

Document Pack



MONDAY, 4TH FEBRUARY 2019

**ERW JOINT COMMITTEE
Y LLWYFAN, COLLEGE ROAD, CARMARTHEN AT 10.00 AM,
ON FRIDAY, 8TH FEBRUARY, 2019**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF PERSONAL INTERESTS**
- 3. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE JOINT COMMITTEE HELD ON THE 12TH OCTOBER 2018** 3 - 8
- 4. MATTERS ARISING FROM THE MINUTES**
- 5. LEAD CHIEF EXECUTIVE UPDATE AND ACTION LOG** 9 - 20
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- 9. LEAD FUNCTIONS/SLAS** 183 - 188
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12. ANY OTHER ITEMS OF BUSINESS THAT BY REASONS OF SPECIAL CIRCUMSTANCES THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100(4)(B) OF THE LOCAL GOVERNMENT ACT 1972

13. EXCLUSION OF PUBLIC

FOLLOWING CONSIDERATION OF ALL THE CIRCUMSTANCES OF THE CASE AND FOLLOWING THE APPLICATION OF THE PUBLIC INTEREST TEST THE ERW JOINT COMMITTEE MAY CONSIDER THAT THE FOLLOWING ITEMS IS NOT FOR PUBLICATION AS IT CONTAINS EXEMPT INFORMATION AS DEFINED IN PARAGRAPH 13 AND 15 OF PART 4 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT, 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) (WALES) ORDER 2007.

14. ERW HR PROPOSAL 225 - 234

15. BUDGET 2019-20 235 - 242





ERW Joint Committee
Friday, 12th October, 2018
Y Llwyfan, College Road, Carmarthen
10.00 am - 11.00 am

PRESENT: Councillor Ellen ap Gwynn [Chair] Ceredigion County Council

Councillor Emlyn Dole	Carmarthenshire County Council
Councillor Rosemarie Harris	Powys County Council
Councillor Peter Rees	Neath and Port Talbot Council
Councillor David Simpson	Pembrokeshire County Council
Councillor Rob Stewart	Swansea City Council
Mr Phil Roberts	Lead Chief Executive – ERW & City and County of Swansea
Mr Eifion Evans	Ceredigion County Council
Mr Ian Westley	Pembrokeshire County Council
Councillor Jen Raynor	Swansea City Council
Mr Ian Budd	Powys County Council – Lead Director ERW
Mr Aled Evans	Neath and Port Talbot Council
Mr Gareth Morgans	Carmarthenshire County Council
Mr Geraint Rees	ERW Senior Leadership Team
Mr Jonathan Haswell	Pembrokeshire County Council (ERW - S151 Officer)
Mr Ian Eynon	Pembrokeshire County Council (Deputy S151 Officer)
Ms Elin Prysor	Ceredigion County Council (ERW-Monitoring Officer)
Mr Chris Llewellyn	WLGA
Ms. Ruth Conway	Welsh Government
Mr Ceri Davies	Pembrokeshire County Council
Ms Rhona Edwards	ESTYN
Mr Martin S. Davies	Carmarthenshire County Council (Democratic Services)



1. APOLOGIES FOR ABSENCE AND PERSONAL MATTERS

An apology for absence was received from Councillor Rob Jones [Neath Port Talbot Council].

The Chair congratulated Chris Llewelyn on his recent appointment as Chief Executive of the WLGA

2. DECLARATIONS OF PERSONAL INTERESTS

There were no declarations of personal interest.

3. MINUTES - 16TH JULY 2018

AGREED that the minutes of the meeting held on the 16th July 2018 be signed as a correct record.

4. MATTERS ARISING FROM THE MINUTES

Minute 7.2 – Statement of Accounts 2017-18 & WAO ISA 260 Report

Councillor Peter Rees referred to his query recorded in the above minute relating to the significant increase in Consultancy fees and commented that the subsequent information he had received had not answered his concern as to why the fees had increased so much. The SI51 Officer explained that there had not been a material change in the fees but the financial coding had been reclassified. Councillor Rees responded that he remained unhappy with the explanation and wished to have his concern recorded in the minutes.

5. LEAD CHIEF EXECUTIVE UPDATE AND ACTION LOG

The Joint Committee received an updated Assurance Report which included a table containing an action plan, progress and responsible officer details.

The Lead Chief Executive advised that he and the Chair would be appearing before the ERW Scrutiny Councillor Group in January 2019 [see also minute 6.3 below] and a copy of their presentation would be forwarded to members of the Joint Committee in due course.

The Lead Director ERW and Chair thanked all who had been involved in the formulation of the Business Plan

AGREED that the Lead Chief Executive Update report be received.

6. CORRESPONDENCE

6.1. WELSH GOVERNMENT - REVIEWS OF EDUCATION IMPROVEMENT GRANT AND PUPIL DEVELOPMENT GRANT

The Joint Committee had been circulated with a letter dated 18th September 2018 from Steve Davies, Director of Education, Welsh Government, regarding reviews proposed in all 4 consortia with regard to the Education Improvement Grant and the looked after children element of the Pupil Development Grant. The Lead Director NPT commented that the reviews should also look at the quality of what was provided by ERW and consider ESTYN reports. The Chair endorsed this

comment and added that each consortium should be judged on the basis of how it had helped improve the performance of children.

The Chair enquired as to the availability of the report following the value for money audit undertaken by Rod Alcott, requested at the last Review and Challenge meeting. In response Ruth Conway agreed to ascertain the position as there had been no feedback.

NOTED.

6.2. WELSH GOVERNMENT - REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT [RCSIG] 2018-19

The Joint Committee had been circulated with a letter dated 14th September 2018 from Welsh Government, setting out its revised offer of £40,971,102.00 for the RCSIG grant for 2018-19. The S151 Officer stated that a letter of acceptance of the funding had been forwarded to Welsh Government but to date no funding had been received. One of the funding pre-conditions had required confirmation of the proposed dates on which the payments would be made by all 6 local authorities and officers were still looking to resolve the issue relating to Neath Port Talbot C.B.C.s contribution, as raised at the last meeting [minute 7.4 thereof refers].

NOTED.

6.3. ERW SCRUTINY COUNCILLOR GROUP

The Joint Committee had been circulated with a letter dated 4th October 2018 from the Chair of the ERW Scrutiny Councillor Group detailing issues raised at a meeting of the ERW Scrutiny Councillor Group held on the 10th September 2018. It was noted that the letter referred to the invitation extended to the ERW Chair and Lead Chief Executive to attend the meeting of the Scrutiny Councillor Group scheduled for January 2019 [minute 5 above also refers].

NOTED.

7. BUDGET REPORT

The Committee received the updated financial position for the year 2018-19 which provided specific detailed information in relation to:

- 2018-19 Central Team Budget
- Service Level Agreements
- 2018-19 Grant Allocations
- 2018-19 Grants – LAC PDG
- 2018-19 Grants – Regional Consortia School Improvement Grant (RCSIG)
- 2018-19 ERW Business Plan Priorities
- ERW Review and Reform Programme
- Risks
- Reserves.

The S151 officer reiterated that Neath Port Talbot C.B.C. had yet to pay its contribution of £40k and if it was not forthcoming the Joint Committee would need to consider how to achieve a balanced budget. The Lead Director NPT advised



that the Leader of NPT CBC had written to the other Leaders within the consortium outlining his concerns appertaining to management and the business plan, transparency of funding, deployment of resources, accountability, and the lack of progress in terms of improvements in governance. He added that it was the view of the Leader, the Chief Executive and himself that Neath Port Talbot would be unable to sanction its contribution unless there was improvement in these areas. The Lead Chief Executive commented that although he had some sympathy with Neath Port Talbot's analysis of the situation he considered that its current reluctance to contribute could have a negative effect on ERW and those which it was tasked with helping. The Joint Committee endorsed the comments of the Lead Chief Executive and expressed the view that no party to the agreement, which was built around joint working, should withhold its contribution. The Chair expressed the positive view that recent developments, with the assistance of Welsh Government whom she thanked, had paved the way forward and it was hoped that NPT CBC would see itself in a position to make its contribution soon.

AGREED

7.1 to note the Central Team budget for 2018-19 and the anticipated future additional accommodation and facilities costs;

7.2 that a further report be submitted to determine what action can be taken in the event of Neath Port Talbot County Council not paying its share of the £250k Local Authority Contribution for 2018-19;

7.3 to note the revised 2018-19 (Annex 2) grant allocations and current issues in meeting some of the RCSIG terms and conditions;

7.4 to note the provisional allocation of the RCSIG to the ERW Business Plan 2018-19 priorities, and the fact that further work will need to be undertaken;

7.5 to approve the allocation of the remainder of the £250k Welsh Government funding for the Review and Reform Programme;

7.6 that the determination of how to replenish the ERW Reserves be not considered at the present time.

8. ERW BUSINESS PLAN

The Joint Committee considered the revised ERW Business Plan 2018-19 which had been co-constructed by the ERW Directors, Local Authority Principal Challenge Advisers, and ERW Senior Leadership Team following the last meeting [minute 6.7 thereof refers]. The Plan focused on four key objectives which cascaded from the Welsh Government National Mission:-

- Developing a high-quality education profession;
- Ensuring that inspirational leaders work collaboratively to raise standards;
- To support our schools to be strong and inclusive schools committed to excellence, equity and well-being;

- Ensure robust assessment, evaluation and accountability arrangements supporting a self-improving system.

AGREED to endorse the redrafted Business Plan for circulation.

9. CORPORATE RISK REGISTER (THREATS) 2018-19

Further to minute 8 of the last meeting the Joint Committee received the draft Corporate Risk Register for 2018-19 which had been redrafted following advice from the Section 151 Officer. The changes included content and reporting format with a focus on the Central and Finance Register. It was noted that there were significant risks, many of which were long standing and which had not yet been mitigated despite activity.

AGREED that the tolerance levels be endorsed and the redrafted risk register be received.

10. INTERNAL AUDIT REPORT

The Joint Committee received the ERW 2017-18 Internal Audit Report with an update on the management responses.

The Chief Executive of Ceredigion CC wished to place on record his unhappiness with the 'Management Response' to the 'Expected Arrangements (Controls)' relating to the operation of the purchase card. The S151 Officer advised that the issue was not rated 'red' in the Recommendation Gradings but fell within the 'Partially adequate and effective' Action Rating though he acknowledged that there were internal control issues which needed to be addressed. The Lead Director reminded members that the recent review of ERW had highlighted the fact that responsibility for expenses was a matter of concern. The Chair emphasised the importance of accountability for any spending.

AGREED that the report and revised Management Responses be noted.

CHAIR

DATE



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ERW JOINT COMMITTEE

8TH FEBRUARY 2019

LEAD CHIEF EXECUTIVE UPDATE AND ACTION LOG

Purpose:

This item allows the Lead Chief Executive to provide Joint Committee with an update on progress against actions from previous meetings.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To receive the report

REASONS:

Adherence to process following Joint Committee meetings

Report Author: Phil Roberts	Designation: Lead Chief Executive	Tel No. E. Mail:
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EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

8TH FEBRUARY 2019

LEAD CHIEF EXECUTIVE UPDATE AND ACTION LOG

BRIEF SUMMARY OF PURPOSE OF REPORT

The update will focus on:

1. Updated Joint Committee Action Log

This is attached in the body of the report.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

Details of any consultations undertaken are to be included here

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE



ERW JOINT COMMITTEE

8TH FEBRUARY 2019

Supporting / Additional information from ERW Executive Board

N/A

Supporting / Additional Information from ERW Advisory Board

N/A



Assurance Report for ERW Joint Committee

12.10.18	<p>Budget Report</p> <p>“that the issue of what action can be taken in the event of Neath Port Talbot County Council not paying its share of the £250k Local Authority Contribution for 2018-19 to be left in abeyance. NPT CBC’s position to be noted.</p>	<p>Noted in Advisory Board 21.1.19.</p>	
16/7/18	<p>Non Compliance Report:</p> <p>Agreed</p> <p>That this matter be deferred to a future Joint Committee meeting following the endorsement of the ERW Business Plan (by Welsh Government), in the meantime;</p> <p>Officer to continue with the current funding formula for all schools;</p> <p>To instruct the Managing Director to negotiate interim arrangements with Welsh Government whilst the development work is put in place in order to access grant for schools’</p> <p>Schools to be informed by individual LA S151 Officers.</p>	<p>ERW Business Plan now endorsed by Joint Committee and Welsh Government.</p> <p>Grant has now been released, funding released to schools.</p> <p>LA S151 Officers notified, schools informed. Grant release issue now resolved.</p>	
16/7/18	<p>Reviewing the SLAs and In-Kind Arrangements</p>		

	<p>Agreed that:</p> <p>A report providing information on insurance matters be brought to the next Joint Committee</p> <p>Until then, the present SLAs and in-kind arrangements are to continue</p> <p>Expressions of interest for in-kind arrangements / statutory officers, and SLAs to be invited from all LAs from September 2018</p>	<p>Raised at Executive Board, to be revisited following the ERW Reform Programme once a more concrete idea has been obtained of what needs to be insured.</p> <p>Paper tabled for 8.2.19 Joint Committee as a reminder of current SLAs and in-kind arrangements.</p> <p>Full consideration to SLAs to be held after adoption/ non-adoption of the ERW Review and Reform Programme</p>	<p>Pembs Finance / Advisory Group</p>
16/7/2018	<p>HR Proposals</p> <p>Agreed that the proposal to create the following 3 posts:</p> <ul style="list-style-type: none"> - Business and Finance Manager - Head of School Performance and Leadership - Head of Support and Curriculum <p>Be approved subject to</p> <p>i) the posts for Head of School Performance & Leadership and Head of Support and Curriculum be amended to state “the ability to work through the medium of Welsh is <i>Essential</i> and at a proficient level on appointment.</p>	<p>See below</p>	

	ii) The Job Descriptions and Job Specifications being considered further by Directors, Section 151 Officer and the HR Group (x6 one from each LA).	Agreed for Business and Finance Manager post to go ahead to advertisement. Advert to be shared at JC. This is now under the remit of the ERW Review and Reform Programme.	Directors, Section 151 Officer, HR Group
16/7/2018	Risk Registers Agreed that further work to be carried out to complete the Risk Register, including reviewing risk scores	Completed, proposed alterations taken to Directors, comments made at Exec Board. Section 151 Officer presenting at 12.10.18 Joint Committee for circulation	ERW Central Team
16/7/2018	Financial Update 2018-19 : The action to be taken in the event of a Neath Port Talbot County Council not paying their share of the £250k Local Authority Contribution for 2018-19 be deferred to the next Joint Committee meeting That a formal letter from Welsh Government is sought to clarify the terms and conditions of the RCSIG grant Clarification to be sought from Welsh Government as to the offer/arrangements in respect of the £250k Welsh Government funding for the Review and Reform Programme, and with regards its requirements regarding return of any monies already spent	Tabled for discussion at October Joint Committee under Budget Report item. Letter Received, actions distributed Carry over assured by WG	Lead Chief Executive, Monitoring Officer Lead Chief Executive / Lead Director / MD Section 151 Officer

	The determination on how to replenish the ERW Reserves, either with a one-off contribution from the six Local Authorities or an increase in the existing £250k annual contribution be deferred to the next Joint Committee.	Tabled for discussion at October Joint Committee under Budget Report item	
16/7/2018	Annual Governance Statement: Agreed the ERW Consortium Annual Governance Statement 2017-18 Management actions be completed by Lead Officers, an action plan identifying mitigating steps be circulated to the Joint Committee Members, for approval by 31/7/18	Submitted in line with 31/7/18 deadline.	Section 151 Officer
16/7/2018	Internal Audit Report: Agreed that the ERW Internal Audit Report 2017-18 be a standing agenda item on the Joint Committee	ERW Central Team liaising with Lead Chief Executive, Lead Director S151 officer and Carmarthen Democratic Services As mentioned above – Mitigation Plan to be circulated at 12.10.18 JC	ERW Central Team
16/7/2018	Internal Audit Assurance Opinion: To refer the matter to the three Lead Officers, (MD, Lead Chief Exec, Lead Director) to formulate a mitigation plan by next Joint Committee meeting;	Response to Internal Audit Report prepared, currently being considered by S151 Officer and Head of Internal Audit for further. Tabled for circulation only at 12.10.18	Lead Chief Exec / Lead Director / MD

	<p>The Monitoring Officer to update the Legal Agreement, limited to reflect the current position, to include previous Joint Committee delegation decisions, and update of the Executive Board and Managing Director delegations (as set out in Legal Agreement).</p> <p>The ERW Legal Agreement to be added as a standing agenda item</p>	<p>Monitoring Officer leading on this work, following Advisory Board Meeting 24.9.18</p> <p>ERW Central Team liaising with Lead Chief Executive, Lead Director, Monitoring Officer and Carmarthen Democratic Services.</p>	<p>Monitoring Officer</p> <p>ERW Central Team</p>
16/7/2018	<p>Business Plan:</p> <p>To Instruct the Lead Director of Education and Managing Director to make improvements to the ERW Business Plan</p> <p>To Formulate a precis of the Plan to the Executive Board</p> <p>To forward the precis to all Members of the Joint Committee by e-mail, for agreement by 31st July 2018</p> <p>S151 Officers of all Local Authorities to be put on notice of the risk</p>	<p>Business Plan submitted to WG in line with 31/7 deadline.</p> <p>ERW SLT and LA Principal Challenge Advisers worked on final revised version including budgeting + low level action plans. Tabled for circulation at 12.10.18 Joint Committee</p> <p>151 Officers Notified by ERW Section 151 Officer of risks</p>	<p>Directors Group / Lead Director</p> <p>Section 151 Officer</p>
16/7/2018	<p>Accommodation – agreed that there was a need to renegotiate the current lease for a further period, pending progress of the ERW Review and Reform Programme and the National Model.</p>	<p>Current Lease extension likely to be for a 12 month rolling period, negotiations ongoing</p>	

	<p>The Lead Chief Executive, the Managing Director and Lead Director to consider the Health and Safety Aspects</p> <p>The Monitoring Officer to consider the legal position of the lease</p> <p>That Welsh Government buildings are not to be utilised by ERW staff in the event that alternative office accommodation is required in the future</p>	<p>Additional 3 office rooms recently became available at Y Llwyfan, negotiations for their lease ongoing. Hopefully this will mitigate some Health and Safety issues and provide space for holding meetings.</p> <p>Authorities have been contacted to attempt to source DDA compliant furniture that has been recommended for some members of staff at ERW offices.</p>	<p>Lead Chief Executive</p> <p>Monitoring Officer</p>
16/7/2018	<p>Correspondence to Scrutiny Councillor Group – Agreed that the draft letter of response be approved with additional references to be made that:</p> <p>i) The Review and Reform Programme was still in progress; and</p> <p>ii) that changes to the National Model were being monitored before final decisions could be taken in relation to any future ERW structures.</p>	<p>Letter sent</p> <p>Response from Scrutiny Councillor Group received – Lead Chief Exec + Chair invited to additional January meeting.</p> <p>Draft Response to be discussed as agenda item for JC 12.10.18</p>	<p>JC Chair + Lead Chief Executive</p>
16/7/2018	<p>The Outline Report for Review and Reform of Governance Arrangements (item 9.3) be included within the ERW Review and Reform Programme</p>	<p>Tabled for discussion by Directors on 21.9.18 and Executive Board 21.9.18</p> <p>Comments made at Exec 21.9.18, currently tabled for discussion by Chief Executives and Monitoring Officer Suggestion: Given the discussion needed on the scope, and structure of ERW, new governance arrangements</p>	<p>Directors</p>

		should be developed in relation to the organisation that requires that governance. Therefore, it is suggested that Governance Arrangements be developed following a clear steer from JC.	
16/7/2018	GCSE Results – a further report to be presented to the Joint Committee at the next meeting, to include changes in accountability measures, and an Executive Summary from WG, with results	<p>Completed – scheduled for October Joint Committee</p> <p>Amendments suggested at Exec Board, now redrafted for Joint Committee Seminar. Ian Budd to lead on presenting. Report received.</p> <p>The changing accountability measures have been discussed by Welsh Government and Portfolio Holders/Leaders for Education. The reform of the measures is ongoing, with ERW, ADEW and headteachers participation.</p>	ERW Central Team
16/7/2018	Schools Causing Concern – AGREED that the consideration of the report with the inclusion of the additional work identified on schools improvement, be deferred until the next meeting	<p>Completed – scheduled for October Joint Committee</p> <p>Amendments discussed at Exec Board, included in a redraft for Joint Committee Seminar, Ian Budd to lead on presenting.</p> <p>Matters now included: Nature of support allocated to schools Further details on a school by school basis Entry criteria of all Schools Causing Concern</p> <p>Given the highly sensitive nature of this work, it is suggested that Joint Committee receive an overview and Directors in each Authority are to ensure that Elected Members are briefed accordingly.</p>	ERW Central Team

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Ein Rhanbarth ar Waith
Education through Regional Working
www.erw.cymru
www.erw.wales

ERW JOINT COMMITTEE

8TH FEBRUARY 2019

CORRESPONDENCE

Purpose:

To present correspondence from the ERW Scrutiny Councillor Group to the Joint Committee

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

That the Joint Committee accept the report and agree a letter of response

REASONS:

Maintaining current scrutiny arrangements

Report Author:

Designation:

Tel No.

E. Mail:



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

8TH FEBRUARY 2019

CORRESPONDENCE

BRIEF SUMMARY OF PURPOSE OF REPORT

The ERW Scrutiny Councillor Group convened an additional meeting in January to discuss the progress of the ERW Review and Reform Programme, and invited the Chair of the ERW Joint Committee, the ERW Lead Chief Executive, and the Acting ERW MD to attend the meeting.

Following the meeting, a letter was written to the Chair of the Joint Committee for inclusion on this meeting's agenda

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE



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To:
Cllr. Ellen ap Gwynn
Chair of the ERW Joint Committee

Please ask for: **Scrutiny**

Scrutiny Office Line: **01792 637256**

e-mail scrutiny@swansea.gov.uk

Date **01 February 2019**

Dear Councillor ap Gwynn

ERW Scrutiny Councillor Group – 10 January 2019

The Scrutiny Councillor Group would like to thank you, the Lead Director and the Interim Managing Director for ERW for attending our meeting to discuss progress with the ERW Improvement Plan and the National Mission. I am writing to you to reflect the views from that meeting.

As you are aware, at our meeting in September 2018, we expressed our concerns about the lack of progress made in relation to the reform of ERW. After discussing this with you, we now feel more reassured that progress is being made and in a timelier manner.

We recognise the role that the Interim Managing Director has played in building relationships and in driving the improvements required. We understand the appointment of a permanent Managing Director will be made shortly and were pleased to hear that the Joint Committee will be involved in this appointment. We would encourage you to ensure that sufficient time is taken to get a person that is of the highest calibre and who will be committed to taking the organisation in a positive direction following the ethos and principles that have now been identified.

We are pleased to hear that a set of proposals on the way forward for ERW have been developed in conjunction with key representatives from all six local authorities, and that this will be discussed at the ERW Joint Committee on the 8 February. We heard that these proposals will outline:

- The purpose for the future of ERW
- Leadership structure of ERW moving forward
- The wider staffing structure of ERW, including primary and secondary specialists and an ad hoc team that can be deployed as required
- Changing Challenge Advisor roles
- Planning of and support for operational delivery
- Developing operational and strategic delivery review mechanisms

- A new look at financing ERW with a focus on releasing £1m from the budget to work with schools, and ensuring transparency in the budgeting, process in particular in relation grant allocation.
- Next steps including: agreeing HR process and engaging key stakeholders, agreeing financial model, and securing levels of governance.

Following our detailed discussion, we would like to share our conclusions and recommendations with you on the matters below:

1. ERW must have a continued focus on building relationships with schools and, in particular, subject/classroom teachers. For the purposes of implementing the new curriculum, the importance of 'buy in' from classroom practitioners cannot be overemphasised. Prioritising the improvement of relationships with the frontline teachers is also essential to building trust in the regional consortium.
2. We believe ERW has an important role to play in the development of employability skills in our region. We would advise that this function should be officially recognised by embedding it in the staffing structure of ERW. We would suggest this could be achieved by including in the job description of one of ERW's officers a responsibility to work with Regional Skills Partnerships, where they exist, and employers around the region, to ensure that employment skills and experiences are better incorporated into our young people's education.
3. We note, and accept, that the debate surrounding the employment arrangements of Challenge Advisors has moved on from earlier discussions. In this context, we would suggest that it is important that the regional responsibilities of locally employed Challenge Advisors are properly formalised and monitored.
4. We strongly recommend that ERW develops clear timescales and milestones for both its own improvement journey and for the implementation of the new curriculum. Those relating to the consortium's own development should be shared and made available for local scrutiny/monitoring, as well as regionally by the ERW Scrutiny Councillor Group. Although we appreciate that further input is required from the Welsh Government regarding Donaldson, we feel it is important that schools and classroom teachers know in some detail, and well in advance, what resources and facilities will be provided by the consortium, and when they will become available. We believe this would go some way to achieving recommendation in paragraph 1.
5. We would appreciate it if ERW could provide greater clarity regarding the savings that the new model is expected to generate and the use to which they be put. Will these savings be passed on to the Local Authorities or schools, or will they be reinvested in the regional consortium? Whilst appreciating that the new model is still in its developmental phase, we would respectfully request that information be provided on this point at the next meeting of the Councillor Group.
6. We congratulate the Interim Director on his development of relationships with education stakeholders. We would recommend the focus on this continues both at officer and political level.

ERW Scrutiny Councillor Group Scrutiny Support provided by Swansea Council

Contact: Scrutiny Team, Gloucester Room, Guildhall, Swansea SA1 4PE

☎ 01792 637256

✉ scrutiny@swansea.gov.uk

7. We would like to see more proven and good-practice classroom resources made available on Hwb for sharing and use by all schools in the region. We would suggest that this should be a priority in the near future as it would, once again, be of benefit in achieving the outcome discussed in paragraph 1.
8. We believe that ERW must develop a consistent dialogue with the WJEC. We would hope that through this ERW could play a role in ensuring that schools receive essential information regarding changes to assessments at the earliest possible opportunity.
9. We would like to ask whether, as part of the work on the new model, the ERW Governance structures are still under review. If they are, the Councillor Group would request sight of any papers on this subject when they are available.

We thank you for your offer to attend our meetings as required in future. We will discuss this when we look at developing our future work programme at our next meeting in March.

Yours sincerely,



Cllr Alex Thomas
Chair ERW Scrutiny Councillor Group
Cllr.a.l.thomas@npt.gov.uk

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ERW JOINT COMMITTEE

8TH FEBRUARY 2019

BUDGET MONITORING REPORT

Purpose:

To provide the ERW Joint Committee with an update on the financial position of ERW for 2018-19

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

1. The Joint Committee approves the amendments to the Central Team budget for 2018-19.
2. The Joint Committee determine the action to be taken in the event of Neath Port Talbot County Council not paying their share of the £250k Local Authority Contribution for 2018-19.
3. The Joint Committee determine the allocation of the £30k, remaining from the £250k Welsh Government funding for the Review and Reform Programme.
4. The Joint Committee notes the additional grant funding totalling £4.163m since the last meeting.

REASONS:

To obtain Joint Committee Approval

Report Author: Jon Haswell	Designation: S151 Officer	Tel No. 01437 775839 E. Mail: Jonathan.haswell@pembrokeshire.gov.uk
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EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

8TH FEBRUARY 2019

BUDGET MONITORING REPORT

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide the ERW Joint Committee with a financial update on the following:

- 2018-19 Central Team Budget
- Service Level Agreements
- 2018-19 Grant Allocations
- 2018-19 Grants – Regional Consortia School Improvement Grant (RCSIG)
- 2018-19 ERW Business Plan Priorities
 - Curriculum and Assessment
 - Developing the Profession
 - Leadership
 - School Improvement
 - Strong and Inclusive Schools
- ERW Review and Reform Programme
- Risks
- Reserves
- Recommendations

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	YES	NONE	NONE

FINANCE

The budget report will inform financial decision making for the remainder of the financial year

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE



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Appendix 1

	Secondments		Fixed Term	
	Budgeted Cost £000's	* Number of Secondments	Budgeted Cost £000's	* Number of Fixed Term
Curriculum and Assessment	134,179	2	92,139	1.5
Developing the Profession	432,947	12	615,583	11
Leadership	61,867	2	181,213	2.5
School Improvement	184,826	2	113,020	2
Strong and Inclusive Schools	57,975	1.2	55,401	1
Review and Reform	34,955	1	55,167	1
Cluster Leaders of Learning	2,719,833	55		
Total Budgeted Secondments	3,626,582	75.2	1,112,523	19

* # of secondments / fixed term has been rounded - some have started / left in the year

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Llywodraeth Cymru
Welsh Government

Mr Jonathan Haswell
Section 151 Officer
Pembrokeshire County Council
Haverfordwest
Pembrokeshire
SA61 1TP

22 November 2018

Dear Mr Haswell

**REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT 2018-19
REVISED GRANT FUNDING:**

(i) This letter details an increase in the Funding awarded to Pembrokeshire County Council in delivering the Regional Consortia School Improvement Grant for 2018-19.

I can confirm that the Welsh Ministers have agreed to increase the Funding awarded by a further £3,505,484 (Three Million, Five Hundred and Five Thousand, Four Hundred and Eighty Four Pounds) for 2018/19. The additional Funding is over and above that which was originally anticipated as detailed in the original Funding award letter dated 27 September 2018.

This increased funding forms part of the regional school improvement element and is to support:

- (i) School Improvement
- (ii) Professional Teaching Awards Cymru PTAC
- (iii) National Professional Qualification for Headship (NPQH)
- (iv) Digital Competence Framework (DCF)
- (v) Modern Foreign Languages – building capacity in the primary sector
- (vi) Curriculum Pioneer Partnership Schools and Additional Capacity for AoLE Groups
- (vii) Part time and Work Based ITE
- (viii) More Able and Talented; and
- (ix) National Academy for Educational Leadership - Associates Programme
- (x) Professional learning to support and raise the quality of our teachers.
- (xi) Capacity Building expertise

Detail on the criteria for and the purpose of the funding is contained within the Schedule to this letter.

The award is made under the authority of the Cabinet Secretary for Education, one of the Welsh Ministers.

This brings the total amount allocated to the Regional Consortia School Improvement Grant to £44,476,586 (Forty Four Million, Four Hundred and Seventy Six Thousand, Five Hundred and Eighty Six Pounds).

