



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

Audit Committee

Administration of Grants for Education
Support and Training (GEST) and the
Better Schools Fund

Committee Report (2) 04-06
July 2006

THE NATIONAL ASSEMBLY FOR WALES

AUDIT COMMITTEE

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Administration of Grants for Education Support and Training (GEST) and the Better Schools Fund

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Summary

1. The Better Schools Fund provides targeted grant support for Local Education Authorities (LEAs)¹ to help them with the development of initiatives for improving standards of teaching and attainment in schools. It is the largest single source of Assembly Government funding for in-service training and other school development activities. For 2005-06, gross funding, including local authority matched funding, was £49.4 million.
2. The Assembly Government introduced the Fund in 2004-05 as the successor to Grants for Education Support and Training (GEST), which was originally set up as a partnership between the (then) Welsh Office and the LEAs in Wales. Annual allocations for individual LEAs are set on the basis of a formula agreed with local authorities and the Welsh Local Government Association (WLGA), and the scheme provides funding for most eligible expenditure at a rate of 60 per cent, with local authorities contributing the balance from their revenue settlements. Eligible activity areas and the core administrative arrangements for the scheme are set out in an annual circular.
3. On the basis of a report by the Auditor General,² we took evidence on the administration of the programme from Mr Richard Davies, the (then) Head of the (then) Department for Training and Education, and Mr Keith Davies, of the Department's Standards and Performance Division. We examined in particular whether improvements could be made to the way in which the programme was being run.
4. We concluded that the Better Schools Fund is an improvement on GEST in terms of the programme's administration, but there is potential for further improvement. In particular:
 - The planning of the scheme has suffered from problems with its annual cycle and insufficient Assembly Government policy lead involvement in consultation with LEAs;

¹ Throughout this report we refer to the local authorities in Wales that have responsibility for the provision of education in schools as Local Education Authorities (LEAs).

² Auditor General for Wales report, *Administration of Grants for Education Support and Training (GEST) and the Better Schools Fund*, 8 February 2006

- assessments of LEAs' spending plans are not robust and lack consistency; and
 - robust evaluation arrangements are not embedded in the operation of the programme.
5. However, we note that the Assembly Government introduced the Better Schools Fund as a simplified scheme that would overcome many of the shortcomings of GEST. In the light of this, we were concerned to hear about the continuing difficulties the Assembly Government appears to be experiencing in improving some aspects of the scheme's administration, particularly with regard to the assessment of LEA spending plans and evaluation.

The planning of the scheme has suffered from problems with its annual cycle and insufficient Assembly Government policy lead involvement in consultation with LEAs

6. The Assembly Government assesses each LEA's annual plan for spending available funds. Some LEAs have questioned the need for the submission of spending plans and regard the process as time consuming. We are in no doubt about the need for accountability and assurance that the submission and assessment of spending plans brings, but we see merit in considering whether a better use of resources might result from planning, funding and managing the programme over a longer cycle, such as three years. That could increase planning certainty, whilst reducing the effort involved. It may also provide a firmer foundation for evaluating the impact of activities funded by the programme.
7. During the period 2000-01 to 2005-06, the Assembly Government failed to meet most of its key planning milestones. That slippage reduced the time available for LEAs to plan activities and find matched funding. Delays in confirming grant allocations may also have held up the planning of some development activities during the summer term, potentially a good time for development activities, when many teachers are least likely to be involved in teaching. We note that, as at January 2006, the Assembly Government had met its planning milestones for 2006-07, attributing this partly to the increased resilience of the Better Schools Fund team.
8. Consultation with LEAs and other relevant bodies, such as Estyn, is necessary to help ensure that the Better Schools Fund supports activities in areas where improvement is needed. We note the Assembly Government's agreement that

increased participation in consultation meetings with LEAs by the relevant Assembly Government policy leads would improve communication of the thinking behind policy decisions that result in changes to funded activities and priorities.

The Assembly Government's assessments of LEAs' spending plans are not robust and lack consistency

9. The Assembly Government aims to bring all LEAs' spending plans up to an acceptable level, rather than to reject weak bids and withhold funding. But Assembly Government policy leads assess spending plans in inconsistent ways. In particular:
 - a) there is a lack of comprehensive guidance on how spending plans should be assessed and on how to determine whether assessment criteria have been met;
 - b) variable use has been made of Estyn's pre-assessments; and
 - c) assessment of plans is not adequately informed by local evaluations of previous activities, because LEAs are not required to provide copies of local evaluation reports, and because Assembly Government policy leads are insufficiently trained in the use of evaluation material.

Robust evaluation arrangements are not embedded in the operation of the programme

10. Effective evaluation of the Better Schools Fund would help ensure, and provide assurance that the activities it supports are having their intended effect. The acknowledged difficulty in establishing the precise relationship between a given financial input and educational outcomes is no reason for ignoring evaluation evidence, such as measures of the standards of teaching.
11. The Assembly Government does not prescribe how evaluation should be carried out, and expects its policy leads to consider alternative arrangements when Estyn is unable to take evaluation work forward, or when it would be more appropriate to adopt a different approach. As not all Assembly Government education policy leads have sufficient experience to assess how evaluation should best be done, we do not think that relying solely on their discretion in this way is appropriate.
12. LEAs and schools also have an important role in evaluating the programme and its impact, but standards of evaluation at the LEA and school level are variable. The Assembly Government should advise LEAs on evaluation and co-ordinate the work

needed to raise the standard of local evaluation work. If robust evaluation is to be embedded across LEAs, it would also be appropriate for the Assembly Government to establish, as a condition of grant, the minimum standards of evaluation it expects from LEAs.

Recommendations

- i. The resources required to prepare and review spending plans, and the move to a three-year horizon for funding and evaluation, suggest that there may be benefits from managing the programme over a cycle that is longer than one year. **We recommend that the Assembly Government, in consultation with LEAs, moves to a three-year cycle for planning, funding and managing the Better Schools Fund as soon as is practicable.**
- ii. The timing of Assembly Government grant allocations, particularly when delayed, may be discouraging local development activities during the summer term of each year. **We recommend that the Assembly Government reviews, with LEAs, the extent to which summer development activities have been hampered by the planning cycle, and, if the extent is significant, amend the cycle accordingly.**
- iii. Slippages against the Assembly Government's planning timetable have caused LEAs difficulties in planning activities, although there have been recent improvements as a result of a more resilient Better Schools Fund team. **We recommend that the Assembly Government, in deploying its resources, takes into account the risks to the effectiveness of the Better Schools Fund that could arise from lack of resilience in the Better Schools Fund team.**
- iv. Increased participation in consultation meetings with LEAs by relevant Assembly Government policy leads should improve LEA understanding of the policy decisions that result in changes to activities and priorities. **We therefore recommend that the Assembly Government encourages those policy leads that are best placed to explain changes in the programme to attend meetings with LEAs to give such explanations. Such attendance should be set out in an annual published consultation timetable.**
- v. The Assembly Government's assessments of LEA spending plans are an important means of ensuring accountability and promoting the effective use of funds, but effective assessment has been hampered by a lack of comprehensive guidance. **We**

recommend that the Assembly Government draws up appropriate guidance for policy leads. This should include standards for the quality of evidence needed to determine whether the criteria for the assessment of spending plans have been met. The guidance should also set out how policy leads should make best use of Estyn pre-assessments and local evaluation reports.

- vi. The effective assessment of LEA spending plans is also hampered by a lack of evaluation experience among policy leads. **We therefore recommend that the Assembly Government secures training and professional advice on evaluation for its policy leads.**

- vii. Although tracking the impact of the Better Schools Fund on educational outcomes is challenging, better measures of the effect of the programme on standards of teaching could be developed. The Assembly Government could also do more to advise LEAs on the nature and quality of evaluation expected of them. **We recommend that the Assembly Government draws on external expertise, from both LEAs and independent sources, to develop guidance for LEAs on how evaluation should be carried out. It should also make minimum standards of evaluation by LEAs a condition of grant funding.**

The planning of the scheme has suffered from problems with its annual planning and consultation arrangements

13. The Better Schools Fund continues the partnership established when the (then) Welsh Office set up Grants for Education Support and Training (GEST) with the LEAs in Wales.³ Key elements of the partnership are the Assembly Government's provision of grant funding of 60 per cent of the cost of most eligible activities and consultation with LEAs and other relevant parties on the development of the programme.⁴ However, we found that the annual planning cycle for the provision of grant funding, slippage against that timetable and insufficient involvement of Assembly Government policy leads in consultation arrangements were marring the effective operation of the programme.

The programme's annual planning cycle is regarded as burdensome by LEAs and schools, and the timing of grant allocations might be restricting the planning of activities during the summer term

14. The Assembly Government sets out in an annual circular the details of the funding available under each activity area of the programme and how LEAs should apply for it, and funds are distributed on the basis of a formula agreed with local authorities and the WLGA.⁵ The Assembly Government aims to bring all LEAs' plans for spending the available funds up to an acceptable level through a process of annual assessment of those plans.⁶ However, some LEAs consider that the application process is time consuming and have questioned the need to submit spending plans.⁷
15. We welcome and fully support Mr Richard Davies' recognition of the need to ensure public accountability and for the National Assembly to be provided with assurance that its resources are being well used.⁸ He considered, however, that three-year spending plans, or three-year agreements, might reduce the burden on LEAs and schools, without loss of the safeguards to ensure that money was well spent.⁹ While

³ AGW report, paragraphs 2 and 3

⁴ AGW report, paragraphs 1.4 and 1.12

⁵ AGW report, paragraphs 1.3 and 1.4

⁶ AGW report, paragraph 1.26

⁷ AGW report, paragraphs 2.20 and 2.21

⁸ Q43

⁹ Q41

it would be challenging to hold the whole structure of the programme rigid for three years, his mind was not closed to the idea.¹⁰

16. Such a development will need to be considered in the light of responses to the Assembly Government's consultation on three-year revenue and capital settlements for local authorities.¹¹ It would also be appropriate for the Assembly Government to consult the School Workload Advisory Panel about the impact on schools of changes to the annual cycle.¹² But we agree that it should be possible, at the very least, to design a system that provides some forward indication of funding, which LEAs might find valuable.¹³
17. We asked whether the timing of Assembly Government grant allocations had constrained the planning of development activities in the summer term.¹⁴ Mr Keith Davies said that he thought that the impact of the timing of grant allocations was small, as the timing of external examinations was the main reason for the low level of development activity during the summer term.¹⁵ However, when we asked whether the summer term might be a good time for development activities, given the that teachers are least involved in teaching at that time, Mr Keith Davies agreed, and Mr Richard Davies suggested that this was something that the Assembly Government could explore in discussions with LEAs.¹⁶

Although 2006-07 planning milestones were achieved, slippages against the Assembly Government's planning timetable in previous years caused LEAs difficulties in planning activities

18. During the period 2000-01 to 2005-06, the Assembly Government failed to meet most of its key planning milestones.¹⁷ As a result, half of the LEAs reported insufficient time to plan effectively and half had difficulties in finding matched funding.¹⁸ The Assembly Government appeared to be of the view that slippage did not greatly matter because it publishes its draft budget, including the baseline for the better

