

Securing our future: using our resources well

A discussion paper on the
better use of resources in schools





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Introduction by the Secretary of State – the Rt Hon Ed Balls MP



The last twelve years have seen sustained increases in spending on education and as a result school funding is at its highest ever level. Investment in the school workforce, school buildings, one to one tuition, CPD and many other areas has transformed standards and this summer we saw the best ever examination results. Together we have opened up opportunities for thousands more children and young people. I am committed to ensuring that this progress continues and that despite tougher times vital frontline services are maintained.

Now more than ever we need to ensure we are getting real value for money from our investment. We will only achieve efficiency savings while at the same time continuing to improve school standards and raising levels of achievement by working together.

I am clear that outcomes for children and the ambitions set out in the Children's Plan are of paramount importance and to that end my priority is protecting the front line: the purpose of identifying efficiencies is to release resources to support those services. If we prepare now we can protect our frontline priorities such as the additional 41,000 teachers and 120,000 teaching assistants who are working in schools and our one-to-one tuition and school-building programme. The National Agreement and

re-modelling have led to a transformation in the schools workforce. I am committed to the independent pay review process, but we will have to ensure that pay is affordable.

I am also clear we must support heads and school leaders: they are best placed to decide how to deploy their resources to ensure the best outcomes for children. In issuing this paper I want to facilitate a continuing discussion about how, together, we can secure greater value for money because it is an essential part of the job for all of us who are charged with spending public money, and it is the key to helping even more children live better lives.

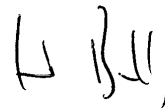
This paper sets out a number of broad areas we feel offer the greatest scope for savings that we would like to see discussed further and where schools can learn from the experiences of other schools and share best practice. These areas include the opportunities for schools to work in federation; to use their collective buying power to get better procurement deals; to make the best use of money currently held in school balances and to spread best practice in the use of resources. I believe that in these areas, working together, we can ensure that we are making the best use of the resources we have, but there may be other areas

that schools feel are important and I would welcome further suggestions and proposals.

It is in order to get the maximum value from every pound we spend on the school system that I am taking the unprecedented step of promoting a discussion between schools, school leaders and their colleagues about what steps we can all take to ensure the best use of our school resources in the coming years. I see this as a way of improving the tools schools have available to them for securing greater efficiency, to help and support, not to direct.

The Schools White Paper emphasised the importance of schools working together in order to achieve more for children, because no school can meet the needs of all its pupils alone. Working together schools can deliver improvements in the curriculum, in behaviour and discipline and they can support each other to raise standards, sharing the best teachers and school leaders in order to

extend their influence and expertise across the system. I want to see all schools embrace partnership working to raise standards, deliver excellent teaching and learning and enhance the well-being of pupils. At the same time the experience of many schools shows that collaboration can release resources to reinvest and support frontline services. So I want to support schools to work together and to secure efficiencies, so that we can continue to invest in better outcomes for children: it is what children and young people deserve. Schools are at the heart of our vision and my job is to give you the support you need, so we need to work together to take our schools system into the 21st century.



Ed Balls

Consistent investment in schools

We have committed a record level of public investment to our schools. Both revenue and capital funding have increased hugely since 1997:

- revenue funding per pupil between 1997-98 and 2008-09 rose by £2,160 per pupil (76 per cent) in real terms;
- total funding (revenue and capital funding) per pupil between 1997-98 and 2008-09 has increased by £2,880 per pupil (97 per cent) in real terms;
- overall school revenue funding will increase from £ 36.2 billion in 2007-08 to £ 42.1 billion in 2010-11. The rate of growth has been more modest in recent years, but the year on year increases average just over 2 per cent in real terms across the period;
- taken with the capital settlement, funding for school running costs and buildings will rise to £6,060 per pupil in real terms in 2010-11, more than double since 1997-98.

This has enabled schools to increase their resources, and in particular their staffing, to meet the challenges of standards and wellbeing. Since the 1998 Teachers Green Paper we have made great strides in driving up the status, reputation and quality of the teaching profession in England. The supply and calibre of trainees has improved and 41,000 additional teachers have been

recruited since 1997. We have always known that ‘the quality of the system cannot exceed the quality of its teachers’ and so we are determined to continue to improve the quality and consistency of classroom practice.

The wider school workforce has also expanded significantly in the last ten years, and the improvements to children’s lives over this period could not have been achieved without them. Over a million people work in schools or other educational settings, of whom 441,000 (FTE) are teachers and 338,000 (FTE) are support staff, with the wider children and young people’s workforce totalling around 2.7 million.

In parallel with the increase in investment we have strongly encouraged schools to review their use of resource to improve outcomes for pupils. The remodelling programme initiated as part of the 2003 Workforce Agreement helped schools to use their staffing more efficiently. The National Agreement introduced new roles and has improved teachers’ morale and job satisfaction by freeing their time up to focus on what they do best – teaching and learning. Support staff have played an important role in building links with parents and the wider community, and schools recognise the contribution that a broader mix of staff can make to meeting the five Every Child Matters outcomes to support learning.

Achievement from investment

The White Paper 'Your child, your schools, our future – building a 21st century school system', published in June, summarised the substantial achievements of schools in the last 12 years and the investment to make this possible.

