

BEST VALUE REVIEW OF:

SUPPORT SERVICES TO SCHOOLS

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SECTION A

EXECUTIVE SUMMARY

1.0 Introduction

1.1 This review is one of five pilot “cross cutting” reviews being undertaken this year to assist the Council develop its Best Value process. This review focused on the following services to schools:

- a. Finance
- b. Information Technology
- c. Human Resources
- d. Governors Support
- e. Architects and Maintenance
- f. Landscaping/Cleaning

1.2 The Government has recommended the “4Cs” approach to undertaking Best Value reviews. The 4Cs are:

- a. **Challenge** - why is a service provided and why in this way?
- b. **Compare** - the way the service is provided with other providers, especially with those who are seen to be the best providers.
- c. **Consult** - talk to the service users to understand their views on what and how services should be provided.
- d. **Compete** - compare the costs of the service to other providers, including the private sector.

1.3 The requirements of the 4 Cs were addressed primarily through various consultations, comparisons with other Local Education Authorities (LEAs) and the private sector and a questionnaire to all schools. It was not possible to fully cover all aspects of the 4 Cs partly due to the time constraints, but also difficulties were caused by the lack of comparable data held by both MK Council and other LEAs. The key findings of the review are summarised below:

2.0 Key Points

General

2.1 The heavy reliance on pupil numbers to delegate funds caused financial difficulty to some smaller schools in 1999/2000. The increase in the “fixed element” in 2000/2001 will alleviate this problem.

2.2 The survey of schools showed a high level satisfaction with the services provided.

2.3 Services need the ability to expand and contract in line with demand.

2.4 Whilst caution needs to be exercised in comparing the costs of services (see para 3.6), the indications are that the cost to schools of some services may be higher than elsewhere. It has not been possible in the time available to examine all services and costs in greater depth. It will therefore be important for Heads of these Services and the Director of Education and Early Years Services to continue to analyse costs against service specifications as well as other aspects raised in the report, to ensure that schools are benefiting from best value in the support services.

Finance

- 2.5 Finance and IT need to ensure that they work more closely together to avoid duplication and confusion in schools over individual responsibilities.
- 2.6 The Finance Team needs to consult with schools over approaches to improving the timeliness of management information.
- 2.7 The current duplication of financial transactions on the schools' and MKC's databases is unnecessary and creates work through having to reconcile them. The withdrawal of support by Capita for LRM4, the school's management system, in April 2001 is a good catalyst for identifying a single database approach whilst ensuring the necessary data requirements of the LEA are met.
- 2.8 The cost comparison for creditor payments showed MKC to be relatively expensive. By giving bank accounts to all schools the LEA would, enable schools to write their own cheques, speed up the payment process and avoid the duplication inherent in the existing process. This initiative would reallocate £55,000 per annum that could be spent on other activities.

Information Technology Service (IT)

- 2.9 The absence of a close liaison between the IT service and the Advisory and Schools Support Team in Learning and Development has led to duplication of effort (but not spend) and different approaches to resolving IT infrastructure problems experienced by schools. There is a need for the two services to work more closely together to optimise resources.

Human Resources (HR)

- 2.10 Some overlap of work between HR and the Schools Support Team has led to some confusion in schools concerning who is responsible for different aspects of HR. The two services are attempting to clarify the position for schools.
- 2.11 The survey showed some dissatisfaction by schools over the time taken to process contracts. Some testing in this area showed that the eight week statutory timetable for processing contracts is occasionally exceeded for manual staff. The HR team needs to work closely with schools to identify approaches to minimise delays in issuing contracts.

Governor Support

- 2.12 The survey showed a very high degree of satisfaction with this service. There were few criticisms of the service but one theme that arose showed that more experienced Clerks were preferred to those with less experience. This suggests a need to ensure that adequate training is provided to lift the service provided by all clerks to that of the best.

Repairs and Maintenance

- 2.13 The survey showed a satisfaction rating significantly below the other services. The Architect's team had undertaken a mid-year review last year and from the results of that review and the survey they have proposed an action plan to improve the service.

Grounds Maintenance and Cleansing

- 2.14 The standard contracts let in these areas do not consistently meet the needs of schools. Schools should be asked to sign off specifications prior to the start of the tender process.

Empowering Schools

- 2.15 The Council could further empower schools by increasing choice in service provision and assist schools to become better buyers of services, irrespective of source.

Service Co-ordination

- 2.16 The support services are not working in a co-ordinated way to design and provide services for schools. This has led to some complaints from schools over confusion about whom to contact for some services. Some steps have been taken to resolve this problem but greater effort is required.

Management Information

- 2.17 There is currently insufficient information and knowledge about the costs of providing services to individual schools. There is also very little benchmarking being undertaken in these services. The absence of this information reduces the Council's ability to undertake a thorough best value review. As the programme of reviews for the next five years is known it would seem appropriate to start gathering the necessary information/benchmarks in these areas (and arguably all others) as soon as possible.

The Duty of Schools to Achieve Best Value

- 2.18 Whilst the statutory obligation for local authorities to obtain best value does not apply to schools and governors there are other duties in place that are designed to achieve the same ends.

