

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

6th July 2017

REPORT AUTHOR: Head of Financial Services

SUBJECT: Wales Audit Office – Review of Education Finance

REPORT FOR: Information

1. Introduction

- 1.1 The Wales Audit Office have undertaken a study to review Education Finance within the Council.
- 1.2 The need to improve the support and challenge offered to Schools with regard to the management of their delegated budgets had been recognised by the Council with concerns raised in a number of reports issued by Wales Audit Office and Pricewaterhouse Cooper in recent years. The matter has also been raised in correspondence to the Auditor General during 2015 and 2016.
- 1.3 Schools' Governing Bodies have statutory responsibility for the oversight of financial management in schools and for ensuring that school comply with the Council's policies and procedures, including the financial regulations.
- 1.4 The Council has a statutory duty to promote high standards in its schools. Effective resource management plays a key role in the delivery of high standards. In promoting high standards, the Council should monitor, challenge, support and where necessary, intervene in its schools.

2. The review

- 2.1 The study therefore 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?”**
- 2.1 Officers from the Wales Audit Office reviewed a number of key documents and data, and held interviews with relevant councillors and staff at the Council, and with head teachers, bursars and school managers in a sample of schools.
- 2.2 They concluded **“that schools and councillors receive improved advice and support about the management of school's budgets, but the Council faces challenges in achieving the pace to deliver an affordable, sustainable education service. They reached this conclusion because:**

- **The monitoring of schools delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in 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."**

2.3 The full report is attached.

3 Proposals for Improvement

3.1 A number of proposal for improvement have been made as follows:-

- 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.
- P2** The Council should work with schools to explore means of improving the efficiency and effectiveness with which schools procure goods and services.
- 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.
- 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.
- 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.
- 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.

3.2 Work is already underway in progressing these improvements;

- Commercial services have already began discussions with the Schools Forum as to how they can support schools with their procurement of goods

and services, they have already completed an analysis of spend by schools and identified areas to explore further.

- Benchmarking data is being developed to assist both Schools and the Council with comparative information to understand how the funding and expenditure of Powys' Schools compares with that of other Authorities. Alongside our own work we are also participating in some work being undertaken by the Welsh Local Government Association through the Local Government Data Unit Wales looking at expenditure across secondary schools.
- A fundamental review of the Schools Funding Formula has been requested by Cabinet, this work has commenced this week.

3.3 These will be incorporated into an action plan which is being developed in response to the proposals for improvement. Progress of delivery of the action plan will be monitored on a quarterly basis via the regulatory tracker process.

Recommendation:	Reason for Recommendation:
That Audit Committee notes the contents of the report.	To ensure the WAO report is noted by Committee
That the Audit Committee receives the completed action plan at its next meeting and monitors progress against the plan through regular updates	To ensure proposals for improvement are being taken forward and that the action plan is delivered

Contact Officer Name:	Tel:	Email:
Jane Thomas	01597 827789	jane.thomas@powys.gov.uk

Background papers

Wales Audit Office "Review of Education Finance – Powys County Council" (attached)