Over the last 12 years, we have made great progress on standards, engagement and wider wellbeing:

- the number of five year-olds achieving a good level of development as measured by the Foundation Stage Profile increased by four percentage points from 45 per cent in 2007 to 49 per cent in 2008. This represents around 21,000 more children reaching a good level of development;
- since 1997, school standards, measured by the average attainment of the pupil cohort, have risen steeply, with strong improvement in national tests and examinations. In primary schools the rise has been sustained and consistent. In 2008, 81 per cent of pupils achieved at least Level 4 (national expectations) in Key Stage 2 English, and 79 per cent in mathematics, whereas in 1997 these figures were 63 per cent and 62 per cent respectively;

- there is a similar picture for secondary schools. In 1997, 45 per cent of 15 year olds achieved five A* to C grades at GCSE or equivalent, and an estimated 36 per cent achieved the tougher measure of five A*-C grades including both English and mathematics. By 2008, these figures had risen to 64 per cent and 48 per cent respectively;
- post-16 participation is at the highest level ever. The 14-19 Implementation Plan sets the long-term ambition to transform participation, so that by 2015 90 per cent of 17 year olds are participating in education and work based learning. 14-19 partnerships exist in each local authority area comprising schools, colleges, training providers, work-based learning providers and employers.

This national progress is strongly endorsed by independent international evidence, such as the recent 2007 *Trends in International Mathematics and Science Study* (TIMSS) of attainment at ages ten and 14. This study reported that children in England have made significant gains in mathematics since 2003/4 and are continuing to achieve excellent results in science. In both subjects, and at both ages, children in England perform in the top ten of the 59 countries studied. England is the most consistently high-performing

England's rankings: Trends in International Mathematics and Science Study (TIMSS)

| | TIMSS 1995 | TIMSS 1999 | TIMSS 2003 | TIMSS 2007 |
|------------------------------|------------|------------|------------|------------|
| Mathematics at age 10 | 17th/26 | Not tested | 10th/25 | 7th/36 |
| Science at age 10 | 8th/26 | Not tested | 5th/25 | 7th/36 |
| Mathematics at age 14 | 25th/41 | 20th/38 | 18th/46 | 7th/49 |
| Science at age 14 | 10th/41 | 9th/38 | 7th/46 | 5th/49 |

Source: TIMSS 2007 International Mathematics Report <http://timss.bc.edu/TIMSS2007/mathreport.html> and TIMSS 2007 International Science Report <http://timss.bc.edu/TIMSS2007/sciencereport.html>

European country in the 2007 study, at both ages and for both subjects. England's ranking has either risen consistently, or has been maintained (in the case of science at age ten), since 1995.

We have, in parallel to progress on standards, increasingly focused schools on a broader set of outcomes. Schools have always taken seriously their wider role in supporting children's wellbeing through their pastoral care, ethos, curriculum and activities beyond the school day. In September 2007, this role was formalised in a new duty to promote the wellbeing of pupils.

The extended schools and National Healthy Schools programmes have supported schools in promoting wellbeing. Some 17,000 schools are now offering access to the full core offer of extended services for children, young people and families. 75 per cent of schools are accredited Healthy Schools – committed to improving the quality of their Personal, Social, Health and Economic (PSHE) education; their support for pupils' emotional development; promoting healthy eating and physical activity; and providing swift and easy access for children with additional

health needs. By so doing they are supporting children's learning as well as helping them in other ways.

In the past two years, we have increased our focus on children with special educational needs and disabilities (SEND). The £430 million Aiming High for Disabled Children programme is transforming services; we are implementing the recommendations of the independent reviews by John Bercow and Sir Jim Rose for children with speech, language and communication needs and dyslexia; and investing £31 million in Achievement for All pilots to show how schools can improve the attainment of children with SEND and engage their parents effectively.

The challenge ahead – maintaining progress

We have made very significant progress in improving the life chances of children and young people over the last twelve years through our joint endeavours to raise standards, develop and re-model the workforce and transform school buildings: we are committed to maintaining that progress and securing the resources to support head teachers and their teams in the work they do.

It is school leaders who, rightly, make decisions about priorities and how best to deploy the resources available to them taking into account their schools' circumstances and their local context. But all schools need support and all can benefit from the knowledge, experience and skills of others. We said in the Schools White Paper that we want to encourage schools to work with and support each other. That is why in this paper we have set out a range of case studies drawn from schools and local authorities and why we are encouraging you all to share your experiences for the benefit of others.

Schools already have a good deal of experience in securing greater value for money. The school funding settlement for 2008-11 includes a minimum funding guarantee set one percentage point below estimated cost pressures to encourage schools to recycle efficiencies into their priorities for pupils: this will result in annual

recyclable savings of over £1 billion in 2010-11. The DCSF has also directly supported schools seeking greater efficiency in a range of programmes. It has strongly supported the National College's drive to increase the supply of qualified school business managers, so that schools have the financial skills they need: 90 per cent of secondary schools now have a qualified manager, but in primary schools the figure is currently only 30 per cent. The Financial Management Standard in Schools has established a basic minimum level of technical competence in schools, and should be attained in every school by the end of March 2010. The DCSF benchmarking website gives every school the opportunity to compare its financial performance with its peers as part of its financial planning. Since April 2008 the Department has also offered free financial consultancy advice to any school seeking it. To date over 1000 schools have taken up this offer and the feedback from them has been very positive.

