

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Achieving improvement in support to schools through regional education consortia - a review of progress

## Memorandum for the Public Accounts Committee



WALES AUDIT OFFICE  
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I have prepared and published this Memorandum for the  
Public Accounts Committee in accordance with  
various statutory provisions.

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# Introduction

- 1 This memorandum provides the National Assembly's Public Accounts Committee (the Committee) with an update on the progress made by the Welsh Government, local authorities and regional education consortia in response to recommendations set out in my June 2015 report **Achieving improvement in support to schools through regional education consortia**.
- 2 In 2011, the then Minister for Education and Skills set out 20 priorities for transforming standards of achievement in Wales and said that local authorities should work in consortia arrangements to raise standards and to achieve efficiencies. Local authorities agreed to work through new consortia arrangements from September 2012, and in February 2014 the Welsh Government published a **National model for regional working**<sup>1</sup> (the National Model) outlining arrangements for consortia and requiring them to be either formal joint committees or an arm's length company.
- 3 Local authorities have established four regional consortia:
  - a Central South Consortium (CSC) – Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf, Vale of Glamorgan.
  - b South East Wales Education Achievement Service (EAS) - Blaenau Gwent, Caerphilly, Monmouthshire, Newport, Torfaen.
  - c Education through Regional Working (ERW) – Carmarthenshire, Ceredigion, Neath Port Talbot, Pembrokeshire, Powys, Swansea.
  - d North Wales School Effectiveness Service/Gwasanaeth Effeithiolrwydd Ysgolion Gogledd Cymru (GwE) – Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd, Wrexham.
- 4 The consortia have different formal structures – EAS is a company limited by guarantee while the other three are Joint Committees of local authorities. They also operate differently – for example ERW operates through three regional hubs and most challenge advisers are employed by the local authority in which they mainly work; while CSC and EAS are more centralised services with staff mainly employed by a host authority on behalf of the consortium.
- 5 Achieving school improvement requires effective actions throughout a system involving schools, local authorities, consortia, the Welsh Government and other stakeholders (including diocesan authorities, colleges and other agencies). Establishing effective consortia for school improvement involves a complex set of legal, financial and political arrangements. I asked Wales Audit Office staff to undertake an early review of the arrangements to ensure that the governance and financial arrangements were appropriate. The review was undertaken in collaboration with Her Majesty's Inspectorate for Education and Training in Wales (Estyn). Estyn prepared its own report<sup>2</sup> for the then Minister for Education and Skills.

<sup>1</sup> Welsh Government, **National model for regional working**, February 2014.

<sup>2</sup> Estyn, **Improving schools through regional education consortia**, June 2015.

- 6 **My 2015 report concluded that after an uncertain start, the foundations for regional school improvement services were being established and there were positive signs of progress, but remaining weaknesses were hindering the development of the whole system and the effective governance and financial management of the regional consortia.** I made nineteen recommendations related to five key areas of concern. These were the need to:
- clarify the nature and operation of consortia;
  - focus on outcomes through medium-term planning;
  - develop more collaborative relationships for the school improvement system;
  - build effective leadership and attract top talent; and
  - improve the effectiveness of governance and management of regional consortia.
- 7 Estyn, in its report, also made recommendations which reflected my concerns but also commented on and made recommendations related to the operational work of consortia with schools. The Estyn report for the Minister was undertaken as an early exercise in advance of a programme of inspections of consortia which were carried out in the spring and summer terms of 2016.
- 8 Rather than undertaking its own inquiry, the previous Public Accounts Committee referred my report to the Children, Young People and Education (CYPE) Committee. In autumn 2015, the CYPE Committee undertook a short inquiry on my report and the Estyn report and took evidence from representatives of the regional education consortia and the then Minister for Education and Skills. The CYPE Committee did not issue a report but its legacy report recommended that ‘Any successor Committee should maintain an active role in reviewing how effective the Regional Education Consortia are in supporting the Welsh Government’s education priorities and in particular the way in which they are increasingly being used to distribute education funding which may have previously been provided directly to local authorities’<sup>3</sup>.
- 9 In my 2015 report, I noted that the core budgets for the four consortia in 2014-15 were approximately £18.5 million, less than one per cent of the £2.63 billion that was expected to be spent through local authorities on education. During the five years to 2013-14 local authorities had reported a reduction in their net overall expenditure on school improvement of 49 per cent from £105 million to £54 million. These trends have continued with local authority net expenditure on school improvement in 2014-15 reported as £52.5 million.