The statutory basis for this Funding is made on and subject to the Conditions and under the authority of the Cabinet Secretary for Education, one of the Ministers, acting pursuant to sections 14-17 of the Education Act 2002 and 70 and 71(1) of the Government of Wales Act (GOWA) 2006.

The increased funding is subject to the terms and conditions provided in the original Funding award letter dated 27 September 2008, with the exemption of these clauses within Schedule 1:

- Delegation to schools;
- Local Authority Match funding for each region; and
- Administration and management costs.

(ii) This letter details the following changes to the Funding award:

Award of Funding (1) - The Funding, as awarded in September 2018 and in this variation, relates to the period 1 March 2018 to 31 March 2019 and the Funding must be claimed in full by 31 March 2019 otherwise any unclaimed part of the Funding will cease to be available to you.

This variation excludes an extension to the end of the 2018/19 academic year except for the More Able and Talented (MAT) element. Funding relating to the MAT programme should be included in your final claim, but may relate to expenditure within the **academic** year 2018-19. All other funding for the 2019-20 financial year will be treated under separate cover at a later date.

The 'Specific conditions of Funding for the period relating to the element which supports the Education Improvement Grant for Schools' under Schedule 1 of the Funding award includes as an addition: "support for schools and local authorities in undertaking certain elements of their statutory duties, including for 14-19 Learning Pathways where:

- You must ensure that all your schools have entered their local curriculum offer data on Careers Wales Online by 30 April 2019.
- You must ensure you schools meet the requirements of the Learning and Skills Measure 2009; that they offer students a minimum of 25 courses, 3 of which are vocational at KS4 and at post 16 schools must offer a minimum of 30 choices of which 5 must be vocational. The vocational courses for post 16 must fall across the 3 domains, one of which must be mathematics, science and technology domain.

Schedule 3 – Payment Profile - this will reflect the increased amount offered and retain bi-monthly payments as set out below:

Period	Payment date for processing
March – April 2018	26 October 2018
May – June 2018	
July – August 2018	
September – October 2018	6 November 2018
November – December 2018	18 December 2018

January – February 2019	26 February 2019
March 2019	26 March 2019

In order to accept this additional Funding and confirm that you accept the Terms and Conditions in relation to the new Funding and awarded Funding, you must sign and a copy of this letter to and return it to:

Gordon MacDonald
Education Directorate
Welsh Government
Cathays Park
Cardiff
CF103NQ
email: Gordon.Macdonald@gov.wales

A scanned PDF of the signed letter is preferred, but it must be returned from the email address of project manager named in the original grant award letter dated 27 September 2018.

Please note that none of the Funding will be paid to you until we have received your signed letter. We must receive your signed letter on or before (28 days from date of letter) or this additional Funding will automatically be withdrawn.

Yours sincerely

A handwritten signature in black ink that reads "M. J. Godfrey". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Mel Godfrey

Signed by Mel Godfrey
under authority of the Cabinet Secretary for Education
one of the Welsh Ministers.

Schedule of additional support

School Improvement	£37,500
Professional Teaching Awards Cymru (PTAC)	£5,000
National Professional Qualification for Headship (NPQH)	£195,000
Digital Competence Framework	£28,945
Modern Foreign Languages – building capacity for MFL in the primary sector	£53,470
Curriculum Pioneer Partnership Schools and Additional Capacity for AoLE Groups	Estimated £413,000 up to a maximum of £450,000
Part time and Work Based ITE	£50,000
More Able and Talented (MAT)	£144,443
National Academy for Educational Leadership - Associates programme	£10,000
Professional learning to support and raise the quality of our teachers.	£2,461,126
Capacity Building expertise	£70,000

School Improvement

You will be expected to fund Strategic leaders who will work with and on behalf of the regional consortia to support and challenge schools against criteria agreed with Welsh Government officials.

Professional Teaching Awards Cymru (PTAC)

You will be expected to facilitate the judging of the Professional Teaching Awards Cymru by providing support on the development of the awards and specialist advice in relation to the nominations.

National Professional Qualification for Headship (NPQH)

To deliver a revised NPQH to support the new *Professional Standards for Teaching and Leadership* and *Our national mission*. Both are key aspects of the action plan to equip Wales with inspirational leaders who can work collaboratively and are committed to raising standards and reducing the attainment gap. It is therefore vitally important that the next generation of head teachers are developed and supported to ensure that they are equipped to face the challenges of headship and to embed the role of head teachers as leaders of change in our system.

Funding per annum comprises of £4,500 per candidate, limited to 160 candidates, plus an additional £60,000 to revise the current NPQH programme to ensure its alignment to the new Professional Leadership Standards. As regional candidate numbers for 2018-2019 are in excess of 40 the funding will be divided equally between regions.

As part of this funding you will be expected to:

- maintain the quality threshold so that candidates are only accepted onto the programme that have a high likelihood of successfully completing and progressing to a headship position (assuming one is available) within 2 years,

- take into account any pressure points and areas of need (such as the need for Welsh Medium heads) when considering candidates and prioritise appropriately; and,
- ensure consistency of delivery across the regions and they are in line with the new Professional standards

Any underspend is subject to claw-back and redistribution.

Digital Competence Framework

As part of this funding you will be expected to provide digital support based on your regional needs. The aim is to further embed the DCF across the curriculum.

Modern Foreign Languages – building capacity in the primary sector

As part of this funding you will be expected to direct funding for the specific purpose of building capacity for MFL in the Primary sector.

Curriculum Pioneer Partnership Schools and Additional Capacity for AoLE Groups

As part of this funding you will be expected to provide additional funding for each of curriculum and/or digital pioneer partnership for the summer and Autumn 2018, to increase capacity to Areas of Learning groups.

You will also use this funding to provide additional funding to schools that provide additional capacity to specific AoLEs. These schools are agreed in partnership between Welsh Government and Regional consortia Successful Futures leads

Part time and Work Based ITE

To support the procurement and appointment of the supplier to deliver the developments in regard of part time and work based routes to initial teacher education.

As part of this funding you will be expected to: release a member (or more) of staff to work with us and support Welsh Government through the procurement stages of this work and with the successful provider once identified, through to the launch of the programme and its implementation.

More Able and Talented (MAT)

This funding is made available to support the development of a new national approach to identifying and supporting our more able and talented learners in Wales. This work is being led at consortia level by the cross-regional MAT group and will be subject to Welsh Government approval of the detailed proposals submitted this academic term.

National Academy for Educational Leadership – Academy Associates programme (AAP)

Additional funding to support delivery of the Academy's Associates programme under our priorities for leadership; supporting inspirational leaders working collaboratively to raise standards. The Funding is to support the release of a consortium member of staff who is acting as part of the delivery team for the AAP, calculated on the basis of 28 days input to the remaining elements of the programme up until December 2018.

Professional learning to support and raise the quality of our teachers.

The expectation of the funding is to help schools meet the demands of the new National Approach to Professional Learning (NAPL) and enable investment in the elements of the model. For example, it enables investment in practitioners' individual professional learning journeys and investment in collaboration.

The primary purpose of the funding is creating time in schools for practitioners to make the changes to practice they need to make in advance of the realisation of the new curriculum.

The funding is to be targeted at the learning required by teachers and learners to prepare them for the new curriculum.

The expectation of the funding is that every practitioner is to be given the opportunity to engage with professional learning utilising the funding. It is not reserved exclusively for the use of teachers and leaders and should be used, for example, to also enable access to professional learning for teaching assistants.

The principles underpinning the distribution and use of this funding are that:

- it is delegated in its entirety to schools and school budgets;
- the method used to determine funding at school level is calculated on FTE teacher numbers at the latest verified census point. This is the data that will drive the WG funding allocation to LAs;
- the funding is not exclusively reserved for support of teachers and leaders and is to be used to support all practitioners who support teaching and learning in classrooms including TAs/LSAs;
- the funding should be utilised to support engagement with the regional professional learning offer, or a professional offer, for example an HEI, or to support professional learning collaboration across schools.

In line with this, the funding should be used to support areas such as:

- the general release of teachers and TAs to engage in professional learning activities;
- the remuneration of individuals, creating roles and posts, to support the co-ordination of PL activities across a school or group of schools. These roles would support colleagues, departments or whole school approaches to critical enquiry, change management and SLO activities;
- the release costs for practitioners to engage in research activities and critical enquiry, funding release time to investigate the implications of the new curriculum for their own teaching and assessment practice;
- the release costs to enable practitioners to collaborate both within school and across clusters and networks of schools – engaging with collaborative professional learning and collaborative planning;

- supporting the development of the roles such as school (or cluster level) Professional Learning Coach

There is an expectation that schools will maximise the efficacy of the funding by pooling their resources appropriately across clusters/structured networks to maximise the impact and level of funding.

Monitoring requirements

Schools should publish their Professional Learning plans (either on a school or cluster level) outlining how they plan to support the professional learning needs of all practitioners within their schools and report annually report against those plans (again publishing a short report on their web-site).

Challenge Advisors within the regions should work alongside schools to consider the plans and in essence sign off to confirm that the plan meets the needs.

Capacity Building Expertise

The funding supports the provision of expertise within ERW, in relation to our national mission, to enable the co-construction of key policies in relation to small and rural schools and workforce planning.

Initially the work will focus on work within the Rural Education Plan along with the development of a workforce plan, to include a focus on small and rural schools, developing Welsh language skills and improving the quality of the supply workforce, including:

- taking forward identified actions in the Rural Education Plan;
- a state of the nation position on what is now in the system, and how it is informing planning around workforce development;
- an outline strategy for the delivery of recommendation 3 of Mick Waters report “Teaching: a valued profession”; and
- a plan to co-construct the 10 year workforce development plan

**REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT FOR 2018-19:
REVISED GRANT FUNDING NOVEMBER 2018:
GRANT ACCEPTANCE**

We hereby accept the additional award of Funding for the Regional Consortia School Improvement Grant 2018-19 and the Conditions relating to the Funding.

_____ Signature
Signatory on behalf of Pembrokeshire County Council

_____ Name

_____ Title

_____ Date

_____ Signature
Signatory on behalf of Pembrokeshire County Council

_____ Name

_____ Title

_____ Date

_____ Signature
Signatory on behalf of the ERW Consortium

_____ Name

_____ Title

_____ Date



Ein Rhanbarth ar Waith
Education through Regional Working

ERW Financial Update 2018-19

8 February 2019

ERW S151 Officer

Cynghrair o 6 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithiol.
Y nod yw gweithredu strategaeth a chynllun busnes rhanbarthol cytunedig a chefnogi gwelliant ysgolion.

ERW is an alliance of 6 local authorities governed by a legally constituted joint committee.
Its aim is to implement the agreed regional strategy and business plan to support school improvement.



1. Introduction

This report presents the Joint Committee with a financial update at 30 November 2018.

2. 2018-19 Central Team Budget

The 2018-19 Central Team budget was approved by the Joint Committee on 21 March 2018. Whilst it is accepted that we need to limit the number of budget amendments during the year, reality and changing circumstances will inevitably mean that revisions will be needed as we respond to changes in funding from Welsh Government.

Following a recommendation from the Joint Committee on 21 September 2017, centrally funded employees and secondments are shown separately under each Business Plan 2018-19 priority to make it clearer where they are being funded from (see pages 6 to 12).

It has been noted that grant dependency, leading to the lack of resilience in staffing and capacity, is a high risk.

Service Level Agreements (SLA's)

All SLA's have been reviewed in order to provide full cost recovery for the Authority providing the service. For 2018-19 the breakdown is as follows:

SLA's	Budgeted Cost
Committee Services (Carmarthenshire)	£5,000
Scrutiny (Swansea)	£5,000
Finance (Pembrokeshire)	£31,357
Internal Audit (Pembrokeshire)	£20,000
Human Resources (Pembrokeshire)	£10,000
Information Technology (Pembrokeshire)	£24,000
Procurement (Pembrokeshire)	£15,000
Insurance (Pembrokeshire)	-
Communications	-
Total Budgeted SLA's	£110,357

The projected outturn for SLAs shows a saving of £72k due to the non-requirement for Insurance and Communications SLAs and a reduction in the HR and IT core service SLA.

The Joint Committee has requested that expressions of interest be sought from the six Local Authorities in respect of providing these services in 2019-20.

	2018-19 Projected Outturn at 31 August 2018 £000's	2018-19 Revised Projected Outturn £000's	Actual Income / Expenditure November 2018 £000's	Committed £000's
Core Budgeted Expenditure				
Staffing Costs				
Salaries, Secondments, Specialists	58	56	37	19
Core Central Staff Salaries to be Recharged	387	441	257	184
Travel, Subsistence, Training and Development	6	7	6	1
IT Hardware & Mobiles	1	1	1	-
	452	505	301	204
Development and Running Costs				
Rent and Accommodation	32	61	34	27
Stationary, Telephone, Photocopying	11	11	8	3
Translation	10	10	7	3
Software, Marketing, R&E,	32	32	31	1
Service Level Agreements	182	110	5	105
Professional Learning	-	-	-	-
External Audit	14	14	-	14
Refund to Welsh Government	-	7	-	7
	281	245	85	160
Total Estimated Expenditure	733	750	386	364
Core Budgeted Income				
Local Authority Contributions	250	250	210	40
Other Income	4	4	-	4
Grant Funding Administration	397	451	257	194
Total Estimated Income	651	705	467	238
Core Net Expenditure	82	45	(81)	126
Appropriation from Reserve	(82)	(45)	81	(126)

- All office costs are primarily costed to the Core Central Team and where appropriate, the costs are recharged to various grants.
- It is anticipated that £451k of Core Central Team costs will be recoverable from various grant funding sources in 2018-19. This has increased from

previous projected amounts due to the MD being recharged to service review.

- The planned use of reserves for 2018-19 has reduced to £45k, this has resulted in a reduction of £37k in the use of reserves.
- The 2018-19 budget has been prepared on the basis of the total annual contribution from the six Local Authorities remaining at £250k, as in previous years. At the date of writing this report £210k of this has been received, Neath Port Talbot's element of £40k is outstanding.

The Joint Committee was informed on 21 March 2018 that Neath Port Talbot County Council's budget was prepared without budget provision being made for their core ERW contribution. The Lead Chief Executive wrote to Neath Port Talbot and their reply was attached in a previous Joint Committee report. This matter has not yet been resolved. Resolution of this issue was a pre-requisite condition of the RCSIG grant funding from Welsh Government for 2018-19.

At the Joint Committee meeting on 16 October 2018, it was agreed "that a further report be submitted to determine what action can be taken in the event of Neath Port Talbot County Council not paying its share of the £250k Local Authority Contribution for 2018-19". The ERW Monitoring Officer will provide the Joint Committee with an update at the meeting.

3. 2018-19 Grant Allocations

	2018-19 As Reported October 2018 £000's	** Variations Received to November 2018 £000's	2018-19 Revised Budget £000's
Regional Consortia School Improvement Grant (RCSIG)			
Curriculum and Assessment	919	-	919
Developing a High Quality Education Profession	4,474	3,188	7,662
Developing a High Quality Education -EIG	33,609	-	33,609
Leadership	329	200	529
Self-Improving System	568	48	616
Strong and Inclusive Schools	-	-	-
Total RCSIG Grant	39,899	-	43,335
RCSIG Academic 2017-18 *	637	-	637
Review and Reform (Separated for Transparency) ***	187	62	249
Total of RCSIG Offer Letter 2018-19	40,723	3,498	44,221
Pupil Development Grant (PDG)			
PDG	23,233	159	23,392
LAC PDG	1,100	-	1,100
Total of PDG Offer Letter 2018-19	24,333	159	24,492
British Council	13	-	13
Education Workforce Council	-	506	506
2017-18 Academic Year Grants Residual Balances			
Siarter Iaith *	190	-	190
NPQH *	113	-	113
NQHT *	585	-	585
A level *	37	-	37
	925	-	925
Total 2018-19 Grants	65,994	4,163	70,157

*These are 2017-18 grants which span the academic year September 2017 – August 2018. This money was committed to be spent between April – August 2018 in line with the 2017-18 ERW Business Plan. Due to the recent financial delays some of this money has not been spent, a request was made to Welsh Government to spend this money post August 2018, which was accepted.

** Approval letter attached at Appendix 2 received 26.11.18.

*** The variation received in Appendix 2 included £70k for this particular element although since this offer letter the amount has been reduced to £62k

4. 2018-19 Grants

4.2 Regional Consortia School Improvement Grant (RCSIG)

The revised RCSIG is allocated according to the National Ministerial Priorities. Grants received are allocated according to the ERW Business Plan 2018-19 priorities:

- Curriculum and Assessment (4.3)
- Developing the Profession (4.4)
- Leadership (4.5)
- School Improvement (4.6)
- Strong and Inclusive Schools (4.7)

The terms and conditions of the grant are carefully adhered to, and wherever possible clear links are made between grants to enable greater value for money when planning expenditure.

The intention of the new RCSIG is that it will be distributed bi-monthly to the lead banker. Due to compliance issues at the beginning of the year ERW did not receive any grant until 27 October 2018 causing cash flow implications. The bi monthly distributions are a key improvement by Welsh Government which we welcome. It allows for greater flexibility and supports us to delegate more resources to schools where possible, to build capacity.

This report and the financial information contained within it should be considered alongside the ERW Business Plan 2018-19.

As detailed in the previous report, since January 2018, ERW's procurement support has been formally provided by Pembrokeshire County Council with 3 key items of work currently in progress:

1. A framework for support services to support school improvement.
2. Procurement arrangements for larger programmes
3. Procurement of system support.

4.3 Curriculum and Assessment

Curriculum and Assessment Budgeted Income	2018-19 Projected Income £000's	Actual Income at November 2018 £000's	
RCSIG Curriculum & Assessment 2018-19	919	522	
Siarter laith 2017-18 Academic	190	190	
Total Estimated Income	1,109	712	
Curriculum and Assessment Budgeted Expenditure	2018-19 Projected Expenditure £000's	Actual Expenditure November 2018 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	744	242	502
Core Central Staff	37	29	8
Travel, Subsistence, Training and Development	5	5	-
IT Hardware & Mobiles	2	1	1
	788	277	511
Development and Running Costs			
Accommodation & Venue Hire	6	5	1
Stationary, Telephone, Photocopying	-	-	-
Translation	8	4	4
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
	14	9	5
Delegated to Schools			
Passported on WG Instruction	120	70	50
Regional Support, Support Work, Task	17	-	17
	137	70	67
Delegated to Local Authorities	170	-	170
Unallocated Funds	-	-	-
Total Estimated Expenditure	1,109	356	753

4.4 Developing the Profession

Developing the Profession Budgeted Income	2018-19 Projected Income £000's	Actual Income at November 2018 £000's	
RCSIG Developing the Profession 2018-19	4,474	2,566	
RCSIG Additional Funding November 2018	3,188	-	
RCSIG Developing the Profession 2018-19 EIG	33,609	19,605	
RCSIDG Developing the Profession (Academic)	637	637	
Alevel 2017-18	37	37	
British Council	13	13	
Total Estimated Income	41,958	22,858	
Developing the Profession Budgeted Expenditure	2018-19 Projected Expenditure £000's	Actual Expenditure November 2018 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	3,187	1,351	1,836
Core Central Staff	112	80	32
Travel, Subsistence, Training and Development	88	73	15
IT Hardware & Mobiles			
	3,387	1,504	1,883
Development and Running Costs			
Accommodation & Venue Hire	26	5	21
Stationary, Telephone, Photocopying	3	2	1
Translation	31	16	15
Software, Marketing, R&E,	20	4	16
Professional Learning	353	104	249
	433	131	302
Delegated to Schools			
Passported on WG Instruction	2,150	870	1,280
Regional Support, Support Work, Task	939	22	917
	3,089	892	2,197
Delegated to Local Authorities	35,100	19,037	16,063
Unallocated Funds	-	-	-
Total Estimated Expenditure	42,009	21,564	20,445

4.5 Leadership

Leadership Budgeted Income	2018-19 Projected Income £000's	Actual Income at November 2018 £000's	
RCSIG Leadership 2018-19	329	188	
RCSIG Additional Funding November 2018	200	-	
NPQH 2017-18 Academic	113	113	
NQT 2017-18 Academic	585	585	
NQT 2018-19	506	177	
Total Estimated Income	1,733	1,063	
Leadership Budgeted Expenditure	2018-19 Projected Expenditure £000's	Actual Expenditure November 2018 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	194	124	70
Core Central Staff	132	86	46
Travel, Subsistence, Training and Development	8	8	-
IT Hardware & Mobiles	2	-	2
	336	218	118
Development and Running Costs			
Accommodation & Venue Hire	4	1	3
Stationary, Telephone, Photocopying	2	-	2
Translation	3	2	1
Software, Marketing, R&E,	-	-	-
Professional Learning	160	10	150
	169	13	156
Delegated to Schools			
Passported on WG Instruction	-	-	-
Regional Support, Support Work, Task	1,228	153	1075
	1,228	153	1,075
Delegated to Local Authorities	-	-	-
Unallocated Funds	-	-	-
Total Estimated Expenditure	1,733	384	1,349

4.6 School Improvement

School Improvement Budgeted Income	2018-19 Projected Income £000's	Actual Income at November 2018 £000's	
RCSIG School Improvement 2018-19	568	330	
RCSIG Additional Funding November 2018	48	-	
Total Estimated Income	616	330	
School Improvement Budgeted Expenditure	2018-19 Projected Expenditure £000's	Actual Expenditure November 2018 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	291	146	145
Core Central Staff	46	35	11
Travel, Subsistence, Training and Development	6	2	4
IT Hardware & Mobiles	5	-	5
	348	183	165
Development and Running Costs			
Accommodation & Venue Hire	26	2	24
Stationary, Telephone, Photocopying	2	-	2
Translation	5	1	4
Software, Marketing, R&E,	-	-	-
Professional Learning	30	5	25
	63	8	55
Delegated to Schools			
Passported on WG Instruction			
Regional Support, Support Work, Task	205	55	150
Delegated to Local Authorities	-	-	-
Unallocated Funds	-	-	-
Total Estimated Expenditure	616	246	370

4.7 Strong and Inclusive Schools

Strong and Inclusive Schools Budgeted Income	2018-19 Projected Income £000's	Actual Income at November 2018 £000's	
PDG	23,233	-	
LAC PDG	1,100	-	
Additional PDG Funding	159	-	
Total Estimated Income	24,492	-	
Strong and Inclusive Schools Budgeted Expenditure	2018-19 Projected Expenditure £000's	Actual Expenditure November 2018 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	113	71	42
Core Central Staff	-	-	-
Travel, Subsistence, Training and Development	5	2	3
IT Hardware & Mobiles	1	-	1
	119	73	46
Development and Running Costs			
Accommodation & Venue Hire	-	-	-
Stationary, Telephone, Photocopying	-	-	-
Translation	1	-	1
Software, Marketing, R&E,	-	-	-
Professional Learning	55	-	55
	56	-	56
Delegated to Schools			
Passported on WG Instruction	-	-	-
Regional Support, Support Work, Task *	103	-	103
Delegated to Local Authorities *	24,214	-	24,214
Unallocated Funds	-	-	-
Total Estimated Expenditure	24,492	73	24,419

*The LAC PDG was initially intended to be spent via ERW from September 2018. This has not happened so these updated budgeted figures now show the full year LAC PDG as delegated to Local Authorities.

5. ERW Review and Reform Programme

The Joint Committee agreed on 21 September 2017 to commence the ERW Review and Reform Programme, resulting in the appointment of a Programme Team under the leadership of the Lead Chief Executive.

Welsh Government have provided support of £250k to the ERW Joint Committee to facilitate the ERW Review and Reform Programme.

As detailed below, only £85k of this money has been spent to the end of November 2018, but all except £30k has been allocated.

Review and Reform Budgeted Income	2018-19 Projected Income £000's	Actual Income at November 2018 £000's	
Review and Reform	187	152	
RCSIG Additional Funding November 2018	62	-	
Total Estimated Income	249	152	
Review and Reform Budgeted Expenditure	2018-19 Projected Expenditure £000's	Actual Expenditure November 2018 £000's	Committed £000's
Staffing Costs			
Salaries, Secondments, Specialists	43	38	5
Core Central Staff	114	27	87
Travel, Subsistence, Training and Development	-	-	-
IT Hardware & Mobiles	2	-	2
	159	65	94
Development and Running Costs			
Accommodation & Venue Hire	1	1	-
Stationary, Telephone, Photocopying	-	-	-
Translation	2	-	2
Software, Marketing, R&E,	-	-	-
Professional Learning	-	-	-
HR Advise	57	19	38
	60	20	40
Delegated to Schools			
Passported on WG Instruction	-	-	-
Regional Support, Support Work, Task	-	-	-
Delegated to Local Authorities	-	-	-
Unallocated Funds	30	-	-
Total Estimated Expenditure	249	85	134

6. Risks

This report, in a similar vein to previous Financial Updates, highlights risks for ERW. The high cost of secondments (see Annex 1) and the growing expectations on ERW are well known. This is reflected in the Review and Reform Programme recommendations from previous meetings and Welsh Government supporting ERW with additional resources. Estyn have also identified the matter as contributing to hindering progress.

The ERW Reserves are diminishing as outlined below. Work on the future financial arrangements for ERW is being discussed by the six S151 Officers.

Non-payment of one Authority's contribution for this financial year remains to be resolved.

To ensure funding from the RCSIG grant we need to ensure compliance with the pre-conditions set out in the revised grant offer letter. Continues to require compliance monitoring.

7. Reserves

The table below shows the projected implications on ERW Reserves from 2017-18 to 2018-19. Despite having a healthy reserve balance of £406k at the commencement of 2017-18, between the annual contribution to the cost of the Central Team and the contribution to the Pension Reserve the reserves were reduced to £190k by the end of 2017-18.

The projected annual contribution to the cost of the Central Team for 2018-19 is £45k.

Movement on the Pension Reserve for 2018-19 could reduce the total reserve balance of £145k further.

Useable Reserves	Earmarked Joint Committee Reserves £000's	General Working Reserve £000's	Pensions Reserve £000's	Total Reserves £000's
Balance 31 March 2017	442	100	-136	406
2017-18 To Revenue	-60		-156	-216
Balance 31 March 2018	382	100	-292	190
2018-19 To Revenue	-45			-45
Balance 31 March 2019	337	100	-292	145

8. Recommendations

1. The Joint Committee approves the amendments to the Central Team budget for 2018-19.
2. The Joint Committee determine the action to be taken in the event of Neath Port Talbot County Council not paying their share of the £250k Local Authority Contribution for 2018-19.
3. The Joint Committee determine the allocation of the £30k, remaining from the £250k Welsh Government funding for the Review and Reform Programme.
4. The Joint Committee notes the additional grant funding totalling £4.163m since the last meeting.



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ERW JOINT COMMITTEE

8TH FEBRUARY 2019

FINANCIAL REGULATIONS AND CONTRACT PROCEDURE RULES

Purpose:

Adoption of the Pembrokeshire County Council revised Financial Regulations and Contract Procedure Rules, for use by ERW.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

The Joint Committee:

- Adopt the Pembrokeshire County Council revised Financial Regulations, for use by ERW.
- Adopt the Pembrokeshire County Council Contract Procedure Rules, for use by ERW.
- Approve the ERW Chair (or Vice Chair in her absence) as the Independent Cabinet Member for the purposes of the Financial Regulations and Contract Procedure Rules.

REASONS:

Compliance with ERW Joint Agreement (Contract Procedure Rules) and ERW Joint Committee Resolution on 25 July 2014 (Financial Regulations).

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EXECUTIVE SUMMARY ERW JOINT COMMITTEE

8TH FEBRUARY 2019

FINANCIAL REGULATIONS AND CONTRACT PROCEDURE RULES

BRIEF SUMMARY OF PURPOSE OF REPORT

Financial Regulations

The ERW Joint Agreement does not refer to Financial Regulations, so the Section 151 Officer reported on this matter to the first meeting of the ERW Joint Committee on 25 July 2014. The Joint Committee resolved that the “Lead Authority responsible for Finance shall operate within the confines of its own Financial Regulations”. As Pembrokeshire County Council has been the Lead Authority responsible for Finance, its Financial Regulations have been used by ERW. They were circulated to all Local Authorities in July 2014 for information.

In December 2018, revised Financial Regulations (see attached) were approved by Pembrokeshire County Council, now incorporating Individual Cabinet Member Delegations.

The Joint Committee is requested to adopt the revised Pembrokeshire County Council Financial Regulations, for use by ERW, and to approve the ERW Chair (or Vice Chair in her absence) as the Independent Cabinet Member for the purposes of the Financial Regulations.

Contract Procedure Rules

Section 5.8 of the ERW Joint Agreement states “The Lead Authority responsible for Contracts and Procurement will act as the contracting authority for and on behalf of the Consortium, and in accordance with that Authorities Contract Procedure Rules”. From 2014 to 2018, Powys County Council were the Lead Authority for Contracts and Procurement, however, during 2018 the ERW Managing Director approached Pembrokeshire County Council to undertake this function (via an SLA) as Powys were unable to continue.

The Contract Procedure Rules (see attached) were approved by Pembrokeshire County Council in December 2018, and incorporate Individual Cabinet Member Delegations.

The Joint Committee is requested to adopt the Pembrokeshire County Council Contract Procedure Rules, for use by ERW, and to approve the ERW Chair (or Vice Chair in her absence) as the Independent Cabinet Member for the purposes of the Contract Procedure Rules.

DETAILED REPORT ATTACHED?

NO



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	NONE
<p>1. Legal Compliance with the ERW Joint Agreement (Contract Procedure Rules) and ERW Joint Committee Resolution on 25 July 2014 (Financial Regulations).</p>				
<p>2. Finance Adoption of the Financial Regulations and Contract Procedure Rules is required for the effective financial management and governance of ERW.</p>				
<p>3. Risk Management Failure to adopt the Financial Regulations and Contract Procedure Rules could lead to ambiguity over the financial decision making and transactions of ERW.</p>				

CONSULTATIONS

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE**



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Pembrokeshire County Council
Cyngor Sir Penfro



Financial Regulations

November 2018

FINANCIAL REGULATIONS

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1.0 Introduction

1.1 What are Financial Regulations?

1.1.1 The Chief Finance Officer is responsible for:

- (a) preparing detailed Financial Regulations which provide the framework for the proper administration of the Council's financial affairs;
- (b) issuing advice and guidance to underpin the Financial Regulations which Members, Officers and others acting on behalf of the Council are required to follow.

