

Document Pack



FRIDAY, 5 MAY 2023

**ERW JOINT COMMITTEE (REPLACED BY Y PARTNERIAETH)
VIRTUAL MEETING AT 2.00 PM,
ON WEDNESDAY, 17TH MAY, 2023**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF PERSONAL INTERESTS**
- 3. APPOINTMENT OF CHAIR AND VICE-CHAIR**
- 4. AUDIT WALES 2022 AUDIT PLAN EDUCATION THROUGH REGIONAL WORKING JOINT COMMITTEE** 3 - 14
- 5. AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT** 15 - 34
- 6. ERW HEAD OF INTERNAL AUDIT ANNUAL ASSURANCE OPINION 2021-22** 35 - 40
- 7. ERW ANNUAL GOVERNANCE STATEMENT 2021-22** 41 - 60
- 8. ERW STATEMENT OF ACCOUNTS FOR 2021-22 AND DISTRIBUTION OF ERW RESERVES AND BALANCES** 61 - 126
- 9. ERW JOINT COMMITTEE AGREEMENT - DEED OF VARIATION** 127 - 136
- 10. 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**

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ERW JOINT COMMITTEE 17 MAY 2023

AUDIT WALES 2022 AUDIT PLAN EDUCATION THROUGH REGIONAL WORKING JOINT COMMITTEE

Purpose:

To provide the ERW Joint Committee with the Audit Wales 2022 Audit Plan for ERW, outlining the work to be undertaken by Audit Wales in discharging their statutory duties.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To note and approve the Audit Wales 2022 Audit Plan.

REASONS:

To obtain the approval of the ERW Joint Committee.

<p>Report Author:</p> <p>Jon Haswell</p>	<p>Designation:</p> <p>ERW Section 151 Officer</p>	<p>Tel No. 01437 775836</p> <p>E. Mail:</p> <p>Jonathan.haswell@pembrokeshire.gov.uk</p>
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**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
17 MAY 2023**

**AUDIT WALES 2022 AUDIT PLAN
EDUCATION THROUGH REGIONAL WORKING JOINT COMMITTEE**

BRIEF SUMMARY OF PURPOSE OF REPORT

The Audit Wales 2022 Audit Plan for ERW outlines the work to be undertaken by Audit Wales in discharging their statutory duties.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	NONE
<p>1. Legal</p> <p>As outlined in the Audit Wales 2022 Audit Plan.</p>				
<p>2. Finance</p> <p>As outlined in the Audit Wales 2022 Audit Plan.</p>				
<p>3. Risk Management</p> <p>As outlined in the Audit Wales 2022 Audit Plan.</p>				

CONSULTATIONS

None.

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

None

2022 Audit Plan – Education through Regional Working Joint Committee

Audit year: 2021-22

Date issued: January 2023

Document reference: 3354A2023

[

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[Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh. [Delete if not applicable.]]

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2022 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2022 and 2023 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year I audit the Education through Regional Working Joint Committee's (the Joint Committee) financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Joint Committee has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

Impact of COVID-19

- 5 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 6 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of financial statements

- 7 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the on the 'truth and fairness' of the Joint Committee's financial statements for the financial year ended 31 March 2022; and
 - an assessment as to whether the Joint Committee's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Joint Committee.
- 8 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the

accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Joint Committee prior to completion of the audit.

- 9 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 10 There have been no limitations imposed on me in planning the scope of this audit.
- 11 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Audit of financial statements risks

12 The following table sets out the significant risks I have identified for the audit of the Joint Committee.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; • evaluate the rationale for any significant transactions outside the normal course of business;
<p>Cessation of the Joint Committee. ERW ceased on 31 March 2022 and was replaced by ‘Partneriaeth’ comprising three local authorities - Carmarthenshire County Council, Pembrokeshire County</p>	<p>My audit team will ensure that appropriate disclosures are included in the financial statements which reference the future direction of the joint committee.</p>

Audit risk	Proposed audit response
<p>Council and the City and County of Swansea Council from 1 April 2022. We would expect appropriate disclosures to be made in the financial statements bringing these matters to the attention of the reader.</p>	
<p>Closedown arrangements – quality of the financial statements</p> <p>In 2020-21 we reported that there were delays in providing responses to audit queries which resulted in were significant delays in issuing the audit opinion. This , alongside the legacy impact of the COVID 19 national emergency and the state of flux of ERW governance arrangements and structure and pressures on staff resource may impact on the preparation, audit and publication of accounts.</p> <p>There is a risk that the quality of the accounts and supporting working papers, particularly around estimates, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and resource availability.</p>	<p>My audit team will discuss the closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>Pembrokeshire CC has implemented a new ledger system that went live on 1 September 2021 which is five months into the 2021-22 financial year.</p> <p>Therefore, there is a risk in relation to the implementation of the ledger in ensuring the accuracy and completeness of balances and transactions transferred into the new system and any new associated subsidiary systems.</p>	<p>We will liaise with the external audit team of Pembrokeshire CC to obtain assurance over transfer of new balances and controls over the new systems that are relevant to ERW for 2021-22.</p>

Statutory audit functions

- 13 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 14 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 15 My fees and planned timescales for completion of the audit are based on the following assumptions
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me;
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements; and
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 17 As set out in our Fee Scheme 2022-23 our fee rates for 2022-23 have increased by 3.7% as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 18 The estimated fee for 2022 is set out in Exhibit 2. This represents a 4.3% increase compared to your actual 2021 fee.

Exhibit 2: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts	15,500	14,850
Total fee	15,500	14,850

- 19 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with Joint Committee.
- 20 Further information can be found in my [Fee Scheme 2022-23](#).

Audit team

- 21 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Director	029 20320640	richard.harries@audit.wales
Jeremy Saunders	Audit Manager	029 20829329	jeremy.saunders@audit.wales
Julie Owens	Senior Auditor	029 20829392	julie.owens@audit.wales

- 22 We can confirm that team members are all independent of you and your officers.
Timetable

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

- 23 The key milestones for the work set out in this plan are shown in **Exhibit 4**.
- 24 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act.

Exhibit 4: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	December 2022	January 2023
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements 	January 2023	February 2023



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



ERW JOINT COMMITTEE 17 MAY 2023

AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT

Purpose:

To provide the ERW Joint Committee with the response to Audit Wales in respect of the 'Audit Enquiries to those charged with governance and management for 2021-22'.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To consider and approve the response to Audit Wales for 2021-22.

REASONS:

To obtain the approval of the ERW Joint Committee.

<p>Report Author:</p> <p>Jon Haswell</p>	<p>Designation:</p> <p>ERW Section 151 Officer</p>	<p>Tel No. 01437 775836</p> <p>E. Mail:</p> <p>Jonathan.haswell@pembrokeshire.gov.uk</p>
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**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
17 MAY 2023**

**AUDIT ENQUIRIES TO THOSE CHARGED WITH
GOVERNANCE AND MANAGEMENT**

BRIEF SUMMARY OF PURPOSE OF REPORT

Audit Wales are required to conduct their financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the ISA requirements, on an annual basis, Audit Wales formally seek our documented consideration and understanding on a number of the governance areas that impact on their audit of our financial statements.

These considerations are relevant to both ERW's senior management, and 'those charged with governance' which for the purpose of the audit of the financial statements is deemed to be the ERW Joint Committee.

In seeking this assurance, Audit Wales issue an annual letter with a series of questions for completion by those charged with governance and management.

The attached response for 2021-22 has been compiled by the ERW Head of Internal Audit and ERW S151 Officer with input from relevant officers.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	NONE
<p>1. Legal</p> <p>As outlined in the response to Audit Wales.</p>				
<p>2. Finance</p> <p>As outlined in the response to Audit Wales.</p>				
<p>3. Risk Management</p> <p>As outlined in the response to Audit Wales.</p>				

CONSULTATIONS

None.

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

None

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Mr Jon Haswell
Via email

Reference:

Date issued: 10 January 2023

Dear Jon

Audit enquiries to those charged with governance and management – ERW

As you will be aware I am required to conduct my financial audit in accordance with the requirements set out in International Standards on Auditing (ISAs). As part of the ISA requirements I am writing to you to formally seek your documented consideration and understanding on a number of the governance areas that impact on my audit of your financial statement.

These considerations are relevant to both the ERW's senior management, and 'those charged with governance' which for the purpose of the audit of the financial statements is deemed to be the Joint Committee.

I have set out below the areas of governance on which I am seeking your views.

1. Management processes in relation to:
 - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
 - identifying and responding to risks of fraud in ERW;
 - communication to employees of views on business practice and ethical behaviour; and
 - communication to those charged with governance on the processes for identifying and responding to fraud.
2. Management's awareness of any actual or alleged instances of fraud.

3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information you provide will inform our understanding of ERW and its business processes and support our work in providing an audit opinion on the 2021-22 financial statements.

I would be grateful if you could complete the tables in Appendices 1 to 3, which should be formally considered and communicated to us on behalf of both management and those charged with governance.

In the meantime, if you have queries, please let me know.

Yours sincerely

A handwritten signature in black ink, appearing to read 'JCL.', with a horizontal line extending from the end.

Jeremy Saunders
Audit Manager

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK and Ireland) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and ‘those charged with governance’, which for the Council is the Audit Committee. Management, with the oversight of the Audit Committee, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how the Audit Committee exercises oversight of management’s processes. We are also required to make enquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud, for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

Enquiries of management - in relation to fraud

Question	Previous Response	2021-22 Response
1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principal reasons?	Low due to adequate and effective controls in place. All financial systems applicable to ERW are independently reviewed by PCC Internal Audit and have received a substantial assurance rating during 2020-21. The Head of Internal Audit for each Partner Authority is required to undertake a review of compliance with the relevant grant scheme (RCSIG and PDG) and provide an assurance statement to RW.	Low due to adequate and effective controls in place. All financial systems applicable to ERW are independently reviewed by PCC Internal Audit during 2021-22, with all systems receiving either a Substantial or Moderate assurance. Grant funding for 2021-22 was paid direct to Local Authorities, therefore the risk to the financial statements is considered low. PCC Internal Audit undertook a review of compliance for the relevant grant schemes to provide assurance to ERW.
2. What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?	PCC Internal Audit provide the Audit Service for ERW. PCC Counter Fraud, Corruption & Bribery Policy Statement and Strategy in place. Areas at high risk of fraud, including those due to Covid-19, are considered within the annual internal audit plan for ERW based on intelligence, e.g. Counter Fraud Tracker, CIPFA Counter Fraud Hub, Fraud alerts etc. Standard	No change from 2020-21 response. PCC Internal Audit continue to provide the Audit Service for ERW. PCC Counter Fraud, Corruption & Bribery Policy Statement and Strategy are in place. The annual internal audit plan for ERW undertaken by PCC Internal Audit team continues to consider the risks of fraud,

Enquiries of management - in relation to fraud

Question	Previous Response	2021-22 Response
	<p>counter fraud work undertaken, e.g. NFI, Data Analytics. Membership of CIFAS for data matching purposes. Financial statements reviewed by PCC S151 Officer and Deputy S151 Officer</p>	<p>which are based on intelligence (e.g. Counter Fraud Tracker, CIPFA Counter Fraud Hub, Fraud alerts etc. Standard counter fraud work undertaken, e.g. NFI, Data Analytics. Membership of CIFAS for data matching purposes).</p> <p>Financial statements for ERW are reviewed by PCC/ERW S151 Officer and Deputy S151 Officer.</p>
<p>3. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p>	<p>Annual internal audit plan for 2020-21 approved by the Joint Committee, with the final internal audit report for 2020-21 and the Head of Internal Audit Annual Opinion and Report for 2020-21 reported to the Joint Committee.</p> <p>PCC Financial Regulations, adopted by the Joint Committee, require any allegations of purported fraud or irregularity to be reported to the S151 Officer and the Head of Internal Audit. All S151 Officers of ERW partners aware of this requirement.</p>	<p>Annual internal audit plan for 2021-22 was approved by ERW Statutory Officers, with the final internal audit report for 2021-22 presented to the ERW Statutory Officers.</p> <p>The Head of Internal Audit Annual Opinion and Report for 2021-22 to be presented to the Joint Committee.</p> <p>PCC Financial Regulations, adopted by the Joint Committee, require any allegations of purported fraud or irregularity to be reported to the S151 Officer and the Head of Internal Audit.</p>

Enquiries of management - in relation to fraud

Question	Previous Response	2021-22 Response
		All S151 Officers of ERW partners aware of this requirement.
4. How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	<p>ERW Code of Corporate Governance in place.</p> <p>PCC Officer Code of Conduct and other relevant policies and procedures in place for all ERW staff, which would be referenced in induction training.</p> <p>Members Code of Conduct in place for each ERW partner.</p> <p>Register of interests held by the ERW Central Team, with periodic reminder issued to declare any interests</p>	<p>ERW Code of Corporate Governance in place.</p> <p>PCC Officer Code of Conduct and other relevant policies and procedures in place for all ERW staff, which would be referenced in induction training.</p> <p>Members Code of Conduct in place for each ERW partner.</p> <p>Register of interests held by the ERW Central Team, with periodic reminder issued to declare any interests</p>
5. Are you aware of any instances of actual, suspected or alleged fraud within the audited body since 1 April 2021?	No	No.

Enquiries of those charged with governance – in relation to fraud

Question	Previous Response	2021-22 Response
<p>1. How does the Audit Committee, exercise oversight of management's processes for identifying and responding to the risks of fraud within the audited body and the internal control that management has established to mitigate those risks?</p>	<p>PCC Financial Regulations adopted by the Joint Committee, which outline the reporting arrangements to the S151 Officer and the Head of Internal Audit.</p> <p>PCC Counter Fraud, Corruption & Bribery Policy Statement and Strategy in place, which is referenced in the Financial Regulations.</p> <p>PCC Audit Committee approve and monitor the annual Counter Fraud Work Plan which covers financial systems applicable to ERW.</p> <p>The Joint Committee receives the Head of Internal Audit Annual Assurance Opinion which feeds into the Annual Governance Statement.</p> <p>Any significant fraud or internal control weaknesses/risks are highlighted.</p>	<p>PCC Financial Regulations adopted by the Joint Committee, which outline the reporting arrangements to the S151 Officer and the Head of Internal Audit.</p> <p>PCC Counter Fraud, Corruption & Bribery Policy Statement and Strategy in place, which is referenced in the Financial Regulations.</p> <p>PCC Audit Committee approve and monitor the annual Counter Fraud Work Plan which covers financial systems applicable to ERW.</p> <p>The Joint Committee receives the Head of Internal Audit Annual Assurance Opinion which feeds into the Annual Governance Statement.</p> <p>Any significant fraud or internal control weaknesses/risks are highlighted.</p>
<p>2. Are you aware of any instances of actual, suspected or alleged fraud with the audited body since 1 April 2021?</p>	<p>No.</p>	<p>No.</p>

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance the Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	Previous Response	2021-22 Response
1. How have you gained assurance that all relevant laws and regulations have been complied with?	<p>Oversight by the Executive Board and Joint Committee.</p> <p>The Joint Committee and Executive Board reports require identification of legal and financial issues. Statutory Officers attend the Joint Committee meetings to provide professional advice.</p> <p>Membership of Professional Bodies, networking and horizon scanning used to identify upcoming issues.</p> <p>Regular correspondence with Welsh Government and WLGA.</p> <p>The Code of Practice on Local Authority Accounting in the UK is updated annually and complied with</p>	<p>Oversight by the Executive Board and Joint Committee.</p> <p>The Joint Committee and Executive Board reports require identification of legal and financial issues. Statutory Officers attend the Joint Committee meetings to provide professional advice.</p> <p>Membership of Professional Bodies, networking and horizon scanning used to identify upcoming issues.</p> <p>Regular correspondence with Welsh Government and WLGA.</p> <p>The Code of Practice on Local Authority Accounting in the UK is updated annually and complied with.</p>
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations since 1 April 2021, or earlier	No.	No.

with an ongoing impact on the 2021-22 financial statements?		
3. Are there any potential litigations or claims that would affect the financial statements?	No	No.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No.	No.

