

**Scrutiny Committee B**

**13<sup>th</sup> December 2017**

**Education Scrutiny Group**

**Purpose of Report:** Progress report

Since the meeting of Scrutiny Committee B on 13<sup>th</sup> October 2017 the following work has been undertaken:

**Education Scrutiny Group**

**27<sup>th</sup> October 2017 – Standards data, attendance and exclusions**

The group received a report on verified standards at Foundation Phase, Key Stage 2 and Key Stage 3 and unverified standards at Key Stages 4 and 5 (GCSE and A level).

The group heard that due to curriculum changes Welsh Government were expecting a significant decline in the GCSE pass rate in some subjects and the Key Stage 4 indicators across Wales. Provisional figures indicate that the decline at Level 2 inclusive in Powys is lower than many other authorities demonstrating resilience within Powys schools.

Implementation of the Cashless System has shown a small increase in the take up of Free School Meals which is the measure used to place schools in families for comparative purposes.

At KS2 standards are generally good but there is a dip in performance at KS3 which makes it difficult for High Schools to achieve good results at KS4. There needs to be better shared planning of the curriculum between Primary and Secondary schools in order to improve further. Cluster arrangements are meant to improve continuity between Primary and Secondary schools but the clusters working is inconsistent.

Powys maintains a school funding formula where any proposed changes are discussed with the Schools Forum. An activity led review is being undertaken and a basic formula will be created from there. The formula does not provide additional cash to schools but is an agreed mechanism by which the money is best distributed. It is expected the review will take around 2 years to complete as there are differences in schools between curriculum offer and a decision will be required as to what the basic curriculum offer in schools should be.

The Director indicated that he had initiated a complaints log so that issues raised with the Service could be tracked.

It was noted that no additional funding had been identified to support the requirements of the ALN and Education Tribunal Bill when it is enacted. The School Organisation Code has been revised which required all other options to be considered prior to

schools being closed. The Estyn Improvement Conference had made recommendations regarding the consistency in secondary schools.

Schools causing concern were predominantly within the secondary sector with schools that are in an Estyn Monitoring category required to attend the Schools Improvement Board.

Provisional attendance figures show a small drop and these figures are being checked.

There is a concern regarding exclusion levels and work is being undertaken around the reasons for exclusion. The service are looking at reconfiguring the PRU to make this short term rather than long term provision. The services offered by Behaviour Support will be examined. The issues that are being experienced with services to children may result in an increase in exclusions and the relationship between Children's Services and the Schools Service needs to be changed.

Provisional 'A' level results are positive but too few young people are achieving top grades. The size of sixth forms and the subjects of offer to pupils is an issue. Estyn will be increasing their focus on Post 16 education from now on.

A further report on Standards will be considered in February when verified results are available.

#### **14<sup>th</sup> November 2017 – Unlicensed School Deficit Budgets**

Representatives from the Education Scrutiny Group have been working with Members of the Audit Committee on the Financial Viability of Schools (see below). The Chair and Vice-Chair of Audit were invited to attend this meeting to provide input from an audit perspective.

The meeting heard the current position regarding unlicensed school deficit budgets and discussed how the service had been working on benchmarking to evidence spend variations between different schools. The approach to the budget recovery process was discussed.

This meeting also considered the Medium Term Financial Plan for the schools service both delegated and non-delegated budgets. Work on budget planning continues and will contribute to the budgets that are put forward to the Council during the budget setting process.

**The Group expressed concern that some schools continued to fail to adhere to the Scheme for Financing Schools by not setting licensed budgets and urge the Portfolio Holder to take the necessary action required to ensure compliance.**

A report on unlicensed school deficit budgets was due to be presented to Cabinet on 5<sup>th</sup> December 2017 but this has been deferred until 9<sup>th</sup> January 2017. The Lead Member will attend Cabinet to speak on this paper and will report back to the Education Scrutiny Group and Scrutiny Committee B.]

## **Financial Viability of Schools**

The report from the joint group of representatives from the Audit Committee and Education Scrutiny Group was presented to Audit Committee on the 3<sup>rd</sup> November 2017 and to Cabinet on the 5<sup>th</sup> December 2017. A copy of the report is attached and Cabinet will provide a response to the report within two months. This response will be reported to Education Scrutiny Group and Scrutiny Committee B.

