The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Edinburgh. The coat of arms consists of a shield divided into four quarters. The top-left quarter shows a castle tower, the top-right shows a stag's head, the bottom-left shows a three-masted sailing ship, and the bottom-right shows an eagle with wings spread. Above the shield is a crown with four fleurs-de-lis. Below the shield is a ribbon with the motto 'ANE FOR A'.

## **Agenda Item 7**

**Local Government Benchmarking  
Framework LGBF Performance  
Information Children Services**

Falkirk Council

**Title:** Local Government Benchmarking Framework LGBF  
Performance Information Children Services

**Meeting:** Scrutiny Committee

**Date:** 30 November 2017

**Submitted By:** Director of Children's Services

**1. Purpose of Report**

1.1 This report provides the panel with an update of contextual information about the Children's Services Local Government Benchmarking Framework performance indicators on the costs per pupil in pre-school, primary schools and secondary schools in 2015-16. This was requested following the wider discussion of Children's Services benchmarking indicators at the meeting on 17 August 2017.

**2. Recommendation**

**2.1 It is recommended that the Scrutiny Panel notes the content of this report.**

**3. Background**

3.1 At the meeting on 17 August 2017, Scrutiny Panel considered the latest published Improvement Service LGBF indicators for 2015-16 on Scottish local authorities, including those for Children's Services. The Director of Children's Services provided contextual information to the Panel on the Children's Services indicators, including the financial indicators. Following this, the Panel requested further information on the reliability and comparability of the cost per pupil data reported by the Improvement Service.

**3.2 Purpose of LGBF**

The Local Government Benchmarking Framework (LGBF) was developed through SOLACE at the request of councils to fulfil their requirement to report performance information to the public. The information is gathered and published by the national Improvement Service and it brings a wide range of information on how all Scottish councils perform in delivering services and includes cost and satisfaction information. The aim of the framework is to provide a suite of high level indicators on priority areas, forming an overarching framework to assist in comparison, identifying areas for improvement, examples of best practice and to start conversations. Councils have additional data on all the services to inform management and elected members. The LGBF Children's Services performance indicators are listed in full in Appendix 1.

3.3 The LGBF has been criticised for its focus on cost indicators. These are based on the Scottish Government's Local Financial Returns and have been found to be inconsistent between different local authorities. Work with the Directors of Finance has been undertaken to try to make these measures more robust by developing robust definitions for the indicators. It is also argued that cost indicators are not an effective measurement of performance. For example, cost information alone does not provide any information on the *quality* or the level of provision of the costed services. However, when the cost of a service is assessed alongside other service delivery and customer satisfaction indicators, value can be gained.

3.4 The LGBF cost per pupil data includes three indicators:

- |   |
|---|
| <ul style="list-style-type: none"><li>• CHN1 - Cost per Primary School Pupil</li><li>• CHN2 - Cost per Secondary School Pupil</li><li>• CHN3 - Cost per Pre-School Education Registration</li></ul> |
|---|

#### **4. Further Information on Indicators CHN1, 2 and 3**

##### **4.1 How Costs Are Calculated**

- All costing information is extracted from annual financial returns (LFRs) that Finance Services submit to the Scottish Government.
- All costs are shown as gross costs.
- The information contained within the LFRs is compiled directly from the year-end financial ledger with Service Management costs being directly recharged to each school sector.
- Pupil numbers are taken directly from the annual census carried out each September.

##### **4.2 Variations Between Authorities**

- Although Finance staff have been engaged directly with the LGBF team to try to ensure consistency of approach across all local authorities in dealing with costs, this work is still on-going in this area.
- There are a number of reasons why costing information may vary between local authorities:-
  - Income from Early Years “wrap around care” places and provision is not included. (Key in Falkirk's figures)
  - Treatment of Enhanced/ASN provision costs in mainstream schools.
  - Treatment of peripatetic or visiting teachers.
  - Different levels of Service may be provided, this is particularly relevant for Early Years where non-statutory childcare services are in place.

##### **4.3 Council Restructuring**

- As a result of Council restructuring, the Catering and Cleaning Division moved to Children's Services. When the 15/16 LFRs were submitted, the Catering & Cleaning costs were overstated by internal recharges.
- The effect this would have had on our submitted figures is:-

	CHN1	CHN2	CHN3
	<u>Primary</u>	<u>Secondary</u>	<u>Early Years</u>
Cost Per Pupil (Submitted)	£ 4,785	£ 6,865	£ 4,951
Cost Per Pupil (Adjusted)	<u>£ 4,368</u>	<u>£ 6,588</u>	<u>£ 4,834</u>
Scottish Average	<u>£ 4,744</u>	<u>£ 6,729</u>	<u>£ 3,857</u>

- The LFRs for 16/17 will be submitted reflecting the correct catering and cleaning costs.

