

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET  
4<sup>th</sup> October 2016**

**REPORT AUTHOR:** County Councillor Wynne Jones  
Portfolio Holder for Finance  
County Councillor Arwel Jones  
Portfolio Holder for Education

**SUBJECT:** Llanidloes High School and Use of Delegated Funds for School Transport

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**REPORT FOR:** Decision

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**1. Summary**

- 1.1 Cabinet will recall that as part of Wales Audit Office`s statutory audit of the Council`s 2015/16 accounts questions were raised about schools` funding of pupil transport from delegated budget. All schools were contacted to establish if they were complying with the policy requirement and as a result an overall assessment was carried out of High Schools` compliance with Regulations 5.2 of the Powys Scheme for Financing of Schools.
- 1.2 The Internal Audit review of Llanidloes High School established that the school has made transport provision for pupils from outside the designated catchment area, but not outside the County. This is in contravention of Regulation 5.2. The provision appears to be based on local practice. Between 2011/12 and 2015/16 the number fell from 65 to 31.
- 1.3 The Internal Audit review looked at other related areas such as the procurement of transport. The review established that there was a lack of clarity about the tendering exercise for the provision of transport. It should be noted that the arrangement had been in place for some time and the Headteacher responded immediately when made aware of the issue and undertook a procurement exercise following the audit.
- 1.4 The review established the school operated a charging policy but this did not fully cost recover the provision of transport. As a result in 2015/16 each pupil was subsidised by approximately £352 from the delegated budget.
- 1.5 The school has already taken steps to rectify the situation and written to all parents to indicate the vacant seat scheme charging policy applies this academic year. Those who have commenced using the school provided transport service in September 2016 are on a full cost recovery

basis and from September 2017 all those using the route will be on the same full cost recovery basis.

## **2.0 Background**

- 2.1 On 29<sup>th</sup> July 2008 the Council's Board approved a revised Scheme for the Financing of Schools which included the provision in Section 5.2 on Income from fees and charges that states:

*"Where schools provide a service which is normally provided by the Authority e.g. home to school transport, the provision must be fully cost recovered either through parental contributions or PTA funding and should not be subsidised from the school's delegated budget"*.

- 2.2 The Board approved a 3 year transitional arrangement for schools that provided home to school transport. This was done to ensure that learners at that time were provided with continuity of provision. The transition period ceased September 2011 at which time all schools were required to comply with the policy. This was further emphasised in the revised home to school transport policy agreed by the Board on 14<sup>th</sup> September 2010 that stated:

*"Where parents exercise a preference for a school other than the nearest allocated school they must make arrangements for transport and are responsible for all transport costs"*

## **3.0 Llanidloes High School's Use of Delegated Budget for Transport**

- 3.1 Llanidloes High School provides transport on one route from Newtown Bus Station every school day. This has operated for at least 10 years. There has been a steady decline in pupils being transported on the route and the numbers using the route were 65 in 2011/12 and in 2015/16 the total was 31. Those using the route do so as a result of parental choice.
- 3.2 The school seeks a contribution from the pupils (except these on free school meals) that use the route through parental choice. Prior to December 2015 this was £80 per term. On the appointment of the new Headteacher early 2016 this was increased to £100 with the intention of raising this to £120 per child per term from September 2016. It is clear the new Headteacher was not aware of Regulation 5.2.
- 3.3. The school has provided financial information that it made payments from its voluntary fund (an account that holds funds that are non-delegated budget or grant funded). The use of the voluntary fund in this manner is permissible. However if these funds were insufficient to meet a transport commitment payment was made from the delegated budget. In 2015/16 the delegated budget's contribution was £10,992. In total it amounted to £62,087.00 between 2011/12 and 2015/16. In 2015/16 each pupil was subsidised by approximately £352 from the delegated budget.

- 3.4 The school has acknowledged that the shortfall has been funded from the delegated budget.
- 3.5 It is clear that the school's transport expenditure has reduced over recent years as the number of pupils travelling on the bus from Newtown also reduced. However expenditure patterns would have exceeded procurement limits and should have been formally tendered. The school believes an informal tendering process was followed for the original contract but this cannot be evidenced. This school has promptly responded to this finding and re-procured transport.