SECTION B

SCENE SETTING

3.0 Background

- 3.1 This review is one of five pilot “cross cutting” reviews being undertaken this year to assist the Council in developing its Best Value process. This review was planned to cover the management support services provided to schools as follows:
- a. Finance
 - b. Information Technology
 - c. Human Resources
 - d. Landscaping
 - e. Cleaning
 - f. Architects and Maintenance
 - g. Purchasing
 - h. Communication
 - i. Legal Services
 - j. Governors’ Support
- 3.2 The Review Team/Reference Group are listed in Annex A.
- 3.3 The review covered the working arrangements between the different teams involved within the Learning and Development Directorate and the teams in the Resources and Environment Directorates.
- 3.4 As the review progressed it became clear that IT, Finance, Governor Support and Personnel accounted for the majority of the charges levied to schools and were, as a consequence, a higher priority from a school’s perspective. It was equally clear that the timetable for the review would prevent an in-depth analysis of every area. It was, therefore, agreed by the Reference Group to concentrate on IT, Finance, Personnel and Governor Support but to undertake further analysis of any other service identified in the questionnaire in respect of which schools had expressed concerns.
- 3.5 The questionnaire did identify additional areas of concern and these were in respect of building cleaning, maintenance and landscape contracts support. These services were subject to further review. The questionnaire showed that others services such as Legal, Communication and Purchasing were either not (or little) used and/or receive a high user satisfaction level with little or no adverse comment.
- 3.6 The review highlighted that there is very little benchmarking information currently available to enable comparison of the performance of the support services to schools in Milton Keynes with those currently elsewhere. In order to produce some measure of relative efficiency and in the absence of any other available data, details of charges for similar services from other LEAs and the private sector were obtained and considered. Considerable effort went into ensuring comparisons were on a “like for like” basis but, without undertaking a full benchmarking approach, this cannot be guaranteed. Given the statutory obligation to undertake Best Value reviews across all the Council’s services, it is important that those services without benchmark data should start to obtain it as soon as possible.

3.7 The methodology employed involved:

- a. Interviews with a number of school Headteachers
- b. Interviews with senior Members
- c. Interviews with Heads of Service within the Council
- d. A questionnaire survey of all schools
- e. Discussions with the private sector
- f. Analysis of current costs and proposed charges
- g. The use of a Reference Group to guide the project

3.8 An important backdrop to the report is the recognition that successive Governments have moved towards a policy of greater autonomy in decision making for schools through loosening their management by the LEA. This pattern looks set to continue into the future. The primary vehicles used by Governments to pursue this aim was through the introduction of Local Management and more recently Fair Funding legislation. This has led to greater delegation of funding to schools to spend on services they need. From April 2000 some 85% of the Local Schools Budget (including Standards Fund) will have been delegated to schools and some 15% will be held centrally. The Standards Fund is additional monies provided to schools for specific projects eg. Additional administrative support to small schools.

3.9 The questionnaire survey of all schools was the primary vehicle for obtaining the views of schools about the support services provided. A total of 52 responses were received from 104 questionnaires sent out, a 50% response rate. The feedback obtained has significantly influenced the conclusions in this report. A copy of the questionnaire is attached as Annex B. The satisfaction levels shown in the report were calculated by deducting the percentage of unsatisfied and very unsatisfied respondents from the percentage of satisfied and very satisfied ones.

4.0 The LEA Role

4.1 The School Standards and Framework Act, 1998, sets out the duties and responsibilities of the various partners in the provision of education and other associated duties with regard to schools. The Act has given the LEA the new duty, in carrying out all relevant functions, to promote high standards of education. In the Code of Practice on LEA-School Relations, which arises from the Act, it is clearly noted that,

‘The Government’s starting point is a presumption in favour of school autonomy. Schools should be able to make decisions about the way they operate... But that autonomy has to be matched by accountability’.

4.2 The Act also extends the delegation of funding and responsibilities to school governing bodies, which first began with the Education Reform Act of 1988. This aspect of the Act is known as ‘Fair Funding’. In Milton Keynes, this further delegation has affected the primary and special school sectors in particular, as delegation in the secondary sector had already reached a high level.

- 4.3 The new arrangements are designed to provide for a clear division of responsibility and funding between LEAs and schools. Under the new system, the LEA's central budget covers its responsibilities in the following areas:
- strategic management;
 - access to education;
 - school improvement; and
 - special educational needs.
- 4.4 All funding for services and activities not included in these four areas of LEA responsibilities or funded by specific grant must be delegated, with buy-back agreements for services requested by schools. Where an LEA provides management services, they will therefore increasingly operate in competition with other providers.
- 4.5 The position is complicated by the fact that, in some services, it is not entirely possible to draw a clear line between those aspects which are part of the LEA's role and duties and those which are to be provided on a 'buy-back' basis. Support to Governing Bodies, some Human Resources work and Information Technology networks are examples of such services. This lack of clarity would be overcome if, when instances of these "grey" areas occur, the LEA and school representatives should agree where the responsibility for funding lies.
- 4.6 In relation to the management support services to schools, the framework for the inspection of LEAs states that the following areas will normally be investigated:
- where these are provided by the LEA, their quality, flexibility and cost effectiveness;
 - where they are not provided, the LEA's effectiveness in ensuring that schools have access to appropriate, high quality services to allow them to secure high educational standards, unimpeded by problems over support services.

5.0 School Funding

- 5.1 The number of pupils that a school holds currently, largely determines its level of funding. The heavy use of pupil numbers when distributing additional delegated funds has a disadvantaging effect on smaller schools; they have to face some costs that do not diminish proportionally in line with their school roles. For example, a school with 60 pupils will have to pay the same as a much larger school for an equivalent IT service. The first year of significant additional further budget delegation to primary schools was 1999/2000, when the Fair Funding requirements were introduced. There was already a high level of delegation to secondary schools. It became apparent that the reliance on pupil numbers to distribute additional delegated funding left some small schools with insufficient funds to buy back the services they needed, particularly when the Government agreed a high percentage pay rise for Head Teachers of small schools. This in turn contributed to some schools getting into financial difficulty.
- 5.2 In preparation for the 2000/2001 financial year, there has been considerable consultation with schools to ensure as far as possible that all schools have the capacity to afford the support services they need. The proposed solution is to modify the funding formula, including increasing the lump sum element of the delegated funds to give all schools sufficient funds to purchase a basic level of service.

SECTION C

SUPPORT SERVICES

The service descriptions set out in this section are based upon a “snapshot” taken at the time of the review. It is recognised that the position is dynamic and that services are evolving and responding to both schools and the market.

