

Regional Value for Money (VfM) Evaluation 2017-2018

Education Achievement Service (EAS)

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Executive Summary

Value for Money (VfM), or cost effectiveness, is a measure of how well resources are being used to achieve intended outcomes. Good value for money is the optimal use of resources to achieve intended outcomes. VfM is usually measured by considering:

- **Economy:** minimising the cost of resources used while having regard to quality (inputs) – spending less;
- **Efficiency:** the relationship between outputs and the resources used to produce them – spending well; and
- **Effectiveness:** the extent to which objectives are achieved (outcomes) – spending wisely.

While the above represent the traditional method of measuring VfM it is also possible to include two further dimensions:

- **Equity:** the extent to which services are available to and reach all people that they are intended to – spending fairly. Equity is sometimes included within considerations of effectiveness but is treated separately here to highlight its importance to the work of EAS; and
- **Sustainability:** an increasingly standard consideration within the context of the Well Being of Future Generations Act (WBFG) – spending for the long term.

Assessing the performance of EAS against the criteria outlined above the conclusion is that:

EAS is providing good value for money because overall outcomes are improving from a reduced level of spending as a result of resources being used efficiently, fairly and in a sustainable way; with consequent benefits for schools and pupils across the region.

This conclusion has been arrived at because:

- EAS is delivering its services to all schools across the region while spending less;
- improved management, reconfiguration and increased delegation are allowing EAS to maintain the quality of its support to schools across the region from a reduced resource base;
- EAS support to schools has resulted in improvement in categorisation outcomes, Estyn inspection outcomes and pupil outcomes, but with concerns regarding the pace of progress within the secondary phase remaining too slow and too variable;
- differentiated support and building strong school to school support across the region's schools is reducing inter school variability; and
- sustainability is being addressed through increased finance management capacity and an emphasis upon a cost-effective self- sustaining school to school improvement system across the region.

The evidence that underpins the above statements is set out within the main body of this report.

Recommendations

1. Develop a framework for on-going analysis of VfM throughout the year that enables EAS to form a clear judgement on whether VfM is being secured. The approach needs to be one that embeds VfM as part of an on-going process throughout the year, rather than a one-off retrospective review annually. Such an approach will require:
 - ensuring VfM is considered in the planning, implementation, monitoring and evaluation of service delivery;
 - including VfM analysis within the self-evaluation process;
 - including VfM review within a forward work programme for all governance groups;

2. Develop a robust Medium Term Financial Strategy (MTFS) that:
 - provides a clear and concise view of future sustainability and the decisions that need to be made to balance the financial implications of objectives and policies against constraints in resources; and
 - forms the pivotal link that translates the organisation's ambitions and constraints into deliverable options for the future.
3. Work with other consortia to develop a national framework for assessing VfM at a regional level to encourage the sharing of good practice and ensure consistency of approach.

Detailed Report

A. EAS is delivering its services to all schools across the region while spending less:

The amount of money available to EAS to spend on resources in 2017-18 was less than in previous years. Both core funding from the constituent local authorities based on a WG driven formula and grant funding have reduced. Income from trading services has also dramatically declined as the result of a conscious decision that charging schools for services runs counter to the philosophy of the organisation.

In relation to grant funding EAS has seen a reduction in the Education Improvement Grant¹ (EIG) of 17.6% since 2014. This alongside reductions in other grant funding streams totals £374k less in regional grant allocation for 2018-19 than 2017-18.

The extent of the reduction in core funding and grant funding is shown below. There has been an agreed 9.4% reduction in LA funding over the past 3 years along with a significant reduction in other income sources. Consequently, the total amount of resource available to spend in 2017-18 was some 7% less than in 2016-17. The anticipated sharp reduction in grant funding for 2018-19 alongside agreed reductions in local authority contributions means that the total amount of resource available to spend in 2018-19 is expected to be some 12% less than in 2016-17.

	2014-15	2015-16	2016-17	2017-18	2018-19
LA Funding	£3,603,609	£3,481,085	£3,376,653	£3,275,353	£3,209,847
Grants	£26,155,503	£52,703,146	£56,082,261	£52,033,572	£49,105,636
Total	£29,759,112	£56,184,231	£59,458,914	£55,308,925	£52,315,483
Delegation to schools	£23,989,784	£47,413,811	£50,384,126	£46,481,315	£46,032,074
% delegation of grants	92%	90%	90%	89%	94%

However, if increases in the rate of delegation to schools are taken into account then residual income spent on running the organisation, including staffing costs, has fallen by some 28% over the last three years.