1.1.2 The regulations identify the financial responsibilities of the Full Council, the Cabinet and Officers.

1.1.3 To avoid the need for regular amendment due to changes in post titles, generic terms are included for Officers as follows:

- The term "Directors" refers to the Council's Chief Executive and the Directors.
- The term "Cabinet" refers to the Cabinet and Leader of the Council.
- The term "Chief Finance Officer" is the Council's Statutory Section 151 Officer and refers to the Director of Resources (Deputy Section 151 Officer is the Head of Finance & Business Services).
- The term "Head of Internal Audit" refers to the Governance, Assurance and Information Manager.

1.2 Why are they important?

1.2.1 To conduct its business effectively, the Council needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Regulations which set out the financial responsibilities of the Council.

1.2.2 Good, sound financial management is a key element of the Council's Corporate Governance framework, which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

1.2.3 Good financial management secures value for money, controls spending, ensures probity of transactions and allows decisions to be informed by accurate accounting information, substantiating the effective use of public money.

1.2.4 Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Constitution.

1.3 Who do Financial Regulations apply to?

1.3.1 Financial Regulations apply to every Member and Officer of the Council and anyone acting on its behalf. Members and Officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and for ensuring that the use of such resources and assets is legal, is consistent with Council policies and priorities, is properly authorised and achieves value for money.

1.3.2 Separate financial procedures have been incorporated into the Council's Financial Regulations for Schools and relate to those matters where decisions have been delegated to school governing bodies.

1.3.3 These Financial Regulations will apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise.

1.3.4 Failure to observe Financial Regulations may result in action under the Council's disciplinary procedures.

1.4 Who is responsible for ensuring that they are applied?

1.4.1 Directors, Heads of Service and Individual Cabinet Members are ultimately responsible to the Council for ensuring that Financial Regulations are applied and observed by staff and contractors providing services on the Council's behalf, and for reporting to the Chief Finance Officer any known or suspected breaches.

1.5 Suspension of Financial Regulations

1.5.1 Where any Director considers that complying with Financial Regulations in a particular situation might conflict with the achievement of value for money or the best interests of the Council, he/she will raise the issue with the Chief Finance Officer who will, if he considers necessary and appropriate, seek formal approval from the Cabinet for a specific exception to the regulations.

2.0 Financial Management – General Roles and Responsibilities

2.1 The Role of Members

The Council has a duty towards its Council Tax payers with regard to financial decisions and their consequences. Full Council is responsible for approving the Budget and Policy Framework within which the Cabinet operates having regard to the Chief Finance Officer's comments in his Local Government Act 2003 section 25 report on the robustness of estimates and the adequacy of reserves. The budget setting process includes Full Council approval of Prudential Indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities. Full Council is also responsible for approving and monitoring compliance with the overall framework of accountability and control.

The following have specific financial roles and responsibilities as set out in Parts 2 and 3 of the Constitution:

- The Council
- The Cabinet
- Overview and Scrutiny Committees
- Audit Committee

2.2 The Role of the Chief Finance Officer

2.2.1 The role of the Chief Finance Officer is set out in Part 2, Section 10 of the Constitution.

2.2.2 The Chief Finance Officer is accountable to the Chief Executive and the Council and has statutory duties that provide overall responsibility for the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. These statutory duties arise from:

- (a) Section 151 of the Local Government Act 1972;
- (b) The Local Government Finance Act 1988;
- (c) The Local Government and Housing Act 1989 / Housing (Wales) Act 2014;
- (d) Local Government Act 2003;
- (e) The Accounts and Audit (Wales) Regulations 2014 (as amended).

2.2.3 The Chief Finance Officer is the Council's professional adviser on financial matters and is responsible for:

- (a) the proper administration of the Council's financial affairs;
- (b) maintaining a continuous review of the Financial Regulations and submitting any additions or changes as necessary to the Audit Committee for approval;
- (c) annually reviewing, updating and monitoring compliance with the Financial Control Procedures;
- (d) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- (e) providing financial information and advice to the Corporate Management Team, the Cabinet and the Council on all aspects of its activity including the presentation of appropriate financial options as necessary;
- (f) providing training for Members and Officers on Financial Regulations and Financial Control Procedures;
- (g) determining accounting policies and ensuring that they are applied consistently;
- (h) determining accounting procedures and records of the Council;
- (i) preparing and monitoring the revenue budget, capital programme and Medium Term Financial Plan;
- (j) ensuring the provision of an effective Internal Audit Function;
- (k) ensuring the provision of an effective Treasury Management Function;
- (l) advising on risk management;
- (m) ensuring the Council complies with the CIPFA Prudential Code for Capital Finance in Local Authorities;
- (n) ensuring that Council spending plans and council tax calculations, identified in the Medium Term Financial Plan, are based upon robust estimates;
- (o) ensuring that the level of Council reserves is adequate to meet the known financial risks facing the Council over the medium term;

- (p) ensuring that the annual Statement of Accounts is prepared in accordance with the latest Code of Practice on Local Authority Accounting in the UK and the Service Reporting Code of Practice (SeRCOP) to ensure consistent financial reporting below the Statement of Accounts level;
- (q) ensuring that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators;
- (r) ensuring that proper professional practices, standards and ethics are adhered to;
- (s) acting as head of profession in relation to the standards, performance and development of finance staff including the training and professional development of all staff employed in posts designated as requiring a qualified accountant, accounting technician, or auditor, wherever located;
- (t) the appointment of all finance staff and will be consulted on any proposal to create or delete a post requiring such a qualification for appointment;
- (u) The Chief Finance Officer will, at his discretion, report to the Cabinet and/or the Audit Committee any breach or material case of non-compliance with these Financial Regulations. Where appropriate the Chief Executive or Chief Finance Officer may consult with the Head of Human Resources regarding any disciplinary action necessitated by the breach or non-compliance.

2.2.4 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to Full Council and to the External Auditors if the Council or one of its Officers:

- (a) has made, or is about to make a decision which involves incurring expenditure which is unlawful;
- (b) has taken or is about to take, unlawful action which has resulted or would result in a loss or deficiency to the Council;
- (c) is about to make an unlawful entry in the Council's accounts.

For clarity, Cipfa also use the term "unbalanced budget" under Section 114.

2.2.5 Section 114 of the Local Government Finance Act 1988 also requires:

- (a) the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally;
- (b) the Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources, including legal advice where necessary, to carry out the duties under section 114, as determined by the Chief Finance Officer.

2.2.6 The Chief Finance Officer:

- (a) is required to approve all financial procedures, records, systems and accounts throughout the Council which are necessary to ensure that the tasks defined in these procedures are properly carried out. The Council will also ensure that the Chief Finance Officer is consulted and given the opportunity to advise upon all financial management arrangements to ensure provision of detailed advice and guidance on financial systems and procedures necessary to ensure a satisfactory standard of accuracy, reliability, probity and regularity;
- (b) will be given access to any information as is necessary to comply with his statutory duties and with the requirements and instructions of the Council;
- (c) will be entitled to attend and report on financial matters directly to the Council, the Cabinet, and any Committees or working groups the Council may establish and to the Corporate Management Team;
- (d) will be sent prior notice of all meetings of the Cabinet and all reports for Individual Cabinet Members under the Individual Cabinet Member delegation procedure, the Council, all Committees/Sub-Committees/working groups together with full agendas and reports and will have authority to attend all meetings and take part in the discussion if he so desires.

2.3 The Role of Directors

2.3.1 Directors are each accountable to the Council for the financial management and administration of those services and activities allocated to them in accordance with Council policy.

2.3.2 Directors are responsible for:

- (a) ensuring that adequate and effective systems of internal control are operated to ensure the accuracy, legitimacy and proper processing of transactions and the management of activities, having regard to advice and guidance from the Chief Finance Officer;
- (b) ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer;
- (c) consulting with the Chief Finance Officer in seeking approval regarding any matters which may affect the Council's finances materially, before any commitments are incurred;
- (d) consulting with each other on any issue with corporate financial implications before submitting policy options or recommendations to Members.

3.0 Financial Planning

3.1 Strategic Planning

3.1.1 The Full Council is responsible for approving the Council's Budget and Policy Framework (Part 2, Section 3 of the Constitution).

3.1.2 The preparation of the Medium Term Financial Plan is part of the Budget and Policy Framework of the Council and aims to ensure that the Council's spending plans are prudent, affordable, sustainable and reflect Council priorities.

3.1.3 In terms of strategic financial planning, the key documents for consideration are:

- (a) the Programme for the Administration;
- (b) the Council's Corporate Plan (including Well-being Objectives);
- (c) the Council's Transformation Programme;
- (d) the Budget Strategy;
- (e) the Capital Strategy;
- (f) the Treasury Management Strategy and Investment Strategy;
- (g) the Strategic Asset Management Plan;
- (h) the Business Risk Management Strategy and Corporate Risk Register;
- (i) the Workforce Development Plan;
- (j) the Council's Performance Management Framework.

3.1.4 The Full Council is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the Budget and Policy Framework and for determining the circumstances in which a decision will be deemed to be contrary to or not wholly in accordance with the Budget and Policy Framework.

3.1.5 The Monitoring Officer and Head of Legal and Democratic Services will, in conjunction with the Chief Finance Officer, advise whether decisions of the Cabinet are in accordance with the Budget and Policy Framework.

3.1.6 Directors are responsible for the preparation and monitoring of service improvement plans within their Directorates in accordance with the corporate performance management framework. Service improvement plans should align with the Programme for the Administration and the Council's Corporate Plan (including Well-being Objectives) and be consistent with and based upon the budget allocated by the Council to the service.

3.2 Budget Preparation

3.2.1 The Cabinet, in consultation with the Chief Finance Officer is responsible for approving the Budget Strategy.

3.2.2 The Budget Strategy will take account of:

- (a) the Programme for the Administration and the Council's Corporate Plan (including Well-being Objectives);
- (b) workforce inflation, non-workforce inflation, demographic and legislative pressures;
- (c) funding from Welsh Government (Aggregate External Finance and specific grant) and other sources;
- (d) council tax increases;
- (e) the level of reserves and the general fund working balance;
- (f) the affordability and sustainability of service provision;
- (g) the affordability, sustainability and prudence of capital investment plans;
- (h) legal requirements and other relevant government requirements and guidelines;
- (i) value for money;
- (j) other internal policy documents;
- (k) cross-cutting issues (where relevant).

3.2.3 The Chief Finance Officer is responsible for:

- (a) developing and maintaining a budget and resource allocation process that ensures consideration of the Policy Framework;
- (b) ensuring that a detailed revenue budget and a strategic plan up to a four year period (Medium Term Financial Plan) are prepared on an annual basis, for consideration by the Cabinet before submission to Full Council for approval;

- (c) ensuring that a detailed capital programme and an indicative capital programme for a further two year period is prepared on an annual basis, for consideration by the Cabinet before submission to the Full Council for approval.

3.2.4 It is the responsibility of the Chief Finance Officer to advise the Cabinet and/or the Full Council on prudent levels of working balances and reserves for the Council.

3.2.5 Directors are responsible for ensuring that the Policy Framework and service improvement plans within their Directorate are deliverable within the approved budget allocation.

3.3 Budget Approval

3.3.1 The Budget approval process is set out in Part 2 Section 3 of the Constitution.

3.3.2 Provision of an item in the approved Budget (revenue and capital) confers authority on the Cabinet/Directors to incur such expenditure during the financial year to which the budget relates.

3.3.3 Authorisation of capital schemes will be in accordance with decisions of Cabinet or under the Individual Cabinet Member Delegations – “Authorise schemes within the agreed capital programme or for which capital provision is available within a delegated budget if deemed affordable by the Section 151 Officer, subject to paragraph 5.2.2 below”.

3.4 Budget Transfers/Virements

3.4.1 Budget transfers/virements will be in accordance with the Individual Cabinet Member Delegations:

- (a) Up to £50,000 – Directors approval required;

- (b) Exceeding £50,000 to £1,000,000 – Individual Cabinet Members approval required;

- (c) Exceeding £1,000,000 – Cabinet approval required.

3.4.2 Authorisation of the Chief Finance Officer is required to release funds from reserves in accordance with the Strategy for Holding and Utilising Reserves.

3.4.3 A capital budget cannot be transferred to a revenue budget.

3.5 Budget Monitoring and the Control of Income and Expenditure

3.5.1 The Chief Finance Officer (and Head of Human Resources in regard to payroll, pensions and personal taxation) is responsible for:

- (a) developing an effective framework of budget management and control;
- (b) providing appropriate financial information to enable budgets to be monitored effectively;
- (c) reporting to Directors, the Cabinet (and other Committees as appropriate) on the overall Council budget monitoring position on at least a half-yearly basis;
- (d) all payments to employees, Members and creditors;
- (e) maintaining the Council's tax records;
- (f) advising Directors on all taxation issues that affect the Council;
- (g) ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts;
- (h) approving arrangements for the collection of income due to the Council;
- (i) approving banking, borrowing and other credit requirements, e.g. leasing;
- (j) approving the write off of bad debts;

3.5.2 Contracts for the supply of goods and services or the undertaking of works will be in accordance with the Contract Procedure Rules and Individual Cabinet Member Delegations.

3.5.3 Separate financial procedures for schools have been incorporated into the Council's Financial Regulations for Schools and relate to those matters where decisions have been delegated to school governing bodies.

3.5.4 It is the responsibility of Directors to:

- (a) control income and expenditure within their Directorate and service areas and only incur expenditure for which there is budgetary provision;
- (b) monitor performance in conjunction with the budget taking account of financial information provided by the Chief Finance Officer;
- (c) report on budget variances (expenditure and income) within their own areas to the Chief Finance Officer;

- (d) take any corrective action necessary to avoid exceeding their budget allocation and alert the Chief Finance Officer accordingly.

3.6 Reporting at Year End (Statement of Accounts)

3.6.1 The Chief Finance Officer is responsible for:

- (a) providing the Cabinet with an annual budget outturn statement;
- (b) publishing an annual timetable for the closure, audit and approval of the accounts;
- (c) ensuring that the Council's annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC), the Accounts and Audit (Wales) Regulations 2014 (as amended) and any other relevant guidelines.
- (d) submitting the draft Statement of Accounts to the External Auditor for audit, the Audit Committee for review and Council for approval, in accordance with the timetable.

3.6.2 It is the responsibility of Directors to ensure that arrangements are put in place each year to deliver the Council's timetable.

3.7 Use of Reserves

3.7.1 The Chief Finance Officer is responsible for advising the Cabinet and/or the Full Council on levels of reserves for the Council. The advice will be based upon an annual risk assessment of the prudent levels of reserves the Council should maintain.

3.7.2 The Chief Finance Officer will manage the reserves in accordance with the Strategy for Holding and Utilising Reserves.

4.0 Business Risk Management and Control of Resources

4.1 Business Risk Management

- 4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying, evaluating, managing and reviewing all significant strategic and operational business risks to the achievement of the Council's Well-being objectives. This should include the proactive participation of all those associated with planning and delivering services.
- 4.1.2 The Corporate Risk Management Group is responsible for reviewing strategic risks and reporting progress on their management to the Corporate Management Team, the Audit Committee and the Cabinet.
- 4.1.3 The Cabinet are responsible for formally approving the Council's Corporate Risk Register on an annual basis.
- 4.1.4 The Audit Committee is responsible for approving the Council's Business Risk Management Strategy and for reviewing the effectiveness of the Council's business risk management arrangements.
- 4.1.5 The Chief Finance Officer is the Council's nominated Business Risk Management Champion, supported by the Members Business Risk Management Champion.
- 4.1.6 The Chief Finance Officer/Head of Internal Audit are responsible for preparing the Council's Business Risk Management Strategy and for promoting and embedding it throughout the Council and for advising the Cabinet on risk mitigation for significant risks where appropriate.
- 4.1.7 It is the responsibility of Directors to ensure there are regular reviews of business risks within their areas of responsibility having regard to advice from the Chief Finance Officer/Head of Internal Audit and other specialist Officers (e.g. Legal and Health & Safety).
- 4.1.8 It is the responsibility of Directors and Heads of Service to ensure compliance with the Business Risk Management Strategy and Guidelines.

4.2 Internal Control

- 4.2.1 Internal control refers to the systems of control devised by management to help ensure the Council's Well-being objectives are achieved in a manner that promotes economic, efficient and effective use of resources and that the Council's assets and interests are safeguarded.

- 4.2.2 Effective internal control systems ensure that the Council secures probity and legitimacy of transactions, and prevents and detects fraud, misuse of assets and funds, and irregularity.
- 4.2.3 The Head of Internal Audit is responsible for advising on effective systems of internal control. Effective systems of internal control should ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should also ensure that public funds are properly safeguarded and used economically, efficiently and in accordance with the statutory and other authorities that govern their use.
- 4.2.4 It is the responsibility of Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, value for money, effective use of resources and achieving their financial performance targets.
- 4.2.5 The Council is required to provide a Statement on Internal Control (Annual Governance Statement) in accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended). As part of this statement, the Chief Executive and the Leader of the Council are required to comment on the effectiveness of the entire internal control environment within the Council as a key indicator of good governance.
- 4.2.6 Directors and Statutory Officers are required to give annual assurance that sound governance arrangements exist within their Directorates. Financial Control Procedures have been established to bring to the attention of those with responsibility for budgetary control the issues they need to consider to ensure the required governance arrangements are in place.

4.3 Insurance

- 4.3.1 Insurance provision is a way of managing risk.
- 4.3.2 The Chief Finance Officer is responsible for:
- (a) effecting insurance cover falling within the Policy Framework approved by the Council and dealing with all claims in consultation with other Directors where necessary;
 - (b) operating an internal insurance account(s) for risks not covered by external insurance policies and is authorised to charge the various Council Service budgets with the cost of contributions to this account;

- (c) reviewing, at least annually, all insurances in consultation with Directors where necessary.

4.3.3 It is the responsibility of Directors to:

- (a) advise the Chief Finance Officer of all new risks, properties, vehicles or potential liabilities for which insurance may be required; and of any changes affecting existing risks or insurance cover required;
- (b) notify the Chief Finance Officer in writing and without delay of any loss, liability or damage or any event likely to lead to a claim, and will provide such information and explanations required by the Chief Finance Officer or the Council's insurers;
- (c) consult with the Head of Legal and Democratic Services on the terms of any indemnity which they are requested to give on behalf of the Council;
- (d) ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim;
- (e) keep suitable records and ensure inspections of any asset are carried out within any period prescribed by legislation or insurers.

4.3.4 Any monies due from the insurers will be paid to the Chief Finance Officer.

4.4 Internal Audit and External Audit

4.4.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs". Reliance on Internal Audit is fundamental to this responsibility. The Accounts and Audit (Wales) Regulations 2014 require that a "relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems and review its effectiveness on an annual basis".

4.4.2 The Chief Finance Officer is responsible for:

- (a) ensuring that the Council has appropriate arrangements in place to maintain an adequate and effective internal audit function;
- (b) maintaining a continuous internal audit and, so far as he/she may deem reasonable, arrange for the examination and audit of accounting, financial and other operations of the Council.

- 4.4.3 The strategy and terms of reference for Internal Audit are detailed in the Council's Internal Audit Charter which is reviewed and approved by the Audit Committee.
- 4.4.4 The internal audit function is governed by the Public Sector Internal Audit Standards and the Head of Internal Audit is required to report annually on conformance.
- 4.4.5 The Head of Internal Audit is required to provide an Annual Assurance Statement on the effectiveness of the Council's internal control, governance, risk management and financial management arrangements, in accordance with the Public Sector Internal Audit Standards. This is a key element of the evidence required to support the Annual Governance Statement.
- 4.4.6 The Chief Finance Officer or his internal audit staff will have authority to:
- (a) Enter at all reasonable times any Council premises or land;
 - (b) Have access to all records, information systems, documents and correspondence relating to any financial or other transactions of the Council;
 - (c) Require and receive such information and explanations as are necessary concerning any matter under examination within a reasonable period (normally not more than 28 days);
 - (d) Require any employee of the Council to produce cash, stores or any other Council property under his control.

This authority should be extended to the Council's partnerships at the discretion of the Chief Finance Officer.

- 4.4.7 The Auditor General for Wales is responsible for appointing external auditors to each Local Authority. The basic duties of the external auditor are governed by the Public Audit (Wales) Act 2004. They are also required to follow the Code of Audit Practice. Their duties include reviewing the work of Internal Audit in order to place reliance on it.
- 4.4.8 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMRC, who have statutory rights of access.
- 4.4.9 The Chief Finance Officer or relevant Director are responsible for reporting to the Audit Committee and the Cabinet, where appropriate, the findings of these audits, inspections or investigations and taking relevant action to implement recommendations and action required.

4.5 Preventing Fraud and Corruption

- 4.5.1 The Council has a zero tolerance approach to fraud, corruption and bribery in the administration of its responsibilities.
- 4.5.2 The Chief Finance Officer/Head of Internal Audit are responsible for the development, maintenance and review of a Counter Fraud, Corruption and Bribery Policy Statement & Strategy.
- 4.5.3 It is the responsibility of Directors to promote the Counter Fraud, Corruption and Bribery Policy Statement & Strategy within their Directorates and to ensure that all suspected frauds or irregularities are reported to the Chief Finance Officer and/or the Head of Internal Audit immediately they become aware.
- 4.5.4 The Chief Finance Officer/Head of Internal Audit will take whatever steps are considered necessary to investigate and report on the matter in line with the Counter Fraud, Corruption and Bribery Policy Statement & Strategy. Any referral to the Police to be undertaken by the Chief Finance Officer/Head of Internal Audit in consultation with the Chief Executive. Directors are responsible for taking any appropriate action to prevent further loss and to secure records and documentation against removal or alteration.

4.6 Use of, Recording and Disposal of Assets

- 4.6.1 The Director of Community Services is responsible for:
 - (a) preparing the Strategic Asset Management Plan and for promoting and embedding it throughout the Council;
 - (b) maintaining a continuous review of the Strategic Asset Management Plan and submitting any additions or changes as necessary to the Cabinet for approval.
- 4.6.2 The Strategic Asset Management Group is responsible for reviewing delivery of the Strategic Asset Management Plan and reporting on specific matters arising to the Cabinet.
- 4.6.3 Council assets include land, premises, furniture, vehicles, plant and equipment, computer systems, stocks and stores, money and investments, data and information.
- 4.6.4 Directors are responsible for ensuring that adequate and effective arrangements are in place for the recording, safeguarding, care and custody of all assets within their Directorates and ensuring that assets are acquired and disposed of in accordance with the Contract Procedure Rules or any procedures issued by the Chief Finance Officer.

- 4.6.5 The acquisition or disposal of land or premises, in consultation with the Leader, will be in accordance with the Individual Cabinet Member Delegations:
- (a) Up to £150,000 – Directors approval required;
 - (b) Exceeding £150,000 to £1,000,000 – Individual Cabinet Members approval required;
 - (c) Exceeding £1,000,000 – Cabinet approval required.
- 4.6.6 The Director of Community Services is responsible for ensuring that the sale of income producing property is contingent upon a premium being achieved on the sale value, appropriate overage clauses being put in place and the capital receipt being earmarked for the future purchase of income producing property.
- 4.6.7 The Director of Community Services/Director of Resources are responsible for ensuring that effective due diligence is undertaken prior to the purchase of any investment property to ensure any future risks to the Council are identified and mitigated, and financial returns are maximised.
- 4.6.8 All long-term Council assets with a value exceeding £10,000 or over must be recorded on the Fixed Asset Register maintained by the Director of Community Services/Chief Finance Officer.
- 4.6.9 Directors must supply information immediately to the Director of Community Services/Chief Finance Officer in respect of all acquisitions, disposals and changes of use of assets and confirm annually that the Fixed Asset Register reflects a true record of the assets under their control.
- 4.6.10 The Director of Community Services will take appropriate action to ensure that land, premises and other relevant assets of the Council are valued appropriately and in accordance with accounting requirements laid down in the Code of Practice on Local Authority Accounting in the UK (CIPFA/LASAAC) as agreed with the Chief Finance Officer and that the values are promptly recorded in the Fixed Asset Register.
- 4.6.11 In addition to the above, the Director of Community Services will maintain a terrier of all properties (including land and premises) owned, leased and licenced by and to the Council. The terrier should include full details regarding acquisition, location, purpose held and other aspects of ownership. Directors must ensure that the Director of Community Services is advised accordingly where they exercise control and where land and premises become surplus to requirements.
- 4.6.12 The Director of Community Services will ensure the reconciliation of information held in the Fixed Asset Register and the terrier of properties.

- 4.6.13 The Director of Community Services will have custody of all title deeds under secure arrangements.
- 4.6.14 Directors will ensure that land or premises for which they are responsible are properly used for the purpose for which they are held and that there is an adequate programme for annual inspection. Where security is deemed defective, the Director of Community Services will be consulted. All lettings should be subject to an appropriate agreement, which addresses amongst other things responsibility and indemnification of the Council.
- 4.6.15 Where the Council holds or retains articles, equipment or other property on behalf of a 'client' (for example in residential homes, goods seized by Trading Standards or Bailiffs) these items must be properly recorded as to the identity of the item and its owner and held as securely as is reasonably possible. Its disposal/return will likewise be recorded, with the signature of the client or their representative where applicable. The Council should not normally hold or retain items on behalf of others where it does not have a duty or formal approval from the relevant Director to do so. In all cases, insurance and liability arrangements must be determined at the outset.
- 4.6.16 Other than where a Council policy would allow, Directors are responsible for ensuring that no Authority assets are subject to personal use by an employee or other. Where there are exceptional circumstances, any use must be properly authorised by the Director and recorded. Specific guidance for IT equipment is included in the IT Security and Email/Internet Policy.
- 4.6.17 Keys to doors, safes and similar receptacles are to be carried by the person responsible. Any loss of such keys must be reported to the Director of Community Services immediately and where necessary the Chief Finance Officer.

4.7 Treasury Management

- 4.7.1 The Council is required to take account of statutory backed guidance, including The Code of Practice on Treasury Management in the Public Services (Treasury Code) and guidance notes published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Prudential Code (CIPFA) when putting in place policies and procedures for dealing with Treasury Management.

- 4.7.2 The Chief Finance Officer is responsible for preparing on an annual basis for consideration by the Cabinet before submission to Full Council for approval:
- (a) a Treasury Management Strategy including the Treasury Management Policy Statement, Treasury Management Resolutions, the Policy of Borrowing in Advance of Need, the Minimum Revenue Provision Policy, the Treasury Limits, the Prudential Indicators and Borrowing Requirements;
 - (b) an Investment Strategy.
- 4.7.3 The Chief Finance Officer is responsible for the execution and administration of all treasury management decisions, including decisions on borrowing, investment and financing, in accordance with the Council's Treasury Management Strategy and Investment Strategy.
- 4.7.4 The Council has delegated responsibility for the implementation and monitoring of its Treasury Management and Investment activities to the Cabinet, who will receive at least one monitoring report from the Chief Finance Officer during the year and an annual outturn report.
- 4.7.5 The Council has delegated responsibility for reviewing, analysing and monitoring delivery of the Treasury Management Strategy, the Investment Strategy and related policies and practices to the Treasury Management and Capital Panel, which includes the Cabinet Member for Finance and other Members as appropriate. The Chief Finance Officer is responsible for making reports to the Cabinet on behalf of the Treasury Management and Capital Panel.
- 4.7.6 The Chief Finance Officer is responsible for procuring the services of external treasury management or investment advisors.
- 4.7.7 All money in the hands of the Council will be aggregated for the purposes of treasury management and will be under the control of the Chief Finance Officer, who will maintain appropriate records of all treasury management and investment transactions.
- 4.7.8 All borrowing or investment are to be effected in the name of the Council.

- 4.7.9 The Director of Resources/Head of Legal & Democratic Services are responsible for ensuring that the effective due diligence below is undertaken on any applications for loans from third parties, prior to consideration for approval by the Cabinet:
- (a) Financial – Robust business case in place which is financially viable and would enable a loan to be repaid by the loanee, the Council has the necessary funds in place to grant the loan, commercial rate of interest to be determined and loan to be treated as non-treasury investment;
 - (b) Customer – “Know your Customer” checks to verify identity and status of all associated parties, eligibility, and assessment of potential fraud and money-laundering risks;
 - (c) Legal – Statutory powers for granting the loan identified, compliance with State Aid requirements and formal loan agreement drafted (signed after approval);
 - (d) Security – Adequate security is in place, e.g. charge on property, to safeguard the loan in the event of default;
 - (e) Full Cost Recovery – All costs incurred by the Council (financial, legal and property etc.) in considering, granting and managing the loan will be recovered.

4.8 Banking

- 4.8.1 The Chief Finance Officer is responsible for all arrangements concerning banking services, including the opening, closing and operation of the Council’s bank accounts.
- 4.8.2 The Chief Finance Officer is responsible for the reconciliation of the Council’s bank accounts with the Council’s financial accounts.
- 4.8.3 Directors are responsible for ensuring that all banking arrangements determined by the Chief Finance Officer are observed and to advise him of any changes in their Directorates that may require a change in these arrangements.
- 4.8.4 All bank accounts of the Council must bear its full official title (not initials) and not solely in the name of an individual.
- 4.8.5 The Chief Finance Officer is responsible for determining those officers authorised to sign individual cheques or approve transaction instructions on the Council’s bank accounts.
- 4.8.6 Except where other specific arrangements have been approved by the Chief Finance Officer, all cheques will be ordered only on the authority of the Chief Finance Officer who will make proper arrangements for their safe custody.

4.8.7 Bank accounts maintained by Schools under the Education Reform Act 1988 will comply with the Council's Financial Regulations for Schools.

4.9 Income Collection

4.9.1 The Chief Finance Officer is responsible for approving all methods of income collection, records and systems.

4.9.2 Directors are responsible for:

- (a) ensuring that all income due to the Council is promptly recorded in a form approved by the Chief Finance Officer and all accounts for income due to the Council are rendered by arrangements approved by the Chief Finance Officer;
- (b) ensuring the timely billing/invoicing of all income due to the Council;
- (c) consulting with the Chief Finance Officer on the proposed amendment, cessation or introduction of an income stream (other than a prescribed legal fee);
- (d) ensuring all income is held securely and within insurance limits;
- (e) ensuring compliance with income and banking arrangements specified by the Chief Finance Officer;
- (f) ensuring fees and charges are based on full cost recovery and reviewed at least annually, in consultation with the Chief Finance Officer;
- (g) the approval of fees and charges in accordance with the Individual Cabinet Member Delegations – "Determination of increases in fees and charges in excess of inflation, as long as such charges are within the Cabinet's overall charging policy to ensure consistency, do not conflict with, or compromise any other existing or proposed policy or portfolio initiative, are within approved budget lawful and financially sound and do not include any profit element";
- (h) ensuring that all financial stationery is appropriately controlled and accounted for;
- (i) the separation of duties between officers calculating and recording income owed to the Council and the collection of those sums;
- (j) avoiding the uneconomic use of the sundry debtors system, sums less than £50 should be collected in advance or at the time of receipt of the service;

(k) ensuring that personal cheques are not cashed out of money held on behalf of the Council nor should any officer borrow money from cash income collection.