## **School Scrutiny Panel**

### **13th November 2017**

The whole membership of the Education Scrutiny Group attended data training on the 13<sup>th</sup> November 2017 to allow membership of the School Scrutiny Panel when interviewing Head teachers and Chairs of Governors. A Panel of five Members is chosen from the membership of the Education Scrutiny Group which will generally be chaired by the Lead Member.

The Panel heard updates on the following schools which have previously attended School Scrutiny Panel or being placed in a monitoring category by Estyn:

- Llandrindod Wells CP School (Cefnlllys)
- Llanbister CP School
- Builth High School
- Caereinion High School
- Pupil Referral Unit
- Llanfyllin High School
- Llandrindod High School
- Builth Wells CP School
- Ysgol Bro Hyddgen
- Brecon High School

Schools who had been placed in an Estyn category were now required to attend a School Improvement Board on a three monthly basis. Scrutiny heard how there were varying levels of engagement from schools with the School Improvement Board.

Some of these schools had made progress since the last time the Panel had received an update in September 2016 however, a number of schools were clearly still struggling to make the necessary improvements. There appeared however to be a greater focus from the schools service in expecting improvements to be made and a greater willingness to consider intervention where this progress was not being evidenced.

The Panel agreed to consider the school categorisation information in January 2018 and in light of that information decide on which schools to invite to Panel.

## **ERW**

The ERW Joint Chairs meeting was hosted by Powys in Brecon on the 29<sup>th</sup> September 2017. A copy of the letters which resulted from that meeting are attached.

## Work Programme

21 <sup>st</sup> Feb	1.30 for 2.00 – 4.00	Secondary School Standards, attendance and exclusions (verified) School categorisation Service Improvement Plan priorities
26 <sup>th</sup> Feb	1.30 for 2.00	ERW: Outcome of Estyn Review Review of ERW operating model Performance
Spring Term		School Scrutiny Panel 2
13 <sup>th</sup> Mar	1.30 for 2.00 – 4.00	Self Evaluation of Education Services (SER)
12 <sup>th</sup> April	1.30 for 2.00 - 3.00 3.00 – 4.00	Governor Training ALN/Behaviour Support Policy
May		School Scrutiny Panel 3
13 <sup>th</sup> June	10.30 for 11.00–12.00 1.00 – 2.00 3.00 – 4.00	Schools Safeguarding Compliance School Budgets Workforce Planning
Oct		Standards data – verified for FP, KS2 and KS3 – unverified for KS4 and KS5 Attendance Exclusions
Nov		School Budgets
Autumn Term		School Scrutiny Panel 4

**Report contact:** Liz Patterson, Scrutiny Officer  
**Contact details:** 01597 826980, elizabeth.patterson@powys.gov.uk  
**Sources/background papers:**

**Membership:**

County Councillors: **D. R. Jones** (Vice Chair of Scrutiny Committee B and Lead Member)

B Davies, A Jenner, S. McNicholas, L Roberts, P Roberts,

Parent Governor Representative Mrs A. Davies, Mrs S Davies and N. Bufton.

Church Representative Mrs M. Evitts

## **Joint Audit - Education Scrutiny Working Group**

### **Interim Report on: Financial Viability of Schools**

#### **Observations made to: Cabinet/Management Team**

##### Background:

Joint Chairs instructed Audit and Education Scrutiny to undertake a joint piece of work assessing the Financial Viability of Schools.

The Wales Audit Office Review of Education Finance Powys published in June 2017 together with projected deficits in the Schools Service had caused the Section 151 Officer to alert the Council to the potential threat raised by schools budgets.

In July 2017 the Cabinet received a report which projected that by 2019/20 schools delegated budgets would be showing a deficit of £5.4M (not including figures for Welshpool High School which shows a deficit of £0.5M by 2017/18). Whilst it is accepted that these projections do not take into account mitigating measures that schools will put in place in the meantime this level of deficit is a risk to the Council and this, together with the WAO report, prompted the current review. We are also aware that the council are proactively looking at this issue but to date have no hard evidence on its views or planned actions.