Trading income derives from EAS selling their services to schools whether it be training or intensively supporting schools / departments in need of support. This source of income has been reduced by 92%, equating to £1.15m, since 2012 and the intention is to eliminate it entirely in 2018-19. EAS does not intend reverting back to being a trading organisation because it is felt that

¹ The Education Improvement Grant was established in April 2015 to provide financial assistance to schools, local authorities and regional education consortia to improve educational outcomes for all learners and reduce the impact of deprivation on learner outcomes.

this compromises their legitimacy, is not in line with the changing national agenda and is at odds with the strategic direction set by the Company Board.

The reduction in income from trading services, both in absolute terms and as a percentage of core funding, is shown below.

	2014-15	2015-16	2016-17	2017-18	2018-19
Trading Income	£1,089,664	£924,853	£601,974	£447,460	£0
% of core funding	30.2%	26.6%	17.8%	13.7%	0.0%

The evidence clearly demonstrates that EAS is spending less than in previous years and that the rate of reduction is accelerating, and it is worth noting that over the period 2015 to 2017 total pupil numbers across the region have risen from 70,277 to 71,237, a 1.4 % increase. However, spending less is not in itself proof of providing VfM. Delivering VfM also requires the reduced spending to be used efficiently to maintain the quality of service being offered to schools across the region. The next section of the report will look at the evidence around how well resources have been deployed.

B. Improved management, reconfiguration and increased delegation are allowing EAS to maintain the quality of its support to schools across the region from a reduced resource base:

Reduced spending has inevitably resulted in a considerable reduction in staffing numbers, with the number of Full Time Equivalent (FTE) staff reducing from 107 in 2015-16 to 92 in 2017-18, representing a 14% reduction. FTE numbers are expected to continue to fall in 2018-19 to 81, a further 12% reduction. Continuing to deliver the service in the same way as it had historically been delivered would have resulted in this significant reduction in staff numbers having a marked detrimental impact on service delivery.

However, the impact of this reduction in staff numbers on service quality has been mitigated by improvements to management, reconfiguring the way resources are deployed and increasing the proportion of spending that is delegated directly to schools rather than being consumed centrally. Evidence of improved management practices can be found in Estyn’s report following the monitoring visit in September 2017. This report stated that strong progress had been made in improving consistency in the quality of evaluation of school improvement activities throughout the service. In this context the report noted:

“Senior managers now evaluate the work of challenge advisers effectivelyquality assurance processes are thorough.....senior officers challenge and support advisers well to improve their work through the performance management system.....as a result local authorities and headteachers are more confident that challenge advisers provide good levels of challenge and support to their schools”

The number of centrally employed EAS challenge advisers has fallen over the last three years from 16.68 FTE to 12.60 FTE. This includes the time of all staff, including Principal Challenge Advisers dedicated to the challenge adviser role. The impact of the reduction of FTE staff over time has been offset by the quality improvements noted in Estyn’s report above and through engaging a number of current serving headteachers to undertake the role. This approach not only increases the delegation rates into schools it also provides excellent professional learning for headteachers, provides a much more responsive and flexible workforce and is consistent with a shift in emphasis towards supporting a self-improving school system, defined as one in which:

- *Resources* shift from the centre to the system, from the EAS to schools, so that schools have the time, money and people in place to support their own improvement and improvement in other schools;
- *Activities* shift from central locations to schools, so that teachers and leaders work in live educational settings where real teaching, learning and leadership are happening; and
- *Responsibilities and Accountability* shift from the centre to the place where improvement is happening, so that schools share accountability for improvement of other schools.

Clearly as resources have become more and more stretched, and curriculum demands increase, there is a need to determine which elements of the current centrally delivered support programmes should migrate into cluster-based approaches. This is an integral component of finding different, cost effective ways to deliver school improvement.

There is now a clear and coherent regional strategy in place for the self-improving system and recognition that further work is needed to embed the system and further develop the role of clusters to take collective ownership of pupil outcomes, quality of teaching and leadership and the realisation of the curriculum reform agenda.

As noted above switching from a top down centrally delivered support programme to a cluster-based approach requires switching financial resources out from the centre into schools i.e. increasing the rate of delegation. The rate of delegation in the region has risen from 89% in 2016-17 to 94% in 2018-19.

It is not just the overall rate of delegation that is important but also its distribution. EAS is committed to ensuring that the regional approach does not focus on a deficit model and that 'good' schools continue to have access to opportunities to improve and network. This has resulted in a conscious decision to invest in better performing schools, in order to develop school to school support capacity across the region and share best practice.