¹⁰ Q36

¹¹ Q39

¹² Q49

¹³ Q39

¹⁴ Q74

¹⁵ Q76

¹⁶ Qs 77, 78 and 82

¹⁷ AGW report, paragraph 1.21 and figure 4

¹⁸ AGW report, paragraph 1.22

Schools Fund, well in advance of the new financial year.¹⁹ Mr Richard Davies told us that he did not want to give the impression that delays did not matter, and that the Assembly Government aimed to give schools sufficient time to plan confidently from the start of every academic year.²⁰ Mr Keith Davies acknowledged that the baseline for the Better Schools Fund would have left an element of uncertainty on the part of the LEAs regarding what the programme might cover, although LEAs would be able to calculate broadly their allocations based on the all-Wales figure and their numbers of teachers and pupils.²¹

19. Mr Richard Davies accepted that the Assembly Government's past performance in meeting key planning milestones was very far short of ideal, and he attributed the slippage, in large part, to a lack of resilience in the Better Schools Fund team in terms of filling vacancies and providing cover for staff sickness.²² He also acknowledged that the Assembly Government had been too intent on simply filling vacancies, rather than building resilience through retaining and broadening the experience, capability and expertise of the team.²³ He saw scope for ensuring such resilience in the future by drawing on the larger resources of the new Department for Lifelong Learning and Skills, formed, from 3 April 2006, from the merger of the Department for Training and Education with Education and Learning Wales and the Qualifications, Curriculum and Assessment Authority for Wales.²⁴
20. As at January 2006, the Assembly Government had met its planning milestones for 2006-07.²⁵ Mr Richard Davies attributed this improvement to having learned, during the course of the Auditor General's examination, that he and his staff needed to have strong performance management in terms of meeting milestones, well-established desk instructions and good training and developmental opportunities for staff.²⁶

¹⁹ AGW report, paragraph 1.22; Q61

²⁰ Qs 62 and 63

²¹ Q69

²² Q55

²³ Q59

²⁴ Q56

²⁵ AGW report, paragraph 2.11; Q83

²⁶ Q84

Assembly Government policy leads have not been sufficiently involved in consultation with LEAs

21. Consultation with LEAs and other relevant bodies, such as Estyn, is necessary to help ensure that the Better Schools Fund supports activities in areas where improvement is needed.²⁷ While there has been increased contact between the Assembly Government and LEAs, LEAs have said that they wanted to know more about the thinking behind policy decisions. The Assembly Government accepts that increased participation in consultation meetings with LEAs by the relevant Assembly Government policy leads would improve communication of the thinking behind policy decisions that result in changes to funded activities and priorities.²⁸
22. Mr Richard Davies told us, however, that he would not want all the policy leads to attend consultation meetings, but would want to restrict such attendance to policy leads who were knowledgeable about changes in the programme.²⁹

The Assembly Government's assessments of LEA spending plans are not robust and lack consistency

23. The Assembly Government aims to bring all LEAs' spending plans up to an acceptable level, rather than to reject weak bids and withhold funding. However, there is inconsistency and a lack of robustness in the assessment of spending plans by Assembly Government policy leads.³⁰
24. Policy leads use the pre-assessments provided by Estyn inconsistently. Some would only refer to the Estyn pre-assessments if their own assessment raised issues of concern.³¹ Consequently, there is a risk of concerns raised by Estyn being ignored, causing work to be wasted and the assessment of bids to be less robust than it should have been.³²
25. We asked Mr Richard Davies why there was inconsistency in the use of Estyn pre-assessments. He told us that he did not think it was a general problem, but that he could imagine circumstances where, for example, handover briefings to new post

²⁷ AGW report, paragraph 2.8

²⁸ AGW report, paragraph 2.10

²⁹ Q34

³⁰ AGW report, paragraphs 1.26-1.31

³¹ AGW report, paragraph 1.31

³² Qs 96 and 97

holders may not have covered everything.³³ When we asked what could be done to address the inconsistent assessment of LEA spending plans, he told us that the Department could do a great deal, just in terms of guidance, to improve standards of consistency and to acquaint existing and new policy leads with the rigours expected of them.³⁴ We also note that Assembly Government policy leads do not have sufficient experience of evaluation.³⁵

26. While Local Education Authorities have been required to provide information on their local evaluation work, they have not been required to provide copies of local evaluation reports.³⁶ We asked Mr Richard Davies whether policy leads consequently did not have full information to inform their assessments of spending plans.³⁷ He told us that it was no use having an evaluation report from a school or LEA that did not “amount to much”, and that much more sustained and focused attention needs to be given to what counts as good evaluation. He acknowledged that the Assembly Government had not issued the sort of guidance needed in relation to evaluating outcomes, and impacts in relation to outcomes.³⁸
27. We consider that the quality of evaluation in LEAs and schools may be an indicator of how well activities are managed, and that the supply of evaluation evidence should be valuable to the Assembly Government’s assessments of whether spending plans are robust. Although we accept that it would not be practical for policy leads to review evaluation reports for all activities in all authorities, we are concerned that not all LEAs are as forthcoming as others in providing information on their evaluation work.³⁹ In view of this patchiness, we consider that there would be benefits in policy leads requesting evaluation reports on a selective basis, especially where they or Estyn have concerns about a particular LEA’s spending plan.
28. The guidance provided to policy leads does not cover the quality of information required to determine whether assessment criteria are met, such as indications of

³³ Qs 98 and 99

³⁴ Qs 102 and 103

³⁵ Qs 156 and 157

³⁶ AGW report, paragraph 1.30

³⁷ Q105

³⁸ Qs 106 and 107

³⁹ Qs 110 and 111

what would constitute adequate evaluation arrangements.⁴⁰ The absence of such guidance risks perpetuating the inconsistency of assessment between policy leads.⁴¹

29. The issue of consistency in the assessment of spending plans was raised in an internal audit report of 1998.⁴² We note that the report did not make specific recommendations on the use of Estyn pre-assessments and local evaluation work in the assessment of spending plans, but agree with Mr Richard Davies' view that the Department needs to go further with its guidance to policy leads on these matters.⁴³

Robust evaluation arrangements are not embedded in the operation of the programme

30. Effective evaluation of the Better Schools Fund (and, before it, GEST) and the activities it supports is important. It should help to ensure, and provide assurance that, those activities are having their intended effect. It should also help inform the future design of the programme and help LEAs to ensure that good practice supported by the Fund is embedded into mainstream education provision.⁴⁴
31. We asked how successful the programme had been in meeting its objective of driving up standards of teaching and education in schools. In response, Mr Richard Davies placed as much emphasis on the absence of a significant volume of complaints as on positive indicators of impact.⁴⁵ We agree that establishing the precise relationship between a given financial input and educational outcomes is difficult, but note that the Assembly Government could certainly do more in the relatively more straightforward area of measuring the standards of teaching, as well as in the more difficult area of measuring educational outcomes.⁴⁶ We also note that the Assembly Government intends to have initial discussions with LEAs on evaluation, starting with a spring workshop.⁴⁷
32. The Assembly Government does not prescribe arrangements for how evaluation should be carried out, although the recommended minimum requirement is a report commissioned from Estyn.⁴⁸ Mr Richard Davies thought that prescription would be

⁴⁰ AGW report, paragraph 2.18

⁴¹ Qs 129 and 130

⁴² Qs 112 and 113; Annex B

⁴³ Q113

⁴⁴ AGW report, paragraph 3.1

⁴⁵ Qs 11-16

⁴⁶ Qs 16 and 166

⁴⁷ Q171

⁴⁸ AGW report, paragraph 3.5

sound if the Assembly Government were clear on what it was doing and were confident that this would yield good results. However, while it was possible to be prescriptive about readily identifiable outputs, the Department was a lot less confident about learning outcomes.⁴⁹

33. The Assembly Government expects its policy leads to consider alternative arrangements when Estyn is unable to take forward evaluation work, or when it would be more appropriate to adopt a different approach.⁵⁰ As Mr Richard Davies told us that he did not think that all Assembly Government education policy leads had sufficient experience to assess how evaluation should be done,⁵¹ we do not think that relying on their discretion in this way is appropriate. However, Mr Richard Davies also told us that he thought that the Assembly Government had sufficient access to evaluation expertise from independent institutions such as the National Foundation for Education Research.⁵² We consider that the Assembly Government should make use of such expertise to develop guidance for policy leads and build their evaluation capabilities.
34. As the Assembly Government channels its resources through local government bodies, all parts of the delivery chain, including LEAs and schools, have an important role in evaluating the scheme and its impact.⁵³ But standards of evaluation at the LEA and school level are variable. The examples of evaluation work examined by the Auditor General provided little evidence of the effectiveness of funded activities, other than subjective assessments and references to Estyn inspection reports.⁵⁴
35. The Assembly Government set out in the 2004-05 circular that LEAs and schools should establish cost-effective evaluation arrangements, and the 2005-06 circular asked for details of evaluation proposals and evaluations carried out in the previous year. However, it did not provide advice on how evaluations should be carried out.⁵⁵
36. Mr Richard Davies said that the Assembly Government would appreciate help from LEAs and schools in ensuring the consistency and reliability of evaluation, as he did not think that the Assembly Government could do everything on this issue. He did,

⁴⁹ Qs 142-150

⁵⁰ AGW report, paragraph 3.5

⁵¹ Q156

⁵² Q163

⁵³ AGW report, paragraph 3.1

⁵⁴ AGW report, paragraphs 3.13 to 3.16

⁵⁵ AGW report, paragraphs 3.9 and 3.10

however, say that there was a lot that the Assembly Government could do to galvanise interest and attention in evaluation.⁵⁶ If robust evaluation is to be embedded across the programme, the Assembly Government also needs to draw on existing local expertise in order to secure commitment, in line with the partnership nature of the programme. However, the Assembly Government is best placed to lead and co-ordinate the work needed to raise the standard of local evaluation work.

37. Mr Richard Davies had not considered the possibility of making minimum standards of evaluation a condition of grant payment. He said that he would not want to pursue making such standards a term of grant until he was completely confident about those standards and had tested them in consultation with LEAs.⁵⁷ We agree that such standards need to be reasonable, acceptable to LEAs and capable of validation, but consider them necessary in the light of the variable quality of local evaluation work presently carried out.

⁵⁶ Qs 179-182

⁵⁷ Q188



**Cynulliad Cenedlaethol Cymru
Y Pwyllgor Archwilio**

**The National Assembly for Wales
The Audit Committee**

**Dydd Iau, 16 Chwefror 2006
Thursday, 16 February 2006**

Audit Committee Transcript

Annex A

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Leighton Andrews, Mick Bates, Mark Isherwood, Irene James, Denise Idris Jones, Carl Sargeant.

Swyddogion yn bresennol: Jeremy Colman, Archwilydd Cyffredinol Cymru; Kerry Darke, Yr Is-adran Perfformiad Ysgolion; Keith Davies, Pennaeth yr Is-adran Safonau a Pherfformiad, yr Adran Hyfforddi ac Addysgu; Richard Davies, Cyfarwyddwr yr Adran Hyfforddiant ac Addysg; Paul Dimplebee, Swyddfa Archwilio Cymru; Martin Peters, Swyddfa Archwilio Cymru.

Gwasanaeth Pwyllgor: Kathryn Jenkins, Clerc; Liz Wilkinson, Dirprwy Glerc.

Assembly Members in attendance: Janet Davies (Chair), Leighton Andrews, Mick Bates, Mark Isherwood, Irene James, Denise Idris Jones, Carl Sargeant.

