

Children and Education Select Committee 26 January 2015 School Governance Task Group – Final Report

Purpose of the report: Policy Development

This report sets out the final findings of the School Governance Task Group. It is intended to be read as a follow on from the interim report of the Task Group, which was presented to the Committee on 27 November 2014.

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Introduction

1. The Children and Education Select Committee established a School Governance Task Group on [10 July 2014](#)¹. The scoping document was approved by the Council Overview and Scrutiny Committee on [11 September 2014](#)².
2. The membership of the Task Group comprises of: Dr Zully Grant-Duff (Chairman), Denis Fuller, Colin Kemp, Mary Lewis, and Chris Townsend. Ann Heather Nash, Surrey Governors' Association (SGA) is a co-opted member of the Task Group.
3. An interim report was presented to the Children and Education Select Committee on [27 November 2014](#)³. The focus of this interim report was the information and findings relevant to the nomination, appointment and role of Local Authority (LA) governors, with a particular emphasis on the impact of the re-constitution of governing bodies under the 2012 regulations. Following this, a series of recommendations were made to Cabinet on [16 December 2014](#)⁴. The response to these recommendations is attached as **annex 1**.

¹ [Children and Education Select Committee. "School Governance - Proposal for a Task Group." 10 July 2014.](#)

² [Council Overview and Scrutiny Select Committee. "School Governance Task Group - Scoping Document." 11 September 2014.](#)

³ [Children and Education Select Committee. "School Governance Task Group - Interim Report." 27 November 2015.](#)

⁴ [Cabinet. "Item 5 - Reports from Select Committees, Task Groups, Local Committees and other Committees of the Council." 16 December 2014](#)

Methodology

4. The Task Group held four witness sessions. The list of witnesses is attached as **annex 2** of this report.
5. In addition to witness sessions, research was undertaken by the Task Group, supported by Democratic Services.

School Governance – Support and Training

6. There is an extensive range of support packages available to school governors, both within the national and local context. Principal amongst these in Surrey is the Governance Consultancy Services, provided by Babcock 4S.
7. On 1 April 2004, Surrey County Council and VT Education and Skills Limited formed a joint venture company (VT Four S Limited, now Babcock 4S) for the delivery of educational services to the Council, Surrey schools and beyond. Babcock 4S are commissioned by the Council to deliver a number of statutory functions in relation to school governance. This includes administering the nominations process for LA appointees, induction for those new to school governance and for Additional Skill Governors (ASGs) who work with schools identified for focussed support under the Council's School Improvement Strategy. Babcock 4S also trade governance training and consultancy to the majority of LA schools, as well as a number of academies and independent schools in Surrey. The details of these traded packages are included as **annex 3** of this report. In addition, governing bodies are able to approach Babcock 4S for individual governance training sessions and advice.
8. Witnesses were asked their opinion of the level of training and support provided to governing bodies. Overall it was felt that the support for schools provided by the Council through Babcock 4S had been key to addressing issues around improvement. It was highlighted that Babcock worked to identify appropriate packages of support where schools had received a negative Ofsted judgement, and the opinion of witnesses was that these packages were of good quality. Some witnesses reported occasional difficulty in obtaining specific advice and support outside formal training.
9. Some witnesses expressed concern that the Council's focus on schools requiring improvement does not adequately address the situation of schools receiving a 'good' judgement but being at a longer-term risk of declining. However, this was a minority view amongst witnesses. The Task Group also recognises that the Council is increasingly faced with the need to make best use of resources to meet its statutory responsibility to support school improvement. This was achieved through the Service Delivery Agreement (SDA) and School Improvement Strategy, which set out how Babcock 4S delivers school improvement packages to maintained schools in Surrey.

