

**CENTRAL SOUTH
CONSORTIUM
JOINT EDUCATION SERVICE
JOINT COMMITTEE**

STATEMENT OF ACCOUNTS

2023/24

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Narrative Report

1. Introduction

The Central South Consortium Joint Education Service was established on 1st September 2012 to provide a range of school improvement services operating on behalf of five local authorities: Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan.

This region is the most populous in Wales. It includes 381¹ schools and serves 150,933² learners – nearly one third of the country’s school-age children. The region is home to the highest number and the largest proportion of children living in poverty; it is also home to the capital city and the economic, financial and creative industries of Wales.

The Consortium is managed and administered by the Central South Consortium Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of five Members, one from each local authority. Rhondda Cynon Taf CBC became the Host Authority upon formation of the Joint Committee.

The accounts for 2023/24 have been prepared in accordance with:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 based on International Financial Reporting Standards (IFRS); and
- The Accounts and Audit (Wales) Regulations 2014 (as amended).

The accounts set out on pages 13 to 44 comply with the above.

2. Business Plan 2023/2024

The Consortium’s role is to challenge and support schools in their work to improve educational outcomes.

The local authorities (through a Joint Committee attended by the Cabinet Member for Education in each authority) agree the business plan and budget for the region and hold the Consortium to account for the impact of its work.

¹ As of September 2023

² As reported on StatsWales - <https://statswales.gov.wales/Catalogue/Education-and-Skills/Schools-and-Teachers/Schools-Census/Pupil-Level-Annual-School-Census/Pupils/pupils-by-localauthorityregion-schoolgovernance>

The Consortium receives its core funding from the five local authorities and also receives funding from the Welsh Government to support specific activities in line with national priorities / initiatives.

The performance of the schools in the Central South Consortium region are key to the future educational and economic success of Wales.

How well children and young people, particularly the most vulnerable, achieve in this region significantly influences how the country and its education system are perceived within our borders and beyond.

The Consortium's business plan aims to:

- Develop a high-quality education profession
- Develop inspirational leaders to facilitate working collaboratively to raise standards
- Develop strong and inclusive schools committed to wellbeing, equity and excellence
- Develop robust assessment, evaluation and accountability arrangements supporting self-improving systems
- Improve the effectiveness and efficiency of Central South Consortium.

Operational plans underpin each improvement objective.

The Consortium's Business Plan has been compiled in the context of real term reductions in resources, this being consistent with the challenging economic climate facing all public sector organisations in Wales. In line with this, the 2023/24 revenue contributions received by the Consortium from the five member local authorities decreased by 3% and it is anticipated that the position of the Consortium requiring to operate in an environment of challenging funding levels will continue into the medium term.

Due to the Covid-19 pandemic, Welsh Government (WG) cancelled the attendance data collections for primary and secondary pupils for 2020, 2021 and 2022. The National Data Collections (NDC) were also suspended from 2020, and from 2021/22 there has been no statutory requirement to submit Foundation Phase assessment outcomes or Key Stage 2 assessment outcomes. In addition, from 2022/23 there is no longer a statutory requirement for schools to return Baseline Assessment outcomes.

Key Stage 3 assessment outcomes continue to be collected by Welsh Government but these are only published at national level.

Statutory data collections were reintroduced for 2023 for primary attendance and secondary attendance, but Welsh Government has stated that this information should not be used for accountability purposes.

WG have continued to collect the Pupil Level Annual School Census (PLASC) and Educated Other Than at School (EOTAS) data collections since 2020. However, due to the issues reported for the 2020 and 2021 data collections, comparisons across the period since 2020 should continue to be treated with an element of caution.

The Minister for Education confirmed on 21st June 2021 that WG would not be publishing performance measures relating to the 2021 summer examinations series, which covers all school and post-16 performance measures for the 2020/21 academic year. In addition, given the clear implications for ongoing disruptions for qualifications awarded for subsequent years, WG also suspended Key Stage 4 and legacy sixth form performance measures for 2021/22 academic year. Therefore, there are no performance measures available for KS4 or Post-16 for Summer 2020, 2021 and 2022 results. However, on 19th January 2023, the Minister for Education and Welsh Language announced that for 2023 results Welsh Government would restart the reporting of Key Stage 4 outcomes at a school level using the approach adopted in 2018/19³.

Between 2020 and 2022, only national information has been published for Key Stage 4 results, but the 2023 performance measures at local authority and regional level are available via the Welsh Government website. However, in line with the Welsh Government written statement⁴, these are to be used to support school and local authorities in understanding their own contexts and should not be used in isolation to judge performance or compare schools.

The publication of performance data on My Local School⁵ was suspended from 2020 to 2022 but has been reintroduced for 2023 Key Stage 4 results. The attendance data for 2022/23 has also been included alongside school finance data, free school meal eligibility, teacher numbers and pupil teacher ratios.

Pilot Estyn inspections were introduced in spring term 2022⁶ with around 20 schools (phase 1), with inspections continuing into the summer term with Phase 2 schools and the full roll-out for September 2023 to Summer 2024. For Central South Consortium, 73 schools were inspected between April 2022 and March 2023, with a further 77 schools inspected between April 2023 and March 2024.

³ <https://www.gov.wales/sites/default/files/statistics-and-research/2023-12/examination-results-september-2022-to-august-2023-614.ods>

⁴ <https://www.gov.wales/written-statement-school-improvement-and-information-landscape>

⁵ <https://mylocalschool.gov.wales/?lang=en>

⁶ <https://www.estyn.gov.wales/news/owen-evans-her-majestys-chief-inspectors-speech-17-february-2022>

3. Revenue Income and Expenditure 2023/24

The Comprehensive Income and Expenditure Statement provides an analysis of the Consortium's gross revenue expenditure and income in accordance with International Financial Reporting Standards (IFRS).

The Consortium's 2023/24 revenue budget strategy underpinned the following broad objectives:

- Support the delivery of key strategic priorities across the priorities identified within the CSC business plan 2022-2025;
- Continue to fund the elements of the CSC delivery strategy for a self-improving system, the Central South Wales Challenge (CSWC);
- Support and fund school-to-school improvement partnerships and broker support between schools;
- Allocate grant funding to schools in the region along with guidance and advice on how grant funding can be used to drive improvement; and
- Work with Local Authorities & Welsh Government to deliver local and national priorities in the region.

The table below shows the budgeted controllable income and expenditure against the actual controllable income and expenditure for the period 1st April 2023 to 31st March 2024:

	Budget £'000	Actual £'000	Variance £'000
Expenditure			
Employees	3,112	2,950	(162)
Premises	104	100	(4)
Transport	29	26	(3)
Supplies & Services	174	135	(39)
Support Services	150	186	36
	3,569	3,397	(172)
Income			
Local Authority Contributions	(3,516)	(3,516)	0
Grants & Other Income	(20)	(231)	(211)
Transitional Funding	(33)	0	33
	(3,569)	(3,747)	(178)
Net Expenditure / (Income)	0	(350)	(350)

The reasons for the variances between budgeted and actual expenditure and income were:

- Employees - savings attributable to in-year temporary staff vacancies, business support savings realised earlier than planned and the transfer of eligible core staff costs to the Regional Consortia Grant to optimise the use of external funding;
- Premises - savings due to optimising the use of accommodation requirements at the Valleys Innovation Centre;
- Transport – lower than budgeted expenditure in relation to staff travel expenses through on-going deployment of hybrid working arrangements;
- Supplies & Services - includes one off costs for ICT Hardware and Office Equipment expenditure;
- Support Services - additional services received from the host authority to meet business need; and
- Income - relates to unbudgeted interest earned on personal account balances partly offset by no requirement to use transitional funding during the year.

The net position of £350k is transferred to Earmarked Reserves as approved by Joint Committee.

Interest on the personal account balance (£196k) is included in the table above but not disclosed in Note 7: Income.

In addition, the following categories of income and expenditure relating to specific grants were processed through the Central South Consortium's accounts during 2023/24:

	Actual £'000
Expenditure	
Employees	5,185
Premises	32
Transport	20
Supplies & Services	45,458
Third Party Payments	1,159
	51,854
Income	
Grants & Other Income	51,854
Net Expenditure	0

As at 31st March 2024, the Central South Consortium held General Reserves of £174k (£174k as at 31st March 2023). Movements on reserves are detailed within the Movement in Reserves Statement.

4. Capital Expenditure 2023/24

There has been no capital expenditure this financial year.

5. Summary of Future Revenue Plans

The Consortium's Business Plan 2022-25 was approved by Joint Committee on 7th June 2022 and sets out the vision, purpose and priorities it aims to deliver within an environment of reducing resources. An appendix to the approved Business Plan was presented to Joint Committee on 12th December 2023 and provided an update on the following –

- The context of CSC in 2022-2023;
- The outcomes of self-evaluation processes;
- Progress made to date of the priorities for 2022-2025;
- Revisions to the business plan priorities for the financial year 2023-2024;
- Summary of Consortium funding 2023-2024.

The priorities included within the Central South Consortium's Business Plan need to be underpinned by robust financial management to ensure they are affordable, provide value for money and that their impact can be assessed.

The revenue budget is approved annually by the Joint Committee and is included within the Business Plan. Welsh Government also issue annual settlements on grant awards of funding.

The 2024/25 Revenue Budget was approved by Joint Committee on 12th December 2023 has been constructed based on a 10% base budget reduction (inclusive of inflationary pressures) which results in a 6.6% decrease in Local Authority core contributions alongside the following parameters:

- Target available funding to key priorities and protect, as far as is practicable, frontline school improvement resources;
- The continued delivery of efficiency savings; and
- The Consortium to fully fund estimated pay and non-pay (i.e. goods and services) related inflation.

A summary of the latest (i.e. 2024/25) revenue budget is as follows:

Type of Expenditure	Budget 2024/25 £'000
Expenditure	
Employees	2,869
Premises	102
Transport	26
Supplies & Services	148
Support Services	180
Total Expenditure	3,325
Income	
Local Authority Contributions	3,284
Grants & Other Income	41
Transitional Funding	0
Total Income	3,325
Net Expenditure	0

On 19th December 2023, as part of its draft budget, Welsh Government informed local authorities and consortia of changes to Education grants with effect from April 2024. This is in line with the Welsh Government aim of simplifying and streamlining funding to local authorities and schools.

From April 2024, funding previously provided to consortia is being directly allocated to local authorities via the Local Authority Education Grant (LAEG) with four grant elements, namely: School Standards, Equity, Reform and Cymraeg 2050.

Welsh Government stated that these changes to funding routes are being made to aid transparency and align with existing governance arrangements, and the level of funding and expectations around priorities in supporting schools have not changed. In line with the Minister for Education and Welsh Language's statement on 31st January 2024, Welsh Government expects local authorities to continue to support and fund any current regional consortia or partnership arrangements in areas of the LAEG to ensure consistency of support whilst the second phase of the Review of School Improvement: Roles and Responsibilities of Education Partners in Wales takes place.

6. Pensions Assets and Liabilities

As a result of International Accounting Standard (IAS) 19 "Employee Benefits", local authorities are required to account for pensions liabilities in

respect of the cost of decisions made up to the Balance Sheet date. Please refer to note 15.0 to the Core Financial Statements for further details.

The effect of IAS 19 upon the reserves of the Joint Committee is as follows:

	£'000
Net Assets/(Liabilities) excluding Pensions Reserve	1,702
Net Assets/(Liabilities) as per Balance Sheet	6,646

7. Introduction to Accounting Statements

Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council as the administering authority and the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding Member at the Joint Committee meeting at which the Accounts are approved.