Officials in attendance: Jeremy Colman, Auditor General for Wales; Kerry Darke, Schools' Performance Division; Keith Davies, Head of Standards and Performance Division, Department for Training and Education; Richard Davies, Director, Department for Training and Education; Paul Dimplebee, Wales Audit Office; Martin Peters, Wales Audit Office.

Committee Service: Kathryn Jenkins, Clerk; Liz Wilkinson, Deputy Clerk.

*Dechreuodd y cyfarfod am 1.32 p.m.
The meeting began at 1.32 p.m.*

Cyflwyniadau, Ymddiheuriadau, Eilyddion a Datgan Buddiannau Introductions, Apologies, Substitutions and Declarations of Interest

[1] **Janet Davies:** Good afternoon, I welcome committee members, and the members of the public to the first meeting of the Audit Committee in the new building. In fact, it is only the second committee, as far as I know, that has met in this building. I hope that we will not encounter any gremlins; everything has been tested and tried out, and if anything goes wrong, we will just have to deal with it when it happens.

[2] I remind everyone that the committee operates bilingually and that headsets are available for the translation of Welsh contributions into English or to amplify the sound. Please turn off any mobile phones, pagers or any other electronic devices, as they interfere with the broadcast and translation systems in this building, as they did in the other building. If there is an emergency, please leave by the nearest exit and follow instructions from the ushers. There are ushers upstairs in the public gallery, who will help you to find your way out. For those in the committee room, we are all to leave by the main door.

[3] We have received apologies from Catherine Thomas and Alun Cairns. Do any members of the committee have declarations of interest to make? I see that you do not.

1.34 p.m.

**Gweinyddu Grantiau Cynnal Addysg a Hyfforddiant a'r Gronfa Ysgolion Gwell
Administration of Grants for Education Support and Training and the Better
Schools Fund**

[4] **Janet Davies:** I welcome Richard Davies to his first appearance before us as sub-accounting officer. One problem with this room is the great distance between one end of the table and the other, but I hope that we will cope with that. I am very glad to see you. I also welcome Keith Davies and Kerry Darke, who will give assistance.

[5] This is the first time that the committee has taken evidence on a matter that directly relates to schools. For that reason alone, we have all been looking forward to this meeting. The better schools fund is only a small proportion of overall education spending, but, nevertheless, the amounts involved are quite significant, and the fund directly supports efforts to improve standards in schools.

[6] I need to point out to Members that although the better schools fund is designed to be a partnership between the Assembly Government and local authorities, the committee's function is to hold just the Assembly Government to account, and not local authorities or schools. Therefore, the witnesses can only answer on behalf of the Assembly Government.

[7] I ask both witnesses to introduce themselves for the record.

[8] **Mr R. Davies:** I am Richard Davies, the director of the Department for Training and Education.

[9] **Mr K. Davies:** I am Keith Davies, head of the standards and performance division.

[10] **Janet Davies:** Thank you. We will have a tea-break during the afternoon, at around 3.30 p.m..

[11] As you know, we are taking evidence on the document by the Wales Audit Office. I will start, Mr Davies, by referring to paragraph 1.1, in which it says that the objective of the better schools fund, and GEST before it, is to drive up the standards of teaching and attainment in schools. How successful has the programme been in achieving this objective?

[12] **Mr R. Davies:** In summary, I would say—as you would expect me to say—that what the report says about this is fair and measured. It says that GEST—and I hope that I might be allowed to infer, by extension, the better schools fund as well—has made, and is making, an important contribution to enabling local education authorities and schools to drive standards up. If it were not the case that it was making a significant, useful and worthwhile contribution, we would have been told as much, loud and clear, not only by the auditor general, but also by the General Teaching Council for Wales, the LEAs, the governing bodies, and schools and practitioners. Frankly, it is not as though that has been happening. If there were fundamental weaknesses and the scheme was failing to meet the mark, we would have been told. We are not getting, and have not had, that sort of postbag. Equally, one might have expected, if things were significantly awry in terms of effectiveness or whatever else, for the chief inspector at Estyn, in her annual report to the Assembly, to draw this to our attention. To the contrary, when she has examined GEST and commented on its contribution, she has been generally—but not always—positive.

[13] I would also say that GEST and the better schools fund is an interesting model on the partnership basis with local authorities. It is not a specific grant that is operated 100 per cent by the Assembly Government; it is a cost-sharing arrangement, which secures the ownership of the local authorities in its design and development year by year, which has to, and does,

take account of the way in which Estyn reports year by year on standards and effectiveness in schools.

[14] Lastly, I think that it is fair to say that, although there are other grant arrangements to support schools, the picture in terms of evaluation is always going to be quite complex, methodologically—it is difficult to say with certainty what the contribution of GEST and the better schools fund has been, concretely, to raising standards. Nevertheless, the overall trend of classroom standards has been notably positive over recent years. On balance, I think that it is reasonable to say that GEST and BSF will have contributed to that improvement.

[15] **Janet Davies:** So, what you are saying, Mr Davies, is that you do not actually have any real measures to evaluate its success and that it is more to do with what has not happened in the way of complaints or comments, and you cannot separate the effects of these two programmes from the rest of the spending in education. Is that fair?

1.40 p.m.

[16] **Mr R. Davies:** It is difficult to do it, methodologically. In some parts of the scheme, you can make sensible judgments about how effective it has been in relation to outputs. For example, one strand of the scheme is about information and communications technology where, in essence, you are looking at how many bits of kit have been bought by local authorities and schools. You can make a direct connection between financial input and output. It is much more difficult when it comes to outcomes in relation to learning gain and improvement. It is a little easier in relation to standards of teaching—an area on which we would wish to do more work—where exchanges of best practice between practitioners can be demonstrated as being shared effectively. In general, in many other parts of social policy, and this is no exception, there are difficulties in being absolutely clear about precisely what contribution a given amount of money is yielding in terms of outcome. The causative connection is difficult to nail; that is not always the case, but it is, particularly, in relation to outcomes and standards of learning.

[17] **Janet Davies:** I would like to move on a little way. What do you see as the main challenges in making a partnership programme work effectively?

[18] **Mr R. Davies:** You must have a dependable connection between the policy aspects year by year, the manner in which they develop, shift and change, and the operational aspect. That requires an infrastructure of contact and dialogue between us and local authorities; that has been a feature from the very start of the GEST scheme through to better schools funding in varying degrees, at different times. That infrastructure of experience and support is very important to what is, at one level, quite a complicated scheme. At another level, it is a scheme that can be operated with pretty low overhead costs, at least at Assembly Government level, so it can work well. I would say that the ingredients are openness, good communication, good understanding of what the policy frameworks amount to and how they are changing, good connection between policy development and the evidence base—Estyn reports, year by year—and effective linkages with local authorities at the operational level. It is principally with the local authorities, although with more than a half an ear on what schools are saying as well.

[19] **Janet Davies:** There was no formal partnership agreement, as far as I understand. In what way did the respective partners become aware of what their responsibilities were?

[20] **Mr R. Davies:** Partly, formally, through the issue of circular guidance every year, and partly, informally, in the context of occasional or regular meetings with Assembly staff.

[21] **Janet Davies:** Thank you. Carl, would you like to pick up a few issues?

[22] **Carl Sargeant:** Before I start, I am not sure whether I should declare an interest in that I am on the board of governors of a local education authority school, as noted in the Assembly register of interests. I thought that I should underline that for you.

[23] Paragraph 2.7 gives examples of schools that have worked together to pool resources and reduce overheads. Would you not have expected more schools to do so, without being prompted when there were changes in the funding in 2004-05?

[24] **Mr R. Davies:** In writing a report like this, we can see that there is a terrific challenge to capture all of the partnerships, collaborations and exchanges that are going on. This is illustrative and it is an example, but there is a lot more of it going on than could possibly be captured in a report of this character. I am thinking, in particular, of collaborations on the ICT front—I can think of four different sorts of collaborative schemes in that field. I am thinking of partnerships on special educational needs, particularly at the regional level. I am thinking of the kinds of ordinary exchanges that happen between schools and also, increasingly, between primary schools and secondary schools. There is an enormous amount of it going on. If you were to test me on how much, I would, frankly, find it very difficult to answer that definitively. I can only answer it impressionistically. There seems to be a great deal more of it now than there once was, and it is working all to the good. However, I confess that we do not keep a list of these partnerships and collaborations and we do not want to generate the bureaucracy that goes along with creating a list of that sort or, at least, not unless it is absolutely necessary.

[25] **Carl Sargeant:** Therefore, would you suggest that, although the report is accurate, there is more going on than is actually reported? Is that what you are trying to say?

[26] **Mr R. Davies:** Yes, but what I am trying to say is that there is absolutely no criticism of the report itself. I think that it is a good example of what happened in 2004-05. I would only say that there is more going on because practitioners want to make it happen.

[27] **Carl Sargeant:** Do you think that you could do more to encourage your partners to work together better?

[28] **Mr R. Davies:** Yes; I would have to say that I would think that that is right. In general, people's confidence in joint working and collaboration has increased over the years. Members who are practitioners may want to correct me, but my impression is that teaching as a profession has been quite isolated until relatively recently. It is only in the last five or 10 years that people's interest in working on a whole-school level, departmentally, in teams and collaboratively, has begun to flower. At many different levels, there is a lot that could be done to encourage this, not least under the wider public service reform agenda, to support and sustain service improvement and a better use of public money.

[29] **Jocelyn Davies:** On that point, Carl has declared an interest, and I should say that my daughter attends Newbridge School, which is the example given in the report.

[30] Would you say that this partnership working is widespread, patchy or isolated? You say that there is a lot more going on than this one example.

[31] **Mr R. Davies:** I would say that my overall impression is that it is patchy, but that the overall quantum of partnerships, collaborations, joint efforts, and joint liaison arrangements, to a purpose, is increasing and that there are greater degrees of confidence in respect of outcome, output and value.

[32] **Mr K. Davies:** If you were looking at those partnerships, particularly between

primary and secondary schools, strictly in a GEST/better schools fund context, I would agree with Richard that it is patchy. If you look at some of the other drivers bringing schools together, there is the transition agenda between primary and secondary, where it has always been very good on the pastoral side but is improving on the curricular side, and there is the revised assessment arrangements, where greater reliance is being placed on teacher assessment and the need for secondary schools to have confidence in the judgment of primary teachers about the assessment of pupils. This will drive schools together and is part of the same whole. I would expect, over time, as that confidence builds on the wider agenda, for it to be reflected in collaborative working more on the better schools fund front as well.

1.50 p.m.

[33] **Carl Sargeant:** I draw your attention to paragraph 2.10. I take from that paragraph that the Assembly Government policy leads have involved more consultation meetings with LEAs, but there has been scope for them to do more. Do you think that it is right that they should be more involved and that there should be more consultation? On that basis, do you think that there are any barriers or disincentives to Assembly Government policy leads being more involved in consultation?

[34] **Mr R. Davies:** Yes, I think that what is said in the report is right, although I would add, just in terms of ordinary, good, operational management, that we have to husband our resources a bit carefully too. What is suggested here, as I have read it, is that, where there are changes in a policy framework or an aspect of the better schools fund in any given year, the LEA operational managers, as well as the policy leads perhaps in local authorities, would appreciate it if those policy leads within the department who are knowledgeable about the changes should be in at least one of the run-up meetings to the shaping of the circular. I would be a little bit reluctant to okay on the nod all policy leads attending meetings of that character, because it might not be a good use of time and, where there are no changes, I would be hesitant, subject to Keith's view, about giving the all-clear to let everyone out for the afternoon. We have to focus on what is changing but, with that caveat, I think that what is said in the report is absolutely right. We have done more over the years, but we could do more. As long as we husband our resources well, this sort of dialogue is very much to the good.