Recruitment and Retention of Governors

10. The Task Group was informed by a range of witnesses that there was a significant challenge in recruiting skilled school governors. This was as result of several factors connected to the nature of the role, including the time commitment required, and people's perception about the possible benefits of undertaking such a role.
11. Central government sets out that an employer should grant employees time off to undertake certain public duties; this includes being a school governor.⁵ In addition, Surrey County Council maintains a Special Leave policy that supports staff to undertake governing roles. This includes up to five days discretionary paid leave to carry out the role of a governor if they are "a member of the managing or governing body of an educational establishment maintained by a local authority, a foundation school or a higher education corporation."⁶
12. The difficulty in recruiting school governors was a nationally recognised issue, particularly in recent years with the increased emphasis on recruiting those with business skills and expertise. Witnesses highlighted that often governors were parents at the school in question. The Task Group met with a number of knowledgeable and highly-regarded governors, many of whom had initially become involved through being parents with children at school. However, it does serve to highlight that governing bodies are often required to recruit from a restricted pool of possible candidates, some of whom may not fill the necessary skills gaps in a school governing body.
13. The Task Group discussed how potential governors were identified within the community. It was noted that faith schools would work with the local faith leader to identify possible candidates. The Diocesan representative for Guildford commented that a CV is requested from any candidate, and a letter written upon appointment that sets out the expectations of the Diocese. Individual school governing bodies were expected to undertake the appropriate due diligence when appointing. The Task Group was informed that community representation on governing bodies was considered important for those schools that were part of the Good Shepherd Trust, the Diocese's Multi-Academy Trust.
14. It was highlighted that community representation was not always reflected in the composition of school governing bodies. However, witnesses expressed the view that schools should look to engage the local community, but that this should not necessarily equate to governing body representation. As noted in the interim report⁷, the various governor roles required by the Education Act, 1986 were intended to ensure appropriate stakeholder representation on the governing body.

⁵ <https://www.gov.uk/time-off-work-public-duties>

⁶ Surrey County Council, 'Special Leave Policy', June 2011

⁷ [Children and Education Select Committee. "School Governance Task Group - Interim Report." 27 November 2015.](#) See Para 10

15. The Task Group raised the question of whether remuneration would encourage more people to become school governors. It was highlighted that this would place additional financial pressures on schools or the Council, and would potentially alter the motivations of candidates who put themselves forward for a governing role. Under current legislation there is the power in place to pay members of Interim Executive Boards (IEBs).
16. The general view of witnesses was that remuneration would not significantly incentivise more people to volunteer as school governors. However, it was also commented that the power to pay in certain circumstances, as outlined above, should be retained. This corresponds to the findings of an inquiry into the role of school governing bodies, conducted by the House of Commons Education Select Committee in 2013,⁸ which concluded: “While not advocating payment to governors in general, we can see that there is a case for remuneration in some circumstances—for example, when governors deploy their skills to improve governance in other schools.”⁹
17. The House of Commons inquiry highlighted that there would be significant benefits in engaging with the business sector to recruit school governors. The Task Group was informed that Babcock 4S could put forward suitable governor candidates when requested to do so by school governing bodies. It worked with local volunteer centres to help identify possible candidates for school governor roles. It also worked with SGOSS – Governors for Schools, a national charity dedicated to recruiting volunteers to serve on school governing bodies across England.¹⁰ The success of SGOSS in recruiting and improving the diversity of school governing bodies nationally is highlighted in the House of Commons inquiry: “The organisation has recruited 24,800 governors since 2000 and attracts much repeat business [...] 65% of the organisation's recruits were under 45, more than half were female and over 20% were from ethnic minority communities.”¹¹
18. A number of witnesses indicated that governing bodies were often dependent on one individual within the governing body for certain skill-sets. For example, one Chair of Governors commented that they had a colleague who had financial expertise, and that this had significantly benefited the governing body on a number of occasions. This dependence on individual governors to provide certain expertise is inevitable, particularly in light of the reduction in the size of governing bodies. However, it also presents an opportunity for governing bodies to consider how they share and develop skills between individuals, as well as with other governing bodies.

⁸ House of Commons Education Select Committee. "The Role of School Governing Bodies." 4 July 2013.

⁹ House of Commons Education Select Committee. "The Role of School Governing Bodies." 4 July 2013. Para 51

¹⁰ For further information: <https://www.sgo.org.uk/>

¹¹ House of Commons Education Select Committee. "The Role of School Governing Bodies." 4 July 2013. Para 36

19. A number of examples of best practice were highlighted around developing governing body skill sets through the benefits of peer-to-peer learning. It was noted that both partnership arrangements and wider networks of governing bodies outside the LA had provided significant benefits. The Task Group was informed that one school had specifically identified schools in London that had similar barriers to student attainment, and was working with them to share experience and knowledge. While it is recognised that many governing bodies are naturally doing this work, it is felt by the Task Group that the Council should give consideration to how it could help strengthen and nurture a culture of peer-to-peer learning and support amongst school governing bodies.