The evidence outlined above clearly demonstrates that reduced spending is being used efficiently to maintain the quality of service being offered to all schools across the region. Spending efficiently is a component of VfM but is not in itself proof of providing VfM. Delivering VfM also requires that efficient spending has resulted in desired outcomes being achieved. The next section of the report will look at the evidence around achievement of outcomes.

C. EAS support to schools has resulted in improvement in categorisation outcomes, Estyn inspection outcomes and pupil outcomes; but with concerns regarding the pace of progress within the secondary phase remaining too slow and too variable:

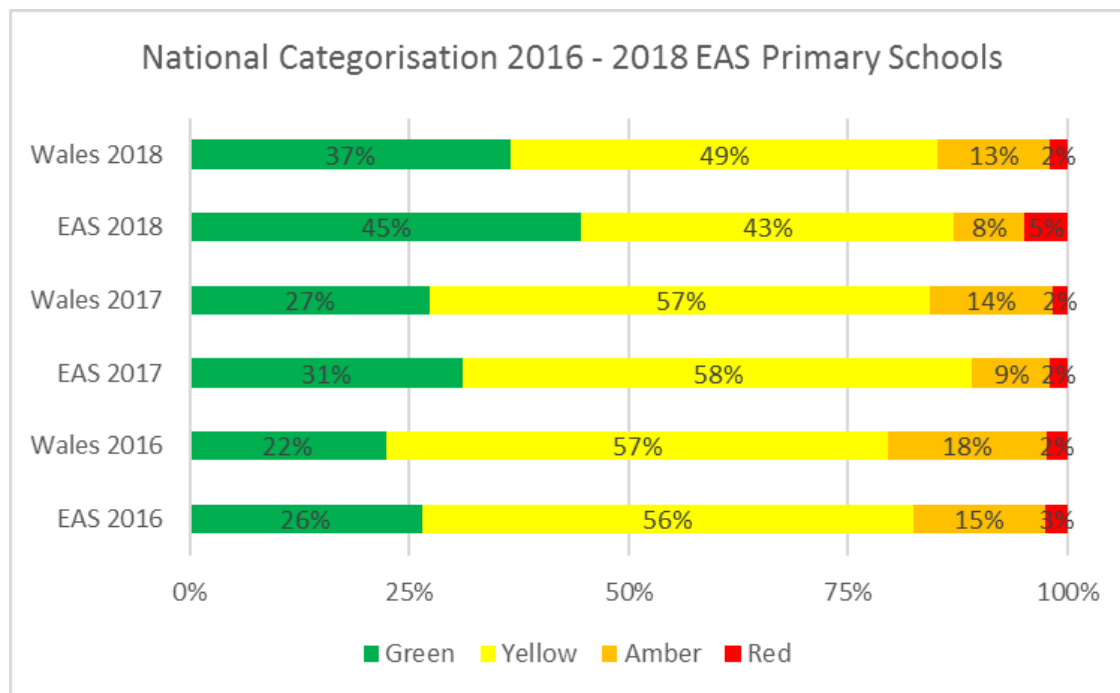
While maintaining the quality of support to schools is essential, effectiveness depends upon what outcomes this support achieves. The overriding purpose of EAS, as set out in its mission statement, is to *'transform the educational outcomes and life chances for all learners across South East Wales'*.

Consequently, any assessment of effectiveness must relate to its success in bringing about this desired improvement. Educational outcomes can be measured by improvement in categorisation outcomes, Estyn inspection outcomes and improvement in pupil outcomes.