[35] **Carl Sargeant:** Paragraph 2.4 refers to the principle of fixed-term support. If activities are funded under the programme for a fixed term of three years, why do you require authorities to submit annual spending plans? Would not a three-year spending plan be more sensible and reduce the burden on local authorities?

[36] **Mr R. Davies:** First, one has to recognise that the components of the scheme, the purposes of a given activity area or the sub-priorities associated with a given activity area, may change year by year, which may have a bearing on an authority's use of the resources allocated to it. So, one has to allow for that. One has to allow separately for the requirement on us to ensure that the resources are being used to good purpose by reference to ordinary performance management indicators. The question is whether it is possible to construct the programme so that it includes only objectives designed to achieve very particular and highly focused outcomes of a quantitative as well as a qualitative sort. The programme is not really structured like that. It describes general aims and purposes and, to some degree, general particular objectives, but not in all cases. It describes a general direction of travel, as it were, under each activity head. There is deliberately an element of flexibility to allow for changes between years and to allow authorities to tailor what they do to local needs and circumstances as well. So, we would find it quite a challenge to hold the structure rigid for a whole three years. Keith may want to comment on that, but I would certainly think that some of the flexibility implicit in the programme, and the usefulness of the partnership that exists, would be lost if we went down that road. That is not to say that my mind is closed on the point. We

would want to do anything that we can to focus efforts and reduce burdens, particularly on schools.

[37] **Mr K. Davies:** I will merely say that I expect individual parts of the programme to remain within it for three years and no more. It does not guarantee three years, and, under the current arrangements, we could not guarantee a level of funding in years 2 and 3, let us say. If that is the case, we would need to retain as much flexibility as possible to discuss things with the local authorities and to finesse certain priorities and activities as circumstances change.

[38] **Carl Sargeant:** Accepting that, as you said, given that it sometimes takes a while for initiatives to become apparent, would it not be sensible to have a three-year planning period? It also makes sense in the evaluation of some of the programmes.

[39] **Mr R. Davies:** I have to say that I do not think that it would be right to be closed-minded on that. Keith is right to point to the technical and substantive issues—the Assembly Government has been consulting, as Members may know, on three-year revenue and capital settlements for local authorities. That consultation ended at the end of January. As you would expect me to say, we now have to consider the responses to consultation and the implications of moving to a three-year settlement. Constitutionally, I would be just a bit jealous of the Assembly’s flexibility. Annuality has its virtues, but it is not beyond the wit of officialdom to design a system on a sliding or tapering basis to provide some measure of forward indication in years 2 and 3, which authorities might find more valuable than nothing at all. All that I can say on the recommendation in the report and your point about three-year funding in relation to grants for education, support and training and the better schools fund is that we would tend to think in the context of considering the responses to the recent consultation.

[40] **Janet Davies:** Thank you. Denise, do you want to go on with this particular part of the report?

[41] **Denise Idris Jones:** Yes, I do. Thank you. Can you hear me? There is a bit of confusion over my microphone. I see that you can, Mr Davies. If we look at paragraphs 2.19 up to 2.22, we see that, although LEAs regard the process of applying for funding as time consuming, there remains a need for safeguards to ensure that money is spent as intended. It also says, in a way, that filling in forms is also time consuming, and time is not spent as it should be. Do you think, Mr Davies, that three-year spending plans, or even three-year agreements, might help to reduce the burden on local authorities, and, more importantly, on schools, without losing safeguards to ensure that money is being well spent?

[42] **Mr R. Davies:** It might do, but, as I said, I am not closed-minded about it. I cannot say that we have thought about all of the implications as yet, and we will not be able to do that until the responses to the broader consultation are with us and that job has been done. There is a danger in characterising this too crudely, but everyone would like to have maximum freedom of manoeuvre with public money. Colleagues in higher education often come my way saying, ‘Give us the money and get off our backs’. It is very natural and human, and, operationally, you might say that, under some circumstances, that could be justified. It is handy. Enormous operational freedom to deploy a budget in any way you choose as a headteacher would be splendid.

2.00 p.m.

[43] The trouble is that there is the wider issue of public accountability and of providing assurance to the Assembly that its resources are being well used to good purpose and with some demonstrably positive results. I am afraid that you need, as long as there is an hypothecated element in the funding, a bureaucratic process—and ‘bureaucracy’ is a pejorative word these days, but I mean it in a healthy way—to provide the necessary

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infrastructure, the control framework, to ensure that money is being used for its intended purpose. I am afraid that that means that people need to explain what they are doing and write things down in language that others can understand and represent properly, through to Assembly Members. It is tiresome, but often, I assert, those who complain the loudest about their responsibilities and associated obligations are the least competent in handling public money.

[44] **Denise Idris Jones:** Let us hope that they are not headteachers, then. I was at a junior school in Bangor last week, and the headteacher said that he spent most of his time filling forms. He also told me that, three years ago, a gentleman—‘gŵr bonheddig’ were his words—came into his school. He could not remember the name of this very tall and very smart person, but he wanted me to find out who he was as he had changed the headteacher’s life. I have looked at you, Mr Davies, and I think that it is you. [*Laughter.*] You are speechless.

[45] **Mr R. Davies:** And much reduced. [*Laughter.*]

[46] **Denise Idris Jones:** You gave him this money, and he had done so much for that school, and it was a pleasure to be there. In fact, they were here last week, and they were wonderful.

[47] If you move to three-year spending plans, what additional safeguards might you need to introduce to ensure that money is well spent?

[48] **Mr R. Davies:** We would have to design the programme to be forensically clear about what quantitative as well as qualitative objectives we were seeking to achieve. That would mean that some things would fall out of the programme, such as those things about which it is difficult to be absolutely clear, like how to characterise outcomes. There would have to be some way of ensuring sample-checking through the years, and that the cycle of submissions of financial and other data works smoothly and sympathetically. I am afraid that there is no panacea; there is no easy route in terms of the equation of requirements to account in a detailed way as well as having streamlined arrangements that do not bother anyone when it comes to filling out the forms. There will always be an element of that, and there will always be an element of certification—a requirement at the end of every financial year on the back of claims. There will always be an element of explaining, describing and inviting schools to report in terms that we can represent properly and publicly, and we should step up to the plate and confront the anxieties of schools.

[49] There is a school workload advisory panel that looks at this and tests us in respect of almost every document that issues as to whether it is worth putting out a given document or whether it will impose unhealthy and nugatory burdens on schools. More than that, it is incumbent upon us to check and test that what we are asking of schools is lean and fit for purpose, but I am afraid that there will always be an element that is just necessary to the handling of public money.

[50] **Denise Idris Jones:** So, we look at three-year funding, but there might be some activities that just might warrant initial pump-priming.

[51] **Mr R. Davies:** Yes.

[52] **Janet Davies:** Going back slightly in the report, let us look at the issue of the planning cycle. Mick Bates, will you pursue this, please?

[53] **Mick Bates:** [*Inaudible.*]—and planning is a particularly important aspect of that, Mr Davies.

[54] Turning to pages 15 and 16, we see figures 4 and 5, which show that the Assembly Government did not meet its planning milestones in any of the past six years. It seems that it failed to reach these milestones, and it was particularly bad in 2004-05 and 2005-06. Why was the slippage so bad in those years?

[55] **Mr R. Davies:** It is perfectly clear that our performance then was very far short of ideal. What happened was a triple whammy and it affected the year ahead of 2004-05. That consisted of three things. The first was the departure of two officials from posts in which they had gained some experience in key support elements of the better schools fund team. We had two vacancies for a long period—roughly eight months—and we had difficulty in filling those posts. There have been difficulties in filling posts in the grants for education support and training and the better schools fund teams historically; they are not easy posts to fill, and I can explain why separately. Secondly, there was the long-term and recurrent ill health of the team leader. At one point, she was much better and then she was not so well and was away for some time. Thirdly, there was a fundamental requirement to re-examine the shape of the scheme and to rebase it on a new funding level. Those three things happening at the same time would have been a challenge for any team, in any part of the Assembly.

[56] As far as 2005-06 is concerned, the circumstances were not completely the same. What happened then was there was one vacancy, which we had a problem with, but there was also an issue around a particular element of the programme, which took us a good deal longer to resolve than we would have wished, in relation to headteacher training and development. So, there was a difficulty about handling that piece of the better schools fund programme, which caused us delay. What we took from that was that the critical factor that we have to pretty much guarantee in terms of business continuity is not so much cover—although, plainly, cover is important—and it is not just a case of ‘Anything will do’; it is the retention of the experience, capability and expertise of the better schools fund team, and building it up. That is what we have worked on most and have needed to work on most to ensure that there is resilience in the team in some depth. It is a complicated scheme: it has many layers and networks of communication, and just having an extra pair of hands will not sort it out when you have a vacancy, though I very much hope—and I have discussed this with Keith—that there will be the possibility of making use of the larger resources that the merged department will have, because the Department for Training and Education merges with Education and Learning Wales and the Qualifications, Curriculum and Assessment Authority for Wales to become a new department for lifelong learning and skills as of 3 April. I hope that, in that larger departmental context, it will be possible for us to move people around better and build expertise more strongly. I also hope that our collaboration, which, as I was saying earlier, is growing, and joint working with local authorities will enable us to sustain our infrastructure of expertise for the future. In essence, that is what we learned from that episode, though my assessment has been that, in the run-up to 2004-05, we faced a triple whammy, which was extremely unusual.

[57] **Mick Bates:** In your own words, performance was ‘very far short of ideal’. To emphasise the issue, your planned dates were never met. If it was an issue of capacity, what functions did you put in place to address that issue before these critical years? All right, there were problems and we are all sympathetic, but you still have to meet your planned targets. What actions were you putting into place before that? You never met the targets.

2.10 p.m.

[58] **Mr R. Davies:** Although there was a positive recovery in 2002-03 and 2003-04, you are right that in only one case was a target met—that is in relation to 2003-04, the yellow box in the report. However, from a position where, in 2000-01, there were, I am afraid, also one or two vacancies and ill health, the team, when it came up to strength, recovered well, or got

significantly better, in terms of meeting the milestones for 2002-03. What then happened in 2003-04 was as I have described.

[59] You asked what we were doing. To an extent, I would say that we were most concerned to get the vacancies filled, and we were frustrated that it was not possible to do so. Where we went awry was that we got hung up on getting the vacancies filled and we did not think enough about building resilience in the way that I have just explained. We have done much more on that now—it will come as no surprise to Members that, as the report says, we will meet our milestones this year, and have done so. We have done it by building the resilience that I have spoken about, and we would want to hold to that for the future.

[60] **Mick Bates:** Thank you. I do not think that we can go further with that.

[61] Let us look at the impacts of this failure to meet planning targets, because it results in quite an impact for the schools. Paragraph 1.22 states that it is the Assembly Government's view that slippage did not matter that much, and that LEAs had adequate information from the GEST baseline to plan activities. Why was the GEST cycle planned so far in advance of the year to which the expenditure relates?

