

National Assembly for Wales
Finance Committee

Report on the Financial Implications
of the Proposed Education (Wales) Measure

January 2011



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Finance Committee

The Finance Committee's remit is to ensure that proper scrutiny is given to the budget and expenditure of the Welsh Government, the Assembly Commission, the Ombudsman, the Children's Commissioner, the Older People's Commissioner and various Welsh Government Sponsored Bodies and NHS Bodies.

The Committee has, in broad terms, three main functions:

- to consider and report on Assembly budget proposals;
- to consider and, where it sees fit, report on the financial information presented in support of Assembly Measures;
- to consider any other matter relating to, or affecting, expenditure by the Government or out of the Welsh Consolidated Fund.

Powers

The Committee was established on 26 June 2007. Its powers are set out in the National Assembly for Wales's Standing Order 14. These are available at www.assemblywales.org

Committee Membership



Angela Burns (Chair)
Carmarthen West and South
Pembrokeshire
Welsh Conservative Party



Lorraine Barrett
Cardiff and South Penarth
Labour



Peter Black
South Wales West
Welsh Liberal Democrats



Andrew Davies
Swansea West
Labour



Chris Franks
South Wales Central
Plaid Cymru



Brian Gibbons
Aberavon
Labour



Ann Jones
Vale of Clwyd
Labour



Nick Ramsay
Monmouth
Welsh Conservative
Party



Janet Ryder
North Wales
Plaid Cymru

The following Member attended meetings of the Finance Committee as a substitute during the period of this report:



Alun Davies
Mid and West Wales
Labour

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Extracts from Standing Orders:

14.2 The [Finance] Committee may also consider and, where it sees fit, report on:

- i. financial information in explanatory memoranda accompanying proposed Assembly Measures;*

.....

23.18 At the same time as [the Member in charge] introduces a proposed Measure, he or she must also lay an Explanatory Memorandum which must:

(vi) set out the best estimates of:

- (a) any administrative, compliance and other costs to which the provisions of the proposed Measure would give rise;*
- (b) the timescales over which such costs would be expected to arise; and*
- (c) where the costs would fall;*

Introduction

1. The Finance Committee considered the Proposed Education (Wales) and the accompanying Explanatory Memorandum at its meeting on 12 January 2011 and took evidence from:

- Leighton Andrews AM, Minister for Children, Education and Lifelong Learning;
- David Lloyd Thomas, Head of School Governance and Revenue Funding Branch, Welsh Assembly Government;
- Bethan Webb, Head of Funding Policy, Welsh Assembly Government.

2. The Finance Committee also considered the written evidence submitted to Legislation Committee 5 in response to their consultation exercise which had included a specific question relating to the financial considerations of the proposed Measure: *What are the financial implications of the proposed Measure for organisations, if*

any? In answering this question you may wish to consider Section 2 of the Explanatory Memorandum (the Regulatory Impact Assessment), which estimates the costs and benefits of implementation of the proposed Measure.

Background

3. The Explanatory Memorandum says (ref) that the proposed measure will put in place powers and duties to make collaboration commonplace in the education system, to improve school governance and to simplify the planning of school places in Wales.

4. This proposed Measure introduces provisions to achieve four broad aims:

- to increase collaboration amongst education bodies;
- to encourage the federation of school governing bodies;
- to address weaknesses in the current school governance system; and
- to simplify the planning of school places by prohibiting the creation of further Foundation schools.

5. In respect of **collaboration** the Proposed Measure places a duty on local authorities, and maintained schools and further education institution (FEI) governing bodies to consider how, when exercising their education functions, they might work collaboratively with each other, where that would further the objective of the effective and efficient use of public resources.

6. Regarding **federation** the Proposed Measure re-enacts existing Governing Body powers and broadens the federation concept by giving local authorities the power to provide for their schools to be federated. It gives local authorities a power to propose and secure a federation of two or more schools and provides a stream-lined procedure for the federation of small schools so that excessive bureaucracy is not a barrier to local authorities proposing federations.

7. Provisions in the proposed Measure dealing with **School Governance**:

- place a duty on a local authority to offer, to all its maintained schools, the provision of a suitably qualified and trained Clerk to the governing body;
- place a duty on local authorities to provide prescribed training to governors;
- place a duty on local authorities to offer training to clerks;
- give the Welsh Ministers the power to set out the details of the training to be offered to clerks, and the details of the training to be provided for governors.

8. With regard to **Foundation Schools** the Proposed Measure amends existing legislation so that, in Wales, there may be no proposals to establish new foundation schools, and so that there may be no new proposals for existing maintained schools to change category to become foundation schools.

Costs associated with the proposed Measure

9. The Regulatory Impact Assessment (RIA) included in the Explanatory Memorandum states that the sections in the proposed Measure in relation to school governance are expected to be the principal area which could result in additional expenditure for local authorities and schools. These costs would be expected to be met from within existing local authority and school budgets. It identifies the following potential costs:

- **Collaboration** - salary and administrative costs for local authorities to facilitate collaboration ranging from £450 to £2,000 per school per year. This is on the basis that if schools and FEIs choose to set up joint committees they will need to have a clerk and the current cost charged by local authorities for providing schools with a clerking service varies from between £450 to £2,000;
- **Federation** - there would be some salary and administrative costs to local authorities to establish federated governing bodies depending on the salary scale of the staff member and proportion of time carrying out the administrative support.