To make the most of our investments in the frontline, DCSF has had a relentless focus on reducing its own costs. This has involved a range of activity, looking at our staff numbers, procurement, facilities and estates and how our NDPB and inspection partners work. Between 2004 and 2009 we have reduced DCSF staff numbers by

1465 so that we work in an effective and focused way, concentrating our resources where they have the most benefit and impact. In order to ensure that our workforce offers the best value for money we have relocated 1130 jobs out of London and the South East. We have made significant savings on our estate costs through reducing in 2008 to one building in London, which does and will continue to save £12 million a year. We have made significant reductions of £36.3 million on our back office costs.

As well as looking at our own department we have also looked to our partners to offer increased value for money, whilst maintaining their frontline work. We have rationalised inspectorates and reduced the cost of inspection, which is now 30 per cent less than it was in 2004, and Ofsted has also reduced its staff numbers in this period by 743. We have also pushed our NDPB partners to meet us in this drive for efficiency and have asked them to make 5 per cent savings year on year. These reductions in admin budgets have led to savings of over £88.5 million so far.¹

We know though that we must continue to scrutinise our costs and those of our NDPBs and make significant savings in the future. We have recently introduced a corporate services transformation programme and this will save us £8 million per year going forward from our HR, finance and procurement costs. In planning a new school improvement model DCSF is deliberately running down its central programmes to provide resource for the school based improvement system. The efficiency debate is not therefore confined to schools, but is being conducted at all levels.

1 This includes NDPB that were part of the DFES group and are now based in BIS

The best use of resources – a discussion

The issues for discussion are set out in three groups:

- Procurement and technology
- Resource use and financial management
- Partnership and shared services

The issues set out below do not constitute a formal agenda for discussion in which each question has to be considered in turn. They provide a framework for stimulating discussion which we hope will take place in all parts of the country.

Procurement and technology

Almost all procurement is currently done at individual school level and in some instances by individuals with limited procurement experience. Better procurement can lead to significant savings and more sustainable and better quality goods and services in schools, and given that some £8 billion is spent annually by schools on non-staff expenditure the potential savings are significant: if schools were able to deliver a 10 per cent saving this would amount to £800m. Collective buying offers great scope for better value for money, and recent studies have shown potential in many areas – including ICT procurement, facilities management, energy contracts, the use of supply agencies and photocopier contracts.

DCSF has recently launched the OPEN online procurement platform to support schools in their procurement. As schools use OPEN we will gain detailed management information on what they are spending with whom and we will be able, with local authorities and the consortia, to procure better deals from this information which will then be made available online. Major categories of school spend are being addressed through collaborative procurement projects in parallel with OPEN to make sure the best deals are made available to schools. There is also online advice and training and a team working directly with schools to help them save money on what they buy. To date 4000 schools have signed onto the system and 2600 schools are actively procuring through it. Savings derived from sharper procurement would be available for higher priority investment.

The School Recruitment Service, which was launched in September this year, offers online support to make the recruitment process more efficient as well as improving the match between candidates and schools with vacancies – for both teaching and all other staff. It will provide management information on where a school might get the best value from advertising spend and where intervention to improve the functioning of the workforce market will be most effective.

The huge investment of the last 12 years in information and communications technology in schools is an important area for review. In many schools the benefits realised from ICT are limited. Becta's *Harnessing Technology* survey shows that only a quarter of all schools are using ICT effectively across all their business functions. Many schools use technology imaginatively in some areas of their work such as tracking pupil progress, teaching in some subjects or communicating with parents. But in spite of some good practice, many schools are not deriving the full benefit. Becta's self-evaluation framework gives schools a ready tool to help plan their use of technology more

effectively to improve outcomes and efficiency. 16,000 schools have accessed the framework, and significant numbers are making progress. But better exploitation of ICT across the system would yield better outcomes at lower cost, especially where schools use it as a shared resource.

Conserving energy to achieve reductions in carbon use is an important goal in its own right but reducing energy use is also an important way of reducing spending. Schools could achieve significant savings from energy reduction through simple changes in the behaviour of those working and studying there. The Buildings Research

Procurement – case studies and tools

- Woodland Community Primary School in Heywood changed its caretaking services from a contract with Rochdale Council to direct employment of the staff. The school has saved £50,000 a year and believes that the quality of the service has improved.
- Wiltshire County Council created a schools buying community in 2006 to increase purchasing power by linking 400 buyers in 240 schools. Procurement has improved by using online quotes, sharing knowledge and improving collaboration. The buying community has achieved cash savings of £260,000 and non-cash savings of 1,400 hours of staff time.
- The NAHT has shown how an association can help its members in the procurement of services. In partnership with Schools Advisory Service, a company to which the NAHT gives preferred supplier status, NAHT has developed a wide offer for members' schools. The offer focuses on providing HR advice, buildings maintenance, finance, child protection and safeguarding and a 'Second Opinion Service'. The unusual feature of the offer is that it can be tailored to individual school needs rather than being a one-size-fits-all offer as many Service Level Agreements are. There is also a 'pay as you go' option.
- Schools wanting to get the advantages of the OPEN online procurement system need to contact the OPEN coordinator in their local authority. Currently 54 local authorities have OPEN contacts.
- A school level procurement health check is available to schools wanting to review their contracts. This can be done as part of the VFM consultancy offer. The link is <http://www.consultancyforschools.co.uk/>