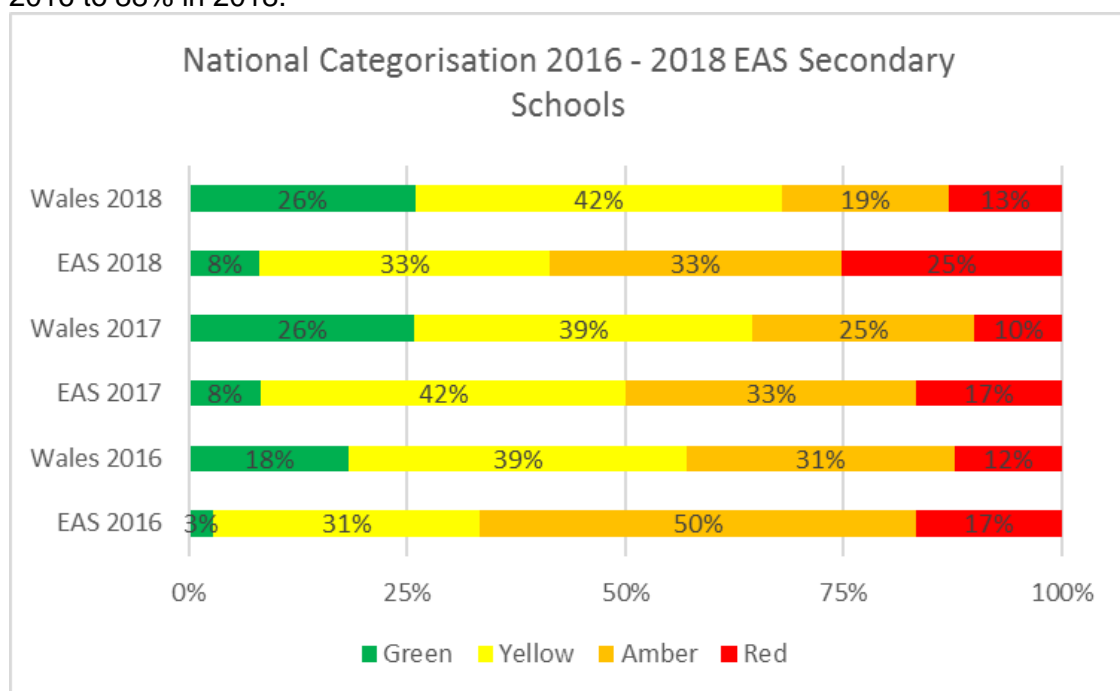
The National School Categorisation System was introduced in September 2014. The system places schools into four categories green, yellow, amber and red in descending order of the amount of support they are judged to require. Thus, green schools are judged to require the least support and red schools the most support. The system is not purely data driven, it also considers the quality of leadership and teaching and learning in schools. The model was jointly constructed between Welsh Government and the 4 regional consortia.

The national categorisation model drives the Challenge Adviser input, this service is fundamental to the success of the EAS and is the catalyst for all other services provided by the EAS.

The categorisation outcomes go through a rigorous moderation process that allows valid comparison to be made within the region over time and between regional and national outcomes. The picture for the EAS region is illustrated below:

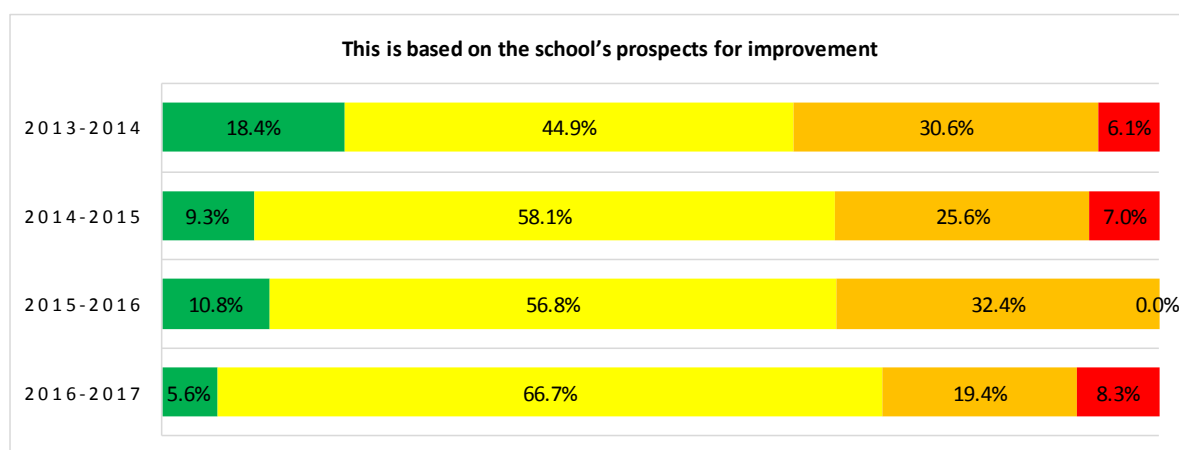
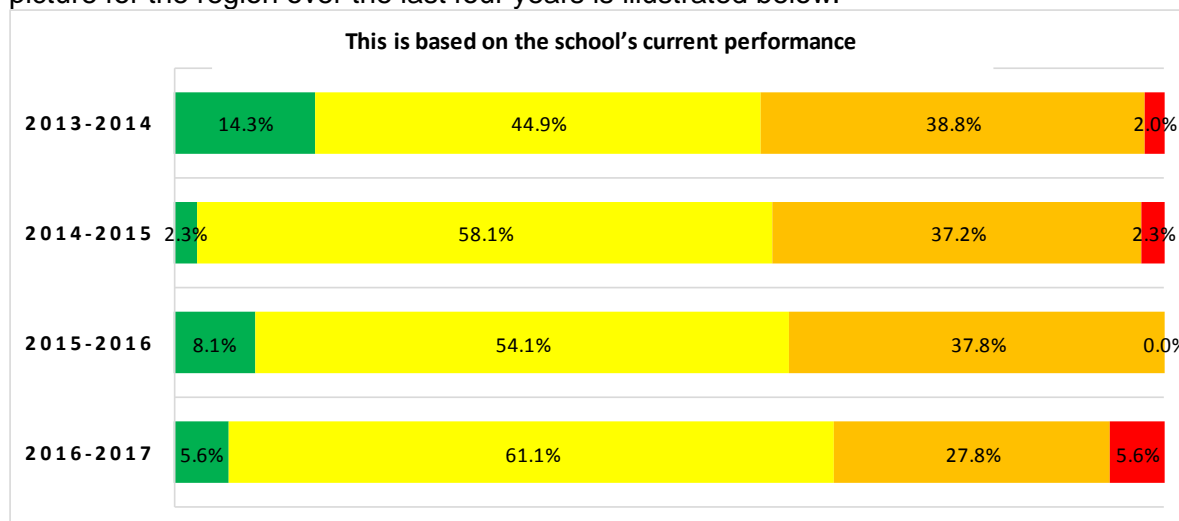