- **Clerking** – any costs to local authorities in providing governing bodies with trained clerks would be recouped from the budgets of schools taking up the offer;
- **Governor training** – no additional costs as local authorities are already supported through the revenue support grant;
- **Prevention of further foundation schools being established** – possible cost to the Welsh Government of producing guidance would be £1,000, but there would be savings in Welsh Government administration costs in determining proposals estimated to be £10,000.

Observations

10. The Committee makes the observations on the Measure below:

Collaboration by education bodies

11. The RIA states that under collaborative arrangements, schools and FEIs would be free to set up joint committees which would have to be clerked. The Minister did not have an estimate of the number of committees that may be formed as a result of the Measure as he expected this to be driven locally. He said that the costings provided in the Explanatory Memorandum had been derived from existing local authority practice and were a reasonable estimate.¹ The Minister did not believe that there would be any new burdens in relation to governance with the exception of making the training of governors mandatory. He said that the provision for governor training is currently taken into account in the Revenue Support Grant, and that local authorities would be expected to accommodate this within their planning.²

12. The Minister told the Committee that the proposed Measure would not force education bodies to collaborate but would place a duty on them to consider collaboration.³

¹ RoP p171, 12 January 2011, Finance Committee

² RoP p184, 12 January 2011, Finance Committee

³ RoP p190, 12 January 2011, Finance Committee

Federation of schools

13. The proposed Measure would give local authorities a power to propose and secure a federation of two or more schools' governing bodies. In their response to the Legislation Committee's consultation on the Measure, Wrexham County Borough Council voiced concern that should a local authority be directed to federate a number of schools in a short time then the cost of administering this would be significant.⁴ The Minister was confident that this would not be the case and pointed out that the regulation for voluntary federation had been in place for some time had not resulted in a rush for federation.⁵ The Minister also said that he hoped the evidence emerging from the pilot federation schemes already underway would be useful to local authorities for future planning.⁶

14. In relation to the savings that could be achieved through federation, the Minister said that by allowing a single governing body to cover a number of schools, there would be reduction in the cost of governor training. The Minister pointed to federation schemes in England where some had seen head teachers being responsible for more than one school, resulting in reductions in staffing costs. He also referred to savings in respect of administration staff who could support more than one institution.⁷

Training for governors

15. The proposals in this Measure would put local authorities under a duty to provide prescribed training to governors and to offer training to school governing body clerks. The Minister told the Committee that there may be some additional costs in respect of training providers, however if more governing bodies were federated, there would be fewer governors to train⁸. He also said that he would expect September 2012 to be the implementation date for the training elements of the Measure, so local authorities would have time to plan for these arrangements.⁹ The Minister was satisfied that there would be no additional costs to local authorities as they have an existing

⁴ Legislation Committee No.5, Consultation response from Wrexham County Borough Council, EM7

⁵ RoP p207, 12 January 2011, Finance Committee

⁶ RoP p214, 12 January 2011, Finance Committee

⁷ RoP p218, 12 January 2011, Finance Committee

⁸ RoP p227, 12 January 2011, Finance Committee

⁹ RoP p230, 12 January 2011, Finance Committee

obligation to provide training for governors which should be considered in current planning. He said that additional costs may have to be met should certain forms of training be made mandatory through future regulations, however these would be accompanied by further regulatory impact assessments.¹⁰

16. The Committee noted that the Explanatory Memorandum did not provide definite costs for the implementation of all aspects of the training, however members commented that this was due to it being necessary for individual business cases being developed once the proposals were up and running.¹¹

Clerking service

17. Under the proposals set out in the Measure, local authorities would be duty bound to offer to all its maintained schools the provision of a suitably qualified and trained Clerk to the governing body. The RIA states that the costs of providing a clerking service could vary from between £450 to £2,000 per school per year, but that costs would be recouped from schools who take up the service. The Committee wondered whether these costs might prove to be a disincentive to schools to use the clerking service. The Minister responded by saying that effective clerking would be required by governing bodies to undertake effective challenge as well as support to the leadership of schools, and that he would expect such provision to be built into budgets.¹² The Minister said that he would expect service level agreements to be put in place between schools and local authorities to facilitate the recouping of costs.¹³

Conclusion

18. The Committee welcomes the information provided in the Explanatory Memorandum, and by the Minister, on the financial implications of this Measure. Clearly there are uncertainties in a number of areas. Some of the provisions will require the bringing forward of regulations in the future and these will require further regulatory impact assessments to be prepared.

¹⁰ RoP p236, 12 January 2011, Finance Committee

¹¹ RoP p238, 12 January 2011, Finance Committee

¹² RoP p243, 12 January 2011, Finance Committee

¹³ RoP p245, 12 January 2011, Finance Committee

19. The Finance Committee notes in relation many of the proposals there will still be a need for an individual business case to be prepared and scope for progress to be made at a pace which can fit within authorities' available resources.

20. Overall the Finance Committee considers that the Government has undertaken a reasonable assessment of the likely costs and funding requirements associated with this proposed measure. While some uncertainties remain, the Committee considers that that these should not be of a scale to undermine the policy intention.

21. The Finance Committee draws these observations to the attention of the Assembly.

Angela Burns
Chair, Finance Committee