

**CENTRAL SOUTH  
CONSORTIUM  
JOINT EDUCATION SERVICE  
JOINT COMMITTEE**

**DRAFT SUBJECT TO AUDIT  
STATEMENT OF ACCOUNTS**

**2022/23**

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## Narrative Report

### 1. Introduction

The Central South Consortium Joint Education Service was established on 1<sup>st</sup> September 2012 to provide a range of school improvement services operating on behalf of five local authorities: Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan.

This region is the most populous in Wales. It includes 380 schools and serves 152,141<sup>1</sup> learners – nearly one third of the country's school-age children. The region is home to the highest number and the largest proportion of children living in poverty; it is also home to the capital city and the economic, financial and creative industries of Wales.

The Consortium is managed and administered by the Central South Consortium Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of five Members, one from each local authority. Rhondda Cynon Taf CBC became the Host Authority upon formation of the Joint Committee.

The accounts for 2022/23 have been prepared in accordance with:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards (IFRS); and
- The Accounts and Audit (Wales) Regulations 2014 (as amended).

The accounts set out on pages 12 to 41 comply with the above.

### 2. Business Plan 2022/2023

The Consortium's role is to challenge and support schools in their work to improve educational outcomes.

The local authorities (through a Joint Committee attended by the Cabinet Member for Education in each authority) agree the business plan and budget for the region and hold the Consortium to account for the impact of its work.

The Consortium receives its core funding from the five local authorities and also receives funding from the Welsh Government to support specific activities in line with national priorities / initiatives.

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<sup>1</sup> Pupil Level Annual School Census (PLASC) 2022

The performance of the schools in the Central South Consortium region are key to the future educational and economic success of Wales.

How well children and young people, particularly the most vulnerable, achieve in this region significantly influences how the country and its education system are perceived within our borders and beyond.

The Consortium's business plan aims to:

- Develop a high-quality education profession
- Develop inspirational leaders to facilitate working collaboratively to raise standards
- Develop strong and inclusive schools committed to wellbeing, equity and excellence
- Develop robust assessment, evaluation and accountability arrangements supporting self-improving systems
- Improve the effectiveness and efficiency of Central South Consortium.

Operational plans underpin each improvement objective.

The Consortium's Business Plan has been compiled in the context of real term reductions in resources, this being consistent with the challenging economic climate facing all public sector organisations in Wales. In line with this, the 2022/23 revenue contributions received by the Consortium from the five-member local authorities increased by 1.72% however it is anticipated that the position of the Consortium requiring to operate in an environment of challenging funding levels will be the position across the medium term.

Due to the Covid-19 pandemic, Welsh Government (WG) has cancelled most of the statutory data collections for 2020, 2021 and 2022. The collections suspended include:

- Attendance: Primary 2020, 2021 and 2022 data collections
- Attendance: Secondary 2020, 2021 and 2022 data collections
- National Data Collections (NDC): All 2020 and 2021 data collections, and Foundation Phase and key stage 2 for 2022

The Minister for Education also confirmed on 21 June 2021<sup>2</sup> that WG would not be publishing performance measures related to the 2021 summer examinations series, which covers all school and post-16 performance measures for the 2020-21 academic year. In addition, given the clear implications that there will be ongoing disruptions for qualifications, WG have

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<sup>2</sup> <https://gov.wales/written-statement-school-information-improvement-and-inspection-arrangements-supporting-renewal-and>

suspended key stage 4 and legacy sixth form performance measures for the 2021/22 academic year. Therefore, there are no performance measures available for key stage 4 or post-16 for summer 2020, 2021 and 2022 results.

The statistical bulletins for GCSE and A Level results have been published for 2021/22 as made available for 2019/20 and 2020/21, but they will not contain key stage 4 or legacy sixth form performance measures, and will only include national level data with amended content to previous releases of these bulletins.

Therefore, for 2021/22 there are no publicly available performance measures at school, local authority or regional consortia level, as was the situation for the previous two years. It is important to note that following Welsh Government's suspension of statutory data collections and publication of outcomes, there will be a reduction in analysis available within CSC. However, schools will have their own internal systems for tracking and analysing pupil performance and outcomes. These form a key focus for discussions with school leaders to enable appropriate ongoing support and challenge by CSC to secure school improvement and partnership working.

The publication of performance data on My Local School is also suspended, with the publication of the National Categorisation<sup>3</sup> also being suspended for 2021/22 due to the processes not being held for academic years 2020/21 and 2021/22.

### **3. Revenue Income and Expenditure 2022/23**

The Comprehensive Income and Expenditure Statement provides an analysis of the Consortium's gross revenue expenditure and income in accordance with International Financial Reporting Standards (IFRS).

The Consortium's 2022/23 revenue budget strategy underpinned the following broad objectives:

- Support the delivery of key strategic priorities particularly around the need to build teams of Improvement Partners to work with all schools in the region (with more time allocated to the schools most in need);
- Provide timely data analysis to support schools' self-evaluation and improvement planning (including school categorisation judgements);
- Support and fund school-to-school improvement partnerships and broker support between schools;
- Allocate grant funding to schools in the region along with guidance and advice on how grant funding can be used to drive improvement; and

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<sup>3</sup> <https://gov.wales/school-performance-reporting-arrangements-important-update-html> (October 2021 update)

- Work with the Welsh Government to deliver its priorities in the region.

The table shows the budgeted controllable income and expenditure against the actual controllable income and expenditure for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023:

	<b>Budget £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
<b>Expenditure</b>			
Employees	3,130	2,819	(311)
Premises	159	113	(46)
Transport	12	25	13
Supplies & Services	174	594	420
Third Party Payments	28	28	0
Support Services	141	170	29
	<b>3,644</b>	<b>3,749</b>	<b>105</b>
<b>Income</b>			
Local Authority Contributions	3,625	3,625	0
Grants & Other Income	19	124	(105)
	<b>(3,644)</b>	<b>(3,749)</b>	<b>(105)</b>
<b>Net Expenditure / (Income)</b>	<b>0</b>	<b>0</b>	<b>0</b>

The reasons for the variances between budgeted and actual expenditure and income were:

- Employees - savings attributable to in-year temporary staff vacancies and the transfer of eligible core staff costs to the Regional Consortia School Improvement Grant to optimise the use of external funding;
- Premises - savings due to rationalisation of accommodation requirements at the Valleys Innovation Centre partly offset by additional costs from the use of external facilities;
- Transport - expenditure relates to staff travel expenses as a result of working practices reverting back to “Business as Usual” post pandemic;
- Supplies & Services - includes one off costs for ICT Hardware and Office Equipment expenditure and the allocation of in year underspend to the Service remodelling earmarked reserve;
- Support Services - additional services received from the host authority to meet business need; and
- Income - relates to unbudgeted interest earned on personal account balances.

In addition, the following categories of income and expenditure relating to specific grants were processed through the Central South Consortium's accounts during 2022/23:

	<b>Actual £'000</b>
<b>Expenditure</b>	
Employees	4,628
Premises	16
Transport	22
Supplies & Services	86,969
Third Party Payments	1,645
<b>Income</b>	
Grants & Other Income	(93,280)
<b>Net Expenditure</b>	<b>0</b>

Movement in earmarked reserves (£664k) and interest on the personal account balance (£104k) are included in the tables above but not disclosed in Note 7: Income.

As at 31<sup>st</sup> March 2023, the Central South Consortium held General Reserves of £174k (£174k as at 31<sup>st</sup> March 2022). Movements on reserves are detailed within the Movement in Reserves Statement.

#### **4. Capital Expenditure 2022/23**

There has been no capital expenditure this financial year.

#### **5. Summary of Future Revenue Plans**

The Consortium's Business Plan 2022-25 was approved by Joint Committee on 17<sup>th</sup> March 2022 and sets out the vision, purpose and priorities it aims to deliver within an environment of reducing resources. The 2022/23 Business Plan focuses on the following overarching priorities:

1. Develop a high quality education profession;
2. Develop inspirational leaders to facilitate working collaboratively to raise standards;
3. Develop strong and inclusive schools committed to wellbeing, equity and excellence;

4. Develop robust assessment, evaluation and accountability arrangements supporting self-improving systems; and
5. Improve the effectiveness and efficiency of Central South Consortium.

The priorities included within the Central South Consortium’s Business Plan need to be underpinned by robust financial management in ensuring they are affordable, provide value for money and that their impact can be assessed.

The revenue budget is approved annually by the Joint Committee and is included within the Business Plan. Welsh Government also issue annual settlements on grant awards of funding.

A summary of the latest (i.e. 2023/24) revenue budget is as follows (as approved by the Joint Committee on 13<sup>th</sup> December 2022):

<b>Type of Expenditure</b>	<b>Budget 2023/24 £'000</b>
<b>Expenditure</b>	
Employees	3,112
Premises	104
Transport	29
Supplies & Services	174
Third Party Payments	0
Support Services	150
<b>Total Expenditure</b>	<b>3,569</b>
<b>Income</b>	
Local Authority Contributions	3,516
Grants & Other Income	20
Transitional Funding	33
<b>Total Income</b>	<b>3,569</b>
<b>Net Expenditure</b>	<b>0</b>

## 6. Pensions Assets and Liabilities

As a result of International Accounting Standard (IAS) 19 “Employee Benefits”, local authorities are required to account for pensions liabilities in respect of the cost of decisions made up to the Balance Sheet date. Please refer to note 15.0 to the Core Financial Statements for further details.

The effect of IAS 19 upon the reserves of the Joint Committee is as follows:

	<b>£'000</b>
Net Assets/(Liabilities) excluding Pensions Reserve	1,227



Net Assets/(Liabilities) as per Balance Sheet	7,085
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## 7. **Introduction to Accounting Statements**

### **Statement of Responsibilities for the Statement of Accounts**

This sets out the responsibilities of the Council as the administering authority and the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding Member at the Joint Committee meeting at which the Accounts are approved.

### **Certificate of the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services**

This is the certificate of the true and fair presentation of the Accounts by the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services.

### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) and 'unusable reserves'.

### **Comprehensive Income and Expenditure Statement**

This statement is prepared to record income and expenditure on an accruals basis. It includes items such as salaries and wages, running costs of the service and income received. The statement is based upon IFRS.

### **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

### **Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period.

## **Expenditure and Funding Analysis**

The Expenditure and Funding Analysis demonstrates how the funding available to the Joint Committee for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

## **Statement of Accounting Policies**

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

## **Annual Governance Statement**

The Annual Governance Statement sets out the framework for governance and internal control for the Joint Committee to carry out its functions and reviews its effectiveness. It outlines the main components of the framework, including the arrangements for Internal Audit and how the Consortium has complied with the various elements of the framework.

## **Statement of Responsibilities for the Statement of Accounts Central South Consortium Joint Education Service**

### **The Council’s Responsibilities**

The Council is required:

- To make arrangements for the proper administration of the Joint Committee’s financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services.
- To manage its affairs to ensure economic, efficient, and effective use of resources and safeguard its assets.

### **The Joint Committee’s Responsibilities**

- To approve the accounts.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Chair of the Central South Consortium Joint Education Service Joint  
Committee**

## **The Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services’ Responsibilities**

The Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services is responsible for the preparation of the Statement of Accounts. In terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, the Statement of Accounts is required to give a true and fair view of the financial position of the organisation at the accounting date and its income and expenditure for the period ended 31<sup>st</sup> March 2023.

### **In preparing the Statement of Accounts, the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services has:**

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

### **The Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services has also throughout the financial year:**

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **Certificate of the Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services as Treasurer of the Joint Committee**

I certify that the statement of accounts give a true and fair view of the financial position of the Joint Committee at 31<sup>st</sup> March 2023 and its income and expenditure for the period then ended.