4.9.3 Where cash tills/electronic registry systems are operating, all income should be registered immediately. Proper security as regards keys or passwords should be applied. Till/system readings should be taken at the appropriate times and closedown/end of day procedures should be documented and applied. Regular unannounced cash ups by management will take place and be recorded.

4.9.4 All income received by an officer on behalf of the Council will be recorded in a manner directed by the Chief Finance Officer (including on-line returns) and will without delay or as prescribed be paid to the Chief Finance Officer or as he may direct to the Council's bank or other body entitled thereto. For main collection points, depending on sums collected or other instruction daily banking/deposits would be expected. In all other cases, unless otherwise agreed, a minimum of weekly bankings/deposits would be expected. Additionally:

(a) all cheques, postal orders and negotiable instruments (e.g. credit notes) should be made payable to Pembrokeshire County Council;

(b) cheques not crossed "A/c Payee or similar" payable to a third party and endorsed are not to be accepted except with the authorisation of the Chief Finance Officer;

(c) where cash or postal orders have been received, these must be promptly acknowledged by the receiving officer, by way of receipt or other acknowledgement to the payer approved by the Chief Finance Officer;

(d) No deduction will be made from income received;

(e) Each officer who banks money will complete a paying-in slip quoting a reference for identification purposes;

(f) Arrangements should be made in accounting records to identify surpluses (which should be banked) and deficiencies. Where these are regular or serious the Chief Finance Officer/Head of Internal Audit should be notified immediately and appropriate action taken;

(g) Transfer of official money between officers will be evidenced by the signature of both officers.

4.9.5 Incoming mail should be delivered to a secure, theft proof environment and appropriate procedures adopted for opening, recording, transferring and processing items received.

4.10 Anti-Money Laundering

4.10.1 The Chief Finance Officer is the Council's Money Laundering Reporting Officer and is responsible for the development, maintenance and review of the Anti-Money Laundering Policy.

4.10.2 The Audit Committee are responsible for approving the Council's Anti-Money Laundering Policy.

4.10.3 The Chief Finance Officer is responsible for the implementation and administration of the Council's Anti-Money Laundering Policy.

4.11 External Funding

4.11.1 Directors are responsible for ensuring that any bids/applications for external funding are made in consultation with the Chief Finance Officer and in accordance with the Individual Cabinet Member Delegations:

(a) Up to £100,000 – Directors approval required;

(b) Exceeding £100,000 to £2,000,000 – Individual Cabinet Members approval required subject to financial regulations and any match funding being identified at the time of bidding;

(c) Exceeding £2,000,000 – Cabinet approval required.

4.11.2 The Chief Finance Officer will be responsible for authorising all applications for, and acceptance of, external funding.

4.11.3 Directors must ensure that any project to be funded by external funding does not commence until approval has been obtained and the source of external funding confirmed.

4.11.4 Directors must ensure that full consideration has been given to the lifetime financial commitment of the grant and adequate provision is made to ensure compliance with the terms and conditions to indemnify the Council against future costs, e.g. redundancies, and clawback of grant.

4.11.5 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts. Directors are responsible for providing all necessary information to enable this to be achieved.

4.12 Debt Collection

4.12.1 The Chief Finance Officer is responsible for maintaining records of debt and the maintenance and review of a Corporate Debt Recovery Policy.

4.12.2 The Cabinet is responsible for approving the Corporate Debt Recovery Policy.

4.12.3 Directors are responsible for:

- (a) ensuring effective systems are in place to allow sums due to the Council to be easily identified;
- (b) ensuring debtor accounts are raised accurately and promptly and that adequate records are maintained to support the raising of the debt and any recovery action taken;
- (c) assisting in the collection of debt by providing any further information necessary to pursue the debt, as requested by the Chief Finance Officer or the Head of Legal and Democratic Services;

4.12.4 The Chief Finance Officer is responsible for:

- (a) determining the level of bad debt provision;
- (b) approving the write-off of bad debts.

4.13 Voluntary Funds and Trust Funds

4.13.1 The Chief Executive and Chief Finance Officer are responsible for approving the Council's involvement in any voluntary or trust fund. Directors are responsible for approving any employee's involvement in a voluntary or trust fund.

4.13.2 Directors are responsible for ensuring that funds are managed and administered in accordance with any statutory or specific requirement for each fund, and to equivalent standards as those applicable to the Council generally.

4.14 Purchase Cards

4.14.1 The Chief Finance Officer/Head of Procurement will issue guidelines regarding the application process and their controlled use.

4.14.2 Card holders are personally responsible for the security of purchase cards and for ensuring compliance with the guidelines.

4.15 Advance Accounts

- 4.15.1 The Chief Finance Officer will provide such cash floats and imprest accounts to Directors as he considers appropriate.
- 4.15.2 Directors are responsible for having procedures in place for the effective management of the cash floats and imprest accounts.
- 4.15.3 All cash floats and imprest accounts to be certified as correct by the Director at the end of each financial year, as part of the year end closedown procedures.

4.16 Employees

- 4.16.1 The Head of Human Resources, in consultation with the Chief Finance Officer, is responsible for the provision of all HR and payroll/pension related policies and procedures;
- 4.16.2 The Chief Finance Officer/Head of Human Resources are responsible for paying employees securely, accurately and on time;
- 4.16.3 Directors are responsible for managing their employee resource by:
 - (a) ensuring compliance with all Human Resources and payroll/pension policies and procedures;
 - (b) effective workforce development and planning, including ensuring that staffing levels can be funded from the approved budget provision;
 - (c) monitoring employee costs through monthly budget reports;
 - (d) effective vacancy management.
- 4.16.4 The Chief Finance Officer/Head of Human Resources will only authorise payments outside of the normal payroll runs (Pay Advances) where they are satisfied there are exceptional circumstances that warrant such action and that no duplication of payment will occur.
- 4.16.5 Directors are responsible for maintaining absence records (annual leave and sickness etc.) and for supplying the Chief Finance Officer/Head of Human Resources with all information necessary for this purpose on the prescribed forms or by other arrangement agreed with them:

- (a) Such information will include full details of new appointments, resignations and dismissals, attendance records, sickness certificates, overtime claims, bonuses and other particulars affecting the processing and payment of salaries and wages;
- (b) Such information should be supplied complete and promptly in order to meet payroll deadlines;
- (c) All time records or other pay documents will be certified (in manuscript or electronically) by or on behalf of Directors. The names of officers authorised to sign such records will be sent to the Chief Finance Officer/Head of Human Resources, together with specimen signatures and will be amended on the occasion of any change. Any proposed alternative arrangements, for example the use of electronic facilitation, will be approved by the Chief Finance Officer/Head of Human Resources and incorporate adequate security and controls.
- (d) Where the Chief Finance Officer/Head of Internal Audit carries out periodic certification exercises to obtain assurance from employing Directorates of the accuracy of payroll/pension records, Directors must ensure their Directorates respond fully and promptly.

4.16.6 Employees are required to comply with the Officers Code of Conduct, including the declaration of any outside employment, personal interests and offers/receipt of gifts and hospitality.

4.16.7 Directors are responsible for notifying the Chief Finance Officer of any declarations which could have financial implications for the Council, e.g. related party transaction inclusion in the Statement of Accounts.

5.0 Financial Systems and Procedures

5.1 General

5.1.1 Sound systems and procedures are essential to an effective framework of accountability and control.

5.1.2 The Chief Finance Officer is responsible for:

- (a) the operation of the Council's accounting and financial management systems;
- (b) the form of accounts and any supporting financial records;
- (c) advising Directors on the establishment and operation of trading accounts and business units;
- (d) approving any changes to existing financial systems or the establishment of new systems.

5.1.3 It is the responsibility of Directors to:

- (a) ensure the proper operation of financial processes in their own Directorates and agree with the Chief Finance Officer any changes to these processes to meet their own specific needs;
- (b) ensure that their employees receive relevant and appropriate financial management training that has been approved by the Chief Finance Officer;
- (c) ensure that employees are aware of their responsibilities under the Data Protection Act and Freedom of Information Act.

5.2 Contracts and Purchasing

5.2.1 All contracts and purchases, including ordering and committing expenditure, will be subject to the requirements of the Council's Contract Procedure Rules.

5.2.2 All contracts for the supply of goods and services or the undertaking of works will be in accordance with the Individual Cabinet Member Delegations:

Goods and Services

- (a) Up to £100,000 – Directors approval required;
- (b) Exceeding £100,000 to £2,000,000 – Individual Cabinet Members approval required;

- (c) Exceeding £2,000,000 – Cabinet approval required.

Light Touch Services

- (a) Up to £500,000 – Directors approval required;
- (b) Exceeding £500,000 to relevant EU threshold from time to time – Individual Cabinet Members approval required;
- (c) Exceeding relevant EU threshold – Cabinet approval required.

Works

- (a) Up to £500,000 – Directors approval required;
- (b) Exceeding £500,000 to relevant EU threshold from time to time – Individual Cabinet Members approval required;
- (c) Exceeding relevant EU threshold – Cabinet approval required.

Concession Contracts

- (a) Up to £500,000 – Directors approval required;
- (b) Exceeding £500,000 to relevant EU threshold from time to time – Individual Cabinet Members approval required;
- (c) Exceeding relevant EU threshold – Cabinet approval required.

5.2.3 The Head of Procurement is responsible for:

- (a) preparing the Contract Procedure Rules and for promoting and embedding them throughout the Council;
- (b) maintaining a continuous review of the Contract Procedure Rules and submitting any additions or changes as necessary to the Audit Committee for approval.

5.2.4 No alternative procurement arrangements will be implemented without the approval of the Chief Finance Officer/Head of Procurement.

5.2.5 No credit arrangements (e.g. leasing agreements or other annual or deferred payment schemes) are to be made without the approval of the Chief Finance Officer or under arrangements already approved by the Chief Finance Officer. Directors must ensure that appropriate records are maintained in respect of all lease agreements with related obligations and that any property/equipment that is subject to lease agreements is identifiable.

- 5.2.6 Under no circumstances should any purchasing arrangement of the Authority be used to obtain goods or services for private or personal use.
- 5.2.7 The Chief Finance Officer is responsible for ensuring efficient and effective arrangements for all payments.
- 5.2.8 The following requirements should be adhered to in relation to the payment of accounts:
- (a) The normal method of payment from the Council will be by BACS or cheque or other instrument (including direct debit, EFT's, CHAPS, purchase card and standing orders) drawn on the Council's bank account by the Chief Finance Officer;
 - (b) Directors issuing an order in whatever form are responsible for examining, verifying and certifying the related invoice or transaction log;
 - (c) At least two officers should be involved in the verification process, which should be evidenced. The budget provision under which the expenditure was incurred will be indicated by completion of the expenditure code together with the appropriate VAT treatment by the Director concerned;
 - (d) Certified accounts will be passed for payment to the Chief Finance Officer to comply with the suppliers/contractors payment terms, and with due account taken of the Late Payments of Commercial Debts (Interest) Act 1998;
 - (e) Directors are responsible for notifying the Chief Finance Officer, in accordance with the annual timetable for closure, of all outstanding expenditure relating to the previous financial year and when such payments are made he will be notified accordingly.
- 5.2.9 Directors are responsible for ensuring:
- (a) that before entering into purchasing commitments, the estimated cost is covered by financial provision in the budget to which it relates;
 - (b) that the Contract Procedure Rules and any payment procedures are adhered to in their Directorates;
 - (c) that appropriate records are maintained and registers completed to substantiate and record decisions made under delegated powers;
 - (d) that all employees within their Directorate are aware of any guidance issued by the Chief Finance Officer and for ensuring that effective internal controls are established to ensure compliance;

- (e) the care and custody of stocks and stores in their Directorate and for the provision of control systems commensurate with risks faced and values;
- (f) up to date inventories of furniture, fittings, equipment, office machinery, vehicles, movable plant and machinery, rolling stock and similar property within their Directorate;
- (g) that property is appropriately security marked and formal procedures are established to record equipment removed from the premises;
- (h) that physical checks are undertaken and evidenced at least annually, with discrepancies fully investigated.

5.3 Officers and Members Allowances

- 5.3.1 The Chief Finance Officer/Head of Human Resources are responsible for operating secure and reliable systems to process Officers and Members Allowances.
- 5.3.2 Officers travel and subsistence allowances will be paid by the Chief Finance Officer/Head of Human Resources in accordance with the Travel and Subsistence Policy.
- 5.3.3 Members basic, special responsibility and travel and subsistence allowances will be paid by the Chief Finance Officer/Head of Human Resources in accordance with the Council's Members Allowances Scheme.
- 5.3.4 It is the responsibility of Officers and Members to claim for travel and subsistence by:
 - (a) submitting claims in the prescribed form determined by the Chief Finance Officer;
 - (b) submitting claims within three months of the date on which the duty was carried out (any Officer claims outside this period will require the approval of the Director);
 - (c) certifying their claim as an accurate record, for payment to be made;
 - (d) submitting VAT receipts with claims wherever possible.

5.4 Taxation

5.4.1 The Chief Finance Officer (and Head of Human Resources in relation to personal taxation) is responsible for:

- (a) ensuring that appropriate advice and guidance is available for Directors on all taxation issues that affect the Council, having regard to guidance issued by appropriate bodies and relevant/applicable legislation;
- (b) for maintaining the Council's tax records, making all payments, receiving tax credits, submitting statutory tax returns by their due date and complying with HMRC regulations.

5.4.2 Directors are responsible for:

- (a) Obtaining advice from the Chief Finance Officer (and Head of Human Resources in relation to personal taxation) on all taxation issues that affect their Directorate;
- (b) compliance with any guidance issued by the Chief Finance Officer (and Head of Human Resources in relation to personal taxation).

5.5 Housing Revenue Account

5.5.1 The Chief Finance Officer is responsible for:

- (a) making arrangements for the preparation of annual Housing Revenue Account budgets (revenue and capital) as part of the Council's budget setting process;
- (b) making recommendations, as appropriate, to the Cabinet and/or Full Council to enable the Council to fulfil its statutory duties in relation to the Housing Revenue Account (housing rent determinations, welsh housing quality standards, major repairs allowance and 30 year business plan);
- (c) preparing annual accounts for the Housing Revenue Account to be incorporated into the Council's Statement of Accounts.

6.0 Partnerships

- 6.1 Full Council and/or the Cabinet, as appropriate, are responsible for approving the Council's involvement in formal partnerships with other local, public, private, voluntary and community sector organisations. They will also be responsible for approving any delegations of power, e.g. regional working Joint Committees.
- 6.2 Full Council and/or the Cabinet, as appropriate, are responsible for the nomination of Members to represent the Council on partnerships and external bodies.
- 6.3 The Chief Executive is responsible for the nomination of Directors, or senior managers, to represent the Council on partnerships and external bodies.
- 6.4 The Director, or senior manager, representing the Council on a partnership or external body will be responsible for consulting with the Chief Finance Officer on the accounting and audit arrangements to be adopted, and consulting with statutory officers on the governance and risk management arrangements to be adopted.
- 6.5 The Monitoring Officer (or designated Monitoring Officer of a partnership or external body) is responsible for promoting and maintaining the same high standards of Member conduct in partnerships and external bodies that apply to the Council.

7.0 Clarification and Contacts

7.1 Where clarification on any aspect of the Financial Regulations is required, please contact one of the following officers:

Jon Haswell	Director of Resources (Section 151 Officer)
Ian Eynon	Head of Finance & Business Services (Deputy S151 Officer)
Sarah Edwards	Finance Manager
Nicola Lewis	Finance Manager
Caroline Lawley	Finance Manager
Huw Jones	Finance Manager
Richard Edwards	Principal Finance & Transformation Officer
Jo Hendy	Governance, Assurance & Information Manager (Head of Internal Audit and Data Protection Officer)
Matthew Holder	Audit, Risk & Counter Fraud Manager
Paul Ashley-Jones	Head of Procurement
Steven Jones	Director of Community Services (Asset related matters only)
Ceri Davies	Head of Human Resources (Payroll related matters only)

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SUMMARY OF KEY CONTRACT PROCEDURE RULES

Total Value	Competition	Advertising	Authority to tender or award	Signature of Contract	CPR
Up to £5,000	No competitive quotations required, but must demonstrate value for money	None required	Service Director's delegated authority	Service Director or officer authorised by him/her.	Part 2 Part 3
<u>QUOTATIONS</u> <u>£5,000 to £24,999</u>	Three competitive quotes	None	Service Director's delegated authority (Officer Decision)	Service Director or officer authorised by him/her.	Part 2 Part 4
<u>TENDERS</u> <u>£25,000 to EU Thresholds</u>	Five suppliers invited to tender (Six if there is an in-house bidder)	Advert in National Procurement Website or select from a DPS or Framework Agreement	Goods & Services Up to £99,999 – Service Director's delegated authority (Officer Decision) Light Touch Services/Works/Concession Contracts Up to £499,999 - Service Director's delegated authority (Officer Decision) Goods & Services between £100,000 and the EU Threshold – Portfolio Holder decision (ICMD) Light Touch Services/Works/Concession Contracts between £500,000 and the relevant EU threshold – Portfolio Holder decision (ICMD)	Service Director or Sealed by the Council (as appropriate)	Part 2 Part 5

<p><u>EU TENDERS</u> Over EU Thresholds</p>	<p>Use Restricted/Open procedure (unless advised otherwise by Legal).</p>	<p>OJEU advert and National Procurement Website</p> <p>Or select from a DPS or Framework Agreement</p>	<p>Goods & Services between the EU Threshold and £2m – Portfolio Holder decision (ICMD)</p> <p>Goods & Services £2m+ - Cabinet decision.</p> <p>Light Touch Services/Works/Concession Contracts over the relevant EU threshold – Cabinet decision.</p>	<p>Service Director or Sealed by the Council (as appropriate)</p>	<p>Part 2 Part 6</p>
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Summary of Advertising, Notices and Reports Requirements

	Advertising/Notice Requirements	Advertising stage	Contract Award Notices	Reports
Up to £25k	None required	None Required	None required	None required but records to be kept
Between £25k and Threshold	Advert required unless using a Dynamic Purchasing System or Framework Agreement	Where advertised opportunity must also be published in National Procurement Website.	None required.	None required but records to be kept and held on eProcurement System.
Above Threshold	Advertise in OJEU	Must advertise in National Procurement Website via Council's eProcurement system	Must publish to OJEU and National Procurement Website within 30 days of contract award, conclusion of a Framework Agreement or Call Off from a Dynamic Purchasing System.	For every contract awarded or Framework Agreement and Dynamic Purchasing System established requirement to draw up a report with information set out in PCR 84
Call Offs from Framework Agreements	None required	None Required	None Required	Not required for Call off from Framework Agreement unless requested by Procurement Service.

CONTRACT PROCEDURE RULES

Part 1 Introduction

The Local Government Act 1972 requires the Council to have standing orders for how it enters into contracts. These Contract Procedure Rules are the standing orders required by the 1972 Act. They form part of the Council's Constitution and are, in effect, the instructions of the Council to officers and members for entering into contracts on behalf of the Council.

The purpose of these Contract Procedure Rules is to set clear rules for the purchase of works, goods and services for the Council and to ensure a system of openness, integrity and accountability, in which the probity and transparency of the Council's procurement process will be beyond reproach or challenge. Accordingly, these Contract Procedure Rules must be followed for **all** contracts for:

- the supply of goods to the Council;
- the supply of services to the Council; and
- the carrying out of works for the Council.

The Council is also subject to the EU law with regard to public procurement, which requires all contract procedures, of whatever value, to be open, fair and transparent. These Contract Procedure Rules provide a basis for true and fair competition in contracts, by providing clear and auditable procedures, which, if followed, will give confidence that the Council has a procurement regime that is fully accountable and compliant with EU law.

Following the Contract Procedure Rules will also help to ensure that the Council obtains value for money when it buys works, goods or services.

These Contract Procedure Rules are to protect the interests of the Council, its officers and members and the communities of Pembrokeshire.

For the avoidance of doubt, the Director of Social Services will in all cases retain authority to tender or award contracts which relate to the social service functions contained in Schedule 2 of the Social Services and Well-being (Wales) Act 2014.

Part 1 Definitions

Advertised	<p>(a) the Council advertises an opportunity if it does anything to put the opportunity in the public domain or bring the opportunity to the attention of economic operators generally or to any class or description of economic operators which is potentially open ended, with a view to receiving responses from economic operators who wish to be considered for the award of the contract; and</p> <p>(b) accordingly, the Council does not advertise an opportunity where it makes the opportunity available only to a number of particular economic operators who have been selected for that purpose (whether ad hoc or by virtue of their membership of some closed category such as a Framework Agreement), regardless of how it draws the opportunity to the attention of those economic operators</p>
Award a contract	means to accept an offer by a supplier;
Cabinet	means the Leader of the Council and the other members of the Council's Executive, who are all portfolio holders;
Chief Finance Officer	means the officer designated under section 151 of the Local Government Act 1972. The Director of Resources is the Chief Finance Officer;

Concession Contract	<p>means a either a works or services contract for pecuniary interest concluded in writing by means of which one or more contracting authorities entrust the execution of works or the provision and the management of services (other than the execution of works) to one or more economic operators, the consideration for which consists either solely in the right to exploit the works or the services that are the subject of the contract or in that right together with payment; and that meets the requirements of 3(4) of the Concession Contracts Regulations 2016 (CCR 2016).</p> <p>Regulation 3(4) of the CCR 2016 further defines the necessary characteristics of the arrangement for the purposes of the regime, which are :</p> <ul style="list-style-type: none"> (a) the award of the contract must transfer to the contractor the operating risk in exploiting the works or services encompassing demand or supply risk or both; and (b) the part of the risk transferred to the concessionaire involves real exposure to the vagaries of the market, such that any potential estimated loss incurred by the concessionaire is not merely nominal or negligible.
Contract or contract	means the bargain or agreement between the Council and a supplier for the supply of works, goods or services including Concession Contracts;
contract document	means the document setting out the terms and conditions of the contract. A purchase order is a contract document. Although at law a verbal agreement may be a contract, contracts for the Council must always be supported by appropriate written contract documents;
Contractor	see Supplier ;
National Procurement Website	means a web-based portal provided by or on behalf of the Welsh Government for the publication of information about contracts awarded (https://www.sell2wales.gov.uk)
corporate contract	means a contract for the supply of works, goods or services to the Council as a whole rather than for an individual service area e.g. stationery. Corporate contracts are generally procured and managed by the Procurement Service.
Councils Code of Conduct	means the Council's employee code of conduct which sets out the standards of behaviour that the Council expects of its employees as amended from time to time
Council's Financial Regulations	means the Council's financial regulations which contain all financial accountabilities in relation to the running of the Council, including the Council budget and Council policy framework

Dynamic Purchasing System or DPS	means the system referred to in regulation 34 of the Public Contracts Regulations 2015. A DPS is a procedure available for contracts for works, services and goods commonly available on the market. As a procurement tool, it has some aspects that are similar to an electronic framework agreement, but where new suppliers can join at any time.
E-Procurement System	means Bravo Solutions or successor system approved by the Procurement Service.
EU Regulations	means the the Public Contracts Regulations 2015 (as amended) or the Concession Contracts Regulations 2016 (as applicable) as amended from time to time;
EU Threshold	means the value in pounds sterling above which the EU Regulations apply to a proposed public contract
Framework Agreement	means an agreement between one or more contracting authorities and one or more suppliers which fixes the terms and conditions under which the supplier will enter into one or more specific contracts with an authority during the term of the framework agreement, which should be no more than 4 years;
Full Regime	means the rules and procedures under Public Contracts Regulations 2015 other than those for the Light Touch Regime
Goods	see Supplies contract
Light Touch Regime	means the rules and procedures for the Light Touch Regime Services set out in Chapter 3 of the Public Contracts Regulations 2015 (as amended)
Light Touch Regime Services	Means those services listed in Annex 1 of the CPRs
Members of staff	means individuals who carry out the day to day work of the Council, either on a permanent or a temporary basis, and includes officers, interim post-holders and agency staff but not consultants or suppliers;
Monitoring Officer	means the officer designated under section 5 of the Local Government and Housing Act 1989 to monitor the Council's compliance with the law and rules of administration.
Officer	means an individual who holds a post on the Council's establishment;
OJEU	means the Official Journal of the European Union;

Public procurement legislation	includes the Public Contracts Regulations 2006, Public Contracts Regulations 2015 (as amended), Concession Contracts Regulations 2016, the Treaty on the Functioning of the European Union (TFEU), EU Directives relating to public contracts, UK legislation affecting public sector contracts and any amendment, re-enactment or replacement of any of them;
Purchase order	means the Council's official order form for the purchase of Works, Goods or Services;
Quotation	means an offer by a Supplier to undertake a contract of £5,000 or more but less than £25,000 in value;
Service director	means a Director.
Services contract	means a contract for the provision of services to the Council;
SME	means an enterprise falling within the category of micro, small and medium-sized enterprises
Community Benefit	means activities, approaches and services that help to deliver measurable benefits to local communities' safety, health, prosperity and quality of life, particularly: <ul style="list-style-type: none"> • Sustainability – environmental impact • Local economy • Support of corporate objectives • Beneficial impact on local communities – including furthering equalities and community cohesion.
Supplier	means a supplier of works, goods or services to the Council;
Supplies contract	means a contract for the sale or hire of goods to the Council and includes, where appropriate, installation of goods;
Tender	means an offer by a supplier to undertake a contract of £75,000 or more in value;
TUPE Regulations	means the Transfer of Undertakings (Protection of Employment) Regulations 2006 and any amendment, re-enactment or replacement of them.

**Voluntary
transparency
notice**

means a notice published in OJEU by Procurement on the request of the service director, which contains the name and contact details of the Council; a description of the object of the contract; a justification of the decision of the Council to award the contract without advertising it in OJEU; the name and contact details of the supplier to be awarded the contract and any other information the Procurement Service considers it useful to include;

**Works
contract**

means a contract for the construction, repair or maintenance of a physical asset e.g. a building or a road;

Writing

Includes information transmitted by electronic means where the context requires it

Part 2

All contracts, whatever their value

1. APPLICATION AND SCOPE

These Contract Procedure Rules

Apply to:

- 1.1 **All** contracts for the supply of works, goods or services **to** the Council, regardless of value including Concession Contracts.
- 1.2 Contracts for the engagement of consultants to provide services to the Council that are part of a discrete project e.g. carrying out research, giving advice or managing a project or not part of the day to day work of the Council.

Do not apply to:

- 1.3 Contracts for the purchase or sale of any interest in land (including leasehold interests).
- 1.4 Contracts for the appointment of individual members of staff, including members of staff sourced through employment agencies under a corporate contract.
- 1.5 Grant agreements, either where the Council is giving or receiving a grant (Where the Council carries out a procurement using grant monies received the CPRs will apply unless other provisions are to apply as a requirement of the grant funder).
- 1.6 Contracts for the supply of works, goods or services to schools procuring for themselves **with their own budgets**. Schools are, however, subject to the EU Regulations and Financial Regulations for Schools.
- 1.7 Supply of works, goods and services **by** the Council.
- 1.8 If a contract is being procured in collaboration with other local authorities, the Contract Procedure Rules of the lead authority shall apply. Assurance should be sought that the lead authority is in compliance with its own contract procedure rules. Where EU Regulations apply the Council is jointly responsible with the other local authorities for compliance with EU legislation

2. COMPLIANCE

- 2.1 Every contract entered into on behalf of the Council must comply with
 - these Contract Procedure Rules;
 - the Council's Financial Regulations; and
 - all relevant UK and EU legislation.

- 2.2 Each service director is responsible for ensuring that his/her department complies with these Contract Procedure Rules
- 2.3 All members of staff and consultants engaged in any capacity to manage or supervise the procurement of any works, goods or services for the Council **must** comply with these Contract Procedure Rules and failure to comply with these Rules may result in disciplinary action and legal proceedings against members of staff and consultants concerned.
- 2.4 Work must not begin under a contract until the contract document has been signed by both parties (or, if the only contract document is a purchase order, until the purchase order has been issued).
- 2.5 If a service director wishes to nominate a particular sub-contractor to a main contractor, the procedures in these Contract Procedure Rules must be followed to select the sub-contractor as well as the main contractor.

3. CONFLICTS OF INTEREST

- 3.1 All members of staff must avoid any conflict between their own interests and the interests of the Council. This is a requirement of the Council's Code of Conduct, which all employees of the Council have signed and agreed to be bound by and includes:
- not accepting gifts or hospitality from organisations or suppliers that the Council has dealings with;
 - not working for organisations or suppliers that the Council has dealings with;
 - notifying the Chief Executive and relevant service director if an officer has links with (e.g. a family member or close friend works for) an organisation or supplier who is tendering or quoting for a contract with the Council or already has a contract with the Council.
- 3.2 If an elected member of the Council or a member of staff has an interest, financial or otherwise, in a contract or proposed contract, he/she must declare it in writing to the service director as soon as he/she becomes aware of the interest. An elected member or member of staff who has an interest in a contract must not take part in the procurement or management of that contract.

4. PREVENTION OF CORRUPT ACTIVITY

- 4.1 A contract may be terminated immediately, and any losses to the Council arising from the termination recovered from the Supplier, if the Supplier, or anyone acting on his behalf (with or without the Supplier's knowledge):
- offers or promises or gives a financial or other advantage to any elected member of the Council, any member of staff or any consultant in connection with the contract; or

- requests, agrees to receive or accepts a financial or other advantage so that some action in relation to the contract is performed improperly.

A declaration to this effect must be included in all invitations to tender or quote.

- 4.2 Any elected member of the Council, member of staff or consultant who becomes aware or has reason to believe that a supplier or potential supplier has committed one of the corrupt acts referred to in CPR 4.1, must report that to the Monitoring Officer and/or the Governance, Risk and Assurance Manager Investigation immediately.
- 4.3 The attention of officers is drawn to the Council's Code of Conduct and Disciplinary Rules and Procedures. **Non-compliance with these Contract Procedure Rules constitutes grounds for disciplinary action and may be considered gross misconduct.**

5. DUTIES OF SERVICE DIRECTORS

- 5.1 To ensure that all contracts within his/her department comply with Contract Procedure Rules, Financial Regulations and all applicable public procurement legislation.