3 Children, Young People and Education Committee, National Assembly for Wales, **Fourth Assembly Legacy Report**, March 2016.

## The audit

- 10 Between March and June 2016, Wales Audit Office staff took part in the Estyn-led inspections of the four consortia and discussed progress with local authority councillors, senior officers, consortia leaders and staff. They also considered a range of documentary evidence, including self-assessments by the consortia. To help inform this memorandum, Wales Audit Office staff have also met with Welsh Government officials and the Association of Directors of Education in Wales (ADEW).
- 11 The Estyn inspection reports have been published<sup>4</sup> and [Appendix 2](#) provides a short summary of the inspection judgements. The judgements for each consortium cover five elements of their school improvement work and leadership. During spring 2016, Estyn amended the framework for the inspections to exclude judgements about outcome standards. Estyn said this was because of the 'difficulty in correlating standards at a regional level over the last three years with the development of the consortia during that period. There are several variables that will have influenced outcomes during that period and to seemingly attribute improvements or declines in performance during that period solely to the consortia would not be entirely fair'.
- 12 Nevertheless, Estyn's inspection reports do provide a commentary on performance of individual schools across each of the consortia regions. In addition, Estyn publishes an annual Chief Inspector's report<sup>5</sup> which comments on trends in educational performance across Wales. Within the extensive analysis of performance, the Chief Inspector's Annual Report for 2014-15 and the consortia inspection reports note the large variations in performance between schools and local authorities. This memorandum does not seek to summarise that performance information. Rather, its focus is on progress in the areas covered by my previous recommendations.

<sup>4</sup> The inspection reports are available at [www.Estyn.gov.wales](http://www.Estyn.gov.wales)

<sup>5</sup> Estyn, [The Annual Report of Her Majesty's Chief Inspector of Education and Training in Wales 2014-2015](#), January 2016

## Key findings

- 13 **Overall, there has been reasonable progress by the Welsh Government, local authorities and regional education consortia in implementing the recommendations made in my 2015 report. There has been a noticeable improvement in the arrangements for governance and financial control of the consortia. However, the consortia are still at different stages of development, as evidenced by the recent Estyn inspections, and there is variation in the progress made on the issues covered by my recommendations.**
- 14 I have set out in the rest of this memorandum a summary of findings relevant to each of the five areas of concern that framed my previous recommendations (paragraph 6). I have not made any new recommendations but would expect the Welsh Government, local authorities and regional education consortia to continue to implement in a timely manner my previous recommendations, as well as the recommendations made by Estyn in its June 2015 report and the recent inspection reports.
- 15 **Appendix 1** provides a high level summary of progress against each of my previous recommendations. This memorandum does not seek to report on progress in respect of Estyn's June 2015 recommendations. However, the results from the recent Estyn inspections provide an indication of the overall progress that is being made by each consortium and reflect the findings of the joint Estyn and Wales Audit Office inspection teams.
- 16 To assist the Welsh Government, consortia and local authorities to respond quickly to the inspection reports and my review, we have, at a stakeholder event in September 2016, highlighted key areas where insufficient progress has been made and further work should focus. At the event, the representatives of consortia and local authorities agreed to produce action plans in response to the highlighted areas and the findings of the Estyn inspection reports. The Welsh Government also plans further work in the areas where it has not yet met the previous recommendations.

