. The Model proposes establishing an advisory group based on the concept of the Executive Board. This group would have advisory and reporting powers which correspond to the functions of the functions set out in the National Model for the Board. The amended constitution would identify how and where this Group would be formally involved in GwE management as well as its power to report directly to the Joint Committee on matters within its terms of reference.

12. It has also been recognised that the Managing Director of GwE needs to have access to a decision making body at a less strategic level than the Joint Committee which can provide decisions in relation to higher level operational matters and authorise lower level changes to the budget or business plan. This group would involve the 6 Chief Education Officers and would have a specific set of delegated powers.

Issues for Consideration

13. There are some questions which need to be considered further:

    1. Detailed scheme of delegation
    2. Membership of Advisory Board
    3. Incorporation of voice of users in the structure

General

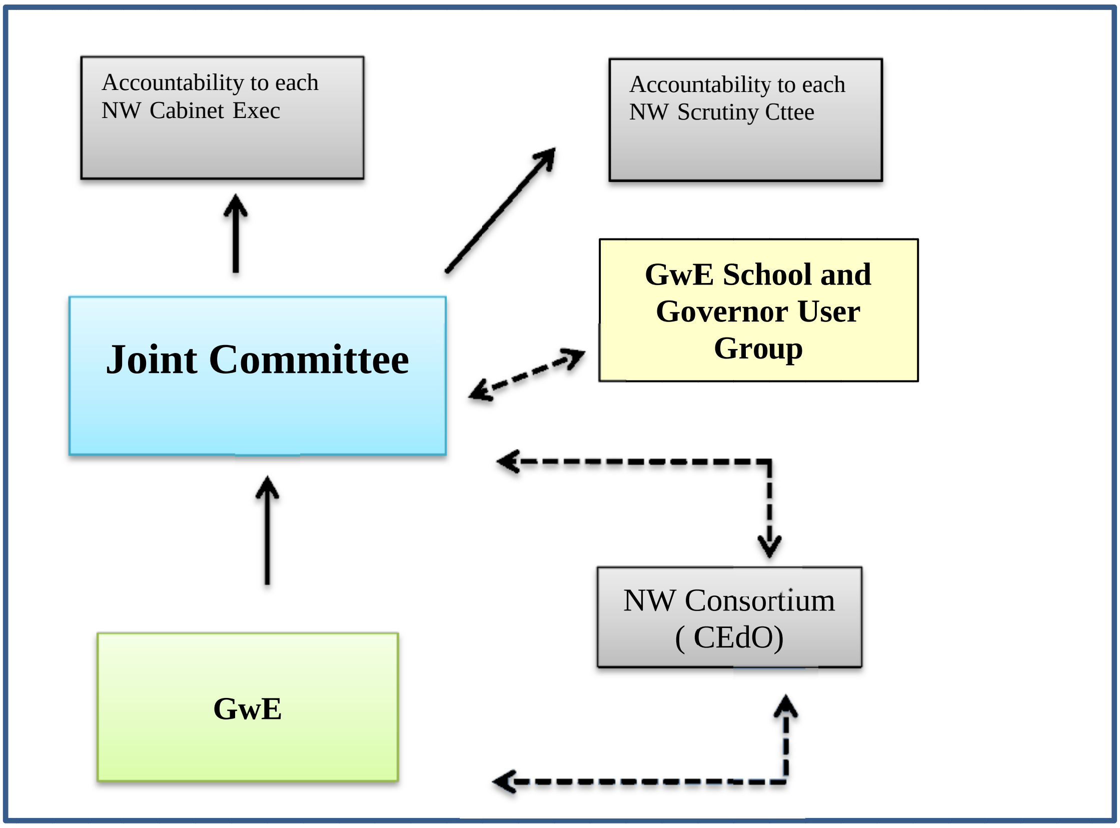
14. Difficulties were created as a result of the high quorum requirement of the Joint Committee. As part of the Joint Committee review it is suggested that Gwynedd Standing Orders are adopted which would

mean in the case of the Joint Committee that three voting members would need to be present to effect a quorum.