[62] **Mr R. Davies:** I would not want to leave you with the impression that we were insouciant, and that delay did not matter; I do not think that we felt that. We were conscious of the implications of any delay on schools and authorities. I will have to ask Keith to comment on the cycles here. However, in terms of advance planning, we have always sought to get dependable and reliable information out to schools well in advance of the start of each new academic year. That has been pretty much essential in our minds, because so much of the GEST and better schools fund programme is undertaken in the winter and spring terms.

[63] Therefore, much of our thinking about timelines has been constructed around ensuring that there is sufficient dialogue with the local authorities, that authorities have time to have dialogue with schools, and that, in all that, we give the lead time that enables schools to plan confidently from the start of every academic year. That is what we have been steering by, but it is true that, as you said earlier, we did not meet milestones for several of the years—four of the last six.

[64] **Mick Bates:** Accepting that, half the LEAs reported that they had problems in acquiring match funding because of the late notification in this context. Therefore, half the LEAs were having problems.

[65] **Mr R. Davies:** This is not a debating point. We had to form a judgment as to whether the likely problems were going to be insuperable or not. The judgment that we formed—with some discomfort—was that they would not be insuperable, that it would be possible and that, in a system that was so well based, had so much dialogue implicit within it, which had been in place for many years, and with so much advance communication of that sort and so much reliable infrastructure in place, the likelihood of there being a really serious glitch was not great.

[66] I confess that I held my breath over that. However, although authorities may have had difficulties, they were in a position to overcome them, and they all did. Two thirds of schools did not report that they had difficulties. I do not wish to make light of any of that. As I said at the beginning, it was not ideal; there was an element of risk, which we were seeking to manage, but our assessment and judgment was that there would be problems, but that they could be overcome.

[67] **Mr K. Davies:** To respond to the point on why this process took place so far ahead of the financial year to which it applied, the timetable that we have mapped out as the ideal

timetable, the one that we were trying to adhere to, is one that has been developed in agreement with the local education authorities over time. They wanted, by 1 April, to know how much money they would have in that financial year so that the schools, where most of the training would start in the following September, would have plenty of time to plan in the full knowledge of what they would be getting. If you track back from there, you have to start in the previous financial year, and it was the LEAs that encouraged us to try to get a draft circular out as early as May or June of the financial year ahead of the one for which we were looking at the programme. So this was something that had evolved over time in agreement with local education authorities. If we missed getting the draft circular out before the summer holidays—which is a significant break on activity, both at the LEA level and also in the Assembly Government—then this did not cause insuperable problems for them in that year. However, the clear message coming through for the following year was, ‘Can you get the circular out in June or July please, or better still in May?’ It is a challenge to try to anticipate what the priorities should be in the 2006-07 school year, which starts in September 2006, back in May 2005. There is a judgment there too. I am not saying that we got it right, but, generally, both sides—the LEAs and ourselves—were comfortable with the fact that so much of this was designed to happen so far in advance of the year that we were talking about.

[68] **Mick Bates:** Given your response, was the GEST baseline really an adequate basis for LEAs and schools to plan on? For example, could it signal the kind of changes to the activity and priority areas that we have seen in appendix 2?

[69] **Mr K. Davies:** There would be an element of uncertainty on the part of the LEAs about what might be covered by the programme and what might be taken out of the programme. However, if we are talking about a relative degree of certainty on the financial quantum, then I do not think that it is impossible for them, on the basis of an all-Wales figure for GEST or the better schools fund, with some working assumptions, to come up with the total quantum that they would get. They would have access to the total all-Wales figure and would know how many pupils and how many teachers they would have; they may have to adjust slightly, but because they had access to the formula, they would be able to calculate broadly. I am not saying that it would be very precise, but for planning purposes, and, indeed, for one year before the period covered by this report, I suspect that it was 1998 or 1999, we were compelled to go out with a circular with no figures in it at all. It was the first comprehensive spending review year, and we managed to persuade our finance colleagues that it would still be okay—notwithstanding that no-one knew the outcome of the comprehensive spending review—for authorities to use the figures that they had had for the previous year for planning purposes to draw up their plans to discuss with schools. That worked reasonably well—it was not perfect, but it worked reasonably well.

2.20 p.m.

[70] **Janet Davies:** One of you said that two thirds of schools did not come back with any difficulties as a result of this slippage. That means that presumably one third did come back with some difficulties. Could you give us an idea of the sort of difficulties that they were facing?

[71] **Mr R. Davies:** I think that it was of the variety of, ‘What on earth’s going on?’—‘Can somebody give us some clear guidance? Can somebody tell us what changes are likely as a consequence of the overall budgetary shift? Can we have more detailed briefing on that?’. We could not give that, as Keith said. All we could give was a broad indication. People were operating on the basis of rule of thumb, and I can well see that that would not be easy or comfortable in the school context.

[72] **Jocelyn Davies:** When you say that one third of schools complained, does it mean that the other two thirds said, ‘That is okay’, or did not say anything? Are you making an

assumption because schools did not complain?

[73] **Mr R. Davies:** Well, I am working on what it says in the report. If you want to dig a bit on the two thirds and what exactly they were thinking, I do not think that the auditor general and his staff had an opportunity to go right underneath all of this. Is the fact that two thirds did not raise any concerns evidence that things were going swimmingly? I do not think that it is fair to make that assumption. I am just giving a broad indication of the kind of consideration that we had in our minds, as is Keith, which seems to fit with the picture that emerges in the report, that is, that the problems were real, but not insurmountable.

[74] **Mark Isherwood:** I draw your attention to paragraph 1.20, which states that development activities in the summer term were inhibited by factors such as external examinations. However, is it not likely that delays in Assembly Government allocations to local educational authorities held up the planning of development activities for the summer term?

[75] **Mr R. Davies:** It is possible.

[76] **Mr K. Davies:** I do not think that was the case. I agree with Richard that it is possible, but I do not think that it was as serious as you might be suggesting. They would have had some certainty and would have planned on an academic-year basis for their activities on the basis of the allocation of the previous financial year. There is a mismatch, clearly, between the financial year and the academic year, but the evidence that we see in terms of the pattern of activity suggests that factors such as external examinations are the main factors for there being less in-service and professional development activity, more than anything else that we could think of. As Richard said, it is possible that it might have contributed, but I do not think that it would have added very seriously to that level of reduced activity, compared to the previous two terms in any academic year. That is my sense of it.

[77] **Mark Isherwood:** Okay, but is it not the case that the summer term might be the best time for development activities, given that, because of things such as external examinations, teachers are least involved in teaching at that time?

[78] **Mr K. Davies:** That might well be the case; I do not know why that is not happening like that. However, the general pattern of claims from LEAs suggest that that is not happening, given that they are claiming most of the money in the second claim period, which basically covers September to December.

[79] **Mr R. Davies:** I said it was possible because, in preparing for this occasion, I had asked myself the same kind of question—should we be discussing with schools and authorities bringing the whole thing forward and deliberately making space in the summer term for them to use time better then, as it might be of advantage to them? Frankly, I do not think that we have ever discussed it, have we, Keith?

[80] **Mr K. Davies:** No. It may have been alluded to, but the ongoing dynamic has been that most of the activity happens in the first two terms of the academic year. If there is benefit to the LEAs and the schools in that, then that would be fine. I do not think that it would affect the administration of the programme, provided, of course, that we hit our milestones in the future, which we intend to do.

[81] **Mark Isherwood:** So are you saying that further consideration of this might now be merited?

[82] **Mr R. Davies:** I think that it would, particularly as we have met the milestones this year. It is something that we could very usefully examine in the light of our having met the

milestones this year, and discuss with LEAs, as to whether there is something substantial in terms of bringing things forward or creating more space, and, if so, how would we do it. There would be some firm ground to stand on given that we have met the milestones for 2006-07.

[83] **Mark Isherwood:** Okay, thank you—I will take note of that. Moving on to paragraph 2.11, it indicates that planning for 2006-07 is now running to schedule after slippages for the two previous planning cycles. Why is that? What has led to that improvement?

[84] **Mr R. Davies:** This is a value-for-money report. It is about improving services. There is a profoundly strong element of scrutiny in this, but we have treated it, in our discussions with the Wales Audit Office, in a way that is designed to improve our standards of administration. We have found it a bracing, chastening and helpful experience. One of the things that we learned as we went along was that we had to have really strong performance management around milestone-meeting, to have the standard fare of desk instructions well-established, and good training and developmental opportunities for staff, worked at corporately. Where, previously, most of the dialogue with authorities had been conducted at head-of-team level, we have now deliberately created a situation in which there is, in effect, a deputy to the head of team, and, as a team, they meet bilaterally with authorities, and regionally with authorities, in order to design, develop and base the programme as it has gone forward. That is all part of building resilience in the team. We have done it as we have gone along in the course of the last little while, given the stimulus that the preparation of this report has provided. Thus far, so far so good.

[85] **Mark Isherwood:** Okay, thank you.

[86] **Janet Davies:** We turn now to the assessment of the local education authorities' spending plans. Mick, you are to start, and then Jocelyn has other questions to take up afterwards.

[87] **Mick Bates:** Paragraph 1.26(c) argues that there was a lack of clarity in Estyn's role in assessing LEA spending plans. Why was Estyn's role so unclear?

2.30 p.m.

[88] **Mr R. Davies:** The way that I read that was that there was no consistency in the treatment of the district inspectors' reports generated year by year on different strands of the scheme. Either the policy leads around the department did not make consistent use of the reports from Estyn, or their behaviours in dealing with Estyn input differed. For example, perhaps one desk would say, 'Right, the district inspector has challenged here, here and here; I am going to follow up absolutely everything that the district inspector has commented on with the authority'. Another policy lead might say, 'I am going to follow up on only a limited number of points that the district inspector has made', or, 'I am not sure that I quite feel comfortable with what the district inspector has said because I think that the key point is different from what the district inspector has been pursuing'. I think that the issue around clarity was about clarity in respect of consistent treatment by the policy leads rather than about a failure in some way to give Estyn clear direction. I think that Estyn has had clear direction about what to do and when. As I read it—although I may have misread it—this was about ensuring that there were higher standards of consistency in treatment, more consistent behaviours among policy leads within the department, and clearer explanations to desks about how to use Estyn's material. I must admit that I may have misread that point.

[89] **Mr K. Davies:** I have to say that that is how I read it, too. When I was doing this kind of assessment—for Welsh, as it happens—it was my practice to make my own assessments without reference to Estyn and then to read the Estyn material to see the extent to which we

agreed or disagreed. Generally, we were there or thereabouts, but where there were clear differences between Estyn's view of a spending plan and my view of it, I would take time out to discuss it with the Estyn inspector and come to an agreed view. When it came to the competitive bids for Welsh, I adopted the same approach and, eventually, the district inspector and I would get together—because for the competitive bids, Estyn would nominate a single inspector to look at all of the Welsh bids—and we would agree, between us, what could be supported, what was weak, what was strong, what needed further clarification, and came to a balanced view in that way. That is the way that it worked for me. It may not work for all of the policy leads. However, that is the way in which I read that, that not everyone was adopting that sort of consistent approach—assuming that my approach was consistent.

[90] **Mick Bates:** Very briefly, was this another consequence of slippage on the planning side?

[91] **Mr K. Davies:** No.