# The nature and operation of consortia

## The regional education consortia are becoming more firmly established and accepted

- 17 In 2015, I found that there was continuing uncertainty about some aspects of the nature of the consortia and their scope. Significant differences had emerged in the arrangements for consortia and the Welsh Government had not adequately reflected the statutory role of local authorities in the National Model for Regional Working. An unpublished revision to the National Model had not completely addressed issues related to the role of consortia advisory boards and some other issues including responsibility for approving business plans. I recommended that the Welsh Government should take full account of the statutory responsibilities of local authorities when developing the role of consortia, amend the National Model to be less prescriptive about structure, and agree with local authorities clear roles and responsibilities for present and future school improvement interventions.
- 18 **My follow-up review found that the nature and operations of consortia are becoming more firmly established and consortia are being accepted as important school improvement organisations by schools themselves, local authorities and other stakeholders. While there is variation between regions, consortia are more confident in their roles and governance arrangements. Processes for consultations are more firmly established and although there are no formal agreements between the Welsh Government, local authorities and consortia about the processes for future changes, the bodies have confidence that there will be appropriate consultation and, where appropriate, ‘co-construction’.**
- 19 This is important because while consortia no longer face potential changes linked to reorganisation of the 22 local authorities, there are significant challenges ahead. These challenges include the implementation of significant changes to the curriculum in Wales, expected legislation on the arrangements for pupils with additional learning needs, and the Welsh Government policy to further develop federations of schools<sup>6</sup>. Where new roles are considered for consortia it will remain important that appropriate legal advice is considered to ensure that the statutory responsibilities of local authorities are appropriately recognised by the Welsh Government and consortia arrangements.

<sup>6</sup> The Federation of Maintained Schools (Wales) Regulations 2014 which came into force on 22 May 2014 give effect to local authorities' powers to federate schools. Schools already have powers to federate by choice under provisions introduced in 2010. These powers have now been consolidated into the 2014 Regulations. The new regulations will allow local authorities to force the grouping of schools into federations.



- 20 Since my previous report, further adjustments were made to the National Model which better addressed the role of consortia advisory boards and necessary flexibility has been given to enable the arrangements to fit with the different consortia structures. Most of the consortia have consolidated their governance arrangements; for example, by completing the membership and clarifying the operations of board or joint committee advisory committees, sub-committees and working groups. Although the governance arrangements for each consortium are different, they are supported by and are appropriate for their local authorities. However, the pace of improvement has varied. The variation is noted in inspection reports; 'These elected members and officers have worked effectively together to develop this strategic vision and put in place the appropriate governance structure to drive this forward' (CSC). 'The consortium has been slow to ensure that the governance arrangements align with the expectations of the Welsh Government's National Model for Regional Working. For example, the Advisory Board and the management board were only constituted in the last year' (GwE).
- 21 In North Wales, a lack of capacity hampered progress in developing GwE as an effective school improvement service during the first 18 months of its operation. The inspection report notes that senior leaders in the six local authorities and GwE's senior management team have since revised their approach and addressed some of the issues and 'as a result, schools, local authorities and elected members have a growing, if fragile, confidence in the consortium's capability to deliver an effective school improvement service.' Growing confidence regionally is also reflected in increased acceptance nationally, for example, the consortia managing directors are now full members of ADEW and this acceptance will assist the relationships between consortia and local authority directors and contribute to collaborative approaches to policy.
- 22 In 2015, I found there was some confusion among Welsh Government officials, local authority councillors and directors, and consortia staff about whether consortia were commissioned by local authorities or jointly provided services. This year's fieldwork found that the Welsh Government and local leaders were clear about the position – the three joint committee consortia are shared services whilst the company consortium is a commissioned service.

# To focus on outcomes through medium-term planning

## There has been mixed progress in medium-term planning by consortia and the Welsh Government

- 23 In 2015, I found that the uncertain position regarding possible local government mergers and the government priority to seek rapid improvement in educational outcomes had contributed to a desire to establish formal consortia very rapidly. The regional consortia produced 2014-15 business plans quickly and the Welsh Government assessed that all the plans had weaknesses. The Welsh Government's desire to inject pace into the new arrangements had affected the rigour of some processes, such as the quality of business planning, and contributed to a lack of openness within the system. I recommended that as any possible local authority re-organisation would not have been fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.
- 24 **This year I found the Welsh Government had improved the flexibility of arrangements for business planning and three of the consortia have adopted three-year business plans. However, the development of these plans has been hampered by uncertainty about policy and financial arrangements as a consequence of the National Assembly elections and the referendum on membership of the European Union. For example, in respect of the Welsh Government's plans for local government re-organisation, which have recently become clearer following on from the publication in September of the new Programme for Government<sup>7</sup>.**
- 25 Most of the consortia have adopted a three-year planning timetable. The Estyn inspection report for EAS notes 'The business plan has a suitable emphasis on medium-term objectives...' The inspection report for ERW notes 'Over the last two years, the region has developed its business planning from a one year model to a three-year medium-term rolling plan. This plan is helping senior leaders to approach to school improvement in a more strategic and sustainable way'. However all consortia found that the annual funding horizon from the Welsh Government and uncertainty over strategic developments made medium-term planning difficult, despite the greater security arising from the Welsh Government's decision to reconsider reducing the number of local authorities.
- 26 In 2014, the Welsh Government published **Qualified for Life** which contained its strategic objectives for education for 3 to 19-year-olds in Wales to 2020. This high level overview draws on information from more detailed documents including **Improving Schools**, published in 2012, which set out plans for the schools element of education to 2015. It was based on the proposals the then Minister announced in 2011. Following cabinet appointments in June 2016, the First Minister set out nine agreed education priorities in a letter to the new Minister<sup>8</sup>.