24.05.23

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**Barrie Davies**  
**Deputy Chief Executive / Group Director – Finance, Digital and Frontline Services**  
The Pavilions, Cambrian Way, Clydach Vale, Rhondda Cynon Taf  
CF40 2XX

### Movement in Reserves Statement for the Period ended 31<sup>st</sup> March 2022

	General Reserves	Earmarked Reserves	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000
<b>Notes:</b>	13.1	13.2	13.0	14.0	
<b>Balance as at 1<sup>st</sup> April 2021</b>	<b>147</b>	<b>599</b>	<b>746</b>	<b>(276)</b>	<b>470</b>
<b>Movement in reserves during 2021/22</b>					
<b>Total comprehensive income and expenditure</b>	<b>(1,603)</b>	<b>0</b>	<b>(1,603)</b>	<b>2,554</b>	<b>951</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>					
<b>Adjustments involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	1,695	0	1,695	(1,695)	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(226)	0	(226)	226	0
<b>Adjustments primarily involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	15	0	15	(15)	0
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	<b>(119)</b>	<b>0</b>	<b>(119)</b>	<b>1,070</b>	<b>951</b>
Transfers to or (from) Earmarked Reserves	146	(146)	0	0	0
<b>Increase or (decrease) in the Year</b>	<b>27</b>	<b>(146)</b>	<b>(119)</b>	<b>1,070</b>	<b>951</b>
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>174</b>	<b>453</b>	<b>627</b>	<b>794</b>	<b>1,421</b>

### Movement in Reserves Statement for the Period ended 31<sup>st</sup> March 2023

	General Reserves	Earmarked Reserves	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000
<b>Notes:</b>	13.1	13.2	13.0	14.0	
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>174</b>	<b>453</b>	<b>627</b>	<b>794</b>	<b>1,421</b>
<b>Movement in reserves during 2022/23</b>					
<b>Total comprehensive income and expenditure</b>	<b>(925)</b>	<b>0</b>	<b>(925)</b>	<b>6,589</b>	<b>5,664</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>					
<b>Adjustments involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	1,848	0	1,848	(1,848)	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(274)	0	(274)	274	0
<b>Adjustments primarily involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	15	0	15	(15)	0
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	<b>664</b>	<b>0</b>	<b>664</b>	<b>5,000</b>	<b>5,664</b>
Transfers to or (from) Earmarked Reserves	(664)	664	0	0	0
<b>Increase or (decrease) in the Year</b>	<b>0</b>	<b>664</b>	<b>664</b>	<b>5,000</b>	<b>5,664</b>
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>174</b>	<b>1,117</b>	<b>1,291</b>	<b>5,794</b>	<b>7,085</b>

## Comprehensive Income and Expenditure Statement for the Period ended 31<sup>st</sup> March 2023

Year ended 31/03/22 £'000		Year ended 31/03/23 £'000	Note
	<b>Expenditure</b>		
8,041	Employees	9,062	5.0
155	Premises	129	
13	Transport	48	
88,611	Supplies & Services	86,898	6.0
2,478	Third Party Payments	1,673	
126	Support Services	170	
<b>99,424</b>		<b>97,980</b>	
	<b>Income</b>		
(3,564)	Local Authority Contributions	(3,625)	
(94,255)	Grants & Other Income	(93,300)	7.0
<b>(97,819)</b>		<b>(96,925)</b>	
<b>1,605</b>	<b>Net Cost of Services</b>	<b>1,055</b>	
(4)	Interest Receivable and Similar Income	(104)	
2	Net Interest on Net Defined Asset/Liability	(26)	15.2
<b>1,603</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>925</b>	
(2,554)	Remeasurement of the Net Defined Benefit Liability	(6,589)	15.2
<b>(951)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(5,664)</b>	

### Balance Sheet as at 31<sup>st</sup> March 2023

31/03/22 £'000		31/03/23 £'000	Note
	<b>Long-Term Assets</b>		
843	Defined Benefit Pension Scheme Asset	5,858	15.5
<b>843</b>	<b>Total Long-Term Assets</b>	<b>5,858</b>	
	<b>Current Assets</b>		
1,435	Debtors	2,317	11.0
<b>1,435</b>	<b>Total Current Assets</b>	<b>2,317</b>	
	<b>Current Liabilities</b>		
(856)	Creditors	(1,090)	12.0
<b>578</b>	<b>Net Current Assets</b>	<b>1,227</b>	
<b>578</b>	<b>Total Assets Less Current Liabilities</b>	<b>1,227</b>	
	<b>Long-Term Liabilities</b>		
0	Defined Benefit Pension Scheme Liability	0	15.5
<b>1,421</b>	<b>Net Assets/(Liabilities)</b>	<b>7,085</b>	
	<b>Represented by:</b>		
	<b>Usable Reserves</b>		
174	General Reserves	174	13.1
453	Earmarked Reserves	1,117	13.2
	<b>Unusable Reserves</b>		
843	Pensions Reserve	5,858	15.5
(49)	Short-Term Accumulating Compensated Absence Account	(64)	
<b>1,421</b>	<b>Total Reserves</b>	<b>7,085</b>	



## Cash Flow Statement for the Period ended 31<sup>st</sup> March 2023

Year ended 31/03/22 £'000		Year ended 31/03/23 £'000	Note
	<b>Operating Activities</b>		
	Cash Outflows		
6,558	Cash Paid to and on Behalf of Employees	7,447	
91,881	Other Operating Cash Payments	88,699	
<b>98,439</b>	<b>Total Cash Outflows</b>	<b>96,146</b>	
	Cash Inflows		
(97,789)	Cash Received for Goods & Services	(96,926)	
(4)	Interest Received	(104)	
<b>(97,793)</b>	<b>Total Cash Inflows</b>	<b>(97,030)</b>	
<b>646</b>		<b>(884)</b>	
<b>646</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>	<b>(884)</b>	18.0
	<b>Analysis of Changes in Cash and Cash Equivalents</b>		
(1,984)	Balance as at 1 <sup>st</sup> April	(1,338)	
646	Net Cash (Inflows)/Outflows	(884)	
<b>(1,338)</b>	<b>Cash Balance Owed To/(From) Host Authority</b>	<b>(2,222)</b>	

*All cash transactions are administered by Rhondda Cynon Taf CBC as the Central South Consortium does not operate its own bank account. The cash balance due to/from the host authority is included in debtors at 31<sup>st</sup> March.*

## Expenditure and Funding Analysis Statement for the year ending 31<sup>st</sup> March 2022

	2021/22		
	Net Expenditure Chargeable to the General Fund £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure for the Equivalent Amounts for CI&ES <sup>4</sup> £'000
Employees	6,559	1,482	8,041
Premises	155	0	155
Transport	13	0	13
Supplies & Services	88,611	0	88,611
Third Party Payments	2,478	0	2,478
Support Services	126	0	126
Income	(97,965)	146	(97,819)
<b>Cost of Services</b>	<b>(23)</b>	<b>1,628</b>	<b>1,605</b>
Other Income and Expenditure	(4)	2	(2)
<b>(Surplus) or Deficit</b>	<b>(27)</b>	<b>1,630</b>	<b>1,603</b>
Opening General Fund at 31 <sup>st</sup> March 2021	(147)		
Add Surplus on General Fund in Year	(27)		
<b>Closing General Fund at 31<sup>st</sup> March 2022</b>	<b>(174)</b>		

<sup>4</sup> CI&ES – Comprehensive Income and Expenditure Statement

## Expenditure and Funding Analysis Statement for the year ending 31<sup>st</sup> March 2023

	2022/23		
	Net Expenditure Chargeable to the General Fund £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure for the Equivalent Amounts for CI&ES <sup>5</sup> £'000
Employees	7,447	1,615	9,062
Premises	129	0	129
Transport	48	0	48
Supplies & Services	86,898	0	86,898
Third Party Payments	1,673	0	1,673
Support Services	170	0	170
Income	(96,261)	(664)	(96,925)
<b>Cost of Services</b>	<b>104</b>	<b>951</b>	<b>1,055</b>
Other Income and Expenditure	(104)	(26)	(130)
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>925</b>	<b>925</b>
Opening General Fund at 31 <sup>st</sup> March 2022	(174)		
Add Surplus on General Fund in Year	0		
<b>Closing General Fund at 31<sup>st</sup> March 2023</b>	<b>(174)</b>		

<sup>5</sup> CI&ES – Comprehensive Income and Expenditure Statement

## Notes to the Core Financial Statements

### 1.0 Significant Accounting Policies

#### 1.1 Accruals of Expenditure and Income

The accounts of the Joint Committee have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This ensures activity is accounted for in the year that it takes place not when cash payments are made or received.

Revenue from the sale of goods or services is recognised when the Joint Committee transfers the significant risks and rewards of goods, or provides the services to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.

Supplies are recorded as expenditure when they are used or consumed.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the Comprehensive Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract. Statutory adjustments relating to interest are reflected in the Movement in Reserves Statement.

#### 1.2 Cash and Cash Equivalents

All cash transactions are administered by Rhondda Cynon Taf CBC as the Central South Consortium does not operate its own bank account.

#### 1.3 Contingent Liabilities

A contingent liability is a possible item of expenditure that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control.

Such contingent liabilities are not reflected in Provisions in the Balance Sheet as it may not be probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

## **1.4 Reserves**

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These are deemed Earmarked Reserves. Earmarked Reserves are created by appropriating amounts from the General Reserves in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. To ensure this is not a charge against General Reserves, the expenditure is funded via an adjustment in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the Joint Committee.

## **1.5 Employee Benefits**

All costs relating to employee benefits are accounted for on an accruals basis.

### **Pensions**

The Joint Committee participates in two separate pension schemes.

Staff on Teachers Terms & Conditions - This is an unfunded scheme administered by the Teachers' Pension Agency. The Agency sets contribution rates on the basis of a notional fund. Whilst this is a defined benefit scheme, the Teachers Pensions Agency is unable to identify the Joint Committee's share of the underlying assets and liabilities and accordingly, the Joint Committee has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Other employees - Rhondda Cynon Taf CBC administer a fund on behalf of employees under the Local Government Pension Scheme Regulations 1997 (as amended), under which contribution rates are set by the Fund's actuary based on triennial actuarial valuations. Under the regulations, contribution rates are set in order to lead to full funding of the overall liability of the Fund over time. The Local Government Pension Scheme is accounted for as a Defined Benefit Scheme.

- The liabilities of the Rhondda Cynon Taf Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis rolling forward the results from the last full valuation and adjusted to allow for the later calculation date and making allowance for changes due to accrual of new benefits and discharge of liabilities, financial and demographic assumptions, impact of known experience and the impact of events which result in a change in liability.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.7% (2.7% in 2021/22).
- The Rhondda Cynon Taf Pension Fund is a multi-employer scheme. The assets of the Fund are not formally allocated to any employer within the Fund and are not the legal property of any employer within the Fund. For the purpose of completing the calculations for each triennial valuation of the Fund, the actuary calculates a notional allocation of assets for each employer. The assets of the Pension Fund notionally attributed to the Joint Committee are included in the Balance Sheet at their fair value:

Quoted Securities	–	Current Bid Price
Unitised Securities	–	Current Bid Price
Property	–	Market Value
- The change in the net pensions asset / liability is analysed into the following components:
  - Current Service Cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked plus administration expenses.
  - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – credited/debited to the Comprehensive Income and Expenditure Statement.
  - Expected Return On Assets – the annual investment return on the fund assets attributable to the Joint Committee based on an average of the expected long-term return – credited to the Comprehensive Income and Expenditure Statement.
  - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their financial, demographic or experience assumptions – debited or credited to the Pensions Reserve.
  - Contributions Paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense in the Comprehensive Income and Expenditure Statement.

In relation to retirement benefits, statutory provisions require the Joint Committee General Reserves to be charged with the amount payable by the Joint Committee to the Pension Fund or directly to pensioners in the year, not

the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the impact to the General Reserves of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The Joint Committee is able to make discretionary awards of retirement benefits in the event of early retirements. Any such liabilities arising are accrued in the year of decision to make the award in line with the Local Government Pension Scheme rules.

### **Accumulated Absences**

The Joint Committee accrues for staff holidays earned but not taken at each year-end. The Welsh Government has issued regulations to mitigate the impact of this charge. This Joint Committee has taken advantage of the regulations and charged the additional costs to the Short-Term Accumulating Compensated Absences Account in Unusable Reserves.

## **1.6 Government Grants and Other Contributions**

Grants and other contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that:

- the conditions for their receipt have been/will be complied with; and
- the grant or contribution will be received.

Monies advanced, where there is no reasonable assurance of the above two criteria, are held as creditors in the Balance Sheet.

