

Complete Agenda



Tuag at Ragoriaeth
Towards Excellence



Meeting

GWE JOINT COMMITTEE

Date and Time

10.30 am, MONDAY, 8TH JULY, 2019

Location

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

Contact Point

Annes Sion

01286 679490

cabinet@gwynedd.llyw.cymru

GWE JOINT COMMITTEE

MEMBERSHIP OF THE JOINT COMMITTEE

Voting Members

Councillors

Councillor Julie Fallon	Conwy County Borough Council
Councillor Meirion Jones	Isle of Anglesey County Council
Councillor Huw Hilditch-Roberts	Denbighshire County Council
Councillor Ian Roberts	Flintshire County Council
Councillor Phil Wynn	Wrexham County Borough Council
Councillor Cemlyn Rees Williams	Gwynedd Council

Co-opted Non-voting Members

Rosalind Williams	Church of Wales
Haf Williams	Primary Schools Representative
Peter Agnew	Secondary Schools Representative
Jonathan Morgan	Special Schools Representative
Alison Fisher	Governor Representative

Non-voting Officers

Arwyn Williams	Isle of Anglesey County Council
Dr Lowri Brown	Conwy County Borough Council
Karen Evans	Denbighshire County Council
Claire Homard	Flintshire County Council
Ian Roberts	Wrexham County Borough Council
Garem Jackson	Gwynedd Council

Officers in Attendance

Arwyn Thomas	GwE Managing Director
Iwan G. Evans	Host Authority
Dafydd L. Edwards	Host Authority
Steve Vincent	Welsh Government
Susan Owen Jones	GwE Business Manager
Dr Gwynne Jones	Isle of Anglesey County Council
Rhys Howard Hughes	GwE Assistant Director
Alwyn Jones	GwE Assistant Director
Gareth Williams	GwE Advisory Board Chairman

Observer

A G E N D A

1. ELECT VICE-CHAIRMAN

To elect a Vice-chairman for 2019/20

2. APOLOGIES

To receive any apologies for absence.

3. DECLARATION OF PERSONAL INTEREST

To receive any declaration of personal interest.

4. URGENT ITEMS

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

5. MINUTES OF PREVIOUS MEETING

4 - 6

(copy enclosed)

6. FINANCIAL STATEMENT 2018/19

7 - 43

Dafydd L Edwards to present the Statement of Accounts, in the 'statutory' format, duly certified, but subject to audit

7. 2018-19 GOVERNANCE STATEMENT

44 - 54

Arwyn Thomas to present the Annual Governance Statement.

8. RISK REGISTER

55 - 62

Arwyn Thomas to present the latest GwE Risk Register to the Joint Committee

9. PEER ENGAGEMENT

63 - 70

Alwyn Jones presents a paper on the development of a Peer Engagement Model for North Wales to the Joint Committee for approval.

10. G6 - UPDATE

Presentation by Llyr G Jones

Agenda Item 5

GwE Joint Committee

22/05/2019

Present:

Councillors: Phil Wynn - (Chair - Wrexham County Borough Council), Garffild Lewis (Vice-Chair - Conwy County Borough Council), Huw Hilditch-Roberts (Denbighshire County Council), Ian Roberts (Flintshire County Council), Meirion Jones (Anglesey County Council) and Cemlyn Rees Williams (Gwynedd Council).

Non-voting Officers: Jonathan Morgan (Special Schools' Representative), Karen Evans (Denbighshire County Council), Garem Jackson (Gwynedd Council), Dafydd Ifans (Conwy County Borough Council).

Officers present: Sion Huws (Host Authority - Gwynedd Council), Dafydd Edwards (Host Authority Head of Finance - Gwynedd Council), Dr Gwynne Jones (Anglesey County Council), Alwyn Jones (GwE Assistant Director), Gareth Williams (Chair of GwE Advisory Board), Bethan Roberts (GwE), Annes Sion (Host Authority Member Support Officer - Gwynedd Council).

Commentator: Delyth Gray (Estyn)

1. ELECTING A CHAIRPERSON

Coun. Phill Wynn (Wrexham Borough County Council) was elected as Chairperson for 2019/20.

2. ELECTING A VICE- CHAIRPERSON

Coun. Garffild Lewis (Conwy Borough County Council) was elected as Vice-Chairperson for 2019/20.

3. APOLOGIES

Everyone was welcomed to the meeting, especially Coun. Cemlyn Williams to his first meeting of the GwE Joint Committee, and Delyth Gray attending as commentator from Estyn. The Chair congratulated Coun. Ian Roberts on becoming Leader of Flintshire Council. Condolences were passed on to Arwyn Thomas, following a recent bereavement.

Apologies were received from Haf Williams (Primary Schools' Representative), Claire Homard (Flintshire Council), Ian Roberts (Wrexham County Borough Council), and Arwyn Thomas (GwE Managing Director).

4. DECLARATION OF PERSONAL INTEREST

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

5. URGENT MATTERS

There were no urgent matters.

6. MINUTES OF PREVIOUS MEETING

The Chair signed the minutes of the meeting held on 20 February, 2019 as correct.

7. GwE ANNUAL REPORT

DECISION

To accept the Report.

DISCUSSION

The report was presented, noting that the majority of the information had been derived from GwE's Performance Management procedure. It was added that the report aims to strike a balance between GwE's performance over the year, and future steps. It was added that the priorities seen in the report are in GwE's Business Plan for 2019-20.

The issue of English results during GCSE examinations was raised. It was noted that discussions will recommence soon between the Chief Executive of Qualifications Wales, Philip Blaker and Heads of Denbighshire Secondary Schools, following a period of no engagement. Councillors were urged to discuss with other Secondary Heads in the region, and to contact Qualifications Wales in order to reopen the discussion. It was added that the Head of Education at Denbighshire County Council will report back after the meeting.

The Shirley Clarke project is ongoing and successful, and the 27 schools involved in tier 1 have been sharing their skills with tier 2 schools. It was added that the reform journey is ongoing and is embedded in all aspects of GwE's work. It was added that the reform journey has a key role in supporting the Welsh language. It was noted that the strategic priorities align with Welsh Government priorities.

Comments arising from discussion:

- Staff were thanked for the report, and it was noted that there is a very challenging time ahead for GwE.

8. LEVEL 1 BUSINESS PLAN 2019/20

DECISION

To accept the report.

DISCUSSION

The Business Plan was presented noting that it reflects both regional and national priorities. It was noted that the Plan aligns with the Government's expectations.

The priorities of the Business Plan were highlighted which include developing and improving provision with the main focus on high-quality middle leadership. It was stated that additional learning needs is a priority as well as the transformational curriculum.

Comments arising from the discussion

- It was said that the Local Authorities' financial situation poses the greatest risk at present - given the cutbacks in Local Authority budgets over the past few years, schools risk facing further cuts.
- In light of the major changes with the curriculum transformation, a number of teachers with years of experience are said to be leaving education. The need to produce a specific risk register for this in terms of its impact on teachers, parents and pupils, was expressed.

- This need for GwE to address the savings so as to secure a long term solution was noted. It was suggested that the budget and workforce review needs to be carried out before October, ready for March.
- The business plan was said to align with national objectives.

9. GwE ACCOUNTS

DECISION

To accept the report.

DISCUSSION

The report was presented, noting that the report notes the Revenue Income and Expenditure Account in 2018/19. Attention was drawn to the financial variances. It was noted that there is underspend in terms of the workforce mainly as the result of the Assistant Director secondment. It was added that there is an overspend against Buildings as a result of GwE not meeting its income target, and Supplies and Services due to rising translation costs following GwE not being able to appoint a translator.

It was noted that GwE's financial situation on 31/03/19 was very neat, however that permanent savings need to be found by October 2019.



MEETING	GwE Joint Committee
DATE	8 July 2019
TITLE	The Joint Committee's Final Accounts for the year ended 31 March 2019
PURPOSE	To submit the Statement of Accounts, in the 'statutory' format, duly certified, but subject to audit
RECOMMENDATION	To receive and note the information
AUTHOR	Dafydd L Edwards, Head of Finance, Gwynedd Council

1. STATUTORY FINANCIAL REPORTING REQUIREMENTS

- 1.1 There are specific accounting and audit reporting requirements for Joint Committees.
- 1.2 Section 12 of the Public Audit (Wales) Act 2004 states that a joint committee of two or more (local) authorities is a local government body, and Section 13 of the Act requires such bodies to maintain accounts subject to audit by an external auditor approved by the Auditor General for Wales.
- 1.3 Although they are not independent legal entities, for the purposes of keeping accounts and being audited, a joint committee is separately subject to the same regulations as other local councils.
- 1.4 Gwynedd Council is the host Council responsible for meeting the accounting responsibilities and reporting on the financial matters of GwE's Joint Committee.

- 1.5 The Accounts and Audit (Wales) (Amendment) Regulations 2018 require all Joint Committees to prepare year-end accounts. Where the turnover exceeds £2.5million, a statement of accounts must be prepared in accordance with the CIPFA code for the Joint Committee.

2. ACCOUNTS FOR 2018/19

- 2.1 Simple summary “outturn” report regarding the 2018/19 accounts were presented to the Joint Committee on 22 May 2019. That report was more useful for internal / management purposes, while the Statement of Accounts is more suited for external / governance purposes.
- 2.2 The final net underspend for 2018/19 is £18,971. The “outturn” report presented to the Joint Committee on 22 May 2019 detailed the reasons for the net underspend and outlined the intended use of the balance.
- 2.3 **The Statement of Accounts for 2018/19 (subject to audit) is submitted herewith as Appendix A, duly certified** by Dafydd L Edwards, the Statutory Finance Officer for the Joint Committee. This statement is in a standard statutory format and is essential from a “governance” perspective.
- 2.4 The Statement of Accounts will be subject to imminent audit by Deloitte, Gwynedd Council’s external auditors appointed by the Auditor General for Wales. The Auditors will then produce an “ISA 260” report, detailing Deloitte’s main findings, and issued by the Wales Audit Office in the Auditor General’s name, to be presented to the GwE Joint Committee on 11 September 2019.

3. RECOMMENDATION

- 3.1 The Joint Committee is asked to receive and note GwE’s Statement of Accounts for 2018/19 (subject to audit).