#### 4.4 Indicator CHN1 – Costs per Pupil (Primary)

- For 2015/16 CHN1 was £4,785 (Adjusted £4,368)
- The adjusted figure compares very favourably with the national average of £4,744 and reflects the fact that overall our primary schools operate very efficiently.
- The efficient financial operation of our Primary School sector reflects the fact that:
  - (i) Headteachers are advised of their most efficient class configuration models within their schools by the Planning Team and teachers are allocated to schools on the basis of the number of classes.
  - (ii) Occupancy rates within our Primary School sector are generally high, which allows the sector to benefit from economies of scale.
- Appendix 2 shows Falkirk's position to be 17<sup>th</sup> (from 32) based on the submitted figures. If the adjusted figure of £4,368 was used Falkirk would be in the top quartile.

#### 4.5 CHN2 – Cost per Pupil (Secondary)

- For 2015/16 CHN2 was £6,865 (Adjusted £6,588)
- The adjusted figure compares very favourably with the national average of £6,729.
- The efficient financial operation of our Secondary School sector reflects the fact that a number of our secondary schools operate with the relatively high occupancy rate which allows for economies of scale. In addition, Falkirk benefits from having larger capacity secondary schools than a lot of other Councils. It is not uncommon for a number of local authorities to have secondary schools capacity set around 1000.
- As all of Falkirk's secondary schools are part of the PFI initiative, then our operating costs could be higher compared to those authorities that do not have the same PFI exposure.
- Appendix 2 (Table 2) shows Falkirk ranked 21<sup>st</sup> (of 32) local authorities based on our submitted figure. If the adjusted figure of £6,588 was used, then Falkirk would be in the 2<sup>nd</sup> quartile range.

#### 4.6 CHN3 Cost per Pupil (Pre School)

- For 2015/16 CHN3 was £4,951 (Adjusted £4,834)
- Based on the submitted figure Falkirk ranked 29<sup>th</sup> (of 32) nationally. (as can be seen in Appendix 2 – Table 3), which is significantly above the Scottish average of £3,857.
- One of the significant reasons for Falkirk's costs being high is that the LFRs capture the gross costs of the service provision and do not take

income into account. The fact that Falkirk has 8 day nurseries offering non-statutory extended day care and in most cases 50 week/year provision for babies, toddlers and 3-5 year olds, means that our base operating costs are greater than those authorities who only provide statutory Early Learning & Childcare Services.

- It is more expensive to provide childcare services for babies and toddlers due to higher adult:pupil ratios set by the Care Inspectorate, than it is for 3-5 year olds provision.
- In 2015/16, Falkirk raised £1.021m from Early Years Income and if that was taken into account, our revised cost per pupil would be £4,492. (21<sup>st</sup> place)
- The main reason for the year on year increase in our CHN3 indicator is that in previous years, the operating costs associated with our 8 day nurseries were included in Social Work's LFR figures, as they in past years were operated as Childcare day centres by Social Work, prior to restructuring.
- A review of our Early Years expenditure, relative to our LFR return brought this to light hence the reason the accounting treatment of Day Nurseries changed in the 2015/16 LFR return.

#### 4.7 Assessment of the LGBF Pupil Cost indicators

Overall the figures provided in the Local Financial Return are accurate as they come from the Council's audited accounts. However, as can be highlighted from the information in this report, there is still a degree of latitude between Councils in terms of where specific items of expenditure are recorded when completing the LFRs. This in turn is reflected in the LGBF data published by the Improvement Service.

- 4.8 Internally, finance colleagues are in the process of reviewing the arrangements for collating and validating the data for both the LFR and associated indicators. In addition, at a national level, benchmarking groups have been set up to improve the quality of performance indicators, including tackling issues of consistency across all Councils. Officers are currently engaged with these groups.

## 5. **Implications**

### **Financial**

- 5.1 There are currently no financial implications arising from the recommendations in this report.

### **Resources**

- 5.2 There are no resource implications arising from the recommendations in this report.

### **Legal**

- 5.3 There are no legal implications arising from the recommendations in this report.