##### Scope:

The project is to be undertaken in stages with Stage 1 focussing on Secondary Schools which are showing a more serious position. Discrete areas of work are to include at a high level: standards, school rolls, curriculum provision, Welsh language provision, staffing structures, teacher/pupil ratios, financial expertise within schools and support from Corporate Services. In addition we have examined the allocated proportion to delegated/non-delegated budgets and potential areas of economy.

The Scrutiny Group have met with the following people to date.

Councillor Myfanwy Alexander – Portfolio Holder for Education  
Councillor Aled Davies – Portfolio Holder for Finance  
David Powell – Section 151 Officer

Jane Thomas – Head of Financial Services  
 Ian Budd – Director of Schools  
 Gareth Jones – Head of Schools  
 Huw Lloyd Jones – Wales Audit Office  
 Graham Taylor – Chair of Schools Forum  
 John Williams – Vice-Chair of Schools Forum and Head of Gwernyfed High School  
 Jackie Parker – Head of Crickhowell High Schools  
 Andrew Fryer – Chair of Governors Crickhowell High School  
 Michael Gedrim – ALN Service.

## Introduction

Financial details taken from the published accounts and budgets show that overall funding Education in Powys has remained relatively static, at c.£100m. (per pupil the 3<sup>rd</sup> highest in Wales), for the last five years. However, the delegated budget available to schools has over that period fallen by some £3.7m. The impact on schools has been exacerbated by the transfer of some costs which were paid for centrally to the individual schools' budgets.

<b>Year</b>	<b>Schools Service</b>	<b>Delegated</b>	<b>Total</b>
All £ million			
2017-18	31.0	68.9	99.9
2016-17	30.4	69.9	100.3
2015-16	30.1	70.3	100.4
2014-15	31.2	71.5	102.7
2013-14	27.5	72.6	100.1

The WAO reported that for 2016/17 the gross budgeted expenditure per pupil is the 6<sup>th</sup> highest in Wales but the percentage of that delegated to schools is the second lowest in Wales at 78%. As a result the delegated expenditure per pupil is the 5<sup>th</sup> lowest in Wales: the average for Primary is £4,000 and Secondary £4,800.

The Council's centrally retained and administered budget per pupil is the second highest in Wales at £1,305 of which the largest component is home to school transport which at £513 is by some margin the highest in Wales.

The Council has known for some time of the threat presented from delegated budget deficits at an increasing number of schools. The WAO report in June was preceded by another WAO report in 2012 and a PWC report in 2015. This is illustrated by the following:

### School Balances

Actual outturn 2016/17	+£0.48m
Draft Budget 2017/18	-£1.497m
Projection to 2019/20	-£5.454m
(Prior to any mitigation being put in place)	

### Initial Findings (Delegated)

The increasing deficit position would suggest that the funding is inadequate to maintain the current footprint of schools with the existing staffing structures together with the present curriculum offer. It is appreciated that it is unlikely that additional funding will be available to support schools. An extra £1m per year for 3 years (a total of £6m by the end of year 3) was put into the Schools Service for 2017/18 to help support secondary schools but it appears this was distributed via the Funding Formula to support small schools and only 20% was actually available to support the secondary sector.

How then has this position arisen? Possible causes identified include:

- Falling pupil numbers (including losing sixth form pupils out of county)

The table below taken from WG data shows that the recent decline in the population under 25 is likely to accelerate through the next decade.

Powys

	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
People aged 0-2	3,790	3,590	3,290	3,060
People aged 3-7	6,630	6,510	6,130	5,640
People aged 8-10	4,130	4,110	4,010	3,750
People aged 11-13	4,270	4,170	4,150	3,990
People aged 14-19	7,880	8,020	7,930	7,840

However, pupil data from the WAO report would suggest that following the decline between 2009 and 2012, pupil number have remained relatively static. The impact on the delegated schools budgets has been a reduction of over £1,7m between 2013/14 & 2016/7. Although this trend is unlikely to be uniform across the county due to pupil movement across borders in both directions. That movement is difficult to predict and is driven by a number of factors.

- Unwillingness to intervene directly in schools' financial management.

The Council has issued letters of concern to those schools that it deemed appropriate but it has been reluctant to use its powers to intervene directly in the management of individual schools finances. In the opinion of virtually all who were questioned on this, lack of action has been perceived as a weakness. The offending schools have, as a result, sensed that little action would be taken. The Council's reluctance on this has, in part, been due to concerns that it has neither the capacity, nor in the case of curriculum management, the necessary skills, to successfully manage and resolve the problems. The Group felt that this is a significant weakness in the Council's approach.