To plan the procurement of and manage contracts within his/her department to ensure that contracts

- deliver value for money;
- are operated effectively, efficiently and economically; and
- are operated within the terms of the contracts themselves, so that the Council is not at risk of being in breach of contract.

- 5.2 To ensure all contracts are added to the Council's overall Contracts Register. Contracts for less than £25,000 need not be recorded in the register.

- 5.3 To keep adequate records to show compliance with Contract Procedure Rules, Financial Regulations and all relevant legislation in his/her department.

6. VALUATION OF CONTRACTS

- 6.1 The service director responsible for each contract must determine an estimated value for the contract before any offers are sought.

- 6.2 The value of a contract is the **total** amount that the Council expects to pay for the contract, including any contract extension period. This may be a lump sum e.g. £250,000 or a periodic payment e.g. £50,000 per year for a 5 year contract = £250,000. If the contract is for an indefinite term, the value is the amount the Council expects to pay or receive over four years.

The value of a Concession Contract shall be the total turnover of the concessionaire generated over the duration of the contract, net of value

added tax, as estimated by the contracting authority, in consideration for the works and services which are the object of the Concession Contract and for the supplies incidental to such works and services.

- 6.3 The service director must not try to avoid compliance with these Contract Procedure Rules or the EU Regulations by splitting a procurement for the same or similar works, goods or services into smaller, separate contracts except where permitted by the EU Regulations to divide contracts into lots. If it will achieve better value for money, contracts for the same or similar works, goods or services must where reasonably practicable be aggregated into a single procurement of greater value with lots where possible.

7. USE OF CORPORATE CONTRACTS AND COLLABORATION

- 7.1 If there is an existing corporate contract for the supply of any works, goods or services, the service director must buy through that contract, rather than awarding a separate contract for his/her own department. A list of current corporate contracts can be found on the intranet or from the Procurement Service.
- 7.2 Where ever possible and practicable procurements should be done in collaboration with other public authorities and/or other service areas within the Council.

8. FRAMEWORK AGREEMENTS AND DYNAMIC PURCHASING SYSTEMS

- 8.1 The Procurement Service must be consulted before commencing a tender or joining or buying from a Framework Agreement or a Dynamic Purchasing System set up by an organisation or public authority other than the Council where the expenditure will be more than the EU Threshold except for Works contracts where Legal Services must be consulted if the value is over £1m.
- 8.2 The Procurement Service must be consulted before setting up a Framework Agreement or a Dynamic Purchasing System.
- 8.3 Cabinet authority has been delegated to the Head of Procurement to join consortia, buying groups, Dynamic Purchasing Systems, or Framework Agreements set up by another body, and who must be consulted before joining or buying from those consortia, buying groups, Dynamic Purchasing Systems or Framework Agreements.
- 8.4 A decision at the appropriate level will still be required to award a contract procured through consortia, buying groups, Dynamic Purchasing Systems, Approved Lists or Framework Agreements (see CPR 35.2, 35.3 and 35.4). This applies both to Dynamic Purchasing Systems, or Framework Agreements set up by the Council alone or set up by another public authority.
- 8.5 To select a supplier for a specific contract under a single or multi-supplier Framework Agreement or to conduct a Framework Agreement mini competition or award a contract under a Dynamic Purchasing System the service director, in consultation with the Procurement Service, must follow

the procedure set out in that Framework Agreement or Dynamic Purchasing System.

- 8.6 Successful and unsuccessful suppliers who participated in a Framework Agreement mini-competition or, a Dynamic Purchasing System contract award procedure must be notified of the decision to award the specific contract. The notification letter must be sent via the eProcurement system.
- 8.7 All Framework Agreements, Dynamic Purchasing System agreements, and specific contracts must be executed in accordance with CPR 38.
- 8.8 A Framework Agreement must not be longer than 4 years unless specifically agreed with Legal Services.
- 8.9 For all procurements, the requirements on advertising, notices and reports in the table headed Advertising, Notices and Reports for procurements must be complied with.

8A ELECTRONIC TENDERS AND E-PROCUREMENT

- 8A.1 Tenders may only be invited via the eProcurement System. Any member of staff or consultant acting for the Council who receives a tender by email must delete it without opening it.
- 8A.2 Any tender documents which need to be signed by the bidders must be signed by hand by an authorised representative of the tenderer. Such documents must be submitted as part of the tender in electronic form.

8B CONTRACT TERMS

- 8B.1 **All contracts**, whatever their value, must include:
- a clear and comprehensive description of the works, goods or services to be supplied (the specification);
 - the price to be paid or income or share to be received by the Council under Concession Contracts;
 - appropriate and adequate levels of insurance cover
 - the time or times within which the contract is to be performed;
 - a provision allowing the Council to use information gained from the contract for preventing and detecting fraud;
 - a provision requiring the supplier to comply with requests under the Freedom of Information Act 2000 for information relating to the contract; and
 - a right for the Council to terminate the contract immediately in the event of corrupt activity and for the Council to recover its losses arising from the termination.
- 8B.2 The service director must:
- Require the Supplier to maintain appropriate and adequate levels of insurance cover, in consultation with the Council's Insurance Manager, for employer's liability, public liability, products liability, all risks/contract works and professional indemnity insurance.

Unless otherwise agreed by the Insurance Manager, the minimum levels of cover shall be

- £5 million for employer's liability insurance
- £5m for public liability and products liability insurance
- £2 million for professional indemnity insurance.

All policies must contain an indemnity of principals clause.

- Ensure that the supplier holds the required insurance cover at the start of the contract, renews the policies as necessary during the contract period and, following each renewal, provides details verified by his insurer or broker of his insurance for the Council's records.

8C PAYMENTS UNDER THE CONTRACT

- 8C.1 As a general rule, **all** contracts, whatever their value, must provide for payment by the Council **after** supply of the works, goods or services. Periodic or stage payments under a contract are acceptable, may incentivise performance by the Supplier and in the case of most Works contracts are required by law. Exceptionally, and only with the consent of the Chief Finance Officer, a contract may provide for payment in advance of contract performance.

Part 3 – BELOW QUOTATION LEVEL
Contracts below £5,000

9. COMPETITION

- 9.1 The service director need not obtain competitive quotations for contracts of less than £5,000 in value, but must be able to demonstrate that the Council is receiving value for money. Where appropriate, relevant consultation must be carried out.

10. PURCHASE ORDERS & TERMS AND CONDITIONS OF CONTRACT

- 10.1 All contracts must be in writing and a purchase order must be issued for every contract, unless payment by purchase card.
- 10.2 Refer to CPR 8.B.

11. AUTHORITY TO ENTER INTO A CONTRACT – below Quotation level

- 11.1 Service directors have delegated authority to enter into contracts below the Quotation level, provided that a budget has been allocated for that expenditure.

12. SIGNATURE OF THE CONTRACT – below Quotation level

- 12.1 Contracts below the Quotation level must be signed for and on behalf of the Council by the service director responsible for the contract or an officer authorised by him/her.

Part 4 – QUOTATION LEVEL
Contracts from £5,000 to £24,999

COMPETITION

- 13.1 The service director must obtain a minimum of three competitive quotations for contracts over £5,000 but less than £25,000 in value and must maintain an audit trail of the procurement. Where appropriate, relevant consultation must be carried out.

14. PURCHASE ORDERS & TERMS AND CONDITIONS OF CONTRACT

- 14.1 All contracts must be in writing and a purchase order must be issued for every contract.
- 14.2 Refer to CPR 8.B.

15. AUTHORITY TO ENTER INTO A CONTRACT – within Quotation level

- 15.1 Service directors have delegated authority to enter into contracts within the Quotation level, provided that a budget has been allocated for that expenditure.

16. SIGNATURE OF THE CONTRACT – within Quotation level

- 16.1 Contracts within the Quotation level must be signed for and on behalf of the Council by the service director responsible for the contract or an officer authorised by him/her.

Part 5 - TENDERS
Contracts from £25,000 to the EU Threshold

17. COMPETITION

17.1 Competitive tenders must be sought for contracts £25,000 or more in value.

18. PRELIMINARY STEPS – Tenders

18.1 An initial Sustainable Risk Assessment (SRA) must be carried out with the Procurement Service and, if required, a full SRA undertaken.

18.2 Where appropriate, relevant consultation must be carried out.

19. PURCHASE ORDER

19.1 All contracts must be in writing and a purchase order must be issued for every contract.

20. SPECIFICATION – Tenders

20.1 A clear and comprehensive specification of the Council's requirements must be prepared with regard to the works, goods or services to be supplied.

20.2 The specification should incorporate measurable and, so far as is possible, objective quality and performance criteria to enable the service director to see whether the Council's requirements are being met by the supplier.

20.3 Consultants who assist in the preparation of a specification must not be invited to tender for the contract where it is likely to distort competition.

21. TERMS AND CONDITIONS OF CONTRACT – Tenders

21.1 Refer to CPR 8.B.

22. AUTHORITY TO INVITE AND EVALUATE TENDERS – Tenders

22.1 Subject to CPR 22.2, the decision to invite and evaluate tenders for a contract and the decision to delegate the award of the contract can be contained in one report to the portfolio holder.

22.2 Service directors have delegated authority to invite and evaluate tenders and award the following contracts:

- Goods & Services up to £99,999

- Light Touch Services, Works and Concession Contracts up to £499,999

Provided that a budget has been allocated for that expenditure. The decision to invite and evaluate tenders and the decision to award a contract must be recorded on two separate Officer's Decision forms. However, where the call-off is from a single supplier Framework Agreement then it is only necessary to have a decision to award the contract provided that the Framework Agreement has been set up by the Council or approved for use under CPR 8.3.

- 22.3 A portfolio holder may authorise the invitation and evaluation of tenders and/or the award of the following contracts:
- Goods and Services between £100,000 and £2 million
 - Light Touch Services, Works and Concession Contracts between £500,000 and the relevant EU Threshold.

Provided such contracts are within the scope of his/her portfolio and a budget has been allocated for that expenditure.

Portfolio holders may delegate authority to service directors to award contracts for goods and services between £100,000 and the relevant EU Threshold.

23. THE TENDER PROCEDURE - Tenders

- 23.1 The following tender procedures must be followed when letting contracts from £25,000 to the relevant EU Threshold in value.
- 23.2a For all Services and Supplies (except Light Touch Regime Services) contracts between £25,000 and the EU Threshold for Services and Supplies an open procedure must be followed and the opportunity must be placed in the National Procurement Website.
- 23.2b For Works contracts, Light Touch Regime Services contracts or Concession Contracts between £25,000 and the relevant EU Threshold a two stage procedure with a PQQ may be used. The service director may select a shortlist of at least **five** suppliers to be invited to tender.
- 23.3 A PQQ must not be issued for contracts below the EU Threshold for Services (except Light Touch Regime Services), however one may be used to obtain information or evidence which the Council requires for the purpose of assessing whether tenderers meet requirements or minimum standards of suitability, capability, legal status or financial standing only provided that each such question is relevant to the subject-matter of the procurement and proportionate.
- 23.4 To ensure genuine competition, the minimum number of Suppliers invited to tender is five or, if there is an in-house bidder, six. If there are fewer than five suitable expressions of interest in being invited to tender, then the minimum number of Suppliers to be invited to tender may be reduced as appropriate subject to ensuring value for money.
- 23.5 The invitation to tender must be issued by the Procurement Service.
- 23.6 The instructions to tenderers must state
- the latest date and time for receipt by the Council of tenders.

- tenders must be returned to the Council via the eProcurement System tenders that arrive at the Council after the latest date and time specified, **whatever the circumstances**, will be retained unopened until after the tenders properly received have been opened and recorded, and will be opened and considered by the Council only if the Head of Legal & Committee Services certifies that they are satisfied that the tender has not gained any advantage over other tenders by the delay.;
 - any contract will be terminated immediately, and any losses to the Council arising from the termination recovered from the Supplier, if the Supplier, or anyone acting on his behalf (with or without the Supplier's knowledge) :
 - (1) offers or promises or gives a financial or other advantage to any elected member of the Council, any member of staff or any consultant in connection with the contract; or
 - (2) requests, agrees to receive or accepts a financial or other advantage so that some action in relation to the contract is performed improperly.
 - Such other terms as the Procurement Service may require.
- 23.7 Appropriate time must be allowed for submission of tenders. The minimum is fourteen days from the date of the invitation to tender.
- 23.8 Amendments to invitation to tender documents, made after the invitations have been sent out, must be clearly headed "**ITT Amendment**" and sent to all Suppliers who have been invited to tender. One or more amendments must be numbered consecutively. Amendments must be sent out in sufficient time to allow suppliers to adjust their tenders before close of tenders. If necessary, the tender period must be extended to allow for this.
- 23.9 Until the contract has been awarded, the information obtained at the opening of tenders is confidential to those involved in the opening process and those directly involved in evaluation of the tenders. Confidentiality must be maintained and any breach reported to the Council's Monitoring Officer.
- 23.10. A tender that does not comply with the instructions to tenderers or is conditional must be treated as non-compliant and rejected. **Non-compliant tenders must not be evaluated unless Procurement advises otherwise.**
- 23.11 Negotiations with suppliers who have tendered for a contract are not permitted by EU law and are therefore unlawful, for contract values below the EU Threshold. After tenders have been opened, **and before the tenders have been scored**, the service director may require one or more tenders to be clarified by the tenderer. Clarification questions and answers must be fully documented and the relevant clarifications incorporated in the contract document. Clarifications must not make any substantive changes to the tender. Tenders must not be scored until clarifications have been completed.
- 23.12 A Supplier's tender is their offer to the Council, which the Council may accept as it stands subject to CPR 32.8. If a tenderer attempts to alter his Tender

after the last date for receipt of tenders, he must be given the opportunity to stand by or withdraw his original Tender. Correction of an obvious arithmetical error may be accepted.

24. EVALUATION OF TENDERS

- 24.1 Tenders should normally be evaluated on the basis of 'most economically advantageous' to the Council. Exceptionally, and only with the permission of the Head of Procurement, tenders may be evaluated on the basis of price only. The basis of evaluation must be stated in the invitation to tender. If the basis of evaluation is 'most economically advantageous', the criteria for evaluation must be set out in the invitation to tender, in descending order of priority, with the weightings to be given to them.
- 24.2 If the basis of evaluation is price only, only the lowest Tender (if payment is to be made **by** the Council) provided that the quality element in the value for money ratio is confirmed or the highest Tender (if payment is to be made **to** the Council) provided that the quality element in the value for money ratio is confirmed may be accepted.
- 24.3 If the basis of evaluation is 'most economically advantageous', the service director must arrange for an appropriate evaluation panel to consider the tenders and evaluate them against the criteria and weightings stated in the invitation to tender. The evaluation panel may (subject to appropriate conflict of interest checks and confidentiality agreements) include service users and/or external consultants but must not include elected members of the Council.
- 24.4 All valid tenders received must be evaluated.
- 24.5 Tenders must be accepted in accordance with the outcome of the evaluation or not at all.
- 24.6 If no suitable tenders are received, Legal Services must be consulted as to how the works, supplies or service concerned may be procured.
- 24.7 A Tender that exceeds the budget allocated must not be accepted. If a tender exceeds the budget allocated, the service director must obtain an additional allocation of funds in accordance with Financial Regulations **before** the tender may be accepted.
- 24.8 If all valid tenders are too high to be accepted and there is no further allocation of additional funds, the service director may delete part of the specification and ask all suppliers invited to tender to re-price their tenders, by submitting a fresh form of tender. In such cases, the service director must set out the deletion in a bill of reductions or other document, to be incorporated into the contract document.
- 24.9 Tenders must not be value-engineered with one or more suppliers except with the specific consent of and in consultation with Legal Services. This is to ensure that no unlawful post-tender negotiations take place.
- 24.10 If the contract will result in the application of the TUPE Regulations, the service director must ensure that the successful tenderer has dealt with all employee matters, including pay, conditions of employment and pension rights and benefits, in his Tender and will give all appropriate indemnities in

the contract. The Council will give appropriate indemnities in respect of employee matters **only** if employees are transferring from Council employment to the successful tenderer and in no other circumstances.

24.11 The service director is responsible for producing a full tender report, which should:

- confirm that the tender procedure has complied with these Contract Procedure Rules;
- list the tenders invited and received;
- list the evaluation criteria and weightings; and
- show the scoring of tenders on evaluation.

The tender report must be sent to the decision-maker before the decision to award the contract is made.

25. AWARD OF THE CONTRACT – Tenders

25.1 Refer to CPR 22.

25.2 As soon as practicable after the decision to award the contract has been made, the service director must write to inform the successful and unsuccessful tenderers of that decision.

25.3 The service director shall ensure that within a reasonable time of the award of the contract, the award is published in the National Procurement Website

25.4 Information may be withheld from publication where its release:

(a) would impede law enforcement or would otherwise be contrary to the public interest,

(b) would prejudice the legitimate commercial interests of a particular economic operator, whether public or private, or

(c) might prejudice fair competition between economic operators.

26. SIGNATURE OF CONTRACT – Tenders

26.1 The Supplier **must not** be allowed to begin work on the contract until the contract documents have been signed or sealed as appropriate by both parties.

26.2 Contracts below the relevant EU Threshold, which are not required to be sealed must be signed for and on behalf of the Council by the service director responsible for the contract personally.

Part 6 – EU TENDERS

Contracts over the EU Threshold

27. COMPETITION

27.1 Competitive tenders must be sought for contracts over the EU Threshold.

28. SELECTING THE PROCUREMENT ROUTE – EU Tenders

28.1 A commercial strategy must be agreed with Procurement **before** seeking authority to invite tenders. This must be completed well in advance of beginning the tender process and must be in the format approved by the Procurement Service.

28.2 **At the same time** as submitting the procurement request to engage Procurement in developing a commercial strategy, the service director must give full instructions to the Legal Services to draft or approve terms and conditions of contract in accordance with CPR 30.

28.3 An initial Sustainable Risk Assessment (SRA) must be carried out with the Procurement Service and, if required, a full SRA undertaken.

28.4 Where appropriate, the service director must carry out relevant consultation.

29. SPECIFICATION – EU Tenders

29.1 An appropriate specification must be prepared, which sets out a clear and comprehensive description of the Council's requirements with regard to the works, goods or services to be supplied.

29.2 All works, goods and services must be specified by reference to European standards, or national standards if no European standards are set. Named products or manufacturers **must not** be specified.

Advisory note: Named products can be specified if the words “or equivalent” are added after the named product, but it is better to describe the features that required in the product.

29.3 The specification should incorporate measurable and, so far as is possible, objective quality and performance criteria to enable the service director to see whether the Council's requirements are being met by the Supplier.

29.4 All necessary professional and technical advice and assistance must be obtained in preparing the specification, to ensure a comprehensive document that expresses the Council's requirements and protects its interests. Consultants who assist in the preparation of a specification must not be invited to tender for the contract. The people who prepare the specification should, as a rule, be part of the panel that evaluates tenders.

30. TERMS AND CONDITIONS OF CONTRACT

- 30.1 For contracts over the EU Threshold for Services and Supplies and for contracts over the value of £1m for Works and Concession Contracts, full instructions must be given at the earliest opportunity and in any event not later than submitting the procurement request to Legal Services to draft the terms and conditions of contract or to approve standard terms and conditions of contract e.g. NEC.
- 30.2 The OJEU contract notice or other advertisement inviting tenders must not be published until all the procurement documents are available electronically with unrestricted and full direct access via the eProcurement System.

31. AUTHORITY AND DELEGATION TO INVITE AND EVALUATE TENDERS AND AWARD CONTRACTS

- 31.1 Subject to CPR 31.2, the decision to invite and evaluate tenders for a contract and the decision to delegate the award of the contract can be contained in one report to either the portfolio holder or Cabinet as appropriate.
- 31.2 A portfolio holder may authorise the invitation and evaluation of tenders and/or the award of the following contracts:
- Goods and Services between £100,000 and £2 million
- Provided that such contracts are within the scope of his/her portfolio and a budget has been allocated for that expenditure.
- 31.4 Only Cabinet may authorise the invitation and evaluation of tenders and/or the award of the following contracts:
- Goods and Services above £2 million
 - Light Touch Services, Works and Concession Contracts above the relevant EU Threshold.
- Cabinet may delegate authority to a portfolio holder or service director to award a contract above the values , provided that a budget has been allocated for that expenditure. The decision will be recorded in Cabinet minutes.
- 31.5 The OJEU contract notice or other advertisement inviting tenders must not be published until the service director, portfolio holder or Cabinet (as appropriate) has made the decision to invite and evaluate tenders and the decision has been recorded in writing on the appropriate decision form.

32. THE TENDER PROCEDURE – EU Tenders

- 32.1 The service director, in consultation with the Procurement Service, must follow the tender procedures set out in the EU Regulations when letting contracts over the relevant EU Threshold.
- 32.2 The service director in consultation with Legal Services must establish whether a contract falls under the Full Regime or the Light Touch Regime.

- When the contract falls under the Full Regime, the service director must use an open or restricted procedure unless Legal Services agree the use of another procedure.
 - Where the contract falls within the Concession Contracts Regulations 2016 or the Light Touch Regime then the service director in consultation with Legal Services may determine the tender procedures that are to be applied.
- 32.3 The OJEU contract notice or other advertisement inviting tenders must not be published until all the procurement documents are available electronically with unrestricted and full direct access via the eProcurement System.
- 32.4 To ensure the best response to an advertisement, the service director may alert appropriate suppliers in advance to the appearance of the advertisement.
- 32.5 The contract opportunity must be advertised in OJEU and published in the National Procurement Website for the Light Touch Regime, the Full Regime and Concession Contracts. OJEU contract notices must be placed by the Procurement Service only, in consultation with the Legal Services. Service directors or consultants must not place OJEU contract notices themselves.
- 32.6 A sufficient number of Suppliers must be invited to tender to ensure genuine competition. The minimum number is five or, if there may be an in-house bidder, six. If there are fewer than five expressions of interest in being invited to tender or fewer than five satisfactory PQQs, then the minimum number of Suppliers to be invited to tender may be reduced, with the approval of the Procurement Service.
- 32.7 As soon as possible after the selection of the shortlist of Suppliers to be invited to tender, any Suppliers not selected should be informed in writing of the reasons why they were not selected. If a Supplier who was not selected asks for further information on why he was unsuccessful, the service director must promptly make arrangements for the de-briefing.
- 32.8A Service directors shall ensure that the progress of all procurement procedures are documented.
- 32.8B Service directors shall ensure that they keep sufficient documentation to justify decisions taken in all stages of the procurement procedure, such as documentation on:
- (a) communications with bidders and internal deliberations,
 - (b) preparation of the procurement documents,
 - (c) dialogue or negotiation if any,
 - (d) selection and award of the contract.
- 32.8C Service directors shall ensure that the documentation shall be kept for a period of at least six years after the contract end date.
- 32.9 The invitation to tender must be issued by the Procurement Service.
- 32.10 The instructions to tenderers must state
- the latest date and time for receipt by the Council of tenders.

- tenders must be returned via the eProcurement System tenders that arrive at the Council after the latest date and time specified, **whatever the circumstances**, will be retained unopened until after the tenders properly received have been opened and recorded, and will be opened and considered by the Council only if the Head of Legal & Committee Services certifies that they are satisfied that the tender has not gained any advantage over other tenders by the delay;
- Any tender that does not comply with the instructions to tenderers or is conditional must be treated as non-compliant and rejected. **Non-compliant tenders must not be evaluated unless Procurement advises otherwise** and
- any contract will be terminated immediately, and any losses to the Council arising from the termination recovered from the supplier, if the supplier, or anyone acting on his behalf (with or without the supplier's knowledge) :
 - (1) offers or promises or gives a financial or other advantage to any elected member of the Council, any member of staff or any consultant in connection with the contract; or
 - (2) requests, agrees to receive or accepts a financial or other advantage so that some action in relation to the contract is performed improperly.
- Such other terms as the Procurement Service may require.

32.11 The service director must allow sufficient time for submission of tenders. The time allowed must comply with that the relevant EU Regulations. legislation.

32.12 Amendments by the service director to invitation to tender documents, made after the invitations have been sent out, must be clearly headed "**ITT Amendment**" and sent to all suppliers who have been invited to tender. If there is more than one amendment, they must be numbered consecutively. Amendments must be sent out in sufficient time to allow suppliers to adjust their tenders and in any event no later than five clear working days before close of tenders. If necessary, the tender period must be extended to allow for this.

32.13 Until the contract has been awarded, the information obtained at the opening of tenders is confidential to those involved in the opening process and those directly involved in evaluation of the tenders. Confidentiality must be maintained and any breach reported to the Council's Monitoring Officer.

32.14 Tenders must be opened via the Council's eProcurement system by the Procurement Service member of staff authorised to be the verifier for that tender.

33. CLARIFICATION OF TENDERS – EU Tenders

33.1 Negotiations with suppliers who have tendered for a contract are not permitted by EU law and are therefore unlawful except in accordance with the Concession Contracts Regulations 2016 and the negotiated procedure or the competitive procedure with negotiation under the Public Contracts

Regulations 2015 (as amended). After tenders have been opened, **and before the tenders have been scored**, the service director **must** discuss with Procurement and Legal Services whether they require one or more tenders to be clarified by the tenderer.

- 33.2 Clarifications must be designed to ensure that the Council has fully understood the tender submitted. Clarifications must not make any substantive changes to the tender.
- 33.3 Clarification questions and answers must be fully documented in a form approved by Legal Services and the relevant clarifications incorporated in the contract document.
- 33.4 Tenders must not be evaluated and scored until clarifications have been completed.

34. EVALUATION OF TENDERS – EU Tenders

- 34.1 Tenders should normally be evaluated on the basis of which is the most economically advantageous to the Council. Exceptionally, and only with the permission of the Procurement Service, tenders may be evaluated on the basis of price only provided that the quality element in the value for money ratio is confirmed. The basis of evaluation must be stated in the contract notice published in OJEU and in any other advertisement. The basis of evaluation must also be stated in the invitation to tender. If the basis of evaluation is 'most economically advantageous', the criteria for evaluation must be set out in the invitation to tender, in descending order of priority, with the weightings to be given to them and the method of scoring.

Advisory note: Criteria for evaluation may include quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost effectiveness, after sales services, technical assistance, delivery date, delivery period, and period of completion.

- 34.2 If the basis of evaluation is price only provided that the quality element in the value for money ratio is confirmed, only the lowest tender (if payment is to be made **by** the Council) or the highest tender (if payment is to be made **to** the Council) may be accepted.
- 34.3 If the basis of evaluation is 'most economically advantageous', the service director must arrange for an appropriate evaluation panel to consider the tenders and evaluate them against the criteria and weightings stated in the invitation to tender. The evaluation panel may include service users and/or external consultants (subject to appropriate conflict of interest checks and confidentiality agreements) but may not include elected members of the Council. The evaluation panel should, as a rule, comprise those people who have had significant input into drawing up the specification.
- 34.4 All valid tenders received must be evaluated.
- 34.5 Tenders must be accepted in accordance with the outcome of the evaluation or not at all.

- 34.6 If no suitable tenders or abnormally low tenders are received, the service director must consult Legal Services as to how the works, supplies or service concerned may be procured.
- 34.7 A tender that exceeds the budget allocated must not be accepted. If a tender exceeds the budget allocated, the service director must obtain an additional allocation of funds in accordance with Financial Regulations **before** the tender may be accepted.
- 34.8 If all valid tenders are too high to be accepted and there is no further allocation of additional funds, the service director may delete part of the specification and ask all suppliers invited to tender to re-price their tenders, by submitting a fresh form of tender. In such cases, the service director must set out the deletion in a bill of reductions or other document, to be incorporated into the contract document.
- 34.9 Tenders must not be value-engineered with one or more suppliers except with the specific consent of and in consultation with Procurement and Legal Services. This is to ensure that no post-tender negotiations take place.
- 34.10 If the contract will result in the application of the TUPE Regulations, the service director must ensure that the successful tenderer has dealt with all employee matters, including pay, conditions of employment and pension rights and benefits, in his tender and will give all appropriate indemnities in the contract. The Council will give appropriate indemnities in respect of employee matters **only** if employees are transferring from Council employment to the successful tenderer and in no other circumstances.

35. AMENDMENTS AND ALTERATIONS TO TENDERS – EU Tenders

- 35.1 Subject to Regulations 34.8 and 34.9 a Supplier's tender is his offer to the Council, which the Council may accept as it stands. Once he has submitted his Tender and it has been clarified if necessary, a tenderer is not permitted to make any alteration to the amount of the tender or any of his tender proposals.
- 35.2 If a tenderer attempts to alter his offer after the last date for receipt of tenders, he must be given the opportunity to stand by or withdraw his original offer. Correction of an obvious arithmetical error in a fixed price Tender, may be accepted.
- 35.3 A Tender that is qualified or expressed to be conditional upon the Council's acceptance of alterations to the specification or the terms and conditions of contract must be treated as non-compliant and rejected. **Non-compliant tenders must not be evaluated.** This does not prevent the Council inviting variant bids. If variant bids are invited, tenderers must be required to submit a mandatory reference bid based on the specification and terms and conditions included in the invitation to tender, so that all bids may be compared fairly.
- 35.4 Before a Tender has been accepted, a service director may ask all tenderers to hold their tenders open for a longer period. Tenders should in any event remain open for acceptance for a period of ninety days from the latest date

for receipt of tenders, or such other period as the service director considers appropriate, and the form of tender must make this clear.

36. AWARD OF THE CONTRACT – EU Tenders

- 36.1 Refer to CPR 31 in respect of authority to award a contract.
- 36.2 A full, confidential tender report must be produced in a format approved by the Procurement Service, (the report is not required for call off contracts from a Framework Agreement, or Dynamic Purchasing Systems unless specifically requested by the Procurement Service).
- 36.3 The tender report must be sent to Procurement and the decision-maker before the decision to award the contract is made. The tender report must be marked “NOT FOR PUBLICATION”.
- 36.4 The recommendation to the decision-maker to award the contract must include the name of the successful tenderer, the length of the contract and any options for extension and the price or estimated price of the contract.
- 36.5 As soon as possible after the decision to award the contract has been made and taking call-in procedures into account, the service director must write to inform the successful tenderer of that decision. The letter **must** state that award of the contract is subject to signature by both parties of the contract document, which will be sent to the tenderer by Procurement. The letter must be via the Council’s eProcurement system.
- 36.6 At the same time as the notification in CPR 36.5, the service director must write to each unsuccessful tenderer, informing them of:
- the name of the successful tenderer;
 - the number of PQQs received;
 - the number of invitations to tender issued;
 - the number of tenders received;
 - the reasons for the decision to award, including the characteristics and relative advantages of the successful tender;
 - the award criteria, any sub-criteria, the weightings applied to them and the scoring methodology;
 - the score obtained by the successful tenderer in the evaluation;
 - the score obtained by the unsuccessful tenderer being notified (but no others);
 - the date the decision to award was made;
 - the effect of the standstill period and the date before which the Council will not enter into the contract; and
 - the date the letter is being sent.