### **Risk**

5.4 There are no risks arising from the recommendations in this report.

### **Equalities**

5.5 An equality and poverty impact assessment is not required.

### **Sustainability/Environmental Impact**

5.6 No sustainability assessment has been completed as part of compiling the report and the main findings.

## **6. Conclusions**

- The information provided seeks to give Scrutiny Panel an explanation of how the individual indicators are assessed and highlights the key reasons for variation between the authority's figures.
- The report also highlights the changes made recently to accounting arrangements applied to the LFRs and explains the reasons for the 2015/16 LFRs treatment of catering and cleaning costs overstating our expenditure, linked to gross charges.
- Moreover, the report confirms that subject to local decisions on where expenditure is accounted for and in the absence of agreed national guidance, the figures used in the indicators are robust and correct.
- The report also highlights that it is accepted that there will be some variations in the way that local authorities capture and show expenditure in the LFRs, which can cause some challenges when benchmarking figures.

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Date: 20 November 2017

### **Appendices**

Appendix 1: LGBF Children's Services Indicators

Appendix 2: LGBF Charts showing comparative expenditure data for Indicators CHN1, CHN2 and CHN3

### **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

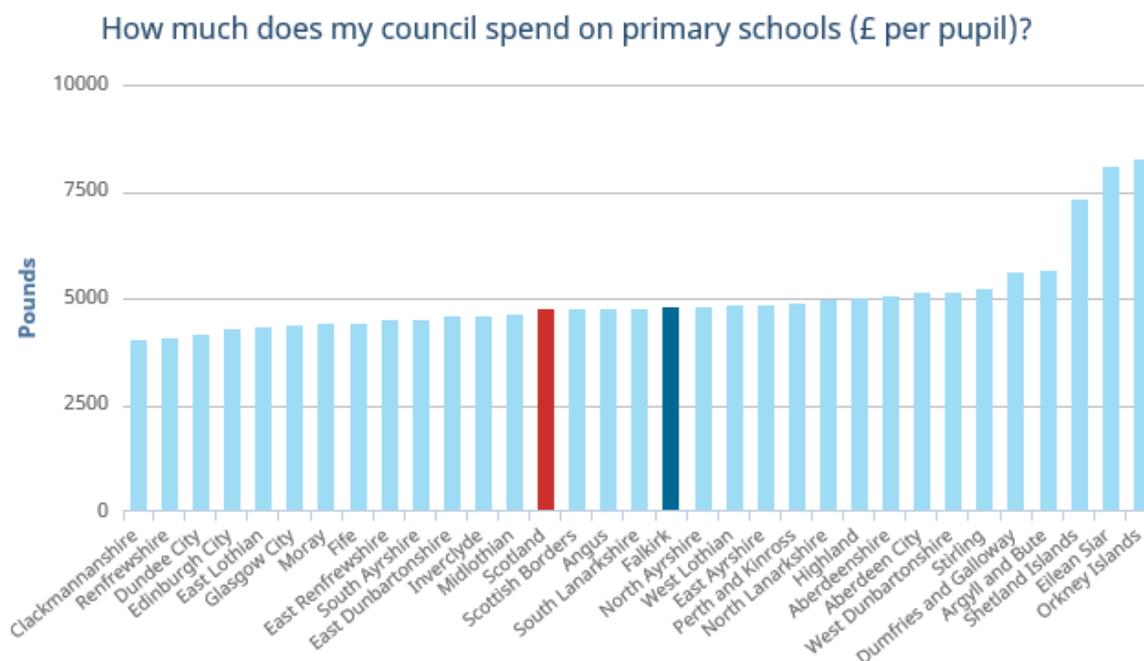
- None

Table 1: Current suite of indicators 2015/16

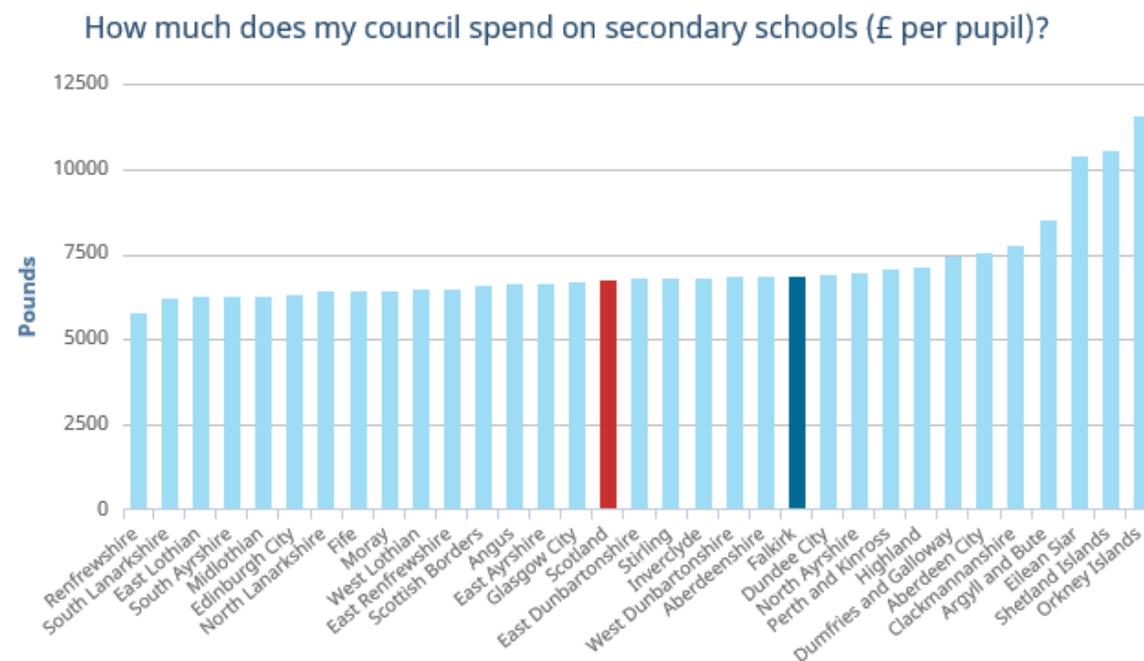
Indicator	Description
CHN1	Cost per primary school pupil
CHN2	Cost per secondary school pupil
CHN3	Cost per pre-school education registration