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

Nothing to add from a propriety perspective.

Statutory Finance Officer:

Author of the report.

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

STATEMENT OF
ACCOUNTS
2018/19
(Subject to Audit)

Finance Department
Gwynedd Council
www.gwynedd.llyw.cymru

INDEX

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NARRATIVE REPORT

INTRODUCTION

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

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

The GwE Joint Committee accounts for the year 2018/19 are presented here on pages 7 to 34. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19*.

The Accounts consist of:-

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded by authorities in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. The income and expenditure has been split between the six councils as follows for 2018/19 :

Conwy	15.39%
Denbighshire	15.22%
Flintshire	22.65%
Gwynedd	17.61%
Anglesey	10.21%
Wrexham	18.92%
Total	100%

- **Movement in Reserves Statement** – This statement shows the movement in year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and 'unusable reserves'.
- **The Balance Sheet** - Sets out the financial position of the Joint Committee on 31 March 2019.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2018/19 for revenue and capital purposes.

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

GwE's Vision and Priorities

GwE's vision states that they we will have:

"Outstanding schools naturally collaborating and jointly identifying direction for improvement which will deliver excellent standards and wellbeing for their pupils".

GwE's Business plan identifies objectives set to meet its priorities, and is available at:

<https://www.gwegogledd.cymru/wp-content/uploads/2018/02/Business-Plan-2017-20.pdf>

Financial Strategy

The annual budget is established within the context of the medium-term financial strategy, in order to ensure that the budget is preparing for the future position, rather than addressing the requirements of one year only. This medium-term planning has proven to be very beneficial to the GwE, enabling it to plan necessary savings rationally, without having to take rushed/inappropriate decisions, and establishing a regime to identify budgetary savings and cuts.

GwE's Medium Term Financial plan sets out the foundation for its priorities, and is available at:

<https://democracy.cyngor.gwynedd.gov.uk/ielistdocuments.aspx?cid=243&mid=2494&ver=4>

2018/19 Performance

GwE reports quarterly on the performance of the service in delivering the service functions and key aims. The Annual Performance Report is available at:

<https://democracy.cyngor.gwynedd.gov.uk/ielistdocuments.aspx?cid=243&mid=2896&ver=4>

2018/19 Financial Performance

- The Comprehensive Income and Expenditure Statement on page 8 shows that the Joint Committee's gross revenue expenditure on 'cost of services' level was £16,534k during 2018/19, with a net position of £469k.
- The financial out-turn position for 2018/19 was reported to the Joint Committee at its meeting on 22 May 2019. Joint Committee Members' approval was sought to transfer the (£19k) underspend to an earmarked reserve.
- The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 8 and 9 detail the analysis in movements for the year.

TABLE 1 - Budget and Actual Comparison Summary (Net)

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

	Budget	Actual	Variance
	£'000	£'000	£'000
Expenditure on Operations	16,060	16,046	(14)
Income			
Council Contributions for the core service:			
Conwy	(633)	(633)	0
Denbighshire	(626)	(626)	0
Flintshire	(932)	(932)	0
Gwynedd	(725)	(725)	0
Anglesey	(420)	(420)	0
Wrexham	(778)	(778)	0
Other Income	(11,946)	(11,951)	(5)
Net (Underspend)/Overspend	0	(19)	(19)

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

	Performance Report (Out-turn) £'000	*Transposition Adjustment £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Income & Expenditure Statement £'000
Expenditure	16,046	(174)	15,872	662	16,534
Income	(16,065)	0	(16,065)	0	(16,065)
Net Cost of Services	(19)	(174)	(193)	662	469

* The adjustments in the transposition column relate to contributions to and from reserves, and the adjustments between Funding and Accounting Basis column relate to the required technical adjustments for pensions and accumulated absences.

- **Material Items of Income and Expenditure**

Related Items include :-

- £1,313k on pensions, being the annual remeasurement of the net defined benefit assets relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 16).
- £16,065k in grants and contributions and equivalent expenditure (Note 21). A decrease of £983k compared to 2017/18.

- **Other Issues**

- Problems in the global financial situation have continued in recent years. Because of this general situation, it has been necessary for the Joint Committee to take these circumstances into consideration in its financial plans, whilst maintaining a prudent level of reserves.
- Since the referendum on the UK's membership of the European Union, there has been a degree of economic uncertainty. This is expected to last for some time and may affect some factors and financial decisions made by the Joint Committee.

Provisions and Reserves

The Joint Committee has provisions of £3k and earmarked reserves of £341k. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Notes 9 and 14.

Pension Fund

The Joint Committee has a net liability from its share of the assets and liabilities of the Gwynedd Pension Fund, which has been calculated in accordance with International Accounting Standard 19. The Balance Sheet contains an assessment by the Fund's Actuary, Hymans, of the Joint Committee's share of the Pension Fund liability. This net liability has increased by £2,156k to £8,904k in 2018/19. Refer to Note 25 for further information.

The net pension liability is a position at one point in time. Market prices can move substantially up or down in the short term and it is therefore not possible to quantify the long-term effect such movements in market prices will have on the Pension Fund. The triennial valuation will provide a more dependable picture of the situation by 31/03/2020.

Governance

GwE is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Further information is included within the Annual Governance Statement.

Accounting Policies

The accounting policies adopted on behalf of the Joint Committee comply with all relevant recommended accounting practices and are fully explained in the Accounting Policies set out in Note 1 of the Accounts commencing on page 12.

Changes in Accounting Policies and to the Accounts

The Joint Committee's existing accounting policies are amended only insofar as to reflect the changes required by proper accounting practices following revisions effective for the financial year 2018/19 to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom in respect of accounting for financial instruments and income recognition.

The additional guidance regarding recognition of income from contracts with customers, IFRS 15 Revenue from Contracts with Customers had minimal or no impact, as the new requirements are broadly consistent with the Joint Committee's existing income recognition principles.

Similarly financial guidance on IFRS 9 Financial Instruments had minimal or no impact on GwE accounts.

FURTHER INFORMATION

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

Further information relating to the accounts is available from:

Ffion Madog Evans
Senior Finance Manager
01286 679133

or

Hywyn Lewis Jones
Senior Accountant
01286 679145

Finance Department
Gwynedd Council
Council Offices
Caernarfon
Gwynedd
LL55 1SH

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

GwE JOINT COMMITTEE

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE JOINT COMMITTEE'S RESPONSIBILITIES

Gwynedd Council as host authority bears the responsibility for the arrangements and administration of the Joint Committee's financial affairs.

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

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

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance is responsible for the preparation of the GwE Joint Committee Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent and complied with the Code.

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

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of the GwE Joint Committee at 31 March 2019 and its income and expenditure for the year then ended.



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

30 May 2019

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18				2018/19		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
4,008	226	4,234	Employees	4,264	662	4,926
181	0	181	Property	297	0	297
146	0	146	Transport	193	0	193
2,155	0	2,155	Supplies and Services	2,558	0	2,558
11,302	0	11,302	Third Parties	8,560	0	8,560
(17,045)	0	(17,045)	Income	(16,065)	0	(16,065)
747	226	973	Cost of Services	(193)	662	469
0	0	0	Other Operating Expenditure	0	0	0
0	183	183	Financing and Investment Income and Expenditure	0	191	191
0	0	0	Taxation and non-specific grant income	0	0	0
747	409	1,156	(Surplus) / Deficit on Provision of Services	(193)	853	660
(895)			Opening General Fund Balance	(148)		
747			(Surplus)/Deficit on General Fund in Year	(193)		
(148)			Closing General Fund Balance	(341)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2017/18			2018/19			
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,234	0	4,234		4,926	0	4,926
181	0	181		297	0	297
146	0	146		193	0	193
2,155	0	2,155		2,558	0	2,558
11,302	0	11,302		8,560	0	8,560
0	(17,045)	(17,045)		0	(16,065)	(16,065)
18,018	(17,045)	973		16,534	(16,065)	469
0	0	0		0	0	0
183	0	183	10	191	0	191
0	0	0		0	0	0
18,201	(17,045)	1,156		16,725	(16,065)	660
		(601)	16			1,313
		(601)				1,313
		555				1,973

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable reserves'. The Statement shows how the movements in year of the Joint Committee's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (via the Councils' contributions). The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	Additional Information		Movement in Reserves Statement			
	Unearmarked General Fund Balance	Earmarked General Fund Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Joint Committee's Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance 31 March 2017 carried forward	0	(895)	(895)	(895)	7,019	6,124
Movement in reserves during 2017/18						
(Surplus)/Deficit on provision of services	1,156	0	1,156	1,156	0	1,156
Other Comprehensive Income and Expenditure	0	0	0	0	(601)	(601)
Total Comprehensive Income and Expenditure	1,156	0	1,156	1,156	(601)	555
Adjustments between accounting basis and funding basis under regulations	8 (409)	0	(409)	(409)	409	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	747	0	747	747	(192)	555
Transfers to/(from) Earmarked Reserves	(747)	747	0	0	0	0
(Increase)/Decrease in 2017/18	0	747	747	747	(192)	555
Balance 31 March 2018 carried forward	9 0	(148)	(148)	(148)	6,827	6,679
Movement in reserves during 2018/19						
(Surplus)/Deficit on provision of services	660	0	660	660	0	660
Other Comprehensive Income and Expenditure	0	0	0	0	1,313	1,313
Total Comprehensive Income and Expenditure	660	0	660	660	1,313	1,973
Adjustments between accounting basis and funding basis under regulations	8 (853)	0	(853)	(853)	853	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(193)	0	(193)	(193)	2,166	1,973
Transfers to/(from) Earmarked Reserves	9 193	(193)	0	0	0	0
(Increase)/Decrease in 2018/19	0	(193)	(193)	(193)	(2,166)	1,973
Balance 31 March 2019 carried forward	0	(341)	(341)	(341)	8,993	8,652

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/(liabilities) of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves 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. The second category of reserves is those that the Joint Committee is not able to use to provide services. This category of reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018 £'000	Note	31 March 2019 £'000
1	Long-term Debtors	0
1	Long-term Assets	0
4,310	Short-term Debtors	265
271	Cash and Cash Equivalents	2,872
4,581	Current Assets	3,137
(4,246)	Short-term Creditors	(2,421)
(3)	Short-term Provisions	(3)
(264)	Grants Receipts in Advance	(461)
(4,513)	Current Liabilities	(2,885)
(6,748)	Pension Liability	(8,904)
(6,748)	Long-term Liabilities	(8,904)
(6,679)	Net Assets	(8,652)
(148)	Usable Reserves	(341)
6,827	Unusable Reserves	8,993
6,679	Total Reserves	8,652

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating and investing. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of grant income or from the recipients of services provided by the Joint Committee. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee's future service delivery.