[92] **Mick Bates:** Definitely not?

[93] **Mr K. Davies:** No.

[94] **Mick Bates:** Was Estyn a member of the partnership with the Assembly Government and the local education authorities?

[95] **Mr K. Davies:** In the sense that it attended or was represented at the consultation meeting, and that it was given the opportunity, which it took annually, to comment on all of the spending plans, it was a part of the partnership. However, I am sure that if the chief inspector were here she would sound a note of caution from Estyn that it cannot be too closely associated with endorsing this, that or the other, because it has to go out to inspect it at some point and would not want people to say, 'You are bound to say that this is good, because you ticked the box earlier on'. Therefore, with that caveat, I would regard Estyn as very much part of a three-way partnership.

[96] **Jocelyn Davies:** Coming back to the inconsistent way in which some of the policy leads dealt with the Estyn assessment, is it not the case that because some of the policy leads only referred to Estyn assessments when they themselves had concerns, that means that some of Estyn's concerns about spending plans were simply ignored?

[97] **Mr R. Davies:** That could have happened. However, thinking about this, it is pretty important not to get into tick-box mode. I would not wish policy leads to behave as automata or as mere creatures of the Estyn assessment, so, in terms of behaviours, I would want to encourage people to think for themselves, exactly as Keith has described, but not in a way that ignores the Estyn assessments, and certainly not to disdain them or overlook them. The report does not say how many policy leads behaved in that way on how many occasions, and, in a sense, it is not worth going there, but you are absolutely right that there is a risk that important material could have been overlooked. At the same time, I have always wanted to encourage policy leads to think with some fire and to use all of the available information that they have at their disposal, not only the Estyn reports, but also the quantitative data, or anything else that is relevant to the standard that we are seeking to support LEAs and schools in improving.

[98] **Jocelyn Davies:** Yes, because what Mr Davies told us was that he would come to his own conclusions and check those against the Estyn assessment, but this report says that, on occasion, the Estyn assessment was only looked at if concern was raised in that individual, so there must have been occasions when the Estyn report assessment was not referred to at all. That is the danger, so I am glad that we have that clear now. How does that inconsistent

approach arise? Is it because of time pressures, or is it perhaps the fact that some officials simply do not value the judgment of Estyn?

[99] **Mr R. Davies:** I think it would be extraordinarily rare for officials not to value the independent professional judgment of the inspectors. Again, I cannot give you any information on the scale of this sort of problem, if I can call it that. I hope that I am right in saying that I do not think that it is a general problem; I think you are right that it could happen, and, indeed, the report says that it must have happened on occasion, but what the scale of it was and what the implications of this having happened actually were, it is difficult to say. I would only stress again that we want people who are thinking forensically, intelligently and in a lively way, and who use everything that they have at their disposal to help shape a programme that has important implications for standards. That is what I want to encourage. You could imagine circumstances where somebody is new to a job and the handover briefing has not been spot on—it is very difficult to do handover briefings that cover absolutely everything—and the first thing that he or she has to do is deal with a better schools fund assessment and that person has not quite got his or her head around the significance of the Estyn material. Similarly, you can imagine individuals, who, again being new to the role, are not aware of everything that the Statistical Directorate has at its disposal. I would very much hope that this is of that character, and that it is not malign determination wilfully to disregard the Estyn material. I think that that would be quite extraordinary and I hope it does not exist.

[100] **Jocelyn Davies:** Yes, I suppose we can think of all sorts of scenarios and we do not really know. However, what we do know is that the auditor general's staff were able to detect this. You can be a free thinker and have a consistent approach. It is possible to have a consistent approach, and maybe you would take that back and consider that. I will take you on, if I may, to the lack of consistency and robustness in assessing the spending plans, and the risk that some LEAs were running activities that were not as good as others.

2.40 p.m.

[101] **Mr R. Davies:** One of the benefits is the capability to pursue this issue, which has really emerged from regional meetings, where, on occasions, it has been possible to say to authority A, 'But look, authority B is doing this', or, 'No, it is not the case that there is only one way of achieving this result—you can do it better this way'. Those exchanges are essential to dealing with the kind of potential problems that you are describing.

[102] **Jocelyn Davies:** So, what are you going to do about addressing this problem of an inconsistent assessment of LEA spending plans, so that these problems are less likely to arise in the future?

[103] **Mr R. Davies:** There again, the report makes a thought-provoking recommendation on improving internal and departmental standards of quality around consistency, be it about overall assessment, the value for money that is being achieved or productivity against the performance indicator that authority A is achieving over authority B. We can do a great deal, just in guidance, to improve standards of consistency and to acquaint existing and new policy leads with the rigours that are expected of them. I also think that it is possible to move to more informal, but sometimes quite compelling, ways in terms of communities of practice, where people who are doing the same sorts of things can get together in quality circles or the like to exchange information on what works for them and what does not. We are moving to that as well, but there is nothing like being at a regional meeting facing up, as it were, to schools or local authorities, to have the importance of the data and differences in reported outputs borne in on one.

[104] **Irene James:** I declare that I am a governor of three schools and that I chair one

governing body.

[105] Moving on to paragraph 1.3, it says that, while local authorities were required to provide information on their local evaluations, they were not required to provide copies of local evaluation reports. Why were they not required to submit copies of their local evaluation reports? Does this mean that policy leads did not have the full information to inform their assessments on spending plans?

[106] **Mr R. Davies:** I would not say that they had insufficient information to inform their judgments on spending plans, partly because we are all rather less competent in well-grounded methodologies of evaluation than we would wish to be. It is no use having an evaluation report from a school or an LEA that, frankly, does not amount to much. The way that I look at this is that we need to give much more sustained and focused attention to what counts as good evaluation. We have not done that yet; we have not issued the sort of guidance that I think that we need, recognising the methodological difficulties—and they are real—in relation to evaluating outcomes, and impacts in relation to outcomes. Nonetheless, it is our intention to devise some useful guidance informed by the authorities' and schools' experience—it is important that we be informed by practitioners' experience and that we do not just approach this in a cold, clinical and methodological fashion that does not mean anything for practitioners.

[107] We will need, therefore, to take their minds; we are planning to have a workshop soon, I expect that a pack will be issued as a consequence of that workshop. However, for that, too, I would very much hope that we can move in the direction of communities of practice and knowledge fairs, because, so often, it is not what is on the bits of paper that count, but how people behave and interrelate with one another, and that can underpin sensible thinking about evaluation, of the sort that does not become burdensome, heavily bureaucratic and inimical to good results generally.

[108] **Irene James:** So if LEAs were not required to provide local evaluation reports, are you assured that the Welsh Assembly Government's local evaluation was being carried out?

[109] **Mr R. Davies:** In terms of how we deal with local evaluations, and data on them, we have strengthened our requirements, certainly for 2006-07. Keith can perhaps explain what we have been doing and how we intend to use what we expect to get as a result of having strengthened our requirements.

[110] **Mr K. Davies:** In their spending plans, local education authorities are invited to describe what evaluation has been carried out in the previous year, including Estyn reports and surveys, and to explain the conclusions that they have drawn from that, what lessons they have learned, and what changes they will make. The important thing is what changes they are making and what they have learned. Getting copies of local evaluation reports, just from a process and practical view, would be simply too much for us, and I suspect that it would be too much for LEAs to send them all in. What sense could we make of them in the time available to us? I fear that we might get back on the slippery slope of missing milestones were we to plough through all of those ourselves.

[111] It is fair to say that not all LEAs were able to be as forthcoming as others in response to that question, but we have devised assessment forms for policy leads and for Estyn that have a greater alignment between those two forms and the spending plan form that the LEA has to submit, so that those questions are asked. Is there evidence of evaluation in the spending plan? Is it any good? Those are the sorts of questions that we would want our policy leads to ask, based on the information that the LEAs were giving us, rather than expecting them to plough through innumerable local evaluation reports—that would not be practical.

[112] **Jocelyn Davies:** Were any of the points that Irene and I raised with you picked up in the internal audit report of 1998?

[113] **Mr R. Davies:** No, I do not think that they were. However, I ought to check that, if I may, Chair. My recollection is that it is not the case. What was picked up in the 1998-99 audit report related in significant part, but by no means exclusively, to the issue of consistency. As a consequence of that internal audit report, we gave guidance and there were workshop arrangements with policy leads as to what considerations they should bear in mind in making their assessments. This work has revealed to us that you can always dig deeper, and we have not given enough thought to how you express standards in relation to the checklist of points that we did put in place after the internal audit report of the late 1990s. In other words, we think that we need to go further. The checklist is being applied, people are invited to ask themselves particular sorts of questions, but there is no guidance or explanation as to how much further you may need to go in order to ensure that you are behaving to reasonable and proper standards of quality, and with due consistency. That was not in the internal audit report, if I am right—and I would like to check that—but the injunction to get a checklist of points in place so that people could know broadly what they needed to do when it came to assessment rounds. We acted on that briskly.

2.50 p.m.

[114] **Jocelyn Davies:** As you said, what people do is more important than what you write down on bits of paper.

[115] **Mr R. Davies:** It is both.

[116] **Janet Davies:** After you have checked, could you send a note to the clerk perhaps?

[117] **Mr R. Davies:** Yes.

[118] **Janet Davies:** Thank you. Irene, you may carry on.

[119] **Irene James:** What sort of qualifications do you need to become policy leaders? Are we stipulating or giving instruction?

[120] **Mr R. Davies:** Do you mean a licence to fly, almost, or do you mean whether it is a requirement that they have been practising teachers?

[121] **Irene James:** We are talking about people who are aware of how the policy leads, so are we stipulating any qualification or standard for the people who are setting those policy leads?

[122] **Mr R. Davies:** There is some of that in the work that is done to specify the role, policy job by policy job, and some of that is implicit in the job description that goes along with the specification. It is not our habit to say that you must have been a teacher for so many years, or you must have had an academic background in teaching and be professionally qualified and have qualified teacher status and all the rest. We are progressively improving the way in which we define the qualitative requirements in respect of the roles and it is no longer the case that, having been recruited to a grade, you are then deployable more or less anywhere. People now apply for a role that is specified and described in advance, so, if you do not meet the person specification, you do not get to first base. So, the key control on all of that is in the job description and the person specification. It would be disingenuous to say that that is in perfect condition right the way around the department; all that I can say is that it is progressively improving.

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[123] **Denise Idris Jones:** Paragraph 2.18 indicates that, while guidance on the criteria that policy leads should use to assess spending plans has now been produced, it still does not include standards to help determine whether the criteria are being met. Mr Davies, why have you not provided guidance on the evidence required to support the assessments of spending plans? Do you feel that that can be done?

[124] **Mr R. Davies:** We have not elaborated the existing guidance sufficiently, but it is our intention that it should be so elaborated. As I say, I would not wish to think solely in terms of what is on the bits of paper, though those bits of paper and guidance are important. I would want behaviours to be affected too; hence the importance of quality circles, knowledge fairs and communities of practice, which we have not promoted and supported enough, but it is our intention to do more for the future.

[125] **Mr K. Davies:** We have identified some opportunities for further development and improvement. We intend to hold workshops with the policy leads to inform future developments of the programme and to review the assessment arrangements. We have also identified what we regard as exemplar spending plans submitted by the local education authorities, as identified by the policy leads. Those have been shared with local education authorities so that they have a feel for the sort of thing that we are looking for. We are going to work to try to identify—given that the spending plans in different areas of the programme will look different—what characterises these spending plans as being exemplary, to see whether we can identify a core set of values, if you like, which we can expound more widely. Hopefully, that will result in better spending plans from the local education authorities, and better assessments by us.