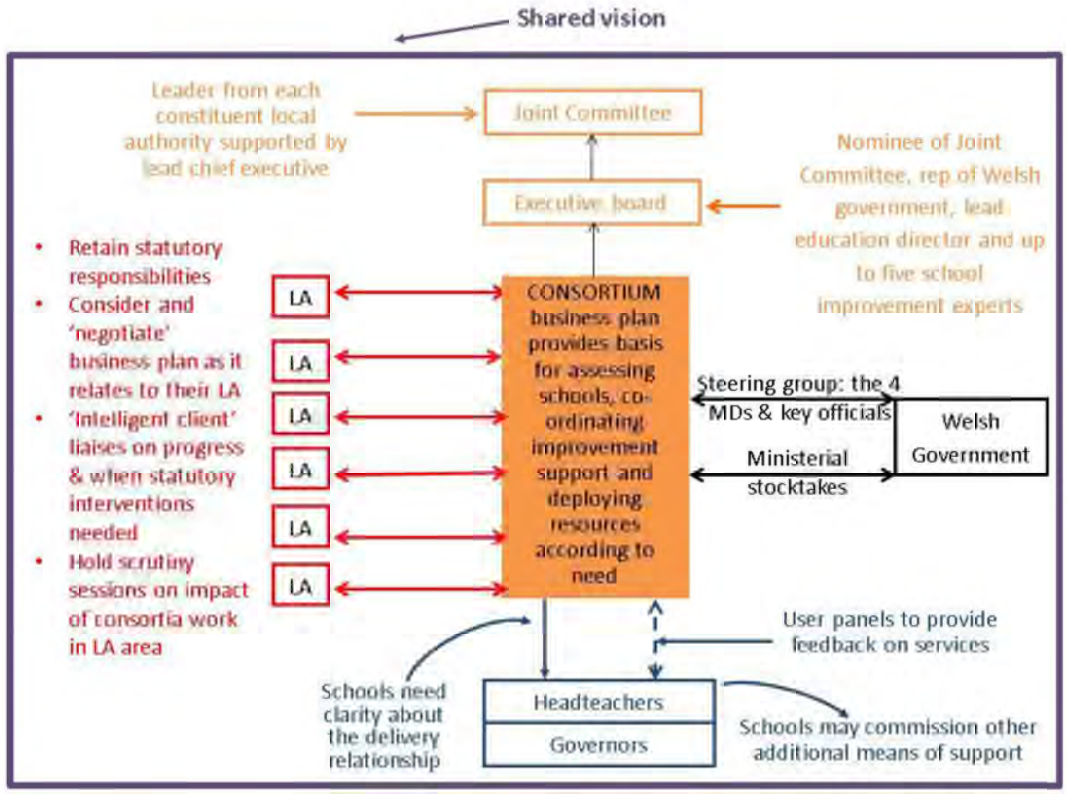
Background Documents

National Model for Regional Working – Welsh Government Guidance 2014

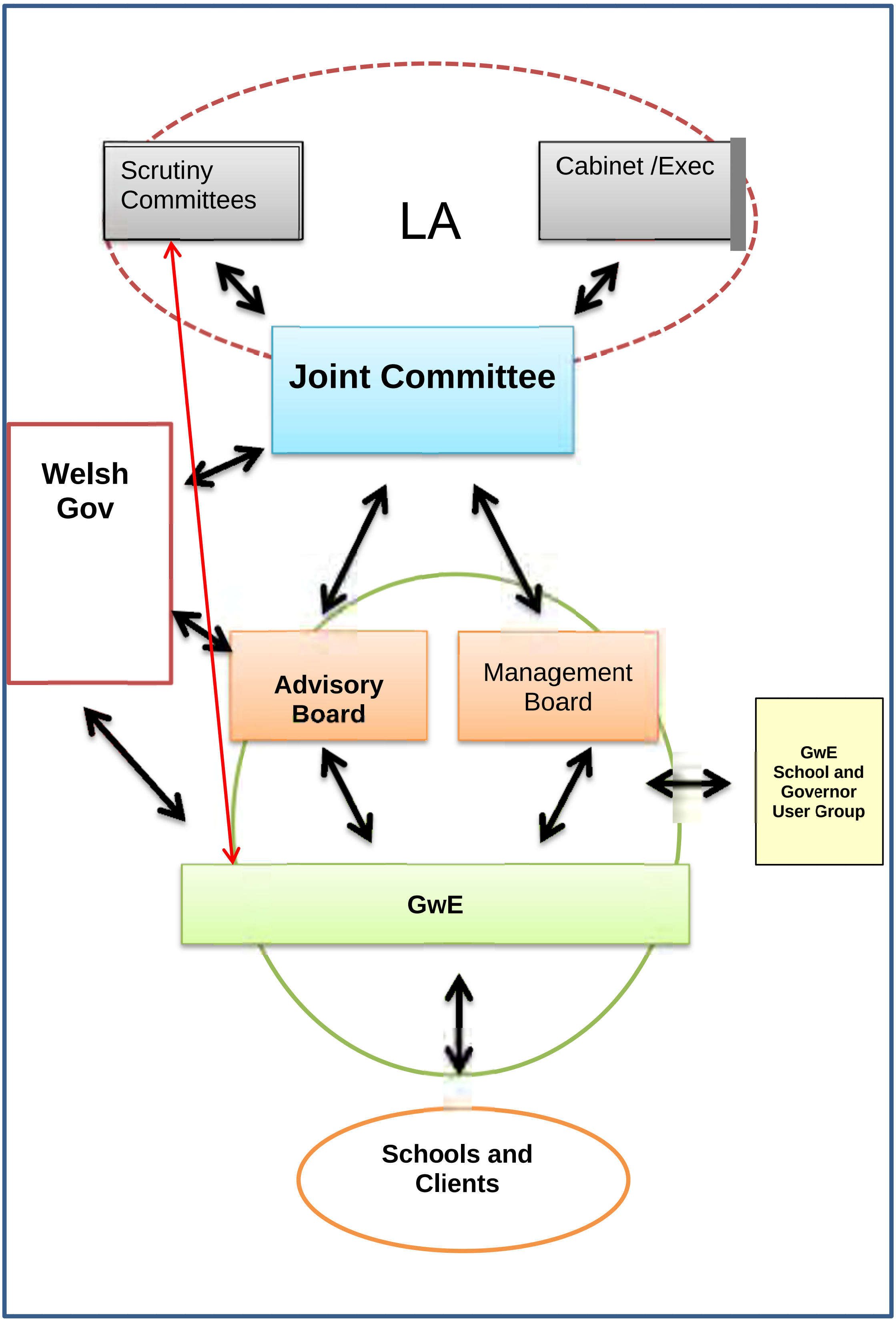
Appendix A - GwE – Current Model



Appendix B – National Model



Appendix C - Proposed Structure



MEETING	GwE Joint Committee
DATE	29 September 2014
TITLE	Alignment of Regional Working Arrangements with Welsh Government National Model
PURPOSE	Progress Report on Alignment of Regional Working Arrangements with Welsh Government National Model
RECOMMENDATION	That the Joint Committee note the progress and development of the detailed business cases for the incorporation of the additional services listed in the National Model into GwE
AUTHOR	Elliw Alwyn, Project Manager, North Wales Education Consortium

1. Context

The guidance document (National Model for Regional Working) was published by the Welsh Government in February 2014 . The Cabinets of the 6 partner Councils resolved in the Spring of 2014 to:

- To approve the National Model for Regional Working in Wales in relation to School Improvement.

- To adopt the National Model for Regional Working on School Improvement and develop a business plan with the intention that the additional services listed in the Model be incorporated into the GwE regional model, in phases, subject to a satisfactory business case for each and a supporting transition plan to ensure service continuity and performance.

2. Progress of Alignment Project

- A Project Manager was appointed in August 2014 to provide detailed business cases for the incorporation of the additional services listed in the Model into the GwE regional plan.

- The Project Manager was to commence in the role on a part time basis until October 2014 and on a full-time basis thereafter until end of March 2015. The Committee is reminded that the transition of additional services into GwE is to be implemented by 1 April 2015.

- Aspects of the National Model to be incorporated into GwE had already been mapped and incorporated into a high level business plan in the spring of 2014.

- The newly appointed Project Manager is now in the process of creating detailed business plans to form the basis of the transition of services into GwE.