<sup>7</sup> Welsh Government, **Taking Wales Forward 2016-2021**, September 2016

<sup>8</sup> Welsh Government, letter from the First Minister to the Cabinet Secretary for Education, 15 June 2016.

While these priorities are broadly consistent with Qualified for Life, they include a policy to reduce infant class sizes, a review of the current policy on surplus school places and other matters which will require further more detailed policy development and may have an impact on the role of consortia and the use of grant funding.

- 27 The Welsh Government, local authorities and consortia all accept that funding through short-term grants and late announcements about the level of or guidance on grants has hindered planning by consortia and schools, and discussions are taking place to seek to improve arrangements. The Welsh Government hopes it can work towards November as the final deadline for announcing grants guidance. The Welsh Government is also considering moving towards greater focus on outcomes from the use of grants rather than using detailed stipulations about how funds may be spent.
- 28 In my recent report on the **Financial resilience of local authorities in Wales 2015-16**<sup>9</sup>, I noted that ‘The annual budget setting and late changes to the indicative figures are a consistent criticism that local authorities have made of the Welsh Government and this is seen by them as a key stumbling block to authorities being able to develop a longer-term focus on planning budgets and implementing transformational work. However, whilst it is clear that late changes to budgets did cause authorities real difficulties in finalising spending plans, the direction of travel on funding of local services in the current period of austerity is well understood and authorities should still be able to plan the likely impact of funding cuts.’ I noted that a number of authorities needed to improve their use of financial modelling to assess the likely impacts on financial plans and required savings for different scenarios. This also applies to education consortia who should use such financial modelling to continue to develop their medium-term financial plans.
- 29 Since the fieldwork for my previous report on the consortia, the Well-being of Future Generations Act has come into force. The Welsh Government is committed to applying the sustainable development principle and working towards the well-being goals in its policies. Welsh Government officers have met with ADEW, local authority directors of education and the consortia managing directors, and have been considering how to apply this approach to consortia and school improvement. There is a clear link between improving school performance and several of the well-being goals, although, at present, it is too soon to see how the Act is influencing policy development in relation to school improvement. The Act will require the Welsh Government, local authorities (and therefore the consortia) to more explicitly address the achievement of the national well-being goals and, when set, local well-being objectives in their future business plans.

9 Auditor General for Wales, **The Financial resilience of local authorities in Wales 2015-16**, August 2016.

# To develop more collaborative relationships

## There has been significant progress in developing collaborative arrangements and greater trust among consortia and between consortia and the Welsh Government

