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## GWE JOINT COMMITTEE

02/10/2024

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### Attendance:

**Councillors:** Julie Fallon - Chair (Conwy County Borough Council), Dafydd Roberts (Anglesey County Council), Diane King (Denbighshire County Council), Mared Eastwood (Flintshire County Council), Phil Wynn (Wrexham County Borough Council) and Beca Brown (Cyngor Gwynedd).

**Co-opted non-voting Members:** Manon Williams (Primary Schools' Representative) and Noel Fitzgerald (Special Schools' Representative).

**Non-voting Officers:** Marc Berw Hughes (Anglesey County Council) and Dr Lowri Brown (Conwy County Borough Council)

**GwE Officers:** Rhys Williams (GwE Head of Service - Professional Learning), Euros Davies (GwE Head of Service - School Improvement), and Bethan Roberts (Performance Management Manager).

### Host Authority Officers:

Ffion Madog (Statutory Finance Officer - Gwynedd), Hywyn Lewis Jones (Education and Economy Accountant - Gwynedd), Sion Huws (Propriety and Elections Manager - Gwynedd), Dafydd Ifans (Wrexham County Borough Council) and Lowri Haf Evans (Democracy Services Officer).

### Others invited:

Siwan Glyn (Audit Wales)

## 1. APOLOGIES

Apologies were received Claire Homard (Flintshire County Council), Gwern ap Rhisiart (Cyngor Gwynedd) and Dewi Morgan (Cyngor Gwynedd)

## 2. DECLARATION OF PERSONAL INTEREST

No declaration of personal interest was made by any member present.

## 3. URGENT MATTERS

Given the recent changes to the membership of the Joint Committee, it was highlighted that there was a need to appoint a Vice-chair for the Joint Committee

Coun. Phil Wynn was proposed and seconded.

**IT WAS DECIDED** to elect Councillor Phil Wynn as Vice-Chairperson.

## 4. MINUTES

The Chair accepted the minutes of previous meetings of this committee, held on 22 May 2024, and an extraordinary meeting on 2 August, 2024 as a true record.

## 5. GwE LEADERSHIP - TRANSITIONAL PERIOD

Rhys Williams (GwE Head of Service - Professional Learning) and Euros Davies (GwE Head of Service - School Improvement) were welcomed.

A report was presented outlining operational arrangements and timescale for GwE's transitional period in response to the statement from the former Minister for Education and the Welsh Language on 31 January 2024, to make fundamental changes to the middle tier of the education system in Wales. On 1 August 2024, the Joint Committee approved the proposal to reduce the Senior Management Team from five to two until the end of March 2025, and consequently the current roles of the Managing Director, Assistant Director and Senior Secondary Lead have been removed from the structure since 1 September 2024. It was reported that Rhys Williams (GwE Head of Service - Professional Learning) and Euros Davies (GwE Head of Service - School Improvement) - the two remaining senior leads, have agreed to lead, manage and quality assure the core function of school improvement and professional learning and school support until the end of the transitional period.

Attention was drawn to the main matters to consider such as the work streams of the service until the end of the transitional period, including risk management and quality assurance in terms of the core function of GwE to support schools and authorities to fulfil their statutory roles; to support the Transition Board to establish purposeful processes and structures in order to respond successfully to the requirements of the middle tier review; to collaborate closely with the Transition Board, Project Manager and Human Resources to provide and share relevant information.

In order to ensure a successful transitional period, it was noted that it is essential there is regular and open communication between all stakeholders, and where lack of capacity is identified, possible solutions will need to be discussed with the relevant Authority. It was added that this would help to boost staff morale, well-being and motivation during these uncertain times.

Thanks were expressed for the report.

The Chairperson used this opportunity to thank those staff who had already left GwE, to the former Managing Director, Assistant Director and Senior Secondary Lead for their work and support with the Joint Committee and to Rhys Williams and Euros Davies for stepping in under such difficult and challenging circumstances.

Following the subsequent discussion it was noted:

- That there was concern about insufficient funding to realise the work and that reserves would have to be used.
- That the Transition Board needs to highlight GwE's current position and lack of budget to the Education Minister at Welsh Government as the situation stems from Welsh Government's decision to make fundamental changes to the middle tier of the education system in Wales.
- That there was insufficient information about the situation - that the Joint Committee needs a better understanding of staffing implications and contractual responsibilities.
- That an urgent meeting needs to be called between the Transition Board, Joint Committee and Project Manager to discuss the situation.

### **IT WAS DECIDED:**

- To accept and approve the content of the report.

- That an urgent meeting needs to be called between the Transition Board, Joint Committee and Project Manager to discuss GwE's current position.
- Thank GwE's former Managing Director, Assistant Director and Senior Secondary Lead for their work and support with the Joint Committee.
- Thank staff that have already left GwE for their commitment to the Service.
- Thank Cyngor Gwynedd Officers for supporting this challenging transitional period.