[126] **Denise Idris Jones:** That is right—and less time, possibly. You cascade that information then.

[127] **Mr K. Davies:** Hopefully.

[128] **Denise Idris Jones:** That is what it was called when I was a teacher—cascading.

[129] Will the absence of more comprehensive guidance not perpetuate the inconsistency of assessments between different policy leads, which the guidance is intended to overcome?

[130] **Mr R. Davies:** Yes. There would be a risk. This is about continuous improvement; professionally, we expect it of one another, so we have to get at it, and keep at it. To return to what I said, in just the same way as teaching is not stimulus and response in the classroom, policy management, implementation and delivery are not reducible to a standard set of ingredients that will always be mixed in exactly the same way. You denature the whole process if you do not allow people to breathe and to think and to continuously improve.

[131] **Denise Idris Jones:** It is nice to hear that. Thank you, Chair.

[132] **Janet Davies:** We will stop for a tea and coffee break now. I ask everyone to be back in here by 3.10 p.m.. Where is the tea and coffee, Kathryn?

[133] **Dr Jenkins:** It is in the Cwrt for Members and WAO officials. For witnesses, it is back in the witness room.

*Gohiriwyd y cyfarfod rhwng 2.56 p.m. a 3.12 p.m.
The meeting adjourned between 2.56 p.m. and 3.12 p.m.*

[134] **Janet Davies:** I welcome you all back. We will move on to look at the movement of funds. Leighton Andrews wants to take up the questioning.

[135] **Leighton Andrews:** Can I take you to the issue of the movement of funds? Paragraph 2.6 says that, since last July, you have prohibited the movement of local authority funds after the agreement of the spending plans. How would you respond to any local authority that wanted to transfer funds now?

[136] **Mr R. Davies:** The conditions that apply to the better schools fund, to use the technical term, concern virements. With one or two particular exceptions, in the last few years, the old rules on virement, which were very complicated, have been removed and authorities have considerable freedom to vire from one activity area to another. Of course, that has made us think about controls, about the coherence of the programme, and about ensuring that there is appropriate balance in authorities' forward plans. So, we have looked to see what order of magnitude typically applies year by year. At the moment, although it has fluctuated over the years, last year, I think that it was running at about 3 per cent or 4 per cent—and Keith will correct me if I am wrong—across the board, at an all-Wales level. We have been happy with that level, because, in monitoring the plans and in designing the virement arrangements as they currently apply, we have allowed some time for authorities to talk directly to schools. After 31 July every year, we fix the plan. We do not allow virements after 31 July. We are monitoring proposals to make changes to forward plans up to 31 July. Our current view is that the arrangements on virements, on moving money around from the point at which authorities receive their allocations, activity by activity, to the point at which they discuss those activities with schools and may make some amendments or adjustments, the pattern is at the margin in that it represents useful local flexibility, and there is now a cut-off point beyond which further virements are not permissible. As things stand and in light of our current experience, we think that that is a reasonable and good balance that appears to be working well.

[137] Have I answered your question?

[138] **Leighton Andrews:** Well, is 31 July 2005 a sort of rolling date, and will it be 31 July 2006 and so on?

[139] **Mr R. Davies:** Yes.

[140] **Leighton Andrews:** Okay. Do you need sanctions against local authorities? Have you had instances when you have felt uncomfortable with what is being proposed?

[141] **Mr R. Davies:** Yes, there have been instances in which we have had to check the rationale that is being applied. I do not think that there has been any year in which we have felt that there has been an emerging pattern of serious weakness in what authorities are proposing. No pattern of that character has emerged. I would not actually expect to see it, though we are always on the alert.

[142] **Leighton Andrews:** I wish to move to paragraph 3.5 onwards on evaluation. Why have you not been more prescriptive in the arrangements for evaluations by local authorities of these schemes?

[143] **Mr R. Davies:** I think that it is okay to be prescriptive when you know what it is you are doing and you are confident that being prescriptive will yield a good result.

[144] **Leighton Andrews:** But you have been running the scheme for several years now.

[145] **Mr R. Davies:** I agree, but although it is possible to be prescriptive, as I said when we were dealing with outputs and what widgets we are getting for the money, when it comes to learning outcomes, we are a lot less confident about how best to do that. We are not

absolutely sure how to deal with the reality that there are other ways in which training and development can be funded at school level with an authority's assistance, or exactly how to disentangle GEST from the other elements of a given school's budget. So, as I said earlier, although I think that we are in a better position now to define outcomes by reference to improved teaching, outcomes by reference to improved learning are very much dicier.

[146] The inspectorate will tell us, and I think that it is right, that, in teaching, you will have the irritating success of the inappropriate method and the inexplicable failure of the appropriate method. It is easy to hide behind that problem, and some can and will. However, as I said earlier, we have to square up to the methodological or other problems, but it is hard going, at the level of cognitive, effective and behavioural outcomes. We are into complex territory about the relationship between what teachers do and what pupils learn. If there were a deterministic behaviourist connection, everything would be so much easier, but there is not.

[147] **Leighton Andrews:** In a sense, that might be an argument for more prescription in terms of the evaluation.

[148] **Mr R. Davies:** It is certainly an argument for testing ourselves and sharing good practice on the kinds of questions that you have to ask when it comes to evaluation. I do not think that we have done enough to tease out the sorts of questions that practitioners, LEAs and we should ask. Even where the answers may elude us, we need to be asking the fundamental questions.

[149] **Leighton Andrews:** How much time do you need? You have had eight years.

[150] **Mr R. Davies:** If it were easy, we would have done it eight years ago and it would be part and parcel of initial teacher training and administrative training and so on. The fact is that it is not susceptible to rapid or simplistic treatment.

3.20 p.m.

[151] **Leighton Andrews:** Okay. Under what circumstances do you think it would be appropriate to go for something other than an Estyn report in terms of the evaluation?

[152] **Mr R. Davies:** Estyn does not have the capacity to do everything. A significant element of what it does, of its database, of the judgments that it makes, is built up on the back of school inspections for which a special mechanism applies. As Keith said earlier, we are always careful to ensure that we do not inadvertently entangle Estyn in a way that prejudices its own professional independence of judgment. There could be occasions when we would need to be especially careful about that, and use a consultancy or a higher education institution to do an evaluation. I cannot say that we operate to an absolutely consistent pattern of determination on this. It is not the case that we say, 'For this category of things, we will use Estyn, and for that category of things, we will use local authorities, higher education institutions or a consultancy'. It is rather a matter of horses for courses at the moment.

[153] **Leighton Andrews:** So it is not a skills or an experience issue at Estyn—it is simply a capacity issue, is it?

[154] **Mr R. Davies:** It may on occasion be a skills issue. I cannot think of an occasion when we have asked Estyn to undertake a survey or assessment where the chief inspector has had to say, 'Well, we do not have the skills'. However, on occasion, we have undertaken evaluations with consultancies, for example, we recently did so on basic skills, outwith the chief inspector's office.

[155] **Mr K. Davies:** I can think of two evaluations, on the professional headship

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programme for Wales and the leadership programme for serving headteachers, which were conducted by external consultants, but I am afraid that I do not know why those went to consultants rather than Estyn.

[156] **Leighton Andrews:** Do you think that all of your policy leads have sufficient evaluation experience to assess how evaluation should be done?

[157] **Mr R. Davies:** No, I do not think that, and that point is very much in our minds as we work up, as we shall be, the guidance on criteria and the arrangements for sharing best practice about assessment criteria in communities of practice in the way that I described earlier.

[158] **Leighton Andrews:** How long have you felt that?

[159] **Mr R. Davies:** It is difficult to say. It crystallised in my mind in the reports of the work that Welsh Audit Office colleagues were doing in preparation for this report, so it must have been during the last six or seven months.

[160] **Leighton Andrews:** Do you feel that as a department you have enough access to evaluation expertise?

[161] **Mr R. Davies:** Yes, I do feel that.

[162] **Leighton Andrews:** From where would you draw on it, apart from Estyn?

[163] **Mr R. Davies:** There are the independent institutions, such as the National Foundation for Educational Research, and there are non-governmental bodies, which now have some considerable research capacity. There are also individuals or groups in higher education that have teams of researchers who are interested in evaluation and associated issues. It is there and emerging in Wales, and I am more confident now than I ever was that we could make good use of it.

[164] **Leighton Andrews:** Thank you.

[165] **Mark Isherwood:** I refer to paragraph 3.8, because alongside the development of guidance on evaluation, you are developing measures to move to measures of outcomes rather than inputs. What is the current position on this?

[166] **Mr R. Davies:** As I say, we are a little way down the track of having identified where we think we can make progress and where we cannot. As I said earlier, I certainly think that we can do more, and more confidently, on standards of teaching and the way in which connection can be made between financial resources deployed through the programme and outcomes in terms of teaching practice and the development, sharing and elaboration of best practice. That looks a bit more tractable than proxy measures or indicators for outcomes. Again, it is associated with the depth of questioning that you apply and the level of constructive challenge that you seek to build into the criteria to get the right sort of interrogative process that will yield something that you can use by way of outcome indication. I am afraid that this really is not at all straightforward; it is a very serious and difficult problem but we are determined to square up to it.

[167] **Mark Isherwood:** So, are you saying that you have not yet even agreed what the outcomes that you are measuring should be?

[168] **Mr R. Davies:** It is not that; it is more about how you make a connection between this quantum of money, deployed through GEST, at any given level of activity, and a learning

outcome that is either qualitatively expressed or quantitatively expressed in terms of attainment—having arrived at level 4 at the end of key stage 2, or having acquired five GCSEs with A* to G or five GCSEs with A to C, or whatever it might be. How do you make a connection between attainment and financial input at the GEST end? There is a disconnect; there is no denying it. There are many subtleties about how you track money in, and product, outcome, result. As I said earlier, if this was straightforward we would have cracked it a long time ago. The temptation is always to duck this issue, because it is so hard. The reports have stimulated us not to do that but I do not think that one should imagine that there will be an easy solution for every dimension of the better schools fund programme.

[169] **Mark Isherwood:** That is what management is about, I think. When will these developments be in place?

[170] **Mr R. Davies:** We are not going to be able to cover the whole waterfront of the better schools fund in the way that I have described, because not all of the methodological problems can be resolved quickly. I think that we will make good progress to identify deeper levels of questioning specifically in relation to standards of teaching and the sharing of best practice, and what we mean by sharing best practice. One of the illustrations in the report graphically exemplifies the kind of mode of practice that we would want to encourage, sustain and support through the better schools fund. Therefore I think that we can make some very practical progress down that route in the way that the report illustrates really quite early. I think that the tougher stuff is in relation to learning outcomes where the problems are much more profound.

[171] **Mr K. Davies:** Would it be helpful if I were to say that we will have initial discussions with local education authorities? We need to pursue this. The starting point will be the spring workshop on evaluation with local education authorities.

[172] **Mark Isherwood:** On the evaluation itself, yes, but we are talking here about what you are evaluating, alongside the evaluation itself. Would you not agree that, apart from core funding, which is about simply sustaining something as an entity, investment should be linked to target measures that are easily understood, agreed and reviewable?