Enquiries of those charged with governance – in relation to laws and regulations

Question	Previous Response	2021-22 Response
<p>1. How does the Audit Committee, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?</p>	<p>The Joint Committee receive all financial and internal audit reports. ERW Joint Committee and Executive Board reports require identification of legal and financial issues. Statutory Officers attend the Joint Committee meetings to provide professional advice. Internal Audit reviews consider compliance with laws and regulations, either as a particular risk (e.g., Data Protection), or as part of the annual review. The final internal audit report is reported to the Joint Committee.</p> <p>Head of Internal Audit Annual Opinion and Report is presented to the Joint Committee.</p> <p>Annual Governance Statement identifies any areas of non-compliance or areas requiring improvement. This is reviewed and approved by the Joint Committee.</p>	<p>The Joint Committee usually receives all financial and internal audit reports but for 2021-22 the internal audit report was presented to the ERW Statutory Officers due to the Joint Committee only meeting once. ERW Joint Committee and Executive Board reports require identification of legal and financial issues.</p> <p>Statutory Officers attend the Joint Committee meetings to provide professional advice, and are consulted on all reports taken to the Joint Committee.</p> <p>Internal Audit reviews consider compliance with laws and regulations, either as a particular risk (e.g., Data Protection), or as part of the annual review. The final internal audit report is usually reported to the Joint Committee, see comment above.</p> <p>Head of Internal Audit Annual Opinion and Report is presented to the Joint Committee.</p>

Enquiries of those charged with governance – in relation to laws and regulations

Question	Previous Response	2021-22 Response
		Annual Governance Statement identifies any areas of non-compliance or areas requiring improvement. This is reviewed and approved by the Joint Committee.
2. Are you aware of any instances of non-compliance with relevant laws and regulations?	No	No.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK and Ireland) 550 covers auditors responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	Previous Response	2021-22 Response
<p>1. Confirm that you have disclosed to the auditor:</p> <ul style="list-style-type: none"> • the identity of any related parties, including changes from the prior period; • the nature of the relationships with these related parties; • details of any transactions with these related parties entered into during the period, including the type and purpose of the transactions. 	<p>Register of Interests. Internal Audit Reviews, where applicable</p>	<p>Register of Interests. Internal Audit Reviews, where applicable</p>
<p>2. What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>PCC Officer Code of Conduct and other relevant policies and procedures covering declaration of interest requirements. Members Code of Conduct in place for each ERW partner covering declaration of interest requirements. Senior management safeguards to protect against conflict of interests.</p> <p>Register of interests held by the ERW Central Team, with periodic reminder issued to declare any</p>	<p>PCC Officer Code of Conduct and other relevant policies and procedures covering declaration of interest requirements.</p> <p>Members Code of Conduct in place for each ERW partner covering declaration of interest requirements. Senior management safeguards to protect against conflict of interests.</p>

	interests. Internal Audit Reviews, where applicable	Register of interests held by the ERW Central Team, with periodic reminder issued to declare any interests. Internal Audit Reviews, where applicable
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Enquiries of the those charged with governance – in relation to related parties

Question	Previous Response	2021-22 Response
1. How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	<p>ERW Code of Corporate Governance in place. PCC Officer Code of Conduct and other relevant policies and procedures covering declaration of interest requirements. Members Code of Conduct in place for each ERW partner covering declaration of interest requirements. Register of interests held by the ERW Central Team, with periodic reminder issued to declare any interests. Internal Audit Reviews, where applicable.</p> <p>Annual review and approval of the Financial Statements and Annual Governance Statement by the Joint Committee</p>	<p>ERW Code of Corporate Governance in place. PCC Officer Code of Conduct and other relevant policies and procedures covering declaration of interest requirements.</p> <p>Members Code of Conduct in place for each ERW partner covering declaration of interest requirements. Register of interests held by the ERW Central Team, with periodic reminder issued to declare any interests. Internal Audit Reviews, where applicable.</p> <p>Annual review and approval of the Financial Statements and Annual Governance Statement by the Joint Committee</p>



ERW JOINT COMMITTEE 17 MAY 2023

ERW HEAD OF INTERNAL AUDIT ANNUAL ASSURANCE OPINION 2021-22

PURPOSE:

To provide the ERW Joint Committee with the ERW Head of Internal Audit's annual assurance opinion on the effectiveness of ERW's Governance, Internal Control, Risk Management and Financial Management Arrangements for 2021-22.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

The ERW Joint Committee consider the report and note the ERW Head of Internal Audit Annual Assurance Opinion for 2021-22.

REASONS:

To assist ERW to inform its Annual Governance Statement 2021-22.

<p>Report Author:</p> <p>Matthew Holder</p>	<p>Designation:</p> <p>ERW Head of Internal Audit</p>	<p>Tel No. 01437 776581</p> <p>E. Mail:</p> <p>Matthew.holder@pembrokeshire.gov.uk</p>
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**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
17 MAY 2023**

**ERW HEAD OF INTERNAL AUDIT ANNUAL ASSURANCE
OPINION 2021-22**

BRIEF SUMMARY OF PURPOSE OF REPORT

The Public Sector Internal Audit Standards (PSIAS) came into effect on 01 April 2013 and requires the Head of Internal Audit to “deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement”.

The purpose of the annual internal audit opinion is to contribute to the assurances available to the Section 151 Officer and the Joint Committee which underpin the assessment of the effectiveness of the system of internal control for ERW.

In order to form an opinion on each audit review, the Internal Audit Service have to obtain sufficient evidence on which to base their opinion, and by necessity this results in testing on a sample or selected basis and having to place reliance on assurances provided by management.

The Head of Internal Audit Opinion is that ERW has a moderate framework of governance, internal control, risk management and financial management arrangements in place. This means that there are weaknesses in the adequacy and/or effectiveness of governance, internal control, risk management and financial management arrangements, which could have an impact on the ability of ERW to achieve its objectives.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	NONE
<p>1. Legal</p> <p>As outlined within the Head of Internal Audit Annual Assurance Opinion 2021-22.</p>				
<p>2. Finance</p> <p>As outlined within the Head of Internal Audit Annual Assurance Opinion 2021-22.</p>				
<p>3. Risk Management</p> <p>As outlined within the Head of Internal Audit Annual Assurance Opinion 2021-22.</p>				

CONSULTATIONS

None.

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

None

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EDUCATION THROUGH REGIONAL WORKING (ERW)

Head of Internal Audit Annual Assurance Opinion 2021-22

1.0 Introduction

- 1.1 The Public Sector Internal Audit Standards came into effect on 01 April 2013 and requires the Head of Internal Audit to “deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement”.
- 1.2 The purpose of the annual internal audit opinion is to contribute to the assurances available to the Section 151 Officer and the Joint Committee which underpin the assessment of the effectiveness of the system of internal control for ERW. The audit work undertaken has been based on a risk assessment and the Joint Committee will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement.

2.0 Internal Audit Work 2021-22

- 2.1 The Internal Audit Plan for 2021-22 was a risk-based audit plan, which was agreed with the Lead Chief Executive, Lead Director, Interim Chief Officers the Section 151 Officer, and the Monitoring Officer. Due to the Joint Committee not meeting following their 08 July 2021 until the 29 April 2022, approval for the Internal Audit workplan was sought from Lead/Statutory Officers by email on 07 February 2022, with approval being granted.
- 2.2 The Internal Audit Plan for 2021-22 consisted of the following, which received a moderate assurance opinion:
 - Follow-up of Previous Internal Audit Recommendations.
 - Follow-up of Previous Annual Governance Statement Issues
 - Arrangements for ceasing the Education through Regional Working (ERW) Partnership
 - Governance Arrangements for the new Partneriaeth Partnership
 - Debt Monitoring and Payment of Debts

In addition, the Internal Audit reviews of the relevant main financial systems operated by Pembrokeshire County Council (including Treasury Management and Budgetary Control), received a substantial assurance rating, with the Main Accounting System receiving a moderate assurance rating.

3.0 Head of Internal Audit Opinion

- 3.1 In order to form an opinion on each audit review, the Internal Audit Service have to obtain sufficient evidence on which to base their opinion, and by necessity this results in testing on a sample or selected basis and having to place reliance on assurances provided by management. Due to this, Internal Audit are unable to provide absolute assurance that all the governance, internal control, risk management and financial management arrangements in place in the areas audited are fully adequate and effective.
- 3.2 Based on the work undertaken by the Internal Audit Service during 2021-22, it is my opinion that overall, subject to variation between areas audited, that moderate assurance¹ is given on the effectiveness of governance, internal control, risk management and financial management arrangements in place. Management have agreed to implement the recommendations made following the Internal Audit review. The implementation of these recommendations in an effective and timely manner will assist in strengthening the governance, internal control, risk management and financial management arrangements in place of the current and future partnership working arrangements.
- 3.3 In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit undertook a self-assessment of compliance with the Public Sector Internal Audit Standards. The Assessment concluded that the Internal Audit Service conforms to the Code of Ethics and the Public Sector Internal Audit Standards.

4.0 Delivery of the Audit Plan

- 4.1 The Internal Audit plan has been delivered in accordance with the schedule agreed by the Lead Chief Executive, Lead Director, Interim Chief Officers, Section 151 Officer and Monitoring Officer.
- 4.2 The Internal Audit Quality Assurance and Improvement Programme has confirmed compliance with the mandatory requirements of the Public Sector Internal Audit Standards.
- 4.3 Overall, moderate assurance was given on the adequacy and effectiveness of arrangements in place. There are a number of recommendations made within the Internal Audit review for 2021-22 and previous years that have been incorporated into the Annual Governance Statement 2021-22, which should be used to inform arrangements for future partnership working.

¹Moderate Assurance Rating definition: There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could have a significant impact on the ability of ERW to achieve its objectives.



ERW JOINT COMMITTEE 17 MAY 2023

ERW ANNUAL GOVERNANCE STATEMENT 2021-22

PURPOSE:

To provide the ERW Joint Committee with the findings from the annual review of governance arrangements for ERW for 2021-22.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

To review and approve the ERW Annual Governance Statement 2021-22.

REASONS:

Statutory requirement

<p>Report Author:</p> <p>Matthew Holder</p>	<p>Designation:</p> <p>ERW Head of Internal Audit</p>	<p>Tel No. 01437 776581</p> <p>E. Mail:</p> <p>Matthew.holder@pembrokeshire.gov.uk</p>
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**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
17 MAY 2023**

ERW ANNUAL GOVERNANCE STATEMENT 2021-22

BRIEF SUMMARY OF PURPOSE OF REPORT

To provide the ERW Joint Committee with the findings from the annual review of governance arrangements for ERW for 2021-22 and to agree actions to address the significant governance issues and priorities for improvement.

The ERW Annual Governance was written at a point in time and whilst there has been a number of subsequent changes in respect of the cessation of ERW and the creation of Partneriaeth, the ERW Annual Governance Statement has not been updated to reflect these changes.

The ERW Annual Governance Statement contains one Significant Governance Issue and three Priorities for Improvement with the planned actions to be followed up as part of the Annual Internal Audit review of Partneriaeth for 2022-23.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	Yes
<p>1. Legal</p> <p>As outlined in the Annual Governance Statement 2021-22.</p>				
<p>2. Finance</p> <p>As outlined in the Annual Governance Statement 2021-22.</p>				
<p>3. Risk Management</p> <p>As outlined in the Annual Governance Statement 2021-22.</p>				
<p>4. Staffing Implications</p> <p>As outlined in the Annual Governance Statement 2021-22.</p>				

CONSULTATIONS

None.

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

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

Annual Governance Statement 2021-22

'Improving Learning Together'

ERW Consortium

ERW was formally established as a Joint Education Improvement Service with the first formal meeting of the Joint Committee held on 25 July 2014. From 2014 to March 2020, the consortium consisted of six Local Authorities:

- City and County of Swansea Council
- Neath and Port Talbot County and Borough Council
- Powys County Council
- Ceredigion County Council
- Pembrokeshire County Council
- Carmarthenshire County Council

Neath Port Talbot County and Borough Council withdrew from the consortium on 31 March 2020, with Ceredigion County Council withdrawing from the consortium on 31 March 2021 and Powys County Council withdrawing from the consortium on 31 August 2021. The City and County of Swansea Council and Carmarthenshire County Council temporarily rescinded their notices to withdraw, extending their membership through to 31 August 2021, until the creation of the new partnership arrangement.

A report to the Joint Committee in July 2020 regarding the future footprint of ERW highlighted that ERW has struggled to function effectively and identified a number of challenges faced and drivers for change. In 2021-22 further work was undertaken to the cessation of ERW in its current format, and the development of the South West Wales Education Partnership, known as Partneriaeth which consists of Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea County Council, with agreement from the Joint Committee to provide some services to both Neath Port-Talbot County Borough Council and Ceredigion County Council where providing services would then be at the approval of the new Joint Committee.

During 2021-22, Welsh Government disaggregated ERW's grant funding (for both Pupil Development Grant and Regional Consortia School Improvement Grant) and funded each Local Authority that remained within the ERW partnership individually. Each Local Authority were directed by Welsh Government to passport a proportion of funding to ERW in order that Business Plan aims and objectives could be achieved.

ERW Context and Provision

ERW is one of four education consortia in Wales, with a purpose to deliver a single consistent and integrated professional school improvement services to the Local Authorities engaged. The National Model for School Improvement in Wales is based on a vision of regional school improvement consortia working on behalf of local authorities to lead and coordinate the improvement in the performance of schools and education of young people.

ERW Officers play a key role in a range of strategic groups with Welsh Government as well as cross-regional project groups. This allows centrally retained staff to contribute and collaborate on a national level and ensure that stakeholders are fully informed to deliver these priorities. Unlike the three other regional consortia, Challenge Advisers and School Improvement Officers are employed by the constituent partner authorities, however there is a close working relationship and a coordinated approach to school support through an agreed protocol between Senior Challenge Advisers and ERW Central Team is in place.

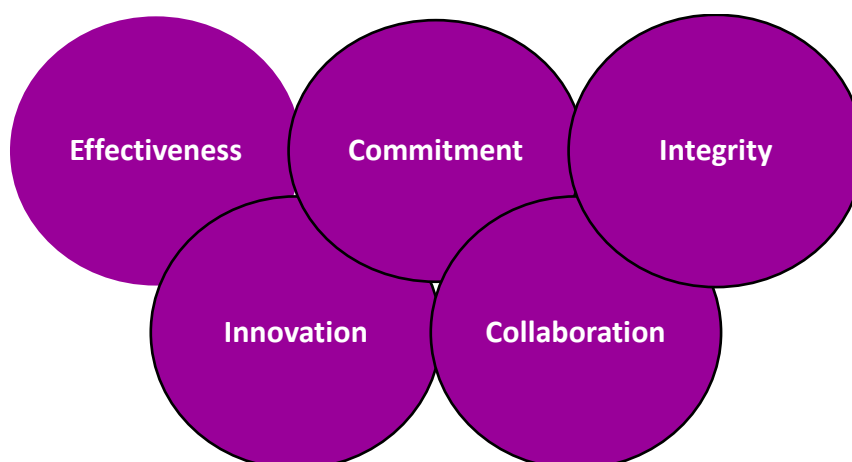
ERW's Aims

ERW has six key aims:

- 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.

ERW's Values

To achieve ERW's vision of 'Improving Learning Together', a set of defined values were created to guide the work undertaken by ERW. These include:



Review of Governance Arrangements

What is Governance?

ERW is responsible for ensuring that its business is conducted in accordance with laws, regulations and its ethical standards. The governance framework is the process, culture, values and systems by which this is achieved.

To deliver good governance in local government, both ERW and its Officers must try to achieve ERW's priorities whilst acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for learners and other stakeholders.

Review of Effectiveness

ERW has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness for 2021-22 was informed by the work undertaken during the Internal Audit review, which included a follow-up on the implementation of Significant Governance Issues and Priorities for Improvement identified in 2020-21. Additional assurance was provided by the Head of Internal Audit Assurance Opinion based on the work undertaken by Internal Audit in 2021-22, along with the minutes from the ERW Joint Committee.

The Internal Audit review for 2021-22 focused on:

- Follow-up of Previous Internal Audit Recommendations.
- Follow-up of Previous Annual Governance Statement Issues.
- Arrangements for ceasing the ERW Partnership.
- Governance Arrangements for the new Partneriaeth Partnership
- Debt Monitoring & Payment of Debts.