Where a revenue grant has been recognised in the Comprehensive Income and Expenditure Statement but not yet used to fund expenditure, it is set aside as an Earmarked Reserve.

Where a claim has yet to be signed off by the Regional Internal Audit Shared Service, Balance Sheet values in relation to grants are included on an unaudited draft claim basis.

## 1.7 **Leases**

Whether a lease is a finance or operating lease depends upon the substance of the transaction rather than the legal form. Leases are reviewed at inception and classed as finance or operating by reviewing arrangements such as:

- Transfer of ownership at the end of lease contract.
- Option to purchase asset at a price lower than fair value.
- Lease term is for major part of economic life of asset.
- Present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset.
- Leased assets are specialist and only the lessee can use them without major modifications.

### **Finance Leases**

A finance lease is one which transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Where the Joint Committee is lessee, an asset and liability is recognised at lease inception. The asset is subsequently depreciated and revalued as though it were the legal property of the Joint Committee. The liability reduces as lease payments are made.

### **Operating Leases**

An operating lease is deemed to be any lease other than a Finance Lease.

Where the Joint Committee is lessee, lease payments are recognised as an expense in the Comprehensive Income and Expenditure Statement on a straight-line basis unless another systematic basis is more representative of the benefits received.

## 1.8 **Events after the Reporting Period**

Events after the reporting period are those both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- a) those that provide evidence of conditions existing at the end of the reporting period (adjusting events that shall be recognised in the financial statements); and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events that are not reflected in accounting statements but



where material, disclosure is made in the Notes to the Core Financial Statements).

## **2.0 Accounting Standards Issued, Not Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. In the interim potentially relevant standards include:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is not anticipated that the above amendments will have a material impact on the Consortium's Statement of Accounts.

## **3.0 Critical Judgements in Applying Accounting Policies**

In applying the Accounting Policies set out in note 1.0, the Joint Committee has had to make certain judgements about complex transactions and those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

### **3.1 Grants and Contribution Conditions**

Judgements are made in terms of conditions attached to revenue grants. Grants are recognised as income when received/receivable. Unless there are assumptions that conditions of the grant are breached, a return obligation is not recognised. As a result, any revenue grants received with no expected return obligation that are to be used to fund future years' expenditure are reflected in Earmarked Reserves in the Balance Sheet.

## **4.0 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

### **4.1 Pensions Asset/Liability**

Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. AON is engaged to provide the Joint Committee with advice about the assumptions to be applied.

#### **COVID impact**

The 2022 valuation included actuarial assumptions of the impact of Covid-19 on long term mortality trends. The actuary has made no further adjustments to the mortality assumptions for COVID-19.

#### **GMP equalisation and indexation**

The disclosures allow for full CPI inflation pension increases to be paid on Guaranteed Minimum Pension (GMP) for those reaching State Pension Age on or after 6<sup>th</sup> April 2016. This recognises the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has recognised that this solution will not address all sex inequalities for a minority of members and further guidance is expected from DLUHC on how they propose to deal with this. These inequalities are expected to be small.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required for members who transferred benefits out since May 1990. Government has not yet acknowledged a liability in public service schemes nor indicated an approach in rectifying this. Therefore, no allowance for potential liabilities relating to the second Lloyds ruling is included in the accounts.

#### **Goodwin Ruling**

In June 2020 an Employment Tribunal ruled in relation to the Teacher's Pension Scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the

Treasury announced in a ministerial statement on 20<sup>th</sup> July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. As these changes are yet to be reflected in the LGPS regulations and also on the basis of materiality, allowance has not been made in the calculations.

### McCloud / Sargeant Judgement

The Court of Appeal found that the transitional protection arrangements put in place when firefighters' and judges' pension schemes were reformed were age discriminatory. This has implications for other public sector schemes that were reformed around the same time (including the LGPS) and could potentially lead to members deemed to be discriminated against being compensated. The Supreme Court denied the Government's application for permission to appeal this judgement on 27<sup>th</sup> June 2019. The matter was referred to Employment Tribunals for remedy hearings and the Ministry for Housing, Communities and Local Government (MHCLG) ((now department for Levelling Up, Housing and Communities) (DLUHC)) undertook a consultation on the remedy and confirmed they would be proceeding with the key principles as laid out in the consultation. The figures produced by AON for 2020/21 disclosures included a McCloud underpin liability within current service cost, together with an allowance reflecting service since the scheme reforms (2014 in Wales). The same approach was adopted for 2021/22 and updated in the 2022 valuation. The method used by AON to value the McCloud remedy and therefore disclosed within the Statement of Accounts is closely aligned to that proposed by the DLUHC in its consultation issued July 2020.

### Cost Management Process in the LGPS

Legislation requires HM Treasury and the Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. This is referred to as the "Cost Management Process". The outcomes of the reviews recommended no changes to the provisions of the scheme. However, the legality of the Government's decision to include McCloud costs as a member cost within the 2016 HMT process is being challenged by a Judicial Review brought by trade unions. If the Judicial Review is successful, this may cause the 2016 HMT process to be re-run and could result in changes to benefits or member contributions backdated to 1<sup>st</sup> April 2019.

No allowance has been made for the potential cost of improving members benefits under these reviews.

**5.0 Employees Costs**

<b>2021/22 £'000</b>	<b>Salaries &amp; Wages</b>	<b>2022/23 £'000</b>
5,002	Advisors	5,722
845	Administration	1,000
466	Management	454
204	Finance Team	218
1	Agency	0
0	Employee Redundancy	16
35	Employee Insurance	35
6	Employee Advertising	2
<b>6,559</b>	<b>Sub Total</b>	<b>7,447</b>
15	Short-Term Accumulating Compensated Absences Account adjustment	15
1,467	IAS 19 adjustments	1,600
<b>8,041</b>	<b>Total</b>	<b>9,062</b>

**6.0 Supplies and Services**

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
150	Office Expenses	159
594	Consultants Fees	344
54	Computer Costs	37
7	Photocopying	6
3	Subscriptions	4
3	Marketing	7
18	Audit Fees	18
6	Telephones	6
92	Training	106
	<u>Grants paid to local authorities &amp; schools:</u>	
50,784	Regional Consortia School Improvement Grant (RCSIG)	43,464
36,380	Pupil Development Grant (PDG)	42,200
520	Other	547
<b>88,611</b>	<b>Total</b>	<b>86,898</b>

**7.0 Income**

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
(1,293)	<b>Contributions</b> Cardiff Council	(1,327)

(966)	Rhondda Cynon Taf CBC	(977)
(549)	Bridgend CBC	(554)
(529)	Vale of Glamorgan Council	(538)
(227)	Merthyr Tydfil CBC	(229)
<b>(3,564)</b>	<b>Total Contributions</b>	<b>(3,625)</b>
	<b>Other Income</b>	
(55)	Other	(32)
(94,200)	Grants	(93,268)
<b>(94,255)</b>	<b>Total Other Income</b>	<b>(93,300)</b>
<b>(97,819)</b>	<b>Total Income</b>	<b>(96,925)</b>

### 7.1 Grant Income

2021/22 £'000		2022/23 £'000
	<b>Grant Programme</b>	
(37,582)	Pupil Development Grant (PDG)	(43,484)
(55,866)	Regional Consortia School Improvement Grant (RCSIG)	(48,891)
(752)	Other	(893)
<b>(94,200)</b>	<b>Total Grant Income</b>	<b>(93,268)</b>
	<b>Allocation</b>	
87,684	Paid to local authorities and schools (Note 6.0)	86,211
6,516	Retained by Central South Consortium	7,057
<b>94,200</b>	<b>Total Allocation</b>	<b>93,268</b>

### 8.0 Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a “related party”. This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

The Joint Committee transacts with the local authorities and its schools within the Consortium, distributes funding, and provides advisory and inspection services for which it receives income. During the year, material transactions with these related parties arose as follows:

2021/22			2022/23	
Exp. £'000	Inc. £'000	Local Authority	Exp. £'000	Inc. £'000
34,667	(1,293)	Cardiff Council	35,402	(1,327)
24,699	(997)	Rhondda Cynon Taf CBC	23,832	(1,081)
13,756	(549)	Bridgend CBC	11,659	(554)

12,059	(529)	Vale of Glamorgan Council	10,313	(538)
5,768	(227)	Merthyr Tydfil CBC	7,255	(229)

Income received from Rhondda Cynon Taf CBC (£104k) due to interest received is included in the table above but is not included in Note 7.0 as it does not form part of the Local Authorities core contributions received.

Welsh Government exerts significant influence through legislation and grant funding. The main grants received are shown in Note 7.1.

All cash transactions are administered by the host authority, Rhondda Cynon Taf CBC, as the Consortium does not operate its own bank account. At 31<sup>st</sup> March 2023, Rhondda Cynon Taf CBC owed the Consortium £2,222k relating to these cash transactions (Rhondda Cynon Taf CBC owed the Consortium £1,338k as at 31<sup>st</sup> March 2022). During 2022/23, Central South Consortium was charged £170k by Rhondda Cynon Taf CBC in respect of Central Establishment Charges (included in the table above, £126k in 2021/22).

Pension contributions are made to both the Rhondda Cynon Taf Pension Fund and the Teachers' Pension Agency, in respect of Joint Committee employees. See notes 15.0 and 16.0 for further information.

Interests of elected Members of the Joint Committee are maintained in a register held by their own Local Authority. Records of interests of Senior Officers are maintained by the Consortium. The following transactions occurred with related parties (by virtue of elected Member interest in them) with whom the Joint Committee has had dealings:

2021/22		Organisation	2022/23	
Exp. £'000	Inc. £'000		Exp. £'000	Inc. £'000
7	0	Cardiff University	15	0
0	0	Valley Education Services Ltd	2	0
<b>7</b>	<b>0</b>	<b>Total</b>	<b>22</b>	<b>0</b>

The table above does not include payments to/from the Local Authorities or schools within the Consortium, as they are included elsewhere within the notes.

## 9.0 Audit Fees

<b>2021/22</b> <b>£'000</b>		<b>2022/23</b> <b>£'000</b>
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18	Fees payable to the Auditor General for Wales in respect of external audit	18
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## 10.0 Leases

A long term lease arrangement totalling £88k in 2022/23 (£153k in 2021/22) exists between the Joint Committee and Rhondda Cynon Taf CBC in relation to office accommodation at the Valleys Innovation Centre. No termination is contained within the lease agreement and occupation is assumed for as long as the service is required.

The Joint Committee holds no assets on Finance Leases.

## 11.0 Short Term Debtors

An analysis of Short Term Debtors in the Balance Sheet is as follows:

31/03/22 £'000		31/03/23 £'000
1,338	Host Authority	2,222
97	Other Entities and Individuals	79
0	Local Authority and Schools	17
<b>1,435</b>		<b>2,318</b>
0	Provision for Bad Debt	(1)
<b>1,435</b>	<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>2,317</b>

All cash transactions are administered by Rhondda Cynon Taf CBC as the Central South Consortium does not operate its own bank account. The Host Authority debtor includes the 'cash' balance owed to the Consortium by Rhondda Cynon Taf CBC.

## 12.0 Creditors

An analysis of Short Term Creditors in the Balance Sheet is as follows:

31/03/22 £'000		31/03/23 £'000
(348)	Local Authorities and Schools	(499)
(32)	Central Government Bodies	(270)
(427)	Other	(258)
(49)	Employee Absences Accrual	(64)
<b>(856)</b>	<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>(1,091)</b>

**13.0 Movement on Usable Reserves**

	<b>General Reserves £'000</b>	<b>Earmarked Reserves £'000</b>	<b>Total £'000</b>
Balance as at 1 <sup>st</sup> April 2022	174	453	627
Increase/(Decrease)	0	664	664
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>174</b>	<b>1,117</b>	<b>1,291</b>

**13.1 General Reserve**

The General Reserve is a distributable revenue reserve, which consists of the accumulated surpluses of the Consortium's operations.

	<b>Total £'000</b>
Balance as at 1 <sup>st</sup> April 2022	174
Increase/(Decrease) 2022/23	0
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>174</b>

**13.2 Earmarked Reserves**

This note sets out the amounts set aside from the General Reserve balance in earmarked reserves to provide financing for future expenditure. All earmarked reserves are deemed to be revenue reserves.