- 30 In my 2015 report I said that the co-production of the National Model had not led to the development of collaborative relationships between the Welsh Government, consortia and local authorities in which strengths, weaknesses, developments and problems are shared, and the best solutions sought. The lack of confidence between partners had contributed to defensiveness in the relationships which had hindered progress. For example, the **review and challenge**<sup>10</sup> process was a potentially helpful process. But, in practice, defensiveness and lack of openness by consortia had reduced the effectiveness of this process. I recommended changes to the review and challenge process, greater sharing of practice amongst consortia and greater recognition of the interdependency of all partners in the school improvement system.
- 31 **My follow-up review in 2016 found there has been significant progress in developing collaborative arrangements and greater trust among consortia and between consortia and the Welsh Government. Revised arrangements for 'review and challenge' are not yet in place but were due to be. Consortia are developing arrangements for sharing practice and taking 'lead responsibility' for new developments.**
- 32 I found that all four consortia, ADEW and the Welsh Government believe the relationships are significantly better. Improved communications and consultation about developments illustrate increased recognition of the inter-dependency of all partners in contributing to school improvement. GwE noted that 'Managing Directors and Welsh Government meet regularly to agree on consistent approach and strategic direction to key developments... This has enabled a much increased level of joint understanding and shared ownership across the consortia.'<sup>11</sup>
- 33 Following my report and the Estyn review in 2015, regional consortia held a two-day event for their senior leadership. This event marked a change to a more collaborative relationship between the consortia and began a process in which consortia share their practice and have taken on lead roles in the development of practice in many areas. For example, EAS challenge advisers have engaged in joint training with the CSC. EAS also leads on support for Welsh Baccalaureate, GwE and EAS have worked together on their arrangements to implement a self-improving school system. ERW has taken a lead in a shared consortia programme to encourage and support recruitment of teachers, and ERW has linked with GwE to commission a report on rural poverty and its impact on education. Following an open procurement exercise, the Welsh Government awarded the four regions a contract to develop a programme for the Standardisation of Teacher Assessment. The EAS takes the lead on contract management.

<sup>10</sup> The Welsh Government organised termly 'Challenge and Review' meetings with each consortium at which the Minister or senior government officers challenged the progress of consortia.

<sup>11</sup> GwE evidence provided for the 2016 inspection.

- 34 Consortia leaders stressed that there was potential for a higher level of cross regional collaboration but the progress made and the improved trust between consortia and the Welsh Government illustrate an improvement in the culture between the consortia and Welsh Government.
- 35 I previously found the review and challenge process by which each consortium was held to account by the Welsh Government illustrated a hierarchical approach to accountability rather than recognising that consortia and the elected assembly members and councillors at national and local level shared a mutual interest in all elements of the school improvement system working effectively. Challenge and review meetings were not held in spring or summer 2016 due to the Estyn inspections but will be held with the new Minister in autumn 2016. The intention is that the meetings will be a two-way process. The autumn meetings will be holding regional consortia to account for performance and progress against their action plans following the recent Estyn inspections, and also regional consortia holding the Welsh Government to account for their role. The spring and summer meetings will be more focussed on considering development priorities and inspection outcomes. This framework is capable of meeting the recommendation to develop a more collaborative but robust comprehensive 'system review' approach in which all partners in the system share progress, challenges and issues openly.

# To build effective leadership and attract top talent

## Some actions have been taken but no national strategic approach has yet developed to build effective leadership and attract top talent

- 36 In 2015, I reported that regional consortia, local authorities and the Welsh Government had all found difficulties in recruiting to senior leadership roles for education and we found there had been limited action to address this. I recommended that the Welsh Government, local authorities and consortia should improve capacity and capability in the system, improve the attractiveness of education leadership roles, support the professional development of leaders, and ensure that appropriate performance management arrangements are in place.
- 37 **This year, I found that while there have been improvements in the performance management arrangements for consortia leaders and some training through ADEW, there is not yet a national strategic approach to attracting talent and developing the leadership for school improvement. Consortia are using secondments of senior school leaders to draw in new senior staff but recognise the barriers to recruitment that exist.**
- 38 When we undertook fieldwork for the 2015 report, consortia had a number of their senior managers in 'interim' or temporary positions or very newly in post. This year we found that most senior positions were filled with permanent appointments and there was a good degree of stability in leadership roles. Some consortia had also increased their capacity in key areas; for example, EAS had strengthened their capacity for managing their financial and human resources responsibilities. However, consortia managing directors all acknowledged that succession planning was difficult as many senior posts in consortia and local authorities have lower salary levels and less security than school based posts. The secondment of headteachers and other senior school leaders into challenge adviser and senior positions is seen as one effective way of helping encourage interest in permanent consortia roles as well as helping to develop expertise in creating a self-improving school system.
- 39 The Welsh Government has supported consortia to make improvements to capacity and supported a WLGA initiative working with ADEW and the Staff College for all ADEW members including the consortia managing directors to strengthen capability (planned before the Auditor General for Wales report) and a further course is being considered for the next tier of local authority and consortia leaders. However, there were mixed views about the effectiveness of the courses for senior consortia leaders. Managing directors felt there would be benefit in training specifically for consortia leaders which included both training in specific skills/ knowledge and leadership skills.

