

STRATEGIC CASE STUDY

PARATINA: 07 March 2023

MARKING SCHEME

The answers detailed below show some but not all possible answers that were accepted by the marking team. Marks were awarded for other valid answers that might not be included in this document.

Key to marks:

Calculations or the manipulation of numerical data

Most calculations will be straightforward such as the creation of accounting ratios to interpret financial performance, or assessment of the sensitivity of particular estimates.

Some specific calculation marks may be allocated but candidates should not be judged solely on whether figures are 'correct', but on how they reached their figures and the reasonableness of their assumptions and approach.

Narrative

The candidate will be required to demonstrate in their narrative responses, an assessment of the impact and implications of the analysis performed and application of appropriate elements of the syllabus as part of further critical evaluation. Narrative responses should demonstrably inform decisions being faced within the case scenario.

Marks will be awarded for the evaluation of the information given in the context of the specific issues raised by the case scenario. It should demonstrate consideration of an appropriate breadth of issues, such as financial and non-financial perspectives, stakeholder considerations, ethical considerations, strategic risks and the strategic objectives and environmental context of the organisation. Candidates will be expected to demonstrate professional judgement in drawing from this evaluation appropriate conclusions, making practical and relevant recommendations and focusing their answer to suit the user(s).

The allocated marks should again be seen as a guide. Some additional credit may be awarded (within the total marks available for the section concerned and subject to the requirement for appropriate coverage of a breadth of relevant issues) for points which have been developed with particular insight or cogency.

The marking scheme will identify (in bold) points of particular significance for which marks will be ring-fenced. This will limit the marks awarded to candidates who miss the most salient issues.

Reasonable credit may also be given for any points which have not been included in the marking scheme but are clearly valid in the context of the candidate's own calculations or preceding analysis.

General comments

It is essential that candidates answer all the questions as set and meet the requirement to achieve a minimum of 25% of the marks available for each question.

Any attempt to evade the terms of the question on the grounds that the situation depicted in the examination scenario is unlikely to have arisen or occurred, or is improbable in concept, should not be awarded any credit.

Question 1 (50 marks)

Q	Response points	Marks	Syllabus content	App St'd
1i	<p><i>Critically evaluate budgeting and budgetary control practices at CLS, including an assessment of the robustness of the draft 2023/24 budget.</i></p> <p>1 mark per developed point to a maximum of 18 including a minimum of 5 marks specifically focused on the robustness of the 2023/24 budget and a minimum of 2 marks for ethical issues.</p> <p>Budgeting/budgetary control</p> <ul style="list-style-type: none"> • Though there would be likely to be significant uncertainty over many budget items, including government grant income, it would be good financial management practice for the school to undertake some medium term financial planning (say, 2-3 years) rather than rely solely on setting an annual budget. This is primarily to have a clearer understanding of the school's financial sustainability based on how it is currently operating, e.g. in relation to staffing levels, which are higher than comparators, and its declining pupil numbers. • Government Operating Grant amounts should be reasonably easy to budget for given it is based on the pupil census in the previous November, which probably explains the closeness of budget and outturn in the past two years. • Disadvantaged Pupils Grant is harder to budget for given that the money is received once a pupil, who meets the DPG criteria, joins the school and it will be difficult to accurately forecast the number of pupils in that category. But CLS have significantly underestimated this in the past two years and it would therefore be worth revisiting the processes used to estimate the number of qualifying children when setting the budget. • Grant for Extra Educational Needs is also inherently difficult to forecast due to the uncertainties around the number of children who may be identified as potentially requiring this support and the fact that ultimately it is up to the RMA as to whether a child does qualify for this support. The problems being experienced by BCC regarding EEN assessment processes compound this issue. However, CLS have consistently received less than budgeted for, suggesting that it would be worth revisiting their budgeting processes to ensure that realistic assumptions are made. 	18	<p>MA: C1-2</p> <p>SPF: B4-5</p> <p>SCS: A1-A2, A6, B1, B3, C1-C2, D1-D3</p>	<p>K: ARC, BA, FI, LSP, SBMG</p> <p>S: BI, C, L, PSDM</p> <p>B: AV, F</p>