	<b>Balance at 31/03/22 £'000</b>	<b>Transfers Out £'000</b>	<b>Transfers In £'000</b>	<b>Balance at 31/03/23 £'000</b>
Revenue Grant Reserves	253	(253)	508	508
Funding for Specific Projects	200	0	409	609
<b>Total</b>	<b>599</b>	<b>(253)</b>	<b>917</b>	<b>1,117</b>

The Central South Consortium holds an earmarked reserve for the funding of specific projects of which £609k is set aside for ongoing service remodelling and medium-term financial planning (£200k held as at 31<sup>st</sup> March 2022).

**14.0 Movements on Unusable Reserves**

<b>Reserve</b>	<b>Pension Reserve</b>	<b>Short-Term Acc Comp Absence Account</b>	<b>Total</b>



	£'000	£'000	£'000
Balance as at 1 <sup>st</sup> April 2022	843	(49)	794
Increase / (Decrease)	5,015	(15)	5,000
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>5,858</b>	<b>(64)</b>	<b>5,794</b>

#### **14.1 Pension Reserve**

The Pension Reserve is the balancing account to offset the inclusion of Pension Liability in the Balance Sheet as required by IAS 19 “Employee Benefits”. See note 15.0 for further information.

#### **14.2 Short-Term Accumulating Compensated Absences Account**

The Short-Term Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on the Consortium’s Reserves from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31<sup>st</sup> March 2023.

### **15.0 Retirement Benefits – Defined Benefit Schemes**

#### **15.1 Participation in Pension Schemes**

As part of their terms and conditions, the employees of Central South Consortium are offered retirement benefits by the Joint Committee. Although these benefits will not be payable until retirement, the Joint Committee has a commitment to make these payments. The liability for these payments needs to be accounted for at the time future entitlement is earned.

The Joint Committee participates in two pension schemes:

- Teachers – Please refer to note 16.0.
- Other employees – The Local Government Pension Scheme administered by Rhondda Cynon Taf CBC. This is a funded defined benefit salary scheme, meaning that the Joint Committee and participants pay contributions into the Fund calculated at a level intended to balance the pensions liabilities with investment assets. The pension costs that are charged to the Joint Committee’s accounts are defined by IAS 19 “Employee Benefits”.

#### **15.2 Transactions Relating to Post-Employment Benefits**

The cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Account when earned by employees, rather than when benefits are actually paid as pensions. However, the charge required to be made to the General Reserves is based on the cash payable in the year. The

difference is reversed out in the Movement in Reserves Statement. The following transactions have been posted in the year:

<b>Comprehensive Income and Expenditure Account</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Cost of Services:</b>		
Current Service Cost	1,693	1,874
Past Service Cost	0	0
Settlements and curtailments	0	0
<i>Financing and Investment Income and Expenditure</i>		
Net Interest Expense / (income)	2	(26)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,695</b>	<b>1,848</b>
<i>Remeasurement of the Net Defined Benefit Liability Comprising:</i>		
Return on Plan Assets (Excluding the Amount included in the Net Interest Expense)	(94)	3,483
Actuarial (Gains) and Losses Arising on Liabilities – Demographic Assumptions	(334)	(12)
Actuarial (Gains) and Losses Arising on Liabilities – Financial Assumptions	(2,232)	(13,301)
Actuarial (Gains) and Losses Arising on Liabilities – Experience	106	3,241
Net increase in liabilities from disposals / acquisitions	0	0
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(859)</b>	<b>(4,741)</b>
<i>Movement in Reserves Statement</i>		
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	(1,695)	(1,848)
<i>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</i>		
Employers' Contributions Payable to Scheme	226	274

The total remeasurement of the Net Defined Benefit Liability recognised in Other Comprehensive Income and Expenditure to the 31<sup>st</sup> March 2023 is a gain of £6,589k (£2,554k gain in 2021/22).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure statement to the year ending 31<sup>st</sup> March 2023 is a gain of £11,862k (£5,273k gain in 2021/22).

The figures above do not include allowance for any membership (or associated assets) relating to members who have joined the employer but have not yet exercised their option to link their past service rights to their current employment.

### 15.3 Reconciliation of Present Value of the Scheme Liabilities

	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
Opening balance at 1 <sup>st</sup> April	33,113	33,017
Current Service Cost	1,693	1,874
Interest Cost on Defined Obligation	695	891
Contributions by Scheme Participants	308	371
<i>Remeasurement Gains and (Losses):</i>		
Actuarial Gains and (Losses) Arising on Liabilities – Demographic Assumptions	(334)	(12)
Actuarial Gains and (Losses) Arising on Liabilities – Financial Assumptions	(2,232)	(13,301)
Actuarial Gains and (Losses) Arising on Liabilities – Experience	106	3,241
Benefits Paid	(332)	(463)
Past Service Costs	0	0
<b>Carried Forward at 31<sup>st</sup> March</b>	<b>33,017</b>	<b>25,618</b>

### 15.4 Reconciliation of Fair Value of the Scheme Assets

	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
Opening balance at as at 1 <sup>st</sup> April	32,871	33,860
Interest Income	693	917
<i>Remeasurement Gains and (Losses)</i>		
The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	94	(3,483)
Employer Contributions	226	274
Contributions by Scheme Participants	308	371
Benefits paid	(332)	(463)
Net increase in assets from disposals/acquisitions	0	0
<b>Carried Forward as at 31<sup>st</sup> March</b>	<b>33,860</b>	<b>31,476</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £2,566k (£787k gain in 2021/22).

### 15.5 Scheme History

	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
Present Value of Defined Obligation	(33,017)	(25,618)
Fair Value of Plan Assets	33,860	31,476
<b>Surplus / (Deficit)</b>	<b>843</b>	<b>5,858</b>

The liabilities show the underlying commitments that the Joint Committee has in the long run to pay retirement benefits. The total asset of £5,858k has a substantial impact on the net worth of the Joint Committee as recorded in the Balance Sheet.

The surplus on the local government scheme may be recovered in the form of reduced future contributions.

### 15.6 Local Government Pension Scheme Assets

Local Government Pension Scheme Assets investments as at 31<sup>st</sup> December 2022 (full scheme not Central South Consortium element) are comprised as follows:

	<b>Fair Value of Scheme Assets</b>	
	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
UK Equities	443,447	443,611
Overseas Equities	2,870,331	2,354,047
UK Fixed Interest Gilts	563,640	429,562
UK Corporate Bonds	607,650	507,735
Property	317,833	318,236
Infrastructure	0	21,975
Cash and net current assets	16,991	27,511
<b>Total</b>	<b>4,819,892</b>	<b>4,102,677</b>

### 15.7 Basis for Estimating Assets & Liabilities

#### **Roll-forward of Assets**

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to the accounting year-end allowing for:

- Investment returns, and
- Cash-flows including investment returns on those cashflows.

The asset value at the start of the accounting period is accumulated with the Fund investment return over the accounting period. Net cashflows are assumed to be paid half way through the period and accrue half of the Fund investment return over the period.

### Roll-forward of Liabilities

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to allow for the later calculation date (by adding interest to the liabilities) and make allowance for changes in liabilities due to:

- The accrual of new benefits and the discharge of liabilities from the payment of benefits.
- The financial and demographic assumptions adopted at the year-end.
- The impact of any known experience affecting the liabilities, such as the impact of actual pension increases on pensions in payment and deferred benefits.
- If applicable, the impact of events which result in a change in the liability such as past service costs, settlements and curtailments.

The full valuation was based on funded benefits and the principal assumptions used by the actuary have been:

	31/03/22	31/03/23
Long-Term Expected Rate of Return on Assets in the Scheme (in line with the discount rate)	4.25%	4.30%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	21.6	21.6
Women	23.9	24.2
Longevity at 65 for future pensioners:		
Men	22.6	22.9
Women	25.4	25.7
CPI Inflation	3.0%	2.7%
Rate of Increase in Salaries	4.25%	3.95%
Rate of Increase in Pensions	3.0%	2.7%
Rate for discounting scheme liabilities	2.7%	4.7%
Option to Convert Annual Pension into Retirement Lump Sum	80%	85%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that

the assumption analysed changes while all the other assumptions remain constant.

	<b>Increase in Assumption £'000</b>	<b>Decrease in Assumption £'000</b>
Longevity (Increase or Decrease in 1 Year)	666	(666)
Rate of Increase in Salaries (increase or decrease by 0.1%)	51	(51)
Rate of Increase in Pensions (increase or decrease by 0.1%)	410	(410)
Rate for Discounting Scheme Liabilities (increase or decrease by 0.1%)	(461)	461

### **15.8 Contributions for the Accounting Period ending 31<sup>st</sup> March 2024**

The Employer's regular contributions to the Fund for the accounting period ending 31<sup>st</sup> March 2024 are estimated to be £316k (£236k as at 31<sup>st</sup> March 2023).

### **16.0 Retirement Benefits – Defined Contribution Scheme**

Staff employed on Teachers terms and conditions are members of the Teachers' Pension Scheme. The scheme provides teachers with specified benefits upon their retirement and the Joint Committee contributes towards the costs by making contributions based upon a percentage of members' pensionable salary.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23, the Joint Committee paid £89k to the Teachers' Pension Fund in respect of teachers' retirement benefits, representing 23.68% of pensionable pay (£94k was paid in 2021/22 representing of 23.68% pensionable pay). There were no contributions remaining payable at the year-end.

### **17.0 Events after the Balance Sheet Date**

The draft, unaudited Statement of Accounts will be authorised for issue by the Deputy Chief Executive and Group Director - Finance, Digital and Frontline Services, as Chief Finance Officer, following approval by the Joint Committee. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31<sup>st</sup> March 2023, the figures in the financial statements and notes have been adjusted in all materials respects to reflect the impact of this information. There are no events that took place after 31<sup>st</sup> March 2023 requiring disclosure providing information that is relevant to an understanding of the Central South Consortium’s financial position.

## **18.0 Reconciliation of Comprehensive Income and Expenditure Account to Cash flow**

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
1,603	(Surplus)/Deficit on the Provision of Services	925
482	(Increase)/Decrease in Creditors	(233)
30	Increase/(Decrease) in Debtors	(2)
(1,469)	IAS 19 Transactions	(1,574)
<b>646</b>	<b>Cash (Inflow)/Outflow from Revenue Items</b>	<b>(884)</b>

## **19.0 Contingent Liabilities**

### Cost Management Process in the LGPS

Please refer to Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (4.0)

Legislation requires HM Treasury and the Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. This is referred to as the “Cost Management Process”. The outcomes of the reviews recommended no changes to the provisions of the scheme. However, the legality of the Government’s decision to include McCloud costs as a member cost within the 2016 HMT process is being challenged by a Judicial Review brought by trade unions. If the Judicial Review is successful, this may cause the 2016 HMT process to be re-run and could result in changes to benefits or member contributions backdated to 1<sup>st</sup> April 2019.

No allowance has been made for the potential cost of improving members benefits under these reviews.

## **20.0 Officers’ Remuneration**

During 2022/23, the Consortium paid 107 employees on average every month (90 in 2021/22). Over the year, salary payments totalled £5,329k (excluding employer's national insurance and pension contributions) (£4,184k in 2021/22).

Under the Accounts and Audit (Wales) Regulations 2014, the Joint Committee must disclose in their accounts the number of employees (excluding specific senior employees who are shown in Note 20.0) whose remuneration in the year fell in each bracket of a scale in multiples of £5,000 commencing at £60,000 (excluding pension contributions). The disclosure includes redundancy payments.

The following salary payments were made within the categories specified:

Remuneration Band	2021/22			2022/23		
	No. of Employees			No. of Employees		
	At 31/03/22	Left in Year	Total	At 31/03/23	Left in Year	Total
£60,000 - £64,999	11	0	11	16	1	17
£65,000 - £69,999	9	0	9	5	0	5
£70,000 - £74,999	5	0	5	6	0	6
£75,000 - £79,999	1	0	1	2	0	2
£80,000 - £84,999	0	0	0	1	0	1
<b>Total</b>	<b>26</b>	<b>0</b>	<b>26</b>	<b>30</b>	<b>1</b>	<b>31</b>

## 21.0 Senior Officers

The following table sets out the remuneration for specific Senior Officers whose salary is less than £150k but greater than £60k. There are no Senior Officers whose salary is greater than £150k. Employer pension contributions and compensatory payment in relation to loss of employment are included.