Establishment (BRE) conservatively assessed opportunities for reducing energy demand from schools in 2006 and identified a number of management measures which can be implemented at little or no cost, such as good housekeeping practices associated with heating, lighting and general behaviour. BRE estimated that implementing these and other similar management measures could deliver 7 per cent

savings on fuel bills for a typical primary school and between 4 and 7 per cent for secondary schools. As English schools spend over £400 million pa, the savings of some £25 million pa are significant.

Technology – case studies and tools

- London schools have reduced their ICT costs by adopting shared ICT services through London Grid for Learning (LGfL). In addition to broadband and learning platforms, shared services now include remotely hosted email accounts and personal server space for all staff and students, thus removing the need for schools to host their own exchange servers. Compared to school-hosted email services, schools save upwards of £10 per user per year – more than £11 million for London in total.
- Ninestiles School in Birmingham, a large mixed comprehensive, has delivered both improved information for teachers and managers, and better services to parents and young people through integrating its information systems using the Systems Interoperability Framework (SIF). Student information, library and canteen systems, email and online services and teacher productivity tools such as parent reporting were integrated, enabling significant time saved in entering and processing of data. Upwards of 1000 staff hours per year have been saved, and this had a financial benefit for the school.
- Twynham School in Christchurch, Dorset has developed a Learning Gateway for all its students, available within the school or online at home. The Gateway includes lesson plans for every lesson, allowing revision and catch up for any pupil. Among the supporting resources there are 10,000 digitised videos that students can access at any time. Each subject area has 5 key internet links that have been quality assured by staff members, giving pupils access to high quality internet material. There is a parallel Revision Gateway supporting pupils' revision for GCSE. The school is collaborative and supports other local schools in the area, giving them access to its materials. During the school's closure as a result of snow early in 2009 50 per cent of the school's pupils logged on to the Gateway. www.twynhamschool.com/supportinglearning
- The Becta self-evaluation framework is available on <http://publications.becta.org.uk/display.cfm?resID=28629>

Energy use – case study

- Worcestershire & Warwickshire County Councils with Coventry City Council have worked on a 'Switch it Off' campaign. The campaign is delivered through a two-week programme in schools. The first week involves 'under-cover' audits and checks by a pupil-led eco team, leading to general awareness raising about the issue of energy use and the design of possible solutions. The second week is 'Switch it Off Week', with a focus on actively reducing energy use. Schools have reported varying degrees of success, with some cutting electricity consumption within the week by a third and one school by 50 per cent.
- Advice and support on energy saving is available at http://www.carbontrust.co.uk/energy/startsaving/sectorselector/schools_21.htm

Discussion points:

- **How can schools best be encouraged and supported to improve their procurement for example through collaborative buying to achieve savings? How can the use of electronic purchasing systems such as OPEN be increased?**
- **Are there further examples of how schools can use technology more effectively for the benefit of their pupils or their own administrative efficiency and what practical steps are necessary to share this best practice and increase the benefits from better use of technology?**
- **Energy saving, reduces costs while also reducing carbon usage. How can schools learn from best practice in realising energy efficiencies?**

Resource use and financial management

The White Paper makes clear that the better use of resources is essential to the implementation of the vision of the 21st Century School. As staffing on average absorbs about 80 per cent of schools' budgets, the use and deployment of staff is a vital consideration in looking at effectiveness and efficiency in schools, as effective workforce remodelling shows. Many schools plan on an incremental basis building on historic plans. With budget constraints and ambitious aims for their pupils schools, a more strategic look at the use of all their resources, human and material, to determine the optimum mix of resource for their circumstances is important. At the same time collaborative opportunities for getting better outcomes for their pupils and, where available, cost efficiencies in parallel should also be considered. Schools that fail to take a strategic view will find the delivery of their outcomes challenging.

Good financial planning needs skilled staff to support it, and schools have increasingly invested in higher levels of financial skills. Many secondary schools now have business managers, who bring expert skills in procurement and finance which research by the National College demonstrates can make a significant impact. Improvements though have been uneven: for example business managers are less common in primary schools, but we believe they have a real contribution to make there too, albeit often on a shared basis. The National College work shows that a business manager for a school or group of schools can realise initial savings very quickly, and often deliver a significant surplus over the cost of their salary

through a combination of cost savings and additional income. Business managers have the time and expertise to look carefully at how a school uses its resources in a way that the head and other senior managers cannot afford the time to do. Research by McKinsey has suggested that School Business Managers can potentially save up to a third of a head teacher's time, up to 5 per cent of costs (which are then able to be reinvested) and provide economies of scale by working across groups of schools – particularly important perhaps for small schools. Current demonstration work by the National College on the better use of School Business Managers, reflected across England, suggests that savings could be in the order of £150-200 million.