Q	Response points	Marks	Syllabus content	App St'd
	<ul style="list-style-type: none"> • There is also a potential ethical issue concerning the EEN situation. There is a view within CLS that due to delays in considering EEN applications by BCC, CLS has to use its own resources to provide extra support to children that it believes have EENs but which have not had the official diagnosis. The view is that this is a cause of CLS's staffing level being higher than comparator schools and so is a key factor behind its financial difficulties. There is a clear conflict of interest and so it will be essential to apply the principle of objectivity when advising CLS. • The premises maintenance budget item should be informed by asset management plans, and consideration of options therein. It has been noted by internal audit that CLS lacks an asset register and a systematic asset management plan, and so it is unlikely that condition surveys, for example, have been informing budget setting and expenditure decisions. • Further, it is noteworthy that spend on premises and grounds maintenance has been falling and below budget in the past two years. This may reflect need and not be an issue, but it would be worth investigating further why these underspends have happened and whether the school is not maintaining its assets sufficiently, potentially storing up more significant and expensive problems for later years. • Another such example is the training and development budget, which should be driven by identified CPD needs and the estimated cost of meeting them. Further, given that this was identified as a priority action area in the PEI review, it is somewhat surprising to see that this budget was not increased by more than inflation for 2022/23 and that actual spend in both of the past two years has been well under budget. • The ICT budget line provides a similar example. The budget should ideally be informed by an assessment of needs, and analysis of options to meet those needs. The internal audit pointed to the lack of an asset management plan for ICT so it is unclear how the budget was developed. • Control of the ICT budget also seems to be a problem given the overspend against budget in each of the last two years. This is an item delivered by an external contractor, and with internal audit also pointing to several concerns with contractor management and a lack of policy on tendering, it suggests that a thorough review of this contract, and potential market testing, should be prioritised. 			

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	<ul style="list-style-type: none"> • A further potential concern regarding ICT is that the supplier is a company owned by a member of the SGB. Taking into account the issues raised by internal audit about procurement arrangements and the expertise CLS staff may possess, the contractual arrangements merit scrutiny. This should look at issues such as how the budgets were arrived at, how expenditure decisions have been arrived at, whether internal control processes (e.g., authorisation protocols and separation of duties between ordering and payment) have operated as intended and if they have, whether they are adequate. • Further evidence of weaknesses in contract management may be provided by the fact that some other items delivered to CLS by contracted suppliers such as cleaning and catering have also seen above inflation increases in costs over the past two years. • It is not clear that the Head's reference to the need to recruit a new LSA in 2022/23 was budgeted for. This may be a timing issue in that the budget was probably drawn up in the first quarter of 2022, at which point the desire to make this appointment may not have been known. But there was no evidence, for example at the November 2022 SGB meeting that the budgetary implications were considered before the decision was made. • It is unclear how the temporary staff budgets have been arrived at. It appears that the school has been at full staff complement during the past two years, and there are three teachers without an allocated class, plus a Deputy Head that also provides a classroom cover option. It is questionable therefore whether such a high budget should have been set in the past two years. • Further, the budget has been considerably overspent in both the last two years. It is not necessarily surprising that staff absences were quite high in 2021/22, due to the effects of Covid, and that may have contributed to the level of spend. However, staff absence levels have fallen considerably this year, but there has only been a very small fall in spend. This raises questions about the effectiveness of internal controls over this budget item, for example whether authorisation protocols are effective enough, whether budgetary impact is sufficiently taken into account before spend is committed. • The spend on learning resources and equipment has risen in excess of inflation in the last two years. While this might not be a cost item that should vary in direct proportion to pupil numbers, 			

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	<p>some relationship between spend and pupil numbers might be expected and so with pupil numbers having fallen in that period there are questions about the effectiveness of budget controls in this area.</p> <ul style="list-style-type: none"> • There are also concerns about the effectiveness of controls over the SLAs budget line. On the assumption that the budget was set to align with the fixed SLA fees, it appears as if CLS have used some of the services that attract an extra fee over and above the core service. This also seems to run counter to the SOM's view that the services concerned are not well used by the school. It would be worth establishing what these extras were and how they were authorised. • Spend on energy supplies has been rising more quickly than inflation. Further investigation as to the extent to which the increases are price-driven or volume-driven would be wise. It may be that there is scope for stronger control in this area either through energy reduction measures and/or seeking out better tariffs, potentially via the kind of procurement club arrangement operated by BCC. • Based on the income associated with the after-school clubs in 2022/23, it appears as if only a little over £5,000 is generated from school trips, as against direct costs of £23,000. The subsidy is probably even higher than this as the direct costs showing in the budget statement probably excludes the staff time involved in the trips. It is not clear that the school has a clear set of policies and protocols to underpin such a subsidy and while it may be an approach that continues to be prioritised, the policy rationale should be reaffirmed at the least. • There seems to be limited input into budget setting and budgetary control by school executive leaders, both SMG members and governors. Further, from the evidence of SGB meetings in 2022/23 it is unclear whether the SGB is doing enough to review the draft budget and monitor the budget during the year and so it may not be fulfilling its responsibilities to ensure effective financial management and ensure VFM. • After the fall in the carry forward position in 2021/22 compared to budget, it is not clear that any plan was put in place to strengthen the school's financial position, as a deficit budget was set for 2022/23 and performance in the year is projected to be an even higher deficit than budgeted. • Prior to the worsening position during the last two years, for whatever reason, the school had allowed its reserves to build up to a level that 			