Certificate of the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services

This is the certificate of the true and fair presentation of the Accounts by the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services.

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 the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) and 'unusable reserves'.

Comprehensive Income and Expenditure Statement

This statement is prepared to record income and expenditure on an accruals basis. It includes items such as salaries and wages, running costs of the service and income received. The statement is based upon IFRS.

Balance Sheet

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 of

the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

Cash Flow Statement

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

Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Joint Committee for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Annual Governance Statement

The Annual Governance Statement sets out the framework for governance and internal control for the Joint Committee to carry out its functions and reviews its effectiveness. It outlines the main components of the framework, including the arrangements for Internal Audit and how the Consortium has complied with the various elements of the framework.

Statement of Responsibilities for the Statement of Accounts Central South Consortium Joint Education Service

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of the Joint Committee's financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services.
- To manage its affairs to ensure economic, efficient, and effective use of resources and safeguard its assets.

The Joint Committee's Responsibilities

- To approve the accounts.

Rhiannan AlBich

Signature: _____

Date: 15-10-2024

Chair of the Central South Consortium Joint Education Service Joint Committee

The Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services’ Responsibilities

The Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services is responsible for the preparation of the Statement of Accounts. In terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, the Statement of Accounts is required to give a true and fair view of the financial position of the organisation at the accounting date and its income and expenditure for the period ended 31st March 2024.

In preparing the Statement of Accounts, the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services as Treasurer of the Joint Committee

I certify that the statement of accounts give a true and fair view of the financial position of the Joint Committee at 31st March 2024 and its income and expenditure for the period then ended.

Signed: _____



Date: 15/10/2024

Barrie Davies

Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services 2 Llys Cadwyn, Stryd Taf, Pontypridd, CF37 4TH

Movement in Reserves Statement for the Period ended 31st March 2023

	General Reserves	Earmarked Reserves	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000
Notes:	13.1	13.2	13.0	14.0	
Balance as at 1st April 2022	174	453	627	794	1421
Movement in reserves during 2022/23					
Total comprehensive income and expenditure	(925)	0	(925)	6,589	5,664
Adjustments between accounting basis and funding basis under regulations					
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	1,848	0	1,848	(1,848)	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(274)	0	(274)	274	0
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	15	0	15	(15)	0
Net increase or (decrease) before transfers to Earmarked Reserves	664	0	664	5,000	5,664
Transfers to or (from) Earmarked Reserves	(664)	664	0	0	0
Increase or (decrease) in the Year	0	664	664	5,000	5,664
Balance as at 31st March 2023	174	1,117	1,291	5,794	7,085

Movement in Reserves Statement for the Period ended 31st March 2024

	General Reserves	Earmarked Reserves	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000
Notes:	13.1	13.2	13.0	14.0	
Balance as at 1st April 2023	174	1,117	1,291	5,794	7,085
Movement in reserves during 2023/24					
Total comprehensive income and expenditure	168	0	168	(607)	439
Adjustments between accounting basis and funding basis under regulations					
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	653	0	653	(653)	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(346)	0	(346)	346	0
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(22)	0	(22)	22	0
Net increase or (decrease) before transfers to Earmarked Reserves	453	0	453	(892)	(439)
Transfers to or (from) Earmarked Reserves	(453)	453	0	0	0
Increase or (decrease) in the Year	0	453	453	(892)	(439)
Balance as at 31st March 2024	174	1,570	1,744	4,902	6,646

Comprehensive Income and Expenditure Statement for the Period ended 31st March 2024

Year ended 31/03/23 £'000		Year ended 31/03/24 £'000	Note
	Expenditure		
9,062	Employees	8,703	5.0
129	Premises	132	
48	Transport	46	
86,898	Supplies & Services	45,593	6.0
1,673	Third Party Payments	1,159	
170	Support Services	186	
97,980		55,819	
	Income		
(3,625)	Local Authority Contributions	(3,516)	
(93,300)	Grants & Other Income	(51,992)	7.0
(96,925)		(55,508)	
1,055	Net Cost of Services	311	
(104)	Interest Receivable and Similar Income	(196)	
(26)	Net Interest on Net Defined Asset/Liability	(283)	15.2
925	(Surplus)/Deficit on the Provision of Services	(168)	
(6,589)	Remeasurement of the Net Defined Benefit Liability	607	15.2
(5,664)	Total Comprehensive Income and Expenditure	(439)	

Balance Sheet as at 31st March 2024

31/03/23 £'000		31/03/24 £'000	Note
5,858	Long-Term Assets		
	Defined Benefit Pension Scheme Asset	4,944	15.5
5,858	Total Long-Term Assets	4,944	
	Current Assets		
2,317	Debtors	2,141	11.0
2,317	Total Current Assets	2,141	
	Current Liabilities		
(1,090)	Creditors	(439)	12.0
1,227	Net Current Assets	1,702	
1,227	Total Assets Less Current Liabilities	1,702	
7,085	Net Assets/(Liabilities)	6,646	
	Represented by:		
	Usable Reserves		
174	General Reserves	174	13.1
1,117	Earmarked Reserves	1,570	13.2
	Unusable Reserves		
5,858	Pensions Reserve	4,944	15.5
(64)	Short-Term Accumulating Compensated Absence Account	(42)	
7,085	Total Reserves	6,646	

Cash Flow Statement for the Period ended 31st March 2024

Year ended 31/03/23 £'000		Year ended 31/03/24 £'000	Note
	Operating Activities		
	Cash Outflows		
7,447	Cash Paid to and on Behalf of Employees	8,135	
88,699	Other Operating Cash Payments	47,746	
96,146	Total Cash Outflows	55,881	
	Cash Inflows		
(96,926)	Cash Received for Goods & Services	(55,500)	
(104)	Interest Received	(196)	
(97,030)	Total Cash Inflows	(55,696)	
(884)		185	
(884)	Net (Increase) or Decrease in Cash and Cash Equivalents	185	18.0
	Analysis of Changes in Cash and Cash Equivalents		
(1,338)	Balance as at 1 st April	(2,222)	
(884)	Net Cash (Inflows)/Outflows	185	
(2,222)	Cash Balance Owed To/(From) Host Authority	(2,037)	

All cash transactions are administered by Rhondda Cynon Taf CBC as the Central South Consortium does not operate its own bank account. The cash balance due to/from the host authority is included in debtors at 31st March.

Expenditure and Funding Analysis Statement for the year ending 31st March 2023

	2022/23		
	Net Expenditure Chargeable to the General Fund £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure for the Equivalent Amounts for CI&ES ⁷ £'000
Employees	7,447	1,615	9,062
Premises	129	0	129
Transport	48	0	48
Supplies & Services	86,898	0	86,898
Third Party Payments	1,673	0	1,673
Support Services	170	0	170
Income	(96,261)	(664)	(96,925)
Cost of Services	104	951	1,055
Other Income and Expenditure	(104)	(26)	(130)
(Surplus) or Deficit	0	925	925
Opening General Fund at 31 st March 2022	(174)		
Add Surplus on General Fund in Year	0		
Closing General Fund at 31st March 2023	(174)		

⁷ CI&ES – Comprehensive Income and Expenditure Statement

Expenditure and Funding Analysis Statement for the year ending 31st March 2024

	2023/24		
	Net Expenditure Chargeable to the General Fund £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure for the Equivalent Amounts for CI&ES ⁸ £'000
Employees	8,135	568	8,703
Premises	132	0	132
Transport	46	0	46
Supplies & Services	45,593	0	45,593
Third Party Payments	1,159	0	1,159
Support Services	186	0	186
Income	(55,055)	(453)	(55,508)
Cost of Services	196	115	311
Other Income and Expenditure	(196)	(283)	(479)
(Surplus) or Deficit	0	(168)	(168)
Opening General Fund at 31 st March 2023	(174)		
Add Surplus on General Fund in Year	0		
Closing General Fund at 31st March 2024	(174)		

⁸ CI&ES – Comprehensive Income and Expenditure Statement

Notes to the Core Financial Statements

1.0 Significant Accounting Policies

1.1 Accruals of Expenditure and Income

The accounts of the Joint Committee have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This ensures activity is accounted for in the year that it takes place not when cash payments are made or received.

Revenue from the sale of goods or services is recognised when the Joint Committee transfers the significant risks and rewards of goods, or provides the services to the purchaser, 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 used or consumed.

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.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the Comprehensive Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract. Statutory adjustments relating to interest are reflected in the Movement in Reserves Statement.

1.2 Cash and Cash Equivalents

All cash transactions are administered by Rhondda Cynon Taf CBC as the Central South Consortium does not operate its own bank account.

1.3 Contingent Liabilities

A contingent liability is a possible item of expenditure that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control.

Such contingent liabilities are not reflected in Provisions in the Balance Sheet as it may not be probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

1.4 **Reserves**

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These are deemed Earmarked Reserves. Earmarked Reserves are created by appropriating amounts from the General Reserves in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. To ensure this is not a charge against General Reserves, the expenditure is funded via an adjustment in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the Joint Committee.

1.5 **Employee Benefits**

All costs relating to employee benefits are accounted for on an accruals basis.

Pensions

The Joint Committee participates in two separate pension schemes.

Staff on Teachers Terms & Conditions - This is an unfunded scheme administered by the Teachers' Pension Agency. The Agency sets contribution rates on the basis of a notional fund. Whilst this is a defined benefit scheme, the Teachers Pensions Agency is unable to identify the Joint Committee's share of the underlying assets and liabilities and accordingly, the Joint Committee has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Other employees - Rhondda Cynon Taf CBC administer a fund on behalf of employees under the Local Government Pension Scheme Regulations 1997 (as amended), under which contribution rates are set by the Fund's actuary based on triennial actuarial valuations. Under the regulations, contribution rates are set in order to lead to full funding of the overall liability of the Fund over time. The Local Government Pension Scheme is accounted for as a Defined Benefit Scheme.

- The liabilities of the Rhondda Cynon Taf Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis rolling forward the results from the last full valuation and adjusted to allow for the later calculation date and making allowance for changes due to accrual of new benefits and discharge of liabilities, financial and demographic assumptions, impact of known experience and the impact of events which result in a change in liability.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.8% (4.7% in 2022/23).
- The Rhondda Cynon Taf Pension Fund is a multi-employer scheme. The assets of the Fund are not formally allocated to any employer within the Fund and are not the legal property of any employer within the Fund. For the purpose of completing the calculations for each triennial valuation of the Fund, the actuary calculates a notional allocation of assets for each employer. The assets of the Pension Fund notionally attributed to the Joint Committee are included in the Balance Sheet at their fair value:

Quoted Securities	–	Current Bid Price
Unitised Securities	–	Current Bid Price
Property	–	Market Value
- The change in the net pensions asset / liability is analysed into the following components:
 - 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 plus administration expenses.
 - 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.
 - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – credited/debited to the Comprehensive Income and Expenditure Statement.
 - Expected Return On Assets – the annual investment return on the fund assets attributable to the Joint Committee based on an average of the expected long-term return – credited to the Comprehensive Income and Expenditure Statement.
 - 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 financial, demographic or experience assumptions – debited or credited to the Pensions Reserve.
 - Contributions Paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense in the Comprehensive Income and Expenditure Statement.
 - Net Benefits Paid Out – reducing the liability.

In relation to retirement benefits, statutory provisions require the Joint Committee General Reserves 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 the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the impact to the General Reserves of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Joint Committee is able to make discretionary awards of retirement benefits in the event of early retirements. Any such liabilities arising are accrued in the year of decision to make the award in line with the Local Government Pension Scheme rules.

