



***GOVERNORS WALES' EVIDENCE TO THE  
ENTERPRISE AND LEARNING COMMITTEE  
ON THE IMPLEMENTATION OF  
RECOMMENDATIONS ON SCHOOL FUNDING -  
FOLLOW UP REPORT***

**JANUARY 2008**

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**1. INTRODUCTION**

- 1.1 Governors Wales welcomes the opportunity to comment on the implementation of recommendations in the former Committee on School Funding's 'Report on School Funding Arrangements in Wales' published in June 2006.
- 1.2 Whilst Governors Wales will address the five questions that it is suggested should be considered in preparing its evidence. Governors Wales would also like to bring to the attention of the Enterprise and Learning Committee specific comments in relation to the 27 recommendations summarised in the Funding Committee's June 2006 report.

**2. QUESTION 1 - TRANSPARENCY OF THE FUNDING PROCESS AND QUESTION 2 – ACCESS TO INFORMATION INCLUDING THE PROVISION OF INFORMATION ON THE WEB.**

- 2.1 These questions are relevant to recommendations 4, 7, 8, 9,10,11,13 and 25 of the Funding Committee.
- 2.2 Anecdotal evidence from Governing Bodies and individual governors seems to suggest that many do not fully understand the processes involved in how schools are funded nor do they know how to access relevant information. This may be due to the poor dissemination of existing information rather than it not being available. The statistical report on local authority revenue budgets has been refined over time and is a reasonably readable document. Governors Wales is concerned that although it is posted on the Assembly Government's website and may be actively shared with Local Authorities and national educational organisations most school governing bodies are unaware of its existence.
- 2.3 The report and a relevant response by the local authority should be considered annually by each budget forum. A summary of the main points of the discussion should be sent to each governing body and local governors group with a strong recommendation that it be included on the agenda for discussion at a subsequent meeting. This would meet the aspirations of recommendations 7 and 8 of the Funding Committee

**'In line with the Wales Audit Office's recommendation, the Assembly Government should require all local authorities to issue concise annual summaries to schools in their area, showing the factors that have led to changes in schools budgets.'**

And

**'The Assembly Government should issue guidance to local authorities to ensure that these annual summaries are comparable across local government boundaries and that clear, consistent audit trails are set up and monitored.'**

- 2.4 Turning to the content of the Section 52 budget statements and revenue accounting return which influence the comparison of local authority budgets. Further work to improve consistency is required as envisaged by the Funding Committee in its recommendations 9 and10.

**‘The Assembly Government should issue a single set of unequivocal guidance to authorities on completion of section 52 budget statements to ensure consistency of reporting.’**

And

**‘In reviewing the RA accounting return, the Assembly Government should ensure that it becomes easier to compare across authorities the proportion of education funding spent directly on education and on central and other administration services.’**

It is noted that in its response to these recommendations the Assembly Government committed itself to setting up a working group consisting of Assembly officials and Local Authority officers. Governors Wales believes that not only would the credibility and the rigour of the working party be enhanced by the inclusion of stakeholders but the relevance of any future published guidance and reports would be improved.

- 2.5 The contribution of stakeholders representing the voice of school governors is also crucial if recommendation 11 of the Funding Committee is to be achieved i.e.

**‘Irrespective of any other changes, the Assembly Government should work closely with local government to improve schools’ understanding of the funding process and the funding streams.’**

- 2.6 It is worth restating that governing bodies are responsible for the overall management of school budgets and as such should equally be involved in the improvement referred to above.

- 2.7 The Assembly Government should consider the advantage that the Governors Wales’ website might offer in effective communication with school governors through Wales in this respect.

- 2.8 A specific example of inconsistency of reporting relates to the IBA which is an important measure by which schools can hold their LA to account for the level of funding allocated for Education. However, there does not appear to be any standardised definition so it is possible to make a significant improvement in the level of the IBA by an accountancy device. This has been achieved in an unnamed Local Authority by allocating central corporate charges already taken into account for specific legal and accountancy services to schools to the Education service budget. For the IBA to be useful, a consistent approach must be adopted by all Local Authorities.