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	<p>could be considered excessive. Government guidance expects RMA-run schools to budget for a carry forward that is 5-8% of income, but at the start of 2021/22, CLS's carry forward was 9.7%, and was not budgeted to be reduced in 2021/22. Given the concerns about the quality of education flagged by the PEI, that scale of reserves seems particularly inappropriate and raises further questions about how effective budgeting and budgetary control has been at CLS in previous years.</p> <p>2023/24 budget</p> <ul style="list-style-type: none"> • As with the previous year's budget, the 2023/24 budget appears to have been set primarily on an incremental basis, by applying an inflation assumption to the estimated 2022/23 outturn. This can be a valid approach for some items but in the increasingly challenging financial circumstances facing CLS, this seems inadequate and can mean that some expenditure items become entrenched and cumulative year on year. • There is probably insufficient time to undertake a full zero-based budget exercise with the new financial year a few weeks away, but the principles of such an exercise could still usefully be applied to the most material items, in particular those where there is more discretion for managers about the spend, such as temporary staff, teaching resources and equipment, and subsidies provided to trips. • There is increasing reliance on rising income for DPG, which is apparently mostly allocated to the overall pot aimed at maximising the quality of tuition for all children at CLS. The increase in grant received is in part due to a higher number of DPG pupils at CLS, as the growth in DPG income has outstripped inflation in recent years. This could prove problematic for CLS if PEI conclude that the DPG income is not being used appropriately and they have to reallocate the resource more towards targeted support for DPG children. This may increase costs for providing such support without a corresponding fall in core teaching staff costs. • This raises a potential ethical issue re DPG. The detailed guidelines on DPG would need to be checked but there is a risk that CLS is not following them. While this is likely to be brought up at the next PEI inspection if so, it would be inappropriate for BCC not to flag up this issue at this point if it is a significant risk. This is an ethical issue of integrity, and of professional competence and due care if this issue is not investigated 			

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	<p>further in order to ensure that appropriately informed advice is given.</p> <ul style="list-style-type: none"> • There are risks associated with many of the expenditure assumptions in the draft budget. Most non-staff budget lines have been inflated by 8% on the 2023/24 outturn. While this is in line with BCC's budget assumptions it may not be appropriate for CLS, not least because CLS will inherently have far less flexibility and fewer options open to them compared to BCC should that assumption prove to be an under-estimate. • There is a risk that inflation will increase further during the year than is assumed in the draft budget. There will be few options for the school to respond quickly to this situation given their high fixed cost base, and proportion of costs spent on staffing (which cannot be reduced quickly) and very limited ability to generate income. • Also, the average inflation rate, currently 8%, masks the fact that some items will increase in price at a higher rate. While that also means some other items will inflate at lower rate, the fact that the price of energy and foodstuffs have been increasing faster than the headline inflation rate is a particular concern for CLS as these are items that form a significant part of their budget. • Also, items like energy and food are also basic essentials for most organisations and households, so if their inflation rate is even higher than the headline rate, there is a greater risk that this will lead to fuel an inflationary spiral and add further to demands from workers for higher pay increases, further putting pressure on CLS's budget. • If either the threat of industrial action or actual industrial action leads to a higher pay settlement than the current 6% offered, there will be a direct impact on the CLS budget. For example, the full year effect of agreeing 1% more would be just under £18,000 and it would be double this if the offer matches the current 8% inflation rate. With a projected carry forward just under £50,000, if there were no other changes to budget assumptions, CLS would probably run out of reserves early in 2024/25 if this happens. • If there is industrial action, there may be extra costs for the school as a result of this action, perhaps through the engagement of more temporary external staff to ensure continuity of provision for children, or putting on extra classes to catch up time lost during strikes. • The increasingly difficult economic conditions may have an adverse impact on some other budget lines. For example, demand may fall for 			