The above table illustrates quite clearly that the percentage of primary schools in the green and yellow categories has been consistently above the Wales average and has increased from 82% in 2016 to 88% in 2018.



The above table illustrates quite clearly that the percentage of secondary schools in the green and yellow categories has increased from 34% in 2016 to 41% in 2018. However, that improvement still leaves secondary schools in the region below the Wales average.

Another measure of school improvement is Estyn inspection outcomes across the region. Estyn judge schools on two dimensions – current performance and prospects for improvement. In both dimensions schools are judged to be either, excellent, good, adequate or unsatisfactory. The picture for the region over the last four years is illustrated below.



Both charts show quite clearly that, overall, there has been an increase in the percentage of schools judged to be excellent or good; both in relation to current performance (up from 59% to 67%) and prospects for improvement (up from 63% to 72%).

The charts above include all schools, as the relatively small number of secondary school inspected each year (average 6), make year to year comparison statistically unreliable. However, over the 6 years a clear difference emerges between the secondary and primary schools judged to be “Good” or better. As illustrated in the table below only 37% of the region’s secondary schools were judged to be good or better, compared with 70% of primary schools.

Overall Judgement	All Schools (Including Special)	Secondary Only	Primary Only
Excellent	7% (15)	3% (1)	7% (12)
Good	59% (130)	33% (10)	63% (115)
Adequate	33% (73)	57% (17)	30% (54)
Unsatisfactory	2% (4)	7% (2)	1% (1)

This resulted in 28 of the secondary schools inspected over this period being placed in a follow-up category. Of these 6 were placed in a follow-up category before Sept 2012. To date 18 of these

schools have been removed from a follow-up category. Of those that remain in a follow-up category, 8 are waiting to be visited / re-evaluated.

As stated earlier, in addition to looking at school based measures, one fundamental indicator of effectiveness is pupil outcomes and data relating to these outcomes is presented below.

Foundation Phase:

Regional performance in 2017 in the foundation phase indicator (FPI) has increased by 0.4pp since 2016 to 89.2%. This performance was 0.3pp below the target and is therefore in line with expectation. Overall improvement since 2014 was 1.0pp, and despite this being a slower rate of progress than that made nationally over the same time period (2.1pp), performance remains above the Wales average by 1.9pp.

The percentage of schools in 2017 placed in top 25% of similar schools (34.4%) and in the top 50% of similar schools (66.1%) for the FPI are both above expectation. The percentage of schools in the bottom 25% of schools (10.6%) is also significantly lower than expectation.

Key Stage 2:

Performance in the Core Subject Indicator (CSI) improved by 0.3pp in 2017 to 90.2%, with an overall improvement from 2014 to 2017 of 3.2pp. Whilst this progress is slightly slower than that made nationally (3.4pp), performance is 0.7pp above the national average.

The percentage of schools in 2016 placed in top 25% of similar schools (31.6%) and in the top 50% of similar schools (57.3%) for the CSI are both above expectation. The percentage of schools in the bottom 25% of schools (18.2%) is also better than expectation.