2017/18 £'000	Note	2018/19 £'000
1,156	Net (Surplus) / Deficit on the Provision of Services	660
(882)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (<i>creditors, debtors and pension</i>)	(3,260)
274	Net cash flows from Operating Activities	(2,600)
(2)	Investing Activities	(1)
272	Net (Increase)/Decrease in cash and cash equivalents	(2,601)
(543)	Cash and cash equivalents at the beginning of the reporting period	(271)
(271)	Cash and cash equivalents at the end of the reporting period	(2,872)

NOTES TO THE ACCOUNTS

NOTE I – ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) (Amendment) Regulations 2018, in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* and the Service Reporting Code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS).

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

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

1.2 Accruals of Expenditure and Income

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

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

1.4 Employee Benefits

1.4.1 Benefits Payable during Employment

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

NOTE I – ACCOUNTING POLICIES (continued)

1.4.2 Termination Benefits

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

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

1.4.3 Post-employment Benefits

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

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

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

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

1.4.4 The Local Government Pension Scheme

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

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.4% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

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

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

NOTE I – ACCOUNTING POLICIES (continued)

Service cost comprising:

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

Remeasurements comprising:

- The return on Plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Gwynedd Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

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

1.4.5 Discretionary Benefits

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

NOTE 1 – ACCOUNTING POLICIES (continued)

1.5 Events after the Reporting Period

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

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

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

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

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

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

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

1.7 Government Grants and Other Contributions

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

1.8 Overheads and Support Services

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

1.9 Provisions

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

1.10 Reserves

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

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

1.11 Value Added Tax

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

NOTE 1 – ACCOUNTING POLICIES (continued)

1.12 Debtors and Creditors

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

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

1.13 Long-Term Contracts

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.14 Joint Operations

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

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

NOTE 2 – CHANGE IN ACCOUNTING POLICY

The Joint Committee's existing accounting policies are amended only insofar as to reflect the changes required by proper accounting practices following revisions effective for the financial year 2018/19 to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom in respect of accounting for financial instruments and income recognition.

The additional guidance regarding recognition of income from contracts with customers, IFRS 15 Revenue from Contracts with Customers had minimal or no impact, as the new requirements are broadly consistent with the Joint Committee's existing income recognition principles.

Similarly financial guidance on IFRS 9 Financial Instruments had minimal or no impact on GwE accounts.

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2019/20 Code:-

Amendments to IAS 40 Investment Property: Transfers of Investment Property.

Annual Improvements to IFRS Standards 2014-2016 Cycle.

IFRIC 22 Foreign Currency Transactions and Advance Consideration.

IFRIC 23 Uncertainty over Income Tax Treatments.

Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

The Code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 Statement of Accounts, and none of the new or amended standards within the 2019/20 Code are expected to have a material impact on the information provided in the financial statements.

NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

In recent years there has been some uncertainty about future levels of funding from Welsh Government relating to grants. This issue forms an important part of the Joint Committee's continually revised financial strategy, and where all known and forecasted factors are given due consideration. The impact of the decision for Britain to leave the European Union also remains unclear. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired.

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

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

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

The following item in the Joint Committee's Balance Sheet at 31 March 2019 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

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

NOTE 6 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:-

- £1,313k on pensions, being the remeasurements of the net defined benefit assets relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 16).
- £16,065k in grants and contributions and equivalent expenditure (Note 21). A decrease of £983k compared to 2017/18.

NOTE 7 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2018/19				
ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments (i)	Other Differences (ii)	Total Adjustments
	£'000	£'000	£'000	£'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	652	10	662
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Income	0	0	0	0
Cost of Services	0	652	10	662
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	191	0	191
Taxation and non-specific grant income	0	0	0	0
(Surplus) / Deficit on Provision of Services	0	843	10	853

2017/18				
ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments (i)	Other Differences (ii)	Total Adjustments
	£'000	£'000	£'000	£'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	221	5	226
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Income	0	0	0	0
Cost of Services	0	221	5	226
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	183	0	183
Taxation and non-specific grant income	0	0	0	0
(Surplus) / Deficit on Provision of Services	0	404	5	409

NOTE 7 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

(i) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension-related expenditure and income:

- For **Services** – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

(ii) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Services** – this represents an adjustment for accumulated absences earned but not taken during the year.
- For **Financing and investment income and expenditure** – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

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

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

2018/19		
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS	Usable Reserve General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 25)	(1,437)	1,437
Employer's pensions contributions and direct payments to pensioners payable in the year	594	(594)
Adjustment primarily involving the Accumulated Absences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(10)	10
Total Adjustments	(853)	853

2017/18		
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS	Usable Reserve General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 25)	(1,281)	1,281
Employer's pensions contributions and direct payments to pensioners payable in the year	877	(877)
Adjustment primarily involving the Accumulated Absences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(5)	5
Total Adjustments	(409)	409

NOTE 9 – TRANSFERS TO/FROM EARMARKED RESERVES

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

Earmarked Reserves

	GwE Joint Committee Reserves
	£'000
Balance 31 March 2018	148
<u>Transfers:</u>	
In	193
Out	0
Balance 31 March 2019	341

NOTE 10 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2017/18	2018/19
£'000	£'000
183	191
Net interest on the net defined benefit liability/(asset)	
183 Total	191

NOTE 11 – SHORT-TERM DEBTORS

	31 March 2018	31 March 2019
	£'000	£'000
Trade Receivables	319	142
Prepayments	75	49
Other Receivable Amounts	3,916	74
Total	4,310	265

Following adjustments to the Code of Practice, the 2017/18 figures have been restated to comply with the new requirements.

NOTE 12 – CASH AND CASH EQUIVALENTS

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

	31 March 2018 £'000	31 March 2019 £'000
Cash in Hand	271	2,872
Cash and Cash Equivalents	271	2,872
Bank Overdraft	0	0
Total	271	2,872

NOTE 13 – SHORT-TERM CREDITORS

	31 March 2018 £'000	31 March 2019 £'000
Trade Payables	473	417
Other Payables	3,773	2,004
Total	4,246	2,421

Following adjustments to the Code of Practice, the 2017/18 figures have been restated to comply with the new requirements.

NOTE 14 – PROVISIONS

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

	Balance at 31 March 2018 £'000	(Addition) / Reduction / Transfer £'000	Used during the year £'000	Balance at 31 March 2019 £'000
Short-term Provisions				
Green Car Scheme Provision	(3)	0	0	(3)
	(3)	0	0	(3)

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

NOTE 15 – USABLE RESERVES

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

NOTE 16 – UNUSABLE RESERVES

31 March 2018		31 March 2019
£'000		£'000
(6,748)	Pensions Reserve	(8,904)
(79)	Accumulated Absences Account	(89)
(6,827)	Total Unusable Reserves	(8,993)

Pensions Reserve

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

2017/18		2018/19
£000		£000
(6,945)	Balance 1 April	(6,748)
601	Remeasurements of the net defined benefit (liabilities) / assets (Note 25)	(1,313)
(1,281)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,437)
877	Employer's pensions contributions and direct payments to pensioners payable in the year	594
(6,748)	Balance 31 March	(8,904)

NOTE 16 – UNUSABLE RESERVES (continued)

Accumulated Absences Account

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

2017/18 £000	2018/19 £000
(74) Balance 1 April	(79)
(5) Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(10)
(79) Balance 31 March	(89)

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

2017/18 £'000	2018/19 £'000
(947) (Increase)/Decrease in Creditors	1,825
377 Increase/(Decrease) in Debtors	(4,045)
(404) Pension Liability	(843)
92 Other non-cash items charged to net surplus/deficit on the provision of services	(197)
(882)	(3,260)

NOTE 18 – EVENTS AFTER THE BALANCE SHEET DATE

There are no known post-balance sheet events.

NOTE 19 – OFFICERS’ REMUNERATION

19a. The Accounts and Audit (Wales) (Amendment) Regulations 2018 require the Joint Committee to disclose the following information relating to employees appointed as Senior Officers, and whose salary is between £60,000 and £150,000. In compliance with the defined requirements, the pensionable pay, employer’s pension contributions and other employer costs are included below (including termination benefits), but the employer’s national insurance contributions are excluded. The remuneration paid to the Joint Committee’s senior officers directly employed by GwE is as follows:

2017/18				Chief Officers	2018/19			
Employer’s		Other	Total		Employer’s		Other	Total
Salary	Pension Contribution	Employer Costs		Salary	Pension Contribution	Employer Costs	Salary	
£	£	£	£	£	£	£	£	£
77,708	17,562	0	95,270	Chief Officer ¹	100,333	22,675	0	123,008

1) For the period 1 November 2016 to 31 May 2017, the post holder was the Head of Education for Gwynedd Council and operated as a temporary Managing Director for GwE on a part-time basis. GwE was recharged for 80% of the costs, £18k for 2017/18. Holder permanently in post from 1 June 2017.

19b. Other Joint Committee employees receiving more than £60,000 remuneration for the year (excluding employer’s pension and national insurance contributions) were paid the following amounts. Termination benefits are to be included in the figures; however, there were no cases in 2018/19 or 2017/18.

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:			
Number in 2017-18		Number in 2018-19	
Total		Total	
4	£60,000 - 64,999	10	
3	£65,000 - 69,999	4	

NOTE 20 – EXTERNAL AUDIT COSTS

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

2017/18		2018/19
£’000		£’000
11	Fees payable to the auditor appointed by the Auditor General for Wales with regard to external audit services	11
3	Adjustment of fees payable to the auditor for previous year	0
14	Net Fees	11

Deloitte have been appointed by the Auditor General for Wales as Gwynedd Council’s, and subsequently GwE’s, external auditors.