The notification letter to the unsuccessful tenderers must be sent via the Council’s eProcurement system.

- 36.7. At the same time as the notification in CPR 36.5, the service director must write to each supplier who was invited to tender but who did not submit a tender, informing him of:
- the name of the successful tenderer;
 - the number of PQQs received;
 - the number of invitations to tender issued;
 - the number of tenders received;
 - the reasons for the decision to award, including the characteristics of the successful tender;
 - the award criteria, any sub-criteria, the weightings applied to them and the scoring methodology;
 - the score obtained by the successful tenderer in the evaluation;
 - the date the decision to award was made;
 - the effect of the standstill period and the date before which the Council will not enter into the contract; and
 - the date the letter is being sent.

The notification letter to the suppliers who were invited but who did not submit a tender must be sent via the Council's eProcurement system.

- 36.8 The notifications in CPR 36.6 and CPR 36.7 must be approved by the Procurement Service before being issued.
- 36.9 If an unsuccessful tenderer asks for further information on why he was unsuccessful, the service director must promptly arrange for the de-briefing.
- 36.10 The contract document must not be signed or sealed (as appropriate) before the expiry of ten days (the standstill period) following the date the notification of the decision to award the contract was sent.
- 36.11 A voluntary transparency notice (other than for an extension or modification as defined in CPRs 40 and 41) may be published in OJEU only with the prior permission of the Head of Legal & Committee Services. If a voluntary transparency notice is published, the contract document must not be signed or sealed (as appropriate) before the expiry of ten days (the standstill period) after the date on which the notice was published in OJEU.
- 36.12 The service director must, in consultation with the Procurement Service, arrange for publication of a contract award notice in OJEU, within 30 days of the award of the contract or the conclusion of a Framework Agreement or a Dynamic Purchasing System (There is no requirement to publish an OJEU notice for a call off contract from a Framework Agreement).
- 36.13 The service director shall ensure that within a reasonable time of the award of the contract, the award is published in the National Procurement Website with at least the following information:
- (a) the name of the contractor;
 - (b) the date on which the contract was entered into;
 - (c) the value of the contract;

(d) whether the contractor is a SME.

36.14 Information may be withheld from publication where its release:

(a) would impede law enforcement or would otherwise be contrary to the public interest,

(b) would prejudice the legitimate commercial interests of a particular economic operator, whether public or private, or

(c) might prejudice fair competition between economic operators.

37. BONDS AND PARENT COMPANY GUARANTEES

37.1 For every contract of £5m or more in value, the service director must decide, taking appropriate advice, whether the circumstances justify the Council requiring the supplier to provide a parent company guarantee. If the supplier does not have a parent company or the parent company is not approved under CPR 37.2, the supplier may in those circumstances be required to provide a bond. If a bond is required, the amount of the bond must be not less than ten per cent of the total contract value or the whole of the annual contract value, unless otherwise agreed by the Chief Finance Officer.

37.2 The parent company or the surety for a bond must be approved by the Chief Finance Officer.

37.3 All parent company guarantees and bonds must be in a form approved by Legal Services. A specimen of the parent company guarantee and bond must be included in the invitation to tender documentation.

38. SIGNATURE OF THE CONTRACT – EU Tenders

38.1 All contracts, bonds, guarantees, agreements or transactions

(i) in respect of which there is no consideration; or

(ii) that exceed £500,000 in value over the life of the contract

must be executed as a deed under seal in accordance with these Contract Procedure Rules.

However this will not apply to contracts for insurance where the contract is brought into effect by the issue of a schedule of insurance and policy documents to the Council by the insurer.

Legal Services may direct that other contracts must be executed as deeds.

38.2 All contracts executed as deeds must have the Council's Common Seal impressed on them and witnessed by an officer of the Council authorised by the Head of Legal and Committee Services

38.3 All contracts which are not within the scope of CPR 38.1 must be signed for and on behalf of the Council by one officers of the Council.

Part 7

For contracts that have commenced

39. CONTRACT MANAGEMENT

39.1 A contract **must not** start until the contract documents have been signed or sealed and dated. Service directors must allow time for this in the contract programme.

39.2 Within ten days of the date of the contract, if the contract is worth £25,000 or more, the service director must add the details of the contract onto the Council's contracts register and record the following:

- the works, goods or services to be supplied;
- the name of the supplier,
- the contract value;
- the commencement and completion dates;
- any extension options
- The current status of the contract

These details must be maintained and updated.

39.3 The service director shall be the contract manager for the contracts for which he/she is responsible up to the EU Threshold, but he/she may authorise another officer to have day-to-day responsibility for managing the contract. For contracts over the EU Threshold, the service director must appoint a contract manager with appropriate skills and experience.

39.4 The contract manager is responsible for:

- managing the contract and ensuring that it is carried out in accordance with its terms and conditions;
- monitoring the supplier's performance and carrying out mid-contract reviews to determine ongoing value for money;
- making the Supplier aware that they are expected to comply with the Council's equal opportunities, counter-fraud and corruption, welsh language standards, whistle-blowing and anti-money laundering policies;
- ensuring that the Supplier maintains the insurance policies required by the contract;
- agreeing any minor changes to the contract (but not changes to prices) before they are carried out;
- keeping a record of all valuations, payments, claims, monitoring, changes and certificates under the contract;
- deducting liquidated damages, if appropriate;

- Liaise with the Procurement Service to update the status of their contract on the Council's Contracts Register;
- in consultation with Legal Services and the appropriate finance manager, consenting to sub-contracts, assignments to new suppliers and novations to new suppliers; and
- managing the transition between the ending of one contract and the beginning of another

Advisory note: It is recommended that decisions authorising changes to a contract or sub-contracts, assignments or novations are recorded on an officer decision form.

- 39.5 The service director **must** consult Legal Services for consideration of the Council's legal position:
- before any contract is to be terminated or suspended;
 - in the event of a claim for payment not clearly within the terms and conditions of contract;
 - before making any deduction from payments due to a Supplier or withholding payment from a Supplier;
 - subject to Regulations 40 and 41, before making any extension to a contract or variation of the scope of a contract.
- 39.6 If the final expenditure under a contract exceeds the budgeted sum by 10% or more, the service director, in consultation with the Chief Finance Officer, must prepare and submit a report to the appropriate portfolio holder and to the chairman of Overview and Scrutiny Committee.
- 39.7 To ensure value for money and competition, contracts for an indefinite or rolling term must be terminated at the end of ten years in any event and a new contract procured.

40. EXTENSIONS TO CONTRACTS

- 40.1 An extension to a contract is an additional period at the end of the contract, during which the works or the services to be carried out are a repetition of the works or services under the original contract. Contracts for supplies must not be extended.
- 40.2 Unless a contract specifically includes an option to extend its term, or the extension falls within the parameters of a modification under CPR 41, that contract may not be extended. The contract will cease to exist at the end of its term.
- 40.3 If a contract specifically includes an option to extend its term **and**:
- the OJEU notice or other advertisements for the contract stated that an extension contract may be awarded; and
 - the estimated value of the contract in the OJEU notice or other advertisements took account of the potential extended contract; and

- the extension represents good value for money for the Council,

then the service director may make a decision to award the extension contract if the value of the extension is below £500,000 per annum. If the value of the extension is between £500,000 per annum and £1m per annum or is £1m or more per annum, the decision to award the extension contract must be made by the portfolio holder or Cabinet respectively.

Once the extension has expired, that contract will cease to exist.

40.4 If the contract is above the EU threshold then the extension should be approved by the Head of Legal & Committee Services in consultation with the Head of Procurement.

40.5 All extensions must be evidenced in writing in accordance with the contract in consultation with the Procurement Service.

41. MODIFICATION OR VARIATION OF CONTRACTS DURING THEIR TERM

41.1 Provided that a budget has been allocated for the expenditure, value for money can be demonstrated and authority has been obtained from the appropriate decision maker, contracts and Framework Agreements may be modified or varied without a new procurement procedure in accordance with the following provisions:

41.1.1 for contracts and Framework Agreements within the scope of the EU Regulations, in accordance with the terms of the relevant EU Regulations; and

41.1.2 for contracts and Framework Agreements falling outside of the scope of the EU Regulations, in the following cases:

41.1.2.1 where the change in value is relatively small - under 10% of the contract value for services & supplies or under 15% of the contract value for works and does not alter the overall nature of the contract (NB the contract value to be used is the updated value if the contract contains an indexation clause. Where several successive modifications are made the change value shall be cumulative); or

41.1.2.2 where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses:

- (i) state the scope and nature of possible modifications or options as well as the conditions under which they may be used, and
- (ii) do not provide for modifications or options that would alter the overall nature of the contract or the Framework Agreement; or

41.1.2.3 where additional works, services or supplies are necessary from the existing contractor (and the contract does not provide a mechanism for this) and a change in contractor cannot be made for economic or technical reasons such as interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement; and where changing the contractor would cause significant inconvenience or duplication of costs, provided that the price increase does not exceed 50%; or

41.1.2.4 where there is a need for a modification (and the contract does not provide a mechanism) due to unforeseen circumstances, the change does not alter the overall nature of contract and the price increase is not greater than 50%; or

41.1.2.5 where a new contractor replaces the one to which the Council had initially awarded the contract as a consequence of an unequivocal review clause or option or following a corporate restructuring, insolvency or merger, and the new contractor still meets the original selection criteria. This exemption is only available where there is no other substantial modification to the contract; or

41.1.2.6 otherwise where the modification is not substantial and is only made following consultation with Legal Services.

412 All modifications must be evidenced in writing in accordance with the contract in consultation with Legal Services.

Part 8

Exceptions to Contract Procedure Rules

- 42.1 An exception to Contract Procedure Rules is a permission to let a contract without complying with one or more of the Contract Procedure Rules. An exception to Contract Procedure Rules may be granted subject to conditions. **Authority to award a contract will be required in addition to the exception to Contract Procedure Rules.**
- 42.2 Only the Director of Resources, or his authorised deputy, in consultation with the Procurement Service, are delegated by Cabinet to grant an exception to these Contract Procedure Rules. Applications for exceptions must follow the process set out by the Procurement Service, be made in writing and signed by the service director, and must include the exception that is requested and the justification for the exception. Exceptions to Contract Procedure Rules will **never** be given retrospectively and exceptions for extensions are unlikely to be granted if there is less than six months left on the contract and so must be submitted well in advance of the decision needing to be made
- 42.3 The Procurement Service will keep a register of all exceptions to Contract Procedure Rules.
- 42.4 An application for an exception to Contract Procedure Rules, to allow a contract to be let without genuine competition will not be granted without a cogent reason. A lack of time caused by inadequate forward planning is not a cogent reason and will not permit an exception to Contract Procedure Rules. If an application to let a contract without genuine competition is granted, the service director responsible for the contract must demonstrate that the price obtained is not in excess of the market price and that the contract represents best value for money.
- 42.5 An exception to Contract Procedure Rules is not required in the following circumstances:
- placing an order under an existing corporate contract or Framework Agreement;
 - as part of a partnering contract that contemplates a series of contracts with a single supplier, provided the entire series has been duly authorised as appropriate for its value;
 - legislation requires the Council to let a contract differently from these Contract Procedure Rules;
 - placing an order under an arrangement, of which the Council is an affiliate, which has gone through an EU compliant competitive process; or
 - following completion of a quotation procedure, some or all of the quotations exceed £25,000, provided all quotations are below £30,000.

ANNEX 1

LIGHT TOUCH REGIME SERVICES

Schedule 3 Services (PCR 2015)
(Light Touch Regime for contracts exceeding £625,050 in total)

Overarching Description	Areas included
Health, social and related services	<ul style="list-style-type: none"> * Supply services of domestic help personnel * Supply services of nursing personnel * Supply services of medical personnel * Private households with employed persons * Manpower services for households, Agency staff services for households, Clerical staff services for households, Temporary staff for households, Home-help services and Domestic services Social Care Nursing Care
Administrative social, educational, healthcare and cultural services	<ul style="list-style-type: none"> * Administration, defence and social security services * Education and training services * Exhibition, fair and congress organisation services * Seminar organisation services * Event services * Cultural event organisation services * Festival organisation services * Party organisation services * Fashion shows organisation services * Fair and exhibition organisation services
Compulsory social security services	
Benefit services	
Other community, social and personal services including services furnished by trade unions, political organisations, youth associations and other membership organisation services	
Religious services	
Hotel and restaurant services	<ul style="list-style-type: none"> * Catering services for private households * Meals-on-wheels services * Meal delivery services * Catering services * Catering services for transport enterprises * Catering services for other enterprises or institutions * School catering services

	<ul style="list-style-type: none"> * Canteen services * Canteen and other restricted-clientele cafeteria services * Canteen management services * School meal services
Legal services (to extent not excluded by reg: 10(1)(d))	
Other administrative services and government services	
Provision of services to the community	
Provision of related services, public security and rescue services to the extent not excluded by regulation 10(1)(h)	
Investigation and security services	<ul style="list-style-type: none"> * Investigation and security services * Security services * Alarm-monitoring services * Guard services * Surveillance services * Tracing system services * Absconder-tracing services * Patrol services * Identification badge release services * Investigation services and detective agency services * Graphology services * Waste analysis services
International services	<ul style="list-style-type: none"> * Services provided by extra-territorial organisations and bodies * Services specific to international organisations and bodies
Postal services	<ul style="list-style-type: none"> * Postal and telecommunications services * Post and courier services * Postal services * Postal services related to newspapers and periodicals * Postal services related to letters * Postal services related to parcels * Post office counter services * Mailbox rental * Post-restante services * Internal office mail and messenger services
Miscellaneous services	<ul style="list-style-type: none"> * Tyre-remoulding services * Blacksmith services

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ERW JOINT COMMITTEE 8TH FEBRUARY 2019

INTERNAL AUDIT WORK PROGRAMME FOR 2018-19

Purpose: Consideration and approval of the Internal Audit work programme for 2018-19.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

Consideration and approval of the Internal Audit work programme for 2018-19.

REASONS: Statutory Requirement

Report Author:
Jo Hendy

Designation:
ERW Head of Internal Audit

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EXECUTIVE SUMMARY ERW JOINT COMMITTEE

8TH FEBRUARY 2019

INTERNAL AUDIT WORK PROGRAMME FOR 2018-19

BRIEF SUMMARY OF PURPOSE OF REPORT

The Internal Audit work programme for 2018-19.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	YES	YES	NONE
<p>1. Finance</p> <p>Joint Committee consideration and approval of the Internal Audit work programme for 2018-19, namely the financial issues included.</p>				
<p>2. Risk Management</p> <p>Joint Committee consideration and approval of the Internal Audit work programme for 2018-19, namely the risk management issues included.</p>				

CONSULTATIONS

N/A

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE**



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JOINT COMMITTEE

Report of: ERW Head of Internal Audit

Date: 08 February 2019

Internal Audit Work Programme for 2018-19

The Internal Audit work programme for 2018-19 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards.

The following Internal Audit work programme has been agreed with the Lead Chief Executive, the Interim Managing Director and the Section 151 Officer.

- **Follow-up of Previous Internal Audit Recommendations**
- **Follow-up of Annual Governance Statement (AGS) Significant Governance Issues and Priorities for Improvement**
- **Corporate Governance**
 - Governance Arrangements
 - Structure & Service Level Agreements
 - Financial Stability of Consortium
- **Business Planning**
 - Development of the Business Plan
 - Alignment of Financial Planning
 - Measuring and Monitoring the achievement of the Business Plan
- **Compliance with ESTYN Action Plan**
- **Invoice Processing**
 - Budgetary Control
 - Correct accounting treatment of the purchase of Supplies & Services
- **Grant Schedules & Returns from Authorities**
 - Local Authority compliance with grant schedules & terms and conditions
 - Submission of financial and non-financial data to the Consortia/Welsh Government

RECOMMENDATION:

The Joint Committee considers and approves the Internal Audit work programme for 2018-19.

Background Documents:

None.

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ERW JOINT COMMITTEE

8TH FEBRUARY 2019

RISK REGISTER

Purpose:

To update Joint Committee on the systemic risks facing the ERW Consortium and its constituent Local Authorities at present.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

1. That the Joint Committee accept the report;
2. That the Joint Committee note the addition of the tolerance levels agreed on 12.10.18;
3. That the Joint Committee approve the recommendation to remove the risk surrounding Central Team Accommodation.

REASONS:

Effective Risk Management
Governance Requirements

Report Author: Geraint Rees	Designation: Acting MD	Tel No. 01267 24 5640 E. Mail: geraint.rees@erw.org.uk
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EXECUTIVE SUMMARY ERW JOINT COMMITTEE

8TH FEBRUARY 2019

RISK REGISTER

BRIEF SUMMARY OF PURPOSE OF REPORT

The Risk Register has been updated since the previous Joint Committee, following advice from the region's Section 151 Officer and feedback from the ERW Executive Board.

The overall Risk profile has decreased since the previous meeting, with most risks being scored equally to the previous report, and a few scores decreasing.

Following the previous Joint Committee meeting, risks have been categorised accordingly, with each category carrying its own Tolerance Level.

Some risks have been re-categorised following advice from the region's Section 151 Officer

The report recommends that the risk around Central Team Accommodation be removed from the register, as it has been mitigated.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	YES	YES	NONE
<p>1. Finance</p> <p>The Risk Register has a dedicated section where it discussed financial risks within ERW</p>				
<p>2. Risk Management</p> <p>The Risk Register is the primary mechanism for capturing and reporting on Risks within the ERW Governance structure.</p>				

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE



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Corporate Risk Register (Threats)

2018-19

February 2019



Introduction

ERW's Corporate Risk Register contains the strategic business risks (threats) to the achievement of the ERW's Vision and Aims as outlined within the ERW Business Plan.

ERW's Vision: "Improving Learning Together"

ERW's Objectives:

- Improve the quality of leadership and its impact on outcomes
- Improve the quality of teaching and learning experiences and its impact on outcomes
- Reduce the impact of poverty on attainment, support vulnerable learners and ensure all learners reach their potential
- Deliver high quality and bespoke support, challenge, and intervention to schools
- Communicate effectively with all stakeholders

Corporate business risks (threats) are scored against the risk (threats) evaluation matrix shown on page 4, using the probability and impact criteria shown on pages 5 and 6.

The Corporate Risk Register is a live document which is subject to regular review by the ERW Managing Director. New business risks identified or escalated via Local Authority risk registers are captured as proposed business risks and considered for inclusion on the Corporate Risk Register by the Lead Chief Executive. The updated Corporate Risk Register is then formally reviewed by the ERW Executive Board. The Corporate Risk Register is reviewed regularly by the ERW Joint Committee.

Business risks are scored at inherent level (before any control measures are applied) and at residual level (after control measures have been applied).

Although control measures are applied, they may not be sufficient to reduce the residual score if external factors (outside of officer control) still have a high influence on the probability of the risk occurring or the impact should it occur, e.g. Review and Reform Programme. The heat map on page 7 shows the highest residual risks on the Corporate Risk Register.

Each risk has its own table showing the inherent and residual risk score along with the tolerance for the risk. Tolerance levels and responsible officers should ultimately be decided by the Joint Committee, who will be advised by the ERW Central Team.

To assist with the monitoring of changes to the Corporate Risk Register between reviews, the risk score table for each risk includes a movement column which shows if the residual risk has increased↑, decreased↓, or stayed the same↔. Where there is no arrow icon, this process will commence from the report presented to the next Joint Committee.

The Corporate Risk Register for 2018-19 contains 17 business risks (threats), each of which is indexed at page 8 and 9, and shown in detail on pages 10 to 21.

Risks are categorised under one of the four following groupings, with each grouping requiring an agreed tolerance level.

1. Financial Risks - Tolerance Level 6
2. Infrastructure Risks – Tolerance Level 8
3. People and Knowledge Risks – Tolerance Level 9
4. Governance and Compliance – Tolerance Level 4

Every risk is explained in three steps:

1. Event
2. Consequence
3. Impact

Risk Evaluation Matrix

Threats					
Probability	Very High	Low (4)	Medium (8)	High (12)	High (16)
	High	Low (3)	Medium (6)	Medium (9)	High (12)
	Medium	Low (2)	Low (4)	Medium (6)	Medium (8)
	Low	Low (1)	Low (2)	Low (3)	Low (4)
		Low	Medium	High	Very High
		Impact			

Impact assessment criteria

(Review the risk against the following criteria, chose the one that best describes the impact and rate accordingly from 1 – 4)

Rating	Description	Financial Capital / Revenue	Political	Service / Operations
4	Very High	>40% to <100% budget	<ul style="list-style-type: none"> Political intervention required. 	<ul style="list-style-type: none"> Catastrophic fall in service quality and statutory service standards are not met. Long term interruption to service provision. Report from regulator or inspectorate requiring major project for corrective action.
3	High	>15% to <40% budget	<ul style="list-style-type: none"> Major adverse political reaction. 	<ul style="list-style-type: none"> Major impact to service quality, statutory service standards are not met, long term disruption to operations, multiple partnerships affected. Report of breach to regulator with immediate correction to be implemented.
2	Medium	>5 % to < 15 % budget	<ul style="list-style-type: none"> Significant adverse regional political reaction. 	<ul style="list-style-type: none"> Significant fall in service quality, major partnership relationships strained, serious disruption to statutory service standards. Reportable incident to regulator(s).
1	Low	< 5% budget	<ul style="list-style-type: none"> Minor adverse political reaction and complaints which are quickly remedied. 	<ul style="list-style-type: none"> Minor impact to service quality, minor statutory service standards are not met.

< = Less than

> =More than

Probability assessment criteria

(Select one of the ratings from the definitions below)

Rating	Annual Frequency			Probability	
	Description	Definition		Description	Definition
4	Very High	More than once in last 12 months		Very High	>85 % chance of occurrence
3	High	Once in last 2 years		High	>45% to <85 % chance of occurrence
2	Medium	Once in 3 years up to 10 years		Medium	>15% to < 45 % chance of occurrence
1	Low	Once in 10 years		Low	<15 % chance of occurrence

< = Less than

> =More than

Corporate Business Risks

The heat map below summarises the highest residual risks contained on the Corporate Risk Register.

Very High Probability	12 Cuts to School Budgets	16
High Probability		12 Estyn Action Plan
	High Impact	Very High Impact

Index and Summary of Residual Business Risk Scores

Central

No.	Risk	Probability	Impact	Residual Risk	Movement	Page
1.1	Powys Estyn Monitoring result in follow up	1	4	4	↔	11
1.2	Ceredigion Estyn Monitoring result in follow up	1	4	4	↔	12
1.3	Pembrokeshire Estyn Monitoring result in follow up	2	4	8	↔	13
1.4	Carmarthenshire Estyn Monitoring result in follow up	2	4	8	↔	14
1.5	Swansea Estyn Monitoring result in follow up	1	4	4	↔	15
1.6	Neath Port Talbot Estyn Monitoring result in follow up	1	4	4	↔	16
2	Failure to comply with Estyn Action Plan	3	4	12	↓	17
3	Failure to deliver Business Plan	3	3	9	↔	18
4	ERW Governance	2	4	8	↔	19
5	ERW Central Team Accommodation	1	3	3	↔	21
6	Data Protection	2	4	8	↔	22
7	ERW found not to provide Value for Money	2	4	8	↔	23
8	LA Failure to comply with Grant Regulations	2	4	8	↔	24

Financial

No.	Risk	Probability	Impact	Residual Risk	Movement	Page
1	Timeliness of Welsh Government Funding	2	3	6	↔	25
2	Cuts to School Budgets	4	3	12	↓	26
3	Delivery of National Mission	3	3	9	↔	27
4	WG Grant Compliance	2	4	8	↓	28

Contextualisation

ERW (Education through Regional Working) is one of 4 regional education consortia in Wales. It is an alliance of six local authorities - Carmarthenshire, Ceredigion, Pembrokeshire and Powys, the County Borough of Neath Port Talbot and the City and County of Swansea. The purpose of ERW is to deliver a single, consistent and integrated professional school improvement service for children and young people across the South-West and Mid-Wales region.

ERW works closely with Welsh Government and with the other three regional consortia to deliver national priorities and policies in Wales, such as literacy, numeracy and digital competence, and improving learner outcomes.

The regional education consortia were formally established following the publication of the National Model for School Improvement by Welsh Government in 2014. The National Model is based on a vision of regional school improvement consortia working with and on behalf of local authorities to lead, orchestrate and co-ordinate the improvement in the performance of schools and education of young people. This would be achieved by allowing local authorities to work collaboratively to share good practice, knowledge and skills, build capacity and increase opportunities for constructive challenge and targeted support.

ERW works to communicate, broker and support the development of high performing school networks in order to identify the challenges and establish improvement pathways that lead to success. It seeks to ensure that every school is a good school offering high standards of teaching and good leadership resulting in all learners achieving their maximum potential. This can only be achieved by building school capacity through support, challenge and intervention so that they become self-improving, resilient organisations which continually improve outcomes for learners.

Our Objectives:

- 1. Developing a high-quality education profession**
- 2. Inspirational Leaders working collaboratively to raise standards**
- 3. Strong and inclusive schools committed to excellence, equity and well-being**
- 4. Robust assessment, evaluation and accountability arrangements supporting a self-improving system**

Central Risks

1.1 Estyn Monitoring activity results in follow up for Powys (Governance and Compliance)

Description of Risk

Estyn visits result in Powys being placed in follow up / special measures or requiring further attention.

Background

Powys was subject to an Estyn improvement conference in 2016 and 2017 primarily because the Authority had too many secondary schools in Estyn follow up. The Authority's performance on key indicators and rankings has improved since then. The number of schools in follow up has significantly reduced. There remain challenges in the secondary sector in relation to resilience of governance, leadership and organisation in some schools, which require long term continued vigilance and maintenance.

Objectives at Risk: All

Risk Control Measures

The risk is currently within the tolerance levels set by Joint Committee and requires no further action to mitigate.

Risk Scores:

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	2	4	8	↔
Residual	1	4	4	↔
Tolerance			4	

Risk Owner

Ian Budd (Powys)

1.2 Estyn Monitoring activity results in follow up for Ceredigion (Governance and Compliance)

Description of Risk

Estyn visits result in Ceredigion being placed in follow up / special measures or requiring further attention.

Background

Objectives at Risk : All

Risk Control Measures

Consolidation of existing strengths in processes and procedures deemed to be successful in the previous Estyn inspection. Many are still relevant in the new Estyn Local Authority Education Service Inspection Framework.

Continue work to improve quality, resilience and impact of senior and middle leadership in schools, particularly where recruitment has been difficult in order to improve intra and inter school variation.

Continue to provide high quality curriculum and leadership support for schools, in particular in core subject areas in specific secondary schools.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	1	4	4	↔
Residual	1	4	4	↔
Tolerance			4	

Risk Owner

Meinir Ebbsworth (Ceredigion)

1.3 Estyn Monitoring activity results in follow up for Pembrokeshire (Governance and Compliance)

Description of Risk

Estyn visits result in Pembrokeshire being placed in follow up / special measures or requiring further attention.

Background

Pembrokeshire has had two improvement conferences undertaken by Estyn. It is unlikely that there will be an inspection until 12 months after last conference.

Objectives at Risk : All

Risk Control Measures

Consolidation of existing strengths in processes and procedures deemed to be appropriate at improvement conferences.

Continue work to improve quality and resilience in senior and middle leadership in secondary schools, particularly where recruitment has been difficult, in order to improve outcomes.

Continue to provide high quality curriculum and leadership support for schools

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Kate Evan Hughes (Pembrokeshire)

1.4 Estyn Monitoring activity results in follow up for Carmarthenshire (Governance and Compliance)

Description of Risk

Estyn visits result in Carmarthenshire being placed in follow up / special measures or requiring further attention.

Background

Objectives at Risk : All

Risk Control Measures

- A regular review of core services, to determine whether outcomes are being achieved and where potential issues may be arising.
- Effective business function evaluation and monitoring in place as part of regular Directorate Team meetings with overview of risk register, financial planning, outcomes measurement etc.
- Effective and constructive partnership working with schools, corporate Council Services, the regional Consortium and other partners who contribute to delivering school improvement and education services.
- Robust and honest self-evaluation, incorporating the views of a range of stakeholders and partners, leading to clear Business Plans identifying successes and challenges/areas to develop.
- Service and Business Plan development put in place in order to ensure most effective use of resources across services and with partners in order to achieve excellent outcomes for our children and young people.
- Ensure that there is clarity in terms of vision and staff role and remit in their work towards achieving this vision.
- Effective Performance reporting in place throughout the directorate.
- Effective appointments and support and training provided to provide a high quality, skilled team of Senior Managers and officers.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Gareth Morgans (Carmarthenshire)

1.5 Estyn Monitoring activity results in follow up for Swansea (Governance and Compliance)

Description of Risk

Estyn visits result in Swansea being placed in follow up / special measures or requiring further attention.

Background

Objectives at Risk : All

Risk Control Measures

- The local authority benefits from strong leadership at all levels, strong partnership with schools and other key agencies and has a good track record of delivering strong outcomes for children and young people.
- Self-evaluation processes are robust and clear priorities are identified in operational plans. Areas of underperformance are identified as early as possible and support and challenge put in place to secure improvements.
- Existing monitoring processes will be further developed to ensure that key strategic priorities, eg foundation phase, wellbeing post 16 provision, school leadership, are addressed.
- Through our ERW partnership, the local authority will continue to secure good standards and overall progress of learners, including specifically raising standards in primary schools and provision for pupils in key stage 4.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	2	4	8	↔
Residual	1	4	4	↔
Tolerance			4	

Risk Owner

Nick Williams (Swansea)

1.6 Estyn Monitoring activity results in follow up for Neath Port Talbot (Governance and Compliance)

Description of Risk

Estyn visits result in Neath Port Talbot being placed in follow up / special measures or requiring further attention.

Background

- NPT was inspected by Estyn in December 2017 and judged to be good in all inspection areas. NPT will now focus on delivering progress against the four recommendations made.