- A progress report was submitted by the PM to the Directors of Education Strategic Group on 10 September 2014 where the proposed high level plan was approved with an understanding that the process of designing a detailed work programme was underway and being informed by pertinent officers within the six Authorities.

3. Project Phases

- **Phase 1:** Reviews of current arrangements to be completed by end September 2014

- **Phase 2:** Potential working models to be designed by end October 2014

- **Phase 3:** Commence approval process for proposed working model November 2014

- **Phase 4:** Commence implementation of approved changes February 2015

- The Committee should note that this is the ideal schedule but that there is a possibility that some aspects could not be in their final form at 1 April 2015. The PM will concentrate on quick wins in order to have most aspects in place for 1 April 2015 and will provide adequate justification to Welsh Government should some aspects not be in their final form at 1 April 2015.

4. Within Project Scope

There are four main areas of work to be addressed by the PM. They are listed below:

a) Governor Advice and Support

- Review of current arrangements
- Options appraisal of potential models
- Approval and implementation of agreed and approved model

b) 14 – 19 Arrangements

- Review of current arrangements across the region
- Options appraisal of potential 14 – 19 models
- Approval and implementation of agreed and approved model

c) Foundation Phase

- Review of arrangements across the region
- Options appraisal of potential working model
- Approval and implementation of agreed and approved model

d) WESP & WEG

- Review of arrangements across the region
- Options appraisal of potential working model
- Approval and implementation of agreed and approved model

5. Out of Project Scope

Work is already ongoing in the following areas of work:

- Effective HR support (in hand by the host authority HR Manager and HR group & national work ongoing in terms of scoping skill-set etc)
- Regional Data Collation System (in hand by GwE Information Manager)
- Executive Board (in hand by John Davies & the host authority legal, finance & GwE team)
- Identify and recruit suitable high calibre Challenge Advisers and to ensure that all challenge advisers and school leaders are familiar with the key characteristics of and can facilitate effective school to school collaboration (in hand by GwE Senior Management Team)
- Strengthening of GwE central team (in hand by GwE Senior Management Team)
- Effective oversight of GwE available resources and spend (in hand by GwE Business & Finance Manager)

The PM will incorporate these aspects into the overall work programme and request information and updates to ensure adherence with critical timescale.

REPORT TO THE JOINT COMMITTEE

29 SEPTEMBER 2014

Report by: GwE Managing Director

Subject: Report on the proposed use of the underspend from the 2013/14 budget

1.0 Purpose of the report

1.1 To update members of the Joint Committee on the proposed use of the underspend carried forward from the 2013/14 budget.

2.0 Background

2.1 At the last meeting of the Joint Committee, it was reported that there was an underspend of £776,662 during the financial year 2013/14.

2.2 The purpose of this report is to update members on the proposed use of the underspend.

3.0 Considerations

3.1 Significant work has been undertaken by the Senior Management Team to identify the priorities in developing the service & ensuring schools receive the greatest benefit.

3.2 A summary of the proposed expenditure is noted below (further detail is provided in the appendices).

Description	**Cost (estimate)**	**Proportion of the underspend (%)**
A package of web, marketing & promotional activity. *(Appendix A)*	£35,000	4%
School to School Support *(Appendix B)*	£490,300	63%
Schools Based PISA Tests *(National agreement between Welsh Government & the Consortia)*	£30,000	4%
National Training for Challenge Advisors *(Appendix C)*	£15,000	2%
National Conference - Showcasing Excellence	£21,000	3%

(Appendix D)		
Creation of a regional base for GwE, the re-location of 2 hubs & additional resources *(Appendix E)*	£80,000	10%
Additional support – Data *Piece of work to be completed to ensure historical performance data is in place in order to create detailed analysis when targeting resources.*	£9,000	1%

4.0 **Recommendations**

The Joint Committee is asked to:

4.1 note the content of the report.

4.2 approve the use of the underspend as outlined in the report.

4.3 approve that variations in expenditure & use of the remainder be agreed by the GwE Managing Director in consultation with the Lead Director.