NOTE 21 – GRANT INCOME

21a. The Joint Committee credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2017/18		2018/19	
	£'000	£'000	£'000	£'000
Grants and Contributions Credited to Services				
Welsh Government -				
Schools Challenge Cymru (SCC)	26		0	
Raising Standards Grant	2,473		0	
Supporting the use of Informal Languages - Children and Young People	240		0	
NPQH - National Professional Qualification for Headship	147		0	
Pupil Deprivation Grant - Looked After Children *	844		874	
Pioneer Schools Network	1,891		0	
Learning in Digital Wales (LiDW)	114		0	
Other	144		263	
		5,879		1,137
Regional Consortia School Improvement Grant ** -				
Welsh Government (excluding the EIG)		0		7,077
Education Improvement Grant (EIG) *				
Match funding from Councils				
Conwy	67		51	
Denbighshire	343		343	
Flintshire	86		86	
Gwynedd	547		547	
Anglesey	291		205	
Wrexham	0		0	
Welsh Government	4,355		2,002	
		5,689		3,234
Other Government Grants and Contributions -				
Sports Council for Wales	48		10	
Education Workforce Council	339		309	
		387		319
Other Grants and Contributions -				
Councils' Contributions towards the Core Service				
Conwy	629		633	
Denbighshire	623		626	
Flintshire	927		932	
Gwynedd	722		725	
Anglesey	414		420	
Wrexham	770		778	
		4,085		4,114
Other		1,008		184
Total Grants and Contributions Credited to Services		17,048		16,065

* Does not include grants or match funding distributed directly to schools.

** The majority of grants GwE receives annually, including the Education Improvement Grant, have been amalgamated into one comprehensive grant 'Regional Consortia School Improvement Grant' in 2018/19.

NOTE 21 – GRANT INCOME (continued)

21b. The Joint Committee has received grants that have yet to be recognised as income as they have conditions attached that could require the monies to be returned to the provider. The balance at the year-end is as follows:

	31 March 2018 £'000	31 March 2019 £'000
Grants and Contributions Received in Advance		
Short-term		
Newly Qualified Teachers Programme	264	344
Regional Consortia School Improvement Grant	0	117
Total	<u>264</u>	<u>461</u>

NOTE 22 – RELATED PARTIES

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee. To conform to the requirements, this is done by completing a personal declaration by the Members and Senior Officer, as defined in the CIPFA Code of Practice.

Members

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

Members have declared an interest or relationship in companies or businesses which may have dealings with the Joint Committee. A breakdown of the payments and balances at 31 March 2019 made to these companies under this heading during 2018/19 is as follows:

Payments made £'000	Amounts owed by the Joint Committee £'000	Amounts owed to the Joint Committee £'000
422	0	8

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

Officers

The Joint Committee's Senior Officer has declared as required and where appropriate an interest or relationship in companies, voluntary, charitable, or public bodies which receive payments from the Joint Committee. During 2018/19 no payments were made or owed by the Joint Committee for the related bodies.

NOTE 23 – EXIT PACKAGES

There were no exit packages in 2018/19 or 2017/18.

NOTE 24 – PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Joint Committee is not able to identify its share of the 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 2018/19 the Joint Committee paid £10k (2017/18: £10k) in respect of teachers' pension costs, which represented 16.48%, on average (2017/18: 16.48%) of teachers' pensionable pay. In addition the Joint Committee is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms for the teachers' scheme. There were no such costs in 2018/19 or 2017/18. These costs are accounted for on a defined benefits basis and are included in Note 25.

NOTE 25 – PENSION COSTS

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

GwE participates in two post-employment schemes:

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

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Gwynedd Council. Policy is determined in accordance with the Local Government Pensions Scheme Regulations. In the past the investment managers of the fund have been appointed by the Gwynedd Pension Fund Committee. As the investments are transferred to the Wales Pension Partnership (WPP) the managers will be appointed by the partnership.

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

Transactions Relating to Post-employment Benefits

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

NOTE 25 – PENSION COSTS (continued)

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2018			Period ended 31 March 2019		
	Assets	Liabilities	Net (liability) /asset	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	14,702	0	14,702	15,969	0	15,969
Present Value of Funded Liabilities	0	(21,647)	(21,647)	0	(22,717)	(22,717)
Present Value of Unfunded Liabilities	0	0	0	0	0	0
Opening Position at 1 April	14,702	(21,647)	(6,945)	15,969	(22,717)	(6,748)
Service Cost						
Current Service Cost*	0	(1,098)	(1,098)	0	(1,246)	(1,246)
Past Service Costs (including curtailments)	0	0	0	0	0	0
Total Service Cost	0	(1,098)	(1,098)	0	(1,246)	(1,246)
Net interest						
Interest Income on Plan Assets	392	0	392	437	0	437
Interest Cost on Defined Benefit Obligation	0	(575)	(575)	0	(628)	(628)
Total Net Interest	392	(575)	(183)	437	(628)	(191)
Total Defined Benefit Cost Recognised in Profit/(Loss)	392	(1,673)	(1,281)	437	(1,874)	(1,437)
Cash flows						
Plan participants' contributions	224	(224)	0	260	(260)	0
Employer contributions	878	0	878	568	0	568
Contributions in respect of unfunded benefits	0	0	0	0	0	0
Benefits Paid	(348)	348	0	(345)	345	0
Unfunded Benefits Paid	0	0	0	0	0	0
Expected Closing Position	15,848	(23,196)	(7,348)	16,889	(24,506)	(7,617)
Remeasurements						
Change in demographic assumptions	0	0	0	0	0	0
Change in financial assumptions	0	479	479	0	(2,181)	(2,181)
Other experience	0	0	0	0	0	0
Return on Assets excluding amounts included in net interest	121	0	121	894	0	894
Total remeasurements recognised in Other Comprehensive Income (OCI)	121	479	600	894	(2,181)	(1,287)
Fair Value of Employer Assets	15,969	0	15,969	17,783	0	17,783
Present Value of Funded Liabilities	0	(22,717)	(22,717)	0	(26,687)	(26,687)
Present Value of Unfunded Liabilities**	0	0	0	0	0	0
Closing Position at 31 March	15,969	(22,717)	(6,748)	17,783	(26,687)	(8,904)

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

** For unfunded liabilities as at 31 March 2019, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension at the date of the member's death.

NOTE 25 – PENSION COSTS (continued)

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

The Actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for GwE is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2018. The split is shown in the table above. The Actuary estimates the bid value of the Fund's assets as at 31 March 2019 to be £2,090m based on information provided by the Administering Authority and allowing for index returns where necessary. Only a portion of the Fund is relevant to the GwE.

Fair Value of Employer Assets

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

Asset Category	At 31 March 2018				At 31 March 2019			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Equity Securities								
Consumer	474	0	474	3	443	0	443	2
Manufacturing	524	0	524	3	532	0	532	3
Energy and Utilities	50	0	50	0	0	0	0	0
Financial Institutions	283	0	283	2	208	0	208	1
Health and Care	811	0	811	5	1,137	0	1,137	6
Information Technology	607	0	607	4	311	0	311	2
Other	55	0	55	0	604	0	604	3
Debt Securities								
Other	0	2,321	2,321	14	0	2,584	2,584	15
Private Equity								
All	0	621	621	4	0	965	965	5
Real Estate								
UK Property	373	846	1,219	8	565	1,061	1,626	9
Overseas Property	0	15	15	0	0	9	9	0
Investment Funds and Unit Trusts								
Equities	3,242	4,867	8,109	51	3,460	5,097	8,557	48
Infrastructure	0	279	279	2	0	350	350	2
Cash and Cash Equivalents								
All	601	0	601	4	457	0	457	3
Total	7,020	8,949	15,969	100	7,717	10,066	17,783	100

NOTE 25 – PENSION COSTS (continued)

Basis for estimating assets and liabilities

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

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2016. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:-

	31 March 2018	31 March 2019
Financial Assumptions	% p.a.	% p.a.
Pensions Increase Rate	2.4	2.5
Salary Increase Rate*	2.4	2.5
Inflation Rate	2.4	2.5
Discount Rate	2.7	2.4
Long-term expected rate of return on all categories of assets	2.7	2.4
Take-up option to convert annual pension into retirement lump sum		
for pre-April 2008 service	50	50
for post-April 2008 service	75	75
Mortality assumptions	Years	Years
Longevity at 65 for current pensioners		
Men	22.0	22.0
Women	24.2	24.2
Longevity at 65 for future pensioners		
Men	24.0	24.0
Women	26.4	26.4

*For unfunded liabilities as at 31 March 2019, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension at the date of the member's death.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2019 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Joint Committee of a one-year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

NOTE 25 – PENSION COSTS (continued)

The figures in the table below have been derived based on the membership profile of the Joint Committee as at 31 March 2016, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

Impact on the Defined Benefit Obligation in the Scheme Change in assumption	Approximate increase to Employer	Approximate monetary amount
	31 March 2019	31 March 2019
	%	£'000
0.5% decrease in real discount rate	11	3,018
0.5% increase in the salary increase rate	2	665
0.5% increase in the pension increase rate	9	2,290

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

Impact on the Joint Committee's Cash Flows

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

The contributions paid by the Joint Committee are set by the Fund Actuary at each triennial valuation (the most recent being as at 31 March 2016), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2020 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Joint Committee, please refer to the 2016 actuarial report dated 31 March 2017.

Information about the Defined Benefit Obligation

	Liability Split		Duration
	31 March 2019		
	£'000	%	
Active Members	19,665	73.7	23.1
Deferred Members	565	2.1	32.9
Pensioner Members	6,457	24.2	14.0
Total	26,687	100.0	20.0

The above figures are for funded obligations only and do not include unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2016.

NOTE 25 – PENSION COSTS (continued)

Impact in Future Years

The total contribution expected to be made to the Local Government Pensions Scheme by the Joint Committee in the year to 31 March 2020 is £568k.

In April 2017, the Joint Committee made a payment of £394k to the Gwynedd Pension Fund to cover the fixed element of the employer contributions for the period 2017/18 to 2019/20. By making this payment, the Joint Committee benefited from a lower contribution rate than would have otherwise been calculated.

As the Actuary's report is based on estimates and due to timing issues, an adjustment of £25,800 has been made in 2018/19 (£259,309 in 2017/18) to bring the deficit in the Scheme based on the Actuarial figures in comparison with the liability related to the defined benefit pension schemes in the Balance Sheet. This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities and therefore has been included in the Liability related to the defined benefit Pension Schemes in the Balance Sheet.

