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CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

2nd February 2018

REPORT AUTHOR: Jane Thomas, Acting S151 and Head of Financial Services

SUBJECT: WAO Review of Education Finance Update

REPORT FOR: Information

1. Summary

1.1 In May 2017, Wales Audit Office presented their findings on an audit on that set out to answer the question:

‘Is the availability and quality of advice adequate to support the Council and its schools in managing education budgets?’

1.2 This report provides an update on the action plan that was completed on the conclusion of the review.

2. **Action Plan Update**

2.1 The review concluded that schools and councillors receive improved advice and support about the management of schools’ budgets, but the Council faces challenges in achieving the pace to deliver an affordable, sustainable education service. The conclusions were reached because:

- the monitoring of schools’ delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in most respects;
- But the Council faces major challenges in achieving the pace that will deliver an affordable and sustainable education service and halt the projected substantial decline in schools’ financial health.

2.2 The action plan update at Appendix A confirms many actions are in progress and on track, but due to the Schools Finance Manager vacancy we have not had sufficient resource to progress some actions as far as expected. That said, in recent weeks we have appointed a part time lead to undertake the Schools Formula Review. This will ensure that the review is completed on plan with full engagement from all stakeholders.

2.3 Quarterly reports will be provided to provide assurance that these items are being delivered.

Appendix A – Action Plan Update

WAO Proposal		Responsible Officer	Actions		Deadline for Action	Updates	RAG and Update
P1	In order to provide the necessary challenge to secondary schools with regard to their financial planning, the Council should ensure that it has the capacity to analyse and evaluate schools' curricular planning.	Head of Schools / Secondary Challenge Advisors / Schools Finance Team	A1a	To develop and agree a curriculum planning model to be used in each sector	31/12/2017 This action will now concluded in 2 stages – May 18 (for budgets) and December 18 for the formula	A Formula Funding expert is working two days a week to ensure a new formula is implemented for the next financial year, curriculum planning and need will be built into this review, and engagement with secondary's conducted alongside. In addition 2018/19 budget discussions about ensuring balance budgets are due to take place with Finance, schools and education leads in February	
P2	The Council should work with schools to explore means of improving the efficiency and effectiveness with which schools procure goods and services.	Interim Professional Lead Commercial Services and Head of Education	A2a	Analyse the spend data we have for 2016/17 to identify high expenditure areas. Look for buying patterns so that expenditure can be aggregated. Look for significant spend with a supplier. E.g. Supply Teacher Insurance	31/12/2017	Supply Teacher Insurance - Project set up to work with Pembrokeshire and use the insurance scheme they manage. Data analysis – discussions taking place to have this proposal in place for the new financial year	Stage 2 27/7/18

		Interim Professional Lead Commercial Services	A2b	Encourage the use of existing Corporate Contracts	On going	Encouraged use of Corporate Purchase cards to reduce overheads associated with purchase orders, finance have attended many schools to support the introduction of the cards	
		Interim Professional Lead Commercial Services	A2c	Improve Contract Management – a Schools Service Contract Manager is being recruited.	31/10/2017	The post of contract monitoring officer has now been filled	
		Interim Professional Lead Commercial Services	A2d	Review Contract options	31/03/2018	Further work on contract analysis needed with the monitoring officer	
		Interim Professional Lead Commercial Services	A2e	Establish Corporate contracts where none exist.	On going	Range of contracts in place but CST currently exploring additional contracts matched to spend data	
		Interim Professional Lead Commercial Services	A2f	Provide support and training for schools including strategic forward planning for purchasing e.g. ICT	31/03/2018	Schools ICT Governance meet regularly, the group includes representatives from ICT, Schools Service and CST.	

P3	In order to further embed resource management as a key component of school improvement, the Council should agree with schools: a consistent template for recording key financial information within School Development Plans; and a system whereby schools' financial health might be assessed and reported annually.	School Finance Manager / Senior Challenge Advisors	A3a	Schools finance to meet with challenge advisors to review current information recorded in School Development Plans and develop a new template for recording key financial information which is consistent across all schools	31/01/2018	Meeting to be held with Senior Challenge Advisors to review February Half Term	28/02/2018
		School Finance Manager / Senior Challenge Advisors	A3b	Communicate with schools to ensure they are aware of the new template and the requirements for completion and inclusion within the school development plans	30/05/2018	Follows on from 3a	