It is right that schools keep a small balance from year to year. But the current level of balances at £1.9 billion is too high: the proportion of schools with excess surpluses (more than 5 per cent for secondary and more than 8 per cent for a primary) is nearly 40 per cent. Local authorities have the power to claw back excessive unallocated surpluses and we need to understand why these powers are not always used. We need, together, to ensure that money intended to improve the life chances of children today is used for that purpose so we need to consider if there are further steps we should be taking consistent with securing good value for money.

Back office expenditure is an area of considerable potential for savings. If the highest spending 25 per cent of schools brought their expenditure in line with their colleagues, the savings would be in the region of £200m. The DCSF benchmarking website is a useful tool for schools to check their

Use of resources – case studies and tools

- Middleton Technology School plans its staffing annually by analysing the desired curriculum and working out the teacher time required. This enables the school to redeploy staff and understand where staff need to be recruited. The core principle is that staff at all levels are fully deployed with the optimum staff-pupil ratio. If the planned timetable is not affordable the curriculum or budget is revisited.
- Prendergast School in Lewisham has targeted resources to raise standards by increasing staff in English in years 7 and 8 and employing an extra teacher in Maths and Science. Grades in English and Science have improved significantly. As the school bursar is a member of the senior leadership team, the school has confidence in funding its staffing changes from the annual revenue budget while remaining in financial balance.
- The internal audit team at Leicestershire County Council has developed a database of over 100 efficiency savings that can be implemented by school bursars. The database includes efficiencies in the fields of administration, energy usage, school dinners, school trips and vehicles, and procurement. The database won an award for innovation and excellence in 2006 and has since been updated. School internal audit reports also refer to possible efficiency savings as part of the audit recommendations, and schools generally implement these recommendations.
- The Audit Commission has recently reissued the *Workforce Tool* which allows schools to cost subject areas related to attainment. It can be accessed on <http://www.schoolresources.audit-commission.gov.uk/Resources/Workforce Tool.xls>
- All maintained schools are able to access free advice on their overall financial management by taking advantage of a service funded by DCSF and delivered through Avail. Expert advisors will help and support schools implement changes to improve VFM. The service can be accessed at <http://www.consultancyforschools.co.uk/>
- Since the launch of the free VFM consultancy offer in April 2008 over 1000 schools have taken advantage of the offer. 95 per cent of these schools have said they would recommend the service to other schools. 'The support has been very timely and extremely useful. The experienced consultant provided us with essential and challenging feedback... I would recommend this service to all schools' said a North Yorkshire primary head.
- Link to information on remodelling www.tda.gov.uk

expenditure level against peers and to challenge their planning assumptions.

The White Paper sets out our intention to establish school improvement partners (SIPs) as the primary intermediary between schools and their local authorities. We want to see their role enhanced in parallel with a more devolved approach to school improvement. In particular we expect SIPs to have a wider role in brokering support and ensuring there is appropriate investment in improvement

priorities. The use of resource will therefore need to be a key part of their conversation with schools. This is a significant shift in the role of the SIP, and requires a cadre of SIPs with a wide range of skills and the ability both to analyse a school's performance in a practical way and to coach the head and senior team in new ways of working.

Financial management – case studies and tools

- The National College demonstration projects are designed to show the effect of School Business Managers (SBMs) on schools. The paper shows data for 102 schools, which estimated that they would secure ongoing savings of about £1.5 million gross, and £1 million net of the cost of employing the SBMs – ie the SBMs were expected to secure savings of about three times their employment costs. The largest savings were from improved staffing structures, shared staffing, better management of contracts, and reduced insurance premiums. In addition, the SBMs had increased income from grants, lettings and sales, sponsorship and donations. Net saving per pupil was about £55.
www.nationalcollege.org.uk
- The Financial Management Standard in Schools sets out what a financially well managed school looks like. The FMSiS toolkit provides the framework to help achieve the standard. The *Best Practice* section of the FMSiS website provides further guidance on improving financial management. The link is <http://www.fmsis.info/>
- Over 10,000 schools access the DCSF benchmarking website every year as part of their financial management. Feedback comments include 'what a valuable tool it is for all aspects of school life' and 'it provided us with some valuable information for making strategic decisions'. The benchmarking website is a useful tool for schools to check their expenditure level against peers and to challenge their planning assumptions. It can be accessed at <https://sfb.teachernet.gov.uk>
- Schools considering the appointment of a business manager can consult the National College website, and heads can now put specific questions to the newly established 'Ask the College' service through the members' website. www.nationalcollege.org.uk/login

Case studies and tools

A recent research report from York Consulting highlights the many ways in which SIPs can support schools in using their resources most effectively:

- The SIP discussed with the headteacher how to plan a reconfiguration of the senior leadership team – with a deputy about to leave, finding the money to release two members of the senior leadership team for 50 per cent of their timetable. The headteacher clearly welcomes the ability to discuss matters like this with the SIP.
- The SIP helped the headteacher to recognise what support was needed, for example in relation to assessment for learning, introduction of advanced skills teachers, pro-formas for pupil progress and meetings and reviews with staff.
- The SIP is an instant contact to others who can provide support and gets back to the head teacher very quickly.