6.0 Finance

6.1 This service is broken down into the following two broad areas:

- a. Financial Advice and Administration. The Schools’ Financial Support Team provides this service to Heads, Governors, Secretaries and Bursars.
- b. Creditors Service (payment of suppliers’ invoices).

Financial Advice and Administration

Cost of Package/Charge Methodology

6.2 Charges to schools are based on the actual cost of providing the support services. An assessment of the anticipated levels of buy back for the service is made prior to setting charges. Three levels of service are offered, gold, silver and bronze. The charges and service provided vary with different levels of support given for each service.

Comparison of Services Provided and Costs

6.3 The packages offered by Learning & Development are broadly similar to those provide by other LEAs in terms of content. However, the principal variation in the packages offered was in the provision of a higher than average level of school visits/ technical support by Milton Keynes Council (MKC). MKC also offered greater flexibility in that all options of the package were made available on an individual element basis.

6.4 A comparison of the cost of the services provided shows that Milton Keynes is at the middle to higher end of the range in terms of the total cost of the packages offered, but broadly in the middle of the range in terms of cost per day. This may be a reflection of the higher level support and visits provided to schools by MKC.

Table 1 Comparison of the Costs of Providing the Financial Administration Service

School Financial Support							
	Milton Keynes	Buckingham	Swindon	Wiltshire	Northampton	Nottingham	Staffordshire
	Council	Note1					
No of Visits	(£)	(£)	(£)	(£)	(£)	(£)	(£)
(Days)							
n/a						660	
0.5					770	770	
1.5		270		531		1020	885
2	725	375	375				
2.5							1025
3		460	500				1095
4	1200	600					1375
7	1900						

Note 1. Package converted to days from (10hrs,15hrs,20hrs,30hrs)

Survey Results

- 6.5 The survey demonstrated a high level of user satisfaction with the service (85%) , which was seen to have a number of strengths, including:
- knowledgeable and approachable staff;
 - prompt and helpful service;
 - very good telephone support.

The main weaknesses identified by the survey are listed below with a commentary against each.

- Inadequate liaison between Finance and IT. This has been recognised by both Sections and discussions have started in an attempt to address this problem. The problem of inter-service co-operation and co-ordination is not peculiar to Finance and IT, but occurred between other services as well and this is addressed more fully in para. 13.1 below.
- Quality and timeliness of management information. The accuracy and timeliness of financial information is not entirely within the control of the L&D Finance Team. External influences include the timing of IT runs and subsequent report printing and where other finance teams wrongly code expenditure to a school account in error. From the schools' perspective however, they would not be concerned whose fault it is but that the reports were correct and prompt. Corporate Finance are looking to upgrade the general ledger to enable better information presentation and, where acceptable, a greater use of electronic transfer rather than paper as the information medium. It is important to ensure schools' views are taken into account during this process.

- f. Low staffing levels. To increase staffing levels would lead to an increase in costs and informal discussions suggest that this is not something schools would support. Changes in service provision (see 6.13 below) would enable a shift of support to areas of greater demand

Financial Information Data Base

6.6 At present the Council holds details of every school transaction on its General Ledger (Masterpiece). In addition the schools hold details of every transaction on their finance database, either LRM4 (part of SIMS) or Premier Finance. This causes a duplication of recording, requires additional storage and network traffic and it also generates considerable work as the two databases have to be reconciled to ensure that they agree. The reconciliation process consumes the time of both staff at schools and the finance team. The duplication can be overcome by providing a single database which could be based upon either:

- a. the Council's general ledger; or
- b. the school's data base.

The increasing autonomy of schools and the desire of schools to be in control of their own data suggest that b. would be the preferred option. The Council would, however, need to ensure the reliability of the summary data it requires for its purposes.

6.7 Support for LRM4 from the supplier (SIMS) will be withdrawn from April 2001. One of the primary reasons for this is to encourage schools to upgrade to the newer LRM5 system. Support for Premiere Finance will continue but a sole trader provides it and schools will be dependent on that person continuing to develop and support the product. This would seem an opportune time to discuss with schools the most appropriate financial data platform for future use.

6.8 Clearly any change of financial database will take considerable time to agree and implement. The retraining involved will be considerable, and in the short term, probably beyond the current resources of the Finance Team. The impact on the IT Team will also be significant. The timetable is quite short with the change forced on those schools currently using LRM4, so consultations with schools should begin at once.

Creditor Payment Service

Comparison of Services Provided and Costs

6.9 The service is provided by the equivalent of two full time staff at a cost of some £55,000, including all overheads. The service is provided to schools that do not have their own bank accounts. Invoices are processed either manually or electronically, with a lower charge applied if the electronic service is used. Charges are made on a per invoice basis. Tabled over is an analysis of the cost of providing this service compared to other LEAs and the private sector. The review found that charges were significantly higher than those of other providers in the survey. However following the Fair Funding consultation and the evidence provided by this review, the charges are planned to be revised and this will, on average, reduce the cost to schools.

Table 2 Table Comparing the Costs of Providing a Creditor Payments Service

School Size	Invoices Proceed	Milton Keynes (£)	Luton (£)		Nottingham (£)		Dudley MBC (£)
			BACS	Cheque	Full	Basic (Note1)	
120 Place First	150	600	303	402	400	380	94
240 Place First	260	1040	525	697	555	525	187
240 Place Midd	265	1060	535	710	740	710	187
360 Place First	365	1460	737	978	740	710	281

Note 1 . Nottingham Basic Service - processing times not guaranteed

Survey Result

- 6.10 The survey showed that there was a high level of satisfaction with the service (87%), although there was some concern over late payment of invoices. A recent audit of this area showed that delays in invoice payments were usually because of the delay in the invoice reaching the Finance Team rather than a delay caused by the Team themselves.