- 40 While some developments, such as the ADEW course, have taken place there is not an agreed strategy for the development of consortia leadership. In July 2016, the Welsh Government made a commitment to the development of a Leadership Centre for education leaders<sup>12</sup>, although, it is not yet clear what this will involve. Consortia and ADEW recognise that there are recruitment issues for leadership posts in consortia and local authorities and hope they will be able to work with the Welsh Government to develop a strategy to address the issues. The Leadership Centre may form a key part of the strategy.
- 41 There have been some actions to address weaknesses in the performance management arrangements for some senior consortia leaders identified in my 2015 report. The accountability arrangements for all managing directors and senior consortia staff are now clear. Performance review arrangements for consortia senior staff now also include identification of professional development needs. However, there has not been any strategic co-ordination across the four consortia to consider whether there can be a shared approach to meeting some of the professional development needs.

<sup>12</sup> The Minister announced this in a statement to a plenary session of the National Assembly for Wales on 12 July 2016.

# To improve the effectiveness of governance and management of regional consortia

## All consortia have made reasonable progress with their governance and management arrangements, but the quality of progress in specific areas is variable

42 In 2015, I reported that while continuing progress was being made, regional consortia had not developed fully effective governance and financial management arrangements. I made recommendations to local authorities and their regional consortia covering eight issues:

- use of self-evaluation and governance reviews;
- performance management including business planning and value for money;
- financial management;
- risk management;
- overall scrutiny arrangements;
- openness and transparency of decision making;
- addressing potential conflicts of interest; and,
- development of robust communications strategies.

43 **This year I found that all consortia have made reasonable progress with their governance and management arrangements. However, the quality of progress in specific areas is variable and weaknesses remain particularly in respect of the assessment of value for money, risk management and some scrutiny arrangements.**

### Self-evaluation and governance reviews

44 There have been improvements in self-evaluation in all consortia, although, the quality is still variable and not all joint committee or board members are rigorous enough in challenging self-evaluation information presented to them. Some consortia are using Annual Governance Statements, reviews of governance and internal audit reviews more effectively, but not all. The variation in progress is noted in the Estyn inspection reports: 'the current self-evaluation report generally provides a fair and balanced view of ERW's overall performance' (ERW), however, in GwE 'the self-evaluation report is generally too descriptive and lacks sufficiently robust evaluation of the effectiveness of the consortium's work' Each consortium is developing different arrangements for internal service reviews. The arrangements at EAS are the most established and comprehensive ([Exhibit 1](#)).



## Exhibit 1 – Service review arrangements at EAS

Each element in the business plan for EAS is subject to a periodic review using a process known as FADE (Focus, Analysis, what to Do, and Evaluation). This process, introduced in 2015, has recently incorporated an evaluation of value for money. FADE reviews are carried out by those responsible for the activity concerned but subject to quality oversight by senior managers. The inspection report for EAS notes ‘The FADE model provides a methodical framework for accountability, allows the service to modify intervention in a more responsive way, and is contributing effectively to the development of a culture of continuous improvement’.

## Performance management including business planning and value for money

- 45 Business planning processes have improved in all consortia, but there are still some weaknesses in the identification and use of appropriate outcome measures and targets. The inspection report for CSC notes: ‘The consortium’s current business plan sets out well the strategic goals for the consortium within a three year vision, as well as its high level goals for the current year. These take good account of both the Welsh Government’s school improvement priorities and those for the region.’ However, the inspection report for ERW notes ‘the business plan and related documentation do not set out clearly enough how the impact of ERW’s work is to be evaluated and how progress against ERW’s priorities will be tracked and measured’. Business plans for each consortium include appendices setting out any specific plans at a local authority level, although, there is no consistent approach to the level of detail provided.

## Financial management

- 46 Financial control is more robust in all consortia with improved financial reporting and monitoring. However, not all consortia cover all elements of school improvement expenditure (especially where significant expenditure is managed through local authorities). As noted above, three of the consortia have developed three-year business plans but only one, EAS, has begun to develop a medium-term financial plan alongside the business plan to identify the resources that they will use to achieve their business plans objectives. That other consortia do not have robust medium-term financial plans reflects a weakness also present in some local authorities<sup>13</sup>.