Accumulated Absences

The Joint Committee accrues for staff holidays earned but not taken at each year-end. The Welsh Government has issued regulations to mitigate the impact of this charge. This Joint Committee has taken advantage of the regulations and charged the additional costs to the Short-Term Accumulating Compensated Absences Account in Unusable Reserves.

1.6 Government Grants and Other Contributions

Grants and other contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that:

- the conditions for their receipt have been/will be complied with; and
- the grant or contribution will be received.

Monies advanced, where there is no reasonable assurance of the above two criteria, are held as creditors in the Balance Sheet.

Where a revenue grant has been recognised in the Comprehensive Income and Expenditure Statement but not yet used to fund expenditure, it is set aside as an Earmarked Reserve.

Where a claim has yet to be signed off by Internal Audit, Balance Sheet values in relation to grants are included on an unaudited draft claim basis.

1.7 **Leases**

Whether a lease is a finance or operating lease depends upon the substance of the transaction rather than the legal form. Leases are reviewed at inception and classed as finance or operating by reviewing arrangements such as:

- Transfer of ownership at the end of lease contract.
- Option to purchase asset at a price lower than fair value.
- Lease term is for major part of economic life of asset.
- Present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset.
- Leased assets are specialist and only the lessee can use them without major modifications.

Finance Leases

A finance lease is one which transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Where the Joint Committee is lessee, an asset and liability is recognised at lease inception. The asset is subsequently depreciated and revalued as though it were the legal property of the Joint Committee. The liability reduces as lease payments are made.

Operating Leases

An operating lease is deemed to be any lease other than a Finance Lease.

Where the Joint Committee is lessee, lease payments are recognised as an expense in the Comprehensive Income and Expenditure Statement on a straight-line basis unless another systematic basis is more representative of the benefits received.

1.8 **Events after the Reporting Period**

Events after the reporting period are those both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- a) those that provide evidence of conditions existing at the end of the reporting period (adjusting events that shall be recognised in the financial statements); and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events that are not reflected in accounting statements but

where material, disclosure is made in the Notes to the Core Financial Statements).

2.0 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. In the interim potentially relevant standards include:

- **IFRS 16 Leases** (as the joint committee has not decided to voluntarily implement IFRS 16 in the 2023/24 year).
- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:

- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities.
- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
 - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

It is not anticipated that the above amendments will have a material impact on the Consortium's Statement of Accounts.

3.0 Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in note 1.0, the Joint Committee has had to make certain judgements about complex transactions and those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

3.1 Grants and Contribution Conditions

Judgements are made in terms of conditions attached to revenue grants. Grants are recognised as income when received/receivable. Unless there are assumptions that conditions of the grant are breached, a return obligation is not recognised. As a result, any revenue grants received with no expected return obligation that are to be used to fund future years' expenditure are reflected in Earmarked Reserves in the Balance Sheet.

4.0 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

4.1 Pensions Asset/Liability

Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates

and expected returns on pension fund assets. AON is engaged to provide the Joint Committee with advice about the assumptions to be applied.

GMP equalisation and indexation

The disclosures allow for full CPI inflation pension increases to be paid on Guaranteed Minimum Pension (GMP) for those reaching State Pension Age on or after 6th April 2016. This recognises the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has recognised that this solution will not address all sex inequalities for a minority of members and further guidance is expected from DLUHC on how they propose to deal with this. These inequalities are expected to be small.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required for members who transferred benefits out since May 1990. Government has not yet acknowledged a liability in public service schemes nor indicated an approach in rectifying this. Therefore, no allowance for potential liabilities relating to the second Lloyds ruling is included in the accounts.

Goodwin Ruling

In June 2020 an Employment Tribunal ruled in relation to the Teachers' Pension Scheme, that provisions for survivor benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a ministerial statement on 20th July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. As these changes are yet to be reflected in the LGPS regulations and also on the basis of materiality, allowance has not been made in the calculations.

Cost Management Process in the LGPS incl. McCloud

Legislation requires HM Treasury and the Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. This is referred to as the "Cost Management Process". The outcomes of the reviews recommended no changes to the provisions of the scheme. However, the legality of the Government's decision to include McCloud costs as a member cost within the 2016 HMT process was challenged by a Judicial Review brought by trade unions. The Judicial Review was unsuccessful, and the unions were given permission to appeal that decision. On 17th April 2024, the judgment given by

the Court of Appeal on trade unions' challenge to the way in which McCloud costs were handled under the 2016 cost management process for public service schemes was published. The Court of Appeal agreed with the earlier ruling of the High Court and consequently, it has been found legitimate that the McCloud costs were treated as member costs within the process. This in turn means that there was no breach of the cost "floor" under the process and there is no requirement to revisit the outcome of the 2016 scheme-wide valuations, under which no benefit changes were made.

On 11th April 2024, the Government Actuary's Department (GAD) had published its completed valuation on the scheme-wide LGPS England & Wales valuation as at 31st March 2020. The valuation found that the core 'cost cap cost' of the scheme lies outside the 3% cost control mechanism corridor (3.2% below target cost) that is in operation for this valuation.

However, there is now also an "economic check" that GAD carries out to take account of the wider economic situation. This check includes considering reduced long-term expectations for UK economic growth as reflected in the Government's 'SCAPE' discount rate. This also lies outside the 3% corridor, but in the other direction (7.3% above target cost). As a result, the "cost cap corridor" as a whole is not breached and the Government is not proposing to make any changes to LGPS benefits.

The England & Wales Scheme Advisory Board announced on 19th April 2024 that it will shortly be publishing the final report of the separate scheme cost assessment that it is required to undertake under Regulation 116 of the LGPS Regulations 2013, in which different actuarial assumptions are used. However, the Board has already seen the initial results and agreed that it is "not minded to recommend to the Secretary of State any changes to LGPS benefits through that process".

Pension Surplus Restriction

AON has changed their default approach to preparing FRS 102 advice since last year to reflect increasing industry practice of applying the principles of IFRIC 14 to FRS reporting. This has the effect of limiting the economic benefit available from reduced contributions. Last year the standard approach assumed the Employer could cease contributions to the Scheme at the accounting date and gain economic benefit equal to the value of prospective service costs. IFRIC 14 requires allowance to be made for a minimum funding requirement, which limits the amount of economic benefit from reduced contributions to the excess of the value of prospective current service costs above the funding requirement.

This advice has been prepared on the basis that the Employer's accounting policy is to apply the principles of IFRIC 14.

There is a requirement to disclose any restrictions on the current realisability of the surplus or the basis used to determine the amount of the economic benefit available.

The principles of International Financial Reporting Interpretations Committee (IFRIC) 14 have been applied to limit the economic benefit available through reduced contributions. The actuary has undertaken calculations of the potential surplus that could be recognised through reduced contributions in the future and not a surplus that could be recognised through future refunds as refunds are only possible when the employer exits the fund.

The value of the surplus restriction, calculated by the actuary, applied to the Net Asset is £3.710M.

5.0 Employees Costs

2022/23 £'000		2023/24 £'000
	Salaries & Wages	
5,722	Advisors	6,288
1,000	Administration	1,075
454	Management	470
218	Finance Team	193
16	Employee Redundancy	72
35	Employee Insurance	35
2	Employee Advertising	2
7,447	Sub Total	8,135
15	Short-Term Accumulating Compensated Absences Account adjustment	(22)
1,600	IAS 19 adjustments	590
9,062	Total	8,703

6.0 Supplies and Services

2022/23 £'000		2023/24 £'000
156	Office Expenses	90
344	Consultants Fees	215
37	Computer Costs	6
6	Photocopying	6
4	Subscriptions	4
7	Marketing	4
21	Audit Fees	22
6	Telephones	5
106	Training	129
	<u>Grants paid to local authorities & schools:</u>	
43,464	Regional Consortia Grant (RCG)	42,758
42,200	Pupil Development Grant (PDG)	1,708
547	Other	646
86,898	Total	45,593

7.0 Income

2022/23 £'000		2023/24 £'000
	Contributions	
(1,327)	Cardiff Council	(1,299)
(977)	Rhondda Cynon Taf CBC	(937)
(554)	Bridgend CBC	(535)
(538)	Vale of Glamorgan Council	(521)
(229)	Merthyr Tydfil CBC	(224)
(3,625)	Total Contributions	(3,516)
	Other Income	
(32)	Other	(44)
(93,268)	Grants	(51,948)
(93,300)	Total Other Income	(51,992)
(96,925)	Total Income	(55,508)

7.1 Grant Income

2022/23 £'000		2023/24 £'000
	Grant Programme	
(43,484)	Pupil Development Grant (PDG)	(2,487)
(48,891)	Regional Consortia Grant (RCG)	(48,445)
(893)	Other	(1,016)
(93,268)	Total Grant Income	(51,948)
	Allocation	
86,211	Paid to local authorities and schools (Note 6.0)	45,112
7,057	Retained by Central South Consortium	6,836
93,268	Total Allocation	51,948

8.0 Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a "related party". This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

The Joint Committee transacts with the local authorities and its schools within the Consortium, distributes funding, and provides advisory and inspection services for which it receives income. During the year, material transactions with these related parties arose as follows:

2022/23		Local Authority	2023/24	
Exp. £'000	Inc. £'000		Exp. £'000	Inc. £'000
35,402	(1,327)	Cardiff Council	17,294	(1,299)
23,832	(1,081)	Rhondda Cynon Taf CBC	12,476	(1,133)
11,659	(554)	Bridgend CBC	7,299	(535)
10,313	(538)	Vale of Glamorgan Council	7,471	(521)
7,255	(229)	Merthyr Tydfil CBC	2,995	(224)

Income received from Rhondda Cynon Taf CBC (£196k) due to interest received is included in the table above but is not included in Note 7.0 as it does not form part of the Local Authorities core contributions received.

Welsh Government exerts significant influence through legislation and grant funding. The main grants received are shown in Note 7.1.

All cash transactions are administered by the host authority, Rhondda Cynon Taf CBC, as the Consortium does not operate its own bank account. At 31st March 2024, Rhondda Cynon Taf CBC owed the Consortium £2,037k relating to these cash transactions (Rhondda Cynon Taf CBC owed the Consortium £2,222k as at 31st March 2023). During 2023/24, Central South Consortium was charged £186k by Rhondda Cynon Taf CBC in respect of Central Establishment Charges (included in the table above, £170k in 2022/23).

Pension contributions are made to both the Rhondda Cynon Taf Pension Fund and the Teachers' Pension Agency, in respect of Joint Committee employees. See notes 15.0 and 16.0 for further information.

Interests of elected Members of the Joint Committee are maintained in a register held by their own Local Authority. Records of interests of Senior Officers are maintained by the Consortium. The following transactions occurred with related parties (by virtue of elected Member or Senior Officer interest in them) with whom the Joint Committee has had dealings:

2022/23		Organisation	2023/24	
Exp. £'000	Inc. £'000		Exp. £'000	Inc. £'000
15	0	Cardiff University	5	0
2	0	Valley Education Services Ltd	1	0
0	0	Association of Education Advisors	5	0
17	0	Total	11	0

The table above does not include payments to/from the Local Authorities or schools within the Consortium, as they are included elsewhere within the notes.

9.0 Audit Fees

2022/23 £'000		2023/24 £'000
21	Fees payable to the Auditor General for Wales in respect of external audit	22

10.0 Leases

A long term lease arrangement totalling £88k in 2023/24 (£88k in 2022/23) exists between the Joint Committee and Rhondda Cynon Taf CBC in relation to office accommodation at the Valleys Innovation Centre. No termination is contained within the lease agreement and occupation is assumed for as long as the service is required.

