

AUDIT COMMITTEE: 23rd MARCH 2021

**EDUCATION AND LIFELONG LEARNING, CONTROL ENVIRONMENT
UPDATE**

AGENDA ITEM: 5.1

REPORT OF THE DIRECTOR, EDUCATION AND LIFELONG LEARNING

Reason for this Report

1. This report has been produced in response to the Audit Committee's request for an update on the Education and Lifelong Learning control environment.
2. The Audit Committee has requested this update in respect of its role to:
 - Monitor progress in addressing risk-related issues reported to the committee.
 - Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
 - To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

Background

3. Cardiff Council's Education Directorate has responsibility for the statutory duties, functions and services in relation to education in the city. This excludes post-16 provision in relation to Further and Higher Education Institutions. The local authority's school improvement service is provided by the Central South Consortium. The Consortium is commissioned by, and acts on behalf of five local authorities being Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taff and the Vale of Glamorgan. In discharging its functions the Directorate is concerned with managing risk at the a strategic and operational levels.
4. The Directorate has a gross revenue expenditure budget of £325.315 million and budgets for income to the value of £54.272 million, leaving a net budget of £271.043 million. Of the net budget, £250.008 million (92.24%) is delegated according to a formula to the Council's 126 schools and their governing bodies, who manage their individual school budgets. There are approximately 6,600 school based staff working in Cardiff's schools, serving 53,440 pupils. Attached as Appendix B is a copy of the Section 52 Budget Statement for the 2020/21 financial year analysing Cardiff's individual school delegated budgets.
5. In addition, £21.035 million (7.76%) 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. Attached as Appendix C is a copy of the Education controllable budget for the 2020/21 financial year.

6. In the financial year 2020/21, the delegated school budgets increased by a further £15.901 million (6.6%), which is on top of a 4.5% increase in the previous year. For 2020/21, there continued to be no requirement placed upon local authorities to protect school budgets. However, the increase provided evidence of the Council's continued commitment to provide revenue funding growth to delegated schools.
7. Of the £15.901 million being additionally allocated to schools, £3.584 million related to specific grant funding received by schools in 2019/20 which is transferring to the base budget and £12.317m of additional funding to cover all inflationary and demographic commitments plus taking account of a 0.5% efficiency saving on all school budgets.
8. The centrally retained Education budget received a net increase of funding in 2020/21 of £1.451m or 4.7%. This net increase is accounted for by an overall savings target of £0.951 million, inflationary allowance of £0.147 million, additional financial commitments of £1.269m million, Policy Growth of £0.586m and an allocation from the Council's Financial Resilience Mechanism of £0.400 million.
9. In addition to the annual revenue budget the Education Directorate also receives an annual capital allocation which for the 2020/21 financial year was made up from the following sources;

Description	Amount £ million
Annual sums	
Schools property asset renewal	£3.583
Schools suitability and sufficiency	£1.040
Ongoing Schemes	
Whitchurch High DDA & suitability	£1.022
21 st Century Band B	£23.863
Reducing Infant Class Sizes Grant	£2.150
Welsh Medium Education Grant	£0.570
Additional Borrowing	
21 st Century Band B	£3.289
Total	£35.517

10. The Education Directorate is structured into four arms and attached, as Appendix D is a current detailed management structure chart.
11. On annual basis the Directorate brings together an Education Directorate Delivery Plan which provides more detail of the profile of the Directorate, the current self-assessment, the current context, opportunities and challenges, what has been identified as strategic risks together with a detailed description of the Directorates priorities that financial year. The most recent delivery plan was collated for the 2019/20 financial year and was used, due to the pandemic as the structure for the 2020/21 financial year and will be used to plan the recovery plan for 2021/22.

Issues

(a) Risk Management

12. The Education Management Team (EMT) of the Directorate is the overarching governance structure that handles the Directorate business at an operational and strategic level and meets on a weekly basis. The EMT reviews the Directorate Risk Register on a monthly basis and it is currently the role of the EMT to review each current risk, identify new risks and to escalate risks to the Council's Corporate Risk Register from the Directorate Risk Register. These risks are discussed and reviewed across the Directorate with members of the EMT charged with the responsibility to identify, manage and review the risks for their respective areas with appropriate escalation then into the Directorate Register.
13. For the forthcoming year actions in the Corporate Plan and Directorate Delivery Plan are to be monitored on a quarterly basis. In step with the monitoring of delivery the risks across the Directorate are also considered. It is at this quarterly point that escalation of risks to the Corporate Risk Register is undertaken.
14. With regards to school improvement the EMT will also receive on a half termly basis an update of the report from the Schools Causing Concern (SCC) process. This process provides an opportunity for each area of the Council to identify and update on any issues of school provision or management so that knowledge and information on schools can be shared and cross referenced. This enables the EMT to secure an up to date and holistic view of the performance of schools. The SCC process also feeds into the review and risk management process of the Directorate.
15. The issues and impact of Covid is handled by a separate and more operational EMT that meets twice a week. The EMT also receives regular reporting updates on the schools buildings investment programme. This element of the Directorate's business is referred to as the School Organisation Programme. Further details of this programme is incorporated as part of the wider control environment in relation to Major Project Governance.
16. At the most recent review of the Directorate Risk Register the highest risk ratings were applied to the following risks:
 - The sufficiency of secondary school places; and
 - Increasing exclusion rates in primary schools.