Post Holder Information	2022/23				
	Salary	Taxable Benefits in Kind	Compensation for loss of employment	Employer's Pension Contributions	Total
	£'000	£'000	£'000	£'000	£'000
Managing Director *	117	0	0	7	124
Deputy Managing Director **	94	0	0	6	100



Assistant Director – Standards & Improvement Planning **	83	0	0	5	<b>88</b>
Assistant Director – Curriculum **	82	0	0	5	<b>87</b>

\* Total amount of salary, fees or allowances paid to or received during 2022/2023 excluding £2k that related to 2021/2022 but was remunerated to the senior officer during 2022/2023.

\*\* Total amount of salary, fees or allowances paid to or received during 2022/2023 excluding £1k that related to 2021/2022 but was remunerated to the senior officers during 2022/2023.

The comparative figures for 2021/22 are shown in the following table:

Post Holder Information	2021/22				
	Salary	Taxable Benefits in Kind	Compensation for loss of employment	Employer's Pension Contributions	Total
	£'000	£'000	£'000	£'000	£'000
Managing Director *	115	0	0	7	<b>122</b>
Deputy Managing Director **	94	0	0	6	<b>100</b>
Assistant Director – Standards & Improvement Planning **	81	0	0	5	<b>86</b>
Assistant Director – Curriculum **	82	0	0	5	<b>87</b>

\* Total amount of salary, fees or allowances paid to or receivable during 2021/2022 excluding £1k that related to 2020/2021 but was remunerated to the senior officer during 2021/2022. Includes £2k was remunerated to the senior officer during 2022/2023.

\*\* Includes the total amount of salary, fees or allowances paid to or receivable during 2021/2022, part of which (£1k) was remunerated to the senior officers during 2022/2023.

## 21.0 Severance Costs

This note provides details of the cost of severance to the Consortium in respect of employees who have left the employment of the Consortium during the financial year (costs do not reflect the value of the severance received by the individual as it includes pension strain). All costs are in line with the relevant and applicable scheme of termination and as required under relevant Pension Fund Regulations where applicable.

The number and costs (in bandings) of compulsory and other terminations are set out in the table below.

Severance Cost Band	Number of Compulsory Terminations		Number of Other Terminations		Total Number of Terminations		Total Severance Cost	
							£000s	
	21/22	22/23	21/22	22/23	21/22	22/23	21/22	22/23
£0 - £20,000	0	0	0	3	0	3	0	16
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>16</b>

# CENTRAL SOUTH CONSORTIUM

## DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

### 1. SCOPE OF RESPONSIBILITY

1.1 The Central South Consortium (CSC) is a Joint Education Service commissioned by five Local Authorities namely:

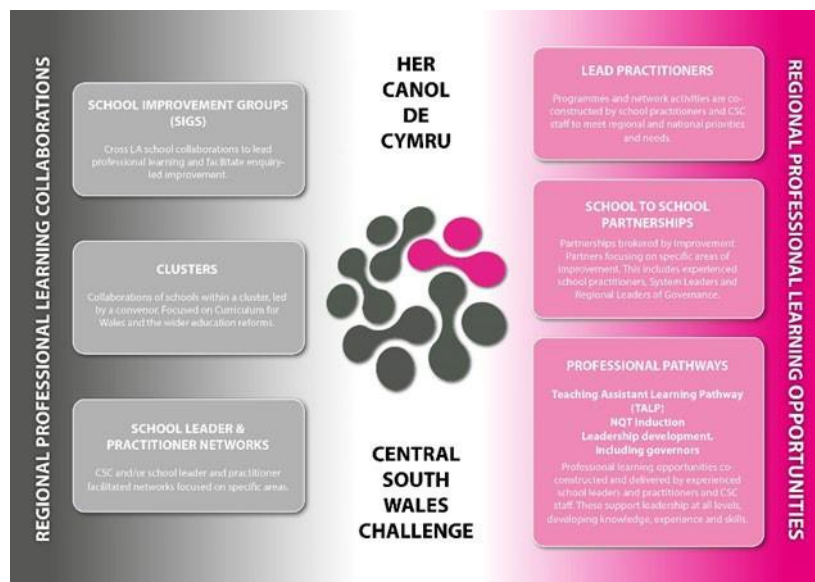
- Bridgend CBC;
- Cardiff CBC;
- Merthyr Tydfil CBC;
- Rhondda Cynon Taf CBC; and
- Vale of Glamorgan CBC.

Central South Consortium covers the needs of 380 schools and 152,141 pupils in the region.

1.2 In January 2014, Central South Wales Challenge was launched with the aim of raising standards across all schools within the region and to stimulate the sharing of expertise amongst schools and joint efforts to innovate to:

- Improve the performance of every school;
- Increase the numbers of good and excellent schools;
- Reduce the gap between high and low performing groups of learners; and
- Improve outcomes for vulnerable groups of pupils.

Subsequently the has developed and consists of a number of different strategies:



\*Revised April 2023

- 1.3 Rhondda Cynon Taf County Borough Council (RCTCBC) is responsible for ensuring that its business and that of the Joint Education Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.4 In discharging this overall responsibility, CSC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.
- 1.5 The Annual Governance Statement of CSC aims to provide an accurate representation of the governance arrangements in place for financial year ending 31<sup>st</sup> March 2023.

## 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, and cultural values by which CSC is directed and controlled, and the activities through which it accounts to and engages with stakeholders. It enables CSC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of CSC's priorities, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively, and economically.
- 2.4 CSC has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. The assessment is informed by the work conducted by external agencies and internal arrangements, including performance management arrangements.
- 2.5 The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for CSC for the year ended 31<sup>st</sup> March 2023 (and up to the date of approval of the 2022/23 Statement of Accounts).

**3.0 THE GOVERNANCE FRAMEWORK**

3.1 CSC has used the *Delivering Good Governance in Local Government: Framework (2016)* in compiling its Annual Governance Statement. The Framework comprises two Core Principles and five Supporting Principles:

Core principles

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles

- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity’s capacity, including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.2 The Core Principles permeate implementation of the Supporting Principles with the need for CSC to be committed to improving governance on a continual basis through a process of evaluation and review.

3.3 CSC has applied these principles to structure its Annual Governance Statement for financial year ending 31<sup>st</sup> March 2023 and to assess the arrangements in place.

3.4 CSC has a range of governance arrangements in place, in line with the ‘Delivering Good Governance in Local Government Framework’, many of which are set out in CSC’s legal agreement and / or are part of the governance arrangements of RCTCBC that have been adopted by CSC. Table 1 provides examples of the key systems, processes and documents in place within CSC during 2023/23.

**Table 1 - Examples of key systems, processes and documents in place within the CSC**

<b>Good Governance Principles</b>	<b>Examples of key systems, processes and documents in place within CSC</b>
Behaving with integrity, demonstrating strong commitment	<ul style="list-style-type: none"> <li>• <a href="#">Rules of Procedure</a> – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer</li> </ul>

to ethical values and respecting the rule of law	<p>Employment and Contract and Financial Procedure Rules. The rules set out arrangements to be followed by elected Councillors and Officers when conducting the CSC’s business with the aim of publicly demonstrating accountability and openness.</p> <ul style="list-style-type: none"> <li>• <u>Whistle-blowing Policy</u>– promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of CSC.</li> <li>• Anti-fraud, Bribery &amp; Corruption Strategy.</li> <li>• Gifts and hospitality Policy.</li> <li>• Comments, Compliments and Complaints – setting out how the Council / CSC handles and responds to the feedback (complaints, compliments and comments).</li> <li>• Officer Guide.</li> <li>• Staff Handbook.</li> </ul>
Ensuring Openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> <li>• Forward plans for committee meetings together with the matters to be considered, where appropriate.</li> </ul>
Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• Performance Management Framework.</li> <li>• Business Plan and Operational Delivery Plans.</li> <li>• Regular Performance Reports to Joint Committee (including Risk Register updates).</li> <li>• Risk Management Strategy.</li> <li>• Annual Revenue Budget Strategy.</li> <li>• Medium Term Financial Plan.</li> </ul>
Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> <li>• Scrutiny Committees.</li> <li>• Challenge and Review sessions with Welsh Government.</li> </ul>
Developing the entity’s capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Staff Handbook.</li> <li>• Schemes of Delegation.</li> <li>• Self-evaluation process.</li> <li>• Regional Evaluation &amp; Improvement Session</li> </ul>
Managing risks and performance through robust internal control and strong public	<ul style="list-style-type: none"> <li>• Risk Management Strategy.</li> <li>• Annual Performance Report (including Risk Register updates).</li> <li>• An Internal Audit function.</li> </ul>

financial management	<ul style="list-style-type: none"> <li>• Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules.</li> <li>• Medium Term Financial Plan.</li> </ul>
Implementing good practices in transparency, reporting and audit to deliver effective accountability	<ul style="list-style-type: none"> <li>• Statement of Accounts.</li> <li>• Annual Governance Statement.</li> <li>• Production of reports on key areas of business.</li> <li>• Internal Audit.</li> </ul>

### 3.5 Legal Agreement

On the 20<sup>th</sup> April 2015 all parties entered into and signed a revised legal agreement which superseded all previous legal agreements between the Partners. This agreement consolidated the legal arrangements relevant to CSC into one Agreement. From this point forward within the Annual Governance Statement, reference will be made to the ‘Legal Agreement’.

3.5.1 The Legal Agreement for Central South Consortium Joint Education Service Joint Committee provides the governance framework within which the Service operates and allocates responsibility and accountability, as follows:

- The Host Authority;
- The Directors’ Steering Group;
- The Advisory Board;
- Operational Management Group;
- Central South Consortium Joint Education Committee; and
- Financial Management.

3.5.2 The legal agreement is currently under review to bring in line with recent changes to governance arrangements (as outlined in section 5.3.8 below) and will be taken to Joint Committee for consideration.

### 3.6 The Host Authority

The Legal Agreement formally assigns RCTCBC as the Host Authority for CSC. RCTCBC provides all support services (save for the day to day administration undertaken by staff in accordance with their duties) required, including but not limited to:

- Financial (Section 151 Officer as defined by section 151 of the Local Government Act 1972, Accounts, Payroll, Creditors, Debtors, Insurance);
- Human Resources;

- Health & Safety;
- Legal;
- ICT;
- Estates;
- Regional Internal Audit Service, (RIAS); and
- Procurement.

The costs of which, where relevant, are charged to Central South Consortium Joint Education Service Joint Committee through Service Level Agreements.

3.7 The Constitution of RCTCBC, allocates functions and responsibility within the Authority. It also regulates the behaviour of individuals (Members & Officers) and groups through codes of conduct, protocols and rules of procedure. All functions undertaken by CSC should be done so in accordance with all relevant Policies and Procedure Rules of RCTCBC.

### 3.8 **Officer Conduct**

To ensure a consistent approach to working practices and processes, all officers are subject to the terms and conditions of employment (which are based on RCTCBC's operating terms and conditions).

### 3.9 **COVID-19**

Key regard continued to be afforded to the Covid-19 pandemic as part of service planning and delivery throughout 2022/23, with CSC officers working flexibly to ensure the on-going provision of services.

The Joint committee and democratic processes of the CSC were in line with the legal agreement, this enabling transparent decision making, effective scrutiny and Committee fulfilling its responsibilities.

Financial and performance management arrangements (including risk register reporting) were in place to manage service delivery in line with resources available, this being demonstrated via the suite of information reported to the Joint Committee during the year, for example, budget monitoring reports, Medium Term Financial Plan update and 2021/22 audited Statement of Accounts.

## 4.0 **ASSESSING CSC'S GOVERNANCE ARRANGEMENTS**

4.1 In line with the Core and Supporting Principles of the Framework, the approach taken to assess CSC's arrangements has been to:

- Set out a brief description of the arrangements and procedures in place together with the key outcomes CSC is aiming to achieve;



- Examine and document the main activities that have taken place around these areas, taking account of supporting evidence from CSC's internal processes and Audit Wales reports published on CSC;
- Form a view on the extent to which the activities comply with the procedures in place; and
- Make proposals for improvement, where appropriate, together with recommended timescales for implementation and responsible officers.