<sup>13</sup> In my August 2016 report on **The Financial resilience of local authorities in Wales 2015-16**, I noted that ‘in a minority of local authorities the financial planning framework and the corporate plan objectives are not fully integrated’.

47 Nevertheless, consortia are all giving greater consideration to value for money than previously, partly in response to challenge from councillors. ERW is beginning to use an approach derived from the National Audit Office<sup>14</sup> using seven principles to inform judgements about value for money. Some consortia have placed emphasis on assessing value for money on pupil outcomes at the end of key stage 4 without giving sufficient consideration to the whole range of activity that the consortia deliver. The GwE inspection notes: 'to date no formal framework has been developed to assess the wider value for money that GwE provides. There is not a consistent view across all stakeholders of how the value for money of GwE's activities can be measured, with a considerable emphasis being placed on key stage 4 level 2+<sup>15</sup> results over other business plan objectives.'

### Risk management

48 All consortia have made some progress in developing their arrangements for risk management and for reporting on risks. However, progress is varied and in most consortia, the risk registers and arrangements are still not sufficiently robust and therefore not contributing appropriately to decision making. For example, the inspection report for ERW notes: 'Over the last year, ERW has refined and formalised its arrangements for identifying and managing its risks. The process is appropriate and includes relevant actions to mitigate against the risks'. However, the inspection report for EAS notes: 'the formal identification and management of risk in the company are at an early stage of development.'

### Overall scrutiny arrangements

49 There have been improvements in the arrangements for scrutiny for school performance by individual local authorities and this is noted in the inspection reports. However, progress has been slower in putting in place arrangements for effective scrutiny of the overall consortia performance in some regions. Nevertheless, for one consortium, ERW, the local authorities have established effective co-ordination of scrutiny arrangements. The inspection report notes 'ERW has also helped the six local authority's scrutiny chairs work more closely together through regional conferences. These events are helping chairs to build an effective common approach to the scrutiny of school performance and ERW's work across the region.' The company consortium, EAS, as a commissioned service, has different arrangements and has established an audit and risk committee, although, it is too soon to assess its effectiveness. Other consortia have made less progress in establishing arrangements for overall scrutiny. For example, while CSC has worked well with individual local authority scrutiny committees, no clear joint or co-ordinated scrutiny arrangements have been put in place and the inspection report notes '...scrutiny chairs remain unclear about which aspects of the consortium's work they can and cannot scrutinise directly.' The CSC consortium has indicated that it will be taking action to progress its arrangements.

<sup>14</sup> National Audit Office, **Analytical Framework for Assessing Value for Money**, 2013

<sup>15</sup> This is the 'Level 2 threshold including English or Welsh first language and mathematics'. To achieve this learners must have gained level 2 qualifications in English or Welsh first language and in mathematics as part of their threshold.

### Openness and transparency of decision making

- 50 Most of the issues identified in 2015 in relation to the openness and transparency of decision-making have been rectified and all consortia now make joint committee/board minutes and papers available publicly. However, it is not always easy to find the information or to get advance meeting dates from the consortia websites. We identified a small number of examples where decisions were made by sub-groups and not always reported appropriately.

### Addressing potential conflicts of interest

- 51 All consortia have now recognised the potential conflicts of interest where staff work for more than one body, for example a private education consultancy and a consortium, and have put procedures in place to expect disclosure of potential conflicts. Consortia will need to ensure that their procedures are followed consistently.

### Development of robust communications strategies

- 52 All consortia have developed their communications arrangements for their stakeholders and some consortia have developed specific communications strategies. Communication is generally most effective with schools. Some consortia have been less effective in developing their communications with councillors.

## Appendices

Appendix 1 – Summary of progress against my June 2015 recommendations

Appendix 2 – Estyn inspections of regional education consortia during 2016

# Appendix 1 – Summary of progress against my June 2015 recommendations

**Exhibit 2** indicates the extent to which my recommendations have been implemented by the Welsh Government, local authorities and regional education consortia (as relevant).

- Green indicates that implementation of the recommendation has been completed or is substantially complete and on track for full completion.
- Yellow indicates that most relevant organisations are making reasonable progress but actions are not yet complete across the majority of bodies.
- Amber indicates that some progress has been made by most relevant organisations but significant further progress is required.
- Red indicates that there has been no or limited progress in addressing the recommendations by all or up to half of the organisations.