The Internal Audit review gave a 'moderate' assurance rating on the adequacy and effectiveness of the governance, internal control, risk management and financial management arrangements in place. Areas requiring further improvement have been included within the Priorities for Improvement of the Annual Governance 2021-22 Action Plan.

In addition, Internal Audit undertook individual reviews of;

- Pupil Development Grant Funding 2021-22.
- Regional Consortia School Improvement Grant 2021-22.

For the Pupil Development Grant funding 2021-22, Internal Audit gave a 'moderate' assurance on the effectiveness of the governance, internal control, risk management and financial management arrangements in place.

For the Regional Consortia School Improvement Grant funding 2021-22, Internal Audit gave a 'limited' assurance on the effectiveness of the governance, internal control, risk management and financial management arrangements in place.

Assurance has also been received on the effectiveness of key financial systems used by ERW from the work undertaken by Pembrokeshire County Council's Internal Audit Reviews.

The diagram on the pages 11 outlines what assurances were available under the current Governance Structure, the sources of assurance provided and the areas for improvement identified.

ERW Governance Framework

The ERW Code of Corporate Governance was approved by the Joint Committee on 16 July 2018.

The ERW Business Plan for the period April 2021 to August 2021 was approved by the Joint Committee on 08 July 2021. The ERW Business Plan aligns and reflects the aspirations and enabling of objectives of the National Mission, whilst reflecting local and regional priorities. These priorities are:

- Developing and delivering a transformational curriculum;
- To develop a high-quality education profession;
- To develop inspirational leaders and to facilitate them working collaboratively to raise standards;
- To develop strong and inclusive schools that are committed to excellence and wellbeing;
- To develop robust assessment, evaluation and accountability processes that support a self-improving system.

The ERW Business Plan (April 2021 to August 2021) continues not to detail the value for money framework in which it will operate, nor were milestones, key performance metrics or success criteria included by which outcomes could be measured. This has continued to be highlighted as a concern for several years with assurances provided in 2020-21 that a framework would be developed and monitored. This continues to be an area within the governance framework which needs to be strengthened and enhanced for accountability of the Consortium to deliver improved educational outcomes to the pupils of the ERW partner authorities.

Joint Committee

The only meeting of the Joint Committee during the 2021-22 financial year comprised of the four Local Authority Leaders supported by the four Chief Executives, with the Joint Committee advised by Lead/Statutory Officers, the Executive Board and external school improvement experts. The Joint Committee received the ERW Statement of Accounts 2020-21 at its meeting of 29 April 2022.

Internal Audit and Audit Wales report independently to the Joint Committee, providing assurance on the Governance, Internal Control, Financial Management and Risk Management arrangements in place within ERW. Meetings of the Joint Committee continued to be held virtually during 2021-22 following the publication of The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020.

Following publication of The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020, the Joint Committee continued to hold virtual meetings during 2020-21. However, the absence of meetings on a regular basis throughout the year had an impact on the

timeliness of decision making (for example, the Business Plan for April 2021 to August 2021 was not formally approved until July 2021, whereas this should have been approved at the beginning of the financial year to ensure that the objectives of the Business Plan were aligned to the financial resources available).

Executive Board

The Executive Board is made up of the Directors of Education from each of the Local Authorities, the Interim Chief Officers, the Section 151 Officer (or deputy), Headteacher representatives and external members.

The Executive Board met regularly during 2020-21, prior to each meeting of the Joint Committee. However, minutes of meetings have not been published since June 2017.

Scrutiny Councillor Group

All work streams and activity both locally and regionally are led by the Joint Committee and are accountable locally. The Chairs and Vice Chairs of the four local authorities' Education Scrutiny Committee's met once during 2021-22 as a Scrutiny Councillor Group to consider scrutiny work plans and make requests directly to the Joint Committee.

Statutory/Lead Officers

The following Lead and Statutory roles have been held by the same officers for a number of years, providing consistency and stability:

- Lead Chief Executive – Phil Roberts (Chief Executive, Swansea)
- Section 151 Officer – Jon Haswell (Director of Resources, Pembrokeshire)
- Monitoring Officer – Tracey Meredith (Monitoring Officer, Swansea)
- Lead Education Director – Gareth Morgans (Carmarthenshire)
- Chief Officer:
 - Interim Chief Officer – Ian Altman (Until 31 March 2022)
 - Interim Chief Officer – Greg Morgan (Until 31 March 2022)

ERW Team

In February 2019, the Joint Committee approved a new central staffing structure. The structure for ERW is made up of the following:

- Senior Leadership Team
- Curriculum Team
- Secondary Specialists Team
- Central Team
- Business Support

Strategy Groups

Joint Committee approved the Strategy Groups at their meeting on 9 December 2019. The ERW Strategy Groups are a critical aspect of ERW's governance arrangements. They are the primary driver for developing ERW's work in the key areas of:

- Curriculum (including qualifications)
- Professional Learning & Research
- Equity & Well-being
- Leadership
- Digital Skills
- Welsh

Each Strategy Group is responsible for co-constructing content and monitoring the progress of the aspect of Business Plan actions for which they are responsible. The Strategy Groups are also a conduit for communication between the region and peers within the constituent local authorities, and the wider profession, with group members being tasked with communicating their work externally, by using both local and regional communications channels.

Consultation, Communication & Engagement

Since the onset of COVID-19 the ERW region has continued to work closely and collaboratively with its constituent local authorities, consortia partners, Welsh Government, Estyn and other stakeholders in support of the highest quality of blended learning and well-being provision for all learners.

COVID-19 impacted upon the delivery of face-to-face professional learning, network and team meetings. However, ERW have continued to implement a similar open and embracing approach to the delivery of services via a series of on-line learning events and virtual meetings, and by developing an online Professional Learning offer, detailing the full range of support and professional learning opportunities provided by the ERW team, enabling both synchronous and asynchronous training and provisional learning.

The Chief Officers termly update reports presented to the Joint Committee outlines further communication and engagement activities undertaken during 2020-21 both within the region and nationally.

Internal Audit

Pembrokeshire County Council, as the Lead Authority for Finance, provides the Internal Audit Service to ERW. The role of Internal Audit is to provide independent assurance on the effectiveness of governance, internal control, financial management and risk management arrangements in place. To ensure that the Internal Audit plan is appropriately risk-based, it is agreed on academic year and undertaken in the latter quarters of the financial year. In

accordance with the Public Sector Internal Audit Standards, a risk-based work plan was agreed with the Section 151 Officer and Interim Managing Director and due to timing, approval of the Internal Audit work plan was approved by the ERW Lead/Statutory Officers following an email sent on 07 February 2022.

The Head of Internal Audit's Annual Assurance Opinion concluded that overall, limited assurance is placed on the adequacy and effectiveness of governance, internal control, financial management and risk management arrangements in place. Management have agreed to implement the recommendations made following the internal audit review. The implementation of recommendations in an effective and timely manner will assist in strengthening the governance, internal control, risk management and financial management arrangements in place.

In accordance with the Public Sector Internal Audit Standards, the Interim Head of Internal Audit undertook a self-assessment of compliance with the Public Sector Internal Audit Standards. The assessment concluded that the Internal Audit Service conforms to the Code of Ethics and the Public Sector Internal Audit Standards.

External Audit & Regulators

Audit Wales are the appointed external auditor for ERW. Estyn provide an independent inspection and advice service on quality and standards in education and training in Wales. No reviews were undertaken during 2021-22.

Business Risk Management

Members and Officers are responsible for ensuring that risk is considered in the decisions they take and suitable arrangements are put in place to manage risk. The Joint Committee has responsibility for overseeing ERW's Business Risk Management arrangements. The table below is a summary of movement of risks in ERW's Risk Register for 2021-22:

Corporate Risk (Threat)	Residual Rating Jun 2021	Residual Rating Feb 2022
ERW Governance	12	12
Powys – Estyn monitoring results in continued follow-up	8	8
Pembrokeshire – Estyn monitoring results in follow-up	8	8
Failure to comply with Estyn Action Plan	8	8
Funding current or future costs resulting from ERW partners leaving the consortium	8	
Data Protection	6	6
ERW found not to provide Value for Money	6	6
LA failure to comply with Grant Regulations	6	6
Failure to respond to qualifications 2021	6	6
Timeliness of Welsh Government Funding	6	6
Delivery of National Mission	6	6
Transparency of Governance	6	6
Failure to respond to impact of Covid-19	6	6
Carmarthenshire – Estyn monitoring results in follow-up	4	4
Swansea – Estyn monitoring results in follow-up	4	4
Failure to deliver Business Plan	4	4
Cost Savings required by Welsh Government	4	4
Lack of clarity on functions	4	4
Lack of communication	4	4
Cuts to School Budgets		12
Ceredigion Estyn Monitoring results in follow-up		4

**The Red and Amber highlights the difference in rating with red being high risks and amber medium risks*

Review of ERW's Governance Arrangements for 2021-22



Annual Governance Statement 2021-22 Action Plan

Significant Governance Issue			
Current Position	Planned Actions/Key Milestones	Owner	Key Milestone Completion Dates
<p>Lessons Learned review of failings of ERW The Joint Committee previously endorsed the proposal to undertake a Lessons Learned review to establish the failings of ERW to ensure the future sustainability of Partneriaeth.</p> <p>This should be progressed as a matter of urgency so that learning can be incorporated into the new working arrangements. Internal Audit reviews have resulted in one moderate assurance opinion and four limited assurance opinion over the past 5 years. The findings and recommendations from these reviews should be incorporated into the Lessons Learned review and addressed for future working arrangements.</p>	<ul style="list-style-type: none"> • An independent Lessons Learned review to be undertaken and outcomes incorporated into the new working arrangements. • Implementation of all outstanding Internal Audit Recommendations. • Businesses Partnering Agreements to be put in place with Authorities who have exited the ERW partnership to ensure that there is clarity in the services provided and that the roles and expectations of each party are formally documented. 	<p>Joint Committee</p> <p>Partneriaeth Lead Officer</p> <p>Partneriaeth Lead Officer & Monitoring Officer</p>	<p>March 2023</p> <p>December 2022</p> <p>March 2023</p>

Priorities for Improvement			
Current Position	Planned Actions/Key Milestones	Owner	Key Milestone Completion Dates
<p>Business Plan</p> <p>The Business Plan should include clear milestones, outcomes, supported by performance measures so that delivery and effectiveness can be monitored throughout the year. The Business Plan needs to be fully costed to ensure that it is deliverable within available resources and ensure for Value for Money.</p>	<ul style="list-style-type: none"> • SMART outcomes identified within the Business Plan, with clear milestones to facilitate monitoring and evidencing of delivery and effectiveness; • Business Plan aligned to the budget to ensure affordable and deliverable. Focus on value for money included within the Business Plan; • Regular, evidenced based progress reporting to the Joint Committee against the SMART outcomes. 	<p>Partneriaeth Lead Officer</p> <p>Partneriaeth Lead Officer & ERW s151 Officer</p> <p>Partneriaeth Lead Officer</p>	<p>September 2022</p> <p>September 2022</p> <p>December 2022</p>
<p>Accountability, Performance Management & Value for Money</p> <p>The Governance Structure & Central Team should have clear roles and responsibilities with defined outcomes linked to the delivery of the National Mission. In order to ensure accountability and value for money can be evidenced, forward work plans for Committee's and Working Groups should be in place which include a structure for measuring performance and delivery across the Partnership. There should be clear reporting lines and mechanism's to enhance accountability while avoiding unnecessary bureaucracy.</p>	<ul style="list-style-type: none"> • Standardised approach to Committee and Working Group establishment as part of the revised Governance Structure, to ensure that all have a unique purpose that is contributing to the delivery of the National Mission and the Partnership's Aims & Objectives; • Review and define the role and responsibilities of the Central Team to support the sustainability and delivery of the Partnership's Aims & Objectives whilst delivering value for money and accountability; • Develop a formal, evidence based reporting structure to demonstrate accountability and value for money from the Central Team & Governance Structure. 	<p>Lead Officer, Partneriaeth & Monitoring Officer</p> <p>Lead Officer, Partneriaeth</p> <p>Lead Officer, Partneriaeth</p>	<p>September 2022</p> <p>December 2022</p> <p>December 2022</p>

Priorities for Improvement			
Current Position	Planned Actions/Key Milestones	Owner	Key Milestone Completion Dates
<p>Core Funding Agreement & Medium Term Financial Plan</p> <p>The future consortia will need to be supported by a Medium Term Financial Plan to enable longer-term Business Planning.</p> <p>The revised Core Funding Agreement will need to ensure that core funded posts are sustainable and continue to deliver value for money.</p> <p>Commissioning arrangements with other Local Authorities should be clarified, so that a full cost recovery model can be adopted with an indication of required support to enable service and financial planning.</p>	<ul style="list-style-type: none"> Based on decisions of the Joint Committee, identify the core contributions required from Partner Authorities over the course of the Medium Term Financial Plan; Based on indications of Welsh Government future funding and contributions from Partner Authorities, develop Medium Term Financial Plans aligned to the revised structure and future objectives of the new Partnership. 	<p>Principal Accountant & ERW s151 Officer</p> <p>Principal Accountant & ERW s151 Officer</p>	<p>March 2023</p> <p>March 2023</p>

We are committed to implementing the improvements outlined above to enhance the achievement of intended outcomes from the new Partnership. We are satisfied that these steps will address areas of improvement identified.

Signed by Interim Chief Officer

Signed by Interim Chief Officer

Name: Ian Altman
Date: 17 May 2023

Name: Greg Morgan
Date: 17 May 2023

Signed by Lead Chief Executive

Signed by Chair of the Joint Committee

Name: Martin Nicholls
Date: 17 May 2023

Name: Cllr. Darren Price
Date: 17 May 2023

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ERW JOINT COMMITTEE 17 MAY 2023

ERW STATEMENT OF ACCOUNTS FOR 2021-22 AND DISTRIBUTION OF ERW RESERVES AND BALANCES

Purpose:

- Approval and signing of the ERW Statement of Accounts for 2021-22.
- Approval of the distribution of the ERW reserves and balances following the cessation of ERW.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

- To review and approve the ERW Statement of Accounts for 2021-22.
- The ERW Statement of Accounts for 2021-22 be signed by the ERW S151 Officer and the Chair of the ERW Joint Committee.
- To approve the distribution of the ERW reserves and balances, £0.143m to Powys County Council and £1.492m to Partneriaeth.

REASONS:

Statutory requirement and to obtain the approval of the ERW Joint Committee.

Report Author:	Designation:	Tel No. 01437 775836
Jon Haswell	ERW Section 151 Officer	E. Mail:
		Jonathan.haswell@pembrokeshire.gov.uk

**EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
17 MAY 2023**

**ERW STATEMENT OF ACCOUNTS FOR 2021-22
AND DISTRIBUTION OF ERW RESERVES AND BALANCES**

BRIEF SUMMARY OF PURPOSE OF REPORT

The ERW Joint Committee review the Statement of Accounts for 2021-22 and consider the Audit Wales Audit of Accounts Report and Audit Opinion (ISA 260).

The ERW Statement of Accounts for 2021-22 be approved by the ERW Joint Committee and be signed by the ERW S151 Officer and the Chair of the ERW Joint Committee.

Following the cessation of ERW on 31 March 2022, it had reserve balances of £0.677m and EWC balances of £0.958m remaining. Following discussions between the Education Directors and the ERW Chief Officers, it was proposed that these reserves and balances be distributed on the basis of the local authority contributions (%) made during 2021-22. This would result in £0.143m being paid to Powys County Council and £1.492m being transferred to Partneriaeth.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities	Legal	Finance	Risk Management Issues	Staffing Implications
NONE	YES	YES	YES	NONE
<p>1. Legal</p> <p>As outlined in the covering report and the ISA 260.</p>				
<p>2. Finance</p> <p>As outlined in the covering report and the ISA 260.</p>				
<p>3. Risk Management</p> <p>As outlined in the covering report and the ISA 260.</p>				

CONSULTATIONS

None.