The Joint Committee holds no assets on Finance Leases.

11.0 Short Term Debtors

An analysis of Short Term Debtors in the Balance Sheet is as follows:

31/03/23 £'000		31/03/24 £'000
2,222	Host Authority	2,037
79	Other Entities and Individuals	106
17	Local Authority and Schools	0
2,318		2,143
(1)	Provision for Bad Debt	(2)
2,317	Balance as at 31st March	2,141

All cash transactions are administered by Rhondda Cynon Taf CBC as the Central South Consortium does not operate its own bank account. The Host Authority debtor includes the 'cash' balance owed to the Consortium by Rhondda Cynon Taf CBC.

12.0 Creditors

An analysis of Short Term Creditors in the Balance Sheet is as follows:

31/03/23 £'000		31/03/24 £'000
(499)	Local Authorities and Schools	(270)
(269)	Central Government Bodies	(8)
(258)	Other	(119)
(64)	Employee Absences Accrual	(42)
(1,090)	Balance as at 31st March	(439)

13.0 Movement on Usable Reserves

	General Reserves £'000	Earmarked Reserves £'000	Total £'000
Balance as at 1 st April 2023	174	1,117	1,291
Increase/(Decrease)	0	453	453
Balance as at 31st March 2024	174	1,570	1,744

13.1 General Reserve

The General Reserve is a distributable revenue reserve, which consists of the accumulated surpluses of the Consortium's operations.

	Total £'000
Balance as at 1 st April 2023	174
Increase/(Decrease) 2023/24	0
Balance as at 31st March 2024	174

13.2 Earmarked Reserves

This note sets out the amounts set aside from the General Reserve balance in earmarked reserves to provide financing for future expenditure. All earmarked reserves are deemed to be revenue reserves.

	Balance at 31/03/23 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31/03/24 £'000
Revenue Grant Reserves	508	(508)	611	611
Funding for Specific Projects	609	(41)	391	959
Total	1,117	(549)	1,002	1,570

The Central South Consortium holds an earmarked reserve for the funding of specific projects of which £959k is set aside for ongoing service remodelling and medium-term financial planning (£609k held as at 31st March 2023).

14.0 Movements on Unusable Reserves

Reserve	Pension Reserve £'000	Short-Term Acc Comp Absence Account £'000	Total £'000
Balance as at 1 st April 2023	5,858	(64)	5,794
(Increase) / Decrease	(914)	22	(892)
Balance as at 31st March 2024	4,944	(42)	4,902

14.1 Pension Reserve

The Pension Reserve is the balancing account to offset the inclusion of Pension Liability in the Balance Sheet as required by IAS 19 "Employee Benefits". See note 15.0 for further information.

14.2 Short-Term Accumulating Compensated Absences Account

The Short-Term Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on the Consortium's Reserves from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March 2024.

15.0 Retirement Benefits – Defined Benefit Schemes

15.1 Participation in Pension Schemes

As part of their terms and conditions, the employees of Central South Consortium are offered retirement benefits by the Joint Committee. Although these benefits will not be payable until retirement, the Joint Committee has a

commitment to make these payments. The liability for these payments needs to be accounted for at the time future entitlement is earned.

The Joint Committee participates in two pension schemes:

- Teachers – Please refer to note 16.0.
- Other employees – The Local Government Pension Scheme administered by Rhondda Cynon Taf CBC. This is a funded defined benefit salary scheme, meaning that the Joint Committee and participants pay contributions into the Fund calculated at a level intended to balance the pensions liabilities with investment assets. The pension costs that are charged to the Joint Committee's accounts are defined by IAS 19 "Employee Benefits".

15.2 Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Account when earned by employees, rather than when benefits are actually paid as pensions. However, the charge required to be made to the General Reserves is based on the cash payable in the year. The difference is reversed out in the Movement in Reserves Statement. The following transactions have been posted in the year:

Comprehensive Income and Expenditure Account	2022/23 £'000	2023/24 £'000
Cost of Services:		
Current Service Cost	1,874	936
Past Service Cost	0	0
Settlements and curtailments	0	0
<i>Financing and Investment Income and Expenditure</i>		
Net Interest Expense / (income)	(26)	(283)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,848	653
<i>Remeasurement of the Net Defined Benefit Liability Comprising:</i>		
Return on Plan Assets (Excluding the Amount included in the Net Interest Expense)	3,483	(2,037)
Actuarial (Gains) and Losses Arising on Liabilities – Demographic Assumptions	(12)	(405)
Actuarial (Gains) and Losses Arising on Liabilities – Financial Assumptions	(13,301)	(955)
Actuarial (Gains) and Losses Arising on Liabilities – Experience	3,241	294

Net increase in liabilities from disposals / acquisitions	0	0
Surplus restriction	0	3,710
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(4,741)	607
<i>Movement in Reserves Statement</i>		
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	(1,848)	(653)
<i>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</i>		
Employers' Contributions Payable to Scheme	274	346

The total remeasurement of the Net Defined Benefit Liability recognised in Other Comprehensive Income and Expenditure to the 31st March 2024 is a loss of £607k (£6,589k gain in 2022/23).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure statement to the year ending 31st March 2024 is a gain of £11,255k (£11,862k gain in 2022/23).

The figures above do not include allowance for any membership (or associated assets) relating to members who have joined the employer but have not yet exercised their option to link their past service rights to their current employment.

15.3 Reconciliation of Present Value of the Scheme Liabilities

	2022/23 £'000	2023/24 £'000
Opening balance at 1 st April	33,017	25,618
Current Service Cost	1,874	936
Interest Cost on Defined Obligation	891	1,191
Contributions by Scheme Participants	371	411
<i>Remeasurement Gains and (Losses):</i>		
Actuarial Gains and (Losses) Arising on Liabilities – Demographic Assumptions	(12)	(405)
Actuarial Gains and (Losses) Arising on Liabilities – Financial Assumptions	(13,301)	(955)
Actuarial Gains and (Losses) Arising on Liabilities – Experience	3,241	294
Benefits Paid	(463)	(997)
Past Service Costs	0	0
Carried Forward at 31st March	25,618	26,093

15.4 Reconciliation of Fair Value of the Scheme Assets

	2022/23 £'000	2023/24 £'000
Opening balance at as at 1 st April	33,860	31,476
Interest Income	917	1,474
<i>Remeasurement Gains and (Losses)</i>		
The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(3,483)	2,037
Employer Contributions	274	346
Contributions by Scheme Participants	371	411
Benefits paid	(463)	(997)
Net increase in assets from disposals/acquisitions	0	
Carried Forward as at 31st March	31,476	34,747

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £3,511k (£2,566k gain in 2022/23).

15.5 Scheme History

	2022/23 £'000	2023/24 £'000
Present Value of Defined Obligation	(25,618)	(26,093)
Fair Value of Plan Assets	31,476	34,747
Unrecognised Asset	0	(3,710)
Surplus / (Deficit)	5,858	4,944

The liabilities show the underlying commitments that the Joint Committee has in the long run to pay retirement benefits. The total asset of £4.944M has a substantial impact on the net worth of the Joint Committee as recorded in the Balance Sheet.

The surplus on the local government scheme may recovered in the form of reduced future contributions.

15.6 Local Government Pension Scheme Assets

Local Government Pension Scheme Assets investments as at 31st December 2023 (full scheme not Central South Consortium element) are comprised as follows:

	Fair Value of Scheme Assets	
	2022/23 £'000	2023/24 £'000
UK Equities	443,611	171,014
Overseas Equities	2,354,047	2,702,245
UK Fixed Interest Gilts	429,562	548,487
UK Corporate Bonds	507,735	702,339
Property	318,236	291,347
Infrastructure	21,975	58,587
Cash and net current assets	27,511	17,628
Total	4,102,677	4,491,647

15.7 Basis for Estimating Assets & Liabilities

Roll-forward of Assets

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to the accounting year-end allowing for:

- Investment returns, and
- Cash-flows including investment returns on those cashflows.

The asset value at the start of the accounting period is accumulated with the Fund investment return over the accounting period. Net cashflows are assumed to be paid half way through the period and accrue half of the Fund investment return over the period.

Roll-forward of Liabilities

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to allow for the later calculation date (by adding interest to the liabilities) and make allowance for changes in liabilities due to:

- The accrual of new benefits and the discharge of liabilities from the payment of benefits.
- The financial and demographic assumptions adopted at the year-end.
- The impact of any known experience affecting the liabilities, such as the impact of actual pension increases on pensions in payment and deferred benefits.

- If applicable, the impact of events which result in a change in the liability such as past service costs, settlements and curtailments.

The full valuation was based on funded benefits and the principal assumptions used by the actuary have been:

	31/03/23	31/03/24
Long-Term Expected Rate of Return on Assets in the Scheme (in line with the discount rate)	4.30%	4.30%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	21.6	21.0
Women	24.2	23.8
Longevity at 65 for future pensioners:		
Men	22.9	22.3
Women	25.7	25.2
CPI Inflation	2.70%	2.60%
Rate of Increase in Salaries	3.95%	3.85%
Rate of Increase in Pensions	2.70%	2.60%
Rate for discounting scheme liabilities	4.70%	4.80%
Option to Convert Annual Pension into Retirement Lump Sum	85%	85%
Pension accounts revaluation rate	2.7%	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (Increase or Decrease in 1 Year)	678	(652)
Rate of Increase in Salaries (increase or decrease by 0.1%)	52	(52)
Rate of Increase in Pensions (increase or decrease by 0.1%)	417	(391)
Rate for Discounting Scheme Liabilities (increase or decrease by 0.1%)	(444)	470

15.8 Contributions for the Accounting Period ending 31st March 2025

The Employer's regular contributions to the Fund for the accounting period ending 31st March 2025 are estimated to be £391k (£316k as at 31st March 2024).

16.0 Retirement Benefits – Defined Contribution Scheme

Staff employed on Teachers terms and conditions are members of the Teachers' Pension Scheme. The scheme provides teachers with specified benefits upon their retirement and the Joint Committee contributes towards the costs by making contributions based upon a percentage of members' pensionable salary.

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 employer's contribution rate paid by local authorities. The Council 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 2023/24, the Joint Committee paid £76k to the Teachers' Pension Fund in respect of teachers' retirement benefits, representing 23.68% of pensionable pay (£89k was paid in 2022/23 representing of 23.68% pensionable pay). There were no contributions remaining payable at the year-end.

17.0 Events after the Balance Sheet Date

The draft, unaudited Statement of Accounts will be authorised for issue by the Deputy Chief Executive and Group Director - Finance, Digital and Frontline Services, as Chief Finance Officer, following approval by the Joint Committee. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31st March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no events that took place after 31st March 2024 requiring disclosure providing information that is relevant to an understanding of the Central South Consortium Joint Education Service's financial position.

18.0 Reconciliation of Comprehensive Income and Expenditure Account to Cash flow

2022/23 £'000		2023/24 £'000
925	(Surplus)/Deficit on the Provision of Services	(168)
(233)	(Increase)/Decrease in Creditors	651
(2)	Increase/(Decrease) in Debtors	9
(1,574)	IAS 19 Transactions	(307)
(884)	Cash (Inflow)/Outflow from Revenue Items	185

19.0 Contingent Liabilities

Pensions Asset / Liability

The High Court ruled in June 2023 that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 require actuarial certificates under section 37 of the Pension Schemes Act 1993. Where there is no certification, or the certificates are not available, the changes will be considered void. This applies to past service and future service rights whether resulting in detriment or benefit to scheme members. An appeal was dismissed by the Court of Appeal in August 2024. The Government's Actuary Department (GAD) are currently reviewing scheme changes for LGPS among other schemes to confirm whether actuarial certificates are available. Requests have been made to DWP to consider making regulations under section 37 (2) of the Pension Schemes Act 1993 to validate any amendment held to be void solely due to written actuarial confirmation not being received or located. DWP have not indicated whether they will take this forward.

