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This document is also available in Welsh.

The team who delivered the work comprised Huw Lloyd Jones and Nicholas Raynor.

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Summary report

- 1 Powys County Council (the Council) determines its overall education budget annually. The legal framework within which local authorities allocate their education expenditure to schools is set by the School Funding (Wales) Regulations 2010, as amended. The regulations require local authorities to allocate expenditure to three budgets:
 - **Local Authority Education (LEA) Budget** – this budget is retained and administered centrally by local authorities and is for central local authority functions relating to education. This includes expenditure relating to schools such as, for example specified categories of Additional Learning Needs (ALN) provision, school improvement, home-to-school transport and strategic management.
 - **Schools Budget** - this budget is retained and administered centrally by local authorities and covers expenditure directly aimed at supporting schools. It comprises expenditure on services for which the local authority may retain funding centrally, such as other ALN funding and school meals.
 - **Individual Schools Budget** – the bulk of the education budget is delegated to schools in the form of the Individual Schools Budget (ISB). In consultation with the Schools Budget Forum, the Council determines how the ISB is distributed to schools and allocates funds to schools accordingly. The proportion of gross budgeted expenditure on schools¹ that comprises the Individual Schools Budget is known as the delegation rate.
- 2 The Council's gross budgeted expenditure on schools for 2016-17 is £104.989 million, 78% of which is delegated to the individual schools' budgets (**Exhibit 1**). **Appendix 1** includes detailed analysis of the Council's education budget while **Appendix 2** compares budgeted education expenditure in Powys with that in all Welsh local authorities. **Appendix 2** shows that, like other predominantly rural authorities, the Council's budgeted education expenditure per pupil is well above the Wales average. However, the delegation rate is among the lowest in Wales with the result that delegated budgets per pupil in primary and secondary schools are below average, and well below those in similar authorities.

¹ . This includes all elements of Council spending that relate to school provision: school budget plus LEA budget (including central administration of the LEA) less spending on home-to-college transport and further education and training for young persons and adults. The figure is on a 'gross basis' and therefore includes specific Welsh Government grants as well as the funding allocated to education by the Council. (Source: **Welsh Government Statistical Bulletin SB 28/2016 : Local Authority Budgeted Expenditure on Schools 2016-17**, published July 2016)

Exhibit 1: The Council's gross education budget for 2016-17 is £104.989 million

	Gross education budget (£s)	%
Individual Schools Budget	81,900,000	78.0%
Centrally retained Schools Budget	9,246,000	8.8%
Local Authority Education Budget	13,843,000	13.2%
Total	104,989,000	100%

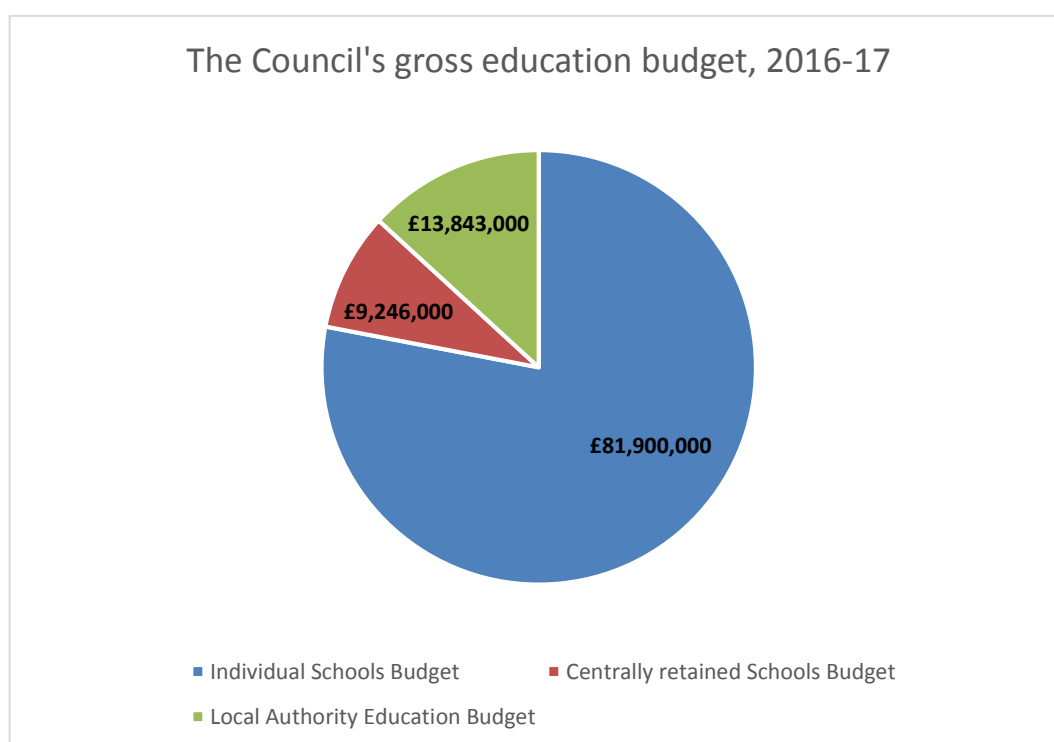


Exhibit source: Table 2: Schools Budgeted Expenditure, **Welsh Government Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17**, published 7 July 2016 and supporting RA/Section 52 budget statements.

- 3 Schools' governing bodies have statutory responsibility for the oversight of financial management in schools and for ensuring that schools comply with the Council's policies and procedures, including the financial regulations.
- 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.