McCloud Legal Judgement

Our Actuary has advised that it is too early to know what the likely impact may be on LGPS members' benefits and therefore no allowance has been made within employer's 31 March 2019 IAS19 reports for the potential outcome of this judgement. There is uncertainty regarding the judgement with the government awaiting news of its right to appeal.



REPORT TO THE JOINT COMMITTEE

8 JULY 2019

Report by: GwE Managing Director

Subject: Annual Governance Statement for the Joint Committee

1.0 Purpose of the Report

1.1 To accept and approve the Annual Governance Statement.

2.0 Background

2.1 The Accounts and Audit (Wales) (Amendment) Regulations 2108 sets fixed requirements on public bodies that operate partnership management arrangements through formal joint committees.

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

3.0 Recommendations

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

4.0 Financial Implications

4.1 There are no financial implications arising from this report.

5.0 Equalities Impact

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

6.0 Personnel Implications

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

7.0 Appendices

7.1 Annual Governance Statement 2018/19

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

I am satisfied that the Statement provides an appropriate description of GwE's governance arrangements.

Statutory Finance Officer:

By responding to several independent reviews of the service, GwE has thoroughly reviewed its governance arrangements in recent years. I am satisfied that this statement is a fair reflection of GwE governance arrangements for the year 2018/19. However, members of the Joint Committee have a key role and continuing challenge to work together to ensure that GwE achieves its responsibilities effectively, and positively develops for the benefit of the schools and pupils of the region.

ANNUAL GOVERNANCE STATEMENT

This statement meets the requirement to produce a Statement of Internal Control pursuant to Section 5 of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2108.

Part 1: SCOPE OF RESPONSIBILITY

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

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

GwE is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

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

Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework described above has been in place at GwE for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

Part 3: THE GOVERNANCE FRAMEWORK

3.1 Membership

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

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

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

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

3.2 Functions

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

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

3.3 Principles

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

- **Openness and Trust**

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

- **Commitment and Drive**

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

- **Skills and Creativity**

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

- **Effective Relationships**

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

- **Developing and Adaptive**

The Councils recognise that they are engaged in what could be a long term relationship which needs to develop and adapt and will use reasonable endeavours to develop and

maintain an effective joint process to ensure that the relationship develops appropriately and in line with these principles and objectives;

- Reputation and Standing

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

- Reasonableness of Decision Making

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

- Necessary Consents

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

- Members and Officers' Commitments

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

Part 4: EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

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

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

Following the review conducted by Wales Audit Office & Estyn in January 2015, Welsh Government asked Estyn to follow up their review by inspecting and reporting on each consortium individually. The Estyn Regional Inspection took place during the two weeks commencing 18 April 2016. The report on the quality of school improvement services provided by the North Wales Consortium was produced on 30 June 2016.

https://www.estyn.gov.wales/sites/default/files/documents/GwE_1.pdf

The report was presented to the Joint Committee on the 6th of July 2016 with further discussions along with the presentation of the Regional Business Plan & Post Inspection Action Plan to the Joint Committee on the 22nd of September 2016.

<http://www.gwegogledd.cymru/Content/Uploaded/Downloads/GWE/360c646b-bb14-49c2-b26a-0328fc69fe.pdf>

In October 2017 (w/c 16 October 2017), Estyn visited GwE to review the progress made against recommendations noted in the inspection. The report following the monitoring visit was produced by Estyn on the 16th of November 2017.

<https://www.estyn.gov.wales/sites/default/files/documents/GwE%20Consortium%20en.pdf>

The report was presented to the Joint Committee on the 22nd of November 2017.

<http://www.gwegogledd.cymru/Content/Uploaded/Downloads/GWE/59e92e08-bd75-43bd-af30-1a07e981736c.pdf>

GwE's progress was endorsed by Estyn following their re-visit. The Estyn report concluded that since the core inspection, GwE has conducted an intensive and comprehensive review of its work and its effect on standards, provision and leadership across the region. The report also comments that stakeholders at all levels have increasing confidence in GwE's ability to provide an effective school improvement service and that significant changes have been made to management structures to distribute leadership and ensure clear lines of accountability.

Progress against four of the recommendations were judged to be very good, with strong progress noted for the other two recommendations. Estyn also commented on the significant pace of improvement and acknowledged that much had taken place over a very short period of time. GwE has a clear three-year plan that sets out how, in close collaboration with key stakeholders, it will strengthen leadership, improve teaching and learning and increase aspiration to impact on standards and accelerate the pace of improvement in regional secondary schools.

The focus is now on support and on capacity-building for a self-improving system. Challenge Advisers have become 'Supporting Improvement Advisers' (SIA) and this is more than a name change – it signals a determination to build trust with key stakeholders and to move away from a top-down approach to school improvement, developing a more long-term, supportive and sustainable strategy.

There is strong focus on accountability, continuous review and constant emphasis on achieving progress in accordance with the regions priorities. The evaluation processes in place are cyclical and

ongoing and there are clearly defined lines of accountability. Agreed priorities and areas for improvement for 2019-20 are based firmly on the findings of the self-evaluation processes.

GwE is held accountable through various forums throughout the year namely Welsh Government, National Assembly for Wales Children Young People and Education Committee, Estyn link meetings and Local Authority inspections, Local Authority Scrutiny Committees, Local Authority County Quality Boards, GwE Management Board and the Joint Committee, in accordance with the Accountability Framework.

In the Denbighshire inspection report (February 2018), Estyn concluded that:

The roles and responsibilities of the authority and its regional school improvement consortium (GwE) are defined clearly and understood well by authority officers, the consortium's staff and school leaders. Through senior officers, elected members and GwE staff, schools in Denbighshire are challenged robustly about their performance, including the outcomes for pupils, the quality of teaching, the care they provide, and the quality of leadership. Schools are often supported well and in proportion to their needs following appropriate school categorisation.

Schools that are identified as causing concern receive considerable support and, where necessary, intervention. In most cases, this results in schools improving at an appropriate pace.

Schools are supported well in aspects of national priorities, for example in improving pupils' literacy and numeracy skills and in preparing for curriculum reform. Aspiring and serving senior and middle leaders in schools have access to good quality professional learning opportunities to develop their leadership skills.

The Welsh Government annual autumn Challenge and Review meetings are chaired by the Cabinet Secretary for Education focusing on performance, progress, planning and budgets in the context of national priorities. The last meeting was very positive and it was expressed that it had set a high bar, demonstrating the political maturity of the Joint Committee.

In September 2018, Steve Munby – an education consultant on leadership and system reform - reviewed GwE's current practice and direction of travel and the following were identified as areas of strength:

1. The team has built credibility with schools. Increasingly at secondary level GwE has serving head teachers (either on a secondment basis or as part-time associates). Primary advisers usually have head teacher experience.
2. Relationships with local authorities, including those with the six education portfolio leads are very strong.
3. The professional learning programme is based on need rather than on the interest and specialism of the advisers.
4. The new G6 instrument has the potential to save schools time and to integrate the various scrutiny and monitoring requirements whilst at the same time supporting school self-evaluation. It has very significant potential.
5. Internal business plans are robust and are monitored systematically – they connect activity with impact and with budget monitoring. This is impressive.
6. Some of the clusters are working very well and demonstrating outcome-focused collaboration and collective responsibility; though this is still a minority.
7. GwE is doing impressive work to enable pioneer schools to provide some strong collaborative leadership across their clusters for the new Welsh Curriculum, though this is still patchy.
8. The new proposed system for analysing the expected progress of pupils, linked to value-added and contextual factors, is highly impressive and could help to shift the culture away from

competition with other schools and away from focusing on borderline pupils towards focusing on every child and his or her progress.

9. It is very early days but the new emphasis on using small data for school improvement has great potential to increase the confidence of schools towards school-based approaches to improvement and can empower teachers to take greater responsibility for improving teaching and learning and support for children in their classrooms/schools.
10. There is a new approach to creating a directory of successful practice which can be shared electronically. This has the potential to support the dissemination of good practice in a practical way.
11. Very significant progress is being made on leadership development – linked to impressive leadership development programmes and the new direction provided by the NAEL. This is a huge step forward and has great potential to improve the quality of school leadership.

In his report, Steve Munby concludes that:

The direction of travel that GwE has adopted is exactly the right one. Much is now in place to move things forward strongly – leadership, clear direction, culture, mission and focus, relationships, credibility with schools and local authorities, systems, quality assurance, data. Above all GwE should hold its nerve and keep doing what it is doing.

I am coming away from these two days feeling positive about the prospects for success in North Wales, in spite of the numerous challenges. The quality of the GwE team is high and the strategies are impressive. The direction of travel is the right one and the team are open to external challenge whilst determined to do the right things for the schools and the children in North Wales.

Objectives

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

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

Robust and detailed business plans, based firmly on the findings of self-evaluation processes, contribute significantly to the effective management and development of individuals and teams. GwE's improved planning and performance management model articulates clearly the vision, values, priorities and objectives of the service. The clarity of its strategic direction and robust accountability framework are key strengths in moving forward. This strong focus on accountability, continuous review and a constant emphasis on achieving progress in accordance with priorities is leading to significant improvement in performance of GwE staff, individual schools and regional outcomes. GwE priorities are also clearly aligned to the national priorities as outlined in *Education in Wales: Our National mission*.

Structure, Roles and Responsibilities

The Joint Committee has been established, with appropriate membership.

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

As a result of the adoption of the National Model For Regional Joint Working the governance structure of GwE was reviewed. This involved creating an Advisory Board and a Management Board and a review of the structure of the Joint Committee. The review of the agreement is in the process of being completed.

Leadership

The Joint Committee met on the following dates:

- 23/05/2018
- 04/07/2018
- 26/09/2018
- 28/11/2018
- 20/02/2019

Risk Management

There are rigorous and comprehensive arrangements in place to accurately identify and manage risks on a local, regional and national level. The risk register is a live document, which is updated on a regular basis in order to identify increasing risks or risks which are no longer deemed as high level. It is reviewed every month in a senior leadership meeting and the Management Board and the Joint Committee review the register on a quarterly basis.