There is a potential liability of unknown value and timing due to the uncertainties detailed above.

20.0 Officers' Remuneration

During 2023/24, the Consortium paid on average 111 employees every month (107 in 2022/23). Over the year, salary payments totalled £5,815k (excluding employer's national insurance and pension contributions) (£5,329k in 2022/23).

Under the Accounts and Audit (Wales) Regulations 2014, the Joint Committee must disclose in their accounts the number of employees (excluding specific senior employees who are shown in Note 21.0) whose remuneration in the

year fell in each bracket of a scale in multiples of £5,000 commencing at £60,000 (excluding pension contributions). The disclosure includes redundancy payments. The following salary payments were made within the categories specified:

Remuneration Band	2022/23*			2023/24		
	No. of Employees			No. of Employees		
	At 31/03/23	Left in Year	Total	At 31/03/24	Left in Year	Total
£60,000 - £64,999	16	1	17	11	0	11
£65,000 - £69,999	5	0	5	30	0	30
£70,000 - £74,999	6	0	6	10	1	11
£75,000 - £79,999	2	0	2	6	0	6
£80,000 - £84,999	1	0	1	4	0	4
Total	30	1	31	61	1	62

**2022/23 and 2023/24 are not comparable due to figures in 2022/23 not being adjusted for FTE equivalents and prior year reporting limitations due to a new payroll system being implemented during 2022.*

21.0 Senior Officers

The following table sets out the remuneration for specific Senior Officers who represent the executive Leadership Team whose salary is less than £150k but greater than £60k. There are no Senior Officers whose salary is greater than £150k. Employer pension contributions and compensatory payment in relation to loss of employment are included.

Post Holder Information	2023/24				
	Salary	Taxable Benefits in Kind	Compensation for loss of employment	Employer's Pension Contributions	Total
	£'000	£'000	£'000	£'000	£'000
Managing Director	121	0	0	8	129
Deputy Managing Director	100	0	0	7	107
Assistant Director – Standards & Improvement Planning	88	0	0	6	94

Assistant Director – Curriculum	88	0	0	6	94
Head of Curriculum and Assessment	84	0	0	6	90

The comparative figures for 2022/23 are shown in the following table:

Post Holder Information	2022/23				
	Salary	Taxable Benefits in Kind	Compensation for loss of employment	Employer's Pension Contributions	Total
	£'000	£'000	£'000	£'000	£'000
Managing Director *	117	0	0	7	124
Deputy Managing Director **	94	0	0	6	100
Assistant Director – Standards & Improvement Planning **	83	0	0	5	88
Assistant Director – Curriculum **	82	0	0	5	87

* Total amount of salary, fees or allowances paid to or received during 2022/23 excluding £2k that related to 2021/22 but remunerated to the senior officer during 2022/2023.

** Total amount of salary, fees or allowances paid to or received during 2022/23 excluding £1k that related to 2021/22 but remunerated to the senior officers during 2022/23.

22.0 Severance Costs

This note provides details of the cost of severance to the Consortium in respect of employees who have left the employment of the Consortium during the financial year (costs do not reflect the value of the severance received by the individual as it includes pension strain). All costs are in line with the relevant and applicable scheme of termination and as required under relevant Pension Fund Regulations where applicable.

The number and costs (in bandings) of compulsory and other terminations are set out in the table below.

Severance Cost Band	Number of Compulsory Terminations		Number of Other Terminations		Total Number of Terminations		Total Severance Cost	
							£000s	
	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24
£0 - £20,000	0	2	3	2	3	4	16	50
£20,001 - £40,000	0	1	0	0	0	1	0	22
Total	0	3	3	2	3	5	16	72

CENTRAL SOUTH CONSORTIUM

DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24

1. SCOPE OF RESPONSIBILITY

1.1 The Central South Consortium (CSC) is a Joint Education Service commissioned by five Local Authorities namely:

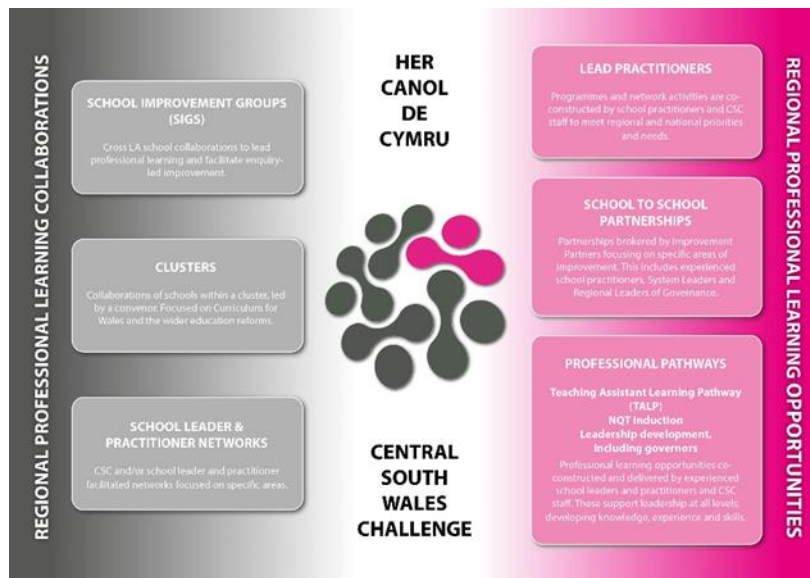
- Bridgend CBC;
- Cardiff CBC;
- Merthyr Tydfil CBC;
- Rhondda Cynon Taf CBC; and
- Vale of Glamorgan CBC.

Central South Consortium covers the needs of 381 schools and 150,933 pupils in the region.

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

Subsequently the model has developed and consists of a number of different strategies:



*Revised April 2023

- 1.3 Rhondda Cynon Taf County Borough Council (RCTCBC) is responsible for ensuring that its business and that of the Joint Education 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 used economically, efficiently, and effectively.
- 1.4 In discharging this overall responsibility, CSC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.
- 1.5 The Annual Governance Statement of CSC aims to provide an accurate representation of the governance arrangements in place for financial year ending 31st March 2024.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, and cultural values by which CSC is directed and controlled, and the activities through which it accounts to and engages with stakeholders. It enables CSC 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 in achieving aims and objectives (of the organisation) and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of CSC's priorities, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively, and economically.
- 2.4 CSC has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. The assessment is informed by the work conducted by external agencies and internal arrangements, including performance management arrangements.
- 2.5 The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for CSC for the year ended 31st March 2024 (and up to the date of approval of the 2023/24 Statement of Accounts).

3. THE GOVERNANCE FRAMEWORK

3.1 CSC has used the *Delivering Good Governance in Local Government: Framework (2016)* in compiling its Annual Governance Statement. The Framework comprises two Core Principles and five Supporting Principles:

Core principles

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; and
- Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles

- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.2 The ‘Core’ principles permeate implementation of the ‘Supporting’ principles with the need for CSC to be committed to improving governance on a continual basis, through a process of self-evaluation and review.

3.3 CSC has applied these principles to structure its Annual Governance Statement for financial year ending 31st March 2024 and to assess the arrangements in place.

3.4 CSC has a range of governance arrangements in place, in line with the ‘Delivering Good Governance in Local Government Framework’, many of which are set out in CSC’s legal agreement and / or are part of the governance arrangements of RCTCBC that have been adopted by CSC. Table 1 provides examples of the key systems, processes, and documents in place within CSC during 2023/24.

Table 1 - Examples of key systems, processes, and documents in place within the CSC

Good Governance Principles	Examples of key systems, processes and documents in place within CSC
Behaving with integrity, demonstrating strong	<ul style="list-style-type: none"> • Rules of Procedure – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer

<p>commitment to ethical values, and respecting the rule of law</p>	<p>Employment and Contract and Financial Procedure Rules. The rules set out arrangements to be followed by elected Councillors and Officers when conducting the CSC’s business with the aim of publicly demonstrating accountability and openness.</p> <ul style="list-style-type: none"> • Whistle-blowing Policy– promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of CSC. • Anti-fraud, Bribery & Corruption Strategy. • Gifts and Hospitality Policy. • Comments, Compliments and Complaints – setting out how the Council / CSC handles and responds to the feedback (complaints, compliments, and comments). • Officer Guide. • Staff Handbook.
<p>Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> • Forward plans for committee meetings together with the matters to be considered, where appropriate. • Appropriate governance systems (aligned to requirements of the legal agreement)
<p>Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<ul style="list-style-type: none"> • Performance Management Framework. • Business Plan and Operational Delivery Plans. • Regular Performance Reports to Joint Committee (including Risk Register updates). • Risk Management Strategy. • Annual Revenue Budget Strategy. • Medium Term Financial Plan. • Scrutiny Committees. • Challenge and Review sessions with Welsh Government.
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	
<p>Developing the entity’s capacity, including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> • Business Plan • Staff Handbook. • Schemes of Delegation. • Self-evaluation process. • Regional Evaluation & Improvement Session
<p>Managing risks and performance through robust internal control</p>	<ul style="list-style-type: none"> • Risk Management Strategy. • Annual Performance Report (including Risk Register updates). • Internal Audit functions.

and strong public financial management	<ul style="list-style-type: none"> • Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules. • Medium Term Financial Plan.
Implementing good practices in transparency, reporting and audit to deliver effective accountability	<ul style="list-style-type: none"> • Statement of Accounts. • Annual Governance Statement. • Production of reports on key areas of business. • Internal Audit.

3.5 Legal Agreement

On the 20th April 2015 all parties entered into and signed a revised legal agreement which superseded all previous legal agreements between the partners. This agreement consolidated the legal arrangements relevant to CSC into one agreement. From this point forward within the Annual Governance Statement, reference will be made to the 'Legal Agreement'.

3.5.1 The Legal Agreement for Central South Consortium Joint Education Service Joint Committee provides the governance framework within which the service operates and allocates responsibility and accountability.

3.5.2 The legal agreement is currently under review as outlined in section 5.3.9; at present, this work has been paused to await the outcome of the second phase of the "Review of roles and responsibilities of education partners in Wales and delivery of school improvement arrangements" and potential impact of changing expectations of regional consortia arrangements. Any future revisions required will be taken to Joint Committee Members of consideration and approval.

3.6 The Host Authority

The Legal Agreement formally assigns RCTCBC as the Host Authority for CSC. RCTCBC 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,
- Regional Internal Audit Service, (RIAS) (up to April 2024, then RCTCBC Internal Audit); and

- Procurement.

The costs of which, where relevant, are charged to Central South Consortium Joint Education Service Joint Committee through Service Level Agreements (SLA).

3.7 The Constitution of RCTCBC, 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 procedure. All functions undertaken by CSC should be done so in accordance with all relevant Policies and Procedure Rules of RCTCBC.

3.8 **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 RCTCBC's operating terms and conditions).

4. **ASSESSING CSC'S GOVERNANCE ARRANGEMENTS**

4.1 In line with the Core and Supporting principles of the governance framework, the approach taken to assess CSC's arrangements has been to:

- Set out a brief description of the arrangements and procedures in place together with the key outcomes CSC is aiming to achieve;
- Examine and document the main activities that have taken place around these areas, taking account of supporting evidence from CSC's internal processes and Audit Wales reports published on CSC;
- Form a view on the extent to which the activities comply with the procedures in place; and
- Make proposals for improvement, where appropriate, together with recommended timescales for implementation and responsible officers.