- Schools failing to take difficult decisions and plan for falling rolls



The reaction of schools to the financial constraints has been mixed. Some schools have taken early and difficult decisions to restructure their leadership, staffing and curriculum offer to meet projected falling rolls and are in a better position to manage decreasing budgets. Some schools have failed to take this action and their budget positions are a risk to themselves and the overall financial health of the authority. It is clearly unfair to allow well managed and financially proactive schools to be worse off due to the inaction of others. We have discussed above the lack of curricular skills centrally within the Council. It has been suggested that a similar shortcoming of curricular/timetabling skills is evident within individual schools. We consider that such skills have to be provided either through training or the use of computer programmes within the schools themselves.

- School structures

It has been suggested that management structures have not been reviewed to take account of falling rolls. There is also apparently no template or guidance given to Governing Bodies on the management structures for schools. There is concern that the way in which TLAs are used in some schools. TLAs must be sufficiently flexible to support changing circumstances in curriculum and budget. The use of temporary TLAs could be a potential benefit. Schools must also use their teaching staff contact time efficiently and this should be monitored by Governing Bodies. The use of part time contract staff can have a beneficial effect on school budgets. The above needs to be monitored by ERW, Challenge Advisers, Governing Bodies and Senior Managers.

- Indecision and inaction

We consider that the Council's lack of a consistent policy direction and implementation has led to inaction and delays in defining School Modernisation. The capital programme surrounding it has led to uncertainty around the future of some schools, inhibited change and exacerbated falling roles. A particular example of this is the provision of Welsh Medium education in the North of the county. A decision has been pending for some years on the provision of a new Welsh medium only school which would have a massive impact on the remaining schools in the area including a real prospect of closure. Such delays lead to uncertainty which prevents accurate longer term budget planning.

- Funding Formula Review

A comprehensive review of the funding formula is essential but we believe the current review will not address the fundamental issues. We would anticipate a more root and branch review of the formula to be progressed urgently.

### Financial Structures

There has been a lack of clarity between the roles and responsibilities of schools and the finance service allowing schools to overspend. This has resulted in schools not only spending their delegated budget and reserves but also overspending of the non-delegated Council's money.

The issue of dual stream schools against the financial budgets are concerning. A policy on dual stream schools and Welsh Medium Education should be progressed within financial constraints

### Initial Findings (Non-Delegated)

There are a number of areas which the Joint Scrutiny Group have concern that expenditure on each is proportionately the highest or approaching the highest in Wales. These are:

- Home to School Transport – including Post 16 transport

Costing over £9m - equivalent last year to £513 per pupil this cost is by some margin the highest in Wales. By comparison Ceredigion and Monmouthshire, the next highest, are c.£475 and £330 per pupil respectively.

It has been suggested to us that movement of pupils between schools to attend lessons could/should be a delegated responsibility to individual secondary schools. This, or perhaps a wider examination of local solutions could potentially save money. Consideration should be given to the continuation of free transport for Post 16. EMA is available to post 16 students.

- The Freedom Leisure Contract

This contract currently worth £1.8m is part of 'Other Schools Budget' costs allocated centrally. A review of this has already been started with, we understand, a revised allocation for Wet Side – swimming already agreed with agreement on the larger Dry Side to follow.

- ALN and Behaviour support.

As stated above the centrally retained expenditure for Additional Learning Needs of £4.3m represents £243 per pupil and is the third highest in Wales. As at the time of the WAO report (June 2017) the Council was reviewing the way it delivers some of its ALN services.

### Conclusions

It is apparent that the present financial position is unsustainable. This has now become a very urgent matter and although this Group were informed by the Portfolio Holders for Education and Finance that there would be a clear direction on the future shape of secondary schools by the end of the Summer 2017 which would inform the financial projections going forward, this so far, has not been forthcoming. This situation cannot continue given the continuing depletion of Council reserves and urgent action is required.

Until such time as the Group receives a clear policy direction there is limited scope to take this any further.