Objectives at Risk : All

Risk Control Measures

- The local authority benefits from strong leadership at all levels, strong partnership with schools and other key agencies and has a long, secure track record of delivering strong outcomes for children and young people.
- Business planning processes have been modified to account for the four recommendations and progress will be scrutinised by elected members on a regular basis.
- Self-evaluation processes have been revised to secure improvement and to better inform planning processes. These will continue to be developed in order to identify aspects of underperformance as early as possible.
- Existing monitoring processes will be further developed to ensure that key strategic priorities, eg children's school readiness, post 16 transition, school leadership, are addressed.
- Action has been taken to address the safeguarding issue identified during the inspection and Estyn is satisfied with the progress made in relation to this area.
- Through our ERW partnership, the local authority will continue to secure good standards and overall progress of learners, including specifically raising standards in primary schools and provision for pupils in key stage 4.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	2	4	8	↔
Residual	1	4	4	↔
Tolerance			4	

Risk Owner

Aled Evans (Neath Port Talbot)

2. Failure to comply with Estyn Action Plan (Governance and Compliance)

Description of Risk

Inspection/ Visit of Region finds less than adequate progress on any recommendation thus resulting in further follow up activity for ERW.

Background

This risk had been identified during the last 24 months and the mitigating actions did not successfully reduce the likelihood of the risk. Therefore, ERW has a judgement of limited progress (Nov 2017) against Recommendation 1 (improvement in Schools Causing Concern, most notably secondaries), from its June 2016 inspection.

The risk has now been compounded by slow progress in making decisions to progress the Review and Reform Programme, which is cited in the 2017 Estyn Report as cause for possible governance improvements which could in turn impact ERW's ability to respond to recommendations.

Objectives at Risk : All

Risk Control Measures

- ERW Secondary Support Team working alongside Secondary Schools in difficulty, early feedback on this work is very positive.
- Schools Performance Team now meets regularly with each Principal Challenge Adviser individually to discuss early warning signs for schools, increasing chances of prevention.
- Progress in the ERW Review and Reform Programme should help mitigate this risk

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	4	4	16	↔
Residual	3	4	12	↓
Tolerance			4	

Risk Owner

ERW Managing Director, Lead Director and Lead Chief Executive

3. [Failure to deliver Business Plan \(Governance and Compliance\)](#)

Description of Risk

Delivery of Business Plan fails to meet the satisfaction of Welsh Government/WAO/Estyn.

Background

2018-19 Business Plan Approved by Welsh Government. Delays in clearance / delivery of funding have increased the difficulty of implication due to reduced timescales. 2019-20 Business Plan work will be commencing in due course, with a view to creating a process that fully engages key stakeholders for co-construction.

Objectives at Risk : All

Risk Control Measures

- Effective planning by Central Team, Lead Director and Lead Chief Executive.
- Ongoing dialogue with Welsh Government and other monitoring bodies

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	3	9	↔
Residual	3	3	9	↔
Tolerance			4	

Risk Owner

Managing Director, Lead Director

4. ERW Governance (Governance and Compliance)

Description of Risk

Organisational Design, Governance or Legal footing of ERW found to be ineffective at securing consistent improvement across all LAs by Estyn / WAO / WG / Self Evaluation, This then resulting in action by the inspectorate, or clawback of funds from WG.

Background

Estyn follow up report note that the governance structure has hindered progress. December 2017

Challenge and Review meetings with Cabinet Secretary for Education have increased in frequency – meetings took place in December, February, and April.

Following an invitation from the Chair of the Joint Committee when WG raised concerns about financial delegation to Local Authorities and governance, WG are conducting a review of ERW funding arrangements. This has now been expanded into a review of all regions.

Objectives at Risk: All

Risk Control Measures

- Undertaking Review and Reform Programme – formal decision pending Feb 2019 meeting of Joint Committee
- Meetings of Chief Execs in September – discussions progressing. Further meetings held in run up to Feb 2019 Joint Committee
- Geraint Rees appointed to assist

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↓
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Lead Chief Exec, Section 151 Officer, Monitoring Officer, Lead Director, Managing Director

5. ERW Central Team Accommodation (Infrastructure Risk)

Description of Risk

ERW's accommodation fails to safely house all Central Team staff, and presents health and safety issues. This in turn could have a detrimental effect on the service, and on the wellbeing of ERW staff.

Background

As of the last Joint Committee, Lead Officers were tasked to mitigate any Health and Safety issues that may arise at the ERW Central Team's current accommodation. The remaining risk around procurement of DDA compliant furniture/seating for staff has been mitigated.

Objectives at Risk: All

Risk Control Measures

- Audit of specialist furniture/seating requirements has been undertaken, and staff requiring specialist furniture have received the relevant items.
- Local Authorities to be contacted to source any spare equipment they can provide. Equipment Provided.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	2	3	6	↓
Residual	1	3	3	↔
Tolerance			8	

Risk Owner

Executive Board, Pembrokeshire County Council Chief Executive

RECOMMENDATION: That this risk be removed from the ERW Risk Register.

6. Data Protection (Governance and Compliance)

Description of Risk

ERW fails to comply with the Data Protection Act 2018.

Background

Currently ERW does not have a designated Data Protection Officer which is a requirement of General Data Protection Regulations as of May 2018.

Objectives at Risk: All

Risk Control Measures

ERW has taken pro-active steps to prepare staff for GDPR, including awareness seminars at ERW Central Team Training. However, the absence of a dedicated DPO remains a concern.

Some of this risk is mitigated by the Local Authorities employing their own DPOs for schools respectively.

Executive Board 21.9.18 agreed an interim measure of the Managing Director being named DPO, with a view of appointing a Business and Finance Manager for ERW and naming them DPO once appointed and sufficiently trained.

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			4	

Risk Owner

Managing Director, Lead Chief Executive, Lead Director

7. ERW is judged to not provide Value for Money (Governance and Compliance)

Description of Risk

Failure to ensure value for money in future years results in action from Estyn, reputational damage, or a reduction in grant funding.

Background

In ERW's 2017 Estyn Report, it is stated:

"Senior leaders understand that the current organisational design constrains ERW's ability to deliver value for money"

"ERW is also judged to make "satisfactory" progress only when addressing:

Recommendation 4: Refine the framework for assessing value for money so that all relevant costs across the six authorities are taken into account fully when set against outcome."

Objectives at Risk: All

Risk Control Measures

- Comprehensive VFM Framework in place.
- In house monitoring of effectiveness; support in any identified areas of concern.
- VFM monitoring and recommendations from Internal Audit undertaken.
- Annual Governance Statement
- Proposed financial efficiencies in the new ERW Model.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			6	

Risk Owner

Managing Director

8. Local Authority failure to comply with Grant Regulations (Governance and Compliance)

Description of Risk

Individual LAs fail to comply with Grant Regulations and limited assurance given from other LA's to PCC, resulting in clawback of funding,

Objectives at Risk: All

Risk Control Measures

Clear agreed financial guidance and procedures.

- Correspondence from Section 151 Officer and Internal Audit to all LA's.
- Assurance for PCC from each LA.
- Improved communication and understanding of roles, responsibilities and risks.
- Training and termly finance officers meeting.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	4	12	↔
Residual	2	4	8	↔
Tolerance			6	

Risk Owner

LA Section 151 Officers, Head of Internal Audit,

Financial Risks

1. Timeliness of WG Funding (Financial Risk)

Description of Risk

WG Funding may not be timely resulting in underspend or an inability to spend at the end of the financial year.

Background

Financial forward planning with contingency arrangements so that essential implementation is not hindered.

Due to a significant dependence on grants and the use of ERW's reserves, timely receipt of funding is a key cash flow issue.

Other regions report that bi-monthly payments for 18-19 financial year have been on time. The issue surrounding receiving money from Welsh Government is now ERW's ability to meet grant terms and conditions, which is represented in other risks within the register

Objectives at Risk: All

Risk Control Measures

- A new bi-monthly payment profile has been established with Welsh Government
- Financial forward planning with contingency arrangements so that essential implementation is not hindered.
- Constant communication with WG to improve expectation.
- New Regional Consortia School Improvement Grant

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	3	9	↔
Residual	2	3	6	↔
Tolerance			6	

Risk Owner

Section 151 Officer, Lead Banker Authority

2. Real Term Cuts to school budgets (Financial Risk)

Description of Risk

Further cuts to school services and reductions of quantum in Welsh Government funding, which in turn have an effect on service capacity, and therefore outcomes in schools.

Background

Financial pressures in each LA leading to cuts affecting school services. This would then have a further impact on capacity and willingness of schools to engage in the self-improving system

The EIG, which is now an element of the Regional Consortia School Improvement Grant, has seen an 11% cut for the 18-19 financial year.

Local Government 19-20 budget and the Teachers Pay Award also present significant risks. Other risks that were noted by the ERW Headteacher Representative Board were the rise in teacher pensions, as well as the permanence of the new Professional Learning Funding.

Objectives at Risk: All

Risk Control Measures

Further work with HT board to ensure clarity around expectations of HT to collaborate and the remuneration.

Maximising of delegated funding to schools wherever possible. The new funding stream for schools dedicated to Professional Learning is aimed at reducing the impact of this risk.

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	4	4	16	↔
Residual	4	3	12	↓
Tolerance			6	

Risk Owner

Managing Director, Lead Director, All 6 LA Directors, Section 151 Officer, Lead Chief Executive.

3. ERW unable to deliver National Mission (Financial Risk)

Description of Risk

ERW fails to deliver Welsh Government's National Mission. Subsequently, WG could tie funding conditions to this delivery, risking grant clawback.

Background

Currently, there are many issues that are caused by a lack of capacity to manage the business side of ERW.

Many of the roles have evolved with the growth of ERW with staff undertaking more than one role.

Staff insecurity is heightened at present as ERW, increasing the risk of insufficient capacity to deliver the National Mission.

It should be noted that elements of the National Mission fall outside ERW's responsibility, and this risk is directed at the elements that fall inside ERW's scope of responsibility.

Objectives at Risk: All

Risk Control Measures

- ERW Review and Reform Programme

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	3	3	9	↔
Residual	3	3	9	
Tolerance			6	

Risk Owner

Managing Director, 6 LA Directors, Joint Committee

4. Failure to comply with Grant Conditions from WG (Financial Risk)

Description of Risk

ERW fails to comply with Welsh Government Grant Conditions, resulting in the withholding or clawback of funding, and adversely affecting the region's School Improvement service.

Background

Due to the heavy reliance on grant funding, ERW's compliance with grant conditions is key.

The region has received two letters from WG outlining the concerns that ERW is not using its "Regional Grants" within the spirit of the terms and conditions.

Following an invitation from the Chair of the Joint Committee when WG raised concerns about financial delegation to Local Authorities and governance, WG are conducting a review of ERW funding arrangements. This has now been extended to all 4 consortia.

ERW had received a revised Grant Offer Letter for the Regional Consortia School Improvement Grant which contained additional conditions which were to be met before funding is released for the remaining 7/12ths of funding – urgent actions were required for this funding to be released. The funding was subsequently released.

Objectives at Risk: All

Risk Control Measures

- Central Team and Senior Challenge Advisers commissioned to provide additional Business Plan Details for 2018-19
- Ongoing dialogue with Welsh Government
- Business Plan for 2019-2020 to be co-constructed in early 2019

Risk Scores

Risk Stage	Probability	Impact	Risk Score	Movement
	(a)	(b)	(a) X (b)	↑↓↔
Inherent	4	4	16	↔
Residual	2	4	8	↓
Tolerance			6	

Risk Owner

Lead Director, Managing Director, Lead Chief Executive, Section 151 Officer

**ERW JOINT COMMITTEE
AGENDA ITEM NO
8.2.19**



Supporting / Additional information from ERW Executive Board

Supporting / Additional Information from ERW Advisory Board



ERW JOINT COMMITTEE 8TH FEBRUARY 2019

LEAD FUNCTIONS/SLAS

Purpose:

To confirm the present distribution of Lead Authority functions/ roles and SLAs

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

1. Note the functions of the Lead Authorities, as set out in the 2014 Legal Agreement (Table 1 –column A)
2. Confirm the current allocations of Lead Authority functions, where changes have been effected (Table 1-column B),in particular:
 - Contracts & Procurement –Pembrokeshire County council
 - Human Resources-Pembrokeshire County Council
3. Confirm the current allocation of additional functions subject to SLA arrangements (Table 2-Column B)

REASONS:

1. The Joint Committee is responsible for appointing the Lead Authority for each of the lead functions.
2. Since the 2014 Agreement, some of the Lead Authority roles/functions have changed, without corresponding Joint Committee decision to formally approve such change.
3. Some additional functions have evolved, resulting in SLAs between ERW and respective Local Authorities, without corresponding Joint Committee decision to formally approve such additional functions and/or issue of SLAs.

Report Author:
Elin Prysor

Designation:
ERW Monitoring Officer

Tel No.

E. Mail:



EXECUTIVE SUMMARY

ERW JOINT COMMITTEE

8TH FEBRUARY 2019

BRIEF SUMMARY OF PURPOSE OF REPORT

- To confirm and regularise the current lead functions
- To regularise changes in functions of lead authorities
- To regularise the current distribution of additional functions subject to SLAs between ERW and respective Authorities.

The current arrangements are set out in Appendix 1.

- 1) Functions of the Lead Authorities, as set out in the 2014 Legal Agreement are shown in Table 1 –column A.

The Communications function was originally held by Swansea City & County Council. This subsequently changed to Carmarthenshire County council. The function is currently vacant.

- 2) The current allocation of Lead Authority functions are shown in Table 1-column B. Changes include:

- Contracts and Procurement –from Powys County Council to Pembrokeshire County Council;
- Human Resources from Neath Port Talbot County Borough Council and Pembrokeshire County Council.

- 3) Confirm the current allocation of additional functions subject to SLA arrangements (Table 2-Column B). These include :

- Scrutiny-Swansea
- Internal Audit- Pembrokeshire County Council
- ICT- Pembrokeshire County council

The proposals are intended to reflect and regularise the current arrangements.

The proposals are not intended to affect the ability of any authority to submit expressions of interest in respect of changes in lead or additional functions, and/or subsequent changes in lead functions/SLAs.

ATTACHED

Appendix 1-Table 1 & 2



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	NONE
<p>1. Legal That the current arrangements will not reflect the Legal Agreement. That there will be no authorisation for subsequent lead function changes and/or granting of SLAs currently in existence.</p>				
<p>2. Finance There are financial implications to relevant authorities if SLAs are revoked</p>				
<p>3. Risk Management To reflect the status quo</p>				

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE



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Table 1			
Lead Functions	Column A Lead Authority Legal Agreement 2014	Column B Lead Authority current allocations 08/02/2019	SLA (Y/N)
Management of Central Team	Pembrokeshire County Council	Pembrokeshire County Council	Y
Administration of Joint Committee & Executive board	Carmarthenshire County Council	Carmarthenshire County Council	Y
Legal Services	Ceredigion County Council	Ceredigion County Council	N
Monitoring Officer Services	Ceredigion County Council	Ceredigion County Council	N
Contracts & Procurement	Powys County Council	Pembrokeshire County Council	Y
Human Resources	Neath Port Talbot Council	Pembrokeshire County Council	Y
Finance S151	Pembrokeshire County Council Pembrokeshire County Council	Pembrokeshire County Council Pembrokeshire County Council	Y N
Communications	Swansea County Council	Vacant	Y

Table 2			
Additional Functions/ Roles	Column A	Column B	SLA Y/N
Scrutiny	n/a	Swansea County Council	Y
Internal Audit	n/a	Pembrokeshire County Council	Y
ICT	n/a	Pembrokeshire County Council	Y

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ERW JOINT COMMITTEE 8TH FEBRUARY 2019

ERW REVIEW AND REFORM PROPOSAL

Purpose:

To present the Joint Committee with a proposal on the future role and structure of ERW.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

That the Joint Committee agree the proposal.

REASONS:

In order for the ERW Review and Reform process to continue.

Report Author:

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**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
8TH FEBRUARY 2019**

ERW REVIEW AND REFORM PROPOSAL

BRIEF SUMMARY OF PURPOSE OF REPORT

As a result of extensive discussions with various stakeholders, the attached report discusses the proposal for the future model of ERW.

Further financial information is available in the 2019-2020 Budget item pertaining to the financial model that is tied to this proposal.

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	NONE	NONE	YES
<p>1. Staffing Implications</p> <p style="padding-left: 40px;">The proposals outline staffing structures for the new version of ERW</p>				

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE



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ERW Consortium

Consolidating a vision for the regional school improvement service

January 2019

Date written: January 2019

Report Author: Geraint Rees

Date of meeting when report is to be considered: Joint Committee February 8th, 2019

CONTENTS

1.0	Purpose of the report	
2.0	Background	
3.0	Aims of ERW	
4.0	The Local/Regional Partnership for effective School Improvement: the delivery model	
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6.0	Accountability and Governance Model	
7.0	Financial Model	

1.0 Purpose of the Report

The purpose of this report is to offer a clear rationale for, and proposed structure for a reformed regional partnership to deliver school improvement across ERW. There has been extensive dialogue with the professional leadership of the 6 authorities' education departments and a widespread engagement with the headteacher community across the region. It is intended that a reformed ERW will provide clarity of roles between the regional consortium, local authorities, joint working across 2 or more authorities and schools themselves.

A mature ERW partnership must facilitate an effective model of a self-improving system – that is a system where every component part understands what excellence looks like, can identify its own strengths and weaknesses effectively, and can share strengths confidently and seek solutions to weaknesses. These principles should apply to schools, groups of schools and to local authorities.

Decisions taken after consideration of this report should be seen as important steps to build such a system – with a clear focus on self-improvement through shared curriculum planning, professional learning and leadership development and a deepening of inter-authority working to support these aims and the provision of more consistent support and challenge to schools.

The implementation of this report should not be seen as the completion of the regional journey. Reviewing the functions and appropriateness of design of ERW on an annual basis should be expected. Additionally it is proposed that every 5 years there should be a full external evaluation of the fitness for purpose of the organisation, in order for the Joint Committee to be able to consider next steps for the region.

2.0 Background

The National Mission for education in Wales aims to develop:

- A new curriculum for all learners in Wales
- A high-quality education profession
- Inspirational leaders working collaboratively to raise standards
- Strong and inclusive schools committed to excellence, equality and well-being
- Robust assessment, evaluation and accountability arrangements supporting a self-improving system

The need for an effective regional service is compelling. The scale of the national mission requires unprecedented levels of new curriculum preparation, professional learning for teachers and leadership development for current and future leaders. The join-up required between our universities and our schools is critical, to ensure that a lost partnership in Welsh education is re-established as a matter of urgency. Every teacher across the region needs to be supported with preparing for the new curriculum, and school leaders (including governors) are entitled to know that their schools receive support and challenge in a way that is consistent with other schools in similar circumstances, using the best methods possible. Currently ERW is not well-placed for supporting the reform, but a re-framed ERW can fulfil these obligations and play a fuller part in developing education across West and Mid Wales. This can be achieved in an effective and efficient way ensuring that schools benefit from a greater level of devolved funding.

The existing regional approach across ERW has become fractured. There is a need to rebuild relationships, define a scope and purpose for the organisation, define clear central staffing structures, and identify coherent financial, accountability and governance models. Structures and working cultures need to be put in place in order to support the delivery of the National Mission in all of our schools, or learners and teachers in the ERW region will be disadvantaged as they work to deliver a reformed curriculum.

Conventionally school improvement services provide functions such as:

- The monitoring and intelligence gathering role in order to ensure appropriate support and challenge to schools that are then accountable for their own performance.
- Supporting the building of capacity of school staff through facilitating effective professional learning and leadership development.
- The building of institutional knowledge across the system to support collaborations across schools themselves, LA's, Higher Education, Welsh Government and other partners in order to strengthen schools.
- The brokering of support to be given to individuals or institutions when their performance causes concern.

From our current situation, we should plan a different system. In that system, schools will take more responsibility for their own, and for each other's performance and the resource and support should be given to them to achieve that. Across Wales (and in ERW), there are excellent examples of schools supporting each other to resolve difficulties, sharing both capacity and effective practice for the benefit of learners beyond their own school gates. The new ERW should embed such an ambition in its mission, in the context of a clearer partnership between the local and the regional.

3.0 Aims of ERW

Partnership, collaboration, trust and shared accountability will be the key features of a future Welsh education system. Teachers will fail if they seek to develop the new curriculum in isolation. We must promote collaborative units that can share within and across such units and it is important that local authorities model such behaviours.

To achieve those aims it is suggested that ERW sets itself ambitious goals as follows:

ERW is a regional partnership designed to promote excellence in all schools through a self-improving system. This will be achieved through collaborative planning for the new curriculum and the provision of professional learning and leadership opportunities that can develop all as individuals, learners, citizens and contributors.

The ERW partnership must strive to be acknowledged as one of excellence, led by high level specialists on a regional basis, who are able to provide leadership and support for local, hub and other sub-regional groupings.

In terms of delivery, the main building blocks will be schools working within clusters, LA s and Hubs with effective coordination and quality assurance across the region.

ERW staff should be able to work across the sub-regional groups and with national and other regional organisations and higher education institutions bringing the best international learning to our region in order to influence positively our teachers and leaders through providing effective leadership to professional learning. Ensuring consistency of access to high quality professional learning and opportunities for developing the new curriculum will be important, as well as ensuring consistency in terms of support and challenge to schools and effective support for schools that are causing concern.

What is meant by a self-improving system?

A self-improving system is one in which school leaders and teachers have the skills, capacity and agency to continually learn and improve their practice so that every child achieves their potential and is prepared for life in an increasingly complex world.

Over recent years schools have become better at sharing their best practice for the benefit of all learners. Our self-improving system needs every professional and institution to become aware of their own strengths and areas for improvement, and with this knowledge seek support for their own improvement and offer support for others to improve.

ERW should reasonably expect all parts of the regional education system to become participants in this model, so that strengths are shared across the system, and areas for improvement are tackled through peer engagement and support. In achieving this we will ensure that our education professionals can thrive in a supportive and collaborative environment to raise standards and ensure that every young person can fulfil their potential.

4.0 The Local/Regional Partnership for effective School Improvement: the delivery model

ERW's centrally employed team and its constituent LA s will work together in planned, coherent and consistent ways across LA boundaries in order to secure the appropriate support and challenge for school improvement and delivery of curriculum reform. By securing effective co-ordination and sharing, the delegation of funding to schools should be maximized so that the resource reaches those who impact most upon our learners. All partners in the region will collaborate to provide intelligence, verify excellence, set climate and strategic direction and help co-ordinate such working.

Section 4

This is an early draft of Section 4 which will be developed fully through a workshop in February involving regional, LA and school-based staff.

Regional Working: A Collaborative Approach

The proposed new aims for ERW are as follows: “ERW is a regional partnership designed to promote excellence in all schools through a self-improving system. This will be achieved through collaborative planning for the new curriculum and the provision of professional learning and leadership opportunities that can develop all as individuals, learners, citizens and contributors.”

For this to become a reality, it is essential that there is a clear understanding of the responsibilities and functions undertaken by members of the partnership. The following table, based on the emerging discussion around the purpose of regional partnership, provides a summary of the key roles of schools, Local Authorities and the Region in delivery of the National Mission. Maintaining an effective balance between what can be usefully pooled on a regional or sub-regional basis, the statutory responsibilities of LA s and the day to day expectations of schools needs to be agreed across the region.

Ultimately, an effective self-improving system requires schools and groups of schools to be provided with the resources and be afforded the planned capacity to implement curriculum transformation.

DRAFT TABLE – TO BE DEVELOPED FURTHER WITH REGIONAL, LA AND SCHOOL-BASED PRACTITIONERS

Planning to deliver a new curriculum, provide professional learning and develop inspirational leadership

The Region will:	The Local Authorities will:	Schools will:
<ul style="list-style-type: none"> Engage actively with WG, the other regions, HEIs and the LAs to develop and pool intelligence around the national reform journey, and then communicate that clearly to all partners 	<ul style="list-style-type: none"> Through focused engagement with schools, other authorities and the region, ensure that all professionals are actively engaging in educational reform and ensure that curriculum development is placed within a local and national context allowing schools to understand the demands of further education, higher education and the world of work. 	<ul style="list-style-type: none"> Engage with other schools and key partners to enable their staff to be active participants in educational reform. Lead curriculum development and implementation in order to realises the four purposes of curriculum reform.

<ul style="list-style-type: none"> • Be honest and open in their self-evaluation so that there is clarity around strengths and weaknesses 	<ul style="list-style-type: none"> • Support a culture of honest self-evaluation for improvement, using local intelligence in order to support schools in becoming full partners in a self-improving system 	<ul style="list-style-type: none"> • Be honest and open in their self-evaluations, and acting on those findings, in order to secure improvement and be clear as to where they are able to provide and receive support
<ul style="list-style-type: none"> • Work with key partners on curriculum development, communicating clearly the emerging narrative, including milestones around the new curriculum 	<ul style="list-style-type: none"> • Ensure effective join up between LA and regional staff to ensure that schools are well supported to achieve their new curriculum milestones. Commission support for schools as deemed necessary and in agreement with senior school leaders. 	<ul style="list-style-type: none"> • Commit to achieving milestones as they prepare for the implementation of the new curriculum & commit to cluster working in order to secure continuity and progression in curriculum delivery.
<ul style="list-style-type: none"> • Ensure that there is a varied and accessible offer for all practitioners in the region to develop their teaching and leadership skills to support sustained school improvement and leadership capacity, underpinned by the principles of the self-improving system and developing schools as learning organisations. 	<ul style="list-style-type: none"> • Build capacity within their own organisations in order to facilitate continuous improvement, modelling the principles of the self-improving system and learning organisations. 	<ul style="list-style-type: none"> • Commit to professional learning using the Professional Teaching and Leadership Standards and the Schools as Learning Organisation Model to improve the quality of provision and build future capacity

<ul style="list-style-type: none"> Engage with the Higher Education sector and others to facilitate the generation and sharing of education research to inform practice and generate approaches that enable teachers and school improvement professionals to be active partners in research 	<ul style="list-style-type: none"> Ensure that relevant research informs local and regional school improvement approaches, and ensure that local school improvement practitioners are research informed. 	<ul style="list-style-type: none"> Commit to developing the capacity of the school as both a user of and partner in research
<ul style="list-style-type: none"> Facilitate the development of the new curriculum and professional learning and leadership opportunities so that they embed the principle of inclusive schools committed to the wellbeing of all learners. 	<ul style="list-style-type: none"> Develop and coordinate local services to support schools with their ambition to be inclusive and effective supporters of learners' wellbeing 	<ul style="list-style-type: none"> Commit to develop the new curriculum, and professional learning opportunities so that they embed the principles of inclusive schools, committed to the wellbeing of all learners and staff.
<ul style="list-style-type: none"> Champion and create structures for effective peer engagement and the cross fertilisation of effective practice 	<ul style="list-style-type: none"> Champion the principles of peer engagement and actively encourage the cross fertilisation of effective practice. Commit to ADEW / WLGA peer review process. 	<ul style="list-style-type: none"> Participate in peer engagement and facilitate the cross fertilisation of effective practice
<ul style="list-style-type: none"> Provide dedicated support to develop AOLEs and What Matters statements within clusters and for individual schools in 	<ul style="list-style-type: none"> Support the curriculum reform agenda and hold the consortium and schools to account on its implementation. 	<p>Report to governing bodies on curriculum reform and implementation and facilitate scrutiny of pupil progress.</p>

negotiation with LAs and senior school leaders. Support pupil assessment / moderation in relation to the new curriculum.	Report to elected members on curriculum reform and implementation and facilitate scrutiny of pupil progress.	
<ul style="list-style-type: none"> Facilitate the identification and sharing of effective practice. 	<ul style="list-style-type: none"> Facilitate the identification and sharing of effective practice. 	<ul style="list-style-type: none"> Facilitate the identification and sharing of effective practice.

Core delivery and Additional Commissioning

ERW's primary functions around preparing schools for the new curriculum, building professional capacity and leadership development across the region will be ongoing with the six authorities committed to working with shared approaches. The business plan should outline how this is done as a regional service partnership in order to ensure equality of access to provision and support across the region.

There will also be times when the partnership can collectively provide useful additional bespoke services for LAs or to schools. Whilst ERW as a central body will retain a limited number of staff, the evolving self-improving system and the commitment to partnership working should ensure that LA staff, ERW staff and, crucially, school-based practitioners can be commissioned in future to support the delivery of additional services. The procurement of third party services can also be deployed if/when needed.

The annual ERW financial model should therefore include a notional retained sum that can be utilized for work in addition to ERW's core functions, providing LAs with the assurance that there can be timely responses to unanticipated requirements. ERW's central SLT and the Directors through their ongoing professional discussions should be able to identify needs that arise, and within the financial envelope available should be able to identify solutions as required. LAs should agree during the business planning cycle what that allocation should be, and there should be a formal agreement around the process of requesting input and the release of resource.

Relations with Higher Education

The region has 3 higher education institutions, all now with an active interest in school education. ERW should provide the lead in engaging with these HEIs so that they become active partners in raising institutional and individual professional capital in schools, through the provision of research opportunities, professional learning and accreditation (where appropriate). The work is currently underway, and should become a priority area of work for the new ERW. Those HEIs could also become

partners in the evaluation and improvement processes for schools as well as being professional learning partners for the region.

5.0 Staffing Structure

Proposed staffing structures outlined below offer a sound basis for a coherent, efficient and effective School Improvement Service. The purpose of all regional posts will be to secure the best outcomes for learners through effective planning for the new curriculum, professional learning and leadership development for schools' staff, in the context of a self-improving system. Most school improvement posts will be held locally, with delivery increasingly on a cross-authority basis. Embedding effective performance management systems will be crucial for the emerging organization.

Regionally Employed Staff

Under the leadership of an MD, strategic direction can be provided by a centrally employed Regional Strategic Team.

The senior team should consist of 5 individuals to work with the MD – 3 bringing with them experience of highly successful leadership, either in headship or senior local authority/regional school improvement functions in the following areas:

- Primary Education Lead (3 year secondment or Soulbury permanent)
- Secondary Education Lead (3 year secondment or Soulbury permanent)
- Special Schools and Education in Alternative Settings Lead (Part time post, 3 year secondment or Soulbury permanent)

They will be able to provide expert leadership across the region and support processes relating to accountability, fostering the self-improving system, securing effective regional business planning, project oversight, alignment of approaches, interface with significant partners, engagement with the profession, and other strategic responsibilities that need to be worked up before presentation of the model.

In addition to the 3 sector leads, there should be two specialist leads, one leading on Professional Learning and Leadership across the region and the other leading on Curriculum Reform and Innovation.

- **Leader of Professional Learning** with a team that will consist of a
- Head of Leadership, support for leadership and a
- Leader of Initial Teacher Education, Education Research and Induction
- Additionally, the teams outlined below for secondary support, subject support and AOLE leads will be expected to work with the Leader of Professional Learning to establish a full offer of professional learning to teachers across the regions, working with highly effective teachers and schools to support the growth of the self improving system.