Through effective management of risks to the region, GwE is able to support the region's objectives, make effective use of resources and meet the outcomes as intended.

Performance Management Systems

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

The Annual Report for 2017/18 was presented to the Joint Committee at their meeting on 23/05/2018.

The clear and robust accountability framework is a key strength in GwE. Detailed business plans on all levels of planning address all aspects of the work of GwE, and clearly note the contribution of the service to the transformation agenda. Plans are fully costed, with clear success criteria and milestones for delivering objectives.

There are detailed self-evaluation arrangements. Plans are reviewed on a quarterly basis, evaluating progress and impact. Staff on all levels fully understand their responsibility for continued improvement and accountability.

Each Local Authority has a detailed business plan agreed upon by the head of service and the core lead adviser. Progress towards agreed outcomes on a local authority level is reviewed regularly in meetings between the lead adviser and Local Authority. Ongoing issues are referred to GwE Senior leaders in a timely manner.

Self-evaluation is a strong feature in GwE and the self-evaluation process is cyclical and ongoing. Great emphasis is placed on accountability and continuous review, and there is consistent emphasis on progress in line with priorities. Consequently, GwE leaders accurately identify areas of good performance and areas for development, or areas where there is an element of risk in terms of improving experiences and educational outcomes for learners.

Budget

We like everybody else are living in a very difficult financial climate and have to make some difficult decisions. We are grateful for the support of the Chief Executives across the Region and our Elected Members in the Joint Committee for their advice and support in making the best decisions to support our learners and schools.

Value for Money

The consortium has effective financial management processes in place. Communication and consultation on financial arrangements is effective, and GwE staff, the host local authority and Joint Committee all review the core funding and grant expenditure on a regular basis.

A robust financial analysis supports the work of delivering the business plan. A medium term financial plan and workforce plan are both aligned with the business plan. Through increasingly effective use of data to identify key priorities, the link between the business planning process and decisions regarding financial planning is strengthened as the work streams that underpin the business plan clearly note the resources to be used.

A formal framework was produced to assess the wider value for money provided by GwE. The judgement is now consistent across all stakeholders on how to measure the value for money of GwE activities within the structure and objectives of the business plan.

User Needs and Complaints

The Service follows Gwynedd Council complaints procedure. During 2018/19 no complaints have been received.

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

The User Group is operating effectively because:

- It has the right to report and make recommendations to the Joint Committee on any matter within the scope of functions of the Service.
- The group met on the following dates:
 - 04/05/18 (secondary)
 - 08/05/18 (primary)
 - 28/06/18 (primary)
 - 18/10/18 (secondary)
 - 24/10/18 (primary)
 - 28/11/18 (primary)
- The group includes:
 - 6 Secondary representatives, one from each Authority
 - 6 Primary representatives, one from each Authority
 - 1 representatives of Special Schools
 - School Governors - 1 representative per Council.

Corporate Policies

At the balance sheet date, GwE function under the corporate policies of the host authority.

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

Part 5: SIGNIFICANT GOVERNANCE ISSUES

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

The overall conclusion has been based upon:

- An open approach to engaging with stakeholders, planning and delivering services, and reporting and scrutiny of GwE's performance;
- Clear arrangements for decision making that were supported by robust service management and financial management arrangements;
- The reporting of understandable priorities and ambition, as set out in GwE's Business Plan, with progress reports demonstrating improvement in outcomes and performance at the same time as maintaining financial stability;
- Sound arrangements to support elected Members and Officers in the effective discharge of their responsibilities and also in maintaining high standards of conduct when undertaking business on behalf of GwE;
- Developing medium term financial planning arrangements that can be built upon further in 2019/20.

Notwithstanding this overall position, the assessment has identified areas where improvements are deemed necessary to further reinforce the effectiveness of GwE's current arrangements. These are detailed in our Business Plan for 2019/20 & Risk Register and in particularly Strategic Objective 6, i.e. ensure that GwE has strong governance and effective business and operational support that provides value for money. Plans are reviewed on a quarterly basis, evaluating progress and impact; the Joint Committee will receive reports on progress at their meetings.

Part 6: OPINION

Following changes to the National Model, the review of the agreement is in the process of being completed.

The strategic objectives within the GwE Business Plan 2019/20 have been approved via the GwE Governance & Accountability structure; approval by the GwE Joint Committee was given at their meeting on 22 May 2019.

GwE Lead Officer

GwE Chairman

Date : _____

Date: _____

ARWYN LLOYD THOMAS

COUNCILLOR PHIL WYNN

GwE MANAGING DIRECTOR



REPORT TO THE JOINT COMMITTEE

8 JULY 2019

Report by: GwE Managing Director

Subject: GwE Risk Register

1.0 Purpose of the Report

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

2.0 Background

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

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

3.0 Considerations

3.1 The GwE Risk Register is a live document which is kept under regular review. It is presented to the Joint Committee on an annual basis & also when new risks are identified where the Joint Committee needs to be made aware.

3.2 All of the risks have been reviewed & updated. Amendments to the Register have been highlighted in blue. The residual risk / overall risk has been reduced for risks 1, 2 & 11. The likelihood of risk & impact of risk has been increased for risk 10.

3.3 It is also suggested that risks 9, 12, 13, 15, 18 & 21 be removed.

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

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

4.0 Recommendations

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

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

5.0 Financial Implications

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

6.0 Equalities Impact

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

7.0 Personnel Implications

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

8.0 Consultation Undertaken

8.1 The GwE Senior Leadership Team and the GwE Management Board have discussed the content of the register & have amended risks as appropriate.

9.0 Appendices

9.1 GwE Risk Register

9.2 Risks to be removed

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

A risk monitoring system is an essential part of effective governance. By considering the risk profile outlined in the table it is important that the Joint Committee gives detailed attention to the assessment and the response.

Statutory Finance Officer:

I believe that GwE's risk register is on a standard format and includes appropriate information. I, along with Gwynedd's Finance Department, will provide support to the GwE Managing Director regarding financial risks. Further comments on specific risks, as appropriate, will be reported orally at the Joint Committee meeting on the 8th July.

RISK NUMBER	SUMMARY	GwE STRATEGIC OBJECTIVE	RISK IDENTIFIED	LIKELIHOOD OF RISK	IMPACT OF RISK	LIKELIHOOD X IMPACT	CURRENT ACTIVITIES / MITIGATION	RESIDUAL RISK / OVERALL RISK	LIKELIHOOD X IMPACT	RISK OWNER	FUTURE ACTIONS
1	Financial	ALL	Cuts in funding to the GwE Core Budget affects strategic long term planning.	H	H	2A	Medium Term Financial Plan & VFM Policy & Framework in place. Plans were developed in conjunction with the Local Authority's Section 151 Officer. The Medium Term Financial Plan includes details regarding the financial pressure on GwE and models scenarios. Assumptions are made regarding the future financial position. A number of staff are appointed on secondment to ensure flexibility within the service to react quickly to any changes.	M/H	2B	MD / BM	Work with Section 151 Officer to review Medium Term Financial Plan & Value for Money Policy & Framework to be reviewed periodically. Consult with chief officers of constituent authorities regarding the impact of any potential funding cuts. Undertake a budget & workforce review.
2	Financial	ALL	Uncertainty regarding grant funding arrangements from WG hampers strategic long term planning. Significant delays in confirmation of funding levels affects the implementation of the Strategic Business Plan.	H	H	2A	Assumptions made regarding future funding situation. A number of appointments made on secondment basis to ensure flexibility within the service to respond quickly to any changes, but this places pressure on the budget. Medium Term Financial Plan in place. The plan was developed in conjunction with the Section 151 Officer. The medium term financial plan includes the financial pressures on GwE and models various situations. Financial modelling work being implemented to steer decisions.	M/H	2C	MD / BM / Management Board	Work with Section 151 Officer to review Medium Term Financial Plan & Value for Money Policy & Framework to be reviewed periodically. Liaise with WG officials, constituent authorities' education Cabinet members and heads of education, to seek greater transparency and certainty regarding specific grant funding.
4	Standards	SO1	The difficulties in the recruitment of high quality trained teaching workforce within schools in the region which impacts on standards in all subjects such as English & Maths	H	H	2A	Developing a high quality education profession is one of GwE's strategic objectives for 2019/20 with corresponding Level 3 Business Plans for implementation. Subject specific Supporting Improvement Advisers in post with corresponding Level 3 Business Plans for implementation. #DiscoverTeaching recruitment campaign underway. Support CaBan (Bangor & Chester Universities) to develop high quality ITE provision.	M	2C	MD / AD	Develop regional ITE Coordinator role. Develop link between ITE & NQT to develop continuum of professional learning. Ensure GwE contribution to programme delivery and quality assurance.
5	Standards	ALL	That the significant scope of Education reform underway to include accountability, professional learning, digital, Welsh language, curriculum development, assessment, leadership and ALN, is not fully embraced & implemented successfully. Schools awareness of the four purposes within Curriculum for Wales and development of the Areas of Learning and Experience as part of curriculum reform is limited & creates uncertainty in schools. Changes in Curriculum and qualifications causing uncertainty in schools.	H	H	2A	Significant engagement activity taken place & underway. Working closely with stakeholders. All clusters of schools across the region have appointed 2 cluster leads for Curriculum for Wales in 18/19 and work and funding has been identified within each cluster to increase awareness and promote collaboration between staff. GwE has taken a conscious approach to integrate all aspects of the reform and monthly SIA sessions take place to inform, discuss and agree next steps on the various aspects. Resources are shared through G6 and SIAs working with Pioneer schools and clusters to develop suite of resources to support schools to raise awareness of the new curriculum. G6 also provides termly milestones for schools to reflect on their preparedness. GwE have supported WG commitment to run a series of consultation and engagements events during the Summer term 2019 – over 2000 practitioners have attended across all 6 AOLES to date.	M	2B	SL - SF	Curriculum for Wales Cluster Facilitators will continue to be in place from September 2019 and work will continue to be supported in clusters through the wider team of SIAs. GwE continue to have 3 members of staff involved in development of national AOLE lead work for regular input and feedback. Cross regional professional learning group is developing pool of resources which can be accessed digitally to support curriculum reform and working closely with the cross regional Leadership group to inform leadership development programmes as appropriate. Engage with all Headteachers in early Autumn term 2019 to support the planning of the schools' actions to prepare and identify their professional learning needs for 2019/20.
6	Standards	SO2	Difficulties in the recruitment of Headteachers across the region / Recruitment of Quality of leadership at all levels	M	M	2C	Delivery of Leadership Development Programmes that develop practitioner's leadership skills in particular contexts throughout each milestone of the professional learning pathway. The programmes to include NPQH and programmes for aspiring leaders & headteachers. GwE Middle Leadership Development Programme continues to be effective – (Cohort 9 operational). New national middle leaders development programme commencing September 2019. Aspiring Headteacher Development Programme operational (two successful cohorts have completed the programme to date). Cohort 3 commencing September 2019. A national NPQH Development Programme is operational. A successful first year for the NAEL endorsed national programme for New / Acting Headteachers. New cohort to commence in September 2019. First national Leadership Programme for Experienced Headteachers has been endorsed by NAEL. Programme in commence in October 2019. Increased number of practitioners applying for a variety of leadership positions across the region.	M / L	2D	MD / AD	Collaboration with the NAEL and Regional Consortia Leadership Group regarding ensuring effective professional learning for leadership at all levels. The following programmes have been presented to NAEL for endorsement: National Middle Leadership Development Programme & National NPQH.

