

CENTRAL SOUTH CONSORTIUM
MUNICIPAL YEAR 2015/16

COMMITTEE

JOINT COMMITTEE

25 June 2015

Item No. 9
Annual Governance Statement – Central South Consortium 2014/15

REPORT OF:-

JOINT COMMITTEE

Author: Hannah Woodhouse, Managing Director

(01443) 827500

1. PURPOSE OF THE REPORT

This report provides Members with an overview and opinion on the governance arrangements in place at the Central South Consortium for the financial year 2014/15.

2. RECOMMENDATIONS

In order for Audit Committee to discharge the duties as outlined in section A of its Terms of Reference: Review and recommend for certification the Annual Governance Statement”, it is recommended that Members:

- 2.1 Critically review the Annual Governance Statement for the Central South Consortium, suggest any material amendments and recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Central South Consortium Statement of Accounts.

3. BACKGROUND

3.1 The Accounts and Audit (Wales) Regulations 2014 (regulation 5) states:

“Responsibility for internal control and financial management

(1) The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes:

- (a) arrangements for the management of risk; and
- (b) adequate and effective financial management.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with Proper Practices.”

Proper Practices are deemed to be the Code of Practice for Local Authority accounting which specifies:

“A local authority shall undertake a review of its system of internal control in accordance with best practice. Delivering Good Governance in Local Government, published by CIPFA and SOLACE, recommends that the review be reported in an Annual Governance Statement.”

3.2 A draft Annual Governance Statement for the 2014/15 financial year relating to the activities of the Central South Consortium is attached at Appendix A (**Page 4**). The format of the Annual Governance Statement uses the principles contained within the ‘Delivering Good Governance in Local Government’ publication.

4. SUMMARY

4.1 The overall governance arrangements at the Central South Consortium for the financial year 2014/15 are considered to be satisfactory.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

JOINT COMMITTEE

25 June 2015

Report of the JOINT COMMITTEE

Author: Hannah Woodhouse, Managing Director

Item

File Ref:

8. Annual Governance Statement – Central South Consortium 2014/15

Contact Officer: Hannah Woodhouse
Managing Director
Central South Consortium
Ty Dysgu
Parc Nantgarw
Cardiff
CF10 7QQ

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APPENDIX A

RHONDDA CYNON TAF

CENTRAL SOUTH CONSORTIUM 2014/15 ANNUAL GOVERNANCE STATEMENT

1.	Scope of Responsibility
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1.1 The Central South Consortium is a Joint Education Service commissioned by five Local Authorities namely:

- Bridgend CBC
- Cardiff CC
- Merthyr Tydfil CBC
- Rhondda Cynon Taf CBC
- Vale of Glamorgan CBC

The responsibilities of the Central South Consortium (CSC) combined, cover the needs of 410 schools and approximately 145,000 pupils in the region.

1.2 In January 2014, the Central South Wales Challenge was launched with the aim of raising standards across all schools within the Region. Also to stimulate the sharing of expertise amongst schools and joint efforts to innovate in order to;

- Improve the performance of every school;
- Increase the numbers of good and excellent schools;
- Reduce the gap between high and low performing groups of learners;
- and Improve outcomes for vulnerable groups of pupils.

1.3 Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business and that of the Joint Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.

1.4 Rhondda Cynon Taf County Borough Council and the Central South Consortium have several policies and processes that are consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.

1.5 This Annual Governance Statement explains how the Central South Consortium has complied with the various elements of the framework.

2.	The purpose of the governance framework
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- 2.1 The governance framework comprises the systems and processes, and cultural values, by which an organisation is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables an organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of aims and objectives, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 2.4 The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for the Central South Consortium for the period covering 1st April 2014 to 31st March 2015.

3.	The Governance Framework
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- 3.1 The CIPFA/SOLACE governance framework sets out six fundamental principles of corporate governance:-
 - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - Developing the capacity and capability of members and officers to be effective.
 - Engaging with local people and other stakeholders to ensure robust public accountability.
- 3.2 This Governance Statement has used these principles to demonstrate how the overall governance arrangements at the Central South Consortium for the period covering 1st April 2014 to 31st March 2015 are deemed to be satisfactory. The Governance Statement does not

document policies, procedures and working practices under each of the six principles, but instead provides an overview of the governance and internal control processes and systems.

3.3 Legal Agreement

On the 4th December 2013 all parties formally signed the two Legal Agreements (identified as the Central South Consortium's significant governance issue in the Annual Governance Statement 2012/13) meaning that the Legal Agreement was in place for the whole of 2014/15. There were no significant amendments to the Legal Agreement documents between the status of 'Interim' (accompanied by draft terms of references and governance principles) and 'Final'. On the basis of there being no significant amendments to the Interim Legal Agreement, from this point forwards in the Annual Governance Statement, reference will be made to the 'Legal Agreement'.