School Bank Accounts

- 6.11 A simple way to reduce delays and costs would be for all schools to have their own bank account and pay their invoices directly. This would place some additional administration on schools, which smaller schools may initially find difficult, but it would also give schools greater control and speed up the payment process. The additional burden would not be significantly greater than now as schools have to process each invoice already and it would avoid the time delay and cost caused by the duplication of the Finance Team processing it as well. It is recognised that this is not something that can be put in place overnight and that schools will need to be consulted, but there would be a number of benefits in this proposal. The Government will be giving smaller schools (schools with less than 200 pupils) some £6000 additional funds next year (see para 12.1) to assist with the administration of the school. This extra support could help mitigate the impact of the extra administration involved in this proposal.
- 6.12 Consultations with schools should begin shortly so that, if agreement is reached, it would enable the administration and training required to be organised. The target start date for setting up all secondary schools with their own bank accounts should be 1.4.2001 and 2003 for primary's, but this should be accelerated if additional resources can be made available.
- 6.13 The resource involved in the creditor payment process and the various reconciliations is equivalent to over two full-time posts, which could be used to support schools in other areas. For example the Finance Team would like to develop the service by providing a visiting bursarial service to provide on-site advice and assistance to schools. The survey identified this as a service that schools would like to see introduced.

7.0 Information Technology Service

- 7.1 The Information Technology Service (IT) includes the IT support team which provides support for a wide range of computer applications used in the administration offices in schools. They also provide support for computer hardware, personal computers, back up devices and printers. The IT package also provides telephone support for SIMS/ other applications, School visits, software/hardware distribution, technical advice, upgrades, scheduled training courses for Microsoft/SIMS software, network support for administrative systems and disaster recovery.
- 7.2 The communication links with schools were designed for voice and are not robust enough for IT data transfer. Some schools are dependent on a shared voice and IT link. One of the consequences of this is that the transfer of pupil data is a manual rather than an electronic process. The IT team have been investigating ways to improve these links at an economic cost. The Schools Support Team in L&D is also investigating this, see paragraph 7.5 (d) below.

Comparison of Services Provided and Costs

- 7.3 The charges to schools are based upon the actual cost of providing the service. The charges do not vary according to the size of the school, but are dependent on the nature of the service requested – bronze, silver or gold. The price comparison with Capita and two other LEAs shows that the proposed charges are very competitive when compared to Capita and quite competitive in comparison to the two LEAs. The exception to this position is the comparison with the two LEAs in respect of charges to primary schools.

Table 3 Comparison of the Costs of Providing the Information Technology Service

Service Description	Milton Keynes Council			Capita					Northampton		Nottingham		
	Bronze	Silver	Gold	School Size (Pupil Numbers)					Primary	Secondary	Primary	Middle	Secondary
				100	200	300	400	400+					
Telephone Support for SIMS	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Telephone Support for Other Applications	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Testing and Distribution of SIMS Updates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
On Site Support for SIMS	None	1 Day	1 Day	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Technical Advice on Hardware Issues	None	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SIMS or Finance System Scheduled Training	None	None	3 Days	None	None	None	None	None	Note1	Note1	None	None	None
	1100												
		1400		1628	1789	1950	2112	2273	1360	1970	1042	1572	1812
Plus Three Days Training			1600	2003	2164	2325	2487	2648	1360	1970	1282	1812	2361

Note 1: All SIMS training provided within Finance package

Note 2: Additional training days at MKC are charged at £100 per day

- 7.4 The IT charge from MKC was originally set at £3100 for all schools. However, following consultations with schools and the data comparison exercise undertaken as part of this project, it has been reduced and structured in accordance to the type of service required. This restructuring has enabled a service to be designed that more closely meets schools' requirements and has enabled charges to schools to be reduced.

Survey Results

- 7.5 The survey demonstrated a high level of user satisfaction with the service (87%), which was seen to have a number of strengths, including:
- a. the help desk;
 - b. knowledge and attitude of staff;
 - c. the training courses.

The main weaknesses identified by the survey are listed below with a commentary against each.

- d. lack of liaison with other support services. This point was also raised in the section relating to Finance and has been addressed, in part, in paragraph 6.5(d) above. The review identified a second area where liaison could be improved. This concerned IT and the Advisory and School Support Team (ASST) in L&D. The Government has provided substantial additional money for IT investment through the Standards Fund. Next year funds will be available to upgrade the network to schools. Work is progressing within ASST with a possible focus on using a microwave link to provide broadband technology and improve information flows between the Council and schools, starting with secondary schools. Independent of this, the IT Service is investigating using ISDN links to improve information flows. The two teams will need to work together to optimise the overall use of resources in this area for the benefit both of schools and the Council as a whole.
- e. implementation and training on upgrades of software. The team provides automated update disks and guidance notes for installing these updates to all schools. The results of the questionnaire indicate that some schools find this level of support is not sufficient. This issue will be followed up to see if the information that is sent out could be improved or whether schools wish the team to offer a service to log in remotely and process upgrades on their behalf. The costs and timescales for implementing such a service would need to be investigated.

8.0 Personnel Service

- 8.1 The Personnel Service includes a professional personnel and administration service to schools, dealing with individual and collective staffing issues; and a payroll service. The team has been subject to significant change since the establishment of the new Council in April 1997. Originally there was a dedicated Personnel team in the L&D Directorate but this changed when the service was subject to centralisation in 1998 and 30 posts were deleted. A review of the service led to an additional 9.5 full time equivalent posts, temporary for two years, being created in April 1999.