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

None

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ERW JOINT COMMITTEE

Report of: ERW S151 Officer

Date: 17 May 2023

ERW STATEMENT OF ACCOUNTS for 2021-22

1. ERW published its draft Statement of Accounts for 2021-22, see Appendix A, on 12 December 2022 and aims to have them audited and approved by 17 May 2023. The deadlines required by the Accounts and Audit (Wales) (Amendment) Regulations 2018 were 31 May 2022 and 31 July 2022 respectively. However, due to the Covid-19 pandemic, Welsh Government extended these deadlines to 31 August 2022 and 30 November 2022 respectively. A technical issue regarding the valuation of Local Government infrastructure assets (not applicable to ERW) resulted in Welsh Government extending the 30 November 2022 deadline to 31 January 2023.
2. Due to staffing changes, staff inexperience, the learning curve with the new FIMS system and conflicting workloads for both ERW and Audit Wales resulting in a more than usual protracted audit process, we were unable to comply with the 31 January 2023 deadline. In accordance with Regulation 10 (4) of the Accounts and Audit (Wales) Regulations 2014, we published a statement on the ERW website setting out the reasons for non-compliance and the actions to be taken to ensure compliance as soon as possible.
3. The projected Outturn for 2021-22 was considered by the ERW Joint Committee on 29 April 2022. Due to the projected outturn being produced immediately following the year end, it was anticipated that the outturn position may require revision, so the final Outturn for 2021-22 is detailed within the ERW Statement of Accounts. The draft ERW Statement of Accounts for 2021-22 are subject to audit by ERW's external auditors, Audit Wales. Audit Wales have completed their audit and have issued their Audit of Accounts Report and Audit Opinion (ISA 260), see Appendix B. The ERW Joint Committee need to review and formally approve the ERW Statement of Accounts for 2021-22.
4. ERW's Statement of Accounts must comply with Cipfa's Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of government. IFRS provides a comprehensive framework of mandatory requirements for the production of financial statements in the public and private sector and this framework is continually being refined.

5. The overall financial position of ERW is recognised in a number of core financial statements within the Statement of Accounts, namely the Comprehensive Income & Expenditure Statement (CIES), the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement. These are prepared using International Financial Reporting Standards (IFRS).

Further details on these and other statements within the Statement of Accounts for 2021-22 are outlined below:

- **Narrative Report** - This aims to communicate ERW's purpose, how it has performed in accordance with its overall strategy and against performance indicators over the year, and how it has allocated its resources in line with intended outcomes. It demonstrates collective performance over the year and how well ERW (or Partneriaeth) is equipped to deal with the challenges ahead and to continue delivering Education through Regional Working. It tells the story of ERW by providing a holistic, clear and well-structured view of its strategy, performance and future outlook.
- **Expenditure and Funding Analysis** - This shows the reconciliation between how annual expenditure is used and funded from resources (cash basis) by ERW in comparison with those resources consumed or earned by ERW in accordance with generally accepted accounting practices (IFRS basis).
- **Comprehensive Income and Expenditure Statement (CIES)** - This shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (IFRS basis) as opposed to the cost actually funded from taxation. The reconciliation to the taxation position, as represented by the actual funds available to ERW, is shown in the Expenditure and Funding Analysis.
- **Movement in Reserves Statement** - This shows the movement on the different reserves held by ERW analysed between usable reserves and unusable reserves held for financial accounting purposes.
- **Balance Sheet** - This sets out the financial position on 31 March in terms of the value of assets and liabilities recognised by ERW and the reserves held by ERW.
- **Cash Flow Statement** - This summarises the inflows and outflows of cash and cash equivalents with third parties arising from revenue and capital transactions.

6. The ERW Joint Committee review of the Statement of Accounts for 2021-22 should be focused on the following issues:

(a) Financial Reporting Standards

The International Financial Reporting and Other Standards that have been issued have been applied as required by the Code. The Statement of Accounts have been prepared in compliance with the Code for 2021-22.

The Code requires that ERW discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. There are no key changes to accounting standards issued but not yet adopted that will impact on the Joint Committee.

(b) Accounting Concepts

The pervasive accounting concepts of “accruals basis” and “going concern” have been used in the preparation of the Core Accounting Statements and the qualitative characteristics of useful financial information continue to be employed, as shown on page 17 of the Statement of Accounts.

(c) Critical Judgments in Applying Accounting Policies and Estimation Risk

In applying the accounting policies set out in the Statement of Accounts for 2021-22, ERW has made judgments about the complex transactions and those involving uncertainty in future years (Partneriaeth) and these are shown on page 18 of the Statement of Accounts.

The main risk areas appertaining to items in the current set of accounts and potentially impacting accounts in the future (Partneriaeth) are shown on pages 18 and 19 of the Statement of Accounts.

(d) Accounting Policies

The accounting policies used to prepare the Core Financial Statements, the Supporting Notes and the Supplementary Financial Statements have been reviewed using the Code for 2021-22.

(e) Internal Control Issues

The ERW Head of Internal Audit Annual Assurance Opinion for 2021-22, to be considered by the ERW Joint Committee on 17 May 2023, confirms that there are no significant internal control issues which would impact upon the Statement of Accounts for 2021-22. However, the opinion concluded that overall, moderate assurance is given on the adequacy and effectiveness of governance, internal control, financial management and risk management arrangements in place.

All the audit reviews of the main financial systems received an assurance rating of “substantial” with the exception of the Main Accounting System which received an assurance rating of ‘moderate’.

(f) Audit Wales

Audit Wales have completed their audit of the Statement of Accounts for 2021-22 and have issued their Audit of Accounts Report and Audit Opinion (ISA 260), see Appendix B.

Audit Wales intend to issue an unqualified audit opinion. One emphasis of matter reference will be included in respect of the arrangements for the cessation of ERW.

7. The ERW S151 Officer and ERW Deputy S151 Officer will support the ERW Joint Committee at the meeting in reviewing the ERW Statement of Accounts for 2021-22 and the specific matters highlighted above.
8. **ERW Reserves and Balances**

Following the cessation of ERW on 31 March 2022, it had reserve balances of £0.677m and EWC balances of £0.958m remaining. Following discussions between the Education Directors and the ERW Chief Officers, it was proposed that these reserves and balances be distributed on the basis of the local authority contributions (%) made during 2021-22. This would result in £0.143m being paid to Powys County Council and £1.492m being transferred to Partneriaeth.

RECOMMENDATIONS

- The ERW Joint Committee review the ERW Statement of Accounts for 2021-22 and consider the Audit Wales Audit of Accounts Report and Audit Opinion (ISA 260).
- The ERW Statement of Accounts for 2021-22 be approved by the ERW Joint Committee and be signed by the ERW S151 Officer and the Chair of the ERW Joint Committee.
- The ERW Joint Committee approve the distribution of the ERW Reserves and Balances, £0.143m to Powys County Council and £1.492m to Partneriaeth.

Glossary of Terms:

Audit Wales - Formerly known as Wales Audit Office (WAO)

ISA 260 – Audit Wales Audit of Accounts Report and Audit Opinion

CIPFA - The Chartered Institute of Public Finance Accountancy

The Code - CIPFA's Code of Practice on Local Authority Accounting

IFRS - International Financial Reporting Standards

IAS - International Accounting Standards

CIES - Comprehensive Income & Expenditure Statement

SeRCOP - CIPFA Service Reporting Code of Practice



Education Through Regional Working

South West & Mid Wales Consortium

Statement of Accounts 2021-22

Cynghrair o 4 awdurdod lleol yw ERW a reolir gan gyd-bwyllgor cyfansoddiadol cyfreithiol.

Y nod yw gweithredu strategaeth a chynllun busnes rhanbarthol cytunedig chefnogi gwelliant ysgolion.

ERW is an alliance of 4 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.



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1.0 Narrative Report

1.1 Introduction

ERW's Statement of Accounts for 2021-22 provides a record of the financial position for the year. This section of the report aims to communicate ERW's purpose, how it has performed in accordance with its overall strategy and against performance indicators over the year, and how it has allocated its resources in line with intended outcomes. It demonstrates collective performance over the year and tells the story of ERW by providing a holistic, clear and well-structured view of its strategy, governance, performance and cessation.

2.0 Organisational Overview

2.1 Key Facts about ERW

ERW was an alliance of six local authorities - Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council, Powys County Council, Neath Port Talbot County Borough Council and the City and County of Swansea Council for 2019-20. Neath Port Talbot County Borough Council left ERW on 31 March 2020, albeit ERW continued to provide them with some services during 2020-21 and 2021-22.

ERW was an alliance of five local authorities - Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council, Powys County Council, and the City and County of Swansea Council for 2020-21. Ceredigion County Council left ERW on 31 March 2021 so for 2021-22, it became an alliance of four local authorities from 1 April 2021 to 31 August 2021.

It was anticipated that ERW would cease on 31 August 2021 and a new partnership, 'Partneriaeth', of three local authorities - Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea Council would commence from 1 September 2021 with a new legal agreement. However, due to delays in determining the staffing structure for the new Partneriaeth and the timescales for the related consultation and HR processes to be completed, ERW continued to operate, ceasing at the end of 2021-22. Whilst Powys County Council remained part of ERW until 31 August 2021, they have received no services from 1 September 2021. The new 'Partneriaeth' commenced on 1 April 2022, with a new legal agreement in place for the three partner local authorities. It is understood that the other local authorities will be making their own arrangements for the future.

ERW is governed by a legally constituted Joint Committee and provides a single integrated regional professional school effectiveness service driving school improvement and learner achievement across the combined area in the South West and Mid Wales region.

2.2 Joint Committee

The Joint Committee is made up of the Leader of each local authority, supported by the Chief Executive of each local authority, and is advised by the Executive Board, the Lead Director of Education, the ERW Chief Officers, Statutory Officers, external school improvement experts and Headteacher representatives. Welsh Government, Estyn and the WLGA attend the Joint Committee meetings. Internal Audit and Audit Wales report independently to the Joint Committee. The Joint Committee was chaired by Councillor Emlyn Dole, Leader of Carmarthenshire County Council during 2021-22.

2.3 Executive Board

The Executive Board is made up of the Directors of Education of each of the local authorities, the ERW Chief Officers, Headteacher representatives, the Section 151 Officer/Deputy Section 151 Officer (where applicable) and external members (where applicable).

2.4 Management Structure

- **Lead Chief Executive** – Phil Roberts (Chief Executive, Swansea)
- **Lead Education Director** – Gareth Morgans (Director of Education, Carmarthenshire)
- **Interim Chief Officer** – Ian Altman
- **Interim Chief Officer** – Greg Morgan
- **S151 Officer** – Jon Haswell (Director of Resources, Pembrokeshire)
- **Monitoring Officer** – Tracey Meredith (Chief Legal Officer and Monitoring Officer, Swansea)

2.5 ERW's Values

ERW is one of four regional education consortia in Wales. Its purpose is to deliver a single consistent and integrated professional school improvement service across the allied local authorities.

The national model for school improvement in Wales is based on a vision of regional school improvement consortia working on behalf of local authorities to lead and coordinate the improvement in the performance of schools and education of young people.

To achieve the ERW vision, ERW have defined values to guide all that ERW does. These include effectiveness; commitment; integrity; innovation and collaboration.

ERW utilises a wide range of flexible approaches so that bespoke solutions can be used to support schools at their point of need. ERW support teachers through the provision and brokering of professional learning programmes to support individuals in their leadership journey whilst building expertise and capacity where and when it is needed in schools across the region

2.6 ERW's Aims

ERW has five aims:

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

2.7 Funding Sources

ERW receives its funding from two main sources – Annual contribution from each of the Local Authorities and grant from Welsh Government.

During 2021-22 grant funding received from Welsh Government was paid direct to the Local Authorities, with ERW's element of the funding being passported to ERW from the Local Authorities (in previous years, grant funding from Welsh Government has been paid direct to ERW).

3.0 Governance

3.1 Code of Corporate Governance

The ERW Code of Corporate Governance was approved by the Joint Committee on 16 July 2018.

3.2 Annual Governance Statement

The ERW Annual Governance Statement provides an overview of the effectiveness of ERW's governance arrangements during 2021-22. It highlights significant governance issues and priorities for improvement which will be addressed by Partneriaeth in 2022-23.

The Annual Governance Statement for 2021-22 will be considered and approved by the ERW Joint Committee alongside the ERW Statement of Accounts for 2021-22, following which the significant governance issues and priorities for improvement will be reported to Partneriaeth.

4.0 Operational Model

4.1 ERW Business Plan

The ERW Business Plan 2021-22 was approved by the Joint Committee on 13 March 2021. This business plan was originally for April to August 2021 when ERW was meant to cease operations, but continued until the end of the 2021-22 financial year. The Business Plan identified five improvement priorities that match the enabling objectives of the National Mission, whilst reflecting local and regional priorities:

- Developing and delivering a transformational curriculum;
- Developing a high-quality education profession;
- Developing inspirational leaders and to facilitate them working collaboratively to raise standards;
- Developing strong and inclusive schools that are committed to excellence and wellbeing;
- Developing robust assessment, evaluation and accountability processes that support a self-improving system.

The ERW Business Plan 2021-22 was developed by using the outcomes of self-evaluation, research findings, cross-consortia planning as well as identification of school, local authority, regional and national priorities. A wide range of stakeholders contributed and there was extensive consultation on the development of the plan prior to publication.

- Headteachers;
- Directors of Education
- ERW Joint Committee and Executive Board
- ERW Central Team
- Headteacher Reference Board
- ERW Strategy groups

4.2 Performance Management Framework

As the employing Local Authority for ERW, Pembrokeshire County Council's Performance Management Framework, dated July 2019, is used. It enables all staff working for ERW to identify how their work contributes to achieving the organisations overall objectives. This is achieved by compiling and publishing a hierarchy of aligned plans. The highest level plans describe ERW's objectives, set the strategic direction and take a long term view. By contrast, individual officer performance review plans are reviewed annually, and in many cases, twice a year. The link between these plans is often referred to as the "Golden Thread".

5.0 Risks and Opportunities

5.1 Business Risk Management

Members and Officers are responsible for ensuring that risk is considered in the decisions they take and suitable arrangements are put in place to manage risk. The Joint Committee has responsibility for overseeing ERW's Business Risk Management arrangements.

The ERW corporate risk register identifies the risks (threats) to the achievement of the ERW aims. As a live document, it is revised and updated on an ongoing basis and was last formally reviewed by the Joint Committee on 8 July 2021, with the residual risk scores shown below:

Risk	Residual Risk Scores
ERW Governance	12
Cuts to School Budgets	12
Pembrokeshire Estyn Monitoring results in follow-up	8
Powys Estyn Monitoring results in continued follow-up	8
Failure to comply with Estyn Action Plan	8
Funding current or future costs resulting from partners leaving the ERW consortium	8
LA failure to comply with Grant Regulations	6
Data Protection	6
ERW found not to provide Value for Money	6
Failure to respond to qualifications 2021	6
Timeliness of Welsh Government Funding	6
Delivery of National Mission	6
Transparency of Governance	6
Impact of Covid-19	6
Carmarthenshire Estyn Monitoring results in follow-up	4
Ceredigion Estyn Monitoring results in follow-up	4
Swansea Estyn Monitoring results in follow-up	4
Cost Savings required by Welsh Government	4
Lack of clarity on functions	4
Lack of communication	4
Failure to Deliver Business Plan	4

5.2 Key Financial Risks for 2022-23 and Beyond

ERW ceased to exist on 31 March 2022, therefore no budget was set for ERW for 2022-23.

- There have been 2 redundancies as a result of the cessation of ERW, the costs of these redundancies were met from the existing ERW budgets.
- The ERW reserve and EWC balances remaining at the cessation of ERW will have to be distributed to the remaining Local Authorities in accordance with the ERW Joint Agreement.
- Welsh Government have confirmed that there will be no clawback of grant funding received during 2020-21 and 2021-22 which had not been spent by 31 March 2022. This funding will be distributed to the remaining Local Authorities during 2022-23. There may be other unforeseen costs involved in the cessation of ERW which will not be known until the Statement of Accounts for 2021-22 have been audited by Audit Wales and approved by the ERW Joint Committee.
- It is anticipated that a working balance and reserves for Partneriaeth will be created following the cessation of ERW, utilising the ERW and EWC reserve balances.
- Continued reliance on grant funding is a risk for ERW and will remain a risk for Partneriaeth.

6.0 Strategy and Resource Allocation

6.1 Grant Allocations

The RCSIG was allocated by the Local Authorities in accordance with the National Ministerial Priorities. RCSIG grant funding passported from the Local Authorities was allocated according to the ERW Business Plan 2021-22 priorities in line with the ERW Strategy Groups:

- Curriculum
- Professional Learning
- Leadership
- Welsh
- Digital
- Equity & Wellbeing

The terms and conditions of the grant are carefully adhered to, and whenever possible clear links are made between grants to enable greater value for money when planning expenditure. An update is included in the Finance Report provided to the Joint Committee at each meeting.