- 5 The Council has known for some time that it needed to improve the support and challenge offered to schools with regard to the management of their delegated budgets. Reports by the Wales Audit Office in 2012 and by Pricewaterhouse Coopers in 2015 have raised concerns about the number of schools with financial deficits. This matter has also been raised in correspondence to the Auditor General during 2015 and 2016. The issues that the Council and schools are facing are not new, but the urgency and pace at which they need to respond to them is taking on greater significance. In part, this greater significance has arisen due to highly publicised issues in Llanfyllin High School (and, to a lesser extent, in a few other schools) with regard to the funding and procurement of home-to-school transport, which showed that some Governing Bodies were not routinely complying with aspects of financial regulations.
- 6 Our 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'? In reaching our conclusions, we reviewed key documents and data, and held interviews with relevant councillors and staff at the Council, and with head teachers and bursars and school managers in a small sample of schools.
- 7 We 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. We 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 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.

8 We have made six proposals for improvement.

Proposals for improvement

Proposals for improvement	
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	<p>In order to further embed resource management as a key component of school improvement, the Council should agree with schools:</p> <ul style="list-style-type: none">• 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.

9 The audit team wishes to thank all those we met for their time in contributing to this review.

Detailed report

Schools and councillors benefit from improved advice and support about the management of schools' delegated budgets, but the Council faces significant challenges to deliver an affordable and sustainable education service

The monitoring of schools' delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in most respects

Schools are benefiting from improving working relationships between Council officers but there are opportunities to enhance the advice and support given to schools, particularly in respect of procurement

- 10 The working relationships between finance officers, human resource officers and other education officers, including Challenge Advisers from Education through Regional Working (ERW, the Regional School Improvement Consortium) have improved significantly in recent years. This has been, in large part, a result of better communication between the teams because they work in closer proximity to each other than before in the corporate centre.
- 11 Better collaboration is improving officers' knowledge of national and local issues with the result that the level of advice and support provided to primary schools, in particular, for setting, monitoring and challenging schools' budgets is becoming more joined-up, timely and robust. However, the Council lacks the capacity to challenge secondary schools rigorously. Council officers have limited experience of the complexities of the secondary school curriculum and the associated costs, so there remains a gap in respect of the quality of support and challenge provided for secondary school education.
- 12 Schools reported that finance officers, human resource officers and other education officers were more visible and accessible to them now than previously. Schools are provided with a standard level of financial advice and can approach officers for additional advice and support at any time. The role of officers in challenging schools focuses appropriately on those schools who are experiencing, or anticipating, financial difficulties.

- 13 The School Development Plan (SDP) is the school's strategic plan for improvement. It sets out the actions a school will take to improve learner outcomes. The SDP covers a three year period but is updated annually. It sets out how the governing body will utilise available resources to best meet their school improvement targets. When planning for the current school year, the head teacher and governors will already be aware of the staff and funding resources they have available. For years two and three of the plan, governing bodies should capture how they intend to utilise existing and anticipated resources to meet their school improvement targets.
- 14 SDPs do not routinely include detailed financial information, although schools are expected to refer to the costs and/or savings arising from any significant curricular changes planned for the year ahead.
- 15 In contrast, the Welsh Government, which provides funding for further education colleges in Wales, allocates each college to one of four financial health categories based on an annual analysis of financial data that is provided in a consistent format². The principles of formally assessing colleges' financial health can be readily applied to the Council's primary and secondary education provision because each school produces three-year budget plans in a consistent format (four-years for secondary schools). Including consistent, multi-year budget plans in each SDP can provide a basis for formal assessment of a school's financial health and demonstrate that the SDP is aligned to the school's financial planning and that it addresses any worrying trends identified by the financial data.
- 16 Although schools must abide by the Council's Financial Regulations and Standing Orders in purchasing, tendering and contracting matters, they have a great deal of autonomy with procurement decisions. Schools spend significant time and effort to source and secure goods and services in order to achieve financial savings. In primary schools this work often falls to the head teacher, and to business managers in secondary schools.

² Information on the financial health categories allocated to further education colleges and a summary of the criteria for allocating a college to a category are included in the report published by the Auditor General for Wales (February 2017) **Welsh Government oversight of further-education colleges' finances.**

- 17 The Council could help schools achieve greater efficiency and further financial savings by taking the initiative to identify and co-ordinate opportunities for collective bargaining on some goods and services. Council officers acknowledge that there is more to do in analysing costs within schools' budgets and benchmarking to share information that schools could use to identify areas where financial savings may be possible. This is particularly so in primary schools where budget plans are provided and financial data is captured in a consistent way. Currently, secondary schools do not use template budget plans and not all use the Council's financial system, e-Financials. As a result, the Council has provided little benchmarking information to help schools compare their costs against those of others in Powys. The Council has stated its commitment to moving secondary schools onto the e-Financials system and providing benchmarking data based on costs at schools both internal and external to Powys.

Budget setting is becoming more challenging and the Council intends that the school funding formula should become more transparent, but the focus of schools is on the short term budget

- 18 The Education Finance Team co-ordinates and supports schools with the production of multi-year budget plans. The team provides each school with the budget plan for the forthcoming year and the indicative budget for the following two years, along with summaries of the budget allocation formula and additional ALN funding allocation. Pupil numbers are based on information provided by the schools in the annual PLASC³ data collection. The Education Finance Team and the school discuss all aspects of the budget, including a review of all income and expenditure lines, at a finance surgery held during each year's budget-setting process.
- 19 The budget-setting process at school level is becoming more robust and the degree of challenge provided by officers is greater than previously. However, some schools are concerned that they do not fully understand the non-delegated elements within the Schools Budget and the workings of the funding formula that distributes the Individual Schools Budget to schools. Some schools also question the accuracy of the data and assumptions underlying indicative budgets for future years.
- 20 The Council intends to improve the transparency of the budget-setting process and schools' understanding of it by providing clearer instructions and explanations in the information pack issued with the budget allocations. The Council is also undertaking a review of the Fair Funding Formula, which allocates funding to schools, in response to concerns over its complexity and schools' lack of understanding of its application.