3.4 The Legal Agreement for the Joint Education Service provides the governance framework within which the Service operates and allocates responsibility and accountability, as follows:

- The Host Authority
- The Directors of Education
- The Advisory Board
- Operational Group
- Central South Consortium Joint Committee
- Financial Management

3.5 The Host Authority

The Legal Agreement formally assigns Rhondda Cynon Taf County Borough Council as the Host Authority for the Central South Consortium. Rhondda Cynon Taf County Borough Council provides all support services (save for the day to day administration undertaken by staff in accordance with their duties) required, including but not limited to:

- Financial (Section 151 Officer as defined by section 151 of the Local Government Act 1972, Accounts, Payroll, Creditors, Debtors, Insurance)
- Human Resources
- Health & Safety
- Legal
- ICT
- Estates
- PR/Marketing
- Information Management
- Internal Audit
- Procurement

The costs of which are charged to the CSC Joint Education Committee through Service Level Agreements.

3.6 The Constitution of Rhondda Cynon Taf County Borough Council, which has the financial stewardship of the Central South Consortium, allocates functions and responsibility within the Authority. It also regulates the behaviour of individuals (Members & Officers) and groups through codes of conduct, protocols and rules of procedures. All functions undertaken by the Central South Consortium should be done so in accordance with all relevant Policies and Procedure Rules of Rhondda Cynon Taf County Borough Council.

3.7 Member Conduct

Members of the Joint Education Committee are governed by the Code of Conduct of their relevant Council.

3.8 The Public Service Ombudsman and the relevant Council's Standards Committee investigate allegations of misconduct by Members and monitor the conduct of Members.

3.9 Officer Conduct

To ensure a consistent approach to working practices and processes, all officers are subject to the terms and conditions of employment (which are based on RCT operating terms and conditions) as follows:

1. Staff appointed to undertake responsibilities on behalf of the JES since October 2012, are employed / contracted on the standard terms and conditions of employment of the Host.
2. Staff appointed who were previously employed by any of the five partner local authorities prior to October 2012, were upon appointment transferred onto the standard terms and conditions of the Host or if matched to a role, given the option if they so wished to retain the terms and conditions of their home authority.

Regardless of which terms and conditions officers are employed upon, all officers are subject to a common set of operating Employment Policies based on the Host's operating policies and procedures.

3.10 **The Advisory Board**

The purpose of the Advisory Board is to support the Managing Director in ensuring that the strategies of the CSC align themselves with the needs of all Parties to raise educational standards.

3.11 The membership, decision making process, meetings and the terms of reference for the Advisory Board are documented within Schedule 2 of each Legal Agreement.

3.12 **Directors Steering Group**

The Directors Steering Group comprises the Directors of Education from each of the five local authorities comprising CSC. This group is

responsible for delegated decision making on behalf of each local authority

- 3.13 The membership, decision making process, meetings and the terms of reference for the Directors Steering Group are documented within Schedule 2 of each Legal Agreement.

3.14 **Joint Education Service:
Operational Management Group**

The Operational Group comprises the Head of School Improvement and each Parties respective Head of School Improvement and Senior Challenge Advisers. The objective of the group is to deliver school improvement activities with the aim of raising educational standards.

- 3.15 The membership, decision making process, meetings and the terms of reference for the Operational Group are documented within Schedule 3 of the Joint Education Service Legal Agreement.

3.16 **Central South Consortium Joint Education Committee**

The Central South Consortium Joint Education Committee (hereinafter called the 'Joint Education Committee') comprises of one elected Member from each Council and one officer representative with responsibility for Education from each Council.

The Joint Education Committee has the powers of each Council with reference to the provision of a Joint Education Service and its performance as set out in the Legal Agreement and guided by the Welsh Governments' 'National Model for Regional working'.

The purpose of the Joint Education Committee is to be responsible for the decision making, approval of the business plan, monitoring and accountability and financial reporting of the Central South Consortium arrangements in line with its own business plan.

The membership, decision making process, meetings and the terms of reference for the Joint Education Committee are documented within Schedule 4 of the Legal Agreement.