Key Stage 3:

Performance in the Core Subject Indicator (CSI) improved by 2.6pp in 2017 to 86.4%, with an overall improvement from 2014 to 2017 of 7.4pp. Despite these improvements, regional performance in the CSI remains lower than the national average, but the gap is narrowing as the result of a faster rate of improvement than that across Wales (6.3pp).. The percentage of schools in 2017 placed in top 25% of similar schools (37.1%) and in the top 50% of similar schools (57.1%) for the CSI are both above expectation. The percentage of schools in the bottom 25% of schools (14.3%), is much lower than expectation.

Key Stage 4:

For 2017 it is not possible to meaningfully compare results to previous years because of significant revisions to examinations from previous years. Final performance in the Level 2 threshold including English/Welsh and mathematics (L2 inc E/W and M) declined from 55.5% in 2016 to 52.9% in 2017 (2.6pp decline). There was a decline across Wales in this time of 5.7pp to 54.6%, and as a result, the gap between regional performance and national performance has narrowed. The percentage of schools in 2017 for the L2 inclusive threshold, placed in top 25% of similar schools (37.1%), is higher than 2016 and far higher than expectation (13 schools out of 35) The percentage of schools in the top 50% of schools is 54.3%, slightly higher than expected (19 schools), and in the bottom 25% of schools the figure of 28.6% is lower than 2016, and slightly higher than expected (10 schools).

The percentage of schools in 2017 for the Level 2 threshold (L2) placed in the top 25% of similar schools (22.9%) and in the top 50% of similar schools (54.3%) are in line with expectation. The percentage of schools in the bottom 25% of schools (28.6%) is also in line with expectation. The percentage of schools in 2017 for the Level 1 threshold (L1) placed in the top 25% of similar schools (5.7%) and the top 50% of similar schools (25.7%) are both well below expectation. There are still too many schools in the bottom 25% of schools (42.9%).

In summary, and as illustrated in the table below, attainment at Foundation Phase and Key Stage 2 has been above the Wales average since 2013. Attainment at Key Stages 3 and 4 is still below the Wales average, but the rate of improvement is above the rate for Wales, so the gap is narrowing.

Trend		2014	2015	2016	2017	1 Year Improvement	4 Year Improvement
Foundation Phase FPI	EAS	88.2	88.0	88.8	89.2	0.4	1.0
	Wales	85.2	86.8	87.0	87.3	0.3	2.1
KS 2 CSI	EAS	87.0	88.1	89.9	90.2	0.3	3.2
	Wales	86.1	87.7	88.6	89.5	0.9	3.4
KS3 CSI	EAS	79.0	82.2	83.8	86.4	2.6	7.4
	Wales	81.0	83.9	85.9	87.4	1.5	6.4
KS 4 L2 Threshold E/W & M	EAS	52.2	55.1	55.5	52.9	-2.6	0.7
	Wales	55.4	57.9	60.3	54.6	-5.7	-0.8
KS 5 L3 Threshold	EAS	96.1	95.6	97.9	96.4	-1.5	0.3
	Wales	97.1	97.0	98.0	97.1	-0.9	0.0

It is important to recognise that while outcomes are a valid measure of effectiveness in assessing the VFM provided by EAS it is also important to note that outcomes cannot be attributed solely to the work of the regional consortium, as other partners in the system also play an important role. The role of school leaders and governing bodies in holding these leaders to account are a key factor in securing school improvement.

The improvements that are required at regional and LA level will continue to require a strong commitment to partnership working to be successful; with each LA making full use of their statutory powers, as appropriate, and wider support services such as HR to ensure that all schools make improvements at the required pace.

School leaders in schools across the region requiring the most improvement will need to fully engage with the improvements that need to be made and, alongside governing bodies, will need to drive forward this change at pace. The EAS will offer support and challenge through this process but will not be able to effect change on a whole level without the commitment from each tier within the system.

D. Differentiated support and building strong school to school support across the region's schools is reducing inter school variability:

While positive overall progress in school categorisation and pupil outcomes is to be welcomed, equity demands that all pupils are able to achieve their potential irrespective of their background, personal circumstances or the school they attend. This entitlement is enshrined in the Well Being of Future Generations Act which aims for '*A more equal Wales*' exemplified by a society that enables people to fulfil their potential no matter what their background or circumstances (including their social economic background and circumstances).

In VfM terms if the most disadvantaged pupils with the greatest learning needs, improve more from their lower base than their peers, then provision has been equitable.

