

September 2016

Value for Money in ERW - update paper for Joint Committee

Introduction

Following establishing a draft framework against which to measure value for money during 2014-15, ERW has reviewed working arrangements and sought to value the efficiencies made as well as judge the impact on outcomes over all. The framework has been enhanced, with additional fields and further information. The initial paper was presented to Directors in June 2015.

The aim of this paper is to evaluate range of information and evidence the region has to come to a judgement on the effectiveness and value for money provided by ERW. This means that we need to assess whether or not we have obtained maximum benefit from the goods and services both acquired and provided within the resources available. In addition, we need to judge whether strategies and interventions have been more successful than if implemented differently.

There are a range of aspects contributing to the judgement. The framework has seven aspects contributing to the judgement. Economy, efficiency, added value, collaborative advantage, effectiveness, sustainability and quality.¹

This is the second stage of a process contributing to the annual self-evaluation cycle. (see below for recommendations)

Economy – minimising the resources used

- The most significant saving is at hub level, where the local authorities combine resources to employ one Head of Hub to lead school improvement across two LAs. However, if a Local authority was to appoint senior staff to duplicate fully or in part the role of the Head of Hub, then the real economy is lost.
- Using current resources to deliver additionality to ERW from the 6 local authorities corporate services enables ERW to have a service which is useful and cost effective. Most are in-built to the legal agreement (eg legal, HR, committee services) between the authorities or are part of an SLA between ERW and a single local authority (eg communications, IT).

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This framework has been designed, building on the work of the NAO.
http://www.bond.org.uk/data/files/National_Audit_Office_Analytical_framework_for_assessing_Value_for_Money.pdf

- Maintaining a small central team, facilitating improvement and change in a sustainable way allows ERW to deliver local services under a regional strategy. This allows for differentiated support according to need and reduces travel and logistical costs. The central team facilitates the allocation of resources to LAs and schools effectively whilst using only 2% of grants to undertake the central enabling role.
- ERW's geography covers a third of Wales and covers a city region, valleys communities as well as rural areas.
- Academic research from best practice in large collaborative structures or networks similar to ERW consistently report that a central resource to shape and guide cooperation is key. Its success however is dependent on being able to access, be delegated or wield influence and make decisions. The ERW governance structure allows the central team to gain buy – in and ownership of decisions by all directors prior to action. This allows 'delegated' or 'borrowed' influence to action change or improvement. On occasion, this process, if hindered, can affect the region's pace and risks holding back key stakeholders or infrastructure. This could counter some efficiencies. Any such examples, if any arose would need to be escalated and discussed by the Executive Board and Joint Committee.
- Effective tender arrangements are in place. This means that on the small number of occasions when we need to go outside the LAs to get services, that we get the best cost effective and quality service we require.
- Each aspect of ERW's work has been reviewed in light of this framework and the system has allowed the MD and others within the governance structure to consider the implication of each decision. For example; translation; office space; intelligence management; reorganisation; school interventions.

Efficiency – relationship between output from services and the resources used to produce them

- ERW has confidence to change the way of working in order to maximise the impact of resources. For example, when directors made decisions about the use of the LAC PDG grant. Our work plans to build in school capacity to respond to pupil needs. This capacity building principle is sustainable and efficient.
- Similarly, supporting online access to information resources and training to governors in one place will improve the access to information. It will reduce the need to undertake tasks six times in each LA and add quality to the resources used.
- Moving to a self-improving system. Monitoring the impact of Deialog and its usage over time will be important to review the impact of schools brokering own support.
- More recently key infrastructure developments linked to digital learning have led to significant efficiencies. A cloud based intra net across the region and its constituent LAs allows staff to work remotely, without the burden of unnecessary travel. ERW is still working on improving the way we work using technology. Despite making improvements, it is recognised that further work is required.
- Collaborative working areas are in place for all working groups. This will reduce email traffic, enable co construction on joint work. Each transaction or process has been evaluated and the team's arrangements have been transformed over 18 months. Eg groups, data storage, intelligence management and infrastructure.