Comparison of the Costs of Providing the Personnel Service

8.2 Tabled below is a comparison of charges between MKC, a private sector provider Nord Anglia and 5 other LEAs. MKC is significantly cheaper than Nord Anglia, particularly for larger schools. The comparison with other LEAs shows a mixed picture with Northampton and Dudley generally appearing cheaper for smaller schools, whilst Coventry is consistently more expensive. The marked difference in charges suggests that Personnel should attempt to identify the differences in approaches (and therefore charges) undertaken by Northampton and Wiltshire to ascertain whether there are lessons to be learnt.

Table 4 Comparison of the Costs of Providing the Personnel Service

School	Milton Keynes		Nord	Coventry	Northants	Wiltshire	Dudley	Leicester
Pupil	Council		Anglia	City	County	County	MBC	City
Numbers	(1) & (2)			Council	Council	Council		Council
		Including						
		Discount						
60	435	408	950	1700	508	450	275	258
120	820	770	1900	1990	616	690	550	602
180	1086	1011	1995	2062	724	989	824	688
240	1448	1348	2660	2207	832	1169	1099	860
380	1938	1813	4085	2497	1084	1727	1740	1204
600	2316	2166	4845	3976	1480	2605	2748	2150
850	2950	2775	7125	5571	1930	3603	3893	4042
1200	3744	3544	10355	7818	2560	4999	5496	6708
1500	4401	4179	12920	8761	3100	6196	6870	7826
1500+ (3)	4724	4474	13205	9341	3465	6795	7795	8514

Notes (1) To facilitate comparison the Milton Keynes package is based on the combined cost of the Employee Relations service and the administration of Pay & Conditions (at an estimated cost of £16 per employee), which will not be delegated.

(2) The Discount of 10% is only applicable to the Employee Relations service, when purchased in conjunction with the payroll service.

(3) The comparison for School Pupil Number 1500+ is based on a school with 1700 pupils

Survey Result

8.3 The survey demonstrated a high level of user satisfaction with the service (77%), although the satisfaction level was lower than Finance and IT because of the dissatisfaction concerning the implementation of single status. The main strengths were seen as:

- a. telephone assistance;
- b. helpful and knowledgeable staff;
- c. responsive and approachable.

The main weaknesses identified by the survey are listed below with a commentary against each.

- d. Liaison between departments. There has been some confusion in schools over whom to contact on personnel matters. Advice to schools has been provided by both the Personnel team and the Advisory and School Support Team in Learning and Development, leading to a lack of clarity over responsibility for individual areas. Both the Personnel team and Support Services have recognised this and have attempted to address the problem by identifying who will lead in specific areas.
- e. Delays in processing contracts. There were a number of comments about a perceived problem in this area. The statutory guideline is that contracts should be issued within 8 weeks of an appointment starting, although good practice would dictate that a much shorter timescale is appropriate. In order to ascertain how long Personnel were taking to issue contracts in practice, three sample tests were undertaken.
 - (i) The first test examined a sample of 14 teachers' contracts and found that the average time to process these contracts was 3 weeks and that all contracts were issued within the statutory 8 week time table.
 - (ii) The second test for a sample of 10 manual non-teaching staff shows that the average time to process the contracts was 6.4 weeks and that in 4 of the 10 cases the statutory time table was exceeded.
 - (iii) The third test reviewed the time to process amendments to the contracts of 10 Non-Teaching Staff. Here the results were much better with an average of 3 weeks being taken.

Tables of results for each test are fully detailed in Annex C

- 8.4 The ability of Personnel to issue contracts quickly depends not only on their own organisation and industry, but also on the accuracy, timeliness and completeness of information received from schools. To improve significantly, Personnel will need to work more closely with schools to identify the causes of delays and the necessary steps to be taken, by both sides, to remove them. The proposed improved IT network would facilitate the ability to move information and documents between HR and schools more quickly.

Comparison of Services Provided and Costs For the Payroll Service

- 8.5 The table over is a comparison of charges between MKC, Nord Anglia and 6 other LEAs. It shows that MKC is more expensive than Nord Anglia for all but the smallest schools and generally more expensive than the other LEAs for smaller schools. One approach to reducing costs would be for schools to encourage existing staff and all new staff to be paid monthly by BACS. This greatly reduces the number and or cost of transactions processed and therefore the payroll staff time required.

Table 5 Comparison of the Costs of Providing the Payroll Service

School	Milton Keynes			Hilling- don	Coventry City Council	Bedford	Nord Anqlia	Luton Borough Council	North'on County Council	Staffs County Council	Dudlev MBC
	Council										
	Basic	10%	20%								
60	350	315	280	484	553	515	360	360	326	270	221
120	750	675	600	790	1106	747	588	588	533	441	443
180	1250	1125	1000	1273	1161	980	948	948	860	711	664
240	1500	1350	1200	1338	1548	1212	996	996	903	747	886
380	2000	1800	1600	1773	2378	1754	1320	1320	1197	990	1402
600	2500	2250	2000	2547	2820	2605	1896	1896	1719	1422	2214
850	3000	2700	2400	3627	4148	3573	2700	2700	2448	2025	3137
1200	4000	3600	3200	4207	6028	4927	3132	3132	2840	2349	4428
1500	5000	4500	4000	5997	7521	6088	4464	4464	4047	3348	5535
1500+	5500	4950	4400	6045	7687	6862	4500	4500	4080	3375	6284

Notes MKC : A 10% discount is available for payroll if both payroll and personnel services are purchased together
A further 10% is available if **all** staff are paid monthly by BACS.
The comparison of 1500+ is based on a school of 1700 pupils

Survey Result

8.6 The service achieved an 84% satisfaction rating and there were few comments made about the service. One comment noted that there has been improved liaison between the personnel and payroll departments.

9.0 Governor Support

9.1 The Governor Support Service covers a range of activities including development and training and the clerking of governing body meetings.

Comparison of Services Provided and Costs

9.2 The cost comparison shows that there is a significant range of charges with Milton Keynes somewhere in the middle. See Table 6, over.