Sufficiency of Secondary School Places

This reflects the risk of there being insufficient secondary school places for pupils ahead of the delivery of additional places through Band B schemes and section 106 schools. Current controls will seek to provide temporary accommodation solutions in the interim periods to ensure a sufficiency of school places. This will be achieved by using space within existing buildings as a result of smaller classes higher up in the school or providing additional modular accommodation. This interim controls reduces the residual risk. Further management controls include development of a strategy that enables further improved planning that assesses where there will be a shortfall in school places prior to the delivery of current projects, and plans for temporary accommodation. This strategy will be underpinned by the ongoing Band B review.

Increasing Exclusion Rates in Primary Schools

Increasing exclusions in the primary phase reflect an increase in the number of primary aged pupils with Emotional, Health and Well-being needs (EHWB) with schools are unable to support pupils with EHWB needs this results in more pupils moving between schools or becoming Educated Otherwise than at School (EOTAS). Current controls include improved systems for monitoring cases and for specialist teachers to engage in group problem solving

as well as a more coordinated approach in the primary early intervention provision has been established. Primary exclusions are broadly similar to this time last year but there is now consideration of the impact of Covid to factor in. The management actions include the Emotional Health and Well-being team working closely with schools around exclusions following the return to school for all pupils from September. Work to review the exclusions strategy is ongoing plus an enhanced provision for Early Intervention for foundation age pupils.

17. In the last twelve months the following risks that have been escalated from the Directorate Risk Register are:

- The increasing number of pupils not in receipt of full time education; and
- That educational outcomes for children who are Looked After are not improving.

The increasing number of pupils not in receipt of full time education

The risk is that young people out of full time education are not in an environment where they can be safeguarded, and that we are not meeting our statutory responsibilities to provide an Education. Controls that have been put in place to mitigate against this risk include Summer provision for EOTAS pupils and vulnerable children and young people. Teams working to ensure that all pupils have education provision supported by Hard to Place and Fair Access Panels Provision has and will continue to be expanded along with the tracking and monitoring systems continually improving. The management controls include work to identify the circumstances that are contributing to the number of cases of children not accessing regular education in a maintained environment. Temporary additional provision requested to maintain young people in education to prevent disengagement and becoming Not in Education, Employment or Training (NEET) post-16.

Educational Outcomes for Children who are Looked After

The risk is that Children who are looked after do not achieve educational outcomes. The number of looked after children has increased during lockdown and has reached over 980 with a further risk of more looked after children placed out of county. The controls in place to mitigate this risk is that the LACE is working closely with schools and settings to ensure that looked after children make a successful transition back to school. Their well-being is monitored and support provided by specialist teams if necessary. Centre assessed grades have been awarded last academic year and looked after children are being supported to ensure successful transition to education, employment or training. The management controls include; close working with schools, settings and social workers; closer working with foster carers where concerns over education are raised. The Education Directorate are contributing to the new corporate parenting strategy, the continuation of the Joint Vulnerable Learner Panel as well as looking to expand provision for looked after children in county, in partnership with all agencies.

(b) Internal Audit Engagement and Response

16. The weekly EMT meetings have a standing item for Audit Reports. New audit reports are received and considered at EMT including the audit report recommendations and responsible officers identified. The weekly meetings provide an opportunity for officers to identify issues and review timelines for implementation of recommendations.

17. For school audits this also provides an opportunity for individual school issues to be highlighted and feed into the Schools Causing Concern process.

18. The Director, Assistant Director of Education and Head of Services to Schools meet with a Senior Auditor on a half termly basis to review the audit plan, any recent audits and identify issues and concerns.

19. Appendix F provide tables that indicate the current position in relation to recent school audits, thematic audits undertaken and central service audits showing assurance rating and the current status on actions. The Audit Committee has also retained an ongoing interest in the delivery of audit recommendations in respect of schools and the wider directorate. Over recent weeks there has been a concerted effort to respond and address audit recommendations. This work will continue over the forthcoming weeks and months to ensure an improved audit position is achieved.