- Evaluations of ongoing work are reported to key groups within the governance structure. This means that we are able to respond quickly and regularly to identified quality issues within the organisation's work. In- year refinements are made wherever possible to accelerate the pace of improvement. Significant refinements affecting external stakeholders can then be planned to fit with the Business and Financial Planning year.

Effectiveness – relationship between outcomes and impact

- ERW is data rich, and we make every use of available performance data to make sure that the impact on outcomes is as high as possible. As a consequence, directing resources to schools has been a priority for ERW whilst minimising the resources required centrally. In 2014-15 the delegation rate to schools on regional grants was 98%. The impact on these schools can now be tracked. These will be noted in the Impact Report 2014-15.
- Overall performance is good because:
 - ❖ school level performance overall has improved and we have regained the highest performing regional position for the Level 2 + at 60.2%; (this has been maintained in 2016)
 - ❖ attendance continues to improve, with 1.2pp increase last year in the secondary sector to 93.7% in 2013/14; the primary sector increased by 1.5pp to 94.9%.

	<i>*2016</i>	<i>2015</i>	2014	2013	2012
ERW	<i>64.1</i>	<i>61</i>	58.0	55.6	54.8

- E-fsm learners are more likely to perform well in ERW than in other regions, but we recognise that we must significantly further reduce the impact of poverty on attainment. The pace of improvement for these learners this year has accelerated to 4 pp.
- School secondments developing the principle of temporary pump priming roles to facilitate capacity and change in the system has and continues to work well for ERW. These are providing support to more schools and pupils whilst also supporting the capacity building of schools across the region.
- We are careful about reducing the use of and deployment of ad hoc projects and strategically managing arrangements for improvement through the regional strategy. Local differentiated support and advice is happening, and is well received as a bespoke targeted service is more fit for purpose.
- We have identified the schools posing greatest risk and highest potential. These have been targeted as have their allies or clusters.
- Nearly all business transactions have been reviewed with digital solutions to schedule work, collate responses, share data and keep it up to date. Working arrangements make increasing use of technology to improve scheduling and time management.

Sustainability – including succession planning and professional development and capacity building

- The development and strengthening of school capacity within a self-improving system.
- Higher delegation rates to schools, allow the resources to be targeted efficiently.
- The regional focus on teaching and the use of the Lesson Learning Tool to build improvements at school and classroom level.
- The effective use of secondments to allow the central team to pump prime system. This has allowed the MD to redefine the necessary central roles within the current business need and requirements.
- Pump priming system change requires different and differentiated solutions. ERW's non-hierarchical business model is flexible and has been able to respond to needs and change well.

Collaborative advantage – making the most effective use of each other's combined capacity

- The aspects of the national model within scope for ERW and its constituent local authorities provide the framework for further joint working. Nevertheless, we are not constrained by the model, and where ERW's governance arrangements allow us to go beyond. On occasion, and when there is effective business sense to collaborate, Directors shape a specific mandate. Examples include attendance strategies and sharing effective practice in issuing statutory notices and school reorganisation. More recently joint work on SEN and LAC PDG has enabled us to build on the best practice and make progress as a region.
- The region adds value to the resources that LAs would have received previously by enabling a single action or product to be used across six LAs. This releases time to prioritise of support to schools. Maintaining this balance and being careful not to reduce the local capacity due to collaboration is monitored.
- Comparing with other local regional partnerships such as RLP or Swansea Bay City Region is relevant. Current indicators are that funding and infrastructure costs are more efficient in ERW. Further work is required on this aspect with greater information. Sustainable and transparent capacity for the facilitating role can be over centralised with limited accountability of cost and impact to local democratic systems.
- Whilst recognising that comparison is difficult, we are able to make some evaluation. When comparing with other education consortia, ERW's outcomes against central costs suggests very good value for money. However, the information is only available in the public domain for GwE and Central South Consortium. The governance and operational arrangements are very different in all regions with ERW being the only region not employing or housing Challenge Advisers centrally. Nevertheless, redundancy and TUPE costs are significant in one consortium over £1.5 million. ERW's governance arrangements have avoided unnecessary cost associated with poor performance management and change management. This is largely due to effective change and system management across the six LAs and effective performance management.
- Working outside the National model as noted above where necessary and maintaining local employments and effective performance management will support sustainability and reduce the risks posed by local government reorganisation.