7	Standards	ALL	Cuts in school budgets are affecting schools ability to continue to raise standards.	H	H	2A	The delegation levels of regional grants is currently at its highest.	M/H	2B/2C	LA's / Schools	Continue to ensure that the level of delegation continue to rise. Work closely with WG / LA's & Schools to ensure funding is appropriately targeted & further delegated.
8	Business	ALL	Use of the Education Improvement Grant not fully embedded into regional approach - reduce speed & impact of the delivery of the Strategic Business Plan	H	H	2A	Review undertaken by WG. Review to be undertaken as part of the Level 3 Finance Business Plan.	M	2B	Management Board	Actions identified from the review to be implemented.
10	Governance	SO6	Changes in leadership of authorities can affect political or corporate buy in	H	H	3A	Clear understanding of the responsibilities of all authorities & GwE over the strategic direction of the region. New members provided with briefing sessions & information sharing meetings held regularly (in addition to the formal Joint Committee meetings)	M	3B	LD / MD	Continue to ensure that communication channels are clear & transparent.
11	Standards	SO3	That the Pupil Development Grant is not used effectively / Performance of FSM pupils.	M	M	3A	SIA for Wellbeing has overall responsibility for developing and monitoring the level 3 business plan in regard to vulnerable groups of learners. Working in partnership with the LA's to further develop the LAC strategy & Vulnerable Learners strategy & to ensure consistency across the region. Regional Strategic Groups meets on a termly basis with clear terms of reference.	M / L	3B	SIA-Wellbeing	Implement the actions within the business plan & monitor progress via the performance management process. Attend all WG FSM/PDG meetings to ensure clear line of communication and regional accountability.
14	Standards	SO1	Variation in the performance of individual local authorities at KS4. The performance of MAT pupils in individual authorities across the region varies significantly.	H	M/H	2A	Currently developing peer to peer support model. Accountability structures in place at both regional and local level, leading to consistency across the region and more operational accountability within the service, and across the LA's. The Estyn secondary regional profile has improved substantially. MAT is one of the priorities within the teaching & learning business plan.	M	2B/2C	Management Board	Concerns remain on the full effect of the work on the KS4 results 2018.
17	Standards	SO1	Secondary Schools placed in Estyn Statutory category.	H	H	2A	<ul style="list-style-type: none"> the number of schools in a statutory category has increased to 7 secondary schools. There are intense intervention and support programmes in place in these focussing on developing tracking and assessment systems; developing accountability and management systems; further developing accountability arrangements and processes for robust self-evaluation and improvement planning. The progress is monitored by the contact SIA. Where concerns are highlighted, the information is shared with LA officers through the Quality Assurance Boards. 	H	2B	MD/AD/Senior Leads	Ensure that the necessary support receives firm attention in support plans. Ensure that LA's act in a firm and timely manner in schools where concerns have been shared about the speed of progress.

RISK NUMBER	REGIONAL or LOCAL	SUMMARY	GwE PRIORITY	RISK IDENTIFIED	LIKELIHOOD OF RISK	IMPACT OF RISK	LIKELIHOOD X IMPACT	CURRENT ACTIVITIES / MITIGATION	RESIDUAL RISK / OVERALL RISK	LIKELIHOOD X IMPACT	RISK OWNER	FUTURE ACTIONS
9	R	Governance / Standards	P6	Uncertainty regarding future direction of elements within the National Model.	M	M	3A	Awaiting impending review from Welsh Government. Revised accountability & performance management structure in place. Restructured service with distributed leadership model in place - ensures service is more adaptable to change.	M	3B	Management Board	Fully implement and manage change.
12	R	Business	P1/P3	Governors do not possess the necessary knowledge & skills to act in a critical friend capacity.	H	H	2B	Accountability structure & roles of the regional networks reviewed. Level 3 Business Plan in place. GwE portfolio lead for Governors now in place. Governors online Self Evaluation tool in place & being rolled out. 'Critical Friend' Training is available and is being offered to individual schools or a cluster of schools as and when required. Arrangements are in place to provide guidance regarding 'Effective Governing Bodies' on the Cynnal governors website on behalf of the 6 authorities. (This is being arranged by the Governor Support Officers in each authority). There are Case Studies of effective Governing Bodies on G6, that needs more examples. Meeting with the "SCLI" to submit GwE's support programme to governors on the reform journey and this will then assist in being a more effective critical friend.	M	2C	Management Board	Two conferences have been arranged for members of governing bodies on "how to be a critical friend" as well as presentations to schools
13	R	ALL	ALL	The strategic direction does not reflect the views of the Children & Young People in the region.	M	L	4D	Providing opportunities for Pioneer & Partner schools to showcase identified Pupil Voice practice - 15% of Pioneer schools have showcased work where Pupil voice has been a feature.	L	4E	MD	Implement actions within the CfW Business Plan with regard to Pupil Voice. This will have greater opportunity following the availability of the draft curriculum.
15	R	Standards	P1	Pace of improvement in the Foundation Phase is slower than that seen on a national level.	H	M	2A	Support package offered to every authority focusing on good FP leadership, provision and high expectations and standards. Identification of consistently low performing schools and those at risk. Targeted support for these schools and clusters of schools. Agreement by all LA's to increase capacity within GwE to support the Foundation Phase - 1 Challenge Adviser in post from September 2017 and another two from January 2018 to monitor the performance of individual schools and targetted as needed. A series of FP moderation workshops held.	M	2C	SL - P	Continue to monitor the performance of individual schools and target high risk schools. Deliver Regional Foundation Phase support programme through Regional Workshops and Network meetings to all schools. Programme delivered through targetted leadership, provision and standards.
18	R	Standards	ALL	Post-16 learning - New performance measures and the need for regional education consortia to increase their emphasis on sixth form performance (in their 'support and challenge' role for schools and to take a cross-consortia approach to driving improvements to ensure consistency at a National level) may dilute the emphasis for regional consortia on standards at pre-16 education.	M	H	2C	Potfolio lead identified. Level 3 business plan being implemented. Agree on Regional Data Collection, training programme, every SIA to focus on post 16 performance during monitoring visits. Good working relationship with 14 - 19 coordinators. A number of schools taking part in Estyn post 16 thematic revue.	M	2D	Management Board / MD	Continue to implement the level 3 Business Plan. Ensure that data is being used effectively to further improve the provision and to ensure more effective structure to share good practice.
21	R	Business	P3/P6	Variation in the HR support provided to schools across the region.	M/H	M/H	3A	HR level 3 business plan in place in order to coordinate activity at a regional level. Need to ensure high quality and consistent regional HR support for schools.	M	3B	Management Board	Monitor implementation of HR Level 3 Business Plan via the revised accountability & performance management structure.



REPORT TO THE JOINT COMMITTEE

8 July 2019

Report by: GwE Assistant Director

Subject: Developing a Peer Engagement Model for North Wales

1.0 Purpose of the Report

- 1.1 To present a paper on the development of a Peer Engagement Model for North Wales to the Joint Committee for approval.

2.0 Background

- 2.1 The national mission for Wales is both ambitious and innovative and requires stakeholders at all levels to collaborate and cooperate to raise standards, reduce the attainment gap and deliver an education system that is a source of national pride and confidence.
- 2.2 The transformational reform required to deliver on these aims provides a challenging environment for all school. It is of the utmost importance, therefore, that leaders and staff in every establishment are encouraged and supported in the work of forging strong and effective partnerships within and across the education system. Developing multi-level and multi-tiered peer-engagement, forged and owned by the schools themselves, will also allow for establishments to adopt an integrated approach to the national reform journey. The integrated approach will be effectively supported by the local authority and GwE.

3.0 Considerations

- 3.1 This paper sets out a potential blueprint for the development of a meaningful peer engagement model for the North Wales region, one that adopts an integrated approach to
-

the reform journey but which also allows for flexibility in how collaboration is defined within the key areas of the reform journey.

3.2 The regional approach has already adopted a cluster working model to support key transformational reform areas such as curriculum development and ALN. To fully integrate all areas of the reform journey, similar approaches are in the process of being formalised for the other key areas of accountability, digital and Welsh Language.

3.3 The paper articulates the approach within the 'accountability' aspect of the reform journey. It details how peer engagement can be used to underpin a rigorous cycle of continuous development and improvement, and how peer engagement and support should be an integral part of school improvement in moving to a self-improving system whilst also supporting those schools that are causing concern.

4.0 Recommendations

4.1 The Joint Committee is asked to approve the development of a Peer Engagement Model for North Wales as outlined in Appendix 1.

5.0 Financial Implications

5.1 There are no financial implications arising from this report. GwE will operate within the current financial resources.

6.0 Equalities Impact

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

7.0 Personnel Implications

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

8.0 Consultation Undertaken

8.1 Consultation undertaken with the GwE Management Board and head teacher representation.

9.0 Appendices

9.1 Appendix 1 - Developing a Peer Engagement model for North Wales

OPINION OF THE STATUTORY OFFICERS

Monitoring Officer:

Nothing to add from a propriety perspective.