Proposed Recommendations:

- That the Cabinet Member for Schools and Learning engages with local economic and enterprise partners, Phase Council representatives and SGOSS to consider how the Council can best encourage individuals in the business sector to serve as school governors.
- That the Cabinet Member and Assistant Director for Schools and Learning use the Council's internal communication network to actively promote the school governor role to all local government staff.
- That the Directorate for Children, Schools and Families work with its professional governance partners to develop and strengthen peer to peer support between school governing bodies, and relevant professional associations.

The role of the Chair of Governors

20. The Task Group was informed that the Chair of Governors played an important role in ensuring the effectiveness of the governing body. This role was achieved, in part, through working with the governors to identify the best means of organising their workload. The Task Group was informed that a professionally trained clerk to governors was also considered invaluable, as they were able to support the Chair through the provision of expert advice on the practice of meetings and other governance matters.

21. The role of sub-groups and smaller working parties was highlighted as enabling governing bodies to delegate responsibilities and ensure strategic focus and prioritisation. As noted in the interim report, a governing body of reduced size would potentially find the establishment of sub-groups more challenging, as the governing body would have less capacity to do so.

22. The Task Group was informed by a range of witnesses that the Chair of Governors should take succession planning into consideration, with a view to nurturing potential in other governors. The general consensus amongst witnesses was that the chair of governors' role on a governing body should only be occupied by any one individual for a finite period of time, with some witnesses offering the view that this should be for no more than eight years. It

was suggested that this would ensure that governing bodies retained fresh and energised leadership.

What can be factors in ineffective governance?

23. Witnesses shared a number of anecdotal examples that supported a general view of what contributed to ineffective governance. Factors in this included, but were not restricted to:

- A lack of the relevant skills and experience within the governing body;
- A focus on operational, rather than strategic issues by the governing bodies;
- Governors failing to provide sufficient constructive challenge to the school leadership team;
- Assumptions being made regarding the data being presented to the governing body.

24. Witnesses shared a wide range of experiences. It was noted on several occasions that the headteacher should be effectively challenged by the governing body. It was suggested that an affirmative culture without challenge had potential to pose a considerable risk to the effectiveness of both the governing body and the school. Witnesses highlighted that a governing body had a duty to provide sufficient challenge and scrutiny, but it was important to do this in a way that was constructive and non-threatening. The Task Group discussed the importance of a school governing body setting out clear strategic policies and procedures. Witnesses indicated that these were essential for setting out the expectations of the school governing body, and ensuring that senior leadership teams were held to account.

25. Witnesses emphasised the importance of governing bodies understanding the data and evidence they were being presented with. Governing bodies were provided with a number of tools to assist in data reporting, such as RAISEonline. The Department for Education (DfE) is clear in its expectations of how governors should use RAISEonline: "Governors who lead on understanding and scrutinising attainment data should see and analyse the full RAISEonline summary report. For other governors, less detail may suffice – but it is important that all governors see some form of summary of key RAISEonline data for their school."¹²

26. Witnesses commented that Ofsted expected governors to demonstrate that they had challenged where there were instances of poor progress, as well as an understanding of the factors that influenced the school's performance. Witnesses indicated that many governing bodies opted to conduct the detailed scrutiny of performance data in a sub-committee, with the findings being reported back to the whole governing body. It was the view of the Governance Consultancy Manager that governing bodies in Surrey had demonstrated a greater focus in this regard over the past three years. It was noted that

¹² Department for Education. "Governors' handbook: For governors in maintained schools, academies and free schools." May 2014. P.13

Babcock 4S delivered whole governing body training sessions on using RAISEonline.

27. The use of IEBs was discussed with witnesses. This is when a governing body is invited to resign and an interim board takes up responsibility of governing the school. It was recognised that it was a mechanism used by the Council where governing bodies were felt to be failing in their responsibilities, but was only considered as a last resort. The role of ASGs was also identified as a means of tackling ineffective governance. A number of witnesses were ASGs, and reported on their experiences.

28. The Council's policy on the use of ASGs was outlined in a response by the Cabinet Member for Schools and Learning provided at the Council meeting on 14 October 2014:

- *The Local Authority has had powers of intervention where governance is a cause for concern in a school for many years. Current powers are enshrined in the 2006 Education Act. One of the interventions is that we have very successfully utilised since 2000, has been to deploy ASGs to governing bodies which do not demonstrate the capacity to improve without this support. This intervention is very significant as Surrey's expectations are that schools Requiring Improvement achieve Good within two years, which necessitates that governing bodies need to evidence a robust and time-bonded approach to school improvement.*
- *The appointment of an ASG is not exercised lightly as ASGs are a valuable source of expertise and not in plentiful supply. The deployment of an ASG is only used where governance is judged to be weak and in particular where there is no evidence of appropriate and robust succession planning in place.*
- *ASG appointments are not permanent and are over and above the constitution of the governing body and the ASG's brief is to supply support and development until such time that the governing body can demonstrate it possesses the capacity for sustained improvement. There are occasions where the expectation of the authority is to appoint an ASG as a chair of governors, but this is to support the school and avoid the need for the issue of a formal warning notice or an application to the Secretary of State for an Interim Executive Board.*
- *Our practice in Surrey has been acknowledged by the DfE and recognised by the National College as the basis for the creation of their National Leaders of Governance programme, which is highly acclaimed as being an effective support to school improvement.*¹³

¹³ Council. "Members Question Time - Member Questions and Replies." 14 October 2014. <http://mycouncil.surreycc.gov.uk/documents/s17399/Members%20questionsand%20replies.pdf> (accessed 6 January 2015)

Governing bodies' role in finance and risk management

29. The overall accountability for expenditure by maintained schools lies with the LA, as set out in the Governors' Handbook.¹⁴ The Council is required to set out the framework for the financial relationship between itself and the schools it maintains. This framework is referred to as the scheme and can be found [online](#)¹⁵.
30. School governing bodies spend a school's delegated budget within the parameters of the scheme and other statutory requirements. The section on the financial controls a maintained school is expected to have in place is included as **annex 4**.
31. The Task Group was informed that reductions in capacity had seen Internal Audit move to a risk-based approach to auditing schools, undertaking thematic compliance audits based on an assessment of risks within a school. The Task Group was asked to note that Internal Audit will introduce more traditional financial audits in schools as part of the 2015/16 audit plan to complement the current thematic approach.
32. Each school is required to complete a Schools Financial Value Standard (SFVS) assessment on an annual basis. This is used by the Directorate, Finance and Internal Audit team to identify areas of potential financial risk. An audit of the SFVS process, conducted in May 2013 returned an audit opinion of Effective¹⁶.
33. It is important when considering how the Council manages the SFVS process to note the following: "The council does not have sufficient capacity to check every school's submission in detail, nor would the DfE expect this level of scrutiny. If, however the self-assessment is viewed as a positive financial health check then along with the other systems in place for monitoring and supporting schools finances, assurance can be placed in the overall process."¹⁷
34. It is a requirement of the scheme that schools work with Internal Audit when requested. Internal Audit holds a separate contingency budget for irregularity investigations, as required. It is also the case that schools can request support from Internal Audit if there are concerns. An example of when this may occur is when a new headteacher is appointed following an instance of financial irregularity.

¹⁴ Department for Education. "Governors' handbook: For governors in maintained schools, academies and free schools." May 2014. P93-107

¹⁵ <http://www.surreycc.gov.uk/learning/teachers-and-education-staff/schools-and-learning-finance/surrey-scheme-for-financing-schools> (Accessed 6 January 2015)

¹⁶ Surrey County Council - Internal Audit Team. "Review of 2012/13 Schools Financial Value Standard process 2013-14." May 2013.

¹⁷ Surrey County Council - Internal Audit Team. "Review of 2012/13 Schools Financial Value Standard process 2013-14." May 2013. Para5.9

35. The DfE sets out that governing bodies are required to “assure themselves that the school keeps accurate accounting records.”¹⁸ The governing body “must approve the budget each year and is accountable for managing the finances of the school.”¹⁹ It is further stated: “governors must assure themselves that the school is securing value for money and acting with financial probity. We strongly recommend that schools recruit one or more governors with sufficient financial skills and experience to undertake effective financial scrutiny.”²⁰
36. The Task Group heard from the majority of witnesses that governing bodies recognised the need to ensure a governor with suitable financial knowledge was recruited to scrutinise finances. However, this should also be considered alongside the challenges faced in recruiting governors, as outlined above.
37. It was also possible for a governing body to secure an external audit if it was deemed necessary. It is worth noting that the scheme sets out: “Any school securing a separate external audit should be aware that the statutory responsibility for audit remains with the authority. There is no expectation that routine annual external audit at school level of the budget share should be a usual feature of the new funding system.”²¹
38. It was clear from witnesses that the role of external audit varied considerably, with some governing bodies securing an annual audit and others choosing to do otherwise. However, the view was expressed by the Internal Audit Team that there could be benefit to raising the profile of financial and risk management considerations through the appropriate governor forums.
39. Academies operate outside the scope of the scheme and therefore are not subject to the financial controls set by the LA. Instead, they are overseen by the Education Funding Authority (EFA) and DfE. The publication of recent reports by the National Audit Office (NAO) has highlighted the need for greater financial oversight in this area.²² To that extent the Council can seek to support academies through the training it is able to offer through Babcock 4S.

