

**AUDIT COMMITTEE: 18<sup>th</sup> SEPTEMBER 2018**

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**UPDATE ON INTERNAL CONTROL ENVIRONMENT**

**REPORT OF DIRECTOR OF EDUCATION AND LIFELONG LEARNING**

**AGENDA ITEM: 4.1.1**

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**Reason for this Report**

1. This report has been produced in response to the Audit Committee's request for an update on governance and control within the Education Directorate. This update is also to provide assurance on the implementation of the recommendations made by Internal Audit.

**Background**

2. The Education and Lifelong Learning Directorate provides the strategic, professional and operational support to enable the Council to fulfil its responsibilities for:
  - early years education
  - statutory age education
  - education in school sixth forms
  - a youth service
3. There are 127 schools in Cardiff. There are:
  - 3 nursery schools
  - 98 primary schools
  - 18 secondary schools
  - 7 special schools
  - 1 Pupil Referral Unit
  - 34 Flying Start childcare settings.
4. The Directorate has a net budget of £256.425 million. Of the net budget, £230.923 million (90.05%) is delegated according to a formula to the Council's schools and their governing bodies, who manage their individual school budgets. There are about 6,600 school based staff working in Cardiff's schools, serving 53,440 pupils.
5. In addition, £25.502 million (9.95%) of the net budget is centrally retained and is directly managed by the Education Service, which employs around 1,100 (590 FTE) staff covering a range of services. The directorate is currently organised in three

service areas, as follows:

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6.1 Achievement and Inclusion

Working with the Central South Consortium and other partners to raise standards of learners, by providing support and challenge and by monitoring and evaluating the progress of each school.

Provision of advice and support, direct services and monitoring in relation to the achievement of individuals and specific groups of pupils with additional needs; fulfilling the Council's responsibilities for pupils with special educational needs; promoting high attendance and reducing school exclusion, and Youth Service provision to engage with young people to help them fulfil their potential.

<b>Functions</b>
Behaviour Support/PRU
Education Psychology
Ethnic Minority and Traveller Achievement Service (EMTAS)
Looked After Children
Education Other Than At School
Education Welfare Service
Achievement and Inclusion Support Team
Casework Team
Specialist Teachers
Flying Start
Youth Service

6.2 Performance, Resources and Services

Supporting achievement by securing best use of all resources (financial, human and property) and by securing for schools high quality, value for money services in the below areas:

<b>Functions</b>
Performance Management and Information
Schools Catering
Music Service
Outdoor Education Centre (Storey Arms)
Governing Body Support
Business Support
This service maintains strong links with: Financial Services Human Resources
International School Linking

### 6.3 School Organisation, Access and Planning

School place planning in English, Welsh, Faith and Special School Sector; capital planning; the commissioning and delivery of school buildings; planning of future demand; school admissions and the Welsh in Education Strategic Plan.

<b>Functions</b>
School Organisation
Admissions
School development project planning and delivery

7. Education is a key focus of the priorities set out in Capital Ambition, to continue to drive forward the city's economy and to make Cardiff a great place to live, work and play.

*"We know that a great education will help everyone in Cardiff to achieve their full potential. The Administration will continue to invest in and improve our schools to make sure that every child has the best possible start in life."*

8. The Council works with partners across the city to achieve education goals. The vision outlined in Cardiff 2020 seeks to deliver an education system in which:

*"All children and young people in Cardiff attend a great school and develop the knowledge, skills and characteristics that lead them to become personally successful, economically productive and actively engaged citizens."*

9. The collective commitment to educational improvement in the city has had a significant impact on the outcomes achieved by learners. However, measured by the aspirations for all learners to succeed set out in that vision, we have much more to do. The Directorate has seven strategic priorities to work towards this vision, outlined in the Council's Corporate Plan and Directorate Delivery Plan:

- Priority 1: Improve educational outcomes for children and young people by continuing to raise standards, improved school leadership, high quality teaching and learning and curriculum development.
- Priority 2: Work together with schools and partners to enhance the well-being of children and young people in Cardiff.
- Priority 3: Close the attainment gap for pupils from low-income families, children who are looked after, pupils educated other than at school, and pupils entering Cardiff with English as an additional language.
- Priority 4: Improve support and services for children and young people with additional learning needs to ensure every learner fulfils their potential.

- Priority 5: Ensure there are sufficient and high quality school places to meet the population growth in the city, through planned expansion and the upgrade of the existing school estate via the School Organisation Programme.
- Priority 6: Support young people into Education, Employment or Training by delivering the Cardiff Commitment.
- Priority 7: Improve the range and quality of services provided to schools by the Education Directorate.

## Issues

### Risk management and monitoring arrangements.

10. The Directorate has developed a clear structure and process for managing and monitoring strategic and operational risks related to its responsibilities and commitments as set out below.
  - **Directorate Delivery Plan** – This sets out key strategic and operational activities aligned to the Corporate Plan and to the Capital Ambition Consideration is given to resources required to deliver projects and initiatives together with statutory services along with associated risks.
  - **Risk registers** – risks managed by the directorate are detailed on the registers and are monitored and reviewed quarterly at management meetings. Any risks that are identified as Red or Red/Amber are considered for escalation to the Corporate Risk Register. Risks associated with the delivery of council-wide activities have been identified and are monitored and reviewed alongside the directorate quarterly performance reporting arrangement.
  - **Quarterly Performance Review** – performance against the strategic priorities are monitored and reviewed by the management team on a quarterly basis. Updates are used to feed into Corporate Risk Registers. The management team considers progress made to deliver key commitments, and an evaluation is undertaken to determine where further action is required.