## **6. GwE JOINT COMMITTEE - DETAILED AUDIT PLAN 2024**

Siwan Glyn (Audit Wales) was welcomed to the meeting to present the report

A report was presented by the Audit Wales Officer elaborating on the work Audit Wales intends to undertake to address audit risks for the GwE Joint Committee, 2024. It was noted that an audit of the financial statements would be completed together with a performance audit to assess assurance and risk.

In the context of financial statements' materiality, it was noted that materiality is calculated using 2023-24 actual gross expenditure of £17.8 million and reference was made to the significant risks for audit statements and audit risks. It was added that the significant risk of management override is included in the detailed plan of every Authority. It was also noted that the audit risk of pension fund net liability has also been included in a number of plans and is not specific to GwE.

The Joint Committee was reminded that not one audit can provide absolute assurance that the statement of accounts is accurate and that auditors adopt a concept of materiality. Attention was drawn to the fees, which had increased this year due to inflation and it was noted that Audit Wales will not profit from the work.

Cyngor Gwynedd Finance Officers were thanked for their support and cooperation.

A motion was made and seconded to approve the Plan.

### **IT WAS DECIDED:**

To accept and approve the Detailed Audit Plan 2024 by Audit Wales.

## **7. JOINT COMMITTEE FINAL ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2024**

The Statement of Accounts was presented by the Assistant Head of Finance, Cyngor Gwynedd. She explained that the Accounts and Audit (Wales) (Amendment) Regulations 2014 require all Joint Committees to prepare year-end accounts, and as GwE's turnover exceeds £2.5 million, that a statement of accounts must be prepared in accordance with the CIPFA code for the Joint Committee.

It was confirmed that the accounts had been completed and released since the end of June for audit by Auditors Wales with a 'post-audit' version to be presented at the Joint Committee meeting in November.

Attention was drawn to the Narrative Report presenting information regarding the Accounts Financial Strategy and Financial Performance. Reference was made to an overspend of £77K and when reporting on the end of year financial position for 2023/24 at the May meeting 2024, the Committee was reminded that the £77K arose mainly from over expenditure on the staffing budget, however that it was funded from reserves.

It was reported that the main financial statements include the Income and Expenditure Statement, Balance Sheet, Cash flow, whilst the Movement in Reserves Statement summarises GwE's financial position, and this statement marries the income and expenditure position with the balance sheet position and includes information about both usable and unusable reserves. It was noted that usable reserves i.e. GwE reserves have fallen by £477k by the end of March 2024 leaving a balance of £677 thousand.

Attention was drawn to:

**Note 10 - Transfer to/from Usable Reserves** - further analysis of GwE general fund and Newly Qualified Teachers (NQT) fund. It was noted that £77K had been used to fund overspend over the year and £400k used from the NQT fund.

**Note 15 - Unusable Reserves** - that the pensions reserve is £0 for 2023/24 to comply with accounting requirements which was previously unprecedented but more common recently and exists due to current market conditions and inflation which has been high. It was added that the same was true in Gwynedd's Accounts and those of other councils.

**Note 17 - Officers' Remuneration** inflation means that there are more in the salary bands in 2023/24 compared to 2022/23. It was noted that 64 Senior Officers received a salary of between £60,000 and £150,000 in 2023/24 in comparison with 38 the previous year.

**Note 19 - Grant Income received, comparison over two years noting that there has been a reduction of three quarter of a million in the grants by 2023/24 in comparison with the previous year.**

**Note 22 - Pension Costs** - a movement in Pension figures due to current market conditions.

The Joint Committee was asked to note and accept the Statement of GwE Accounts (subject to audit).

In response to a question about a substantial leap in the number of other employees receiving more than £60,000 (17 in 2022/23 to 43 in 2023/24), it was noted that this was due to high inflation and pay award and that this was in accordance with defined requirements.

During the subsequent discussion, Members commented as follows:

- That there was a considerable reduction in GwE reserves given that there will be a high dependency and demand on reserves during the transitional period
- Reduction in grants leading to use of reserves

In response to a question why the pensions reserve is £0 for 2023/24 and whether this was an accounting or actual entry, it was noted that the statement complies with accounting requirements and although an unprecedented statement in the past, that it is now more common recently, and therefore exists due to current market conditions and high inflation.

The Officers were thanked for completing the accounts

#### **IT WAS DECIDED:**

To accept and note GwE's Statement of Accounts (subject to audit) for 2023/24

## **8. GOVERNANCE STATEMENT FOR GwE JOINT COMMITTEE**

**Euros Davies (GwE Head of Service - School Improvement) presented the Governance Statement.** It was reported that the Accounts and Audit (Wales) (Amendment) Regulations 2018 sets fixed requirements on public bodies that operate

partnership management arrangements through formal joint committees. It was added that Section 5 of those Regulations requires the Joint Committee to review and approve annually a statement of internal control which would provide a framework for the Joint Committee's operation. Reference was made to the seven governance principles measured, reporting that there are no issues which are considered as being a significant governance issue and that no Governance Issues were identified in 2023/24. It was added that the governance arrangements offer strong assurance that GwE's governance arrangements work well.

