

OUTSTANDING ACTIONS

**ANNUAL REPORT ON SCHOOL GOVERNANCE AND DEFICITS –
DIRECTOR OF EDUCATION & LIFELONG LEARNING**

At the Audit Committee meeting on the 25 June 2014, the Committee requested an annual report on governance in schools, to include the Director's opinion, an update on the relevant governance aspects of the Estyn Action Plan and updated figures and opinion relating to the corporate risk in respect of school balances.

An update from the Director of Education & Lifelong Learning is attached.

CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE: 22 JUNE 2015

GOVERNANCE IN SCHOOLS

REPORT OF DIRECTOR OF EDUCATION & LIFELONG LEARNING

AGENDA ITEM: 10.2

1. Reason for Report

At its meeting in June 2014 the Audit Committee requested that, on an annual basis, it should receive a report on governance in schools and the report should provide the Director's opinion, an update on the relevant governance aspects of the Estyn Action Plan and updated figures and opinion related to the corporate risk in respect of school balances.

2. Background

The annual net budget delegated to Cardiff's 124 schools is £205.609m. School Governing Bodies are delegated the responsibility for the effective governance of these funds and are accountable for the proper use of that funding.

The Welsh Government's School Funding (Wales) Regulations 2010 (The Regulations) set the parameters for how Local Authorities in Wales should fund individual schools and also obliges each Local Authority to publish a Scheme for Financing Schools (The Scheme). The Regulations list the matters which are required to be included in The Scheme such as financial reporting requirements, audit, banking and procurement obligations.

In addition to The Scheme, schools receive regular advice and guidance on financial issues through the Council's Local Financial Management Team and Council's Internal Audit Team.

Each Local Authority in Wales is also obliged to have a School Budget Forum, which is key to developing informed and confident dialogue between authorities and their schools on budgetary issues including schools' funding levels for the coming years, pressures on future years' budgets, changes to local funding formula and reviewing contracts/service level agreements for services to schools.

Local authorities are required to consult their Schools Budget Forum annually on matters relating to their Schools Budget and changes to their Scheme for Financing Schools.

3. Issues

School Audits

During the 2014/2015 financial year, 14 new school audits were carried out, 9 (64%) received a satisfactory opinion and 5 (36%) an opinion of limited assurances. Of the 11 follow up audits, 10 (91%) received a satisfactory opinion and 1 (9%) received a limited assurance opinion.

These figures represented an improvement on the previous year where of the 13 new audits, 5 (39%) received a limited opinion, which included 2 which were unsatisfactory and 1 which was unsound. Additionally, in 2013/2014, of the 7 follow up audits only 3 (42%) received a satisfactory opinion.

School Control Risk Self Assessment Tool

With the involvement of members of the School Budget Forum, a Control Risk Self Assessment Tool for Schools has been developed which has now been shared with both the School Budget Forum and Schools. Initial feedback from the School Budget Forum has been positive. The expectation is that this will be used by all schools and promote the importance of self governance and accountability.

Estyn Action Plan – School Governance

Following the Estyn monitoring visit in February 2014, Estyn's opinion was that the Authority was in need of significant improvement. Estyn's first recommendation was that the authority needed to raise school standards particularly at Key Stage 4.

A local authority placed in this category by Estyn are required to have a action plan showing what actions it will need in order to make the necessary improvement. The Local Authority view is that improving school governance is an important element which will lead to raising school standards.

Attached as Appendix 1 is the section of the Cardiff Estyn Action Plan showing progress to February 2015 which details the actions that Cardiff is taking to improve governance in schools.

School Balances

Attached as Appendix 2 is an analysis of school balances as at 31st March 2015 showing the movement in funds during the 2014/2015

financial year. Overall, the level of balances held by schools has increased from £715k to £1.287m; however, there are 14 Primary and 7 secondary schools carrying forward a deficit balance. This is an improvement on the previous year when there were 17 primary and 10 secondary schools with a deficit balance. Every school with a deficit balance has a medium term financial plan showing how it will reduce its deficit to a balanced position. There is an assigned monitoring officer for each school with a deficit balance working closely with the school and governing body monitoring the delivery of the medium term plan.

4. Director's Opinion

School Audits

The improvement in the opinions following school audits is encouraging as is the improvement shown through the follow up audits. As no schools received an assurance greater than satisfactory it highlights that there is still room for improvement. I am, however, encouraged by the work undertaken on the Control Risk Self Assessment Tool and the consistent use of this by schools will be important in continuing that improvement.

During the past twelve months, the authority has used its power of intervention in two secondary schools - Eastern High School and the Glyn Derw, Michaelston Federation. As part of this intervention, we have removed the delegated financial responsibilities of both governing bodies. Whilst poor education performance was at the heart of these decisions, poor financial management was also a contributory factor taken into account. I believe that these decisions show that the authority will act when it believes that governing bodies are failing in their duties.

Estyn Action Plan – School Governance

Progress is being made on this element of the Estyn Action Plan, all be it slowly. It is important that we are able to recruit not only sufficient numbers of governors but also governors with a range of experiences and skills necessary to govern schools effectively and efficiently. Following on from some of the questions raised by the Committee at the June 2014 meeting, I would highlight the actions within the plan regarding the partnership work identified with the respective diocesan authorities in respect of faith schools.

School Balances

The number and level of schools with a deficit balance in Cardiff is too high. We have identified this as a risk within the Corporate Risk Register and continue to work with colleagues from Financial Services; Central South Consortium and individual schools to formulate and work to school medium term financial plans. The level of challenge provided to schools with a deficit has increased during the last 18 months but we have some way to go before in my opinion that the risk identified can be removed.

5. Recommendation

That the information and opinion contained in this report are noted.