3.17 **Financial Management**

Schedule 5 of the Legal Agreement provides the framework within which the finances of the Joint Education Service operate. The Financial Protocol provides the financial framework and relationship between the Parties (the Councils), the Host and the Central South Consortium. The following areas of business are documented in each of the two Legal Agreements:

- General principles
- Contributions and charging mechanisms
- Payment arrangements
- Budgetary control & monitoring
- Capital Expenditure & long term contracts

- Annual Accounts & Audit
 - Financial insolvency
- 3.18 The Legal Agreement require the Joint Education Committee to hold at least termly meetings throughout the year. Standard agenda items include a report from the Treasurer.
- 3.19 The Rhondda Cynon Taf County Borough Council's Financial Procedure Rules provide clear guidance in relation to all financial matters. The Central South Consortium has adopted Rhondda Cynon Taf's Financial & Contract Procedure Rules – as confirmed in Section 17 (Schedule 4) of the Legal Agreement:
Rules and Procedure
For the avoidance of doubt the CSC Joint Education Committee shall, where relevant and subject to the provisions of this Agreement, operate in accordance with the Hosts schemes of delegation, Rules of Procedure and policies from time to time.”
- 3.20 The Wales Audit Office audits the Central South Consortium's annual statement of accounts.
- 3.21 The Central South Consortium's financial and operational performance is monitored and scrutinised by the Joint Committee.

The Joint Committee receives reports from:

- The Treasurer, and;
- The Managing Director.

In addition to these regular reports, the Joint Committee also receives ad-hoc reports relevant to the operation of the organisation.

Review of Effectiveness

- 4.1 The Central South Consortium has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of Internal Audit and the Managing Director of the CSC who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates. The requirement to undertake an annual review also extends to Joint Ventures where this CSC has lead responsibility.
- 4.2 **Report of the Managing Director**
Since the inception of the organisation the Managing Director (or designated representative) provided members of the Joint Education Committee with updates on performance and statistical information.
- 4.3 In addition to these 'standard' agenda items, issues specific to the operational running of the organisation were also reported to the Joint Education Committee.
- 4.4 In the Central South Consortium Business Plan May 2015 the Director reflected upon the performance and delivery of the service during 2014/15 and concluded that

Outcomes have improved across the region at every level, at every key stage and in every authority since 2012. In most instances this has been by more than the national average. There is a great deal more to be done to realise the full potential of children in the region. Our priorities to be delivered remain to:

- Close the gap in outcomes for children in poverty and for looked after children by a quarter by 2015-16 and a third by 2016-17
- Raise standards in English and Welsh first language and mathematics so that: nine out of every ten pupils reach expected outcome/level in the Foundation Phase and at key Stages 2 and 3 by July 2015; between a third and two-fifths of pupils reach the expected outcome/level 1 in the Foundation Phase and key stage 2 and over half stage 3 also by July 2015
- Raise standards in English by a further 12%, Welsh by 4% and mathematics by 8% by September 2015 compared with September 2014 to reach 77%, 79% and 68% respectively
- Improve outcomes at Level 2 + by at least a further 6% by September 2015 compared with September 2014 to exceed 60%
- Improve attendance by a further 0.9% in Secondary schools and by a further 0.5% in primary schools to reach 94.5% and 95.2% respectively by September 2015. Continue this trajectory so that the regions ambition of an average of at least 95% in both sections

is achieved by September 2016.

4.5 Financial Management

During 2014/15 the Joint Education Committee received regular finance reports from the Treasurer.

4.6 During 2014/15 the role of the Chief Financial Officer at Rhondda Cynon Taf County Borough Council was compliant with the principles of the CIPFA Statement – Role of the Chief Financial Officer in Local Government 2010.

4.7 Joint Education Committee

During 2014/15 the Joint Committee received regular finance reports from the Treasurer and also regular performance reports from the Managing Director. The Joint Committee also received reports relevant to the operation and governance of the organisation.

4.8 In accordance with their terms of reference, the Joint Committee recruited a permanent Director during July 2014.

4.9 Internal Audit

During 2014/15 Internal Audit reviewed the core financial systems of the CSC Joint Education Service and concluded there to be no material weaknesses. Internal Audit also reviewed the reports provided to the Joint Education Committee and the Legal Agreement (which incorporates the Terms of Reference for the Executive Board, Operational Management Group, Board of Management and the Joint Education Committee).

4.10 External Audit

The 2013/14 statement of accounts were audited by the WAO and approved at the meeting of the Joint Committee on 25th September 2014.

Significant Governance Issues

- 5.1 **Definition of Governance:** A series of policies, roles, responsibilities and processes that set the way an organisation is directed, administrated and controlled.
- 5.2 **Definition of a Significant Governance Issue:**
A specific area of the Organisation's work that requires Senior Management attention to ensure that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner, to support improved outcomes for local people.
- 5.3 There were no significant governance issues raised during 2014/15.

Certification of Annual Governance Statement

Chair of Joint Committee

Managing Director of CSC

Section 151 Officer

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