Thanks were expressed for the report. It was noted that the Statement had already been validated by the Management Board and that the Board monitors governance related issues continuously and therefore it was motioned to approve the Statement, which was seconded.

**IT WAS DECIDED:**

**To accept and approve the Annual Governance Statement 2023/24.**

**9. GwE BUDGET 2024/2025 - REVIEW UP TO THE END OF AUGUST 2024**

The Assistant Head of Finance, Cyngor Gwynedd presented the report explaining that the report elaborates on the latest review of GwE's revenue budget for 2024/25, and the forecasts towards the end of the financial year. It was explained that this review was conducted based on information up to the end of August 2024 and therefore reflects the latest position and that the picture will become clearer as the months progress.

Reference was made to a summary of the closing position noting that the forecasts suggest that the position will more or less be balanced, with forecasts of underspend at approximately (£5 thousand) by the end of the financial year.

Attention was drawn to the main issues:

**Employees** - overspend of £46 thousand. GwE's budget for the current year was set based on the number of staff back in February 2024. It was explained that a saving has been made with some members of GwE staff leaving their posts, with most of these departures happening during the academic year. The figures have also incorporated the decision of the Joint Committee on the 1st of August to restructure the Senior Management Team.

**Rent** - overspend of £10 thousand, which is in line with the historical trend. It is foreseen that GwE will overspend again this year as a result of having to rent a bigger space at the Caernarfon office.

**Travel** - the picture is still consistent with previous reviews, with an underspend of £41 thousand in this heading, as travel costs have reduced as a result of new ways of virtual working that have developed since Covid.

**Supplies and Services** - an underspend of almost £20 thousand is foreseen on this heading.

It was highlighted that the opening fund stood at £221 thousand, which will grow to £226 thousand after adding the underspend. The end of Autumn review will be presented at the Committee's meeting in November.

The recommendation was for the Joint Committee to accept the end of August review 2024 report on the Revenue Budget.

In response to a question as to why an overspend is foreseen against the 'Employees' heading, given that 17 members of staff have already left, it was noted once again that the picture would become clearer over the next few months with the budget likely to lead to a small underspend. In response to another question as to whether the total included the cost of restructuring and provision, it was noted that this had already been taken into consideration.

Following the subsequent discussion, Members noted the following comments:

- Whilst accepting that the budget is more or less on target, that a better understanding is needed of employees' costs, restructuring costs, leave entitlement and financial implications
- That additional information is needed to understand the picture in full
- This is only a snapshot - it will change with restructuring arrangements

**IT WAS DECIDED:**

- To accept and approve the report.
- That a meeting be held between the members of the Joint Committee and the Transitional Board to share information and additional details e.g. staff costs, restructuring costs

## 10. GwE RISK REGISTER

The risk register was presented by Rhys Williams (GwE Head of Service - Professional Learning), noting that the purpose of the risk register is to formalise the process of identifying risks and take subsequent mitigating actions. Effective risk management will enable GwE to support strategic objectives and strategic priorities, make effective use of resources and attain the outcomes as intended. It was noted that the document is a working document which is reviewed on a regular basis in the context of the proposed changes to the middle tier of the education system in Wales and the transitional period of the Regional service to the Local Authorities.

Attention was drawn to the Financial Implications, noting that it is unclear how much the substantial change in Welsh Government policy will cost in a financially difficult period, and also Personnel Implications where GwE staff morale and motivation are extremely low. It was reported that there is no clarity yet in terms of alternative posts for school improvement staff post March 2025 and that fewer secondments and redundancies will affect the pattern of the team causing an imbalance in the support for the different sectors.

When discussing the individual risks, it was noted:

**Financial** - that a Transition Board had now been established and a Project Manager appointed to lead on the work. The Transition Board will lead to ensuring that a clear timescale is in place and that the position of staff is known.

**Human Resources** - that team meetings are organised to ensure that information about the transitional period is shared at every level on a regular basis together with the options available in terms of future employment.

**Governance** - that a remit is needed which distinguishes between the responsibilities of the Transition Board and Joint Committee.

The Joint Committee was asked to review and approve the content of the risk register and decide whether any risks needed to be presented to the relevant Cabinet.

During the subsequent discussion, Members commented as follows:

- Concern that risks have been moved from red to amber. Whilst accepting that the Transition Board has been established, the timescale is still unknown.
- That there is a need to present the Joint Committee with a monthly update of specific plans/amendments, particularly human resources matters.
- That it is too early on in the transitional period to be modifying risks to amber - things take time, especially redundancies.
- Proposed to keep the risks red. Whilst accepting the difficulty of the situation and that matters are developing; information is not available and too many questions remain unanswered.

A motion was made and seconded that all risks should remain in the HIGH/RED category.

**IT WAS DECIDED:**

- To accept and approve the risk register subject to all risks being noted as HIGH risks (rather than MODERATE/AMBER).  
**Reason:** given the lack of timescale and information, that it is too early in the process to predict differently.
- Ensure that information regarding specific plans and transition processes is communicated regularly (monthly) to the Joint Committee.

The meeting started at 10:30am and concluded at 11:30pm.

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**CHAIR**