- **Curriculum Reform and Innovation Lead** (Soulbury permanent) who will oversee a team that will consist of a Secondary specialist team across the AOLEs and current core subject and AOLE leads who will work across the region with schools to develop the new curriculum. 3 areas require unique support because of the scale of change anticipated in their domains, and the need for ongoing engagement at national level to secure the best progress for the reforms. They are in Welsh, digital learning and health and wellbeing. A key strategic post in each of those domains is proposed.
- Welsh Lead (Soulbury permanent)
- Digital Learning and Systems Lead (Soulbury permanent)
- Health and Wellbeing Lead (Soulbury permanent)

During the period of reform, it is proposed that an Assistant Managing Director should be employed on a contract of only 2 years, to ensure a smooth transition to new ways of working.

The cross fertilization between Curriculum Reform and Professional Learning will be significant, and the entire team will need to work seamlessly to provide highly effective support. Key teams will be required to work across the region to ensure such a join-up.

It is proposed that in the new approach, ERW re-defines the work of its current teams.

Secondary Subject Specialists

Schools and their LA s could/should continue to benefit from the work of the Secondary Subject Specialist Leaders of Learning team - currently available to provide support to schools in English, Welsh, Mathematics, Science and Post-16 quality. LA s can request activity from them as and when needed and the model could be developed to allow additional commissioning if capacity is over-stretched. Headteacher responses in every authority have been enthusiastic about the value added by members of the current team, and the team provides, in most ERW authorities, the only specialist secondary curriculum provision.

Additional consideration should now be given to widening the regional secondary curriculum team to cover the following areas to support professional learning and curriculum planning for 2022.

Humanities
Technology
Modern Foreign Languages
Expressive Arts

This should provide complete coverage for professional learning for the emerging curriculum and all key aspects of the current accountability models. The secondary specialist team should provide ongoing support across the region and additionally liaise with WJEC, Qualifications Wales and WG in response to changes to examination specifications or assessment models as well as developing the skills of middle leaders in terms of their roles in raising standards. Supporting Challenge Advisers in gathering appropriate clusters of schools to share curriculum innovation should also be a valuable function of the team.

The Secondary Support Team (The group of headteachers sometimes referred to as ‘The Schools Causing Concern Team’)

Currently ERW deploys 12 highly experienced school leaders in response to LA requests to support schools causing concern. There is significant positive feedback around this team’s work, and there are strong grounds for maintaining it and growing the model to be able to involve more school leaders over the coming years to be available to provide support. These should be viewed as either secondment or daily contracts, providing the flexibility to deploy as and when required. A more substantive post should be kept to co-ordinate and lead the work – but working to the Strategic Lead for Secondary Education. Consideration could be given at sub-regional level to the gathering of similar teams to serve across the Primary or Special sectors, unless LA’s wish to consider the commissioning of a similar arrangement to the current secondary arrangement.

The Cluster Leaders of Learning: Moving towards specialist leaders in Areas of Learning and Experience (the AOLES of the new curriculum)

There is concern that the Cluster Leaders of Learning model is not sufficiently well-developed and does not currently carry the confidence of local authorities or schools on a consistent basis. There are outstanding examples of work being carried out, but currently that is not deemed to be widespread enough to merit an expenditure of circa. £2.5m per annum. The project is run through secondments, and it is proposed that as those secondments end, they should not be extended by ERW.

Moving forward it is proposed that there should be a focus given instead to deploying a model that can support full transition to a curriculum based on the 4 purposes and the 6 AOLES. A team should be based across the region who can then work in partnership with each local authority to support the development, implementation and resourcing of the new curriculum. It is proposed that ERW adopts one of two possible models:

AOLE Option 1: there should be 3 secondees or permanent appointments into each of the 6 AOLEs (one of whom should provide a lead role, and 2 of which will need to be able to work in both English and Welsh medium settings). The 18 (instead of the current 56 LOLs) would secure a release of resource to schools to enable them to be able to engage effectively across the 6 AOLEs. By having 18 AOLE specialists, funding would be available to ensure that schools and/or individual teachers can provide AOLE leadership at a more local level – to help build the self-improving system. The AOLE specialists would work together to ensure the spreading of excellence across the entire region, and help avoid duplication of work.

AOLE Option 2: Instead of appointing 3 AOLE leads for each of the 6 AOLEs (as in Option 1), seek to appoint only 2. Use the funding for the third appointment instead in order to secure the contribution of 4 or 5 schools on a day per week in an AOLE to develop the work across the region. This work to be coordinated then by the 2 who are appointed full time into the role. This might help with ensuring quality in those appointed, and underline our commitment to a school led system. It would also reduce financial risks for the region, should we seek a change in structure at a later date and would help establish a modus operandi in the AOLEs. If, during the first year, it is found that only 2 full time staff per AOLE cannot offer the coverage needed, we could bolster it in the second year of operation. We still have over 3 years to full curriculum implementation.

Whichever option is adopted, the alignment with the Challenge Adviser team would be essential to their effective operation locally, along with regional alignment of their work to secure total new curriculum coverage across the region.

Challenge Advisers (under a new name)

It is proposed that we work with the other three regions to re-align the work of Challenge Advisers. They can be re-defined, but would benefit from being part of a national change, in order to support the emerging national Evaluation and Improvement Framework.

As a body, they are crucial to securing effective approaches to school improvement. In a mixed regional/hub/local model, they would be key to ensuring that the region is kept well informed of the specific needs of schools and that appropriate support is brokered or commissioned. Challenge Advisers will therefore continue to be locally employed, deployed across boundaries, with regional training and effective sharing of good practice across the region. They, and their Senior Challenge Advisers become the key to securing consistency and effective deployment of regional expertise, and by moving more towards hub deployment, there could be an opportunity to embrace more consistent regional approaches and help spread effective practice, build stronger inter-authority relationships and more easily build capacity within the CA team.

In the new system, we will have 4 types of practitioners playing a key role in school improvement, and their collaboration needs to be significant



Likewise, should a local authority deploy other staff in support of school improvement, their collaboration across the region will be essential to secure the most effective outcomes.

Quality Assurance and Consistency across the region

As with all other working practices in this model, agreed processes of quality assurance will be essential. Teachers have a right to expect a consistency of support for their own professional learning. Schools have a right to expect the avoidance of wasteful duplication of services and maximum delegation of funding.

Each sub-regional grouping (or hub) should have an agreed team of officers and Headteachers who serve as a monitoring group. On a cyclical basis, they should be participants in the self- evaluation and peer review of their authorities/hubs, providing feedback on the quality and efficiency of services that are offered. Additionally, cross hub learning and monitoring needs to be facilitated. A collegiate approach to growth is essential if ERW is to prosper.

6.0 Accountability and Governance Model

Wales has an ambitious programme to nurture learners who are:

- Ambitious, capable learners who are ready to learn throughout their lives
- Enterprising, creative contributors who are ready to play a full part in life and work
- Ethical, informed citizens who are ready to be citizens of Wales and the world
- Healthy, confident individuals who are ready to lead fulfilling lives as valued members of society.

Delivering such an ambitious agenda will require more effective joint working across the region – between schools and schools, effective joint planning of services across authorities and with external agencies, and an effective cross authority school improvement service. The governance of such a system should support both the philosophy of school improvement and the wider implications for local government responsibilities.

An agreed Business Plan should form the basis for the activities of ERW, and in effect, a joint committee signed off Business Plan will be the commissioning document for activities for the coming year. ERW staff and local authority teams should be held to account for the delivery of the agreed plan, across the region.

There should be clear accountabilities for each tier of the system, with the highest tier (Joint Committee) taking responsibility for the regional service, it's budgeting and planning, and ensuring the integrity of inter-authority working – essentially reflecting the current role of JC. In keeping with previous discussions, consideration should be given to the joint committee becoming more of a focus for the work of cabinet members of education rather than council leaders.

Additionally, the Joint Committee has devoted much of its time over recent years to some operational matters that might be better suited for discussions at other levels. This should not require significant changes to the governance model – the impact should be felt in terms of agendas and the confidence of the joint committee that matters are analysed and considered fully prior to being brought to the JC.

The new MD and senior team should work with the Directors of Education, through the existing boards to ensure that there is effective alignment of plans, ongoing honest self-evaluation and effective partnership across the region. A clarity around relationships is essential – including a clear role for the lead Chief Executive on behalf of the community of CEX's. Avoiding ongoing conflict should be an immediate priority for all concerned, and it might be helpful if a member of the CEX group should join the regular meetings of the MD/Directors group during the period of transition and the new Managing Director to report directly to a CEX.

The MD and the Directors should continue to report to the Executive Board and a headteacher board, who will scrutinise the school improvement function, the quality of plans and the quality of delivery to schools, as is currently expected.

In addition to the existing structures of governance, it is proposed that the following new groups are put in place to secure a focus on the key functions of ERW and support consistency of quality across the region:

In order to help inform and support the work of school improvement there should be a clear line of sight between the daily users of school improvement services (teachers and school leaders and local authorities) and those providing strategic leadership roles in the key themes that will form the remit of the new ERW. This could work on two different levels – in addition to their current contribution through ERW's Headteacher Representative Board and Executive Board.

2 active levels of professional governance/partnership are proposed, designed to ensure effective delivery and lower levels of conflict:

Group 1 – Supporting the Strategic Specialists

It is proposed that those leading on the regional strategic themes have an Operational Support Group of 6 people each, made up of 3 teachers (2 HTs and an expert teacher), 2 Senior (or highly experienced) Challenge Advisers and 1 Director of Education/Chief Officer. These groups should work alongside ERW leads in the areas of new curriculum, professional learning, leadership, Welsh, Health and Wellbeing and Digital strategy in order to build up the most effective, informed approaches to key areas of thematic work across the region, including ongoing evaluation of the effectiveness of the work at regional, sub-regional/local and school levels. For those being released from school, one or two days per half term should be delegated to their school budgets in order to ensure that they are able to contribute fully to the dialogue and planning process.

Group 2 – Ensuring equity and consistency across the region

It is proposed that an Officers and HT group should be created wherever sub-regional activity is established. Heads from that sub-regional partnership should form a part of a sub-regional board that can help identify commissioning requirements, support QA processes around support for schools and the PL/Leadership offer, hold LA 's to account, focus on reducing wasteful duplication of services and driving for consistency of support across the region, and help generate the culture of trust needed for the embedding of the self-improving system. They could also assist with the peer reviewing of hub work across the region, which should form an essential part of the quality assurance and value for money work of the regional partnership, in keeping with the hub review model noted previously.

7.0 Financial Model

The current financial model does not work and causes ongoing tensions. It is therefore necessary to put into place a financial model which can provide a secure central service and which can encourage excellent people to commit to ERW, enable grants to be delegated purposefully and provide higher levels of funding to reach schools as our key partners.

The funding received from WG for distribution by ERW is in excess of £70m per year – and the vast majority of that is delegated to schools and local authorities. However, in the current financial year, the range of activities supported by ERW – including the extensive Leaders of Learning network resulted in the spending on staffing by the region of £4.7m. (mainly working at a local level across clusters of schools).

The financial modelling for the revised ERW proposals shows that it could fulfil its agreed obligations with approximately £1.3m more being available to be devolved through ERW to schools and local authorities, subject to achieving the objectives of the grants.

Whilst the priorities identified for ERW's future role can secure the support of the partner authorities and align well with national priorities (and therefore with likely grant funding streams), the current (almost total) dependency on grant funding needs to be balanced with the needs for security and sustainability for the organisation.

Given that the revised operational model can be achieved whilst also making savings from current spend of approximately £1.3m, it is proposed that in January senior finance officers from the 6 local authorities work together to agree a viable underpinning model to ensure that ERW can deliver its part of the local/regional partnership, within financial parameters that can cement a way forward for the organisation – based on transparent, auditable and balanced contributions between core funding and grant funding, and clarity of grant distribution via each LA to secure the best outcomes for learners.

29 / 01 / 2019

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ERW JOINT COMMITTEE

8TH FEBRUARY 2019

BUDGET REPORT 2019-20

Purpose:

To provide the ERW Joint Committee with an update on the financial position of ERW for 2019-20

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

- a) The Joint Committee approves in principle the Central Team Budget for 2019-20, the Local Authority Contributions and the basis for their calculation, and the distribution funding formulas, subject to further work being carried out by the S151 Officers and agreement being reached that the funds released from the re-organised structure (Annex 3) can be used by the authorities to replace what was previously funded by their own core authority budgets, to achieve the priorities of the national mission (in compliance with grant terms and conditions).
- b) The Joint Committee determine whether they require a contingency over and above the “Schools Causing Concern” provision already provided in the draft budget and if so, whether to include it in the Central Team Budget for 2019-20 (noting that its inclusion will increase the Local Authority contributions for 2019-20) or fund from grant should the activity meet relevant grant conditions.
- c) The Managing Director proceeds with the implementation of the new structure, subject to the further work in (a) above and (d) below, with a view to ensuring its completion by the end of the Summer Term.
- d) The employment terms and conditions for permanent ERW staff include a clause that they are required to accept suitable alternative employment of the member authorities before termination/redundancy of contracts are implemented should ERW funding be discontinued and the structure no longer be in place (subject to confirmation by Heads of HR).

REASONS: To obtain Joint Committee Approval

Report Author: Jon Haswell	Designation: ERW Section 151 Officer	Tel No. 01437 775839 E. Mail: Jonathan.haswell@pembrokeshire.gov.uk
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EXECUTIVE SUMMARY ERW JOINT COMMITTEE

8TH FEBRUARY 2019

BUDGET REPORT 2019-20

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide the ERW Joint Committee with a financial update on the following:

- 2018-19 and 2019-20 Central Team Budget
- Local Authority Contributions
- 2019-20 Progression
- 2019-20 Grants
- 2019-20 Grant Funded Budget
- Risks
- Reserves
- Recommendations

DETAILED REPORT ATTACHED?

YES



IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	NONE	YES	YES	YES
<p>FINANCE</p> <p>The decisions regarding the 2019-2020 budget will inform future financial decisions</p>				
<p>RISK MANAGEMENT ISSUES</p> <p>There are risks that will need to be managed as part of the proposals/actions contained in the paper. Moving forward they will need to be noted in the ERW Risk Register</p>				
<p>STAFFING IMPLICATIONS</p> <p>The paper contains funding information on potential staffing structures.</p>				

CONSULTATIONS

N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THERE ARE NONE



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Ein Rhanbarth ar Waith
Education through Regional Working

2019-20 Budget

8 February 2019

ERW S151 Officer

Cynghrair o 6 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithiol.
Y nod yw gweithredu strategaeth a chynllun busnes rhanbarthol cytunedig a chefnogi gwelliant ysgolion.

ERW is an alliance of 6 local authorities governed by a legally constituted joint committee.
Its aim is to implement the agreed regional strategy and business plan to support school improvement.



1. Introduction

This report provides the Joint Committee with a summary of the predicted financial position of ERW as at 31 March 2019 and consideration of the budget and funding position of 2019-20.

2. 2019-20 Structure

The Acting Managing Director and Education Directors along with ERW Finance have been working closely to look at the needs of ERW from April 2019. The Financial implications are shown at Annex 1 (subject to formal consultation) and have formed the basis of this report.

3. 2018-19 and 2019-20 Central Team Budgets

The Central Team revenue budget projects an outturn of £45k net expenditure for 2018-19 as shown in the table below. The budget for 2019-20 has been drafted with the following changes

- All Tier 1 and 2 staff are now classed as 'Central Team' and are therefore shown within the core budget for ERW (See Annex 1 for staffing structure breakdown subject to consultation).
- The following roles are proposed to be core funded and not covered by grant funding –
 - a) MD
 - b) 50% AMD role
 - c) 20% of the Tier 2 'Areas of Specialism' – excluding the Schools Causing Concern role which is to be fully core funded.
 - d) 90% of the Office Organisation staffing (10% admin charged to grants)
- A proportion of the 'Rent and Accommodation' and 'Service Level Agreements' have been apportioned to grant.
- The Schools Causing Concern estimated budget has been moved from grant to core funded. This is an area that is no longer specifically funded by WG but something that as a region we see as essential to the School Improvement Service.

The budget below requires a contribution from Local Authorities of £1,040,000 for 2019-20, a transitional year, and then an expected contribution from 2020-21 onwards of £1,000,000, at 2019-20 prices.

Core Budgeted Expenditure	2018-19 Projected Outturn at March 2019 £000's	2019-20 Budget	Core Funded	Grant Funded
Staffing Costs				
Salaries, Secondments, Specialists (Annex one Tier 1 & 2)	497	1,461	678	783
Travel, Subsistence	7	45	7	38
Training and Development	-	45	18	27
IT Hardware & Mobiles	1	9	5	4
Recruitment costs	-	10	10	-
	505	1,570	718	852
Development and Running Costs				
Rent and Accommodation	61	63	26	37
Stationary, Telephone, Photocopying	11	11	11	-
Translation	10	15	15	-
Software, Marketing, R&E,	32	33	33	-
Service Level Agreements	110	179	108	71
External Audit	14	14	14	-
Refund to Welsh Government	7			
Schools Causing Concern	-	75	75	-
	245	390	282	108
One off Existing Commitments				
Secondment costs to end of contract	-	14	7	7
Fixed terms to end of contract	-	47	37	10
	-	61	44	17
Total Estimated Expenditure	750	2,021	1,044	977
Core Budgeted Income				
Local Authority Contributions	250	1,040	1,040	-
Other Income	4	4	4	-
Grant Funding Administration	451	977	-	977
Total Estimated Income	705	2,021	1,044	977
Core Net Expenditure	45	0	0	0
Appropriation from Reserve	(45)	0	0	0

At the Joint Committee workshop held on 7 January 2019, Members requested the consideration of a contingency. This has not been incorporated into the above figures and will need to be considered carefully as its inclusion will increase the Local Authority contributions. An alternative option would be to fund a contingency from grant should the activity meet relevant grant conditions.

Local Authority Contributions

The table below provides a breakdown of the contribution for 2019-20, which is based on January 2018 PLASC data pupil numbers.

At the meeting of S151 Officers on 21 January 2019, alternative options for calculating the Local Authority Contributions were requested. The table on the following page provides an indication of the effect of the different options available.

Local Authority	Contribution 2019-20
Powys	139,612
Ceredigion	77,753
Pembrokeshire	140,763
Carmarthenshire	221,219
Swansea	290,842
Neath Port Talbot	169,811
Total Contribution	1,040,000

At a meeting with Welsh Government on 25 January 2019, they committed to providing £500,000 additional "Review and Reform" funding for the transitional 2019-20 year (subject to Ministerial approval), on the understanding that all six Local Authorities will contribute and there is a sustainable funding methodology for the future approved by the Joint Committee.

This £500,000 additional funding will reduce the Local Authority contributions for 2019-20, as shown in the table below.

Local Authority	Revised Contribution 2019-20
Powys	72,491
Ceredigion	40,372
Pembrokeshire	73,089
Carmarthenshire	114,864
Swansea	151,014
Neath Port Talbot	88,171
Total Contribution	540,000

4. 2019-20 Progression

We have agreed with Welsh Government that from April 2019 ERW will

- 1) Ensure we have a consistent regional approach to the delegations of funds including the foundation phase allocations.
- 2) Ensure we have put in place all staff and other resources to commence and complete the Grant Conditions and ERW Business Plan, along with confirmation of appointments in relation to centrally employed (ERW) staff.

In order to achieve these requirements ERW have worked closely with the acting Managing Director and the Education Directors in several areas.

Distribution Funding Formulas

The following distribution formulas have been set up based on January 2018 PLASC data –

- a) Distribution based on pupil numbers
- b) Distribution based on teacher numbers
- c) Distribution based on number of schools
- d) Distribution based on 50% pupils and 50% schools
- e) Distribution based on 50% pupils, 25% schools and 25% teachers
- f) Distribution based on FSM pupil numbers

Education Directors were also given the table below as an example of how much each Local Authority would receive based on the above formulas if the value was £1,000,000.

The purpose of this was to

- a) Ensure we have a consistent regional approach to the distribution of funds.
- b) Speed up the governance and approval of the distribution of funds as they come into ERW.

	Powys	Ceredigion	Pembs	Carms	Swansea	NPT	Total
Pupil Numbers	134,241.96	74,762.64	135,349.78	212,710.35	279,655.79	163,279.48	1,000,000.00
School Numbers	197,033.90	97,457.63	133,474.58	237,288.14	201,271.19	133,474.58	1,000,000.00
Teacher Numbers	152,500.34	83,758.09	129,494.42	216,558.75	259,815.40	157,872.99	1,000,000.00
50% Pupils / 50% Schools	165,637.93	86,110.13	134,412.18	224,999.24	240,463.49	148,377.03	1,000,000.00
50% Pupils / 25% Schools / 25% Teachers	154,504.54	82,685.25	133,417.14	219,816.90	255,099.54	154,476.63	1,000,000.00
FSM	88,341.04	50,847.46	123,266.56	207,498.72	317,925.01	212,121.21	1,000,000.00

Foundation Phase Distribution

Work was undertaken to agree a funding formula for foundation phase to ensure we have a consistent regional approach to the delegation of foundation phase funds.

The Education Directors were presented with 3 different options:–

£900 per nursery & reception pupil and £500 per key Stage 1 pupil.
 £800 per nursery & reception pupil and £400 per key Stage 1 pupil.
 £700 per nursery & reception pupil and £300 per key Stage 1 pupil.

The Education Directors agreed on the second proposal at £800 and £400. The effect of this is as follows based on January PLASC 2018 data:–

LA	Total number of Pupils Nursery and Reception classes	Total number of Pupils in key stage 1 classes	Total number of Pupils per PLASC 2018	Total Foundation Phase paying out £800 & £400
Carmarthenshire	4002	4138	8140	£4,856,800
Swansea	5885	5600	11485	£6,948,000
NPT	3370	3151	6521	£3,956,400
Powys	1785	2633	4418	£2,481,200
Pembrokeshire	2637	2742	5379	£3,206,400
Ceredigion	1223	1395	2618	£1,536,400
Total	18902	19659	38561	£22,985,200

Non Maintained Settings / Specialist Advisory Support

The Non Maintained Settings were also reviewed, and a regional approach to the allocation is detailed below (based on 2018-19 data).

- Visiting one setting per day / 4 hours a visit (term time only)
- Afternoons free for planning etc
- 10 visits a year required per setting to comply with requirements of 10% support.
- FTE at a Soulbury 13 salary scale.

2018-19 Data	Pembs	Powys	Ceredigion	Carms
# of Non Maintained Settings	21	49	21	36
# of Settings x 10 visits a year each = total visits required	210	490	210	360
(1 FTE = 190 visits) # of FTEs required	1.11	2.58	1.11	1.89
Costings	£	£	£	£
Cost to employee Advisory Specialist Support for whole year (Soulbury 13) at FTE above <i>(as would have to employee for whole year not just term time)</i>	71,489.92	166,809.82	71,489.92	122,554.15
Plus travelling costs (£100 per setting)	2,100.00	4,900.00	2,100.00	3,600.00
Estimated costings for supplying 10% support to each Non Maintained Setting	73,589.92	171,709.82	73,589.92	126,154.15

Foundation Phase Training Officers

The need for 'Foundation Phase Training Officers' was also reviewed and it was concluded that prior to the Education Improvement Grant there was a specific grant for Foundation Phase and within this grant there was a specific requirement for a Training Officer.

Following the consolidation of the original 11 grants into the Education Improvement Grant and now the Regional Consortia School Improvement Grant the Foundation Phase requirements have been relinquished.

The guidance from Welsh Government was that there is no formal requirement for a Training Officer in the Terms and Conditions of the grants but that the funding we receive is flexible so it is at the discretion of ERW to determine if they require the need for training officers.

The Education Directors agreed that should they wish to fund Foundation Phase Training Officers, this would be done separately outside this exercise so that each Local Authority could assess its own needs.

5. 2019-20 Grants

We have not yet had formal confirmation of grant allocation for 2019-20, therefore we have based the budget on 2018-19 financial year grants with adjustments for known changes.

	2018-19 £000's	2019-20 £000's
RCSIG		
Curriculum and Assessment	919	799
Developing the Profession	41,271	36,436
Leadership	529	529
Supporting Self Improving System	616	568
Strong Inclusive Controls	-	-
Others	249	62
Estimated RCSIG	43,584	38,394
PDG		
PDG	23,292	23,292
LAC PDG	1,100	1,100
PDG Coordinator	100	100
Estimated PDG	24,492	24,492
Others		
EWC	506	506
Academic year grants bought forward	1,575	-
Estimated Others	2,081	506
Total Grant Income Expected	70,157	63,392

6. 2019-20 Grant Funded Budget

Based on the information above, a draft grant budget has been produced for 2019-20. At present we have budgeted for the committed cost of all secondments and fixed term employees until the end of their contract / term (see Annex 2). If any of the staff currently employed via a secondment / fixed term contract move into positions within the new structure from April 2019 then that cost will decrease, increasing the remaining balance for distribution.

The budget on Annex 3 shows the following options–

- 1) Based on all recruitments finalised and appointments ready for 1 April 2019 start – thus leaving a balance of £324,000 to be reviewed by ERW jointly with Local Authorities on distribution.
- 2) Based on all Tier 1 and 2 recruitments finalised and appointments ready for 1 April 2019 start, but Tier 3 not starting until 1 September 2019 – thus leaving a balance of £1,142,000 to be reviewed by ERW jointly with Local Authorities on distribution.
- 3) Based on all Tier 1 and 2 recruitments finalised and appointments ready for 1 April 2019 start, but Tier 3 phased start – thus leaving a balance of £886,000 to be reviewed by ERW jointly with Local Authorities on distribution.
- 4) A typical year after the transitional year – thus leaving a balance of £1,541,000 to be reviewed by ERW jointly with Local Authorities on distribution.

7. Risks

The outcome of the ERW Review and Reform Programme will determine the nature and level of financial risks for the future. Whatever the future structure is, we must ensure that value for money is obtained from all aspects of ERW.

8. Reserves

Useable Reserves		Earmarked Joint Committee Reserves £000's	General Working Reserve £000's	Pensions Reserve £000's	Total Reserves £000's
Balance	31 March 2017	442	100	-136	406
2017-18	To Revenue	-60		-156	-216
Balance	31 March 2018	382	100	-292	190
2018-19	To Revenue	-45			-45
Balance	31 March 2019	337	100	-292	145

Whilst the level of reserves have reduced considerably, the draft Central Team budget for 2019-20 does not require any contribution from reserves. It should be noted however that any movement on the Pension Reserve for 2018-19 could reduce the overall reserve balance further.

9. Recommendations

- a) The Joint Committee approves in principle the Central Team Budget for 2019-20, the Local Authority Contributions and the basis for their calculation, and the distribution funding formulas, subject to further work being carried out by the S151 Officers and agreement being reached that the funds released from the re-organised structure (Annex 3) can be used by the authorities to replace what was previously funded by their own core authority budgets, to achieve the priorities of the national mission (in compliance with grant terms and conditions).
- b) The Joint Committee determine whether they require a contingency over and above the "Schools Causing Concern" provision already provided in the draft budget and if so, whether to include it in the Central Team Budget for 2019-20 (noting that its inclusion will increase the Local Authority contributions for 2019-20) or fund from grant should the activity meet relevant grant conditions.
- c) The Managing Director proceeds with the implementation of the new structure, subject to the further work in (a) above and (d) below, with a view to ensuring its completion by the end of the Summer Term.
- d) The employment terms and conditions for permanent ERW staff include a clause that they are required to accept suitable alternative employment of the member authorities before termination/redundancy of contracts are implemented should ERW funding be discontinued and the structure no longer be in place (subject to confirmation by Heads of HR).

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Annex 3

	Structure start April 2019	Tier 3 start in September 2019	Tier 3 phased start date *	Typical year 2020 onwards
Income	£000'S	£000'S	£000'S	£000'S
Grant Income 2018-19	-70,157	-70,157	-70,157	-70,157
2017-18 Academic Grants Remove	1,575	1,575	1,575	1,575
Remove grants which are not expected in 2019-20	5,190	5,190	5,190	5,190
Expected Grant Funding 2019-20	-63,392	-63,392	-63,392	-63,392
Foundation Phase to LA (agreed with Directors)	22,985	22,985	22,985	22,985
Advisory Specialist Support (agreed with Directors)	445	445	445	445
Residual element distributed to LA (previously EIG)	9,215	9,215	9,215	9,215
PDG direct to schools	23,292	23,292	23,292	23,292
LAC element distributed on a cluster basis via LAs	1,025	1,025	1,025	1,025
Residual grant available	-6,430	-6,430	-6,430	-6,430
Expenditure	£000's	£000's	£000's	£000's
Central / Core costs paid out of grant				
Salaries, Secondments, Specialists (Annex 1 Tier 1 & 2)	783	783	783	783
Travel, Subsistence	38	38	38	38
Training and Development	27	27	27	27
IT Hardware & Mobiles	4	4	4	4
Rent and Accommodation	37	37	37	37
Service Level Agreements	71	71	71	71
Secondments to end of term	7	7	7	0
Fixed Terms to end of contract	10	10	10	0
	977	977	977	960
Tier 3 roles (see Annex 1)				
Secondary Curriculum Leads	874	510	697	874
Primary AOLES	1,013	591	652	1,013
Travelling Tier 3	80	48	56	82
IT Hardware & Mobiles Tier 3	12	12	12	12
	1,979	1,161	1,417	1,981
Current commitments to end of contract (Annex 2)				
Secondments **	811	811	811	0
Fixed Term Employees **	391	391	391	0
	1,202	1,202	1,202	0
Other costs				
Professional Learning (project costs estimated)	1,848	1,848	1,848	1,848
Office Costs (Translation, photocopying, stationary estimated)	100	100	100	100
	1,948	1,948	1,948	1,948
ERW Costs	6,106	5,288	5,544	4,889
Balance remaining for distribution **	-324	-1,142	-886	-1,541

* Secondary Curriculum Leads - 4 leads start April 19, of 9 remaining 5 start in July 19 and 4 start in September 19
 Primary AOLES - 6 leads start July 19 remaining 12 start September 19

** If any of the staff under the 'current commitments to end of contract' move into the core structure from April 2019 then that cost will decrease, increasing the balance remaining for distribution.

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Agenda Item 14

By virtue of paragraph(s) 15 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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By virtue of paragraph(s) 15 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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Agenda Item 15

By virtue of paragraph(s) 13, 15 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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