³ Pupil Level Annual School Census, conducted by Welsh Government.

21 The setting of multi-year budgets is good practice and is in line with the Council's corporate approach to medium term financial planning. However, we found that the main focus of individual schools is on setting the budget for the short term, with the degree of focus and attention given to forward projections being variable. The setting of school budgets that may not be sufficiently realistic will hinder the Council's ability to make informed decisions on the setting of corporate budgets and funding allocations.

A Service Level Agreement clarifies the respective responsibilities of schools and the Council in managing delegated budgets but aspects of the agreement can be improved

22 The Council has produced a range of Service Level Agreements (SLAs) to ensure greater transparency in the delivery of support services to schools. The documents support schools in making informed decisions about the services they choose to buy. The Financial Services SLA offers advice, support and guidance to head teachers and school governing bodies across a wide range of financial services. The Council is keen to gauge views and opinions of the financial support it provides to schools and feedback surveys have been sent to schools.

23 The Financial Services SLA is made up of three elements:

- **Core financial service (non-delegated)** that sets out the service that will be provided for all schools regardless of whether they enter into the SLA;
- **Statutory obligations of the school**, that sets out the information that a school will be expected to provide in a timely manner to allow the Council to meet its statutory, regulatory, contractual and business obligations, even if the school does not purchase the SLA; and
- **Enhanced financial service (delegated)** that sets out a range of optional services such as Treasury Management and Management and Financial Accountancy that schools may, as a package, choose to buy. For each service, the SLA sets out clearly the respective responsibilities of Financial Services and schools.

24 All schools have purchased the optional element of the Financial Services SLA. However, our review of the Financial Services SLA has identified a number of elements within the optional 'Enhanced financial service (non-delegated)' sections that are, in fact, part of the Council's statutory responsibilities and would still have to be provided by the Council if schools opted out of the SLA.

The monitoring of schools' financial position is improving and clearer reporting to councillors allows them to consider action to address schools with financial difficulties

- 25 The financial position of schools is included in regular reports to the Council's Schools Service Management Team. The reports clearly set out the actual and forecast financial position for each school and analyse the current and projected outturns across the primary, secondary and special school sectors.
- 26 Cabinet receives regular information on schools' balances to allow them to monitor current and future year projections at both overall and individual school levels. Progress updates on the management of unlicensed deficits are also presented regularly to Cabinet, and Cabinet decides on the action to take in the case of schools with unlicensed deficits.
- 27 The Education Scrutiny Group, which reports to the People Scrutiny Committee, provides challenge across a wide-range of education issues, including schools' financial health. The Education Scrutiny Group seeks to align its work to the Cabinet forward work programme and makes recommendations to Cabinet.
- 28 Like all local authorities, the Council also reports its year-end school balances to Welsh Government, which publishes an annual statistical release summarising the level of schools' financial reserves across Wales⁴. There are small discrepancies between the figures reported to Cabinet in July 2016 and those reported to Welsh Government. Our analysis indicates that these discrepancies relate to way in which loans made by the Council to four schools in 2013-14 have been accounted for. However, the paper to Cabinet does not refer to the differences between the two sets of figures. Such discrepancies are potentially misleading to councillors and to interested members of the public, and reduce their ability to compare the position in Powys with that in other authorities in Wales.

The Council has been more proactive than before in holding schools to account for their financial management but has yet to use its statutory powers of intervention

- 29 The Powys Scheme for Financing Schools 2016-17 (the Scheme) clearly sets out the financial relationship between the Council and the maintained schools that it funds. The Scheme contains the requirements relating to financial management and associated issues that are binding on both the Council and on schools.
- 30 Although the Council has been particularly concerned about schools in financial difficulties, about half the schools in Powys held reserves amounting to more than 5% of the previous year's delegated budget at the end of 2015-16. The Scheme sets out the parameters within which a deficit budget may be licensed but also refers to the circumstances in which the Council may 'claw back' surplus balances held by schools.

⁴ Reserves held by schools in Wales, SFR 139/2016, Welsh Government, 20 October 2016

- 31 In recent years, the Council has not clawed back surplus balances held by schools. The Schools Service Management Team considered and assessed the reasons for the 2015-16 actual outturn surplus balances and individual schools' plans for using their surplus balances. Given the worsening financial projections, Cabinet understandably approved a recommendation by the Portfolio Holder for Education and the Portfolio Holder for Finance on 20 December 2016 that no claw back action be taken on schools with surplus balances at 31 March 2016.
- 32 The Scheme sets out that, in accordance with s.51 School Standards and Framework Act 1998, the Council 'may suspend a school's right to a delegated budget ... if the provisions of the Scheme for the Financing of Schools (or rules applied by the Scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily'. The principal effect of suspension of the right to a delegated budget is that a governing body loses the right to decide on how the school's budget should be spent and loses the majority of decisions on staffing numbers and allocation.
- 33 In July 2016, eight schools had set unlicensed budgets. As a result of further work by the schools and Council officers, this number has fallen to five. The Council has issued notices of concern to schools where appropriate but it has not used its powers to intervene formally in the management of individual schools' finances. Suspension of the right to a delegated budget is seldom used in Wales, and the Council has concerns as to whether it has the necessary skills and resources available to effectively manage and resolve unlicensed budgets if it were to suspend a school's right to a delegated budget. However, the projection of decreasing school balances (see paragraph 36) is likely to lead to an increase in the number of schools that fail to make the savings necessary in order to set a balanced budget. The Council's reluctance to use its statutory powers in extreme cases presents a risk that schools will perceive that there are no consequences to flouting the Scheme for the Financing of Schools by persistently setting unlicensed deficits.