4.2 The assessment of CSC's governance arrangements is set out in Section 5.

## **5.0 ASSESSMENT OF GOVERNANCE ARRANGEMENTS**

### **5.1 PROGRESS MADE TO IMPLEMENT RECOMMENDATIONS REPORTED IN THE 2021/22 ANNUAL GOVERNANCE STATEMENT**

The 2021/22 Annual Governance Statement made 4 proposals for improvement. An update on progress was reported to Central South Consortium Joint Education Service Joint Committee on 13<sup>th</sup> December 2022 and following consideration the Committee RESOLVED: *to note the progress that has been made to date in implementing the proposals for improvement.*

As at 31<sup>st</sup> March 2023, progress had been made against the 4 proposals:

- 2 proposals for improvement have been implemented.
- 2 proposals for improvement were 'in progress' and will be completed during 2023/24 – it is considered that the part implementation status for these areas do not have an adverse impact on the robustness of CSC's governance arrangements during the year.

Based on the above, it is considered that overall, sufficient progress has been made during 2022/23 in the delivery of the proposals for improvement with the requirement for further work to be completed in 2023/24. A detailed position statement is set out at **Appendix A**.

### **5.2 BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

#### **Behaving with integrity**

- 5.2.1 CSC follows the Host Authority Constitution which sets down how it should operate, how decisions need to be made and the procedures to be followed to ensure they are efficient, transparent and available to local people. Within the

Constitution there are a number of [Rules](#)<sup>6</sup> and [Protocols](#)<sup>7</sup> that aim to ensure both elected Councillors and employees behave with integrity.

- 5.2.2 CSC has put in place procedures to be followed by the Joint Education Committee when conducting meetings and making decisions during the year to publicly demonstrate an accountable, open and honest approach. This has included considering the accuracy of ‘meeting minutes’<sup>8</sup>; recording declarations of personal interest; publishing reports on RCT’s website prior to meetings taking place; making decisions based on evidenced based reports; and publishing the minutes of meetings. A review of a sample of Joint Education Committee meetings during the year confirmed that the above-mentioned procedures had been followed.

### **CSC employees**

- 5.2.3 CSC Legal Agreement outlines the role of RCTCBC as the host authority. As part of this agreement, CSC adopts the policies of RCT including an Officer Code of Conduct that has been used to create an easy to understand ‘Basic Rules – A Guide for Employees’ and includes information in relation to, amongst other things, expected behaviour, use of social media, appearance and attendance. The guide is available on-line for all employees.
- 5.2.4 All officers who started employment with CSC were provided with a local induction. In parallel, processes were put in place to support personal development of officers, this being overseen by management within the CSC and supported by the Human Resources Service within Rhondda Cynon Taf.

### **Arrangements in place to tackle potential misappropriation**

- 5.2.5 In the event that an officer decides to operate outside of the intended terms and conditions of employment, arrangements were in place for officers to “blow the whistle” through RCT’s [Whistleblowing Policy & Procedure](#).
- 5.2.6 In addition to the Whistleblowing arrangements, there were arrangements in place to tackle potential [fraud, bribery and corruption](#).
- 5.2.7 RCTCBC’s Governance and Audit Committee has overall responsibility for overseeing the governance arrangements in place in respect of ‘tackling potential fraud, bribery and corruption’ and ‘whistle-blowing’. Updates received by the Governance and Audit Committee during the year in respect of these arrangements were:

### **Anti-Fraud, Bribery & Corruption**

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<sup>6</sup> Rules – for example, Financial and Contract Procedure Rules

<sup>7</sup> Protocols – for example, Gifts and Hospitality Policy

<sup>8</sup> Meeting minutes – a formal and agreed record of the events that took place at each meeting.

- 5.2.8 At the 7<sup>th</sup> December 2022 Governance and Audit Committee meeting, the Committee were provided with a progress update against the Anti-Fraud, Bribery and Corruption work programme for 2022/23 (this being an exempt item). This update provided assurance on the Council's arrangements to tackle potential fraud and covered the internal control environment that supports this area; the Committee resolved to note and review the outcome of the anti-fraud work progress during 2022/23.
- 5.2.9 The 15<sup>th</sup> March 2023 Governance and Audit Committee meeting considered the Anti-Fraud, Bribery and Corruption Annual Report for 2022/23, that provided an overview of the work undertaken during the year and a proposed work programme for 2023/24 (this being an exempt item). The report concluded that:
- The Governance and Audit Committee's on-going support for the delivery and monitoring of the Anti-Fraud, Bribery and Corruption Strategy will reinforce the Council's commitment and "zero tolerance" approach towards any fraudulent activity relating to its business.
  - Delivery of the Anti-Fraud, Bribery & Corruption work programme for 2023/24 will ensure the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventive measures capable of identifying and addressing new threats.

### **Whistle-Blowing**

- 5.2.9 The Whistleblowing Annual Report for 2022/23 was reported to the [15th March 2023](#) Governance and Audit Committee and concluded that 'the Council's whistleblowing arrangements are appropriate'
- .
- 5.2.11 Gifts and Hospitality Policy – CSC aligns to the RCT Gifts and Hospitality Policy with arrangements in place, via registers, to record gifts and hospitality in line with the Policy.

### **Demonstrating strong commitment to ethical values**

- 5.2.12 Ethical Values: CSC employees - CSC has described what excellent behaviour looks like for each type of job, for example, '*always treat people with respect*', and this information is used to test candidates suitability for jobs at interview and is used to inform discussions managers have with their staff as part of their development.

### **Respecting the rule of law**

5.2.13 The Managing Director position leads CSC's officers and chairs the Senior Management Team.

### **5.3 ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

#### **Openness**

5.3.1 Members of Central South Consortium Joint Education Service Joint Committee are governed by the Code of Conduct of their relevant Council. The Codes of Conduct for Councillors and employees within the Constitution of the Host Authority are built on the principles of openness, transparency and honesty.

#### **General Data Protection Regulation**

5.3.2 The General Data Protection Regulation (GDPR) came into force on the 25<sup>th</sup> May 2018. CSC took steps during 2018/19 to demonstrate accountability and transparency when handling and processing personal and sensitive information that it holds in respect of individuals. These arrangements were maintained during 2021/22 by:

- Formally recording the lawful basis upon which data / information is processed within suites of documents called Data Protection Registers; and
- Establishing 'Privacy Notices' that are available on CSC's website setting out how it intends to use information and how it will deliver its services and statutory responsibilities.

As set out in the 2021/22 Annual Governance Statement an internal group developed relevant policy papers and refined processes and procedures to ensure GDPR compliance, working closely with the RCTCBC Information Management team.

It is considered that the publication of this information continues to support CSC in complying with the GDPR and demonstrates openness and transparency when dealing with its customers.

#### **Freedom of Information and Subject Access Requests**

5.3.3 CSC operated a Freedom of Information (FOI) Act 2000 publication scheme in accordance with legislative requirements. FOI updates are provided to Joint Committee on an annual basis and during 2022/23 7 FOI requests were received and were responded to within 20 working days. Also 1 SAR request was received and responded to within one calendar month period.

## Planning ahead

- 5.3.4 CSC consulted with stakeholders on its vision and priorities for 2022/23 and set these out in a document called 'Business Plan 2022-25'; this Plan was agreed by Joint Education Committee on 17<sup>th</sup> March 2022. During 2022/23, the Joint Committee has received business plan priority updates as self-standing agenda items and a review of business plan progress is reported annually (the latest review, relating to 2022/23, will be reported to Joint Committee later in the year. Based on the updates provided, it is considered that appropriate and regular information is made available to the Joint Committee to review and challenge performance and hold Management of CSC to account.

Looking ahead over the medium term, the public sector funding outlook is likely to be very challenging due to, for example, the impact of geo-politics, cost of living and inflationary pressures and increasing demand for public services. The CSC is focussed on medium term financial planning, to support financial stability and inform service planning and delivery, and has been provided with an indicative budget across a 3-year time horizon (2023/24 to 2025/26) as reported to the Joint Committee on [13th December 2022](#)

## Openness – Forward work programmes

- 5.3.5 CSC had in place a forward work plan of Committee meetings for 2022/23 together with the matters to be considered.

## Decision making and scrutiny of decisions made

- 5.3.6 During the year, Central South Consortium Joint Education Service Joint Committee made key decisions, for example, reviewing and agreeing CSC Business Plan, Core Revenue Budget and Annual Governance Statement.

The Central South Consortium Joint Education Service Joint Committee is one of the main decision-making bodies within CSC and throughout 2022/23 received 27 reports, 25 of which were made publicly available prior to the meetings and 2 were excluded from the press / public on the grounds that the items of business involved the likely disclosure of exempt information.

Key decisions were also taken by the Directors of Education from each of the local authorities at the Director Steering Group meetings<sup>9</sup>.

Based on the above information it is considered that the decision-making arrangements that operated during 2022/23 were open and transparent, and compliant with CSC's Legal Agreement.

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<sup>9</sup> Subsequently known as the CSC Management Board

Finally, a review of a sample of Joint Education Committee Reports for 2022/23 has confirmed that a consistent format was used.

### **Engagement with stakeholders**

5.3.7 The arrangements for engagement with stakeholders were originally as follows (as set out in the 2015 legal agreement):

- **Directors' Steering Group** – The Directors' Steering Group comprises the Directors of Education from each of the five local authorities that make up the CSC. This group is responsible for delegated decision making on behalf of each local authority.

The membership, decision making process, meetings and the terms of reference for the Director's Steering Group are documented within Schedule 2 of the Legal Agreement.

- **Senior Leadership Group** - The Group comprises the senior management team of the CSC as well as Principal Improvement Partners for each local authority. Senior officers with strategic responsibilities are also part of the leadership group. The objective of the group is to deliver school improvement activities with the aim of raising educational standards.

The membership, decision making process, meetings and the terms of reference for all groups are documented within Schedule 3 of the Legal Agreement.

- **Central South Consortium Joint Education Service Joint Committee**

The Joint Education Committee comprises of one elected Member from each Council and one officer representative with responsibility for Education from each Council.

The Joint Education Committee has the powers of each Council with reference to the provision of a Joint Education Service and its performance as set out in the Legal Agreement and guided by the Welsh Government's 'National Model for Regional working'.

The purpose of the Joint Education Committee is to be responsible for the decision making, approval of the business plan, monitoring and accountability and financial reporting of the CSC arrangements in line with its own business plan.

The membership, decision making process, meetings and the terms of reference for the Joint Education Committee are documented within Schedule 4 of the Legal Agreement.

5.3.8 The Joint Committee agreed to commission ISOS to undertake an independent review of the Consortium at its October 2018 meeting. The context to the review was the national changes to the education system and the financial pressures facing schools and Local Authorities. As part of implementing agreed recommendations from the review, the Joint Committee meeting on the 16 December 2020 agreed to amend the Governance structure in order to:-

- consider the benefits of bringing different groups together into one overarching decision making board;
- Review the role being played by Joint Consortium Committee;
- Strengthen its function as a forum to share and problem solve together; and
- Strengthen the connection between clusters, local heads groups and the Consortium.

5.3.9 A revised structure was agreed in order to ensure that all stakeholders have a voice in the system and there are opportunities for each stakeholder group to meet to focus on issues related to the sector. Each group now has a revised terms of reference and will be included in the proposed revised legal agreement (subject to consideration / approval by the Joint Committee). The new governance structure is as follows:

- Joint Committee
- CSC Management Board
- Regional Stakeholder Group
- Senior Leadership Team
- Governor Stakeholder
- Partnership Group

5.3.10 There were a broad range of communication methods on offer to encourage stakeholders to express their views during 2022/23; this included social media, focus group discussions with regional stakeholder groups and the Annual Survey which commenced in November 2022.

5.3.11 **Proposal for Improvement**

Analyse the findings from the stakeholder survey and report on next steps to all Governance groups.