[173] **Mr R. Davies:** Sometimes, I agree with that. It depends what you are talking about. I think that it can be very easy to reduce performance to money in, widgets out; and you end up measuring what is not relevant to the purpose of standards improvement that you first had in mind. For some things, a simple, straightforward commonsensical approach can be very powerful. For other things, it leads you down a blind alley.

[174] **Mark Isherwood:** What do you think would be easier to measure, and what more difficult?

3.30 p.m.

[175] **Mr R. Davies:** It is always easier to measure the numbers of episodes, for example, how many teachers have been trained on a given series of courses in relation to a given GEST or BSF activity. The ‘how many’—the head-count items and indicators—are relatively straightforward and they are captured already in the existing system. That can be interesting when you relate it to cost data as well, which again, we do. It also leads you on to questions about value for money in a different way, such as: who is purchasing what in this system? Are we approaching these indicators of achievement and performance without regard to the pattern of purchasing in the system as a whole? Is there anything that we could do to stretch the money further if the pattern of procurement was shifted somewhat? In other words, the simple head-count indicators lead you on to questions of that kind, and it is very useful that they should. What is much more difficult, as I said earlier, is the business of distilling a

connection between a given quantum of money for a given activity and a given suite of learning outcomes at the level where it most matters with the learners—the pupils.

[176] **Mark Isherwood:** You seem to be talking about cause and effect. The effects are measurable items such as pupil outcomes, however we measure those, but cause could be cultural shifts—a move from procedural measures to a continuous improvement environment and continuous professional development. To what extent do you think measures such as Investors in People as a cultural shift can contribute to this process as an output or an outcome, as well as an input?

[177] **Mr R. Davies:** Some schools have moved in that direction and the anecdotal evidence on that is always positive, and so I would always encourage school leadership teams and governing bodies to look seriously at Investors in People. Again, it depends on the setting. Although IIP, I believe, has produced a cut-down version for very small outfits, we have an awful lot of small schools in Wales and one has to make sure that where, for example, you have teaching heads with heavy teaching commitments, what you say by way of general policy in relation to IIP is measured to the settings that those headteachers have to deal with. The full apparatus of IIP may not be appropriate for every single setting, though the principles are appropriate to all.

[178] **Mark Isherwood:** From my professional background, I have found that it can apply to settings of all types. I visited a small primary school at the beginning of last week, which was receiving its IIP award. I commend to you the work that has been done in my home county, where approaching 90 per cent of all schools, of all sizes, have been accredited as part of a cultural shift and a measure that will then be systemic in the future.

[179] Moving on, paragraphs 3.12 to 3.16 refer to the variable standards of evaluation between local education authorities, and reference is made to the role that the Assembly Government could play perhaps in co-ordinating this and in providing clearer guidance on this. Acknowledging these variable standards of evaluation, has your department done enough to ensure consistency and reliability in terms of the evidence base across the whole of Wales?

[180] **Mr R. Davies:** We would like a bit of help from authorities and schools on this. I do not think that the department can do everything that is required here. I must not stray into territory that the Chair proscribed earlier, but I do feel some discomfort in thinking about this purely from the point of view of the Assembly and the Assembly Government. There are people out there in the system who have contributions to make, and who have performance gain to achieve, so I do not think that it is enough to think about it purely and simply from the departmental point of view, and I do not think that the department can achieve a completely uniform pattern across all authorities without significant commitment by authorities themselves to performance improvement in this field. So, I would like to support them in developing their strengths and I would like to see them doing more to help us to tune the system and to improve evaluation across the board. It is a two-way street.

[181] **Mark Isherwood:** It is a two-way street, but, again, whenever change is involved, the effectiveness of that change is the management of that change, and that is a shared team responsibility, between all players. How can you kick-start that change-management process, so that this is not just another tick-box operation, but a cultural shift?

[182] **Mr R. Davies:** There is a lot that we can do to galvanise interest and attention in this field; we are always going to be working this territory, but it is perfectly plain that Members wish us to have an assurance that there will be progress year on year and that it is intelligible. The framework that we have put in place—what we plan over the next few weeks and months—to liaise at the regional level and at other levels with authorities, given the attention that this report has received, is a good platform for us to use in teasing progress out of the

system and chivvying us along.

[183] **Mark Isherwood:** Would you agree that ownership is what makes it work, and perhaps in changing or in managing that change, the first goal is to ensure that people, across the board, are committed to shared goals rather than them simply receiving a directive that they may not fully understand?

[184] **Mr R. Davies:** Yes. I said earlier that one of the virtues of the scheme is that it is constructed as a partnership, it is not what might be represented as an arrogant Assembly/Assembly Government central grant scheme being driven forward regardless of local circumstances, and riding roughshod over much-cherished and real distinctions. Nor is it a straightforward shift into the revenue support grant system. Those two models are quite different: this one is a partnership, in that the local authority has put in 40 per cent of the money. It could, therefore, reasonably be supposed that it had an incentive to buy into progressive improvement. It would be pretty odd if it did not wish to do so, although, as I said, I do not think that looking at this purely from the Assembly Government or the Assembly's perspective is enough. We need to find a way of drawing attention to—this is something that, incidentally, I will be interested to talk to the auditor general about in the new role that I am about to go to—how we make this interlock to make that partnership work, and to achieve greater buy-in on the back of, in this case, the 40 per cent commitment of the local authority's own resources.

[185] **Mark Isherwood:** But you are still producing a variable outcome?

[186] **Mr R. Davies:** We are.

[187] **Mark Isherwood:** Thank you. To draw to a conclusion; given what you have said, would it perhaps make sense to make the achievement of minimum standards a condition of funding?

[188] **Mr R. Davies:** I had not thought of that. What would these minimum standards consist of? Would they be minimum standards in terms of the quality and the character of their commitment to evaluation? If, following the workshop, we are completely confident of the material and the dialogue that we have with authorities and others to prepare that pack of material—that guidance—and authorities were to fail to meet it, we could contemplate using grant conditions to incentive effect. However, we would have to be confident and market test the pack of guidance, so that we were not, in any way, acting unreasonably when it came to the hard stuff of applying a quite tight new grant condition.

[189] **Mark Isherwood:** I can see the logic in pilot testing, although, having agreed the minimum standards, perhaps a standardised approach might be beneficial. Finally, what action do you now propose to agree to set out those minimum standards?

3.40 p.m.

[190] **Mr R. Davies:** I am having some difficulty in answering that question, because I would want to be sure that the products of the dialogue, and the consultation that we are about to undertake, are capable of grounding minimum standards. If they are, then there is not a problem. If there is weakness, then I would be very cautious about switching into the application of minimum standards, with a close attachment to rigid grant conditions in very short order. We would have to be sure that the minimum standards that we were setting would be owned, understood and validated, professionally and in other ways, by authorities and schools before we would set them as a threshold point. I am not able to show you anything this afternoon. I would want to be sure that what is emerging is robust enough before committing to applying to minimum standards in connection to the grant conditions.

[191] **Mark Isherwood:** I think that that was more about how you agree those, rather than about their application.

[192] **Mr R. Davies:** I am afraid that I can think of nothing better than the usual frank and open consultative mechanisms. We would have to apply them, and especially if we were to associate minimum standards with tough incentives and grant conditions. That is all the more reason for consultation and dialogue. The downside of that is, of course, that it takes time.

[193] **Janet Davies:** To conclude, Mr Davies, you have been looking forward to actions that you are going to take. However, what do you see as the key priorities for the Government in response to this report?

[194] **Mr R. Davies:** Very briefly, Chair, and without wishing to be overly proper, the first thing is that we should take account of what the Audit Committee says in response to the Auditor General's report. However, since this was a value for money study, and since it is one in which we have worked with, and have considerable help from, the WAO itself, we regard the key recommendations in section 1 as being very welcome and worthwhile. The first one, on three-year funding, however, I would condition on the same basis as I was explaining earlier, that we must take account of the reaction to the recent consultation on three-year funding for revenue and capital for local authorities more generally. However, the priorities are rather well captured for us in the summary recommendation section.

[195] **Janet Davies:** Okay. Thank you both for your very helpful answers this afternoon. I will bring this item to an end now, but, for your information, a copy of the draft transcript will be sent to you so that you can check it for accuracy before the report is published. Thank you very much.

[196] **Mr R. Davies:** Thank you, Chair.

3.44 p.m.



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Kathryn Jenkins
Clerk to the Audit Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

10 March 2006

Jenny Kathryn,

FURTHER INFORMATION RESULTING FROM ASSEMBLY AUDIT COMMITTEE EVIDENCE SESSION, 16 February 2006 - "AGW Report on the Administration of Grants for Education Support and Training (GEST) and the Better Schools Fund"

Further to the Committee's session on 16 February 2006, I undertook to write to you with further information on the specific issue of :

whether the Welsh Assembly Government's 1998 internal audit report had addressed the issue of guidance to policy leads regarding the assessment of LEA spending plans.

The Internal Audit Report of 1998 made a number of recommendations in relation to the process of assessing LEA spending plans including advice to and discussion with policy leads. As I indicated at the Committee hearing, this related in significant part to the issue of consistency. I have attached for information a short note detailing the relevant recommendations and the action which was taken on them. The IAS recommendations in respect of the assessment of LEA spending plans did not cover the specific issues which have been highlighted in the AGW report in relation to evaluation, the analysis of management information or the treatment of Estyn assessments.

Richard Davies
Cyfarwyddwr/Director
Yr Adran Hyfforddi ac Addysg/Department for Training and Education
Parc Cathays / Cathays Park
Caerdydd / Cardiff CF10 3NQ
Ffon/Tel: 029 20825111 GTN: 12083207
Llinell Union / Direct Line: 029 20823207
Ffacs / Fax: 029 20825524
Ebost / Email: Richard.John.Davies@Wales.gsi.gov.uk



BUDDSODDWR MEWN POBL
INVESTOR IN PEOPLE

I am copying this letter to the Auditor General for Wales and the Assembly Compliance Office.

Yours sincerely,

Richard.

RICHARD J DAVIES

INEX

1998 IAS recommendation	Implementation
<p>Defining the quantity and quality of information that the WO require as a minimum to be included in the spending plan.</p>	<p>This was implemented by means of a circular prepared during 1999 which included under each Priority heading a description of the qualitative information required in spending plans as well as the relevant management information.</p>
<p>Clear methodology for the assessment of bids drawn up and issued to the assessors in sufficient detail to ensure that all salient issues will be considered and the decision process sufficiently documented to support the recommendation for approval and signed by the relevant decision maker.</p>	<p>Guidance was issued to policy leads during preparation of the circular in order to set out what the overall process would be for receiving and assessing spending plans and to invite policy leads to consider and define the information requirements which were then included in the circular for 2000-01. Further advice was issued to policy leads when the spending plans were received, highlighting how the detailed assessment criteria should be taken into account.</p>
<p>The methodology should include a requirement for the lead policy divisions to draw up specific selection criteria appropriate to their areas of responsibility which they should use when assessing the bids.</p>	<p>General assessment criteria for all Activity Areas were published in the circular together with specific assessment criteria identified for each priority area by policy leads.</p>
<p>These steps could be linked to an improved assessment form which requires each step to be considered and completed.</p>	<p>The assessment form was amended to refer policy leads to the information requirements and assessment criteria which they had previously agreed.</p>