One of the biggest barriers to equity is variability in school performance and the aim has to be that all pupils attend a good school. Progress is being made towards this through the differentiated support offered to schools according to need as determined by categorisation - and investment in better performing schools to ensure the continued development of good practice and a supply of expertise for sharing with less well performing schools.

The importance attached to equity is reflected in the following objectives and underpinning actions as set out in the Business Plan for 2017-2020:

“To raise aspiration, to improve pupil outcomes and reduce variance across schools, to improve the quality of teaching and leadership and accelerate the progress of those schools in amber and red support categories by”:

- ensuring that all schools and settings receive high quality, bespoke support in line with their needs to accelerate progress and improve outcomes;
- working with LAs to develop a more consistent approach with schools causing concern and with the use of statutory powers to accelerate progress;
- supporting clusters of schools to build capacity, take collective ownership of outcomes and to improve the quality of teaching and learning, particularly between KS2 and KS3;
- reviewing the quality of provision at KS3 across the region and providing support to accelerate improvement as appropriate;
- implementing earlier target setting process at KS4;
- supporting and challenging school level planning documents, including grant spending plans, to ensure that maximum progress is made by all vulnerable groups of learners at all key stages;
- supporting school leaders to deal effectively with underperformance of staff; and
- providing a regional strategy for the delivery of the Foundation Phase and continuing to support and challenge non-maintained settings effectively to improve outcomes

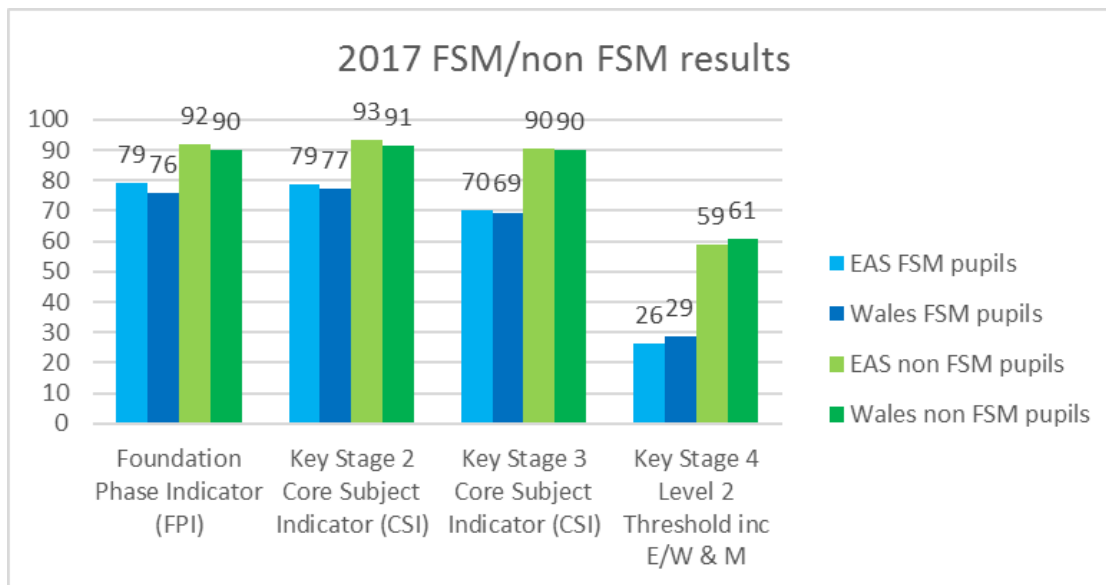
“To implement a regional strategy and Professional Learning Offer that is focused on improving the well-being and accelerating outcomes for learners, particularly those facing the challenges of poverty by”:

- supporting and challenging the use of evidence-based approaches to teaching to improve the allocation and impact of the PDG to accelerate outcomes of vulnerable learners;
- working with key partners to identify the most effective means of measuring well-being to accelerate the performance of all vulnerable learners; refining the support mechanisms to support Looked After Children (LAC) to a cluster-based model;
- supporting LAs in accelerating attendance and reducing exclusions across all schools by providing support to middle leaders in school who have this responsibility;
- ensuring that all schools and settings receive high quality, bespoke support in line with their needs to accelerate progress and improve outcomes;
- working with LAs to develop a more consistent approach with schools causing concern and with the use of statutory powers to accelerate progress;
- supporting clusters of schools to build capacity, take collective ownership of outcomes and to improve the quality of teaching and learning, particularly between KS2 and KS3;
- reviewing the quality of provision at KS3 across the region and providing support to accelerate improvement as appropriate; and
- implementing earlier target setting process at KS4.