5.4 **DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS**

**Defining outcomes**

- 5.4.1 CSC's 'Business Plan 2022-2023' was approved by the Joint Education Committee on the 17<sup>th</sup> March 2022 and identified five overarching improvement priorities:-
- Develop a high-quality education profession;
  - Develop inspirational leaders to facilitate working collaboratively to raise standards;
  - Develop strong and inclusive schools committed to wellbeing, equity and excellence;
  - Develop robust assessment, evaluation and accountability arrangements supporting self-improving systems; and
  - Improve the effectiveness and efficiency of CSC.
- 5.4.2 CSC's Revenue Budget for the 2022/23 financial year was approved at the 22<sup>nd</sup> December 2021 Joint Committee meeting, aligning resources to business plan priorities.
- 5.4.3 Following approval of the Business Plan and Revenue Budget, Operational Plans were put in place for each priority, in line with resources available, detailing outcome aims, the actions to be delivered with timescales for delivery and performance indicators.
- 5.4.4 A review of performance indicator targets included within the Business Plan identified that there is a clear ambition for CSC to improve in its priority areas.
- 5.4.5 Throughout 2022/23 action plan progress updates have been made public through Joint Education Committee meetings that also contain information on financial performance, strategic risks and investment linked to Business Plan priorities. This has included preparation for Curriculum Reform.
- 5.4.6 For 2022/23 66.2% of CSC's Business Plan was funded from Welsh Government, 33.4% from EWC and 0.4% from Local Authority contributions.

### **Proposal for Improvement**

- 5.4.7 Consult on a revision to the legal agreement following a national review of the middle tier by Welsh Government.

## **5.5 DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

### **Determining and planning interventions**

- 5.5.1 CSC's Legal Agreement lays down the key requirements to be followed when setting its priorities, reporting the extent of progress made in priority areas and



also the financial planning and management arrangements that support this. These include the requirement to:

- Agree the draft School Improvement Service annual revenue budget by the 31<sup>st</sup> December prior to the start of the financial year and submit to each of the Parties for approval with the business plan to be agreed by the 1<sup>st</sup> February; and
- Publish financial and performance progress updates on a termly basis during the year, which will include explanations of any variances against the profiled budget.

### **Proposal for Improvement**

5.5.2 Publish an appendix to the Business Plan 2022/25 to provide an update on progress to date as well as to provide additional context for the year ahead.

5.5.3 When the above requirements were reviewed for the 2022/23 financial year:

- Performance Reports were presented to the Joint Education Committee and the Local Authority Scrutiny Committees during the year providing updates on financial performance; progress against Business Plan priorities; and strategic risks were reported to Joint Committee meetings. In addition, the information reported also highlighted and explained exceptions and noted where corrective action would be taken.

5.5.4 Based on the above, it is considered that the information published during the year would provide opportunity for stakeholders to understand CSC's performance and hold it to account

### **Optimising achievement of intended outcomes**

5.5.4 CSC's Business Plan set out how the agreed 3% decrease in core funding would be delivered and managed during 2023/24.

5.5.5 With this context in mind, CSC took steps to plan the allocation of resources and put in place arrangements to maximise its impact.

### **Maximising impact**

5.5.6 Due to the Covid-19 pandemic, Welsh Government (WG) has cancelled most of the statutory data collections for 2020, 2021 and 2022. The collections suspended include:

- Attendance: Primary 2020, 2021 and 2022 data collections
- Attendance: Secondary 2020, 2021 and 2022 data collections
- National Data Collections (NDC): All 2020 and 2021 data collections, and Foundation Phase and key stage 2 for 2022

- 5.5.7 WG continued to collect the Pupil Level Annual School Census (PLASC) and Educated Other Than at School (EOTAS) data collections in both 2020, 2021 and 2022. However, due to the issues reported last year in relation to the collection for 2021 and the level of validation checks completed on 2020 PLASC, comparisons across this timeframe should be treated with an element of caution.
- 5.5.8 Statistical returns for Foundation Phase baseline assessment and at Key Stage 3 were reintroduced for 2021-22 and a statistical release at national level only was published in autumn term 2022. This report included analysis for eFSM/non eFSM pupils at national level only. No analysis below national level is available to view.
- 5.5.9 As reported last year, the Minister for Education also confirmed on 21 June 2021 that WG would not be publishing performance measures relating to the 2021 summer examinations series, which covers all school and post-16 performance measures for the 2020-21 academic year. In addition, given the clear implications that there will be ongoing disruptions for qualifications awarded next year, WG have suspended Key Stage 4 and legacy sixth form performance measures for 2021-22 academic year also. Therefore, there are no performance measures available for KS4 or Post-16 for Summer 2020, 2021 and 2022 results.
- 5.5.10 The Statistical bulletins for GCSE and A Level results will continue to be published for 2021-22 as made available for the two previous academic years but they will not contain Key Stage 4 or legacy sixth form performance measures and will only include National level data with amended content to previous releases of these bulletins.
- Therefore, for 2021-22 there are no publicly available performance measures at School, LA or Regional Consortia level that can be included in this report, as was the situation for last year.
- 5.5.11 The publication of performance data on My Local School continues to be suspended.
- 5.5.13 Pilot Estyn inspections we introduced in spring term 2022<sup>[1]</sup> with around 20 schools (phase 1), with inspections continuing into the summer term with Phase 2 schools.

## 5.6 DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

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<sup>[1]</sup> <https://www.estyn.gov.wales/news/owen-evans-her-majestys-chief-inspectors-speech-17-february-2022>

## **Developing the entity's capacity**

- 5.6.1 CSC aims to ensure that staff have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery.
- 5.6.2 The Self Evaluation processes within CSC ensure a rigorous assessment of the current position and areas for improvement. This evaluation is incorporated into service level planning processes as well as ensuring alignment with national and local authority priorities.
- 5.6.3 Effectively managing the workforce – CSC has consistently become more efficient on a year-on-year basis, driven by both proactive and prudent management and also on-going reductions in funding, and at the same time:
- Supported an overall direction of travel of improved performance results in priority within the business plan.
  - Continue to operate a system of agile working arrangements that has taken advantage of digital technology to help CSC to work in new and different ways to meet school needs, reduce costs, support staff productivity and help contribute to a healthy work / life balance for employees.
  - Aligned the on-going modernisation of its arrangements to RCTCBC's Digital Strategy.
  - Aligned to the new CSC Digital Strategy implemented in Autumn Term of 2021

## **5.7 Developing the capability of the entity's leadership and other individuals**

The CSC Legal Agreement sets out the responsibilities of the Managing Director, the Joint Education Committee and CSC Management Board (Schedule 2). A review of a sample of delegated decisions made during the year confirmed that decisions were approved by the designated Joint Education Committee members and employees.

### **5.7.1 Developing the capabilities of employees**

CSC is committed to staff development, in line with business needs, to help ensure it has a 'fit for purpose' workforce. During the year this has included staff induction sessions, Leadership development sessions, Staff Briefings and a range of operational training such as Curriculum for Wales, Diversity and Anti Racism, Enabling Equity and Excellence, [School Improvement Guidance](#), Governor Self Evaluation Toolkit, [National Resource Evaluation](#) and

Improvement. All of which are underpinned by our National Mission. Staff development has been supported through induction sessions, RCT Manager Briefings and a range of relevant leadership training.

### **Proposal for Improvement**

- 5.7.3 Arrange a coaching and mentoring program for all staff, focussed on developing anti-racist practices in CSC in order for staff to learn more about anti-racism, increase staff confidence and become champions within the organisation on anti-racism. Also, to contribute towards the Welsh Government priorities related to anti-racist action plan.

## **5.8 MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

### **Managing risk**

- 5.8.1 During 2022/23 CSC continued with the termly updating of its risk change template in line with its business plan monitoring and risk policies.
- 5.8.2 This risk change template is updated by all risk owners and then presented for review by the Senior Leadership Team. Following agreement of the SLT, proposals are presented to Directors for consideration and then to Joint Committee meetings for final review and acceptance. During the spring term the risk change template was presented to Directors on the 11 March 2022. Once this process is completed the risk register is finalised.
- 5.8.3 New risks were incorporated into the register during the year. For example, the risks associated with the COVID 19 pandemic and Curriculum for Wales. This has been incorporated into the Risk Register, with accompany actions to address, and will be reported and monitored by the Joint Committee.

### **5.8.4 Proposal for Improvement**

The risk management policy has been reviewed in 2022/23 and proposals for improvement to be presented to governance groups for consideration during the year.

### **Managing performance**

- 5.8.5 The 'Determining and planning interventions' section (5.5.1) of this Annual Governance Statement provides an overview of CSC's Performance Management arrangements. Performance at strategic level is driven and measured through CSC's drive teams. Five drive teams have been established

to ensure the effective delivery and impact of the priority plans aligned to the 2022/25 CSC business plan.

### **Robust internal control**

- 5.8.6 The membership and meeting frequency of CSC's Joint Education Committee during 2022/23 was in line with the CSC's Legal Agreement.

### **Internal Audit**

- 5.8.7 The Head of Regional Internal Audit Service is scheduled to present the Internal Audit Annual Report 2022/23, based on the work of Internal Regional Audit during the year, to the Council's Governance and Audit Committee in July 2023. The work undertaken by Internal Audit in respect of the CSC during the year is set out at paragraph 5.8.16.

### **Managing data**

- 5.8.8 An Information Management Plan is in place in RCTCBC that sets out the framework, including legal requirements, for information management within the CSC. This work has been reviewed to ensure compliance with GDPR regulations.
- 5.8.9 A review of arrangements in place during 2022/23 identified that they were in line with laid down requirements because:
- Key responsibilities were formally designated within CSC: CSC's designated Senior Information Management Risk Officer (SIRO) was the Managing Director, there was an Information Management & Data Protection Act Officer within the host authority who reports to the Service Director – ICT and Digital Services;
  - An Information Management Board was in operation in RCTCBC, Chaired by the SIRO, with the Board being supported by an Information Management Working Group;
  - Information was available on the RCTCBC website in respect of Data Protection and Freedom of Information, and had in place a Publication Scheme (which has been adopted by CSC) in accordance with the Council's responsibilities under the Freedom of Information Act 2000; and
  - The Host Authority has a Public Sector Network (PSN) plan in place to meet the end of year timeframe for renewal i.e. The 'PSN' is the Council's connection to the wider public sector network (Council to Council, Council to Government e.g. Department for Work and Pensions) to enable the Council to communicate and share data securely across all public bodies.

## Strong public financial management

5.8.10 Schedule 5 of the Legal Agreement provides the framework within which the finances of the Joint Education Service operate. The Financial Protocol provides the financial framework and relationship between the Parties (the Councils), the Host and CSC. The following areas of business are documented in the Legal Agreement

- General Principles
- Contributions and charging mechanisms;
- Payment arrangements;
- Budgetary control & monitoring;
- Capital Expenditure & long term contracts;
- Annual Accounts & Audit; and
- Financial insolvency.

5.8.11 The Legal Agreement requires the Joint Education Committee to hold at least termly meetings throughout the year. Standard agenda items include a report from the Treasurer.

5.8.12 RCTCBC's Financial Procedure Rules provide guidance in relation to all financial matters. The CSC has adopted Rhondda Cynon Taf's Financial & Contract Procedure Rules – as confirmed in Section 17 (Schedule 4) of the Legal Agreement:

***“Rules and Procedure***

*For the avoidance of doubt the Central South Consortium Joint Education Committee shall, where relevant and subject to the provisions of this Agreement, operate in accordance with the Host's schemes of delegation, Rules of Procedure and policies from time to time.”*

5.8.13 Audit Wales<sup>10</sup> audits CSC's annual statement of accounts and the outcome from the audit being reported to the Joint Committee.

5.8.14 CSC's financial and operational performance is monitored and scrutinised by the Joint Education Committee

The Joint Education Committee receives reports from:

- The Treasurer;
- The Managing Director; and
- Officers, relevant to the operations and governance of the organisation.

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<sup>10</sup> Audit Wales – previously the Wales Audit Office

- 5.8.15 During 2022/23 the role of the Chief Financial Officer at RCTCBC was compliant with the principles of the CIPFA Statement – Role of the Chief Financial Officer in Local Government 2010.