### Membership of the Joint Audit - Education Scrutiny Group

Audit representatives: County Councillor J Morris (Lead Member), Independent (Lay) Member J Brautigam, County Councillor H Hulme

Education Scrutiny Group representatives: County Councillors P Roberts, D Jones and S McNicholas



To: **Cllr. Ellen ap Gwynn**  
Chair of the ERW Joint Committee

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Date: 06 December 2017

Dear Councillor Gwynn,

### **ERW Scrutiny Councillor Group – 29 September 2017**

The Chairs and Vice Chairs of all six local authorities' Education Scrutiny Committees came together in Brecon for their bi-annual Scrutiny Councillor Group. I am writing to you with their views, conclusions and recommendations from the meeting on the 29 September 2017.

#### ***Quota of Challenge Advisors***

The Managing Director updated us on the issue highlighted in our previous letter with regards to *what is being done by local authorities to reach their full quota of Challenge Advisors*. The Group heard that currently there are 45 full time equivalents in post of a target of 58 across the region. This gap was not in ability of ERW to close but is a challenge for individual Local Authorities to address. We heard that the formula currently used as part of the ERW agreement and how we actually manage capacity and staff across the region, needs to be looked at. We welcomed the ERW Joint Committees decision to set up a Programme Board to review and monitor capacity. The group would like an update on progress on how this is progressing at our next meeting.

#### ***Business Plan 2017-2020***

The Managing Director provided us with a presentation on the latest Business Plan 2017-2020. We were pleased to hear about the new section built in that will measure impact/success. The group would like to receive updates on this section, at all future meetings, as it will form a standing item on our future Agendas.

#### ***Performance Management***

We heard that there is an ongoing programme of upskilling schools in performance management and in particular the upskilling of middle managers in schools so they are in a good position to deal with under performance.

### ***The campaign to recruit teachers***

We were pleased to hear that the outcomes of this campaign so far is proving positive with twice as many applicants for teacher training than there has been in previous years.

The other topics we covered during the meeting include:

#### ***Estyn***

Mark Champion from Estyn attended our meeting to discuss the ERW Estyn Inspection and to update us on the new framework for schools, local authority and regional inspections. In summary, we heard that Estyn:

- will be visiting ERW in November 17 for follow up (Welsh Government had asked Estyn to inspect the four Consortia and it has been agreed ahead of that each will be follow up on 1 year after inspection). There is no further work beyond this yet planned.
- will be starting the cycle of Local Authority inspection pilots over the coming months starting with 2 Local Authorities initially. In the new cycle each LA will be inspected on a five year cycle, so ERW will be involved each year as part of an individual LA inspection.
- there is now a cycle of individual school inspections in place, under the new inspection framework, following last year's pilot.
- post 16 and 6<sup>th</sup> form will have more prominence in inspections moving forward as there had not been much focus on this aspect previously.

#### ***Elective Home Education***

This issue was raised following the response to our letter from the Welsh Government Cabinet Minister for Education. We still feel that there are huge gaps in this legislation and guidance and that there needs to be a political shift to address this. We did however, recognise that it is outside the remit of ERW and therefore would encourage each local authority to make their concerns known individually to Welsh Government.

We would welcome your views on any aspect of this letter, but on this occasion, do not require a formal written response.

Yours sincerely,

**Cllr David Jones**  
**Chair ERW Scrutiny Councillor Group**



**To:**  
**Kirsty Williams AM**  
**Cabinet Secretary for Education**  
**Welsh Government**

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Date: **06 December 2017**

Dear Cabinet Secretary

I am writing to you on behalf of the Education Through Regional Working Scrutiny Councillor Group. The Chairs and Vice Chairs of the local authorities' Education Scrutiny Committees from the ERW region came together in Brecon our bi-annual Scrutiny Councillor Group on 29 September.

It was the first meeting of the new municipal year and as such we discussed our role, role of ERW and the wider education consortia across Wales. While discussing the issues that this entails it was suggested that we invite you to our next meeting to discuss Education Consortia in Wales and their role in the future.

We would therefore like to invite you to our next meeting on 9 March 2018 which will be held in Carmarthen (venue to be confirmed) at 1.30pm (this time can be changed if it is not convenient for you).

We look forward to your reply.

Yours sincerely,

**Councillor David Jones**  
**Chair ERW Scrutiny Councillor Group**