The DCSF and the National College are currently in the process of undertaking a consultation on the role of SIPs, the details of which will be available on the National College website – www.nationalcollege.org.uk

Discussion points:

- **Schools need good internal financial management skills or the ability to share them with other schools. How best can schools access the skills they need?**
- **The White Paper places an emphasis on schools, either individually or in groups, appointing school business managers (SBM) and the National College has an energetic training programme for them. Does anything more need to be done to enhance the supply of good managers?**
- **Many schools use benchmarking as a way of checking their performance and supporting their business planning. Is there scope for a wider application of benchmarking techniques and are the available tools as helpful as they can be?**
- **Should local authorities be more active in recycling excess school balances to support their schools?**
- **How can SIPs be most effective in helping schools make better use of resources?**

Partnerships and shared services

The White Paper places great emphasis on the improvements in outcomes for pupils that can arise from collaboration and federation. Schools are stronger when they work in partnership and are better able to meet all of their pupils needs. There are many benefits to schools from working in partnership and plenty of current examples of schools working together, for example on behaviour and sports or to increase the curriculum offer to pupils. Federations, hard or soft, allow our best leaders to share their knowledge and experience more widely across the school system, and are an important part of our approach to raising standards. We are currently consulting on a system of accreditation for providers seeking to run chains of schools.

Federations should always be driven by local need and circumstances and the first priority must always be to ask whether they will improve outcomes for children. We do not believe it is right for federations to be centrally mandated, but we do want to explore ways in which federations can be encouraged and ways in which increased collaboration can be facilitated. This is why we have asked the National College to develop a national Leadership Models and Partnership Programme, which will support schools and Local Authorities to develop fit for purpose approaches. The National College's new models of leadership website (<http://www.nationalcollege.org.uk/modelsofleadership>) includes over 60 case studies of innovative and entrepreneurial leadership partnerships.

Federation has not primarily been driven by cost saving, but reduced costs can accompany improvements in outcomes, and must be welcome in tough times. There is firm evidence that opportunities for greater efficiency exist in federation and we want to ensure that this is maximised. The Audit Commission's Valuable Lessons report published earlier this year found that:

'While there may be increased costs through federation – for example, increased travel and integration of computer systems – there can also be significant cost savings, for example by:

- making a broader curriculum more cost-effective;*
- making joint appointments;*
- achieving economies of scale, for example by aggregating purchasing; and*
- saving on planning and administrative time.*

The report identifies examples of revenue savings of between 2 and 6 per cent in secondary schools. Similarly, in small primary schools, the 'Better Together' research for DCSF published this year identified net savings from salaries of over £58,000 when an Executive Head was appointed across three small first schools.

Clearly the scope for savings from a federation depends on the way in which it is organised, as the case studies on federation show. We see federation as a growing trend in ensuring a better offer for pupils, and we need to derive savings from it where the design makes that possible. There are case studies below illustrating the sort of savings that can be achieved: if a third of all schools took this approach, the savings could be well over £300 million.

There are clear benefits to be realised from partnership working, but the process is not always straightforward and there can be barriers. It can be difficult for schools to access support to pursue different models and there are technical and legal difficulties for some groups of schools. Leadership capacity can be a particular issue in primaries where leadership teams are smaller.

Local authorities have a key role to play in providing support and encouragement to schools considering partnership working. Local authority practice is variable, and many schools would like to be able to access more support from their local authority.

The White Paper contains commitments to support the development of greater partnership working and address barriers. The measures include a new requirement on Governing Bodies to consider shared leadership and governance before

replacing a Headteacher; a National College programme to develop Leadership Models and Partnership Support, aimed at building capacity in local authorities. There will be new guidance for schools about pooling funds and resources to improve value for money, and school improvement support will reflect partnerships more with SIPs supporting all the schools in formal partnerships with shared leadership/governance.

The co-operative Trust Schools pilot offers a new way forward in collaboration with a strong emphasis on community and stakeholder involvement in the development of the trust. It helps schools to develop their capacity collaboratively, and is an exciting way for schools to work with their wider community, involving parents, local businesses and other local stakeholders. This allows them to directly contribute to the transformation of educational standards for all children.

Partnership and shared services – case studies and tools

- The Ashington Learning Partnership consists of four schools in Northumberland, with a fifth school soon to join. The federation has secured better deals on a number of support services, saving £92,000 a year in all on caretaking, grounds maintenance, cleaning and refuse collection. The federation is able to redeploy staff between schools, giving more flexibility in the workforce. In addition, the management structure has been changed with a net annual saving of £120,000. The overall saving of £212,000 equates to 2 per cent of revenue expenditure.
- The Parkside federation in Cambridge brought together two secondary schools in 2004. The federation has eliminated its deficit ahead of schedule and has expanded its curriculum offer. Savings have been made on leadership, department heads and cover supervisors; and income secured from services provided to feeder primary schools. Senior team costs per school have been reduced from £633,000 to £447,000, and are expected to reduce further to £352,000 when a third school joins in 2012.