¹⁸ Department for Education. "Governors' handbook: For governors in maintained schools, academies and free schools." May 2014.P95

¹⁹ Department for Education. "Governors' handbook: For governors in maintained schools, academies and free schools." May 2014.P95

²⁰ Department for Education. "Governors' handbook: For governors in maintained schools, academies and free schools." May 2014.P95

²¹ Surrey County Council. "Surrey Scheme for Financing Schools." September 2014
<http://www.surreycc.gov.uk/learning/teachers-and-education-staff/schools-and-learning-finance/surrey-scheme-for-financing-schools> (Accessed 6 January 2015) Para 2.7

²² Please see National Audit Office. "Academies and maintained schools: Oversight and intervention." October 2014. and National Audit Office. "Investigation into the Education Funding Agency's oversight of related party transactions at Durand Academy." November 2014.

Proposed Recommendations

- That the Internal Audit Team update the Committee on any themes emerging from the financial audits in schools following the conclusion of the 2015/16 audit plan.
- That the Council's Education Finance Team and Internal Audit Team are invited to attend a future meeting of all Surrey governors, in order to highlight the skills and expertise of the Internal Audit Team and discuss the role of governing bodies in financial and risk management.
- That the Assistant Director for Schools and Learning considers how to involve the Internal Audit Team in future governor training on financial and risk management.

Conclusions

40. There can be no question that the landscape in education has changed significantly in the past five years, and that the role of school governing bodies has altered with it. School governors have become more central in setting the strategic direction of schools, and in ensuring that headteachers are held to account for both education and financial performance. Simultaneously, the role of the Council has changed, becoming less directive as schools have gained greater autonomy.
41. The Task Group has heard from a number of witnesses how the Council continues to support schools and governing bodies in improving educational outcomes for the children and young people of Surrey. The increased emphasis on governors needing the required skills to carry out their duties presents a challenge, particularly as governors are volunteers. It is the view of the Task Group that there are two key factors to how the Council supports school governing bodies in the years ahead:
- through the training and support it can offer, both in a formal context and the peer-to-peer networks it can help develop; and
 - through an increased drive to recruit school governors from a range of backgrounds, particularly those with knowledge and skills developed from business experience.
42. The Task Group recognises that the question of how schools in Surrey can support one another through partnership working is an important consideration for school governing bodies and the Council. Therefore, the Task Group proposes that the Committee request a report on the potential benefits and challenges in school partnership working, and its impact in terms of school governance and improving educational outcomes.

Summary of proposed recommendations

- That the Cabinet Member for Schools and Learning engages with local economic and enterprise partners, Phase Council representatives and SGOSS to consider how the Council can best encourage individuals in the business sector to serve as school governors.
- That the Cabinet Member and Assistant Director for Schools and Learning use the Council's internal communication network to actively promote the school governor role to all local government staff.
- That the Directorate for Children, Schools and Families work with its professional governance partners to develop and strengthen peer to peer support between school governing bodies, and relevant professional associations.
- That the Internal Audit Team update the Committee on any themes emerging from the financial audits in schools following the conclusion of the 2015/16 audit plan.
- That the Council's Education Finance Team and Internal Audit Team are invited to attend a future meeting of all Surrey governors, in order to highlight the skills and expertise of the Internal Audit Team and discuss the role of governing bodies in financial and risk management.
- That the Assistant Director for Schools and Learning considers how to involve the Internal Audit Team in future governor training on financial and risk management.

Next Steps

43. The Committee is asked to endorse the proposed recommendations. If agreed these will be referred to the Cabinet on 24 February 2015 for a formal response. Any items identified for future scrutiny will be added to the Committee forward work programme.

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Annex 1: Cabinet Member response to the interim report of the School Governance Task Group

Annex 2: List of witnesses

Annex 3: Babcock 4S - Governance Service Level Agreement

Annex 4: Surrey Scheme for Financing Schools – Section 2 – Financial Controls

Sources/background papers:

Babcock 4s. "School-Based Welcome Pack for New Governors." Babcock 4s. http://www.babcock-education.co.uk/4S/cms/do_download.asp?did=8847 (accessed July 2014).

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