- 2.9 Whilst on the subject of consistency, Governors Wales is aware that an Assembly Government working party was established 3 years ago to consider proposals to implement Consistent Financial Reporting in Wales. CFR would enable schools to compare their expenditure on similar items with similar schools across Wales (and England), in order to manage their resources more effectively. Governors Wales was represented on the working party, which met 4 times in 2005, but not since then. Governors Wales feels that this group should be reinstated or the remit of the working party referred to above be extended.

- 2.10 CFR would also enable more meaningful comparisons of overall spending on schools in Wales with England. Evidence has been published which states that Wales per pupil funding is 8% below England, but the figures are disputed by the Assembly Government.

Governors Wales believes that reliable figures are essential in order for Education to be allocated a higher priority.

- 2.11 Governors Wales believes that an area where transparency and consequent sharing of meaningful information could be improved is at the 'macro' level i.e. Central and National government expenditure on education in Wales. It is accepted that this is a highly contentious area but a simple and factual report tracing funding received through the Barnett formula and then from the Assembly to Local Authorities would be well-received. It may be that this could preface the comparative statistical report published each year in August.
- 2.12 It would be helpful to know what progress has been made in line with recommendation 4 of the Funding Committee

**'To improve transparency and budget scrutiny, the Assembly Government should make arrangements to permit relevant committees to scrutinise the local government finance budget as part of the annual budget setting procedure'**

And the envisaged easing of the position under The Government of Wales Act 2006.

- 2.13 In general terms Governors Wales welcomes the 'The Bramley Review' commissioned from Heriot-Watt University to look at the deprivation and sparsity factors, and their weightings, within the education element of the Standard Spending Assessment (SSA) formula and whether the formula could be more forward looking.
- 2.14 It also welcomes the commitment to three year budgeting but feels the Assembly Government should consider further establishing minimum common basic funding for school staffing, accommodation and equipment. Governors Wales believes that there should be equal opportunity of funding and consequently educational opportunity for pupils regardless of the Authority in which they are educated.
- 2.15 Governors Wales strongly believes that if this means certain Authorities require additional funding then this should be provided from 'growth' in the budget and not from the redistribution of existing resources.

### **3. QUESTION 3 – ADDITIONAL FUNDING.**

- 3.1 Governors Wales shares the concern of the former 'School Funding Committee' regarding 'additional' and often 'grant funding' reflected in recommendations 19 – 21 as follows:

**'The Assembly Government should avoid initiating unsustainable policy actions through short term specific grant programmes and should aim to provide longer term funding (in alignment with the three-year budgeting proposals) to allow better financial planning by schools.'**

And

**'The Assembly Government should ensure that the benefits of new grant schemes and streams of funding are not compromised by excessively onerous and bureaucratic bidding mechanisms.'**

And

**‘To help schools plan, when new grant schemes are implemented, that the Assembly Government prepares a report on its sustainability and on an exit strategy for each scheme as part of the guidance to authorities on the continuation of schemes.’**

Whilst it is accepted that the Assembly Government does not set out to initiate unsustainable policy actions through short-term grant funding this is sometimes the result. It is also often the effect of absorbing longer term grants into the rate support grant mechanism which by its very nature has a different allocation formula and therefore distribution mechanism e.g. early years and class size reduction funding.

- 3.2 Governors Wales is pleased to note that the Grants Protocol with the Welsh Local Government Association has been built on to ensure all hypothecated grants are aligned with objectives of three year local government settlements from 2008-09.

#### **4. QUESTION 4 – INVESTMENT IN SCHOOL BUILDINGS.**

- 4.1 The ‘Funding Committee’ made the following recommendation (26) regarding school buildings.

