

GOVERNANCE & AUDIT COMMITTEE: 15 MARCH 2022

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

REPORT OF THE DIRECTOR, EDUCATION AND LIFELONG LEARNING

AGENDA ITEM: 4

Reason for this Report

1. This report has been produced in response to the Governance and Audit Committee's request for an update on the Education and Lifelong Learning control environment.
2. The Governance and 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.
 - Consider the Council's framework of assurance and ensure that it adequately addresses the risk and priorities of the Council.
 - Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
 - Review the governance and assurance arrangements for significant partnerships or collaborations

Background

3. Cardiff Council's Education Directorate has responsibility for the statutory duties, functions and services in relation to education in the city including a youth service. This excludes post-16 provision in relation to Further and Higher Education Institutions. The work of the Directorate is split into four main service areas – Achievement, Inclusion, Services to Schools and School Organisation Access and Planning (SOP). The Director of Education is supported by an Assistant Director and Programme Director for SOP. The central education service has 574 FTE. For schools this is 5,886.
4. Cardiff has 127 schools. There are 98 primary schools, including 15 that provide Welsh-medium education, two dual language and three maintained nursery schools. There are 18 secondary schools including three Welsh-medium schools. In addition, there are seven special schools and one pupil referral unit.

5. The local authority's school improvement service is provided by the Central South Consortium. The Consortium provides a school improvement services and acts on behalf of five local authorities being Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taff and the Vale of Glamorgan.

Issues

Cardiff performance position **Estyn Inspection November 2022**

Cardiff's Local Government Education Service was subject to a full inspection by Estyn, during the week commencing 29th November 2021. The Cardiff inspection was the first Local Authority (LA) inspection since 2019, under Estyn's new Inspection Framework. The final inspection report was published on the 9th February 2022 and can be found here [Inspection report Cardiff Council 2022 \(gov.wales\)](#)

6. The inspection concluded that in recent years, Cardiff has demonstrated a sustained and incremental improvement in the quality and effectiveness of its education service. Estyn invited Cardiff to prepare three case studies on its work in relation to the Cardiff Commitment, support for asylum seekers and transforming youth work for dissemination on Estyn's website, recognising excellent practice.
7. Four recommendations for improvement have been made:
 - **R1** To improve counselling services for children and young people
 - **R2** To improve the quality of self-evaluation across the directorate
 - **R3** To ensure that the work of the regional consortium is focused appropriately on Cardiff's strategic priorities
 - **R4** To ensure clear strategic leadership and oversight of the development of Welsh medium education.
8. Actions to build upon the strengths identified in the report and to address the recommendations for improvement will be built into the Directorate's Delivery Plan for the forthcoming year and will be carefully monitored through systematic performance evaluation processes. The Directorate will continue to report against steps outlined in the Council's Corporate Plan on a quarterly basis.

Cardiff 2030 – Retest and Refresh

9. An exercise is underway to thoroughly review progress made against the Cardiff 2030 vision and goals, including extensive stakeholder consultation involving school leaders, governors, children and young people and partners within and beyond the local authority.
10. The Children and Young People Recovery Board has been established following the publication of the Child Friendly Recovery Report in May 2021 outlining a number of challenges in light of the pandemic. The four key areas of focus are:
 - Business Intelligence and Information Management
 - Integrated Youth Support Services
 - Tackling Youth Violence and Exploitation
 - Locality Based Services / Community Focused Schools

11. In readiness for the new academic year 2022/23, a refresh of the Cardiff 2030 vision will be published, accompanied by a three-year strategic plan to ensure that educational improvement activity in Cardiff focuses upon the areas of greatest importance in the current context and retains a central focus upon children's rights and promoting well-being.
12. A report will be provided to Cabinet in the late summer of 2022 outlining these proposals, that will ensure coverage of the Estyn recommendations, ongoing activity to support pandemic recovery and renewal, and the next steps in continuing to deliver the national education mission for Wales.

EMT Governance Structure

13. The Education Management Team (EMT) of the Directorate is the overarching governance structure that handles the Directorate business at an operational and strategic level. The operational group, EMT Assurance, meets weekly and the strategic group meets monthly. Both groups are chaired by the Director. Risks, issues and the risk register are all handled and reviewed by this board. The Assurance Board recently focussed on the risk register and it was agreed that a review of the departmental risks be undertaken via a risk focussed workshop in preparation all the educational reforms and to ensure the appropriate controls are in place.
14. The issues and impact of Covid is handled by a separate and more operational EMT that meets weekly and is chaired by the Assistant Director.
15. EMT Assurance maintain oversight of all services across the education department including the monitoring of delivery and performance, ensuring robust processes are followed and adherence to all statutory requirements. This includes:
 - Oversight and progress of Audit recommendations including co-ordination of updates from lead officers allocated to monitoring and reviewing the Directorate response to ongoing audits
 - Ownership of the Department Risk Register, review and identification
 - Regular reports from all Boards across the department and discussion of risks that could impact Directorate priorities;
 - Ongoing management of issues;
 - Receiving and reviewing all outcomes, staff/HR, budget, procurement, business processes and Task Groups to deliver change.
16. A new governance structure will be put in place following the retest and refresh of Cardiff 2030. The new arrangements will embed the methodology, principles and processes of Managing Successful Programmes (MSP) with a greater focus on implementation.