Internal Audit Assurance

(c) The Wider Control Environment

Major Project Governance – Schools Organisational Programme

20. The School Organisation Programme (SOP) structure was strengthened by aligning project and programme governance and includes relevant service areas and teams across the Council. The revised programme governance structure accommodates typical project management lifecycle and decision making processes with appropriate risks considered at project and programme level. In summary, the programme governance structure includes:

- SOP Cabinet Review Group – advisory group that consists of directors and Cabinet members.
- SOP Board – responsible for taking all high level decisions about the Programme. These decisions will be escalated from the SOP Project Boards or School Asset Commissioning Group.
- Project Boards – the forum whereby the project is managed at the operational level. The Project Board will have decision making responsibility for decisions within the scope of the project or up to agreed tolerances.

21. The SOP Board is the key decision making function and has directed the programme appropriately since the outset. The Board is held every month, works effectively and seeks to handle all business on a consistent basis including agreement of scope of projects. The board receives a risk register at every meeting.

22. For any projects that require a school organisation change the 5 case business model (including 3 Cabinet reports) is applied. It is also recommended that there are 8 gateway reviews throughout a project lifecycle which are scheduled from the outset of the programme. For projects that do not require statutory consultations and that are usually smaller, it is proposed that there will be a streamlined 6 gateways reviews. It is expected that the SOP Board approves the project at each stage. The 5 case business model tests value for money at each stage of the business case cycle. These cases are submitted to Welsh Government for approval.

23. The benefit of project gateways is that key decision makers will have sight of the project at each key stage. It provides a consistent and structured approach to monitoring and managing scope change and project costs. It also provides teams with clarity about when to escalate issues.

Senior Management Assurance Statement

24. In completing the Senior Management Assurance Statement (SMAS) for the Directorate, the Director of Education receives individual assessments from each member of the EMT to cover their area of the Directorate. The collated SMAS is then discussed and agreed at EMT before being signed off. The SMAS feeds into the Risk Management review process of the Directorate and influences the Directorate Delivery Plan priorities.
25. A summary of the most recent SMAS for the Directorate, mid year for 2020/21 is shown as Appendix E. There will be a focus to improve the arrangements of the SMAS so that the number rated as 'mixed application' is reduced with a target of each assessment categorised to an at least strong application over the forthcoming year.

External Assurance

26. In Wales Estyn is the education and training inspectorate. All school and Local Authority inspection reports can be found on their website by accessing www.estyn.gov.wales.
27. On their website can be found a copy of the letter to the Council following the Estyn Monitoring visit in January 2016 which removed the Local Authority from any further follow up.
28. Whilst during the pandemic Estyn suspended any individual inspection visits they have continued their range of thematic work and earlier this year published a report on the Local Authority and Regional Consortia support for Schools and PRU's in response to covid 19. This can also be found on their website. In addition to this report Estyn also detailed their findings of the Local Authority's work with regards to Leadership and Collaboration, Promotign Learning and Supporting the Vulnerable Learners for the period March to December 2020. The report acknowledged the extensive support the authority's Education Services have provided over this period and found no major concerns. Estyn have not yet advised when they inspections of Local Authorities and Schools will resume.
29. The Education Directorate will also be part of the wider Audit Wales arrangements for the Council's financial management arrangements including the use of all external grants.

Value for Money

30. The past decade has seen a period of sustained austerity across public service provision and whilst Schools Delegated budgets in Cardiff have been protected from general efficiency savings the central Education Service budget has had to find savings in excess of 40% of the controllable budget.
31. During this period the Education Service has improved significantly, evidenced by the removal of the Service from an Estyn category and pupil attainment across all phases of education in Cardiff schools have increased to levels which are now above the All Wales average.
32. The delegated funding to Cardiff Schools during this period has also increased significantly as has the level of delegation of funding. Cardiff has become, when comparing proportion of delegated to non-delegated central funding the highest delegator of funding in Wales. Where services have been delegated to schools, with an option to buy back, the majority of schools have chosen to continue to purchase that service from the Local Authority.
33. Budget management and the achievement of savings targets is a standing item on the EMT. There are strong governance arrangements for the significant capital expenditure incurred through the 21st Century Schools Programme and all decisions; financial and other are managed through these arrangements including assessment of value for money through the

HM Treasury 5 Case Business model that comprises an option appraisal process. It is the intent of the Directorate to apply the standards of the model and option appraisals to any future review of service and significant investment.

Legal Implications

25. 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

26. The financial implications (if any) arising from this report have been contained within the body of the report.

RECOMMENDATIONS

27. That the Audit Committee considers and notes the content of the report.

Melanie Godfrey
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The following is attached:

- Appendix A:** Audit Committee Presentation
- Appendix B:** Section 52 Budget Statement for 2020/21
- Appendix C:** The Education Directorate Controllable Budget for 2020/21
- Appendix D:** Education Directorate Structure Chart
- Appendix E:** SMAS mid year summary 2020/21
- Appendix F:** Audit Table update