**‘We recommend that the Assembly Government should require that funding allocated to authorities for capital purposes is fully utilised on education capital spending and should consider making available additional resources if it remains committed to its target of making all schools fit for purpose by 2010.’**

- 4.2 At the outset it is worth noting the possible confusion that can exist when non-delegated capital expenditure is introduced into debate which is generally concerned with delegated revenue funding. It is further exacerbated by the different rules which apply to voluntary and foundation schools. The preparation of a short, simple and dare we say, national briefing paper regarding criteria and sources of funding for school building improvement is long overdue. It would also seem that the target of bringing all schools up to a satisfactory standard by 2010 is no longer attainable.
- 4.3 Governors Wales believes that every Local Authority should be obliged to have, as a matter of urgency, a comprehensive, accurate and easily comparable survey of the condition of its school building stock and consequent asset management plan.
- 4.4 With these in place the Assembly Government should then be in a position to direct, strategically, the available major capital resources at the greatest need without a bureaucratic bidding process. The current, local and piecemeal approach of local funding which means the majority of Authorities struggle to replace a primary school let alone a secondary school is unsustainable. The remaining revenue and minor capital funding, e.g. for projects below £250,000 could remain for local determination but it should be mandatory to have transparent and locally agreed, criterion-based schemes for allocation. Governors Wales believes that this a role for the Budget Forum.
- 4.5 All funding should be the subject of an annual and similar statistical report to that compiled on revenue expenditure.

#### **5. QUESTION 5 – SCHOOL BUDGET FORA**

- 5.1 When they are properly constituted and equally valued by the Local Authority and its stakeholders they can be powerful agents of change. Unfortunately this is not always the case and sometimes governors tend to be under represented. We have referred earlier

to budget fora and their consideration of revenue expenditure reports and contribution to allocation schemes for local building improvements. In relation to the 'Funding Committee' recommendation 23.

**'An evaluation of the function and responsibilities of school budget fora is undertaken by the Assembly Government with a view to improving the communication between authorities and schools.'**

- 5.2 Governors Wales is not aware if such an evaluation has taken place and urge the Assembly Government to seek, openly an external partner to undertake the review as a matter of urgency. To end on an optimistic note we have included the following anonymous view of the operation of a budget forum.

**'In Authority X, once the Forum established itself and gained a rapport with central figures in the Council, particularly the Treasurer, we began to see benefits through a shift in the Council's financial priorities. Specifically we saw growth in real terms in the allocation to Education in 2006/7, and 2007/8, and we are promised this will continue in 2008/9 despite the difficult financial settlement. I doubt whether we would have had this without the Forum.'**

## **6. GENERAL**

- 6.1 Governors Wales also wishes to bring the following unanimous resolutions passed at its Annual General Meeting in June 2007 to the attention of the Committee for information.

### **6.2 POWYS GOVERNORS CONSULTATIVE/POWYS GOVERNORS SERVICES COMMITTEE**

The Conference calls upon the Welsh Assembly Government to fully fund the Foundation Phase in accordance with the recommended staff pupil ratios and to ensure that the funding is ring-fenced.

### **6.3 NORTH WEST WALES FEDERATION**

We urge the Assembly to re-structure their management of grants and additional funding for education in order to ensure that:

- Grants to education are designed to cover a minimum period of at least three years so that schools may plan wisely and to good purpose over a meaningful period
- All additional funding is distributed to schools early in the financial year and that notice of that distribution is given in the previous financial year wherever possible.

### **6.4 NEWPORT GOVERNORS ASSOCIATION**

Newport Association view with concern the fact that money has been withdrawn from the Better Schools Fund for Governor Training at a time when more responsibilities and requirements are being placed on governors and, therefore, training is essential.

Newport Association of School Governors asks that the funding be reinstated at the earliest possible time, and not later than the financial year commencing 2008.

The Association considers that by withdrawing this funding, the Welsh Assembly Government does not value or appreciate the contribution made by the unpaid volunteers in the management of schools.

We feel this is causing further disillusionment and problems with attendance and recruitment of governors.

#### 6.5 **RESOLUTION PROPOSED BY OFFICERS**

Governors Wales urges the new Welsh Assembly Government to revisit the recommendations of the Assembly Committee on School Funding (June 2006) in order to provide a more consistent and fairer system of funding for schools throughout Wales.