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

The Council is facing a number of significant financial challenges, one of which is the significant and unsustainable projected reduction in the level of schools' financial balances

- 34 The Council was forecasting a year-end over spend in the region of £5.6 million at the end of November 2016⁵. A Budget Recovery Plan presented to Cabinet on 20 December 2016 set out the reasons for the deficit and outlined proposals for addressing it.
- 35 Overspends in adult social care are the major driver of this projected deficit. However, the Schools Service is projecting a deficit of £557,000, mainly due to further demand on home-to-school transport, which is being addressed by a Home-to-School Transport Board, and severance pay relating to redundancies in schools. The latter is based on an estimate of future redundancy costs that will be incurred by the Schools Service as part of the efforts by schools to eliminate deficits and achieve balanced budgets in the face of rising costs and falling pupil numbers.
- 36 The cumulative financial position of schools' delegated budget balances at 31 March 2016 was a surplus of £2.9 million, with both secondary and primary schools having net surpluses ([Exhibit 2](#)). The forecast to 31 March 2019 presented to Cabinet in December 2016 shows a reduction of £6.4 million in schools' balances and an overall deficit position of £3.5 million. The forecast has taken into account the effect of the changes to the age of admissions in primary schools.
- 37 Of the Council's 99 schools, the number of schools with deficit balances is forecast to increase from 18 schools at 31 March 2016⁶ to 56 schools by 31 March 2019⁷. Schools that continue to set annual budgets that exceed their income will eventually exhaust any financial reserves they may have had.

⁵ This figure does not include schools delegated budgets.

⁶ Cabinet 5 July 2016, Item 'School Budget 2016/2017', paragraph 5.14

⁷ Cabinet 20 December 2016, Item 'Schools Balances', paragraph 2.10

Exhibit 2: The projected £6.4 million reduction in cumulative schools' balances between 31 March 2016 and 31 March 2019 will result in deficits in each of the primary, secondary and special school sectors

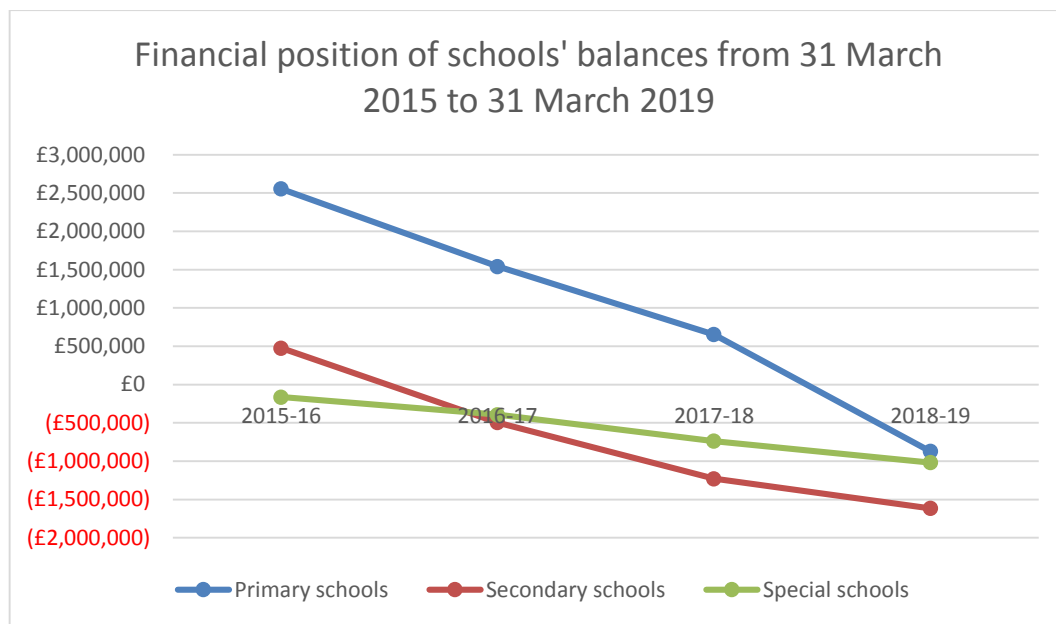


Exhibit source: 2015-16 Actual Position: Cabinet 5 July 2016, Item 'School Budget 2016-2017', Appendix A. 2016-17, 2017-18 and 2018-19 Planned Positions: Cabinet 20 December 2016, Item 'Schools Balances', paragraph 2.9.

Demographic trends indicate that the funding of education will become more challenging for the Council in future years

38 The financial settlement from Welsh Government to Local Government in Wales as a whole for 2016-17 saw a reduction in funding of 1.3%, with the Council facing a reduction in funding of 3%⁸. The Council's settlement reflects movements in formula indicators such as population and pupil numbers; the pupil numbers used for calculating the Council's settlement have fallen in both primary and secondary sectors. The number of pupils of primary school age in Powys has fallen by 4.4% since 2009-10 (Exhibit 3). Powys is one of only two councils in Wales to have seen a fall in primary school pupil numbers over this period, at a time when the number of pupils of primary school age across Wales increased by 7.5%.

⁸ Table 1: Budgeted Net Revenue Expenditure on Education, Welsh Government Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17, published 7 July 2016

39 The implication of this trend in pupil numbers for the Council is that its share of the notional education budget within the Revenue Support Grant, allocated annually by the Welsh Government, will fall. As a result, the Council faces the choice of reducing its spending on education or diverting funds from other Council budgets to maintain current levels of spending. The Council's Medium Term Financial Plan, presented to Council in February 2016, recognises this. The Plan noted that the outlook for future education settlements is unlikely to improve as the county's younger population is forecast to decline long-term, mainly due to a reducing birth rate and a sizeable outward migration of young people looking for further educational and career opportunities.