Table 6 Comparison of the Costs of Providing the Governor Support Service

Governor Development	Milton Keynes Council		Bucks	Nottingham	Swindon	Wiltshire		Dudley MBC	
		Note 1							
								Governors	
10 -13 Governors	£320	£288	) £350	£220	)	Level 1	599	9	225
14 - 17 Governors	£420	£378	) max	£300	) £569	Level 2	659	12	295
18 -21 Governors	£520	£468	)	£380	)			16	385
								19+	465
Governor Support									
Full Service	£750	£675	) £500	£950		Level 1	649		275
Lay Service	£375	£375	)	£355		Level 2	714		

Note 1 Incorporates 10% discount for buying Governor Development/ Governor Support packages

Survey Results

- 9.3 The survey demonstrated a very high level of user satisfaction with the service (90%). The main strengths were seen as:
- the knowledge and attitude of staff;
 - a helpful and efficient service.

There were few weaknesses identified by the survey but the main ones are listed below with a commentary against each.

- Some inconsistencies in levels of expertise. It was clear from the survey that some individual clerks were highly valued and were preferred to the lesser-experienced clerks. It is important that the service ensures that all clerks are adequately trained so that all the clerks can meet the highest standards of the best.
- Tendency to determine Governing Body agendas. As Clerk to the governing body, the LEA has considered it necessary to ensure that new legislation and statutory requirements are brought to the governing body's attention and dealt with appropriately. However, the LEA is conscious of the burden on governing bodies and will continue to keep such items to a minimum.

10.0 Repairs and Maintenance

- 10.1 The service offers the provision of a full repairs and maintenance service in partnership with the school. Plus the provision of professional support to the Head and Governing Body in the planning of repair and refurbishment work and the procurement and provision of labour and materials.
- 10.2 The service is provided as an emergency response and advisory role at three levels – Options 1, 2 or 3. In addition schools can buy in to service contracts arranged with various suppliers for which a 10% administrative charge is levied. It has proven

difficult to obtain comparative cost data from other sources and only two LEAs provided information.

10.3 The charges levied are determined at the end of one financial year for the next financial year. This prevents any consultation with schools on the planned charge levels and to some extent the approach to charges. Last year many schools did not confirm that they intended to buy into the service until June, this may have been a result of late information about proposed charges.

10.4 The limited comparative data available does not enable a direct conclusion to be drawn because the services are provided in different ways. Broadly speaking the costs look similar between the two authorities.

Table 7 Comparison of Repairs and Maintenance Services

Service Provision	Milton Keynes Council			Nottingham County Council	
	Option 1	Option 2	Option 3	Primary / Secondary	Secondary / Middle
Access to 24hr Emergency Response Service	Yes	Yes	Yes	Yes	Yes
Procurement of approved contractors	Yes	Yes	Yes	Yes	Yes
Routine professional Advice	n/a	Yes	Yes	Yes	Yes
A full administrative and accounting service (1)	n/a	n/a	Yes	Yes	Yes
A full responsive repairs service (2)	n/a	n/a	Yes	n/a	n/a
Cost (£) 1999/2000	52	165	450	200	325

(1) includes placing orders, processing invoices and proving monthly statement

(2) includes monthly site visits, negotiation with contractors, obtaining quotations, placing orders, inspecting completed work

Survey Results

10.5 The overall satisfaction rating for this service was 58%, much lower than the other services. One reason put forward for this is the general feeling in schools that inadequate funds are being provided for maintenance and this coloured the views of Heads when they indicated their satisfaction with the Architect's service. The main strengths were seen as:

- a. good knowledge and advice;
- b. understanding of challenges of managing a building without expertise in the area.

The main weaknesses identified by the survey are listed below with a commentary underneath:

- c. dissatisfaction with contractor performance;
- d. speed of response;
- e. service has not grasped the culture of meeting clients needs.

- 10.6 The service had already undertaken a mid-year review and the findings from that review in addition to this survey has led to the following action being proposed:
- a. All staff are to be given support and training to improve customer care;
 - b. Information sent to schools to be made more explicit to prevent confusion;
 - c. A Help Desk to be set up and staff by trained customer care staff as a first point of contact;
 - d. Call logging to be introduced to track performance of service;
 - e. Clear audit trail to be introduced to monitor the performance of contractors.

11.0 Grounds Maintenance and Cleaning

- 11.1 Only three comments from the survey were received for these areas and all related to an outcome of individual contracts not meeting anticipated specifications. The Environment Directorate believed that they had correctly used standard contracts whilst the schools perceived that their needs had not been met. It is clear that schools should be asked to “sign off” specifications prior to contracts being let.

SECTION D

MISCELLANEOUS

12.0 Empowering Schools

- 12.1 The impact of transferring budgets to schools is both considerable and ongoing. It has been the intention of successive Governments to give greater autonomy to schools, whilst stimulating competition and improving the quality of support services. Schools have generally welcomed this, although some of the smaller schools are concerned about the additional administrative burden that they will face. The Government is attempting to address this from April 2000, through the provision of additional Standards Fund support to small schools, i.e. those with less than 200 pupils. The value of the extra funding will be some £6000 for each of the 34 qualifying schools in Milton Keynes and can be used for one, or a combination of the following:
- a. increasing administrative support;
 - b. supply cover;
 - c. a bursarial service.
- 12.2 Given that the trend of further empowering schools looks set to continue, the Council needs to determine how it is going to respond to this. The current position will also change as Heads and Governors become more familiar (and confident) with controlling these additional funds. The transfer of budgets will force service providers to look more carefully at both their charges and the nature of services provided to schools or they will risk losing business.
- 12.3 The Council could go one stage further and empower schools through the provision of choice in the range of services provided and help schools, perhaps via training them to become more discerning buyers of services generally. This would mean that in addition to the LEA providing services, where there was sufficient demand, the LEA would help schools to obtain the best possible services irrespective of source. The Audit Commission in its publication Held in Trust (the LEA role of the future) advocates this approach.