Budget Monitoring

17. In 2021-2022, the Council's net education budget £294,620,000. As at month nine the budget monitoring position is £295,910,037. The delegated school budget per pupil in 2021-22 is £5,064, the 5th highest of all local authorities in Wales. The local authority spends above the indicator based assessment for education services and has increased and protected schools' budgets against a backdrop of financial pressures across the council.
18. The local authority delegates the highest proportion of its education budget to schools of any council in Wales and has a comprehensive range of service level agreements in place with a large uptake of the services provided by schools. The percentage delegation is 85.9%.

19. Schools' balances overall significantly increased over the 2020-2021 financial year, although this was largely due to additional funding being received from Welsh Government.
20. Four schools (two primaries and two secondaries) set a deficit in 2021-22 and two schools brought forward a deficit balance. The local authority has arrangements in place to work with the schools in deficit and has intervened appropriately. This has included;
- an extended financial recovery plan for one of the Secondary schools which at the end of 2021/22 will be in a balanced position.
 - working with the others secondary to identify the factors impacting on their ability to balance their budget.
 - continuing to work with the two primary schools through their medium term plan agreement.
21. The education budget is projected to overspend at the end of 2021-2022 by £1m. The main areas of overspend have been; home to school transport costs and provision for pupils educated other than at school (EOTAS). Both areas will be addressed through the budget setting process for 2022/23. Throughout the 2021/22 financial year there has also been a reliance in some schools and some Education Directorate teams on external grant funding, surplus balances or Covid Hardship Funding to maintain spending and staffing levels.
22. The local authority has a significant capital programme in relation to schools both in terms of new school builds and investment in its existing schools' estate.
23. Band B is delivering against the planned profile and the financial position continues to operate within the is within the programme envelope of £284m. Welsh government has committed to additional Net Zero Carbon funding for all Band B projects, which will be profiled as projects develop.
24. The asset renewal programme of works is increasing in scale and the most recent outturn summary can be seen below:

Category	Budget £'000	WG Grant £'000	Total Funding £'000	Outturn £'000	Variance £'000
Asset Condition	1,458	5,719	7,177	7,177	0
Suitability	1,743	0	1,743	1,743	0
Asset - Invest to Save	12,000	0	12,000	8,500	(3,500)
Total	15,201	5,719	20,920	17,420	(3,500)

25. The local authority recognises a number of key financial challenges due in part to the COVID-19 pandemic and is taking appropriate action. A review is taking place to assess the preparedness of the model for the delivery of specialist additional learning needs services and educational psychology services aligned with the WG reforms of Additional Learning Needs support.
26. Going forward into the 2022/23 financial year the Education Directorate will be working through major changes to two of its trading services which will be brought about by the introduction by Welsh Government of Universal Free School Meals for Primary aged pupils and the National Plan for Music Services.

Risk Management

27. The Governance and Audit Committee reviews the Corporate Risk Register on a quarterly basis. The Directorate leads on Corporate risks relating to School Improvement, the School Organisation Programme and Schools Delegated Budget. The focus in this report is the management of directorate risks.
28. The EMT reviews the Directorate Risk Register on a quarterly 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. This is similar for the Corporate Risk Register.
29. The Directorate Risk Register is kept as a live document but reviewed annually alongside the setting of Corporate Plan and Directorate Delivery Plan priorities.
30. The EMT also receives regular reporting updates on the schools buildings investment programme and renewals to the existing estate. Further monitoring and reporting of programme risks are assessed at the School Organisation Programme Board, which feeds into the Asset Management Board.
31. In addition, the EMT receives regular reporting updates on progress to deliver the strategy for improving outcomes for learners with Additional Learning Needs.
32. With regards to school improvement, the EMT receives 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.
33. All Schools Risk meetings are used to good effect and this has been noted by Estyn. Officers from a range of teams such as human resources, safeguarding and additional learning needs (ALN) contribute valuable intelligence about each school, similarly to the SCC processes. The local authority collates information and a report evaluates the interventions and the work of improvement partners effectively to gain a rounded picture of improvement and to intervene in schools in an efficient way.
34. At the most recent review of the Directorate Risk Register the highest risk ratings were applied to the following risks:
 - Discontinuation of grant funded posts that deliver essential services;
 - Sufficiency of secondary school places according to parental choice;
 - Sufficiency of places for learners with Additional Learning Needs (ALN)
 - Increasing numbers of learners not in appropriate full time education; and
 - The number of children and young people receiving face to face counselling via the Education Psychology Service.