4.2 The assessment of CSC's governance arrangements is set out in Section 5.

5. **ASSESSMENT OF GOVERNANCE ARRANGEMENTS**

5.1 **PROGRESS MADE TO IMPLEMENT RECOMMENDATIONS REPORTED IN THE 2022/23 ANNUAL GOVERNANCE STATEMENT**

The 2022/23 Annual Governance Statement made 4 proposals for improvement. An update on progress was reported to Central South Consortium Joint Education Service Joint Committee on 12th December 2023 and following consideration the

Committee RESOLVED: *to note the progress that has been made to date in implementing the proposals for improvement.*

As at 31st March 2024, progress had been made against the 4 proposals:

- 2 proposals for improvement have been completed.
- 1 proposal for improvement have been partially completed.
- 1 proposal for improvement was 'in progress' and will be completed during 2024/25

Where proposals for improvement were partially completed / 'in progress', it is considered that these areas did not have an adverse impact on the robustness of CSC's governance arrangements during the year.

Based on the above, it is considered that overall, sufficient progress has been made during 2023/24 in the delivery of the proposals for improvement with the requirement for further work to be completed in 2024/25. A detailed position statement is set out at **Appendix A**.

5.2 BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

Behaving with integrity

- 5.2.1 CSC follows the Host Authority Constitution which sets down how it should operate, how decisions need to be made and the procedures to be followed to ensure they are efficient, transparent, and available to local people. Within the Constitution there are a number of [Rules](#)⁹ and [Protocols](#)¹⁰ that aim to ensure both elected Councillors and employees behave with integrity.
- 5.2.2 CSC has put in place procedures to be followed by the Joint Education Committee when conducting meetings and making decisions during the year to publicly demonstrate an accountable, open, and honest approach. This has included considering the accuracy of 'meeting minutes'¹¹; recording declarations of personal interest; publishing reports on RCT's website prior to meetings taking place; making decisions based on evidenced based reports; and publishing the minutes of meetings. A review of a sample of Joint Education Committee meetings during the year confirmed that the above-mentioned procedures had been followed.

CSC employees

⁹ Rules – for example, Financial and Contract Procedure Rules

¹⁰ Protocols – for example, Gifts and Hospitality Policy

¹¹ Meeting minutes – a formal and agreed record of the events that took place at each meeting.

- 5.2.3 CSC Legal Agreement outlines the role of RCTCBC as the host authority. As part of this agreement, CSC adopts the policies of RCT including an Officer Code of Conduct that has been used to create an easy to understand 'Basic Rules – A Guide for Employees' and includes information in relation to, amongst other things, expected behaviour, use of social media, appearance, and attendance. The guide is available on-line for all employees.
- 5.2.4 All officers who start employment with CSC are provided with a local induction. In parallel, processes are in place to support personal development of officers, this being overseen by management within CSC and supported by the Human Resources Service within RCT CBC.

Arrangements in place to tackle potential misappropriation.

- 5.2.5 In the event that an officer decides to operate outside of the intended terms and conditions of employment, arrangements were in place for officers to “blow the whistle” through RCT’s [Whistleblowing Policy & Procedure](#).
- 5.2.6 In addition to the Whistleblowing arrangements, there were arrangements in place to tackle potential [fraud, bribery and corruption](#).
- 5.2.7 RCTCBC’s Governance and Audit Committee has overall responsibility for overseeing the governance arrangements in place in respect of ‘tackling potential fraud, bribery and corruption’ and ‘whistle-blowing’. Updates received by the Governance and Audit Committee during the year in respect of these arrangements were:

Anti-Fraud, Bribery & Corruption

- 5.2.8 At the 19th December 2023 Governance and Audit Committee meeting, the Committee were provided with a progress update against the Anti-Fraud, Bribery and Corruption work programme for 2023/24 (this being an exempt item). This update provided assurance on the Council’s arrangements to tackle potential fraud and covered the internal control environment that supports this area; the Committee resolved to note and review the outcome of the anti-fraud work progress during 2023/24.
- 5.2.9 The 29th April 2024 Governance and Audit Committee meeting considered the Anti-Fraud, Bribery and Corruption Annual Report for 2023/24, that provided an overview of the work undertaken during the year and a proposed work programme for 2024/25 (this being an exempt item). The report concluded that:
- The Governance and Audit Committee approval of the Anti-Fraud, Bribery and Corruption Strategy and ongoing monitoring will ensure the Council’s commitment and “zero tolerance” approach towards any fraudulent activity

continues to be a priority.

- Delivery of the Anti-Fraud, Bribery & Corruption work programme for 2024/25 will ensure the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventive measures capable of identifying and addressing new threats.

Whistle-Blowing

- 5.2.10 The Whistleblowing Annual Report for 2023/24 was reported to the 29th April 2024 Governance and Audit Committee and concluded that ‘the Council’s whistleblowing arrangements are appropriate’
- 5.2.11 Gifts and Hospitality Policy – CSC aligns to the RCT Gifts and Hospitality Policy with arrangements in place, via registers, to record gifts and hospitality in line with the Policy.

Demonstrating strong commitment to ethical values

- 5.2.12 Ethical Values: CSC employees - CSC has described what excellent behaviour looks like for each type of job, for example, ‘*always treat people with respect*’, and this information is used to test candidates suitability for jobs at interview and is used to inform discussions managers have with their staff as part of their development.

Respecting the rule of law

- 5.2.13 The Managing Director position leads CSC’s officers and chairs the Executive Leadership Team (ELT)

5.3 ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Openness

- 5.3.1 Members of Central South Consortium Joint Education Service Joint Committee are governed by the Code of Conduct of their relevant Council. The Codes of Conduct for Councillors and employees within the Constitution of the Host Authority are built on the principles of openness, transparency and honesty.

General Data Protection Regulation

- 5.3.2 The General Data Protection Regulation (GDPR) came into force on the 25th May 2018. CSC took steps during 2022/23 to demonstrate accountability and

transparency when handling and processing personal and sensitive information that it holds in respect of individuals. These arrangements were maintained during 2023/24, including: formally recording the lawful basis upon which data / information is processed within suites of documents called Data Protection Registers and; establishing 'Privacy Notices' that are available on CSC's website setting out how it intends to use information and how it will deliver its services and statutory responsibilities.

During 2023/24 CSC, working closely with the RCTCBC Information Management team, completed a data protection review. This resulted in:

- Updating all Data Protection Registers (DPR), and
- Updating CSC Privacy Notice

As part of the review, 'Retention and Disposal Schedules' have also been created to ensure CSC comply with data retention policies. CSC have regular communication with RCT's Information Management team to seek advice when developing systems.

It is considered that the publication of this information continues to support CSC in complying with the GDPR and demonstrates openness and transparency when dealing with its customers.

Freedom of Information and Subject Access Requests

- 5.3.3 CSC operated a Freedom of Information (FOI) Act 2000 publication scheme in accordance with legislative requirements. FOI updates are provided to Joint Committee on an annual basis and during 2023/24 5 FOI requests were received and were responded to within 20 working days. Also 1 Subject Access Request was received and responded to within one calendar month period.

Planning ahead

- 5.3.4 CSC consulted with stakeholders on its vision and priorities for 2023/24 and set these out in a document called 'Business Plan 2022-25'; this Plan was agreed by Joint Education Committee on 12th December 2023. An Appendix to the Business Plan (following identification of priorities for improvement from self-evaluation activity) was presented and approved by Joint Committee in December 2023.

During 2023/24, the Joint Committee has received business plan priority updates as self-standing agenda items and a review of business plan progress is reported bi-annually (the latest review, relating to 2023/24, will be reported to Joint Committee later in the year).

Based on the updates provided, it is considered that appropriate and regular information is made available to the Joint Committee to review and challenge performance and hold Management of CSC to account.

Looking ahead over the medium term, the public sector funding outlook is likely to be very challenging due to, for example, the impact of the recommendations of the middle tier review, changes to funding mechanisms for regional consortia, cost of living and inflationary pressures and increasing demand for public services. CSC is focussed on medium term financial planning, to support financial stability and inform service planning and delivery and has been provided with an indicative budget across a 3-year time horizon (2024/25 to 2026/27) as reported to the Joint Committee on 12th December 2023.

Openness – Forward work programmes

- 5.3.5 CSC had in place a forward work plan of Committee meetings for 2023/24 together with the matters to be considered.

Decision making and scrutiny of decisions made

- 5.3.6 During the year, Central South Consortium Joint Education Service Joint Committee made key decisions, for example, reviewing and agreeing CSC Business Plan, Core Revenue Budget, and Annual Governance Statement.

The Central South Consortium Joint Education Service Joint Committee is one of the main decision-making bodies within CSC and throughout 2023/24 received 29 reports, all of which were made publicly available prior to the meetings.

Key decisions were also taken by the Directors of Education from each of the local authorities at the Director Steering Group meetings¹².

Based on the above information it is considered that the decision-making arrangements that operated during 2023/24 were open and transparent, and compliant with CSC's Legal Agreement.

Finally, a review of a sample of Joint Education Committee Reports for 2023/24 has confirmed that a consistent format was used.

Engagement with stakeholders

- 5.3.7 The arrangements for engagement with stakeholders were originally as follows (as set out in the 2015 legal agreement):

¹² Subsequently known as the CSC Management Board

- **Directors' Steering Group** – The Directors' Steering Group comprises the Directors of Education from each of the five local authorities that make up the CSC. This group is responsible for delegated decision making on behalf of each local authority.

The membership, decision making process, meetings, and the terms of reference for the Director's Steering Group are documented within Schedule 2 of the Legal Agreement.

- **Senior Leadership Group** - The Group comprises the Executive Leadership team of the CSC as well as Principal Improvement Partners for each local authority, Senior officers with strategic responsibilities are also part of the leadership group. The objective of the group is to deliver school improvement activities with the aim of raising educational standards.

The membership, decision making process, meetings, and the terms of reference for all groups are documented within Schedule 3 of the Legal Agreement.

- **Central South Consortium Joint Education Service Joint Committee** - 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 Government's '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 CSC 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.

- 5.3.8 The Joint Committee agreed to commission an independent review of the Consortium at its October 2018 meeting. The context to the review was the national changes to the education system and the financial pressures facing schools and Local Authorities. As part of implementing agreed recommendations from the review, the Joint Committee meeting on the 16th December 2020 agreed to amend the Governance structure in order to: -

- Consider the benefits of bringing different groups together into one overarching decision-making board;
- Review the role being played by Joint Consortium Committee;
- Strengthen its function as a forum to share and problem solve together; and
- Strengthen the connection between clusters, local heads groups and the Consortium.

5.3.9 A revised structure was agreed in order to ensure that all stakeholders have a voice in the system and there are opportunities for each stakeholder group to meet to focus on issues related to the sector. Each group now has a revised terms of reference and will be included in the proposed revised legal agreement (subject to consideration / approval by the Joint Committee). The new governance structure is as follows:

- Joint Committee
- CSC Management Board
- Regional Stakeholder Group
- Senior Leadership Team
- Governor Stakeholder
- Partnership Group

5.3.10 There were a broad range of communication methods on offer to encourage stakeholders to express their views during 2023/24; this included social media, focus group discussions with regional stakeholder groups and the Annual Survey.

5.3.11 **Proposal for Improvement**

Prepare and consult on a revised strategy for engagement with stakeholders.