Exhibit 3: The number of pupils of primary school age in Powys has fallen by 4.4% since 2009-10 whilst primary pupil numbers across Wales have increased.

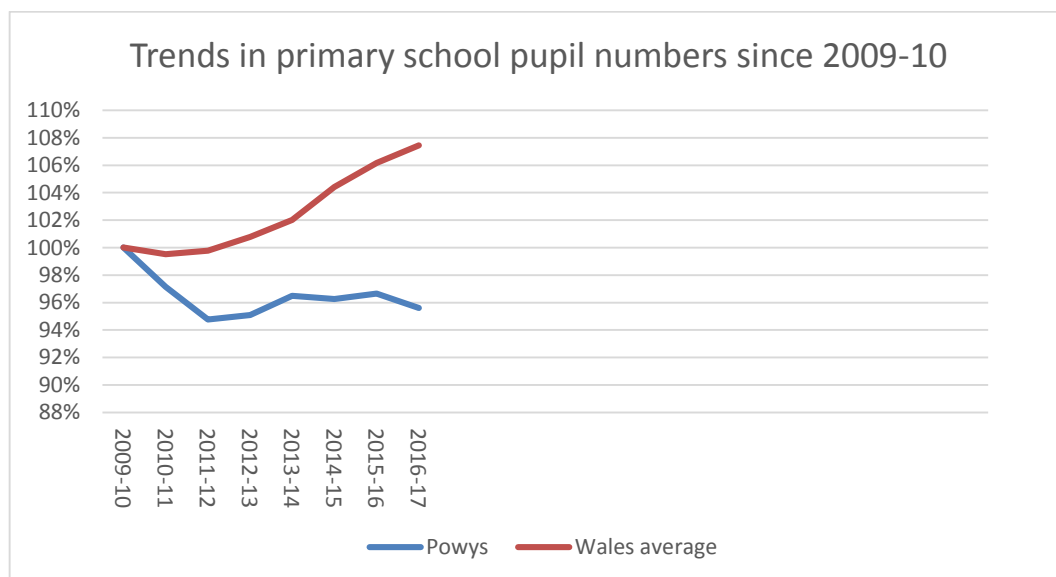


Exhibit source: Data compiled from tables published by Welsh Government, Delegated School Budgets by School: [Delegated School Budget](#).

Schools continue to focus on reducing expenditure but are concerned that no further significant savings can be made at a time when they are taking on additional unfunded costs and responsibilities

- 40 The Welsh Government settlement mechanism usually gives no requirement to fund specified services at specific levels. However, in recent years, Welsh Government has required Councils to protect funding for schools. For 2016-17, the required level of protection for schools was 1% above the overall change in the Welsh Revenue Budget, which equated to 1.85%, or £1.273 million, for the Council⁹.
- 41 The Council's Medium Term Financial Strategy 2016-2019 stated that, whilst meeting the Welsh Government requirement, all increases or reductions which relate to changes in pupil numbers will be passed on to schools' delegated budgets, and also that schools will take account of all inflationary pressures, including staffing costs, when preparing their budgets.
- 42 The majority of expenditure in a school's budget is staff costs. The Council is not providing additional funding to schools to meet annual increases in salary and salary related costs, such as national insurance and pension increases. Some additional costs are also passing to schools from the corporate centre.
- 43 Schools continue to work hard to reduce non-teaching costs and head teachers have to devote an increasing amount of their time to managing their budgets. This is particularly difficult in the primary sector, where increasing numbers of head teachers also undertake a significant teaching commitment in order to balance their budgets. There is consensus amongst schools that further significant efficiency savings cannot be made without having a detrimental impact on the provision of education. The financial challenge of balancing budgets is exacerbated in small schools providing dual stream education, particularly where one language stream is significantly smaller than the other. In such schools, the need to allocate more staffing in the smaller stream than the funding formula provides for has greater impact on the school's overall resourcing than in larger schools where there is greater flexibility to manage budgets.

⁹ Council 25 February 2016, Item '**Budget for 2016-17, Medium Term Financial Strategy 2016- 2019 and Capital Programme for 2016-2021**', paragraph 3.8

The Council is committed to providing an affordable, accessible, high-quality education system but neither the pace nor scale of change are great enough to address financial and curricular challenges

- 44 The Council's commitment to ensuring that a high quality education system is accessible to all, affordable and sustainable with a focus on high quality leadership, teaching and learning is clearly stated in the Council's Corporate Improvement Plan 2016-2019 (page 33) and the One Powys Plan 2014-2017.
- 45 The Council's Schools Organisation Policy, 'Planning Education Provision' (the Policy), published in December 2015, sets out the Council's aspirations for its educational infrastructure and its vision for schools in Powys. The Policy recognises that the Council will need to consider new models of delivering educational provision in the county in order to establish an infrastructure of schools that meet the Council's aspirations for education. Aspirations set out in the Policy include:
- having primary schools with single year group classes and head teachers with no classroom responsibilities;
 - secondary schools having at least 600 pupils in Years 7 to 11, allowing average year group sizes of a minimum of 120 children; and
 - a model for post-16 education where centres are able to provide 25 subjects, with a minimum class size of 12 or above.
- 46 The Policy acknowledges that there is no one-size-fits-all approach to school organisation and that in some situations geographic or linguistic issues make the aspirational targets for the size of schools difficult to achieve.
- 47 The Council is aware of the issues and challenges it faces, and the need to transform schools to achieve its aspirations. This is evident from:
- our meetings with members, officers and head teachers;
 - a presentation from officers to members on Planning Schools Provision on 7 December 2016; and
 - the Powys Improvement Conference, held by Estyn on 8 February 2017, which considered the effectiveness of central finance support in overseeing school budgets.
- 48 The Council has reduced the number of schools in the county from 129 to 99 during the last 10 years. This reduction has been achieved mostly by the closure or amalgamation of primary schools and has required significant capital investment. In the secondary sector, two schools have merged, albeit on separate sites, and another has merged with its feeder primary school to form a 3-19 school.