#### **4.0 Next Steps**

- 4.1 The review has indicated that a breach of Regulation 5.2 has occurred and as a result an investigation is now required. A report to Cabinet on 14<sup>th</sup> June addressed the issue of Llanfyllin High School's non-compliance the Powys Scheme for the Financing of Schools. Whilst the report was about a specific school it also unequivocally reconfirmed Cabinet's requirement that all schools must comply with Regulation 5.2. Irrespective of the outcome of an investigation a move to compliance needs to take place.
- 4.2 It is important that a consistent approach is applied to the use of delegated budget by the school in line with the decisions reached following the review of provision of transport at Llanfyllin High School.
- 4.3 In line with the approach adopted for Llanfyllin it has been necessary for the school to confirm compliance with Regulation 5.2 and this assurance has been provided. This means that from September 2017 the position will be on a full cost recovery basis. From September 2016 the vacant scheme charges are being applied for existing users and full cost recovery is being applied for new users. All pupils using this transport will be on a full cost recovery basis from September 2017.
- 4.4 The school will also need to have monthly meetings with council officers to review expenditure and income to ensure compliance with the scheme for the financing of schools. Regular reports of these meetings will be submitted to Cabinet and Audit Committee.
- 4.5 The school has already taken steps to move to the Council's financial system as its primary accounting system. This will increase the transparency around transactions.
- 4.6 Compliance with financial regulations and/or ECS procurement procedures in relation to the procurement of transport has now been achieved.
- 4.7 There has been a clear breach of regulation 5.2 at Llanidloes High School and the approach and it is therefore appropriate that Cabinet act

in a consistent manner with the approach adopted for Llanfyllin High School.

## **5.0 Proposal**

- 5.1 The report will ensure that Llanidloes High School complies with Regulation 5.2.
- 5.2 That an appropriate investigation is undertaken to establish the state of knowledge of school staff and governors (and if appropriate the state of knowledge of PCC officers). A further report will then be brought back to Cabinet.

## **6.0 Options Considered/Available**

- 6.1 The Cabinet could decide to take a different course of action but this would be inconsistent with agreed policy that was reconfirmed on 14<sup>th</sup> June.

## **7.0 Preferred Choice and Reasons**

- 7.1 The Cabinet has established a precedent for action to be taken where a school is in breach of regulation 5.2.
- 7.2 Llanidloes High School's breach of regulation 5.2 is of a smaller scale than that which occurred at Llanfyllin High School but there is a requirement to act consistently where a breach has occurred.

## **8.0 Local Member(s)**

- 8.1 Councillor Graham Jones:
- 8.2 Councillor Rachel Davies:
- 8.3 Councillor Roche Davies:
- 8.4 Councillor Gareth Morgan:

## **9.0 Support Services (Legal, Finance, Corporate Property, HR, ICT, BPU)**

- 9.1 Legal – The recommendations can be supported from a legal point of view.
- 9.2 Finance - The Finance Team will undertake the monthly meetings with the School to review the position with regard to full cost recovery and provide Cabinet with the requested reports. Officers continue to assist school staff with the transition to the Authorities Finance System.

## **10.0 Corporate Communications**

10.1 Communications - The report is of public interest and requires use of news release and appropriate social media to publicise the decision

### **11.0 Statutory Officers**

11.1 The Solicitor to the Council (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

11.2 The Strategic Director Resources (S151 Officer) notes that the report outlines a position that is non-compliant with Regulation 5.2.

### **12.0 Members' Interests**

12.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>	<b>Reason for Recommendations:</b>
<p><b>1. That Cabinet notes Llanidloes High School will be compliant with Regulation 5.2 from September 2017 and during the intervening period the charges for transport will be at least in line with the council's vacant seat scheme.</b></p> <p><b>2. That Cabinet agrees to an appropriate investigation as suggested in paragraph 5.2 of the report. A further report will then be brought back to Cabinet.</b></p> <p><b>3. That monthly meetings be held between council officers and school representatives to review expenditure and income to ensure compliance with the Scheme for the Financing of Schools. Regular reports of these meetings be submitted to Cabinet and Audit Committee.</b></p> <p><b>4. To ensure future compliance with Scheme for the Financing of Schools, the School will use the Council's financial system as its primary accounting system</b></p>	<p><b>To ensure compliance with agreed policy and act in a manner consistent with the actions taken to address the breach identified at Llanfyllin High School</b></p>

**5. The school provide documentary evidence to demonstrate compliance with financial regulations and/or EU procurement procedures in relation to the procurement of transport at the school in general, but in particular in relation to home to school transport arrangements made by the school.**

<b>Relevant Policy (ies):</b>	Powys Scheme for the Financing of Schools Home to School Transport Policy		
<b>Within Policy:</b>	<b>Y / N</b>	<b>Within Budget:</b>	<b>Y / N</b>

<b>Relevant Local Member(s):</b>	
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<b>Person(s) To Implement Decision:</b>	<b>David Powell</b>
<b>Date By When Decision To Be Implemented:</b>	<b>11<sup>th</sup> October</b>

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Email:</b>
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**Background Papers used to prepare Report:**

- Report to the Council’s Board of 29<sup>th</sup> July 2008 on ‘Revisions to the Powys Scheme for the Financing of Schools’
- Cabinet Report of 14<sup>th</sup> June on ensuring Llanfyllin High School’s compliance with policy on use of delegated funds