6.2 Welsh Government Grant Funding

The various Welsh Government grants received in 2021-22 are outlined in Note 13.1.

7.0 Performance

7.1 Performance Reporting

Regional performance in terms of examination results and progress implementing the Business Plan is reported to the Joint Committee.

7.2 Financial Reporting

The Joint Committee are generally provided with a Finance Update Report from the S151 Officer at each of their meetings.

7.3 Summarised Financial Performance

The summarised financial performance provides a high level overview of the financial position of ERW as at 31 March 2022. Set out in the following paragraphs is the final outturn position for 2021-22 compared to the Amended Full Year estimate agreed by the ERW Joint Committee on 29 April 2022.

7.4 Revenue Expenditure

Central Team	Amended Full Year Estimate 2021-22 £000	Actual 2021/22**			Actual Expenditure 2020-21 * £000
		Central Team	Grants	Total	
Gross Expenditure					
Employees*	2,791	143	2,384	2,527	3,109
Premises	51	66	12	78	63
Transport	7	0	1	1	5
Translation	34	4	16	20	34
Supplies & Services	14	12	2	14	32
Consultancy	27	48	424	472	439
Support Services	149	160	0	160	139
Payments to Schools via LA's for specific work*	1,314	0	1,321	1,321	2,311
Facilitation	0	0	0	0	16
Grants Passported to LA's	0	0	0	0	50,323
Total Gross Expenditure	4,387	433	4,160	4,593	56,471
Income					
Contributions from Member Authorities	(389)	(388)	0	(388)	(480)
Welsh Government Grant*	(3,998)	0	(4,067)	(4,067)	(55,751)
Other Grant Income	0	0	(1,049)	(1,049)	(302)
Miscellaneous Income	0	0	(2)	(2)	(208)
Total Income	(4,387)	(388)	(5,118)	(5,506)	(56,741)
Net Surplus	0	45	(958)	(913)	(270)
Appropriation to/(from) Reserve	0	(45)	958	913	270

*Prior Year Adjustment relating to £27k over accrual of expenditure in 2020-21

**It should be noted that the actual income and expenditure shown has been updated to reflect the final accounting entries and is therefore different to that reported to ERW [Joint Committee](#) on 29 April 2022.

Commentary on the 2021-22 Revenue Performance

The ERW Consortium total gross expenditure for 2021-22 totalled £4.6m. This year was unique in that the Welsh Government grant funding went direct to Local Authorities and ERW were passported income by the remaining Local Authorities (in previous years Welsh Government grant funding was paid direct to ERW).

The ERW Joint Committee and Executive Board received two budget monitoring reports and financial updates on 8 July 2021 and 29 April 2022 and were updated on additional grant resources as they became available. All Joint Committee reports can be found on the Carmarthenshire website at <https://democracy.carmarthenshire.gov.wales/mgCommitteeDetails.aspx?ID=376>

Local Authorities were invoiced for their contributions for 2021-22 in the sum of £388k. Unlike other consortia, ERW does not directly employ School Improvement Challenge Advisors. They are employed by each Local Authority and work collaboratively across the region as a whole as and when necessary to deliver an effective service. ERW therefore only directly employs a small administrative Central Team which supports the Chief Officers.

Contributions towards the costs of the Central Team were split between the four Local Authorities on the basis of pupil numbers for PLASC 20. The allocation from Powys County Council was on the basis of 5/12 until August 2021.

Local Authority	% of Pupils in Region	Contribution
Powys	8.78%	£34,139
Pembrokeshire	20.55%	£79,898
Carmarthenshire	31.89%	£123,998
Swansea	38.78%	£150,785
Total	100%	£388,820

It is anticipated that these percentages will be utilised for the apportionment of any ERW and EWC reserve balances to the four remaining Local Authorities.

7.5 Future Outlook - Partneriaeth

7.5.1 Funding Position

ERW ceased to exist on 31 March 2022. Welsh Government have confirmed that Partneriaeth will replace ERW and that any funding for 2022-23 will be transferred to this new entity from 1 April 2022.

7.5.2 Assets and Liabilities

Partneriaeth will take on any continuing ERW assets or running costs, with the ERW pension liability transferring to Pembrokeshire County Council as the employing Local Authority.

Total ERW debtors are valued at £4.0m, for grant funding due from Local Authorities and payment of secondment invoices. No issues have been identified in relation to the impairment of any other current assets.

No issues have been identified regarding the settlement of current liabilities. It is not anticipated that there are any unbudgeted commitments or liabilities arising from 2021-22 that ERW cannot meet from its reserves.

7.5.3 Pensions Liability

ERW participated in two pension schemes - the Dyfed Pension Fund and the Teachers' Pension Fund.

Dyfed Superannuation Scheme, which is administered by Carmarthenshire County Council, is a funded defined scheme to which both employees and the ERW Joint Committee as employers pay contributions. The scheme operates under the legislation appertaining to Local Government Pensions.

A composite employer's contribution rate used in 2021-22 was calculated by the Fund's actuary based on the valuation as at 31 March 2019 for all employees of ERW who are members of the scheme.

The Fund was valued as at 31 March 2019. The results of this valuation are reflected in the 2021-22 accounts.

The Dyfed Fund has seen an overall increase in its net deficit. A pension liability of £234m as recorded at 31 March 2022 (compared to £265m at 31 March 2021) for Pembrokeshire County Council. The share of the pension liability relating to ERW has increased to £0.641m at 31 March 2022 (compared to £0.613m at 31 March 2021), with the remainder relating to Pembrokeshire County Council. It is not anticipated that there is any cause for concern at this stage, as the actuarial assumptions used to calculate the balance sheet position are complex, meaning that the actual payments could differ to this. The position will be recovered in the longer term with the Fund able to meet its commitments

Implications and Risks

Auto-enrolment of staff in the Scheme was introduced during 2017.

The new all Wales Pensions Investment Pool was created as a result of a National UK agreement with the Treasury Department to increase the size of the investment funds and reduce administration costs. The all Wales fund is administered by Carmarthenshire County Council and took effect from April 2018. The new fund will be responsible for investing the funds of the current 8 Local Government pension funds. Each existing pension fund within the all Wales pooled investment fund will continue to be able to set its own investment criteria and strategies.

The major risks facing the ERW Joint Committee relate to:

- The overall number of contributors to the fund relative to the number of pensioners falling significantly resulting in higher employer contribution rates.
- Any consequential increase in employer contribution rates arising from the ongoing reforms outlined above or poor economic performance of the Dyfed Fund investments.

Given the small number of employees employed by ERW its exposure to these risks is small.

Any ongoing pension liability will remain with Pembrokeshire County Council following the cessation of ERW, no pension adjustments will therefore be shown within the Partneriaeth Statement of Accounts.

Teachers Pension Scheme

The scheme is administered by the Department for Education in England and Wales. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise, and therefore no fund assets or liabilities appearing in the ERW Joint Committee's Balance Sheet.

Pembrokeshire County Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers scheme.

Implications and Risks

The Government introduced reforms to Teachers pensions from April 2015. Future pensions will be based around career average pension as opposed to final salary pensions.

The major risk facing the ERW Joint Committee relates to the consequential increase in employer contribution rates arising from the falling contributor to pensioner ratios and from the reforms outlined above.

Any ongoing pension liability will remain with Pembrokeshire County Council following the cessation of ERW, no pension adjustments will therefore be shown within the Partneriaeth Statement of Accounts.

7.5.4 Usable Reserves and Balances

General Working Reserve

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities. It was created in 2016-17 in order to provide an adequate level of funding to deal with any unexpected expenditure. This reserve had a balance of £100k at the end of 2021-22.

Earmarked Reserves

These constitute balances held at the year-end for specific purposes and will be used in accordance with those specific requirements. These reserves had a balance of £577k at the end of 2021-22.

Education Workforce Council (EWC) Unused Funding

The EWC provided ERW with grant funding on an annual basis to fund training. When the cost of providing the training has been less than the annual grant, the EWC have advised that they do not require the grant to be returned and a balance has accrued. There is a balance of £958k at the end of 2021-22 which has been appropriated to reserve.

Transfer of Reserves and EWC Balance upon Cessation of ERW

It is anticipated that a working balance and reserves for Partneriaeth will be created following the cessation of ERW, utilising the ERW reserve and EWC balance. Any remaining reserves or balances will be distributed to the remaining Local Authorities, in accordance with the ERW Joint Agreement.

7.5.5 Payments to Auditors

It is estimated that £16k will be paid to Audit Wales for its work auditing the 2021-22 financial statements. All grant certification will be subject to Internal Audit as required by Welsh Government.

8.0 Basis of Preparation and Presentation

Any matters which may have affected ERW's ability to deliver its Business Plan have been identified in the body of this Narrative Report.

If you need any more information about the ERW Statement of Accounts, please contact the Director of Resources, Pembrokeshire County Council, County Hall, Haverfordwest, SA61 1TP. The ERW Statement of Accounts are also available on ERW's internet site.

**Jonathan Haswell FCCA
ERW S151 Officer
17 May 2023**

9.0 The Independent Auditor's Report of the Auditor General for Wales to the Members of the Education Through Regional Working Joint Committee

Report on the audit of the financial statements

Opinion on the financial statements

I have audited the financial statements of the Education through Regional Working Joint Committee (ERW) for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

The Education through Regional Working Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Education through Regional Working Joint Committee as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Education through Regional Working Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Authority's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

We draw attention to Notes 10.3, 14.2 and 16 of the financial statements, which describe the current status and expected timescale for the cessation of ERW. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on ERW's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 15, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management, ERW's internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Education through Regional Working Joint Committee's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- obtaining an understanding of the Education through Regional Working Joint Committee's framework of

authority, as well as other legal and regulatory frameworks that the Education through Regional Working Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Education through Regional Working Joint Committee.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Education through Regional Working Joint Committee about actual and potential litigation and claims;
- reading minutes of meetings of the Joint Committee as those charged with governance, and its committees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Education through Regional Working Joint Committee's controls, and the nature, timing and extent of the audit procedures performed. A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of my auditor's report.

Certificate of completion of audit

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

Adrian Crompton
For and on behalf of the Auditor General for Wales
(Date to be determined)

1 Capital Quarter
Cardiff
CF10 4BZ

STATEMENT OF ACCOUNTS

ERW JOINT COMMITTEE

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT

The ERW Joint Committee's Responsibilities

The ERW Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this ERW Joint Committee, that officer is the Director of Resources of Pembrokeshire County Council.
- To manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Director of Resources Responsibilities

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

In preparing this Statement of Accounts, the Director of Resources has:

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

The Director of Resources has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF DIRECTOR OF RESOURCES

The Statement of Accounts of the ERW Joint Committee for the year ended 31 March 2022 is contained on Sections 10 to 15, and is produced in accordance with the requirements of the Local Government Accounts and Audit (Wales) Regulations 2014, (as amended). The Regulations prescribe the contents of the Statement of Accounts and it is upon the contents only that the Audit opinion is expressed.

I certify the accounts present a true and fair view of the financial position of the ERW Joint Committee as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022 and append my signature to the Statement in accordance with Regulation 10(1).



J HASWELL FCCA

ERW S151 Officer

Date: 17 May 2023

REPORTING AND APPROVAL

These accounts, initially published on 12 December 2022 will be reported to the ERW Joint Committee for approval following the conclusion of the Annual Audit on 3 February 2023. The audit certificate is shown on pages 13-15.

Chair of ERW Joint Committee

Offices Address: Y Llwyfan,
College Road,
Carmarthen,
SA31 3EQ

Date: 17 May 2023

10 Core Financial Statements – Underlying Principles

The application of accounting standards, concepts, critical judgements and inherent risks, and accounting policies used in preparing the core financial statements are set out in the following pages.

10.1 Financial Reporting Standards

The International Financial Reporting and Other Standards that have been issued have been applied as required by the Code of Practice on Local Authority Accounting.

The Code of Practice requires that the Joint Committee discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. There are no key changes to accounting standards issued but not yet adopted that will impact on the Joint Committee.

The Statement of Accounts set out in sections 11 to 15 have been prepared in compliance with the 2021-22 Code of Practice on Local Authority Accounting.

10.2 Accounting Concepts

The following pervasive accounting concepts have been used in the preparation of the Core Accounting Statements:

- Accruals basis
- Going Concern

The qualitative characteristics of financial information continue to be employed:

- Relevance
- Comparability
- Verifiability
- Timeliness
- Understandability
- Materiality
- Faithful Representation
- Completeness, Neutrality, Free from Error
- Primacy of legislative requirements

10.3 Critical judgements in Applying Accounting Policies and Estimating Risk

In applying the accounting policies set below in section 10.4 the ERW Joint Committee has made judgements about the complex transactions for 2021-22, with the Partneriaeth Joint Committee making judgements about the complex transactions and those involving uncertainty in future years.

It was anticipated that ERW would cease on 31 August 2021 and a new partnership, 'Partneriaeth', of three local authorities - Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea Council would commence from 1 September 2021 with a new legal agreement. However, due to delays in determining the staffing structure for the new Partneriaeth and the timescales for the related consultation and HR processes to be completed, ERW continued to operate, ceasing at the end of 2021-22. Whilst Powys County Council remained part of ERW until 31 August 2021, they have received no services from 1 September 2021. The new 'Partneriaeth' commenced on 1 April 2022, with a new legal agreement in place for the three partner local authorities. It is understood that the other local authorities will be making their own arrangements for the future.

Pembrokeshire County Council is the employing body for the ERW staff and maintains the ERW finances/accounts, providing financial services, internal audit, ICT, HR and procurement support to ERW via service level agreements. Pembrokeshire County Council will retain these roles with Partneriaeth.

In certain instances it has been necessary to estimate the changes made in the accounts using historical experience, current trends etc. Actual results may be different from the assumptions made and consequently may affect the charges made in future years' accounts. Where there are changes between estimated and actual amounts these changes will be reflected in the Partneriaeth accounts, funded from any reserve balance transferred; these are not anticipated to be material.

The main risk areas are set out in the following table:

Issues appertaining to items in the current set of accounts:		
Item	Risk	Potential Affect
Contractual Obligations	Incorrect quantifications and legal challenge	Additional charge to the Joint Committee and its Partner Authorities
Grant Funding	Claimed ineligible expenditure	Loss of grant with expenditure to be funded from core or grant clawback
Pension Liability	Actuarial assumptions incorrect	Increased Employer Contributions at future date for Partneriaeth
Confirmation of regional position as delivery mechanism for School improvement	Funding from WG and subsequent expectations	Inability to respond to increasing expectations of regional working.
Delay in receiving grant funding	Committed expenditure not being eligible. Poor planning.	Loss of grant with expenditure to be funded from core or grant clawback. Adverse cashflow
Governance – Future arrangements	Decisions not made in timely manner	Delay in improvements, grant clawback or loss of grant funding
Core LA funding not being received	Break-up of the Consortium	Loss of Welsh Government grant Cessation of regional working
Cessation of ERW	Additional unanticipated expenditure resulting from the cessation of ERW	Additional charge to the Joint Committee and its Partner Authorities

Issues potentially impacting the accounts in the future – these issues will transfer to the new Partneriaeth		
Item	Risk	Potential Affect
Changes in Political Priorities	Reduced funding	Reduction in service, or cessation of regional working
Educational Outcomes	Pupils attainment does not improve at the necessary pace	Loss of future grant funding/ Local Authorities having to change support levels to Partneriaeth
Grant Funding	Claimed ineligible expenditure RCSIG and PDG paid direct to Councils and not paid over to Partneriaeth.	Loss of grant with expenditure to be funded from core or grant clawback Reduction in service provision
Demographic Change	Assumptions Incorrect	Increased service & contractual costs
Grant Funding	Loss of grant from Welsh Government	Reduction in service provision
Transformation/ Alternative Service Delivery	Changed ways of working do not deliver assumed financial savings	Budget over/under spend Separate accounting arrangements
Welsh Language Standard	Assumption incorrect	Increased service & contractual costs
Wellbeing of Future Generations Act	Act not considered in decision making	Cost of corrective action
Grant funding withheld by Welsh Government	Partneriaeth not adhering to regional nature of grant conditions	Schools do not access the support required.
Partneriaeth – Future provision of education through regional working.	Regional service does not continue	Insufficient support provided to schools to implement new curriculum and action the Estyn recommendations.