- The impact of the West Exmoor Federation of three small rural primary schools has been acknowledged by Ofsted inspections at Lynton and Parracombe and an HMI Survey Visit. Prior to federation many activities were prohibitive because of the cost, eg, residential visits and artists in residence, but economies of scale now make them more achievable. The opportunities for children to interact with a wider base of peers has also had a positive impact upon outcomes, especially for those children in Year 6 who no longer feel as daunted by transition to secondary school as they are moving on as part of a larger group. The inspection to evaluate the impact of new models of leadership on school improvement in January 2009 said that ‘The impact of the model of leadership on achievement and standards, on the quality of teaching and learning, on the quality of the curriculum, on the quality of leadership and management throughout the school and on inclusion is good.’ They also said that ‘The federation has the potential to be outstanding. It has saved two schools and provided them with a sustainable future.’ The full report is available on the Ofsted website.
- The Cabot Learning Federation comprises three Academies in East Bristol. It is developing a new leadership and teaching and learning structure. Measures have included creating a centralised Finance and HR structure; a centralised training programme so that speaker and venue costs are a fraction of what they would be if all three Academies did identical delivery models; and some appointments that involve staff working across more than one Academy, rather than a separate person in each school. These include the federation virtual learning environment being created and led by one individual; a seconded primary deputy head being funded by the federation to coordinate the liaison and partnership programme with their feeder primary schools; and a leader to coordinate the federation VI Form which saves the duplication of more than one VI Form leader in each school.
- Greenwood Dale School in Nottingham provides support for schools in challenging circumstances. A central team of staff with capacity to work in other schools ensures Greenwood Dale continues to thrive while being able to bring significant benefits to its client schools. The team can move quickly and decisively to focus on the quality of teaching and learning, especially in English, mathematics and ICT, data and target setting, HR, CPD, finance and governance. In its latest client school, Greenwood Dale’s specialism in mathematics has had a major impact. In this school, from just 12 per cent in 2007, over 48 per cent of students achieved an A* to C in mathematics in 2009. The GCSE Average Point Score also rose by 25 per cent in the same period.
- Greenwood Dale has now taken its support structures further by merging with two other schools, one in National Challenge, to create the 3-19 Nottingham Academy, the largest school in the UK.

- The Outwood Grange Family of Schools, working in Yorkshire and surrounding areas, delivers a common service across its five member schools with a total of 6,000 students. The service includes: training on safeguarding to ensure continuity and good practice; continuous professional development delivered by senior staff across the Family, comprising 10 weekly two hour sessions of training across a range of subjects including curriculum, safeguarding and lesson observations; and an annual recruitment event for all member schools covering all job areas in one campaign. The Family led approach makes these areas and others far more cost effective to operate.
- The Upper Shirley Learning Community comprises 7 Southampton schools with over 2000 students of primary and secondary age. The creation of the Cooperative Network of Schools will enable all schools in the community to access expertise and support from other schools nationally and internationally. This is an opportunity the primary phase of schools has not had previously. The Co-operative Trust supports collaborative working and encourages community engagement. The creation of a stakeholder forum allows direct influence from students, parents, staff and local residents. The Co-op values underpin the schools' work, providing consistency and continuity in a shared ethos and expectation from one school to the next, and supporting the transition of the children.

When the Co-operative Trust has embraced all the schools and the federation structure is in place, the anticipated savings from administration, better site management, joint procurement and shared IT resources will exceed £400,000 a year. The most significant elements include £90,000 for administration and £200,000 on general procurement. This includes significant savings on insurance and banking brokered by the Co-operative.
- The National College's new models of leadership website (<http://www.nationalcollege.org.uk/modelsofleadership>)

Discussion points:

- **How can schools be encouraged to collaborate and share services so as to cut their costs and improve outcomes for pupils?**
- **What additional help do schools need to support and facilitate shared services and the creation of federations?**

Making it happen

It is vital that we all work together to support schools in their resource management. Capacity at local and national level must be brought to bear on this high priority.

There is a wealth of experience and expertise held by our national partners in the TDA, National College and Becta, amongst members of the Social Partnership, in local government bodies such as the LGA and ADCS and in organisations like SSAT. It is essential that schools should be able to access this experience to help them in their resource planning. The National College is the first call for most headteachers, so it must be in the forefront of supporting school leaders. Its role extends beyond the training of headteachers and business managers to the support offered across the system by National Leaders of Education.

The DCSF will be working with the support of the National College to lay on a national event in the second half of January to showcase best practice in efficiency and value for money, with the full involvement of schools. The National College, with Becta and other partners, will also lead arrangements for regional events which will build up to its conference in June.

Schools

Heads and school leaders are best placed to decide how to deploy their resources to ensure the best outcomes for children so the most important next steps are for schools. We hope that this discussion paper will help schools to think about efficiency and value for money in their specific context and consider how best they might take this forward and begin to put in place the changes that they feel are needed and that will support their schools continuous improvement. At the same time there are some relatively simple and immediate steps that schools can take to review and improve their resource use.