Discontinuation of grant funded posts

35. A number of core services delivered by the Education Directorate are grant funded, some with over 50% of total budget dependent on grant funding. A review of contracts in key affected areas is underway and in 2022/23 the Education Directorate will be undertaking a full review of all staffing and provision funded by grants.

Sufficiency of school places

36. 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. The Council has temporary accommodation solutions in the interim periods to ensure a sufficiency of school places. This will be achieved by maximising the use of space within existing buildings or providing additional modular accommodation. This interim control reduces the residual risk. Further management controls include the development in the perception of all schools, monitoring the changes in demographics, working closely with families to place children in the most appropriate settings and provide more accommodation where required.

Sufficiency of places for learners with Additional Learning Needs (ALN)

37. It was acknowledged in October 2017 that by 2022 an additional 220 places for pupils with autism spectrum conditions and complex learning needs, and approximately 70 additional places for pupils with behaviour emotional and social needs, would be required in order to meet growing demand.

38. Ahead of the inception of Band B, several ALN developments have been delivered, such as extensions of Ty Gwyn, and the expansion of places have been planned through the increase in capacity of other Specialist Resource Bases (SRBs) located in mainstream schools and special schools. Whilst there has been a significant increase in the number of places, there is a need for further plans for provision, particularly in secondary.

Increasing numbers of learners not in appropriate full time education

39. We are seeing increasing numbers of learners not accessing full time education. This includes learners that have been permanently excluded, waiting for a specialist placement, on a reduced timetable and awaiting placement at a preferred school. There has also been a significant increase in the number of learners leaving full time education due to anxiety and mental health concerns and a number of learners with persistent absence. The Ensuring Access working group has been established to review changes required in practice, process and provision to reduce the time spent and numbers of learners out of full time education.

The number of children and young people receiving face to face counselling via the Education Psychology Service

40. Issues around capacity and consistency for school-based counselling could have a detrimental impact on the well-being of children and young people. The service has been brought in-house and additional management capacity put in place. The service will work with schools and improve the referral process, improve the availability and quality of clinical supervision and capacity to provide counselling for particular groups of learners.

41. Corporate risks are reviewed, updated and reported on a quarterly basis via the corporate risk management arrangements.

Internal Audit Engagement and Response

42. The weekly EMT Assurance meeting has 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.
43. For school audits this also provides an opportunity for individual school issues to be highlighted and feed into the Schools Causing Concern and all schools risk process. The Director, Assistant Director of Education and Head of Services to Schools meet with a Senior member of Internal Audit on a half termly basis to review the audit plan, any recent audits and identify issues and concerns. The Director and Assistant Director follow up systematically with individual schools and chairs of governors on outstanding audit recommendations.
44. The Directorate assesses controls for fraud and corruption via the SMAS and evaluates risk via the council's risk management arrangements. The Directorate regularly monitors and raises awareness of compliance for mandatory training including the Fraud and Corruption module. It is noted that compliance needs to improve in this area.
45. Thematic audits of health and safety and asset management are underway in a sample of audit schools at the time of reporting.

School CRSA Exercise

46. All school were engaged in a CRSA exercise, whereby they completed a comprehensive self-assessment of their internal control environment, and submitted this with supporting evidence to colleagues in Internal Audit. A large number of schools were sampled for a desktop audit review, and from this exercise a summary of the assurance ratings and the position against the recommendations raised is included in the table below.
47. Details of audits received, the assurance rating and the management response are appended to this report.

The Wider Control Environment

Major Project Governance – Schools Organisational Programme

48. 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.
49. 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.
 50. 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.
 51. 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

52. 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 is reviewed alongside the Risk Management review process of the Directorate and influences the Directorate Delivery Plan.
53. In assessing the different areas of the SMAS, the EMT identifies any best practice supporting evidence and key actions to improve performance.
 - Risks
 - Future Generations Act
 - Compliance
 - Project Initiation
 - Budget
 - Planning – Decision Making
 - Control
 - Fraud
 - Performance
54. Whilst governance systems are improving, there are a number of areas that will be developed over the next year. These actions have been included within the Senior Management Assurance Statement which is reported half yearly. Some key areas of focus for EMT:

Risk Management

- Improve the application of integrated risk assessments across the Directorate, including partners, stakeholders, boards and staff at all levels.
- Review of risks associated with Business Continuity.