10.4 Accounting Policies

The accounting policies used to prepare the Core Accounting Statements and the following Supporting Notes and Supplementary Financial Statements have been reviewed using the 2021-22 Code of Practice on Local Authority Accounting.

10.4.1 General Principles

The objective of the accounting policies adopted shall be to ensure that the Statement of Accounts provides a “true and fair” view of the financial position of the ERW Joint Committee.

The accounts shall be prepared in accordance with the latest Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) (the Code) and adhere to the relevant Financial Reporting Standards and Practices, unless otherwise stated.

Figures shall be included in the Financial Statements using the cost convention specified by the appropriate accounting standard.

The accounting policies shall be revised as required from those of the previous year to reflect changes in reporting requirement with any such changes being disclosed.

10.4.2 Exceptional, Extraordinary Items, Prior Year Adjustments & Events After the Reporting Period

Extraordinary items - No items of income or expense will be treated as extraordinary. All items will therefore be accommodated within one of the specified lines of the Surplus or Deficit on the Provision of Services or the Other Comprehensive Income and Expenditure.

Exceptional items – When items of income and expense are material, their nature and amount will be disclosed separately, either on the face of the Comprehensive Income and Expenditure Account or in the notes to the accounts.

Unless otherwise sanctioned by the Code, material prior period adjustments shall result in a restatement of prior year figures and disclosure of the effect.

Material events occurring after the end of the reporting period shall, if applicable at the Balance Sheet date, amend the Statement of Accounts. Other events will be disclosed with an estimate of the likely financial effect. If amended after being issued prior to the conclusion of audit the responsible financial officer shall re-certify the revised Statement of Accounts as replacing that previously issued.

10.4.3 Leases and Lease-Type Arrangements

Recognition and Classification

Operating leases shall be defined as all other lease type arrangements not deemed to be finance leases. In considering property leases, land and buildings shall be considered separately for classification purposes, with land with an infinite life generally being recognised as an operating lease.

Operating Leases - the whole of the rental payable under operating leases shall be charged to the revenue account on a straight line basis over the term of the lease.

10.4.4 ERW Joint Committee Reserves (Working Balances)

Classification

Reserves shall be classified as usable, being available to support future expenditure or unusable being those required for financial accounting purposes.

Usable Reserves

The ERW Joint Committee shall govern the management and use of all reserves.

The expenditure financed from reserves shall be shown, when it is incurred, in the appropriate service section of the Comprehensive Income and Expenditure Statement.

The following circumstances shall allow amounts to be reserved from revenue:

- i. Material commitments exist for goods and services not received or paid for by 31 March
- ii. Facilitation of rolling over of funding to future years to ensure the cost effective use of resources and allow for variation in service demand from year to year
- iii. To set aside resources for future developments or contingencies

Unusable Reserves

The following financial reserves shall be maintained:

- i. Pension Reserve – to reflect the position of the Scheme's Fund.

Reporting

Appropriations to and from reserves shall be reported in the Movement in Reserves Statement.

10.4.5 Income & Expenditure

Employee Costs & Benefits

Salaries and wages shall be charged against the periods to which they relate and if necessary estimated accruals made using previous pay periods as a basis. An adjustment shall be made in the Comprehensive Income & Expenditure Account to take account of accrued leave entitlement.

Pension costs – see policy 10.4.7 below.

Supplies and Services Etc

The ERW Joint Committee operates a system of accruals and converted payments. Creditors will be accrued by the end of a predetermined period of the following year and by the inclusion of estimates for significant items remaining outstanding at this time based on quotations or past costs. An exception to this principle relates to electricity and similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy shall be consistently applied each year and therefore does not have a material effect on any year's accounts.

Support Services

All support services provided within and to the ERW Joint Committee will be charged as appropriate through Grant, within the scope of the Terms and Conditions, and Local Authority contributions. Support services are provided by an administration team within ERW and from Local Authorities through Service Level Agreements (SLAs).

Income

All income due to the ERW Joint Committee shall be accounted for at the due date and recognised at fair value.

10.4.6 Government Grants and Other Contributions

General

Government grants and other contributions shall be accounted for on an accruals basis and when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

Revenue Grants and Contributions

Where a revenue grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant or contribution shall be recognised as a receipt in advance. When the grant conditions are met it shall be recognised in Comprehensive Income and Expenditure Statement as income and be matched in the service revenue accounts with the expenditure to which it relates.

Repayment

In the event of repayment this shall first be applied to any receipt or contribution received in advance. To the extent that the repayment exceeds any such receipt in advance, or where no receipt in advance exists, the repayment shall be recognised within the Comprehensive Income and Expenditure Statement as an expense.

10.4.7 Employee Costs & Benefits

Benefits during Employment

Normal remuneration costs shall be charged as an expense in the period to which they relate.

A year end accrual shall be made in the Comprehensive Income and Expenditure Statement of any material costs arising from holiday entitlement not taken. However, not being a charge for taxation purposes shall be reversed out in the Movement in Reserves Statement.

Termination Benefits

Termination benefits shall be charged in the Comprehensive Income and Expenditure Statement when the ERW Joint Committee is demonstrably committed to the termination of employment.

Pension Costs

The pension contributions paid by the ERW Joint Committee shall be charged on an accruals basis to the appropriate service revenue account and, together with the contributions made by employees, shall be paid over to the respective fund.

Dyfed Pension Fund – The accounting policies applying to the Fund shall be determined by the administering Authority, Carmarthenshire County Council, who keep the accounts of the Fund and arrange for actuarial information to be provided to participating Bodies.

Pembrokeshire County Council, as an employing Authority for the ERW Joint Committee shall include the current service costs of pensions as calculated by the Fund's actuary in the cost of services in accordance with the requirements of IAS19 as this is accounted for as a defined benefit scheme.

These charges shall be reversed out in the Movement in Reserves Statement and the actual contributions paid to the Fund included to ensure that the correct cost is charged to the ERW Joint Committee.

Assets and liabilities pertaining to the ERW Joint Committee shall be disclosed on the Balance Sheet.

Teachers Pension Scheme - In the case of teachers, pensions are "unfunded" and are met from annual contributions, therefore no liability for future benefits shall be recognised in the Balance Sheet. The scheme is accounted for as a defined contribution scheme and the contributions payable are charged to the Consolidated Income and Expenditure Statement.

10.4.8 Debtors, Bad Debt Impairment & Creditors

General Debtors shall be recognised in the Balance Sheet and measured at fair value of the amount receivable when revenue has been recognised. In the majority of cases fair value will equate to the cash value but in the case of long term debtors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income and Expenditure Statement but not being a proper charge to the ERW Joint Committee shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

Where revenue has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

General Creditors shall be recognised in the Balance Sheet and measured at fair value of the amount payable when goods have been delivered or services rendered. In the majority of cases fair value will equate to the cash value but in the case of long term creditors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income and Expenditure Statement but not being a proper charge to the ERW Joint Committee fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

10.4.9 Cash and Cash Equivalents

Represented by funds that are held to meet short-term cash commitments, rather than invested for other purposes, and that are readily convertible to known amounts of cash. The amount of cash and cash equivalents so defined shall be determined by reference to the daily cash flow forecasts.

10.4.10 VAT

Transactions shall be shown net of VAT to the extent that it is recoverable/payable.

10.4.11 Related Parties

The following disclosures shall be made in respect of material transactions with related parties not disclosed elsewhere in the Statement of Accounts:

- i. Nature of the relationship and influence exerted either by or on the ERW Joint Committee
- ii. The aggregate of transactions in the year separately showing payable and receivable amounts
- iii. Outstanding balances as at 31 March.

10.4.12 Provisions

Provisions are made where an event has taken place that gives the ERW Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the ERW Joint Committee becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the ERW Joint Committee settles the obligation.

10.4.13 Contingent Liabilities and Assets

Contingent Liabilities

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

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

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

11.0 Core Financial Statements – Components and Detail

The core financial statements, prepared using International Financial Reporting Standards, (IFRS) comprise of:

- The Comprehensive Income and Expenditure Statement - showing the accounting cost in the year of providing services measured on an IFRS basis as opposed to the cost actually funded from taxation. The reconciliation to the taxation position, as represented by the actual funds available to the ERW Joint Committee, is shown in the Expenditure and Funding Analysis (note 11.1)
- The Movement in Reserves Statement – showing the movement on the different reserves held by the ERW Joint Committee analysed between usable reserves and unusable reserves held for financial accounting purposes.
- The Balance Sheet - which sets out the financial position on 31 March in terms of the value of assets and liabilities recognised by the ERW Joint Committee and the reserves held by the ERW Joint Committee
- The Cash Flow Statement - which summarises the inflows and outflows of cash and cash equivalents with third parties arising from revenue and capital transactions.

Supporting Notes and Supplementary Financial Statements

These comprise of:

- The Expenditure and Funding Analysis.
- Notes to the core financial statements.

11.2 Comprehensive Income and Expenditure Statement

This statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practice.

The Comprehensive Income and Expenditure Statement can be summarised as follows:

- **Surplus/Deficit on Continuing Operations** – analyses by subjective groupings, the day to day income and expenditure on such items as employee remuneration, running costs of services, service specific grants, fees and charges.

In accordance with the Code requirements, the operating income and expenditure of services include the following “notional” costs that are “reversed out” in the Movement in Reserves Statement:

- Current service pension costs.
- **Other Comprehensive Income & Expenditure** – shows the surplus or deficit arising from the re-measurement of pension assets and liabilities.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Note	2020-21*			2021-22		
	NO.	Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000
Expenditure							
Employees*		3,109	139	3,248	2,549	0	2,549
Premises		63	0	63	78	0	78
Transport / Mileage		5	0	5	1	0	1
Translation		34	0	34	20	0	20
Supplies & Services		32	0	32	14	0	14
Consultancy		439	0	439	472	0	472
Support Services		139	0	139	160	0	160
Payments to Schools via LA's for ERW defined projects*		2,311	0	2,311	1,321	0	1,321
Training / Conferences		16	0	16	0	0	0
Bad debt provision		0	0	0	0	0	0
Total Expenditure		6,148	139	6,287	4,615	0	4,615
Income							
Contributions from Member Authorities		0	(480)	(480)	0	(388)	(388)
Welsh Government Grant*			(5,429)	(5,429)	0	(4,067)	(4,067)
Other Grant Income		0	(302)	(302)	0	(1,049)	(1,049)
Miscellaneous Income		0	(207)	(207)	0	(2)	(2)
Total Income		0	(6,418)	(6,418)	0	(5,506)	(5,506)
WG Grant Passported to Member Authorities	13.1						
Carmarthenshire		12,712	(12,712)	0	0	0	0
Ceredigion		4,022	(4,022)	0	0	0	0
Neath Port-Talbot		0	0	0	0	0	0
Pembrokeshire		7,955	(7,955)	0	0	0	0
Powys		7,262	(7,262)	0	0	0	0
City and County of Swansea		18,372	(18,372)	0	0	0	0
		50,323	(50,323)	0	0	0	0
(Surplus) / Deficit on Continuing Operations		56,471	(56,602)	(131)	4,615	(5,506)	(891)
Financing & Investment Income and Expenditure							
Net Pensions Interest	13.2			67			6
(Surplus) or Deficit on Provision of Services				(64)			(885)
TOTAL COMPREHENSIVE INCOME & EXPENDITURE				(64)			(885)

*Prior Year Adjustment relating to £27k over accrual of expenditure in 2020-21

11.3 Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the ERW Joint Committee, analysed between usable (those that can be applied to fund expenditure) and other unusable reserves. The unusable reserves include reserves that hold unrealised gains and losses that are only realised when assets are sold and reserves that hold accounting differences needed to reconcile the differences between reporting on the IFRS accounting basis and the statutory funding basis.

The (Surplus)/Deficit on the provision of services reflects the economic cost of providing the ERW Joint Committee's services, more details of which are provided in the Comprehensive Income and Expenditure Statement on the following page.

Actuals 2021-22	ERW Usable Earmarked Reserves £000	ERW General Working Reserve £000	ERW Unusable Reserves £000	Total ERW Reserves £000
Balance 1st April 2021	(622)	(100)	613	(109)
(Surplus) / Deficit On Provision of Services	(885)	0	0	(885)
Total Comprehensive Income & Expenditure (see note 11.2)	(885)	0	0	(885)
Adjustments Between Accounting Basis and Funding Basis Under Regulation (See note 12.0)	(28)	0	28	0
(Increase) / Decrease In Year	(913)	0	28	(885)
Balance 31st March 2022	(1,535)	(100)	641	(994)

Actuals 2020-21	ERW Usable Earmarked Reserves £000	ERW General Working Reserve £000	ERW Unusable Reserves £000	Total ERW Reserves £000
Balance 1st April 2020	(352)	(100)	407	(45)
(Surplus) / Deficit On Provision of Services	(64)	0	0	(64)
Total Comprehensive Income & Expenditure (see note 11.2)	(64)	0	0	(64)
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see note 12.0)	(206)	0	206	0
(Increase) / Decrease In Year	(270)	0	206	(64)
Balance 31st March 2021	(622)	(100)	613	(109)

11.4 Balance Sheet

This Statement shows the value at the Balance Sheet date of the assets and liabilities recognised by the ERW Joint Committee. The net assets (assets less liabilities) are matched by:

- Usable reserves comprising of the General Working Reserve and Earmarked Reserves.
- Unusable reserves comprising of reserves facilitating the adjustments required between accounting basis used to prepare the Statement of Accounts and the statutory funding basis under regulation.

BALANCE SHEET AS AT 31st MARCH	Note No.	2020-21		2021-22	
		£000	£000	£000	£000
CURRENT ASSETS:					
Short-term Debtors and Prepayments	15.1.1	295		4,004	
Cash & Cash Equivalents	15.2	3,135		951	
Total Current Assets			3,430		4,955
TOTAL ASSETS					
CURRENT LIABILITIES					
Short-term Creditors	15.1.2	(2,016)		(3,320)	
Payment in Advance	15.1.2	(692)		0	
Total Current Liabilities			(2,708)		(3,320)
TOTAL ASSETS LESS CURRENT LIABILITIES			722		1,635
Net Pension Fund Liability	15.4	(613)		(641)	
TOTAL LONG TERM LIABILITIES			(613)		(641)
NET ASSETS			109		994
Usable Reserves					
- Earmarked Joint Committee Reserves	14.2		(622)		(1,535)
- General Working Reserve	14.2		(100)		(100)
Unusable Reserves					
- Pensions Reserve	14.3		613		641
TOTAL RESERVES			(109)		(994)

11.5 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period, showing how the ERW Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating, investing and financing activities.

The amount of net cash flows arising from net operating activities is a key indicator of the extent to which operations are funded by way of grant income or from the recipients of services provided by the ERW Joint Committee.

All cash transactions are administered by Pembrokeshire County Council as ERW Joint Committee does not operate its own bank account.

CASH FLOW STATEMENT	2020-21		2021-22	
	£000	£000	£000	£000
Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cashflow				
Net (Surplus)/Deficit on the provision of services		(64)		(885)
Adjustments to net surplus or deficit on the provision of services for non-cash movements				
Pension fund adjustments	(206)		(28)	
Movements in revenue debtors, creditors, stocks etc.	(140)	(346)	3,097	3,069
Net cash Flow from Operating Activities		(410)		2,184
NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS				
Cash & Cash equivalents at the beginning of reporting period	2,725		3,135	
Cash & Cash equivalents at the end of reporting period	3,135		951	
(INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		(410)		2,184

See note 15.1 for a breakdown of debtors and creditors and note 15.2 for cash at the end of the year.

12.0 Notes to the Expenditure and Funding Analysis

	2021-22		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	22	0	22
Other Operating Expenditure			
Financing & Investment Income & expenditure	6	0	6
Taxation and non-specific grant income			
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	28	0	28

	2020-21		
	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
(Surplus) / Deficit on Continuing Operations	139	0	139
Other Operating Expenditure			
Financing & Investment Income & expenditure	67	0	67
Taxation and non-specific grant income			
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	206	0	206

12.1 Net Change for the Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by ERW as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure — the net interest on the defined benefit liability is charged to the CIES.