5.4 **DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS**

Defining outcomes

5.4.1 CSC's 'Business Plan Appendix 2023-2024' was approved by the Joint Education Committee on the 12th December 2023 and identified five overarching improvement priorities: -

- Curriculum
- Professional Learning Pathways.
- Equity and Wellbeing
- School Evaluation & Improvement

- Leadership and governance of Central South Consortium

- 5.4.2 CSC's Revenue Budget for the 2023/24 financial year was approved at the 13th December 2022 Joint Committee meeting, aligning resources to business plan priorities.
- 5.4.3 Following approval of the Business Plan and Revenue Budget, operational plans were put in place for each priority, in line with resources available, detailing outcome aims, the actions to be delivered with timescales for delivery and performance indicators.
- 5.4.4 A review of performance indicator targets included within the Business Plan identified that there is a clear ambition for CSC to improve in its priority areas.
- 5.4.5 Throughout 2023/24 action plan progress updates have been made public through Joint Education Committee meetings that also contain information on financial performance, strategic risks and investment linked to Business Plan priorities. This has included support for Curriculum Reform.
- 5.4.6 For 2023/24, 99% of CSC's Business Plan was funded from Welsh Government and 1% from Local Authority contributions.

5.5 **DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

Determining and planning interventions

- 5.5.1 CSC's Legal Agreement lays down the key requirements to be followed when setting its priorities, reporting the extent of progress made in priority areas and also the financial planning and management arrangements that support this. These include the requirement to:
- Agree the draft School Improvement Service annual revenue budget by the 31st December prior to the start of the financial year and submit to each of the Parties for approval with the business plan to be agreed by the 1st February; and
 - Publish financial and performance progress updates on a termly basis during the year, which will include explanations of any variances against the profiled budget.
- 5.5.2 When the above requirements were reviewed for the 2023/24 financial year:
- Performance Reports were presented to the Joint Education Committee and the Local Authority Scrutiny Committees during the year providing updates on financial performance; progress against Business Plan priorities; and strategic risks were reported to Joint Committee meetings. In addition, the information

reported also highlighted and explained exceptions and noted where corrective action would be taken.

- 5.5.3 Based on the above, it is considered that the information published during the year would provide opportunity for stakeholders to understand CSC's performance and hold it to account.

Optimising achievement of intended outcomes

- 5.5.4 CSC's Business Plan set out how the agreed 10% decrease in core funding would be delivered and managed during 2024/25.
- 5.5.5 With this context in mind, CSC took steps to plan the allocation of resources and put in place arrangements to maximise its impact.

Maximising impact

- 5.5.6 Due to the Covid-19 pandemic, Welsh Government (WG) cancelled the attendance data collections for primary and secondary pupils for 2020, 2021 and 2022. The National Data Collections (NDC) were also suspended from 2020, and from 2021/22 there has been no statutory requirement to submit Foundation Phase assessment outcomes or Key Stage 2 assessment outcomes. In addition, from 2022/23 there is no longer a statutory requirement for schools to return Baseline Assessment outcomes.

Key Stage 3 assessment outcomes continue to be collected by Welsh Government, but these are only published at national level.

Statutory data collections were reintroduced for 2023 for primary attendance and secondary attendance, but Welsh Government has stated that this information should not be used for accountability purposes,

- 5.5.7 WG have continued to collect the Pupil Level Annual School Census (PLASC) and Educated Other Than at School (EOTAS) data collections since 2020. However, due to the issues reported for the 2020 and 2021 data collections, comparisons across the period since 2020 should continue to be treated with an element of caution.
- 5.5.8 The Minister for Education confirmed on 21st June 2021 that WG would not be publishing performance measures relating to the 2021 summer examinations series, which covers all school and post-16 performance measures for the 2020-21 academic year. In addition, given the clear implications that there will be ongoing disruptions for qualifications awarded for subsequent years, WG also suspended Key Stage 4 and legacy sixth form performance measures for 2021-22 academic year. Therefore, there are no performance measures available for KS4 or Post-16 for Summer 2020, 2021 and 2022 results.

However, on 19th January 2023, the Minister for Education and Welsh Language announced that for 2023 results Welsh Government would restart the reporting of Key Stage 4 outcomes at a school level using the approach adopted in 2018/19¹³.

- 5.5.9 Between 2020 and 2022, only national information has been published for Key Stage 4 results, but the 2023 performance measures at local authority and regional level are available via the Welsh Government website. However, in line with the Welsh Government written statement¹⁴, these are to be used to support school and local authorities in understanding their own contexts and should not be used in isolation to judge performance or compare schools.
- 5.5.10 The publication of performance data on My Local School¹⁵ was suspended from 2020 to 2022, but has been reintroduced for 2023 Key Stage 4 results. The attendance data for 2022/23 has also been included alongside school finance data, free school meal eligibility, teacher numbers and pupil teacher ratios.
- 5.5.11 Pilot Estyn inspections were introduced in spring term 2022¹⁶ with around 20 schools (phase 1), with inspections continuing into the summer term with Phase 2 schools and the full roll-out for September 2023 to Summer 2024. For Central South Consortium, 73 schools were inspected between April 2022 and March 2023, with a further 77 schools inspected between April 2023 and March 2024.

5.6 DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Developing the entity's capacity

- 5.6.1 CSC aims to ensure that staff have the skills, knowledge, and capacity they need to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery.
- 5.6.2 The Self Evaluation processes within CSC ensure a rigorous assessment of the current position and areas for improvement. This evaluation is incorporated into service level planning processes as well as ensuring alignment with national and local authority priorities.

¹³ <https://www.gov.wales/sites/default/files/statistics-and-research/2023-12/examination-results-september-2022-to-august-2023-614.ods>

¹⁴ <https://www.gov.wales/written-statement-school-improvement-and-information-landscape>

¹⁵ <https://mylocalschool.gov.wales/?lang=en>

¹⁶ <https://www.estyn.gov.wales/news/owen-evans-her-majestys-chief-inspectors-speech-17-february-2022>

5.6.3 Effectively managing the workforce – CSC has consistently become more efficient on a year-on-year basis, driven by both proactive and prudent management and also on-going reductions in funding, and at the same time:

- Supported an overall direction of travel of improved performance results in priority areas within the business plan.
- Continue to operate a system of agile working arrangements that has taken advantage of digital technology to help CSC to work in new and different ways to meet school needs, reduce costs, support staff productivity, and help contribute to a healthy work / life balance for employees.
- Aligned the on-going modernisation of its arrangements to RCTCBC's Digital Strategy.
- Aligned to the new CSC Digital Strategy implemented in Autumn Term of 2021

5.7 **DEVELOPING THE CAPACITY OF THE ENTITY'S LEADERSHIP AND OTHER INDIVIDUALS**

The CSC Legal Agreement sets out the responsibilities of the Managing Director, the Joint Education Committee and CSC Management Board (Schedule 2). A review of a sample of delegated decisions made during the year confirmed that decisions were approved by the designated Joint Education Committee members and employees.

5.7.1 **Developing the capabilities of employees**

CSC is committed to staff development in line with business needs, to help ensure it has a 'fit for purpose' workforce. During the summer and autumn terms this included leadership development along with CSC operational sessions aligned to effective school improvement and any regional and national messaging. From the spring term this has moved to specialised team level professional learning with assistant directors and the business manager working closely to determine team needs and ensure the most effective and efficient use of professional learning time with relevant and high-quality sessions being delivered. All professional learning is underpinned by staff needs and CSC priorities. Staff development has also been supported through induction sessions for any new staff members, RCT Manager Briefings and a range of relevant leadership training and accreditations from the Association of Education Advisers (AOEA).

5.8 **MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

Managing risk

- 5.8.1 During 2023/24 CSC continued with the regular updating of its risk change template in line with its business plan monitoring and risk policies.
- 5.8.2 This risk change template is updated by all risk owners and then presented for review by the Executive Leadership Team (ELT). Following agreement of the ELT, proposals are presented to Directors for consideration and then to Joint Committee meetings for final review and acceptance. Once this process is completed the risk register is finalised.
- 5.8.3 New risks were incorporated into the register during the year, with accompanying actions to address / mitigate risks, as far as practicable, and were reported to and monitored by the Joint Committee.

Managing performance

- 5.8.4 The 'Determining and planning interventions' section (5.5.1) of this Annual Governance Statement provides an overview of CSC's Performance Management arrangements. Performance at strategic level is driven and measured through CSC's drive teams (members of the senior leadership team). Five drive teams have been established to ensure the effective delivery and impact of the priority plans aligned to the 2022/25 CSC business plan.

Robust internal control

- 5.8.5 The membership and meeting frequency of CSC's Joint Education Committee during 2023/24 was in line with the CSC's Legal Agreement.

Managing data

- 5.8.6 An Information Management Plan is in place in RCTCBC that sets out the framework, including legal requirements, for information management within CSC. This work has been reviewed to ensure compliance with GDPR regulations.
- 5.8.7 A review of arrangements in place during 2023/24 identified that they were in line with laid down requirements because:
- Key responsibilities were formally designated within CSC: CSC's designated Senior Information Management Risk Officer (SIRO) was the Managing Director, there was an Information Management & Data Protection Act Officer within the host authority who reports to the Service Director – ICT and Digital Services.

- An Information Management Board was in operation in RCTCBC, chaired by the Council's SIRO, with the Board being supported by an Information Management Working Group.
- Information was available on the RCTCBC website in respect of Data Protection and Freedom of Information, and had in place a Publication Scheme (which has been adopted by CSC) in accordance with the Council's responsibilities under the Freedom of Information Act 2000; and
- The Host Authority has a Public Sector Network (PSN) plan in place to meet the end of year timeframe for renewal i.e. The 'PSN' is the Council's connection to the wider public sector network (Council to Council, Council to Government e.g., Department for Work and Pensions) to enable the Council to communicate and share data securely across all public bodies.

Strong public financial management

5.8.8 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 CSC. The following areas of business are documented in the Legal Agreement

- General Principles
- Contributions and charging mechanisms.
- Payment arrangements.
- Budgetary control & monitoring.
- Capital Expenditure & long term contracts.
- Annual Accounts & Audit; and
- Financial insolvency.

5.8.9 The Legal Agreement requires the Joint Education Committee to hold at least termly meetings throughout the year. Standard agenda items include a report from the Treasurer.

5.8.10 RCTCBC's Financial Procedure Rules provide guidance in relation to all financial matters. The CSC 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 Central South Consortium Joint Education Committee shall, where relevant and subject to the provisions of this Agreement, operate in accordance with the Host's schemes of delegation, Rules of Procedure and policies from time to time.”

5.8.11 Audit Wales¹⁷ audits CSC's annual statement of accounts and the outcome from the audit being reported to the Joint Committee.

5.8.12 CSC's financial and operational performance is monitored and scrutinised by the Joint Education Committee

The Joint Education Committee receives reports from:

- The Treasurer;
- The Managing Director; and
- Officers, relevant to the operations and governance of the organisation.

5.8.13 During 2023/24 the role of the Chief Financial Officer at RCTCBC was compliant with the principles of the CIPFA Statement – Role of the Chief Financial Officer in Local Government 2016.

Internal Audit

5.8.14 The Head of Internal Audit is scheduled to present the Internal Audit Annual Report 2023/24, based on the work of Internal Regional Audit during the year, to the Council's Governance and Audit Committee in June 2024. The work undertaken by Internal Audit in respect of the CSC during the year is set out below.

5.8.15 During 2023/24 the Regional Internal Audit Service reviewed two grant claims i.e. RCSIG 2022/23 and PDG 2022/23 of the Central South Consortium Joint Education Service, in line with the agreed Internal Audit Annual Plan and provided Members with "Substantial Assurance" with no recommendations for improvement deemed necessary in respect of the Consortium's internal control arrangements. This was reported to the Joint Committee meeting held on 7th November 2023.