Four of the 19 recommendations have been fully actioned while eight showed reasonable progress although not completely implemented. Some progress had been made by most organisations on six other recommendations, although, significant further progress is still needed. There were no recommendations where no progress has been made, although, one recommendation has not yet been tested.

## Exhibit 2 – Progress against my June 2015 recommendations

Recommendation	Progress rating <sup>16</sup>
<b>R1 To clarify the nature and operation of consortia</b>	
1.1 The Welsh Government should take full account of the statutory responsibilities of local authorities, and take appropriate legal advice, when considering changes to the roles it expects of local authorities and the regional consortia.	Not yet tested.
1.2 The Welsh Government should update the National Model to be less prescriptive on the structure under joint committees or boards whilst maintaining a focus on outcomes.	Green
1.3 The Welsh Government and local authorities should develop and agree a consistent approach to the role of regional consortia and the Welsh Government in school improvement interventions so that all parties are clear what they should be involved in and responsible for.	Yellow
1.4 Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).	Green

<sup>16</sup> The performance rating is based on an overall assessment of progress made by Welsh Government, local authorities and regional education consortia (as appropriate) to address individual recommendations.

Recommendation	Progress rating
<b>R2 To focus on outcomes through medium-term planning</b>	
2.1 As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.	Amber
<b>R3 To develop more collaborative relationships for the school improvement system</b>	
3.1 The Welsh Government should develop the present 'Review and Challenge' approach (where the Welsh Government hold regional consortia to account) to establish a more collaborative but robust comprehensive 'system review' approach in which all partners in the system share progress, challenges and issues openly.	Yellow
3.2 Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy).	Yellow
3.3 The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> <li>• information sharing and consultation about developments related to school improvement;</li> <li>• developing collaborative relationships of shared accountability; and</li> <li>• undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.</li> </ul>	Green
<b>R4 To build effective leadership and attract top talent</b>	
4.1 The Welsh Government should work with local authority leaders to improve capacity and capability in the system to support strategic development and effective governance.	Amber
4.2 The Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system.	Amber
4.3 Local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.	Yellow

Recommendation	Progress rating
<b>R5 To improve the effectiveness of governance and management of regional consortia local authorities and consortia should:</b>	
5.1 improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements;	Yellow
5.2 improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money;	Amber
5.3 make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level;	Amber
5.4 develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities;	Yellow
5.5 develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees;	Amber
5.6 ensure the openness and transparency of consortia decision making and arrangements;	Yellow
5.7 recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and	Green
5.8 develop robust communications strategies for engagement with all key stakeholders.	Yellow

## Appendix 2 – Estyn inspections of regional education consortia during 2016

The inspections took place as follows:

- CSC: 29 February – 11 March 2016
- GwE: 18 – 29 April 2016
- EAS: 16 – 27 May 2016
- ERW: 13 – 24 June 2016

The timing of the inspections means that CSC was still in the financial year 2015-16 and drafting its forward plans for 2016-17 whereas ERW was nearly three months into 2016-17 when the inspection took place.

During spring 2016, Estyn decided that the inspections would not include judgements about outcome standards. Estyn said the reason for the change 'relates to the difficulty in correlating standards at a regional level over the last three years with the development of the consortia during that period. There are several variables that will have influenced outcomes during that period and to seemingly attribute improvements or declines in performance during that period solely to the consortia would not be entirely fair'.

The Inspections provided judgements for aspects of the quality indicators for the quality of support for school improvement and the quality of leadership and management (Exhibit 3). The judgements reflect the findings of the joint Estyn and Wales Audit Office inspection teams.

### Exhibit 3 – Summary of Estyn inspection judgements

Provision	CSC	GwE	EAS	ERW
How good is the support for school improvement?	Adequate	Adequate	Good	Good
<b>Leadership and management</b>				
Leadership	Good	Adequate	Good	Good
Quality improvement	Good	Adequate	Good	Adequate
Partnership working	Good	Adequate	Good	Good
Resource management <sup>17</sup>	Adequate	Unsatisfactory	Good	Good

<sup>17</sup> The indicator for resource management covers management of resources and value for money.





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