13.0 Notes to the Comprehensive Income & Expenditure Statement

13.1 Revenue Grants

The table below sets out specific grant income from Welsh Government and Other Grant Awarding Bodies.

Revenue Grants	2020-21	Grants Allocated Direct to Authority	Grants Held Centrally*	2021-22	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Pupil Development Grant	(21,274)	(20,957)	(317)	(70)	0	(70)
EWC NQT Moderation	(224)	0	(224)	(1,049)	0	(1,049)
Regional Consortia School Improvement Grant*	(34,478)	(29,366)	(5,112)	(3,932)	0	(3,932)
Siater Iaith	0	0	0	(65)	0	(65)
Others	(78)	0	(78)	0	0	0
Total Revenue Grants	(56,054)	(50,323)	(5,731)	(5,116)	0	(5,116)

*Prior Year Adjustment relating to £27k over accrual of expenditure in 2020-21

The above revenue grants have been accounted as follows during the year:

Revenue Grants	2020-21	Grants Allocated Direct to Authority	Grants Held Centrally*	2021-22	Grants Allocated Direct to Authority	Grants Held Centrally
	£000	£000	£000	£000	£000	£000
Welsh Government Grants Received*	(55,752)	(50,323)	(5,429)	(3,567)	0	(3,567)
EWC	(224)	0	(224)	(1,049)	0	(1,049)
Others	(78)	0	(78)	0	0	0
Grants Credited As Income in Year	(56,054)	(50,323)	(5,731)	(5,116)	0	(5,116)

*Prior Year Adjustment relating to £27k over accrual of expenditure in 2020-21

13.1.1 Further analysis of the Grants held centrally:

Revenue Grants	2020-21*	Grants Held Centrally	2021-22	Grants Held Centrally
		£000		£000
Payments to schools via LA's for specific work				
Carmarthenshire	527		399	
Ceredigion	190		49	
Neath Port-Talbot*	86		0	
Pembrokeshire	413		236	
Powys	379		44	
City and County of Swansea	716		593	
		2,311		1,321
Other expenditure				
Employees*	2,432		2,384	
Grants covering central team	500		0	
Premises	0		12	
Transport / Mileage	4		1	
Translation	28		16	
Supplies & Services	444		424	
Facilitation	12		0	
		3,420		2,837
Appropriation to reserve (EWC)		0		958
Total expenditure		5,731		5,116

*Prior Year Adjustment relating to £27k over accrual of expenditure in 2020-21

13.2 Pension Costs

The ERW Joint Committee participates in two pension schemes:

13.2.1 The Dyfed Superannuation Scheme, which is administered by Carmarthenshire County Council, is a funded defined benefit scheme to which both employees and the ERW Joint Committee, through Pembrokeshire County Council as employers, pay contributions. The scheme operates under the legislation appertaining to Local Government Pensions.

A composite employer's contribution rate used in 2021-22 was calculated by the Fund's actuary based on the valuation as at 31 March 2019 for all employees of the County Council who are members of the scheme.

The Fund was valued as at 31 March 2019 & the results of this valuation are reflected in the 2021-22 accounts.

The disclosures set out below are required by International Accounting Standard 19 (IAS 19), which employs slightly different assumptions than those used in the actuarial valuation, are also produced by the Fund's Actuary at each financial year end.

IAS 19 requires most assets to be valued at "realisable values" i.e.: bid values, as opposed to "fair values" (in effect, mid-market values).

The pensions fund investment assets will move in line with the value of securities quoted on world equity markets which could increase or decrease. As the Pension Fund time horizon is long term and the true value of investments is only realised when investments are sold, no adjustments are made for any changes in the fair value of investments between 31 March 2022 and the date that the accounting statements are authorised for issue.

Interest on Assets

This is the interest on assets held at the start of the period and cash flows occurring during the period, calculated using the discount rate at the start of the year.

The Net Interest Cost is calculated as interest on pension liabilities less the interest on assets.

Recognition of Actuarial Gains and Losses

All actuarial gains and losses are recognised in the year of occurrence via Other Comprehensive Income and Expenditure.

Actuarial gains and losses on liabilities due to changes in actuarial assumptions are split between the effect of changes in financial assumptions and changes in demographic assumptions.

Expenses

Administration expenses are recognised as a separate item within the pension cost. Investment expenses are treated as a loss on asset and so recognised via Other Comprehensive Income and Expenditure.

13.2.2 Teachers Pension Scheme

The scheme is administered by the Department for Education in England and Wales. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise, and therefore no fund assets or liabilities appearing in the ERW Joint Committee's Balance Sheet. Pembrokeshire County Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers scheme.

13.2.3 McCloud Legal Judgement – Age Discrimination in Pension Funds

No specific investigation has been undertaken in relation to increases in the average age of the scheme membership, but no reason has been given to suggest there have been any substantial changes since the 2019 actuarial valuation.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. In July 2020, the UK Government published proposals for consultation on a remedy to address the McCloud issue. The pension fund actuary has based the estimate on the major provisions of the remedy, however there remains some uncertainty over the final outcome.

Revenue Transactions

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2020-21		2021-22	
	£000	£000	£000	£000
Interest on Pension Liabilities	218		22	
Interest on Plan Assets	(151)		(16)	
		67		6
Current Service Cost		319		40
		386		46
Statement of Movement on the Council Fund Balance Entries				
Reversal IAS 19 Entries Above:		(386)		(46)
Actual Charges Paid in Year				
Actual Amount Charged for Period	180		18	
		180		18
Net Adjustment Required		(206)		(28)

The pensions fund investment assets will move in line with the value of securities quoted on world equity markets which could increase or decrease. As the Pension Fund time horizon is long term and the true value of investments is only realised when investments are sold, no adjustments are made for any changes in the fair value of investments between 31 March 2022 and the date that the accounting statements are authorised for issue.

13.3 Exceptional Costs

There were no exceptional costs incurred in the period.

13.4 Remuneration Details

13.4.1 The following tables set out the disclosure of remuneration for ERW Joint Committee Senior Staff as follows:

- Managing Director and Other Senior Staff including pension contributions or equivalent payments. The total contribution rate for employer pension contributions was 17.1% for 2020-21 and 2021-22.
- Other Employees receiving remuneration of £60,000 or more (not including employer pension contributions) in bands of £5,000.

Senior Officers	Year	Gross Salary, Fees & Other Emoluments	Employer Pension Contributions to Local Government Pension Scheme	Benefits in Kind
Interim Managing Director*	2020-21	£36,382	£5,848	0
Interim Chief Officer**	2020-21	£43,348	£7,412	0
Interim Chief Officer**	2020-21	£43,348	£7,412	0
Head of Human Resources***	2020-21	£40,730	£6,965	£6,836
Interim Chief Officer**	2021-22	£75,244	£10,734	0
Interim Chief Officer**	2021-22	£75,573	£12,923	0
Head of Human Resources***	2021-22	£99,220	£16,967	£16,531

* The Interim Managing Director was appointed for the period 1 June 2020 to 31 August 2020

** Two Interim Chief Officers were appointed 1 September 2020 to 31 March 2022

*** The Head of Human Resources was seconded from Pembrokeshire County Council for the period 1 November 2020 to 31 March 2022

Other Employees Remuneration Band	Number of Other Employees	
	2020-21	2021-22
£60,000 - £64,999	1	1
£65,000 - £69,999	2	1
£70,000 - £74,999	0	3

One employee received remuneration above £60,000 but is excluded from the table above due to the fact that they are seconded and recharged to Welsh Government for the period April 2020 to March 2021. The total reimbursement from Welsh Government was £95k (via invoice to WG).

There are other senior officer roles within the ERW Joint Committee who are not employed by the Consortium and they do not receive any remuneration through the additional roles that they carry out on behalf of the region. They include:

Lead Chief Executive	Swansea
Lead Director of Education	Carmarthenshire
Director of Resources/S151 Officer	Pembrokeshire
Monitoring Officer	Swansea

Also on the Executive Board were the 4 Directors of Education from Carmarthenshire, Pembrokeshire, Powys and Swansea.

For information on the remuneration of the above individuals and seconded staff members, users should refer to the respective Local Authority Statement of Accounts.

13.4.2 Termination Benefits

Redundancy & Other Termination Costs Band	2020-21				2021-22			
	No's			£000	No's			£000
	Compulsory	Other	Total		Compulsory	Other	Total	
£0 - £20,000	0	0	0	0	0	1	1	8
£20,001 - £40,000	0	0	0	0	0	1	1	23
Total	0	0	0	0	0	2	2	31

Pension Costs - Capital Settlement Band	2020-21		2021-22	
	No's	£000	No's	£000
	£0 - £20,000	0	0	1
Total	0	0	1	17

13.5 Audit Fees

The following amounts are estimated as payable to Audit Wales for the year:

	2020-21 £000	2021-22 £000
Fees payable to Audit Wales with regard to external audit services carried out by the Appointed Auditor for the year	13	16
Total	13	16

13.6 Related Parties

Related parties refers to bodies or individuals that have the potential to control or influence the ERW Joint Committee or to be influenced or controlled by the ERW Joint Committee thereby possibly constraining the ability of the ERW Joint Committee or the other party to operate independently.

There are other instances where Executive Board Members, lead officers and Members of the ERW Joint Committee may attend meetings of the third party bodies but do not have the direct ability to exercise control, however, the opinions they express may influence decisions and policy.

13.6.1 Significant Interests

Members of the ERW Joint Committee, Lead Officers and Officers of the Executive Board are required to declare potential conflicts of interest arising from employment and other arrangements. There are no conflicts of interests to report.

13.6.2 Material Relationships

The following material relationships have been identified where material influence exists.

Welsh Government

The Welsh Government has the responsibility for the statutory framework and provides the majority of the ERW Joint Committees funding, via Local Authorities for 2021-22, much of which is subject to specific terms and conditions. The bodies can, therefore, exert effective control over the operations of the ERW Joint Committee. Details of grants received are set out in note 13.1.

The following table shows the total transactions and year end balances with 6 Local Authorities:

Transactions with Local Authorities	Debtors Outstanding £000	Creditors Outstanding £000	Creditors Outstanding (Grant Balance due to LA's) £000	Total expenditure in the year £000
Carmarthenshire County Council	1,695	(205)	(511)	215
Pembrokeshire County Council	0	(226)	(329)	490
Neath Port Talbot County Council	0	0		16
Swansea County Council	1,860	(241)	(621)	467
Powys County Council	286	0	(203)	43
Ceredigion County Council	66	0		23
TOTAL	3,907	(672)	(1,664)	1,254

14.0 Notes To The Movement In Reserves

14.1 Adjustments between Accounting Basis & the Regulatory Funding Basis

Actuals	2020-21		2021-22	
	ERW Usable Reserves £000	ERW Unusable Reserves £000	ERW Usable Reserves £000	ERW Unusable Reserves £000
Amounts included in Total Comprehensive Income and Expenditure required by regulation to be excluded to arrive at the funding position				
Pension Cost Adjustment	(386)	(386)	(46)	(46)
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position				
Employers Contribution to Pension Scheme	180	180	18	18
Net Adjustment Required	(206)	(206)	(28)	(28)

14.2 Usable Reserves

Usable Reserves	Balance 1st April 2021 £000	Contribution from Revenue Accounts £000	Contribution to Revenue Accounts £000	Balance 31st March 2022 £000
Earmarked Reserves	(622)	(913)	0	(1,535)
General Working Reserve	(100)	0	0	(100)
Total Useable Reserves	(722)	(913)	0	(1,635)

General Working Reserve

This reserve constitutes ERW's working balance and is maintained to meet day to day operational eventualities. It was created in 2016-17 in order to provide an adequate level of funding to deal with any unexpected expenditure.

Earmarked Reserves

These constitute balances held at the year-end for specific purposes and will be used in accordance with those specific requirements.

Both reserves are reviewed annually during the budget process.

Transfer of Reserves upon Cessation of ERW

It is anticipated that a working balance and reserves for Partneriaeth will be created following the cessation of ERW, utilising the ERW reserves and EWC balance. Any remaining reserves or balances will be distributed to the remaining Local Authorities, in accordance with the ERW Joint Agreement.

14.3 Unusable Reserves

The transactions in the unusable reserve accounts summarised below can be found in more detail in note 15.4.

Unusable Reserves	Balance 1st April 2021 £000	Movement in Year £000	Balance 31st March 2022 £000
Pensions Reserve	613	28	641
Total Unusable Reserves	613	28	641

Unusable Reserves	Balance 1st April 2020 £000	Movement in Year £000	Balance 31st March 2021 £000
Pensions Reserve	407	206	613
Total Unusable Reserves	407	206	613

15.0 Notes To The Balance Sheet

15.1 Debtors and Creditors

15.1.1 Debtors and Prepayments

All amounts included as assets are shown at market (fair) value.

	Net 1st April 2021 £000	Gross 31st March 2022 £000	Impairment Allowance £000	Net 31st March 2022 £000
Amounts falling due in one year:				
Welsh Government	58	97	0	97
Local Authorities & Schools	114	3,907	0	3,907
Prepayments	22	0	0	0
Other Debtors	101	0	0	0
Total Debtors	295	4,004	0	4,004

	Net 1st April 2020 £000	Gross 31st March 2021 £000	Impairment Allowance £000	Net 31st March 2021 £000
Amounts falling due in one year:				
Welsh Government	158	58	0	58
Local Authorities & Schools	0	114	0	114
Prepayments	0	22	0	22
Other Debtors	0	101	0	101
Total Debtors	158	295	0	295

15.1.2 Creditors

	Balance 31 March 2022			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
Amounts falling due in one year:				
Welsh Government	(840)	0	0	(840)
Local Authorities & Schools	(2,336)	0	0	(2,336)
Other Creditors	(144)	0	0	(144)
Total Creditors	(3,320)	0	0	(3,320)

	Balance 31 March 2021			
	Short Term Creditors £000	Revenue Grants Receipts in Advance £000	Capital Grants Receipts in Advance £000	Total Creditors £000
Amounts falling due in one year:				
Welsh Government	(1,472)	(42)	0	(1,514)
Local Authorities & Schools	(362)	0	0	(362)
Other Creditors	(182)	(650)	0	(832)
Total Creditors	(2,016)	(692)	0	(2,708)

Revenue Grants Receipts in Advance	2020-21 £000	2021-22 £000
Welsh Government	(42)	0
NQT/EWC Balance	(650)	0
Total Current Liabilities Revenue Grants Receipts in Advance	(692)	0

15.1.3 Further Breakdown of Short-Term Creditor Analysis

Breakdown of Short-Term Creditors	2020-21 £000	2021-22 £000
Pupil Development Grant	(95)	(65)
Regional Consortia School Improvement	(1,724)	(3,112)
NQT	(120)	0
Total Current Liabilities Revenue Grants	(1,939)	(3,177)
Central Team	(77)	(143)
Total Creditors Owed 31 March	(2,016)	(3,320)

15.2 Cash and Cash Equivalents

	Balance 31 March 2021 £000	Balance 31 March 2022 £000
Cash at Bank / in Hand	3,135	951
Cash Overdrawn	0	0
Total Cash and Cash Equivalents	3,135	951

15.3 Contingent Liabilities

None.

15.4 Pensions (Reserve)/Liability

The Pensions (Reserve)/Liability relates to the Dyfed Pension Scheme (see note 13.2.1) and absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The debit balance on the Pensions Reserve reflects the shortfall at a point in time between the benefits earned by past and current employees and the resources in terms of pension fund assets required to meet them. The statutory arrangements for managing the Fund should ensure that funding will have been set aside by the time the benefits come to be paid.

	2020-21 £000	2021-22 £000
Balance 1 April	407	613
Reversal of items chargeable to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement	386	46
Employers pension contributions and other direct payments in the year	(180)	(18)
Balance 31 March	613	641

16.0 Events after the Reporting Period

The new 'Partneriaeth' commenced on 1 April 2022, with a new legal agreement in place for the three partner local authorities. It is understood that the other local authorities will be making their own arrangements for the future.

Following external audit, and consideration and approval of the ERW Statement of Accounts for 2021-22, the assets and liabilities of ERW will be administered as outlined above.