5.0 Financial Implications

5.1 No impact on the 2014/15 budget.

6.0 Equality Impact

6.1 There are no new equality impacts arising from the report.

7.0 Peronnel Implications

7.1 None.

8.0 Consultation

8.1 Initial discussions have been held with the Education Directors Strategic Group.

Appendix A:

AREA	
A package of web, branding & promotional activity.	
RATIONALE	

As GwE develops the support services available to schools, it is imperative that the service has a prominent & user friendly web presence & branding.
 	
A dedicated GwE website to include:
• Basic details regarding the service;
• Meeting papers:
    o Some open to the public;
    o Some closed for specific users;
• Functionality to share information with schools;
• Training courses / conferences – information about the courses & functionality for booking online therefore reducing administration costs.
• News section – newsletters, bulletins.
• Social media, e.g. twitter feeds etc.
• Functionality to promote Welsh Government marketing campaigns, e.g.Teacher Recruitment, parental campaign 'Education begins at home' etc.
• The ability to publish Crystal reports to share & highlight performance data on a regional, authority & individual school level securely to approved users.
• Functionality for schools to share their own information & best practice with GwE & other schools. Therefore encouraging & promoting more effective school to school collaboration across the region.
 	
GwE Branding
The GwE logo requires developing further into a brand to include folders for training courses, case studies to promote good practice, brochures for training events / conferences, various templates for newsletters, flyers etc.
 	
It is proposed to commission one company to develop the website & branding activity, therefore ensure consistency of approach. GwE will be responsible for providing the content. After completion, GwE will be responsible for the addition & editing of content.
 	
The website will be developed through a phased approach. This will ensure a web presence is in place as soon as possible & that additional sections & functionality can be developed as the service & its communications strategy develops further.
 	
It is proposed to consult with the GwE User Group to ensure developments are fit for purpose & user friendly.
 	
The development of the above will ensure that GwE has the ability to communicate effectively with all schools in the region regarding the support on offer, disseminate information & provide a portal for schools themselves to share information & develop the school to school collaboration initiative.	

COST (ESTIMATE)	
£	**As a % of the underspend**
£35,000	4%

Appendix B:

AREA
School to School Support The successful development and implementation of effective school to school collaboration across North Wales.
RATIONALE
The recent report by Robert Hill Consulting 2013 – 'The future delivery of education in Wales' - notes the benefits of school-to-school collaborative working and highlights the need for a clear direction of travel for schools to work together through formal partnerships. *'…executive and school-to-school leadership is seriously underdeveloped.'* Robert Hill Consulting 2013 GwE is committed to developing what is recognized globally as 'a self-improving school system'. It is acknowledged that securing the cultural shift towards such a system offers the best and most sustainable form of school improvement. To establish such a system requires all partners in North Wales to play an active role. Effective leadership has to come from within schools and schools must take shared responsibility for their own improvement. It is essential that ALL stakeholders are committed to bringing about this change of culture. The National Model for Regional Working notes that the quality of leadership and the quality of teaching needs to be enhanced and school to school support will assist with this. It is important to note that no single method of collaboration will be used. GwE will be mindful of effective local work already operational, geography of the region and language issues. The local intelligence and professional opinion of GwE Challenge Advisers will be crucial. **Vision:** • To develop a self-improving school system. • To create a system for improvement that is driven by schools themselves, where schools naturally support and challenge one and other. • GwE Challenge Advisors will act as effective facilitators, assisting and advising with implementation and identifying effective / best practice to be shared, or as Professor Mel Ainscow states, *'moving knowledge around'.* • GwE will monitor / evaluate progress on a termly basis to ensure accountability and effective progress regarding school to school collaboration across the Region. Previous experience has highlighted the importance of this aspect in ensuring a successful 'buy in' by all parties, and therefore securing effective impact on learners. Mckinsey refers to the importance of the '*mediating layer'.* This a Key Role for Challenge Advisers. It is essential that GwE establishes itself as a key player in the development and implementation of effective school to school collaboration across North Wales. GwE should be seen as the central driver and facilitator of a self- improving system, in full and clear partnership with Local Authorities, schools and professionals. This is a key aspect of the effective support that GwE offers schools. **Proposal – Primary Sector:** Each school to receive a one-off payment to promote and facilitate school to school collaboration projects. Payment allocated on the basis of: • £350 for each school • an additional £350 for schools between 90 and 180 pupils. Total = £700

- an additional £600 for schools with180 + pupils. Total = £950

- An opportunity for schools to present a case for an additional amount of money to promote and facilitate effective 'Cross Authority Collaborate School to School Working Projects' (up to £10,000 for each project – maximum 5 different projects. £50,000 allocated.)