### Current Corporate Risks

11. The Education Directorate currently collates the corporate position for three strategic risks. The relative positions are summarised below.
  - **Band B 21<sup>st</sup> Century Schools Organisation Programme** – there are risks in terms of the timescales for delivery of the £284m capital programme, in the context of very rapidly growing primary age school population. In July 2018, proposals for arrangements to secure appropriate capacity and governance to deliver the programme was approved by the Cabinet. An additional 100 places for children and young people with Additional Learning Needs have also been

created, to increase provision prior to the delivery of new special school schemes.

- **Education Consortium and Attainment** – there is a risk that the Central South Consortium does not deliver effective services that challenge and support Cardiff schools to improve, and educational attainment does not improve at the required rate. Over the last year, the Directorate and Central South Consortium have further developed processes for Schools Causing Concern, which have had a positive impact on both Estyn inspections and the number of schools categorised as 'Green', through the Welsh Government Categorisation Process.
- **School Delegated Budgets** – there is a risk that secondary schools with deficit budgets do not deliver agreed deficit recovery plans, impacting on the overall budgets for all schools. The budget is reviewed by the Education Management Team on a monthly basis.
- **Statutory Building Maintenance** – Whilst this is owned by Economic Development, a significant proportion of the Council's buildings assets are in the school estate. The risks identified here apply to school buildings and the Education Directorate are working with colleagues across the Council to manage these significant risks.

12. The updated year end position was presented to Audit Committee in June 2018.

### **Senior Management Assurance Statement**

13. The Education Management team is actively engaged in the review of the directorate's SMAS both at an individual level on behalf of their function and as part of the discussion that considers and collates the overall position.
14. The overall analysis of the end of year 2017/18 Senior Management Assurance Statement is attached as Appendix 1, which shows that across the Directorate of the 23 assurances; 7 were judged as mixed application, 13 strong application and 3 as embedded. Further work will be completed with the Education Management Team to improve the position for the mid-year review.

### **Monitoring/Implementing recommendations made in Internal Audit reports**

15. Central Directorate Audits undertaken during 2017/18 and 2018/19 are:

Audit	Status	Assurance rating	Number of recommendations made
Catering in opted out schools	Final report issued	Effective with opportunity for improvement	7

Music Service	Final report issued	Unsatisfactory	9
School Organisation, Access and Planning	Final report issued	Insufficient with major improvement needed	10

16. A number of thematic audits were also undertaken during 2017/18:

Audit	Status	Assurance rating	Number of recommendations made
Education - Commissioning and procurement	Final reports issued	Most schools rated as "Effective with opportunity for improvement"	111
Education - Governance	Final / Draft reports issued	Most schools rated as "Effective with opportunity for improvement"	55
Education – payroll	Final reports issued	Most schools rated as "Effective with opportunity for improvement"	29
Education – income	Final reports issued	Most schools rated as "Effective"	81

17. Officers are working to address the recommendations from these audits to make the improvements needed.

### **Audit Planning and liaison**

18. The draft audit plan is presented to Audit Committee in January of each year to allow members to review the broad themes and time allocations. Once the draft plan has been agreed, the Relationship Manager meets with the Director and management team to discuss the corporate themes and the number of audit days that will be allocated to each of those themes in the directorate. Also discussed at these meetings are any areas of concern that the Director would like Internal Audit to review and the number of audit days that will be allocated to these assurance or consultation pieces.
19. This is then presented back to Audit Committee in March for final agreement by members. During the year, there are regular, quarterly meetings with the Relationship Manager to discuss progress against the agreed plan and to discuss any emerging risks that might need to be reviewed during the year. Any audits that

cannot be undertaken at that time (such as due to on-going system changes) will also be discussed at these meetings. If any changes are made to the agreed audit plan, these are reported to the next meeting of the Audit Committee for the members to agree.

20. Auditors also meet with managers at the start of each audit for initial scoping of the audits and at the end of the audit prior to the draft report being issued to discuss the main findings. Managers will also contact Internal Audit for advice and guidance on any matters of internal control and auditors have been involved with system and process development.

### **Legal Implications**

21. The statutory functions of the Audit Committee include the duty to review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements (pursuant to Part 6 Chapter 2 of the Local Government (Wales) Measure 2011). In discharging its functions, the Audit Committee must have regard to all relevant guidance, in particular the CIPFA guidance for Audit Committees.

### **Financial Implications**

22. There are no financial implications arising from this report.

### **Recommendations**

23. Audit Committee are requested to note the contents of the report.

**Nick Batchelar**

**Director of Education and Lifelong Learning**

11 September 2018

*The following Appendices are attached:*

Appendix 1 – SMAS Year End Analysis 2017/18 for Education