13.0 Service Co-ordination

- 13.1 It became clear as the review progressed that the individual support services were working separately to define and cost the services they proposed to provide, rather than co-ordinating services and working together. This is probably attributable, in part, to this being the first year of delegating funds to most schools and the initial disruption caused by establishing a new Council in April 1997. A number of schools complained of uncertainty about whom to contact on certain matters and one school thought that two services were directly conflicting with each other. This suggests that there is a need for the Heads of Service providing services to schools to meet regularly, to agree who provides individual services and how best to co-ordinate and develop overall service provision. This in turn should be communicated to schools and a simple contact list provided.

14.0 Management Information

- 14.1 The review found that there was a general lack of management information about the services provided. A principal weakness concerned the absence of knowledge about

what it costs to provide services to individual schools. The proposed charges to schools are based upon total costs to all schools. Another omission was the absence of benchmarking data to compare services with other providers, both in terms of costs and methodologies. This Council is not unique in this respect, as it was extremely difficult to find other LEAs that had such information. In order to overcome the data shortfall, a form was designed to detail a standard information set that was required from each service, for the review.

- 14.2 It is likely that a large number of the services planned for best value reviews over the next 5 years also will suffer from the information deficits found as part of this project. This problem would be overcome if all services started collecting the information required for a review now, rather than waiting until it was their turn to be reviewed.

15.0 The Duty of Schools To Achieve Best Value

- 15.1 The statutory responsibility on local authorities to obtain best value does not apply to schools and their governing bodies in their use of delegated and devolved funds. However, Ofsted's handbook for inspecting schools describes other duties placed upon schools that are designed to achieve similar ends. Governing bodies are required to set targets to raise standards, are required to provide a good quality public service and spend public money wisely. Schools are accountable for balancing costs (in terms of economy and efficiency) and effectiveness (in terms of their performance and the quality of what they provide) as required by the best value framework. To achieve this schools need to demonstrate that they apply best value principles in arriving at decisions about their activities, especially in relation to how financial resources delegated to them are managed.

16.0 Trading Surpluses and Deficits

- 16.1 The new trading arrangements will, particularly in the early years, lead to trading surpluses or deficits where demand varies from the estimated demand. This raises two important issues. Firstly what should happen to surpluses (or losses) generated. Options include:
- a. carry balances forward to offset future surpluses/losses.
 - b. refund surpluses and levy additional charges to cover losses each year, whilst this would provide an accounting solution it would not be acceptable under existing service level agreements.
 - c. structure charges in a prudent manner but make them "stepped" so that they reduce, because of economies of scale, when take up is higher than anticipated.
- 16.2 There are advantages and disadvantages associated with all three approaches, although a. and c. are the most practical. Whilst it is not a perfect solution c. is favoured because it encourages more schools to buy the service and avoids the difficulties that arise if surpluses or deficits are generated and unplanned "profit" is returned to schools. That said, such an approach does require a good knowledge of the services' costs and a reasonable view of the likely market. To overcome this it is recommended that approach a. is used for two years whilst this knowledge is acquired, followed by a switch to approach c. To conform with the spirit of openness the surpluses and deficits derived should be published.

- 16.3 A second issue raised concerns how flexibly services respond to increasing or decreasing levels of demand. If they are to respond effectively then the service providers must have the freedom to adjust the level of resources employed to meet the needs of schools with a minimum of bureaucracy. Clearly, allied to this freedom of approach is the responsibility to ensure that resources are managed within overall budgets.

SECTION E

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

17.0	Summary Points	Commentary/Action Required
17.1	The heavy reliance on pupil numbers to delegate additional funds as a result of the Fair Funding legislation caused financial difficulty to some smaller schools in 1999/2000.	The increase in the “fixed element” of the funding formula in 2000/2001 is intended to alleviate this problem.
17.2	There is some lack of clarity across a range of services, concerning whether schools or the LEA should fund aspects of service development.	When these “grey” areas occur the LEA and schools should agree where the responsibility for funding lies.
17.3	It has not been possible in the time and with the information available to examine all services and costs in greater depth.	It is important for Heads of these Services and the Director of Education and Early Years Services to continue to analyse costs against service specifications as well as other aspects raised in the report, to ensure that schools are benefiting from best value in the support services.
18.0	Finance	
18.1	The survey showed a high level satisfaction with the service.	
18.2	The cost comparison of the Finance and Administration Service showed it to be in the middle to higher end in terms of total cost of the package offered, but in the middle of the range in terms of cost per day.	
18.3	Some lack of communication has caused duplication and confusion in schools over individual responsibilities.	Finance and IT need to ensure that they work more closely together to meet schools’ needs.
18.4	There have been delays in delivering financial management information to schools	The Finance team consults with schools and other relevant colleagues over approaches to delivering more timely management information.
18.5	The current duplication of financial transactions on the schools’ and MKC’s databases is unnecessary and creates work through having to reconcile them. The withdrawal of support by SIMS for LRM4 in April 2001 is a good catalyst for identifying a single database approach whilst ensuring the necessary requirements of the LEA are met.	The Council consults with schools to agree an appropriate single database for school financial transactions to ensure both schools and MKC have the data each individually requires.