Added value - Gaining more than the optimum expectation.

- The work we undertake has additional significant value to add to the improvement process of individual authorities. Being able to align resources to meet specific needs have worked well.
- One of the examples we are identifying as useful is that working regionally can accelerate the career development of middle and senior leaders. This can keep staff working locally, enhance the opportunities within the system and build our own leaders within the region.
- As a region, we take collective responsibility for risks and challenges beyond the individual LAs boundary. Both Powys and Carmarthenshire have benefitted in recent year of focused and targeted support from within the regional family network. This year, support for Pembrokeshire is advanced with a joint plan in place. Effective, collaboration to support single LAs in need of additional resilience or capacity has successfully impacted on outcomes.

Quality – Securing better quality and a focus on improvement

- Securing better quality work from staff has contributed to the efficiencies made. Increasingly, the reputational advantage to ERW of this improvement reduces the risk of complaints, negative perceptions of ERW by school leaders and a focus on improvement.
- The contribution of and new eagerness of schools to engage with ERW in a self-improving system is significant. Quality services are key to this. Avoiding duplication of effort in LAs and streamlining our work in line with the ERW Business Plan workstreams is essential in order to focus on quality.
- The new role of Quality and Standards Manager and the new online systems allow us to capture and provide real time feedback on Challenge Advisers work. This is far more effective and gains greater impact than feedback after publication or where a judgement does not match the evidence.
- When providing bilingual services, the quality of our work in both languages must be high. Effective training for advisers in both languages used for report writing is necessary. Similarly, the quality of translation services must be assured. The third and current provider has been found to be appropriate for ERW's high expectations. Pace of turnaround and cost is a challenge currently under review.

Hurdles to providing better value for money

- The national funding arrangements for schools with high levels of poverty and deprivation is undermining ERW's ability to build additional capacity and further support for schools. Schools in parts of the region perform well in context and in areas of high deprivation and are therefore penalised by limited funding. In comparison other regions where performance is poor receive significant resources eg £20 million SCC only £2.5 million to ERW even when there are higher proportions of schools and pupils.
- WG grant funds aspects of school improvement by dividing resource by 25%. Again this means that the region is underfunded as compared with other regions with fewer schools to support and challenge.

- Current financial pressures on Local Authorities are significant and may adversely impact on school improvement as wider or support services are reduced or disappear.

Recommendations

1. All decisions and business cases make explicit reference to the vfm aspects of the decision, what the benefits of change and added value or improvement may be. This will allow us to track interventions against these 7 criteria on an annual basis.
2. Core support for school effectiveness and improvement work is monitored closely with impact on ERW school outcomes. The new repository of all information will allow us to track the support given to schools and its impact. The Rhwyd system allows us to monitor and respond to the right things.
3. Gaining assurance/ Clarifying with each LA that any risks noted and aligned to authorities are known and mitigated. For example, highlighting where duplication or risks of duplicating work are identified through Hub QA.
4. Undertake an annual Impact Review of ERW's work for the academic year.
5. As part of the annual refresh of Challenge Adviser Handbook, revise guidance (for schools and Advisers) on value for money in SDPs (focus for 2014-15; 2015-16 specific focus on the use of PDG).
6. Include a yearly review of value for money in the Annual Quality Calendar after the presentation of the AGS and financial statements.