The primary sector will in total receive £299,800.

Proposal – Secondary Sector:
Each school to receive a one-off payment to promote and facilitate school to school collaboration projects. Payment allocated on the basis of:
- £1,000 for each school
- an additional £1,000 for schools between 500 and 800 pupils. Total = £2,000
- an additional £1,500 for schools between 800 and 1,000 pupils. Total = £2,500
- an additional £2,500 for schools with 1,000 + pupils. Total = £3,500

The secondary sector will in total receive £115,500.

A further £75,000 would be used to:
- finance a showcase conference during the summer term (venue, supply costs, travel costs, admin costs)
- financial assistance for facilitation work
- facilitate unexpected expenditure due to specific school to school project needs

Timetable for implementation:
- GwE Senior Management Team to attend relevant Headteacher forums to explain key components of the programme before the end of October 2014.
- Relevant finance to be released from GwE to the six Local Authorities before the end of November 2014. It will be the LAs responsibility to share each school's individual allocation.
- GwE to monitor / evaluate progress on a termly basis to ensure accountability and effective progress regarding school to school collaboration across the Region.

COST (ESTIMATE)	
£	**As a % of the underspend**
£490,300	63%

Appendix C:

AREA	
National Training for Challenge Advisors	
RATIONALE	
To upskill all Challenge Advisors within GwE so as to provide a skilled, knowledgeable and efficient team to carry out Challenge and Support in schools as commissioned by the Local Authorities. The National Training package will provide the following:- • Ensure current GwE System Leaders have the skills and knowledge to enable them to successfully transfer to their role as Challenge Advisors. • Ensure consistency of Challenge Advisor working across the region and nationally. • Aid smooth transition to the national categorization system. • Increase knowledge and understanding by Challenge Advisors of the National Standards with specific upskilling in the following areas: - Supporting school self-evaluation and improvement - Brokering effective support and intervention - Developing school leadership - Create and develop school to school capacity • Enhance regional performance management structures through self and peer assessment opportunities. • Networking and partnership developing opportunities with colleagues from other regional consortia. • Opportunities to share good practice between the regional consortia. Funding is required for travel, subsistence & accommodation costs for all attendees.	
COST (ESTIMATE)	
£	**As a % of the underspend**
£15,000	2%

Appendix D:

AREA	
National Conference arranged and hosted by GwE – as showcase of good/excellent practice in the classroom: ⇒ *"Expertise from Within"* ⇒ *"Learning Wales"* ⇒ *"Towards Excellence" / "Aiming for Excellence"*	
RATIONALE	
• Conference to be held towards end of Spring term at North Wales location. • Possibility that conference becomes an annual event – hosted / arranged by each of the 3 consortia. • Expectation for all schools in GwE attend. • Invite to all schools throughout Wales. • Invite to ESTYN, Welsh Government. • Each consortia to be responsible for x4 workshops – each consortium showcasing it's very best. • All workshops to be "classroom based" - Pedagogy / teaching methodologies / Thinking skills / PISA / Literacy and Numeracy / new specs Welsh, English, Maths, Science. Outline programme: • Introduction • Key note speaker • Workshop session 1: choice of x4 workshops • Workshop session 2: choice of x4 workshops • Workshop session 3: choice of x4 workshops • Workshop session 4: choice of x4 workshops • Evaluation / closing address • Suggested that there would be educational trade stands present. Costs would include: • Hire of venue • Refreshments • Key note speaker • Conference Management	
COST (ESTIMATE)	
£	**As a % of the underspend**
£21,000	3%

Appendix E:

AREA

Creation of a regional base for GwE, the relocation of 2 hubs (Conwy/Denbighshire and Gwynedd/Môn) and additional resources.