5.8.16 The Regional Internal Audit Service also undertook a Review of the Governance Arrangements concluding the "Substantial Assurance" whereby a sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. This report is planned to be presented to Joint Committee in June 2024.

External Audit

5.8.17 The latest audited statement of accounts (i.e. for the 2022/23 financial year) received an unqualified audit report (i.e. clean bill of health) and were approved at the meeting of the Joint Education Committee on 7th November 2023.

- 5.8.18 CSC has continued to publicly demonstrate its commitment to strong and responsible financial planning and management and has supported this through the delivery of sound financial performance during a period of reducing budgets. This is because:
- CSC has adopted a suite of protocols supporting strong financial planning and management, for example, 'Financial Procedure Rules' and 'Contract Procedure Rules', that were complied with during the year.
 - CSC set a Gross Revenue Budget on 13th December 2022 for the financial year 2023/24 of £3,568,629, representing a decrease of 3% in local authority core contributions compared to the previous year. Financial performance results were publicly reported every term during the year and scrutinised by the Joint Education Committee. The final outturn position, subject to Joint Committee approval at the June 2024 meeting, demonstrates the delivery of a balanced budget for the 2023/24 financial year after setting aside specific earmarked reserves to support the service remodelling.
 - CSC is financially stable, based on: 2023/24 General Reserve balances being in line with the 2022/23 year-end position i.e. £174k (subject to audit); having a track record over a number of years of setting and delivering balanced revenue budgets; and having 'clean bills of health' on its year end accounts when audited by the Audit Wales.
- 5.8.19 The latest Audit Wales report 'Audit of Accounts Report ' reported to Joint Education Committee on 7th November 2023 concluded that the accounting statements and related notes:
- *Give a true and fair view of the financial position of the Central South CSC Joint Education Service as of 31 March 2023; and of its income and expenditure for the year then ended; and*
 - *Have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.*
- 5.8.20 The Audit Wales report made no recommendations to be addressed by CSC or the Host Authority.
- 5.8.21 On 19th December 2023, as part of its draft budget, Welsh Government informed local authorities and consortia of changes to Education grants with effect from April 2024. This is in line with the Welsh Government aim of simplifying and streamlining funding to local authorities and schools.

- 5.8.22 From April 2024, funding previously provided to consortia is being directly allocated to local authorities via the Local Authority Education Grant (LAEG) with four grant elements, namely: School Standards, Equity, Reform and Cymraeg 2050.
- 5.8.23 Welsh Government stated that these changes to funding routes are being made to aid transparency and align with existing governance arrangements, and the level of funding and expectations around priorities in supporting schools have not changed. In line with the Minister for Education and Welsh Language's statement on 31st January 2024, Welsh Government expects local authorities to continue to support and fund any current regional consortia or partnership arrangements in areas of the LAEG to ensure consistency of support whilst the second phase of the Review of School Improvement: Roles and Responsibilities of Education Partners in Wales takes place.
- 5.8.24 The Central South Consortium 2024/25 budget was approved by Joint Committee in December 2023 based on maintaining current grant funding levels and, in doing so, ensure the on-going delivery of agreed school improvement priorities for the forthcoming financial year. Work is progressing with constituent local authorities to enable LAEG funding for relevant functions to be passported back to the Consortium, with robust arrangements in place to manage these resources and ensure terms and conditions of the grant are met.

5.9 **IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

Implementing good practice in transparency and reporting

- 5.9.1 CSC has implemented an open and consistent approach to reporting its business, as set out in sections 5.4 and 5.5 of this Annual Governance Statement, with the aim of helping to ensure information is understandable to stakeholders and that they have the opportunity to challenge CSC's performance, plans and decisions.
- 5.9.2 A review of a sample of information reported to the Joint Education Committee has revealed that:
- Annual Reports and Plans are reported publicly, providing an overview of performance, for example, the Council's audited Statement of Accounts 2022/23 reported and approved by Joint Education Committee on 7th November 2023; and
 - Use is made of electronic links within reports to provide the reader with more detailed information should they require it; and

- The minutes of meetings confirm that designated officers attend each meeting to orally present reports and answer questions, and several occasions were noted where updates were delivered via presentations, for example, using slides.

6. **OVERALL ASSESSMENT OF THE CONSORTIUM'S ARRANGEMENTS**

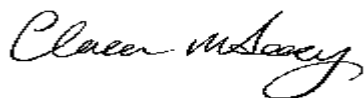
- 6.1 Based on the assessment undertaken, the CSC's governance arrangements are deemed to be effective as evidenced through the comprehensive and timely updates provided to virtual Joint Committee meetings during the year; on-going compliance with the requirements of the Legal Agreement; robust financial planning and management arrangements; and the delivery of prioritised and tailored provision to schools in line with Welsh Government guidance.
- 6.2 Notwithstanding this overall position, the assessment has identified areas where improvements are deemed necessary to further reinforce the effectiveness of the CSC's current arrangements. These are set out in Section 7.
- 6.3 Looking ahead, the robust governance arrangements in place within the CSC, together with implementing the proposals for improvement set out in Section 7, will be critical in supporting the organisation to re-model itself and also continue to provide an effective school improvement service.

PROPOSALS FOR IMPROVEMENT

7.1 Further to completing the assessment of the CSC’s governance arrangements, Table 1 sets out proposals for improvement.

Core Principle / Area	Paragraph No.	Issue Identified	Proposal for Improvement	Timescale for Implementation	Responsible Officer
ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT	5.3.11	Engagement with stakeholders	Prepare and consult on a revised strategy for engagement with stakeholders.	Revised strategy for consultation Sept 2024	Deputy Managing Director

7.2 The CSC’s Executive Leadership Team (ELT) has accepted the proposal for improvement and is committed to its implementation in 2024/25. ELT has also confirmed that an update on progress will be reported to the Central South Consortium Joint Education Service Joint Committee during the year to enable Members to review and scrutinise the extent of progress being made.



Managing Director: _



Section 151 Officer:



Chair, Joint Education Committee

APPENDIX A

PROPOSALS FOR IMPROVEMENT 2022/23– POSITION STATEMENT

Core Principle / Area	Paragraph No.	Issue Identified	Proposal for Improvement	Timescale for Implementation	Responsible Officer	Progress Update
Ensuring Openness and comprehensive stakeholder engagement	5.3.11	Communication with stakeholders	Analyse the findings from the stakeholder survey and report on next steps to all Governance groups	Summer Term 23	Managing Director	Partially completed – stakeholder survey has been completed. However due to low return rates it is not possible to analyse and provide conclusions and recommendations. Refer to 7.1 above
Defining outcomes in terms of sustainable economic, social, and environmental benefits	5.4.7	Financial Planning	Consult upon a revision to the legal agreement following a national review of the middle tier by Welsh Government	Spring Term 24	Managing Director	In progress – implementation of recommendations from the middle tier review are not anticipated to be considered until summer 2024. This recommendation will therefore be considered in the financial year 2024/2025.
Developing the entity's capacity, including the capability of its	5.5.2	Business Planning	Publish an appendix to the Business Plan 2022/25 to provide an update on progress to date as well as to	September 2023	Deputy Managing Director	Completed – Business Plan appendix has been developed, consulted upon with stakeholders, approved at Joint committee on 12

<p>leadership and the individuals within it</p>			<p>provide additional context for the year ahead</p>			<p>December 2023 and published on CSC website Business Plan Appendix 2023-24.pdf (cscjcs-cronfa.co.uk).</p>
<p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>5.7.1</p>	<p>Professional Learning</p>	<p>Arrange a coaching and mentoring program for all staff, focussed on developing anti-racist practices in CSC in order for staff to learn more about anti-racism, increase staff confidence and become champions within the organisation on anti-racism. Also, to contribute towards the Welsh Government priorities related to anti-racist action plan.</p>	<p>September 2023</p>	<p>Managing Director</p>	<p>Completed – An annual professional learning programme for staff has been developed to meet the strategic needs of the organisation.</p>

The report of the Auditor General for Wales to the members of Central South Consortium

Opinion on financial statements

I have audited the financial statements of Central South Consortium Joint Education Service Joint Committee for the year ended 31st March 2024 under the Public Audit (Wales) Act 2004.

Central South Consortium Joint Education Service Joint Committee (the Joint Committee) financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 23-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Joint Committee and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 23-24.
-

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 23-24;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Joint Committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 11 to 12, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Joint Committee ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Joint Committee will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Joint Committee policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of Joint Committee's framework of authority as well as other legal and regulatory frameworks that Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Joint Committee.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the

effectiveness of the Joint Committee's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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



Adrian Crompton
Auditor General for Wales

31 October 2024

1 Capital Quarter
Tyndall Street
Cardiff,
CF10 4BZ

The maintenance and integrity of the RCT County Borough Council website is the responsibility of the Council. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the web site

Glossary of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure relating to the accounting period, which had not actually been received or paid as at the date of the Balance Sheet.

Actuary

An actuary is an individual or organisation that calculates insurance premiums and liabilities and pension obligations.

Audit

An audit is an independent examination of activities.

Budget

A budget (or estimate) is a plan of income and spending. Actual expenditure is subsequently monitored against this plan.

Capital Expenditure

Capital expenditure is spending on long-term assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is responsible for issuing financial guidance to public bodies.

Creditor

A creditor is an organisation/individual owed money by the Council at the end of the financial year for goods/services received.

Current Assets

These are short-term assets that are available for the Council to use in the following accounting period.

Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting period.

Debtor

A debtor is an organisation/individual who owes the Council money at the end of the financial year for goods/services received.

Defined Benefit Scheme

A defined benefit pension scheme is one that bases retirement benefits upon Career Average Re-valued Earnings.

Defined Contribution Scheme

A defined contribution scheme is a type of retirement plan in which the amount of the employer's annual contribution is specified. Benefits are based on the amounts credited to these accounts (through employer

contributions and, if applicable, employee contributions) plus any investment earnings. Only employer contributions to the account are guaranteed, not the future benefits.

Earmarked Reserves

These are reserves set aside for a specific purpose.

Financial Year

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

International Accounting Standard (IAS)

Financial Regulations to be followed as set by the International Accounting Standards Board (IASB).

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are produced by the IASB (International Accounting Standards Board) with the aim of ensuring consistency within the countries adopting the standards.

Leasing

This is a method of financing expenditure by paying the owner to use property or equipment for a number of years.

Lessee

User or renter of the leased asset or property. In case of capital leases, the lessee is also the 'debtor' to the lessor.

Lessor

Owner or the title holder of the leased asset or property. The lessor is also the lender and secured party in case of capital leases and operating leases.

Liability

A liability is an obligation to transfer economic benefits as a result of past transactions or events.

Long-Term Asset

These are assets that are used in the provision of services (usually for more than one year).

Operating Leases

These are leases where risks of ownership of the asset remain with the owner.

Post Balance Sheet Events

Post Balance Sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the understanding of the accounts.

Provision

A provision is an obligation to transfer economic benefits as a result of past events where a reliable estimate can be made of the obligation, but the amount or timing of which cannot yet be determined accurately.

Related Party

A related party exists where there is control or influence by one party over another.

Welsh Government (WG)

The Welsh Government is the devolved Government for Wales. The Welsh Government consists of the First Minister, Welsh Ministers, the Counsel General and Deputy Ministers. They are supported by Civil Servants who work across devolved areas of public life such as health, education and the environment.