Compliance

- Improve the central assurance process for compliance and accountability including for commissioning and procurement.
- Mapping of corporate policies to improve knowledge of requirements.
- Address ongoing audit recommendations.
- Improve compliance for mandatory training.

Control

- Ensure safeguards are in place for physical and information assets.
- Ensure strong processes are in place for more systematic internal control to provide assurance.
- Improve knowledge of procurement policies for all staff.
- Continue to progress reviews of traded services.
- Ensure more consistent and regular budget monitoring at manager level.
- Improving information asset management and compliance with GDPR.

Performance

- Improve the quality of self-evaluation at service and team levels across the directorate
- Ensure clear strategic leadership and oversight of the development of Welsh-medium education
- Improve information management – enable to manage peaks in demand for front line service – education psychology service

55. Where an area has been rated as mixed application, actions have been identified to improve performance within the SMAS. An overview of the SMAS is attached to the report.

School Balances

56. At the end of the 2020/21 financial year school balances stood at £21.118m. In advance of the Welsh Government statistical bulletin on school balances for 20/21 being published officers prepared a briefing note (copy attached) for the School Budget Forum which included;

- A full analysis of school balances at individual school level
- A description of the factors which attributed to the increase in balances
- A description of the relaxation in some of the school balance controls
- A description of the next steps in terms of the work officers would undertake with schools.

57. This briefing note was shared with the Governance and Audit Committee. Most of the factors attributed to this increase in 20/21 have continued and indications are that the level of school balances will not have decreased by the end of the 2021/22 financial year. Officers have received a request from the School Budget Forum that the current set of control relaxations are extended.

58. Officers will continue to work with schools to monitor the level and use of school balances and this work will be supported by planned Thematic audit of school balances by the Council's Audit Team. There are sufficient oversight and control arrangements in place to ensure appropriate governance of school balances.

External Assurance

59. The Council's Education Service was inspected in November 2021, with the report published in February 2022. All Education and training providers in Wales are inspected at least once during the eight-year period from 1st September 2016. The Council received ten weeks notice of inspection.

External Audit / Inspection Area	Provider	Report Date	Rating / Opinon	Number of Actions	Completed Actions	Management Comments
Full inspection of Cardiff Education Services Inspection report Cardiff Council 2022 (gov.wales)	Estyn	9 th February 2022	Not in follow up	4 recommendations		Recommendations and points of improvement in Estyn report will be carried forward into the new Directorate Delivery Plan in 2022/23.

Value for Money

60. Estyn noted in the February 2022 report that in recent years, Cardiff Council has demonstrated a sustained and incremental improvement in the quality and effectiveness of its education services. Senior leaders share a bold and ambitious vision for all learners, which they communicate clearly in the council's 'Capital Ambition' document. The leader of the council, cabinet member and chief executive set out high expectations for officers, schools and other providers and the strong commitment of elected members and officers at all levels to supporting young people and their families is highly evident.
61. The director of education supports fully the 'Cardiff 2030' vision and strategic priorities and the drive towards the Child Friendly City strategy. The Assistant Director for Education and the Assistant Director, County Estates aligned their work effectively throughout the pandemic. This support is well regarded by school and setting leaders.
62. In general, inspection outcomes between 2017 and March 2020 have been strong especially in the primary sector. Out of the 43 primary schools inspected during this period, four had excellent judgements for standards and 36 good. The outcomes for pupils across key stage 4 have been above or well above expectations in the majority of schools in the three years up to the pandemic. Outcomes for pupils that are eligible for free-school meals (efsm) has generally been above that of the same group nationally.
63. Officers across the education directorate work together productively to consider a range of issues in schools. Their joined-up approach enables the local authority to gain a secure understanding of the individual contexts of its schools. The local authority has established strong working relationships with the regional consortium and there are robust processes for the support and challenge to schools causing concern.
64. The School Organisation Programme continues to deliver targeted value for money investment through Band B and investment in the existing estate. Through the SOP Board and Asset Commissioning Group, governance processes are robust to ensure that projects deliver against value for money business cases, underpinned by well established sufficiency, condition and planning projection data.

Legal Implications

65. There are no direct legal implications from this report.

Financial Implications

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

RECOMMENDATIONS

67. That the Governance and Audit Committee considers and notes the content of the report.

Melanie Godfrey
Director, Education and Lifelong Learning

The following is attached:

Appendix A: Governance and Audit Committee Presentation Slides

Appendix B: Briefing Note on School Balances

Appendix B: Briefing Note on School Balances - Appendix 1

Appendix C: Directorate Risk Register Extract

Appendix D: Internal Audit Recommendations

Appendix E: Senior Management Assurance Statement 2021/22 Summary