RATIONALE

The current offices are based on the needs of the service as per the Full Business Case which was produced in March 2012 (prior to the establishment of the service). The organisational structure included 40 FTE and operated on a hub basis.
The current office provision includes:

- Gwynedd / Môn hub – based in Gwynedd Council offices in Caernarfon with accommodation for 3 Admin Officers, 6 hot desks, 2 permanent desks (currently utilised by the Senior System Leader for the hub and the Business and Finance Manager).
- Conwy / Denbighshire hub – based in Conwy County Borough Council Education Services offices in Dinerth Road, Rhos on Sea with accommodation for the Managing Director, Senior System Leader, Translator / Business and Finance Manager, 5 hot desks and 2 Admin Officers.
- Wrexham/Flintshire hub – based in County Hall, Flintshire County Council, Mold with accommodation for 2 Admin Officers, the Senior System Leader and 4 hot desks.

The current office accommodation provides 28 desks in total made up of:

- 13 desks for office based staff;
- 15 hot desks.

Following the establishment of GwE and in response to the needs of the region, there have been significant changes to the organisational structure, with the addition of 8 new permanent posts all of which are regionally based and these include:

- Head of Support and Brokerage
- Head of Standards
- Senior System Leader – Literacy and Numeracy
- Administrators (x 2)
- The transfer of 3 Consortium Office Staff

There are also a significant number of temporary additions due to various external funds / commissions awarded to GwE and these include:

- 12 Associate Partners
- 3 staff for the PLPS – Physical Literacy Programme for Schools
- 4 for the Schools Challenge Cymru and PISA/ GCSE projects
- 19 seconded Headteachers undertaking Challenge Advisor roles and specific commissioned roles.
- 1 Data Officer

In summary, the current staffing structure includes:

Permanent staff	48
Secondments	39
Total	**87**

It is recognised that not all staff require specified desks as there is a significant amount of time spent away from the office; however, it is clear from the numbers noted above that the current accommodation (28 desks for 83 staff members) is no longer fit for purpose.

It is also envisaged that as we move to the National Model, the number of temporary posts / secondments is likely to increase, therefore adding to the need for flexibility within the office accommodation; this does not exist at present.

In addition, the current office accommodation does not provide:

- Meeting room and training facilities – at present, all meetings are held at external venues which all incur a cost. In addition to the venue hire, travel and parking costs are also incurred.
- Office space for the permanent additions to the structure.
- Office space for temporary staff.
- Storage space – as the amount of external funding and commissioning awarded to GwE increases, there will be the need for additional storage space for record keeping in order to comply with the audit requirements of the funding bodies.
- A regional base / headquarters for GwE and space for SMT members to work from a regional base – this has been identified by Welsh Government as a weakness within the current structure and requires urgent attention as the regional capacity increases in response to the requirements of the National Model.
- Flexibility to increase numbers of staff.

The local authorities hosting both the Conwy/Denbighshire and Gwynedd/Môn hubs have been approached with regard to providing additional office space.
Unfortunately, both have confirmed that additional space is not available within the current locations and as a result relocation in both hubs is required.
As a result, various options are currently being explored by the GwE SMT; these include discussions with both LAs in addition to exploring external options.

Whilst exploring the options for relocation, the main considerations are:

- There is significant urgency for additional space for the service; therefore making availability and the ability to move quickly a priority.
- The locations of the current hubs is working effectively, therefore there is no requirement to move from the current hub structure.
- The regional base / headquarters requires close proximity to the A55 to ensure accessibility for schools in receiving support, e.g. meetings, training courses etc.
- The Gwynedd / Môn hub will preferably be located in close proximity to Gwynedd Council offices as the host authority, i.e. for the processing of invoices etc.
- Car parking is paramount for meetings.

With all options, there will be specific set-up costs, to include:

- IT set-up costs (including links to the network);
- Reconfiguring of office space to be fit for purpose;
- Office furniture;
- Telephone systems;
- IT hardware;
- Signage.

These costs will be a one-off cost which will ensure GwE has the ability to operate efficiently and effectively now and in the future.

Based on the budget as per the Full Business Case which was produced in March 2012 (prior to the

establishment of the service) there is £49,600 included in the budget for premises related costs.
The increase in floor space required in order to house the service in its current form will inevitably increase the premises costs. It is estimated that this is likely to rise to £85,000, however venue costs for meetings are likely to reduce.

COST (ESTIMATE)	
£	**As a % of the underspend**
£80,000	10%