The most commonly used method for measuring the impact of poverty on attainment is the performance of pupils in receipt of Free School Meals (FSM). The percentage of pupils aged 5-15 eligible for FSM (PLASC 2017) in the region was 18.5%, which is above the Welsh average of 17.8%, and the second highest of the regional consortia, second to Central South Consortia (CSC).

The performance of FSM pupils across the region can be measured by comparing their outcomes against those of non-FSM pupils, comparing them against FSM outcomes nationally or comparing their outcomes against WG modelled expectations.

In terms of comparison with non-FSM pupils the gap has narrowed at all levels, between 2014 and 2017 as a result of FSM pupils' performance increasing faster than that of non-FSM pupils', although at KS4 it has remained fairly static. While the overall narrowing of the gap is to be welcomed it is still a concern that the gap in attainment widens as pupils progress through each phase as illustrated in the graph below:



The graph also illustrates that outcomes for FSM pupils in the region are better than those nationally except at Key Stage 4 although even here the gap between FSM performance across the region and that across Wales narrowed between 2016 and 2017.

Each year the WG publishes modelled estimates of performance for key stage 3 and key stage 4 based on statistical models that highlight the relationship between free school meal entitlement and overall performance. At the end of key stage 3 the modelled estimate is provided for performance in the CSI. In 2015 regional performance was -0.6 below expectation. In 2017, whilst this remains below expectation, the gap has closed to -0.4.

At the end of key stage 4 the modelled expectation is provided for the Level 2 threshold including English/Welsh and mathematics, where in 2015 the gap was -0.3. This has closed to -0.2 in 2017, but these estimates were based on the old examination specifications, so do not account for the fall in performance nationally.

Another commonly used indicator for assessing outcomes for vulnerable pupils is that of outcomes for Looked After Children (LAC). The performance of LAC learners has improved in primary schools, but remains below all pupils' performance, although the gap is narrowing at key stage 2. At key stage 3 performance of LAC learners has improved considerably since 2014 and the gap between these pupils and all pupils is narrowing. Performance of LAC learners at key stage 4 was fairly static between 2013 and 2016 for most measures. There was a decline in LAC performance for most measures in 2017, which was mirrored across non LAC pupils and all pupils. The exception to this was A*-C English, in which LAC performance improved from 2016, despite non LAC performance declining. Numbers are very low across the region (between 40 and 80 pupils at each Key stage per year), so results can be volatile.

E. Sustainability is being addressed through increased finance management capacity and an emphasis upon a cost-effective self-sustaining school to school improvement system across the region.

Sustainability can be defined as balancing short term needs with the need to safeguard the ability to meet long term needs, especially where things done to meet short term needs may have detrimental long term effects.

The long-term aim should be for EAS to improve their outcomes through improved VfM planning and management and to be continually challenging the cost base, monitoring the relationship of costs incurred to outcomes achieved, and aspiring to create an environment for continuous improvement.

Achieving financial sustainability through the delivery of VfM to stakeholders is central to ensuring that EAS achieves its mission and strategic objectives. Financial sustainability depends upon balancing income and expenditure over forthcoming years and as such requires a robust medium term financial strategy (MTFS). Developing a robust MTFS has been hindered by uncertainty over grant funding and a lack of financial management capacity. Capacity has been strengthened through the recruitment of an experienced Finance Manager to support the Company Secretary and this will enable greater concentration on medium term planning.

While financial sustainability is necessary for the continued provision of services it is not sufficient to deliver sustainable school improvement. Sustainable school improvement depends upon the successful implementation of an effective and affordable approach to school improvement across the region. Continued austerity provides a compelling argument that to be sustainable the approach needs to be based upon developing capacity within a self-improving school to school system.

Higher delegation rates to schools for grant funded national priorities support this strengthening of capacity, while resources retained centrally are being used more efficiently and targeted at identified need.

Pen portrait – Rod Alcott

Rod is a former senior manager with the Wales Audit Office who has become a self-employed education and local government consultant. Between 2014 and 2016 he was appointed to two Ministerial Education Recovery Boards (Blaenau Gwent and Monmouthshire) and was Chair of the independently established Powys Education Recovery Board. In 2016 he was appointed to succeed Robert Hill as Chair of the Education Development Board for Cardiff. Between 2016 and 2017 he carried out two National Studies for the Welsh Government under contract to the Welsh Local Government Association. The first of these was a study into the role of School Business Managers in school improvement across Wales and the second was a study into the role of Pupil Referral Unit Management Committees across Wales.