18.6	The cost comparison for creditor payments showed MKC to be expensive. By giving bank accounts to all schools the LEA would enable schools to write their own cheques, speed up the payment process and avoid the duplication inherent in the existing process. This initiative would reallocate £55,000 per annum that could be spent on other activities.	Schools should be encouraged to open their own bank accounts to process their creditor invoices. Support and training should be provided if required, particularly those obtaining bank accounts for the first time.
19.0	Information Technology Service (IT)	
19.1	The survey showed a high level of satisfaction with the service.	
19.2	The proposed charge for the IT service is competitive compared to the other providers surveyed, including Capita.	
19.3	The absence of a close liaison between the IT service and the Schools' Support Team in L&D has led to duplication of effort (but not spend) and different approaches to resolving IT infrastructure problems experienced by schools.	The IT Team should liaise closely with Advisory and School Support to ensure investment in IT infrastructure for schools is optimised for both curriculum and management purposes.
19.4	A number of schools have had difficulty in implementing software updates.	IT should work with schools to improve the documentation sent with upgrades and investigate whether upgrades can be processed remotely on schools' behalf.
20.0	Personnel	
20.1	The schools survey demonstrated a generally high level of satisfaction with the service.	
20.2	The cost comparison of the Personnel service showed that it was cheaper than the private sector provider, but more expensive for smaller schools than some of other LEA providers surveyed.	Personnel should talk to the LEAs identified as providing a much cheaper service to understand whether there are approaches to services that could be of benefit to MKC.
20.3	Some overlap of work between Personnel and the School Advisory and Support Team has led to some confusion in schools concerning who is responsible for different aspects of Personnel	The two services are clarifying the position for schools.
20.4	The survey showed some dissatisfaction by schools over the time taken to process contracts. Some testing in this area showed that the eight week statutory timetable for processing contracts is occasionally	Personnel should work with schools to identify reasons for the delays and find ways to expedite this service.

	exceeded for manual staff.		
20.5	The cost comparison for the payroll service demonstrated that MKC is more expensive than the private sector provider for all but the smallest schools and generally more expensive than the other LEAs, especially for smaller schools.	Personnel and schools should attempt to minimise the volumes of transactions involved in the payroll process in order to reduce costs. One example is to encourage existing staff and all new staff to be paid monthly via BACS.	
21.0	Governor Support		
21.1	The cost comparison for this service showed a wide variation of charges across different LEAs with MKC somewhere in the middle.		
21.2	The survey showed a very high degree of satisfaction with this service. There were few criticisms of the service but one issue that arose showed that more experienced Clerks were preferred to those with less experience.	The Advisory and School Support Team should ensure all clerks have adequate training to lift the performance of all staff up to the levels of the best.	
22.0	Repairs and Maintenance		
22.1	The late development of charges for this service each year has prevented the normal consultation with schools prior to their budget setting process. This in turn has led to schools not signing up for the service until well into the financial year.	The Architect's Team should prepare their charge rate earlier in the financial year to enable enough time for consultation with schools.	
22.2	The cost comparison data looks similar to that of the only LEA that provided information for this service.		
22.3	The survey showed a satisfaction rating below that of the other services. From the results of the mid-year review and the survey, the architect's team has provided an action plan to address the problems.	Architects should implement their action plan.	
23.0	Grounds Maintenance and Cleansing		
23.1	The standard contracts let in these areas do not consistently meet the needs of schools.	The Environment Directorate should ensure specifications are "signed off" by schools prior to tendering contracts.	
24.0	Empowering Schools		
24.1	Successive Governments have increased the autonomy of schools through delegated and devolved budgets in order to place	The government has sought to ameliorate the difficulties by providing additional funds in	

	responsibility for financial decision making with schools and to stimulate competition and improve the quality of services. This has caused some problems in small schools.	2000/2001 for small schools to improve levels of administrative support.	
24.2	The Council could further empower schools by increasing choice in service provision and assist schools to become better buyers of services, irrespective of source.	Service providers should be as flexible as possible in offering choice and should assist schools to become better buyers of services.	
25.0	Service Co-ordination		
25.1	A fair Funding Steering Group has helped improve co-ordination of support services but further improvements are required.	Support services should co-ordinate their approach to delivering services to schools in order to avoid duplication and confusion over responsibility.	
26.0	Management Information		
26.1	There is currently insufficient information and knowledge about the costs of providing services to individual schools. There is also very little bench-marking being undertaken in these services. The absence of this information reduces the Council's ability to undertake a thorough best value review.	As the programme of reviews for the next five years is known, it would seem appropriate to start gathering the necessary information/bench-marks in these areas (and arguably, all others) as soon as possible.	
27.0	The Duty of Schools to Achieve Best Value		
27.1	Whilst the statutory obligation for local authorities to obtain best value does not apply to schools and governors there are other duties in place that are designed to achieve the same ends.		
28.0	Trading Surpluses and Deficits		
28.1	A process for dealing with surpluses and losses from trading has to be developed.	That surpluses and losses on trading accounts are carried forward to the following year for the next two years followed by the introduction of "stepped charges" based upon the level of school take up.	
28.2	Services need the flexibility to expand or contract in line with demand.	Service managers have the ability to adjust staffing levels in line with demand for services.	

ANNEX A

SUPPORT SERVICES FOR SCHOOLS

TERMS OF REFERENCE (Project definition)

Lead Officer: Howard Miller

Project Manager: Mike Hood

1. This review will cover the support services provided to schools and will include:
 - a. Finance
 - b. Information Technology
 - c. Human Resources
 - d. Landscaping
 - e. Cleaning
 - f. Architects and Maintenance
 - g. Purchasing
 - h. Communication
 - i. Legal Services
2. The review will include the working arrangements between the different teams involved within Learning and Development Directorate and the teams in the Resources and Environment Directorates.
3. The review will identify:
 - a. what services are currently provided, including structures, methodologies and reporting arrangements
 - b. the aims and objectives of the services
 - c. the current cost of the services
 - d. the devolved funding arrangements
 - e. appropriate benchmarks to measure current performance
 - f. alternative methods of service provision
 - g. a user view of the service
 - h. private sector comparisons for cost and service indicators
 - i. current initiatives for performance improvement.
4. The review team will develop a project plan in order to structure and monitor the review process.
5. The review will consult with School Heads, Chairs of Governors, Bursars and School Secretaries as appropriate.