CHN4	% of pupils gaining 5+ awards at Level 5
CHN5	% of pupils gaining 5+ awards at Level 6
CHN6	% of pupils from deprived areas gaining 5+ awards at Level 5 (SIMD)
CHN7	% of pupils from deprived areas gaining 5+ awards at Level 6 (SIMD)
CHN8a	Gross cost of "Children Looked After" in residential based services per child per week
CHN8b	The gross cost of "Children Looked After" in a Community Setting per child per week
CHN9	Balance of care for looked after children: % of children being looked after in the community
CHN10	% of adults satisfied with local schools
CHN11	Proportion of pupils entering positive destinations
CHN12a	Overall average total tariff
CHN12b	Average total tariff SIMD Quintile 1
CHN12c	Average total tariff SIMD Quintile 2
CHN12d	Average total tariff SIMD Quintile 3
CHN12e	Average total tariff SIMD Quintile 4
CHN12f	Average total tariff SIMD Quintile 5
CHN13a*	Percentage of pupils achieving expected levels in Reading P1
CHN13b*	Percentage of pupils achieving expected levels in Reading P4
CHN13c*	Percentage of pupils achieving expected levels in Reading P7
CHN14a*	Percentage of pupils achieving expected levels in Writing P1
CHN14b*	Percentage of pupils achieving expected levels in Writing P4
CHN14c*	Percentage of pupils achieving expected levels in Writing P7
CHN15a*	Percentage of pupils achieving expected levels in Listening and Talking P1
CHN15b*	Percentage of pupils achieving expected levels in Listening and Talking P4
CHN15c*	Percentage of pupils achieving expected levels in Listening and Talking P7
CHN16a*	Percentage of pupils achieving expected levels in Numeracy P1
CHN16b*	Percentage of pupils achieving expected levels in Numeracy P4
CHN16c*	Percentage of pupils achieving expected levels in Numeracy P7