- 49 The Council's ongoing Schools Transformation Programme includes a number of further proposals. These proposals include the closure of Builth Wells and Llandrindod High Schools and establishment of a new dual-stream 11-18 school that will operate on the current campuses. There are also proposals for the reorganisation of primary education in Welshpool, with the discontinuation of four primary schools and establishment of two new primary schools: one English-medium Church in Wales School, and one Welsh-medium County Primary School.
- 50 Following consultation periods, some proposals for reorganisation have been abandoned. These include proposals to close Llanbister and Llanfihangel primary schools, and the closure of Brecon High School and Gwernyfed High School to establish a new English-medium 11 – 16 secondary school in Brecon.
- 51 A key challenge facing the Council is the provision of post-16 education. Secondary schools may not be big enough to offer a desirable range of vocational and academic pathways, and which are available in large sixth form colleges within reasonable travel distance in England. Many of those that we spoke to believe that the broader curriculum choice is a key reason for pupils choosing post-16 education out of the county.
- 52 Despite an awareness of the key challenges facing the Council and the ongoing school reorganisation proposals, neither the pace nor scale of change are great enough. Schools' balances are projected to decline significantly, and the Council has yet to clearly set out and commit to how it will deliver a high quality education system that is affordable and sustainable in the long term.

Appendix 1

Analysis of the Council's education budget for 2016-17 of £104.989 million

	£000	£000	%
Individual Schools Budget (ISB) delegated to schools			
Primary Schools ISB	39,124		
Secondary Schools ISB	34,353		
Special Schools ISB	5,804		
Middle Schools ISB	2,619	81,900	78.0%
Centrally retained and administered Schools budget			
Additional Learning Needs	4,302		
Inter Authority Recoupment	-355		
Staff	84		
Other Schools Budget (excluding CERA)	4,906		
Capital Expenditure Charged to Revenue Account	309	9,246	8.8%
Centrally retained and administered LEA budget			
Additional Learning Needs	251		
School Improvement	1,029		
Access to Education (excluding transport)	-113		
Home to School transport	9,085		
Strategic Management – Schools	3,591	13,843	13.2%
Total budgeted expenditure		104,989	100%

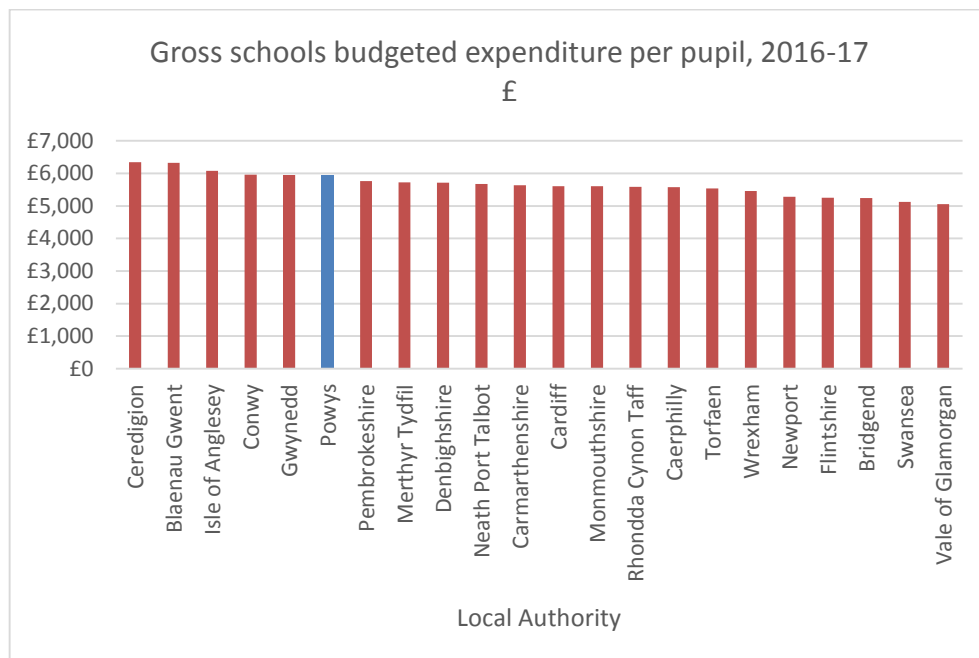
Exhibit source: **Table 2: Schools Budgeted Expenditure, Welsh Government Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17**, published 7 July 2016, and supporting RA/Section 52 budget statements. The budget covers all elements of LEA spending that relate to school provision. The figure is on a 'gross basis' and therefore includes Welsh Government specific grants.

Appendix 2

Comparative analysis of budgeted education expenditure for 2016-17 across Wales¹⁰

The Council's total gross schools budgeted expenditure per pupil is the 6th highest in Wales at £5,933 per pupil (Chart 1), £363 per pupil above the Wales average.