Statutory Finance Officer:

Section 5 of the report clarifies that “there are no financial implications arising from this report” as “GwE will operate within their current financial resources”. Consequently, I have no observations to add from a financial propriety perspective.

DEVELOPING A PEER ENGAGEMENT MODEL FOR NORTH WALES

The national mission for Wales is both ambitious and innovative and requires stakeholders at all levels to collaborate and cooperate to raise standards, reduce the attainment gap and deliver an education system that is a source of national pride and confidence.

The transformational reform required to deliver on these aims provides a challenging environment for all schools. It is of the utmost importance, therefore, that leaders and staff in every establishment are encouraged and supported in the work of forging strong and effective partnerships within and across the education system. Developing multi-level and multi-tiered peer-engagement, forged and owned by the schools themselves, will also allow establishments to adopt an integrated approach to the national reform journey. The integrated approach will be effectively supported by the local authorities and GwE.

We firmly believe that peer engagement should be the key driver as schools effectively deliver on the national reform. Our vision is to have outstanding schools that are naturally collaborating and jointly identifying direction for improvement.

This document sets out a potential blueprint for the development of a meaningful peer engagement model for the North Wales region, one that adopts an integrated approach to the reform journey but which also allows for flexibility in how collaboration is defined within the 8 key areas noted below.



#educationreformwales

The regional approach has already adopted a cluster working model to support key transformational reform areas such as curriculum development and ALN. To fully integrate all areas of the reform journey, similar approaches are in the process of being formalised for the other key areas of accountability, digital and Welsh Language.

This paper articulates our approach within the 'accountability' aspect of the reform journey. It details how peer engagement can be used to underpin a rigorous cycle of continuous development and improvement. We believe that peer engagement and support should be an integral part of school improvement in moving to a self-improving system whilst also supporting those schools that are causing concern.

Welsh Government's vision for an evaluation, improvement and accountability system is one that is fair, coherent, proportionate, transparent, and based on shared values for Welsh education. The National Mission commits us to work with Welsh Government and other key stakeholders to establish new evaluation and improvement arrangements at all levels. These arrangements will need to be robust and strong enough to bring about the required improvements and especially so within the

secondary sector. There is a clear expectation that within these arrangements schools develop not only the required capacity and skills to effectively challenge themselves, but also the ability to work collaboratively and systemically in a school improvement model founded on professional peer review.

On the 22 January 2019 at Venue Cymru, Llandudno, GwE and the six regional local authorities undertook the first steps of a comprehensive consultation process with head teacher representation around the various aspects of the *National Reform Journey*. Over 400 participants were given extended opportunities to discuss how best key stakeholders could support and challenge each other to ensure that we effectively contribute to the national mission. In terms of developing a regional framework for peer-to-peer engagement and support, participants were asked to respond to a series of questions and inquiries. Specifically:

- What should be the underlying principles for an effective model?
- How should peer school groups/clusters be determined? Should we adopt a common approach for all schools, irrespective of their current 'support category'? Or would a differentiated approach offer a more viable option for the short term?
- How do we ensure that the work undertaken within a peer group/cluster engages collaboration throughout the year and is not focussed on an 'annual event'?
- How could GwE most effectively support the process?
- The majority of regional schools are already engaging in cluster and/or peer support models with other schools either within their sector or cross-sector. How do we best align the 'peer engagement and authentication model' with other collaborative ventures currently being undertaken?
- What are the professional learning needs to develop a robust 'peer engagement and authentication model'? What is the most effective way to address these needs?

Numerous common themes and key messages permeated the responses from stakeholders in both primary and secondary sectors. Namely that:

- a peer review approach should be adopted regionally to further drive progress towards a self-improving system;
- the peer-review model should not be developed to deliver a *pseudo-inspection* system;
- all stakeholders should work effectively together to ensure that we create the right conditions for effective peer review;
- we should agree and adopt a regional set of principles and technical language for our model;
- we should agree framework parameters which will allow flexibility for schools to operate a range of models;
- schools should have the freedom and flexibility to choose their peers;
- the model should involve peer engagement at all levels within a school;
- the model should promote trust, honesty, transparency and professional confidence;
- engagement should be a supportive and sustainable process and not a one-off imposition event;
- the model should support a cultural shift towards collegiate responsibility

Steve Munby and Michael Fullen (2016) in their paper '*Inside-out and downside-up*' outline the critical success factors for an effective system-wide school collaboration as follows:

- the purpose of collaboration must be to **improve outcomes**;
- the partnership must be founded on a clearly articulated **shared moral purpose**;
- **transparency, trust and honesty** are crucial;

Appendix 1

- a commitment to and capacity for effective peer review form the engine that drives improvement;
- peer review needs to be carried out within a **long-term relationship** and a commitment to continuously **improving practice and systems through cycles of collaborative enquiry**;
- the partnership must have a plan to move from **collaboration to co-responsibility to a position of shared professional accountability**;
- the **partnership should go beyond school leaders** and engage with students, teachers, families and communities;
- **partnerships welcome scrutiny and support from other partnerships** as their contribution to a connected local, regional and national system.

During the Autumn Term 2019, GwE SLT requested Steve Munby to undertake a review of the effectiveness of its current practice. Whilst his report identified many positives, Munby also emphasised that the direction of travel for regional school improvement should include an enhanced focus on:

- moving from top-down change to more empowering approaches to build long-term sustainability;
- ensuring a strong, clear and compelling narrative of moving towards lateral leadership and collective responsibility and where implementation is differentiated based on the particular needs of schools and clusters of schools;
- preparing to live with a messy, mixed-economy approach where some clusters may be leading the way and others may be far behind but still making progress;
- promoting collaboration in context of the '*voluntary but inevitable*' approach;
- providing support but not over-managing or over-controlling developments;
- promoting brokerage of school-to-school support to expose teachers and leaders to great practice and thus avoiding insularity and the recycling of mediocre practice;
- ensuring that Supporting Improvement Advisers are equipped to effectively undertake facilitation and coaching roles and can quality assure work of schools to avoid criticism that peer engagement is '*too cosy*';
- developing a peer review strategy that schools value and want to participate in and involve schools in shaping it;
- integrating peer review into the work of clusters, so that peer review is part of how trust is built up over time within a cluster and is a way of working rather than a one-off process; and
- identifying the skills needed from system leaders [Munby emphasised that these skills are different from the skills required in '*institutional leadership*'] and develop a programme of support and development for future system leaders

Munby encouraged the region to look outward and to welcome challenge from those outside North Wales in terms of effective peer engagement and signposted GwE to good practice elsewhere. GwE also believe that a peer engagement model should closely complement the dimensions identified within the OECD publication '*What Makes a School a Learning Organisation*' as well as mirroring the principles and favoured regional approach articulated by Head teachers in the aforementioned Head teacher consultation meeting at Venue Cymru.

Peer engagement should underpin a rigorous cycle of continuous improvement and include:

- **Self-review:** effective peer review should start with how well the school knows itself and be led by the school being reviewed. The national self-evaluation toolkit developed by Estyn/OECD and the profession should play a key role in this aspect. Self-evaluation should focus on the learner, their achievements, progress and experiences in school and focus on learning and teaching, leadership, the development of a learning organisation culture, well-

being of pupils and staff, equity and inclusion. In moving forward, the self-evaluation should also focus on the four purposes of the new curriculum and evaluate the progress the school is making towards realising the new curriculum. The self-evaluation processes should allow the school to identify areas of strengths and priorities for improvement. It should also identify aspects of their improvement journey that require peer support to aid improvement.

- **Peer-review:** the most effective peer reviews have an agreed focus. The purpose of the collaboration must be to improve outcomes and any agreed focus should be based on strong evidence of what's needed to improve and what outcomes would be most benefit to the school. Peer reviewers working as a team or trio work best where they can triangulate evidence and jointly analyse their findings. They are not there to pass judgement but to seek evidence and agree findings to be shared with the school. It is imperative that the peer review process does not become a *pseudo-inspection* system. The partnership must be founded on a clearly articulated shared moral purpose with transparency, trust and honesty crucial and integral to the process. The peer review should also provide professional development opportunities and include leaders at all levels.
- **School-to-school support:** if peer review is going to be a vehicle for ongoing improvement in school systems, then it must go further than the review itself and involve school to school or cluster support. Where the outcomes are owned by the staff, the long-term and sustainable impact will be greater. This helps to further build capacity and increased resilience within a self-improving system. The partnerships built should therefore go beyond school leaders and engage with students, teachers, families and communities.

GwE and the six regional local authorities want to work in partnership with schools to establish a regional peer engagement model which fully reflects the principles and values that have been identified by Head teachers and also learn from good practice nationally and beyond. Supporting Improvement Advisers would facilitate and fully support schools in developing their peer engagement models. As Munby and Fullen (2016) have eluded, a commitment to and capacity for effective peer review form the engine that drives improvement.

Welsh Government have proposed that school's self-evaluations will undergo a process of external authentication. This is to ensure that the self-evaluation is a true and authentic reflection of the institution's strengths and priorities for improvement and match that to an appropriate level of support. Any peer engagement model should support this process. We firmly believe that the authentication process should be done 'with' schools and that peer engagement is an integral part of that process. It is therefore imperative that an authentication process is not seen as a 'pseudo-inspection' that develops into an 'event' that is 'top down' and seeing to be done to the school.

We have therefore invited expressions of interest from groups of schools to participate in a peer engagement pilot programme.

We are looking to support a variety of cluster models such as those working across small rural schools, large urban schools, cross-sector, cross-authority or other innovative models. We plan to deliver a relevant and comprehensive training programme for consortia, LA and school based staff so that all stakeholders have increased maturity and capacity to take ownership of the peer engagement model which fully reflects the principles and values identified by Head teachers.

We firmly believe that such a pilot programme would ensure that the North Wales region is shaping and framing an effective peer-engagement framework and model. By taking ownership over developments we can ensure that our peer engagement model genuinely reflects local need, whilst fully supporting the national direction to develop a culture based on openness, trust and collegiality across the system. Peer engagement need to be a rigorous and robust process and as Munby and

Fullen (2016) alluded, all partnerships welcome scrutiny and support from other partnerships as their contribution to a connected local, regional and national system.

Peer Engagement Model