		School Finance Manager / Senior	A3c	Implement requirement for all schools to include new financial template within their	01/09/2018		Follows on 3a	
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		Challenge Advisors		School Development Plans			
		School Finance Manager	A3d	Review current reporting of school balances to allow comparison of individual schools planned and actual balances to enable an assessment of financial health	31/12/2017	Clawback to be reviewed each year. School balances to be presented to Schools Service Management team in order to escalate school balance changes. But needs to be a more timely approach established so we have a clear flowchart and schools understand the implications.	Revised deadline to improve processes 31/3/18
		School Finance Manager / Senior Challenge Advisors / Schools HR	A3e	Termly meeting with Schools Finance Team, Challenge Advisors and Schools HR Team to discuss and review schools. Monthly one to one meetings with HR Team and Finance Team to discuss individual schools	01/09/2017	First meeting held in Autumn Term. Next meeting 8th March after financial meetings taken place	

		School Finance Manager	A3f	Secondary school benchmarking has been carried out and will enable schools to draw comparisons on spend with other similar schools across Powys and Wales	31/10/2017	Secondary schools now have access to this completed benchmarking, but this information and analysis needs to be circulated to a wider audience	
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		School Finance Manager	A3g	Further develop the benchmarking of primary schools financial information to enable schools to draw comparisons on spend with other similar schools across Powys	31/02/2018	The schools finance manager vacancy has meant a delay in delivering this action	
		School Finance Manager	A3h	Further develop the benchmarking of primary schools financial information to enable schools to draw comparisons on spend with other similar schools across Wales	31/10/2018	Discuss at ADEW finance in line with secondary system in place across wales	

P4	In order to improve its clarity and transparency, the Council should review its Service Level Agreement with schools for Financial Services, ensuring that the optional element includes only those services that are not statutory functions of the Council.	Schools Finance Manager	A4a	Review the current Service Level Agreement that is in place that was developed with schools and make necessary changes to ensure that statutory functions are not included in the optional elements of the Service Level Agreement	30/11/2017 Revised date agreed by schools and officers	Review to start during 2018/19 with a view to implement from April 19. Current SLA's carried forward 12 months.	30/11/2018
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		Schools Finance Manager	A4b	Consult with Schools on changes to the Service Level Agreement	31/01/2018	n/a yet	31/01/2019
		Schools Finance Manager	A4c	Implement new Service Level Agreement	31/03/2018	n/a yet	01/04/2019
P5	In order to ensure a common understanding of financial data, the Council should ensure that data reported to members is consistent with that reported to Welsh Government, and that any necessary variance between the two sets is fully explained.	School Finance Manager	A5a	Review data presented to Cabinet in Finance Reports in respect of reporting loans to ensure that figures presented in reports can be easily reconciled and understood compared to figures reported to Welsh Government	30/11/2017	Actioned - The reports circulated to Schools Service senior management team and Cabinet include the breakdown of the tables showing the schools delegated balances with loans/other items listed also underneath which is consistent with the overall reporting tables used in the summary of the report. This ensures a more consistent approach.	

P6	In order to achieve an affordable and adequately resourced school system, the Council should increase the pace and scale of change in implementing its Schools Organisation Policy, 'Planning Education Provision'. In particular, the Council should work with partners inside and outside Wales to ensure that learners aged 16-19 are able to access a suitable curriculum in the language of their choice.	Director of Education / Head of Schools / Senior Manager Schools Transformation	A6a	To undertake a Transformation seminar with Cabinet to agree work programme, to review options for the recommissioning of post 16 education and to implement a work programme arising from A1a	12/10/2017	A seminar took place with Cabinet in October to outline the issues facing education in Powys. A new draft Schools Policy has been developed – Plans for Powys Schools – Vision 2025 – and this was approved by Cabinet in November. It is currently out for public consultation until the January 31st 2018. A final version of the Policy along with consultation comments will be considered by Cabinet in March, and, if approved, the Policy will be implemented from 1st April 2018.	Revised completion date
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		Director of Education / Head of Schools / Senior Manager Schools Transformation	A6b	Commence planning and implementation	01/11/2017	A Work Programme will also be considered by Cabinet in March which will outline the key projects for developing the schools infrastructure for the next 3 years. A Post-16 Review has been underway, with head teachers and officers considering alternative funding and partnership models. This Review will conclude in the spring, for implementation from September 2019.	Revised target dates agreed
		Director of Education / Head of Schools / Senior Manager Schools Transformation	A6c	Commence new delivery model	01/08/2018	n/a yet	

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