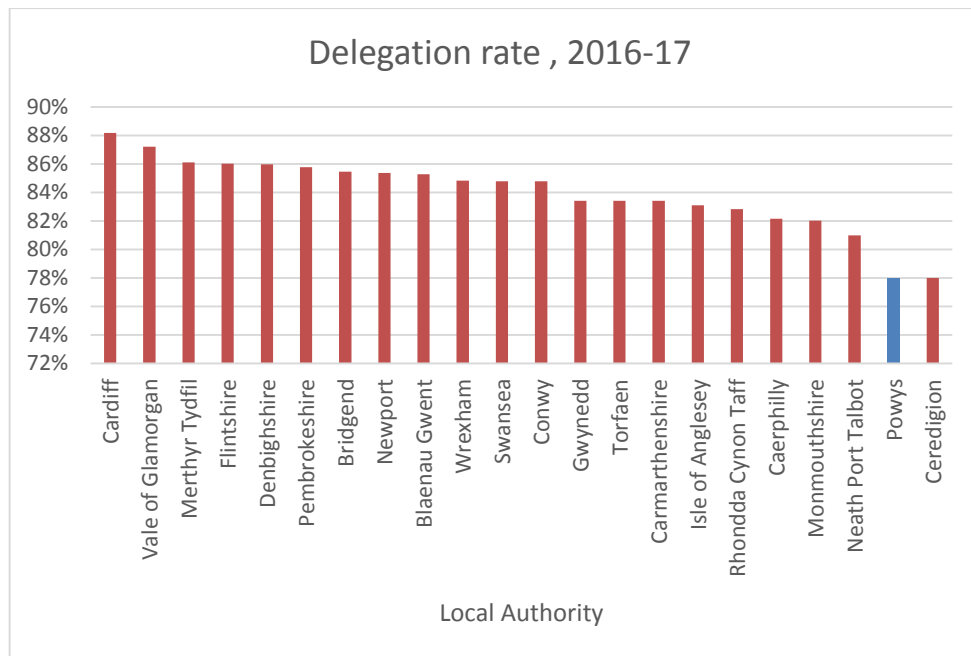
Chart 1: the Council's gross schools budgeted expenditure per pupil is well above average



However, the percentage of gross schools budgeted expenditure delegated to schools in Powys (the 'delegation rate') is the second lowest in Wales at 78% (Chart 2). As a result, delegated expenditure per pupil in primary and secondary schools is the fifth lowest in Wales (Chart 3 and Chart 4).

¹⁰ All data in Appendix 2 is drawn from **Statistical Bulletin SB 28/2016: Local Authority Budgeted Expenditure on Schools 2016-17**, published 7 July 2016, and supporting RA/Section 52 budget statements.

Chart 2: the Council's delegation rate is the second lowest in Wales



Charts 3: delegated budgets per pupil in primary schools are well below average

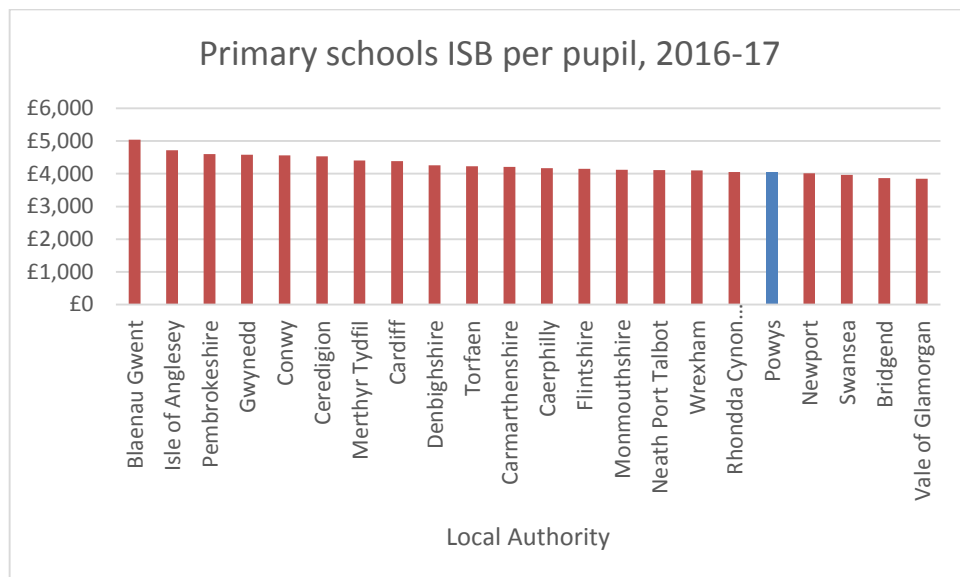
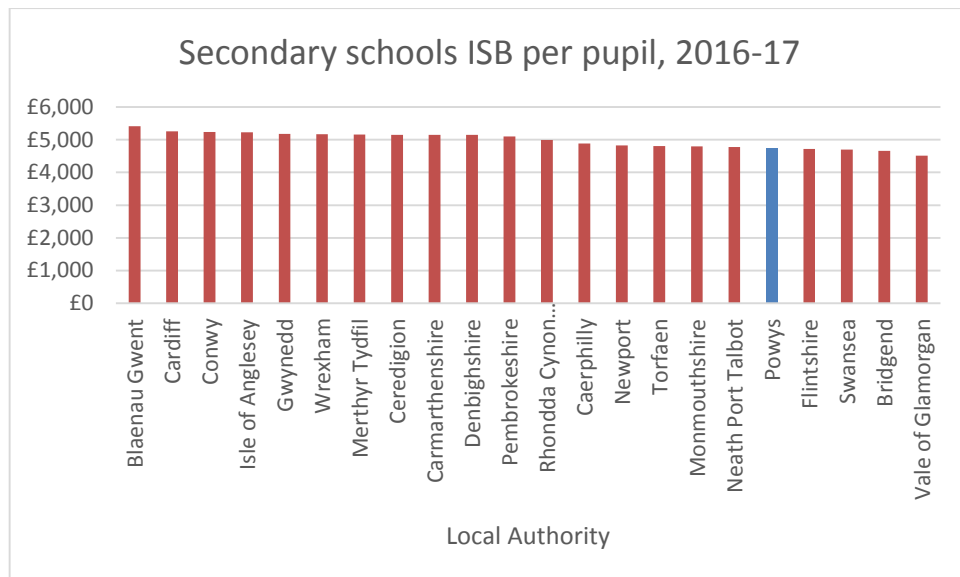
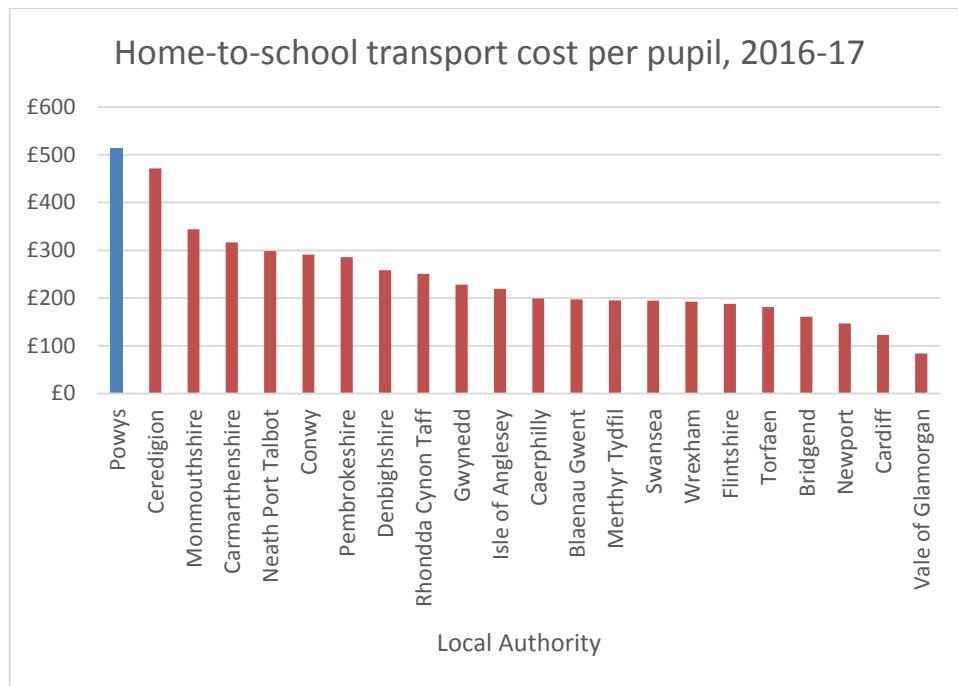