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Audit of Accounts Report – Education through Regional Working Joint Committee

Audit year: 2021-22

Date issued: March 2023

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This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yen Gymraeg yn arwain at oedi.

Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2021-22 accounts in this report.
- 2 We have already discussed these issues with the S.151 Officer.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £82,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - £1,000 for senior officers' remuneration, pension and exit packages; and
 - £10,000 for related party transactions and balances, being pecuniary interests and/or positions of influence held by senior officers and members, or, by their close family.
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's audit

- 8 The COVID-19 pandemic has had a continuing impact on how our audit has been conducted. We summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	<p>Given the continuing impact of COVID-19, the Welsh Government provided flexibility in terms of both the accounts preparation deadlines and the audit deadlines:</p> <ul style="list-style-type: none">• the timescale for completing your accounts was revised by the Welsh Government from 31 May 2022 to 31 August 2022;• the deadline for completing our audit was extended by the Welsh Government from 31 July to 30 November 2022;• we received the draft accounts on 14 December 2022; and• we expect your audit report to be signed on 11 May 2023.
Audit evidence	<p>As in previous years, we received most of the audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. These include accessing audit evidence remotely via a network folder and securing read-only access to the ledger.</p>

Proposed audit opinion

- 9 We intend to issue an unqualified audit opinion on this year’s accounts, once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 10 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 11 Our proposed audit report is set out in **Appendix 2** and includes one emphasis of matter reference, drawing the reader’s attention to Notes 10.3, 14.2 and 16 of the financial statements, which describe the arrangements for the cessation of ERW. Our opinion is not modified in respect of this matter.
- 12 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.

Significant issues arising from the audit

Uncorrected misstatements

- 13 There are no misstatements identified with the accounts, which remain uncorrected.

Corrected misstatements

- 14 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention, and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

- 15 During the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There are two issues to report in 2021-22.
- 16 Last year, we reported that we encountered difficulties due to delays in receiving responses to audit queries. Similar issues arose again this year, resulting in delays in the completion of the audit of the financial statements.
- 17 This year, we also found that there was a lack of sufficient audit trail in some instances, as supporting documentation from partners was either not comprehensive enough or could not be located.
- 18 Although ERW has now ceased, it is important that these matters are addressed going forward for the new 'Partneriaeth'. We have discussed these with management who have agreed actions to ensure that improvements are made in future years.

Recommendations

- 19 The recommendations arising from our audit are set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Appendix 1

Final Letter of Representation

Auditor General for Wales

Audit Wales

1 Capital Quarter

Cardiff

CF10 4BZ

Date

Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements of the Education through Regional Working Joint Committee (ERW) for the year ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom in particular; the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

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

Financial statement representations

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

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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

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

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

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by the Education through Regional Working Joint Committee

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by ERW on 5 May 2023.

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

Signed by:

Signed by:

Section 151 Officer

Chair of Education through Regional Working Joint Committee

Date:

Date:

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of the Education through Regional Working Joint Committee

Opinion on the financial statements

I have audited the financial statements of the Education through Regional Working Joint Committee (ERW) for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

The Education through Regional Working Joint Committee's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Education through Regional Working Joint Committee as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Education through Regional Working Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Authority's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

We draw attention to Notes 10.3, 14.2 and 16 of the financial statements, which describe the current status and timescale for the cessation of ERW. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on ERW's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 15, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- enquiring of management, ERW's internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Education through Regional Working Joint Committee's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- obtaining an understanding of the Education through Regional Working Joint Committee's framework of authority, as well as other legal and regulatory frameworks that the Education through Regional Working Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Education through Regional Working Joint Committee.

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Education through Regional Working Joint Committee's controls, and the nature, timing and extent of the audit procedures performed.

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales

1 Capital Quarter
Cardiff
CF10 4BZ

Date: 11 May 2023

Appendix 3

Summary of Corrections Made

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

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£958,000	<p>Comprehensive Income and Expenditure (CIES) Total income was increased by £958,000.</p> <p>Balance sheet</p> <ul style="list-style-type: none"> • Receipts in advance were decreased by £958,000. • Earmarked reserves were increased by £958,000. <p>Movement in Reserves Statement</p> <ul style="list-style-type: none"> • Movements to 'Earmarked Reserves' were increased by £958,000. <p>Corresponding adjustments were also made to Notes 15.1.2 (Creditors) and Note 14.2 Usable Reserves to reflect these amendments.</p>	To correctly treat the unspent grant income received from Education Workforce Council at the year-end as an earmarked reserve and not a receipt in advance.
£500,000	<p>Comprehensive Income and Expenditure (CIES) Total income and expenditure were both increased by £500,000.</p>	To correctly reflect the nature and classification within the CIES of amounts due to partner organisations for grant funded projects.
Various (no overall effect on the primary statements) Various	Several minor amendments were made to the financial statements relating to either revisions to disclosures of information, narrative changes, casting errors or typos.	To ensure accuracy of the financial statements.

Appendix 4

Recommendations

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report.

Exhibit 3: matter arising 1

Matter arising 1 – Delays in providing responses to audit queries	
Findings	Throughout the course of the audit, there were significant delays in responses to subsequent audit queries and requests. Although this was due to staff absences and pressures, it did cause significant delays in the completion of the audit of the financial statements
Priority	High
Recommendation	Ensure improvements are made to the process for dealing with audit requests going forward for Partneriaeth
Benefits of implementing the recommendation	To improve the timeliness of the audit process.
Accepted in full by management	Yes
Management response	For 2022-23 we are planning to use the Audit Wales Info system for managing audit queries to ensure they are workflowed appropriately. We will aim to return to a 5 day response to audit queries.
Implementation date	June 2023

Exhibit 4: matter arising 2

Matter arising 2 – Lack of supporting documentation	
Findings	<p>Whilst initial supporting working papers were provided as agreed, subsequent supporting documentation for sampled items, including invoices and grant claim forms from partner organisations could not be located.</p> <p>We also found that several grant claim forms from partners that were provided as supporting evidence for funding claimed were either incomplete, had not been signed / dated or alternatively not supported by a confirmation e-mail.</p>
Priority	High
Recommendation	Improve the quality of supporting documentation from partner organisations and ensure it is retained to support the audit trail.
Benefits of implementing the recommendation	To improve the quality and availability of supporting evidence.
Accepted in full by management	Yes
Management response	A new staffing structure is now in place to support Partneriaeth which will result in improved quality of supporting working papers and documentation.
Implementation date	April 2023



Audit Wales

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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



ERW JOINT COMMITTEE 17 MAY 2023

ERW Joint Committee Agreement – Deed of Variation

PURPOSE:

To approve the terms of the draft Deed of Variation appended to this report.

RECOMMENDATIONS / KEY DECISIONS REQUIRED:

That the Joint Committee:-

1. Approves the terms of the draft Deed of Variation appended to this report.
2. Notes the intention of each of the current member councils to enter into the Deed of Variation subject to each Council obtaining the requisite approval in accordance with their respective constitutions. Thereafter each of the Councils will serve notice to withdraw from ERW to facilitate the dissolution of ERW.

REASONS:

To approve the terms of the draft Deed of Variation which will permit each of the current member councils to withdraw from ERW to facilitate the dissolution of ERW.

Report Author:
Debbie Smith

Designation:
Deputy Chief Legal Officer –
Swansea Council

Tel No. 01792 637585 |
07976659500

E. Mail:
Debbie.smith@swansea.gov.uk

EXECUTIVE SUMMARY
ERW JOINT COMMITTEE
17 MAY 2023

ERW Joint Committee Agreement – Deed of Variation

BRIEF SUMMARY OF PURPOSE OF REPORT

The purpose of this report is to present the attached draft Deed of Variation to the Joint Committee for approval in principle.

The ERW Joint Committee and Consortium arrangements are governed by the terms of an Agreement dated 16 July 2014 (the 2014 Agreement) between the six Local Authorities of Carmarthen, Ceredigion, Swansea, Neath Port Talbot, Pembrokeshire and Powys. The purpose of the 2014 Agreement was to constitute a Joint Committee to deliver educational improvements in schools in central and south-west Wales.

Two of the original parties, Neath Port Talbot and Ceredigion Councils, gave notice to withdraw from the 2014 Agreement, the notices taking effect on 31 March 2020 and 31 March 2021 respectively.

The Joint Committee approved the continued provision of services from ERW/the Consortium to Neath Port Talbot and Ceredigion following their withdrawal from the Agreement.

Carmarthenshire and Swansea councils which had previously issued notices to withdraw from the Agreement, subsequently decided to withdraw those notices and to continue with the current arrangements, working together with Powys and Pembrokeshire to consider options and models for future delivery.

Carmarthenshire, Pembrokeshire and Swansea have now formed a new regional partnership known as Partneriaeth to facilitate the delivery of educational improvements in their administrative areas effective as of 20 April 2022.

Consequently Carmarthen, Pembrokeshire, Swansea and Powys councils now wish to formally withdraw from the 2014 Agreement to facilitate the dissolution of ERW.

The 2014 Agreement states that any council may withdraw from the Agreement by giving notice in writing to each of the other parties to expire 12 months from the end of the financial year in which the notice is given. It does not provide for a situation where all remaining parties leave at the same time in circumstances where ERW consortium is wound up and ceases to exist. Therefore the draft Deed of Variation provides the following amendments to the 2014 Agreement:-

1. To allow the current members of ERW to withdraw from the 2014 Agreement at short notice (minimum 1 week).
2. To provide for the cessation of ERW in the event that all parties withdraw at the same time.
3. To retrospectively provide for the delivery of services to non-parties Neath Port Talbot and Ceredigion as there is no express provision for this in the 2014 Agreement.

Therefore the effective date of the Deed of Variation is 1 April 2020 being the date immediately following Neath Port Talbot council's withdrawal and the subsequent provision of services to NPT and Ceredigion outside of the terms of the 2014 Agreement.

Dissolution of ERW

The financial arrangements relating to the cessation of ERW operations and the dissolution of the Consortium are detailed elsewhere on the Agenda for the Joint Committee's approval.

As there are no losses associated with the termination of ERW operations then the clauses in the 2014 Agreement regarding the way in which liability for losses is to be apportioned between the parties will not apply.

The main terms of the 2014 Agreement remain unchanged save for the amendments made in accordance with the draft Deed of Variation once signed by all current parties. These changes will allow all parties to withdraw from the 2014 Agreement on a minimum of 1 weeks' notice and as at the date of withdrawal, the Joint Committee and the Executive Board will cease to operate and the 2014 Agreement will terminate.

DETAILED REPORT ATTACHED? Draft Deed of Variation attached	YES
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IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues NONE	Staffing Implications NONE
<p>1. Legal The legal implications are detailed within the body of this report.</p>				
<p>2. Finance The financial implications of the cessation of ERW are contained in other reports presented as part of this Agenda</p>				

CONSULTATIONS

The draft Deed of Variation has been circulated to each member council for comment and approval.

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
N/A	N/A	N/A

DATED

2023

**DEED OF VARIATION OF AGREEMENT DATED 16 JULY 2014 TO CONSTITUTE A JOINT
COMMITTEE TO DELIVER EDUCATIONAL IMPROVEMENTS IN SCHOOLS IN CENTRAL AND SOUTH-WEST
WALES**

between

- (1) CARMARTHENSHIRE COUNTY COUNCIL**
AND
(2) THE COUNCIL OF THE CITY AND COUNTY OF SWANSEA
AND
(3) PEMBROKESHIRE COUNTY COUNCIL
AND
(4) POWYS COUNTY COUNCIL

This deed is dated 2023

Parties

(1) **CARMARTHENSHIRE COUNTY COUNCIL** of County Hall, Castle Hill, Carmarthen, SA31 1JP ("Carmarthenshire")

(2) **THE COUNCIL OF THE CITY AND COUNTY OF SWANSEA** of Civic Centre, Oystermouth Road, Swansea SA 1 3SN ("Swansea")

(3) **PEMBROKESHIRE COUNTY COUNCIL** of County Hall, Haverfordwest, Pembrokeshire, SA61 1TP ("Pembrokeshire")

(4) **POWYS COUNTY COUNCIL** of County Hall, Llandrindod Wells, Powys LD1 5LG ("Powys")

together referred to as the Parties or individually, the Party, howsoever the context requires.

Background

- (A) The Parties together with NEATH PORT TALBOT COUNTY BOROUGH COUNCIL of Civic Centre, Port Talbot SA13 1PJ ("Neath Port Talbot") and CYNGOR SIR CEREDIGION COUNTY COUNCIL of Neuadd Cyngor Ceredigion, Penmorfa, Aberaeron, Ceredigion, SA46 0PA ("Ceredigion") are the original parties to an agreement to constitute a Joint Committee to deliver educational improvements in schools in central and south-west Wales dated 16 July 2014 (the "Agreement"), a copy of which is attached as Schedule **Error! Reference source not found.** to this deed.
- (B) Both Neath Port Talbot and Ceredigion, in accordance with clause 15.1 of the Agreement, have given notice in writing to the Parties to withdraw from the Agreement. The notice served by Neath Port Talbot took effect on 31 March 2020 and the notice served by Ceredigion took effect on 31 March 2021.
- (C) The Joint Committee approved the continued provision of services from the Consortium to Neath Port Talbot and Ceredigion following their withdrawal from the Agreement.
- (D) Carmarthenshire and Swansea councils which had previously issued notices to withdraw from the Agreement, subsequently decided to withdraw those notices and to continue with the current arrangements, working together with Powys and Pembrokeshire until 31st August 2021 (or such later date agreed by the Parties) to allow the Parties further time to consider options and models for future delivery.

- (E) Carmarthenshire, Pembrokeshire and Swansea have now formed a new regional partnership known as Partneriaeth to facilitate the delivery of educational improvements in their administrative areas effective as of 20 April 2022.
- (F) Consequently, the Parties wish to amend the Agreement as set out in this deed with effect from the 1 April 2020 (**Variation Date**).

Agreed terms

Terms defined in the Agreement

In this deed, expressions defined in the Agreement and used in this deed have the meaning set out in the Agreement. The rules of interpretation set out in the Agreement apply to this deed.

1. Variation

1.1 With effect from the Variation Date the Parties agree the following amendments to the Agreement so that the Agreement is read to include the following wording:

1.1.1 The Parties agree that the Consortium is authorised to provide services to Neath Port Talbot and Ceredigion for such a period as is agreed by the Parties.

1.1.2 Following the establishment of Partneriaeth the Consortium will restrict its activities to those necessary to facilitate the cessation of the Consortium business and ensure compliance with all regulatory requirements. This will include establishing all liabilities attaching to the dissolution of the Consortium and the termination of the Agreement.

1.1.3 The Parties wish to record that as Neath Port Talbot and Ceredigion have withdrawn from the Agreement, reference to Authority or Authorities and Consortium within the Agreement shall not include a reference to Neath Port Talbot and Ceredigion save that Neath Port Talbot and Ceredigion shall remain liable for the obligations, costs and indemnities referred to in the Agreement and arising as a result of their respective withdrawals from the Agreement.

1.1.4 The Parties agree the following variations to clause 15 of the Agreement:-

Delete clause 15.1 and insert "Any Authority may withdraw from this Agreement at any time by giving at least 1 weeks' notice in writing to each of the other Authorities."

Insert new clause

15.6.1 In the event that all Authorities withdraw from the Agreement on the same date, the Authorities agree that the Joint Committee and the Executive Board shall cease to operate as at the date of withdrawal and the Agreement will terminate as at the date of withdrawal except that the following clauses shall survive termination – clauses 10.2, 11, 13.3, 14, 15, 16 and 19.

1.2 Except as set out herein, the Agreement shall continue in full force and effect.

2. Governing law

This deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

3. Jurisdiction

3.1 Each Party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this deed or its subject matter or formation.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as a Deed by affixing)
the COMMON SEAL of)
CARMARTHENSHIRE COUNTY COUNCIL)

In the presence of

Executed as a Deed by affixing)
the COMMON SEAL of)
PEMBROKESHIRE COUNTY COUNCIL)

In the presence of

Executed as a Deed by affixing)
the COMMON SEAL of)
POWYS COUNTY COUNCIL)

In the presence of

Executed as a Deed by affixing)
the COMMON SEAL of)
THE COUNCIL OF THE CITY)
AND COUNTY OF SWANSEA)

In the presence of

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