

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 30 June 2016
Report of: Cheshire East Lifelong Learning
Title: Sub-Contracting Report - Cheshire East Lifelong Learning
Portfolio Holder: Councillor Rachel Bailey

1.0 Report Summary

- 1.1 This report provides the Audit and Governance Committee with an independent third party report on the commissioning and sub-contracting process of the Cheshire East Lifelong Learning service [CELL]
- 1.2 It is important for this report to be placed in context. Since 2010, public services have faced unprecedented change. The Skills Funding Agency [SFA] has for its part, not only reduced the available funding for adult learning, but recognised that there have been instances of Public sector funds being misdirected [Tactical Commissioning to meet targets]. As a result, from 2015-16 onwards, it is a requirement of acceptance of any SFA contract that each main contractor must commission, at its own cost, an independent report to confirm its compliance with the SFA Funding Rules, as published each year.
- 1.3 We appointed Beever and Struthers to carry out an audit and compile a report on the effectiveness of the Cheshire East Lifelong Learning (CELL) systems and controls in operation, in relation to subcontractors. This was organised to enable CELL to fulfil the requirement from the Skills Funding Agency (SFA) SFA Rules 2015-16 to have an annual assurance report on management of subcontracted delivery.

2.0 Recommendation

- 2.1 The Committee is asked to consider the external Report for the commissioning year 2015-16.
- 2.2 The Committee is asked to note the Auditor's opinion for 2015–16 together with recommendations for 2016-17 and beyond.

3.0 Reasons for Recommendation

- 3.1 In order to comply with the SFA Funding Rules 2015-16 and 2016-17, the service must provide a written annual report to those charged with governance by 31st January and repeat this process annually. Both the auditor and the CELL Head of Service must certify to the SFA that the report has been completed and an action plan is in place. This has been done.
- 3.2 This report was received mid January 2016 by the Portfolio Holder and head of service [Peter Cavanagh] who confirmed that all recommendations had been appropriately actioned.

- 3.3 The Portfolio Holder requested that this report be formally presented to the Audit and Governance Committee

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Wards Affected

5.1 Not applicable.

6.0 Policy Implications

6.1 Not applicable.

7.0 Financial Implications

7.1 The Lifelong Learning team must be appropriately resourced to comply with statutory and best practice requirements. It has been proposed that CELL become part of SAGC but the ASDV has not received Registered Training Organisation approval. More importantly, the funding contract between the SFA and the Council cannot be novated under the present SFA guidelines and Funding Rules 2016-17. These Rules are under review for the academic year 2017-18 following the changes to the SFA allocation of funding, the Area Reviews, and LEP priorities.

8.0 Legal Implications

8.1 Skills Funding Agency [SFA] Funding Rules 2015- 16 require submission of an annual assurance report from funded organisations who are managing sub-contracted delivery. This report gives information about how this requirement has been complied with and confirms that the appropriate certificates have been delivered to the SFA

9.0 Risk Management

9.1 Failure to consider the quality and effectiveness of the Council's and CELL service's system of commissioning and managing sub-contracted provision by arrangement of external audit opinion on CELL's control environment could result in non-compliance with the requirements of the SFA Funding Rules 2016-17, resulting in the issue of a Notice of Concern, an unannounced OFSTED inspection and/or withdrawal of funding.

10.0 Background

10.1 All principal local authorities, in receipt of SFA funding and responsible for delivery of service by way of sub-contracting, must make provision for audit of process in accordance with the proper practices.

10.2 The primary purpose of this report, which is set out in Appendix A, is to provide an opinion on the overall adequacy and effectiveness of the service control environment. The report is written by the independent external auditor who must be suitably qualified to carry out such an audit.

11.0 Access to information

The background papers relating to this report can be inspected by contacting the report writer:

Name: Frank Collins

Designation: Finance and Governance Officer CELL

Tel No: 01270 686507

Email: frank.collins@cheshireeast.gov.uk