\*Indicator not published

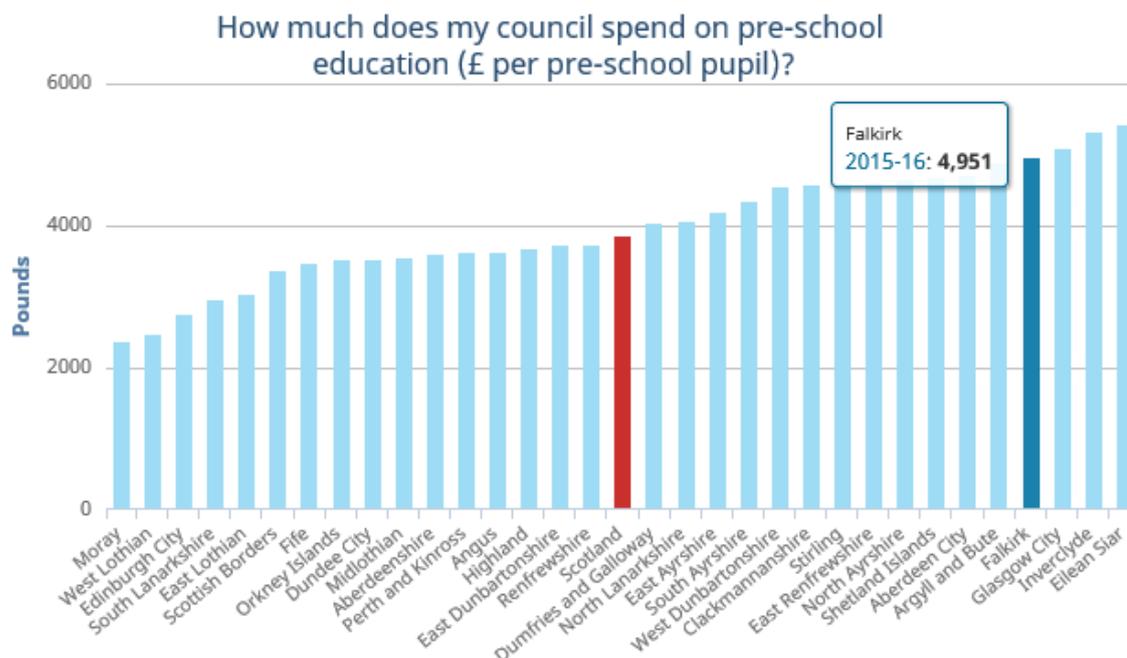
**Table 1: CHN1 Cost per Primary School pupil 2015-16**



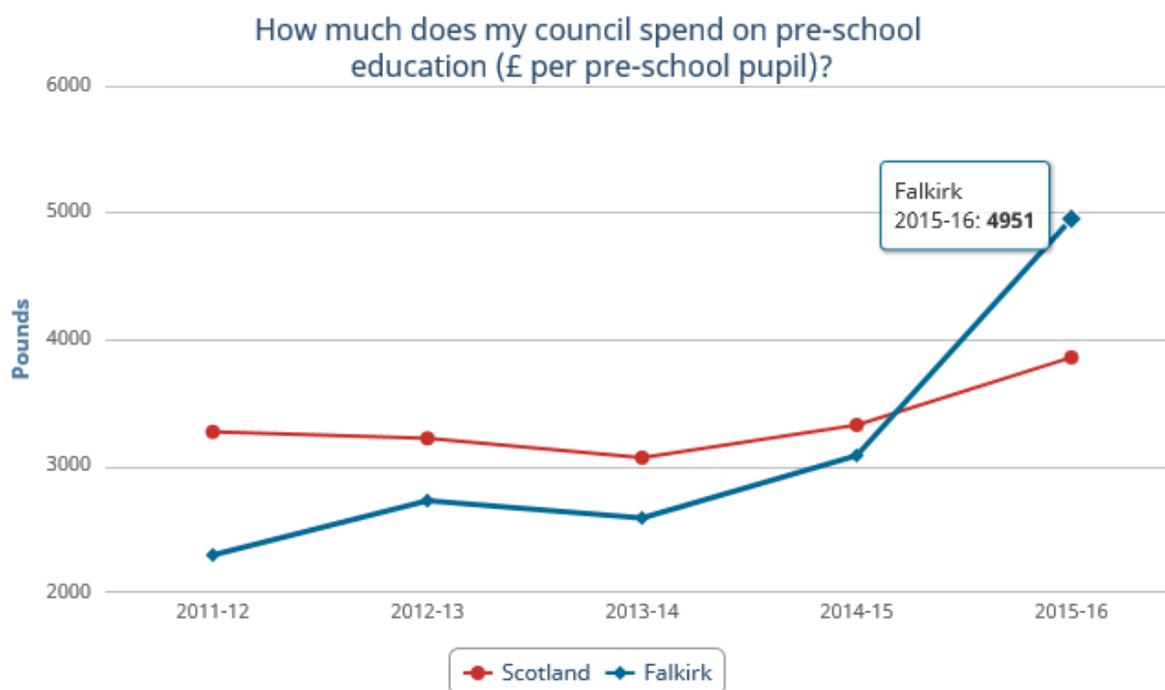
**Table 2: CHN2 Cost per Secondary School pupil 2015-16**



**Table 3: CHN3 Cost per Pre-School pupil 2015-16**



**Table 4: Cost per pre-school registration 2011-12 to 2015-16**



Data source for Tables above: <http://www.improvementservice.org.uk/benchmarking/tool.html>