### **Internal Audit**

- 5.8.16 During 2022/23 the Regional Internal Audit Service reviewed two grant claims i.e. RCSIG 2021/22 and PDG 2021/22 of the Central South Consortium Joint Education Service, in line with the agreed Internal Regional Audit Annual Plan and concluded there to be no material weaknesses. This was reported to the Joint Committee meeting held on 28<sup>th</sup> March 2023. In addition, 1 core financial system (i.e. the General Ledger) was reviewed in March 2023 and concluded there to be no material weaknesses. The report will be presented to the Joint Committee meeting arranged on 23<sup>rd</sup> May 23.

### **External Audit**

- 5.8.17 The latest audited statement of accounts (i.e. for the 2021/22 financial year) received an unqualified audit report (i.e. clean bill of health) and were approved at the meeting of the Joint Education Committee on 25<sup>th</sup> October 2022.
- 5.8.18 CSC has continued to publicly demonstrate its commitment to strong and responsible financial planning and management and has supported this through the delivery of sound financial performance during a period of reducing budgets. This is because:
- CSC has adopted a suite of protocols supporting strong financial planning and management, for example, 'Financial Procedure Rules' and 'Contract Procedure Rules', that were complied with during the year;
  - CSC set a Gross Revenue Budget on 22<sup>nd</sup> December 2021 for the financial year 2022/23 of £3,624,875, representing an increase of 1.72% compared to the previous year. Financial performance results were publicly reported every term during the year and scrutinised by the Joint Education Committee. The final outturn position, subject to Joint Committee approval at the May 2023 meeting, demonstrates the delivery of a balanced budget for the 2022/23 financial year after setting aside specific earmark reserves to support the service remodelling.
  - CSC is financially stable, based on: 2022/23 General Reserve balances being in line with the 2021/22 year-end position i.e. £174k (subject to audit); having a track record over a number of years of setting and delivering balanced revenue budgets; and having 'clean bills of health' on its year end accounts when audited by the Audit Wales.

5.8.19 The latest Audit Wales report ‘Audit of Financial Statements Report and Management Letter’ reported to Joint Education Committee on 25<sup>th</sup> October 2022 concluded that the accounting statements and related notes:

- *Give a true and fair view of the financial position of the Central South CSC Joint Education Service 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.*

5.8.20 25<sup>th</sup> October 2022 Audit Wales report made no recommendations to be addressed by CSC and the Host Authority which has been accepted and implemented.

## 5.9 **IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

### **Implementing good practice in transparency and reporting**

5.9.1 CSC has implemented an open and consistent approach to reporting its business, as set out in sections 5.4 and 5.5 of this Annual Governance Statement, with the aim of helping to ensure information is understandable to stakeholders and that they have the opportunity to challenge CSC’s performance, plans and decisions.

5.9.2 A review of a sample of information reported to the Joint Education Committee has revealed that:

- Annual Reports and Plans are reported publicly, providing an overview of performance, for example, the Council’s audited Statement of Accounts 2021/22 reported and approved by Joint Education Committee on 25<sup>th</sup> October 2022; and
- Use is made of electronic links within reports to provide the reader with more detailed information should they require it; and
- The minutes of meetings confirm that designated officers attend each meeting to orally present reports and answer questions, and several occasions were noted where updates were delivered via presentations, for example, using slides.



## 6. **OVERALL ASSESSMENT OF THE CONSORTIUM'S ARRANGEMENTS**

- 6.1 Based on the assessment undertaken, the delivery of the CSC's governance arrangements have been revised, in light of the Covid-19 pandemic, and have remained effective as evidenced through the comprehensive and timely updates provided to virtual Joint Committee meetings during the year; on-going compliance with the requirements of the Legal Agreement; robust financial planning and management arrangements; and tailored provision to schools, in line with Welsh Government guidance, to ensure schools have been supported throughout the pandemic and with their plans for recovery.
- 6.2 Notwithstanding this overall position, the assessment has identified areas where improvements are deemed necessary to further reinforce the effectiveness of the CSC's current arrangements. These are set out in Section 7.
- 6.3 Looking ahead, the robust governance arrangements in place within the CSC, together with implementing the proposals for improvement set out in Section 7, will be critical in supporting the organisation to re-model itself and also continue to provide an effective school improvement service.

## PROPOSALS FOR IMPROVEMENT

7.1 Further to completing the assessment of the CSC's governance arrangements, Table 1 sets out proposals for improvement.

Core Principle / Area	Paragraph No.	Issue Identified	Proposal for Improvement	Timescale for Implementation	Responsible Officer
<b>ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT</b>	5.3.11	Communication with stakeholders	<ul style="list-style-type: none"> <li>Analyse the findings from the stakeholder survey and report on next steps to all Governance groups</li> </ul>	Summer Term 23	Managing Director
<b>DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS</b>	5.4.7	Financial Planning	<ul style="list-style-type: none"> <li>Consult upon a revision to the legal agreement following a national review of the middle tier by Welsh Government</li> </ul>	Spring Term 24	Managing Director
<b>DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT</b>	5.5.2	Business Planning	<ul style="list-style-type: none"> <li>Publish an appendix to the Business Plan 2022/25 to provide an update on progress to date as well as to provide additional context for the year ahead</li> </ul>	September 2023	Deputy Managing Director

<p><b>Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p>	<p>5.7.2</p>	<p>Professional Learning</p>	<ul style="list-style-type: none"> <li>• Arrange a coaching and mentoring program for all staff, focussed on developing anti-racist practices in CSC in order for staff to learn more about anti-racism, increase staff confidence and become champions within the organisation on anti-racism. Also, to contribute towards the Welsh Government priorities related to anti-racist action plan.</li> </ul>	<p>September 2023</p>	<p>Managing Director</p>
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7.2 The CSC’s Senior Management Team has accepted the proposals for improvement and is committed to their implementation during 2023/24. The Senior Management Team has also confirmed that an update on progress will be reported to the Central South Consortium Joint Education Service Joint Committee during the year to enable Members to review and scrutinise the extent of progress being made.



Managing Director: \_\_\_\_\_



Section 151 Officer: \_\_\_\_\_



Chair, Joint Education Committee \_\_\_\_\_

24-05-2023

## APPENDIX A

## PROPOSALS FOR IMPROVEMENT 2021/22 – POSITION STATEMENT

<b>Ensuring Openness and comprehensive stakeholder engagement</b>	5.3.11	Communication with stakeholders	<ul style="list-style-type: none"> <li>Undertake a stakeholder survey across the region as part of CSC's business plan priority to improve the effectiveness and efficiency of CSC.</li> </ul>	Autumn Term 22	Managing Director	<p><b>In progress –</b></p> <p>Survey questions have been designed to align to the requirements of CSC's self-evaluation process. Due to a decision taken to delay the survey, a new deadline has been set for 30 June 23.</p>
<b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	5.4.7	Financial Planning	<ul style="list-style-type: none"> <li>Propose an amendment to the Legal Agreement to allow for LA priorities and outcomes of self-evaluation to be embedded within the Business Plan of CSC.</li> </ul>	Autumn Term 22	Deputy Managing Director	<p><b>In progress –</b></p> <p>Following consultation with stakeholders, a draft revised version of the legal agreement has been sent to RCT legal team for consideration. However, the outcome of the review work of the middle tier will impact this - awaiting updates from Welsh Government.</p>
<b>Developing the entity's capacity, including the capability of its leadership and</b>	5.7.3	Induction of New Members	<ul style="list-style-type: none"> <li>Develop an induction programme for newly elected Members within the local authorities on</li> </ul>	Summer Term 22	Managing Director	<p><b>Completed -</b></p> <p>Induction programme has been developed and shared with Members. Initial sessions have been</p>

<p><b>the individuals within it</b></p>			<p>the work of Central South Consortium</p>			<p>completed and further sessions to be considered.</p>
<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p>	<p>5.8.4</p>	<p>Risk Management</p>	<ul style="list-style-type: none"> <li>The risk management policy has been reviewed in 2021/22 and proposals for improvement to be presented to governance groups for consideration during the year</li> </ul>	<p>Summer Term 22</p>	<p>Deputy Managing Director</p>	<p><b>Completed –</b> The risk policy has been amended and approved by CSC Partnership Board in October 2022</p>

**(TO BE AMENDED UPON ADVICE FROM AUDIT WALES)****The independent auditor's report of the Auditor General for Wales to the members of Central South Consortium Joint Education Service Joint Committee****Report on the audit of the financial statements****Opinion**

I have audited the financial statements of Central South Consortium Joint Education Service Joint Committee for the year ended 31<sup>st</sup> March 2023 under the Public Audit (Wales) Act 2004.

The Central South Consortium Joint Education Service Joint Committee 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 the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Central South Consortium Joint Education Service Joint Committee as at 31<sup>st</sup> March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

**Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). 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 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 Council'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.

**Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Central South Consortium Joint Education Service Joint Committee ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **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 2022/23;
- 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 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 Joint Committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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

- proper accounting records have not been kept;
- 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.

## **Certificate of completion of audit**

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

## **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 10 and 11, the responsible financial officer is responsible for the preparation of the statement of accounts, Central South Consortium Joint Education Service Joint Committee, 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 Joint Committee'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.

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

**Adrian Crompton**  
**Auditor General for Wales**  
**XX YY 2023**

**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**



## Glossary of Terms

### Accrual

An accrual is a sum shown in the accounts representing income or expenditure relating to the accounting period, which had not actually been received or paid as at the date of the Balance Sheet.

### Actuary

An actuary is an individual or organisation that calculates insurance premiums and liabilities and pension obligations.

### Audit

An audit is an independent examination of activities.

### Budget

A budget (or estimate) is a plan of income and spending. Actual expenditure is subsequently monitored against this plan.

### Capital Expenditure

Capital expenditure is spending on long-term assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

### Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is responsible for issuing financial guidance to public bodies.

### Creditor

A creditor is an organisation/individual owed money by the Council at the end of the financial year for goods/services received.

### Current Assets

These are short-term assets that are available for the Council to use in the following accounting period.

### Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting period.

### Debtor

A debtor is an organisation/individual who owes the Council money at the end of the financial year for goods/services received.

### Defined Benefit Scheme

A defined benefit pension scheme is one that bases retirement benefits upon Career Average Re-valued Earnings.

### Defined Contribution Scheme

A defined contribution scheme is a type of retirement plan in which the amount of the employer's annual contribution is specified. Benefits are based on the amounts credited to these accounts (through employer

contributions and, if applicable, employee contributions) plus any investment earnings. Only employer contributions to the account are guaranteed, not the future benefits.

**Earmarked Reserves**

These are reserves set aside for a specific purpose.

**Financial Year**

This is the accounting period. For local authorities it starts on 1<sup>st</sup> April and finishes on 31<sup>st</sup> March of the following year.

**International Accounting Standard (IAS)**

Financial Regulations to be followed as set by the International Accounting Standards Board (IASB).

**International Financial Reporting Standards (IFRS)**

International Financial Reporting Standards are produced by the IASB (International Accounting Standards Board) with the aim of ensuring consistency within the countries adopting the standards.

**Leasing**

This is a method of financing expenditure by paying the owner to use property or equipment for a number of years.

**Lessee**

User or renter of the leased asset or property. In case of capital leases, the lessee is also the 'debtor' to the lessor.

**Lessor**

Owner or the title holder of the leased asset or property. The lessor is also the lender and secured party in case of capital leases and operating leases.

**Liability**

A liability is an obligation to transfer economic benefits as a result of past transactions or events.

**Long-Term Asset**

These are assets that are used in the provision of services (usually for more than one year).

**Operating Leases**

These are leases where risks of ownership of the asset remain with the owner.

**Post Balance Sheet Events**

Post Balance Sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the understanding of the accounts.

**Provision**

A provision is an obligation to transfer economic benefits as a result of past events where a reliable estimate can be made of the obligation, but the amount or timing of which cannot yet be determined accurately.

**Related Party**

A related party exists where there is control or influence by one party over another.

**Welsh Government (WG)**

The Welsh Government is the devolved Government for Wales. The Welsh Government consists of the First Minister, Welsh Ministers, the Counsel General and Deputy Ministers. They are supported by Civil Servants who work across devolved areas of public life such as health, education and the environment.