So in every school among the immediate next steps to be considered should be:

- **to investigate schools in their locality that are working in partnership and sharing services and learn about their experiences and the benefits that they have secured. Alternatively schools can talk to the National College about their federation pilots and School Business Director demonstration projects.**

- **governors discussing whether they are taking full advantage of the scope for collaboration with other schools, and how they can do better for the school and its pupils by doing so.**
- **to benchmark expenditure against local and national comparators using the DCSF benchmarking website to see if there are unusual patterns of spending that might suggest potential areas for investigation and improvement.**
- **to contact Avail VFM consultancy services to benefit from the help they can provide in analysing your school's finances and suggest ways of getting better value for money.**
- **to visit the OPEN online procurement system and investigate how it might help to save time and money in procurement or explore collaborative procurement arrangements such as those offered through the Co-operative Trust.**
- **to ask for a Smart meter to be installed to reduce the school's carbon use, reduce its fuel bills and give a practical demonstration of good energy use to its pupils.**
- **To book into a local or national event to glean good practice and ideas for the school.**

Let us know if you have good examples of how improved value for money can be achieved by visiting the [letstalkresources](#) website and contributing a case study.

The role of national partners and DCSF

The White Paper describes a more devolved system with less being run from the centre, but DCSF still has an important role in supporting the system – in removing barriers and creating the conditions for change. The DCSF and national partners already promote better resource use by schools through many of their programmes.

Next steps include:

- **establishing a new and simple 'landing page' on the DCSF website, the [letstalkresources](#) page, giving an easy fast referral service to the best national resources to support schools. An easy to use index with related links will take schools to the advice they need. In parallel there will be a linked site allowing schools to upload case studies demonstrating good practice and allowing others to learn from them. We are developing a simple template for the submission of case studies which will enable schools to summarise their achievements in an easily read form.**
- **the National College establishing and supporting a network of schools which are leading the field in effective resource use with the aim of distilling and promoting their good practice across the system.**
- **continuing our work with social partners and others to collate and disseminate the key lessons and messages emerging from discussions.**

- **TDA, Becta, and the National College working together to create a coherent and comprehensive set of tools for resource planning that schools can access and use easily.**
- **promoting strongly the uptake of the OPEN system and the online recruitment service.**
- **negotiating national deals on energy for the benefit of schools across the country.**

The role of the local authority

Local authorities have a key role in helping schools to make better use of their resources. They support schools in a variety of ways: they have always been involved in supporting procurement and many are now engaged in the introduction of OPEN. They have a role in supporting the Schools Forum which can include the examination of efficiencies, and many have been actively engaged in fostering collaboration. The funding framework set by the local formula has a strong influence on schools expenditure, and can provide incentives and disincentives to more efficient resource use and collaboration.

We look to them now to take a proactive role in helping schools to meet the resource challenge. The capacity to do this varies across authorities, so we need to support all authorities to make this a priority, whatever their starting point and ensure that they can learn from areas that are demonstrating excellent practice. In the short term we ask them to look at their own capacity, to plan local discussions within and outside their Schools Forum and to plan dissemination events in the spring term.

So we want to see every local authority take the next steps:

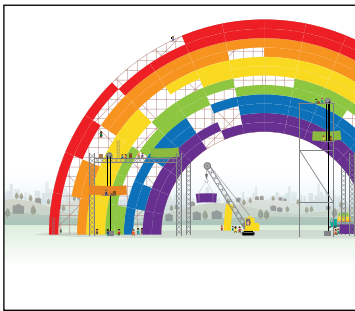
- **in every Schools Forum a discussion on how to promote the better use of resources in local schools can be scheduled for the New Year, with agreement that practical action and help should flow from it.**
- **to identify urgently the schools most needing help in their resource planning; and in parallel the best examples of local good practice.**
- **dissemination events in the spring – building on our national and regional events – which bring the local family of schools together to discuss best practice, share knowledge and discuss opportunities for greater collaborative working.**
- **ADCS will support a network of local authorities who are leading the field in supporting schools to make best use of their resources with the aim of distilling and promoting their good practice across all local authorities.**
- **All authorities working with their schools to consider the best use of resources and to support them in this ADCS will assist in supporting the development of a network of local authorities who are leading the field in supporting schools to make best use of their resources with the aim of distilling and promoting their good practice across all local authorities.**

Case studies in this paper include material based on work by: the Ashington Learning Partnership Northumberland, the Audit Commission, Becta, the Cabot Learning Federation Bristol, Greenwood Dale School Nottingham, Leicestershire County Council, Middleton Technology School Rochdale, the National Association of Head Teachers, the National College for Leadership of Schools and Children's Services, Ninestyles School Birmingham, the Outward Grange Family of Schools in Yorkshire and surrounding area, the Parkside Federation Cambridge, Prendergast School Lewisham, Twynham School Christchurch, Upper Shirley Learning Community in Southampton, West Exmoor Federation Devon, Wiltshire County Council, Woodland Primary School Rochdale, Worcester and Warwickshire County Councils.

The DCSF acknowledges with thanks the contribution these case studies make to this document.

There is no closing deadline for comments or contributions in response to this paper. All comments should be sent to the mailbox School.RESOURCE-EFFECTIVENESS@dcsf.gsi.gov.uk

Please note that the figures used for potential savings illustrate savings from different approaches. Some of them overlap, and they should not therefore be treated as additive. They do not define a target or limit for the efficiencies possible.



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Please quote the ref: 01097-2009DOM-EN

ISBN: 978-1-84775-583-4

D16(8491)/1109

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