Chart 4: delegated budgets per pupil in secondary schools are well below average



The Council's combined centrally retained and administered Schools Budget and LEA Budget per pupil is the second highest in Wales at £1,305 per pupil. The largest component within these non-delegated budgets is home-to-school transport. The Council's budgeted home-to-school transport costs for 2016-17 are £9.085 million. This is the second highest in Wales in terms of total expenditure and the highest cost per pupil at £513 per pupil (Chart 5).

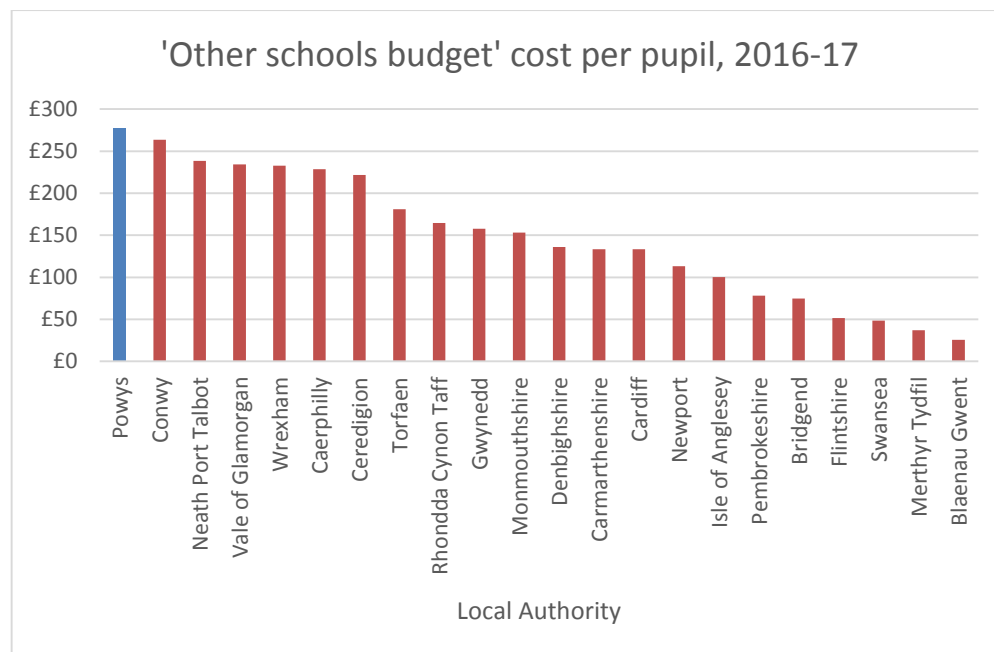
Chart 5: home-to-school transport costs per pupil are the highest in Wales



However, there are also other components within the Council’s non-delegated budgets that are considerably higher than in most other authorities. Centrally-retained expenditure within the Schools Budget of £4.302 million for Additional Learning Needs (ALN), for example, represents £243 per pupil, the third highest in Wales. The Council is currently reviewing the way it delivers some of its ALN services.

The ‘Other Schools Budget’ is also high in comparison to other authorities, contributing to the low delegation rate. This budget of £4.906 million includes the sum of £1.792 million for the Service Level Agreement with Freedom Leisure that provides schools with access to sports facilities. The Council has the highest cost per pupil for ‘Other Schools Budget’, at £277 per pupil (Chart 6).

Chart 6: expenditure per pupil classified as 'Other Schools Budget' is the highest in Wales



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