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	<p>the after-school clubs, as families find they are unable to afford previous demand levels, thereby reducing income compared to last year. The school may also find that income from donations falls as a result of the state of the economy.</p> <ul style="list-style-type: none"> • The budget projects a carry forward that is a little below 2% of total income, and so some way below the recommended level of reserves for RMA schools. Due in particular to cost risks (i.e. the impact of higher inflation and higher pay rises than assumed), this could easily be eradicated and CLS could even run out of reserves before the end of 2023/24. • Further in each of the past two years, CLS has significantly underperformed against the budget, which if repeated would also mean that CLS would close to a negative carry forward or even worse run out of reserves before the end of the year. • The rules applied by RMAs to schools in are not such that the schools needs to immediately rethink its approach and set a different budget, but the RMA is likely to expect to see a credible medium term financial recovery plan, probably over 2-3 years to sit alongside this draft budget for it to be approved. There is no evidence that such a plan currently exists or is being worked on at the school. • There is an ethical issue here in that if the school runs out of reserves, it becomes a loss that is consolidated into BCC's financial position. In the immediate future the financial scale of this issue is not likely to be that material for BCC, though it could become so in a year or two if not addressed. So, there is a potential conflict of issue here in that the RMA could be in a position where it struggles to provide objective advice to CLS about the actions it should take regarding its financial position. BCC may be tempted to advocate the implementation of actions to improve the financial position (e.g. staff reductions) to avoid the risk of an adverse impact on its own finances, but such actions may not be essential at this point as BCC would probably in practice be prepared to support the school, if it ends up running out of reserves in, say, a year's time. • There are other factors that will or are likely to affect future years, which further support the need for a more medium term approach to gauge the sustainability of the school's strategy and staff structure. One of these is the certainty that the Covid recovery grant is falling annually and will finish in 2025/26. The coming year's amount is around 72% of the budgeted carry forward so 			

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	<p>given the recent trend in CLS's financial position, its gradual loss is significant.</p> <ul style="list-style-type: none"> • Further, to some extent CLS has benefited from the current government increasing grants in real terms. This has somewhat masked the adverse effect of CLS's reducing numbers of children over recent years. If the opposition wins the election later this year there is a strong chance that education funding will be cut in real terms in 2024/25, further undermining the sustainability of CLS's financial strategy. • A further risk applies to grant income, which is that BCC is facing its own significant financial pressures. While the overall grant it receives from the government is ring-fenced for education, there is some flexibility in what proportion of it is allocated to its schools. With the pressures facing BCC in relation to EEN – the growing numbers and the weaknesses in the assessment system – it is possible that this will absorb more resource and result in a lower proportion of the grants being passed on to schools like CLS. The change in administration of BCC adds further to this risk given their stances on expenditure cuts and local tax rates. • As in the 2022/23 budget, the draft budget assumes growth in EEN grant income, presumably because, at least in part, CLS is assuming increased numbers of children receiving an EEN assessment by BCC. Budgeted EEN grant levels were not achieved in 2022/23, presumably because fewer children received the assessment from BCC than assumed, either because of the reported problems with the processing system or because more applications were turned down than expected. • There is also a risk that increasing financial pressures facing RMAs may mean that the acceptance threshold for EEN applications becomes tougher to meet in practice and higher proportions of applications are rejected. This could put more pressure on CLS's finances given that it may feel that extra support for the children concerned still has to be provided, at a cost, despite the lack of specific grant funding for this. • To a large extent, CLS has been fortunate that it has had no need to recruit new staff for the past two years, so there have been no recruitment expenses. This is unlikely to be sustainable, especially if the school does initiate a financial recovery plan that involves some reduction in staffing levels – some people may elect to leave as a result of the associated disruption. Also, so many long-serving staff may add further to the likelihood of some leavers. Despite the distinct 			

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	<p>possibility that there will be some planned staffing cutbacks, it may therefore be prudent to allow for a higher recruitment budget.</p> <ul style="list-style-type: none"> The budget for donations, regardless of the state of the economy seems unsound. Although not very material, the fact that CLS is operating with far lower reserves makes it more important to be realistic about budget assumptions like this. There is no evidence that CLS has a sophisticated fundraising capability so it is likely that its actions do little to directly affect the level of donations. It appears that over the past few years there has been a steady flow of donations of £17 500 a year, and a legacy donation in 2021/22 that could well be a one-off. Though other such one-off donations could happen again, a prudent approach would be to budget for an amount rather lower than the assumption built into the 2023/24 draft budget. 			
1ii	<p><i>Provide an initial appraisal of the options put forward by the School Operations Manager (SOM) for improving the school's financial situation in her email of 3 March 2023.</i></p> <p>1 mark per developed point to a maximum of 20, with the following minimum marks for each proposal:</p> <ul style="list-style-type: none"> Staff reductions 5 Reduced SLAs 5 Income generation 5 <p>and a minimum of 2 marks for ethical issues</p> <p>Staff reductions</p> <ul style="list-style-type: none"> Though it is a relatively crude indicator, at 21.5 (323/15), CLS's pupil/teaching staff ratio is lower than the average of 25 in the benchmark group of schools. Similarly, the pupil/LSA ratio is low at 17.9 (323/18) when compared to the benchmark of 21.5. Such ratios would be easier to justify if the school was delivering better academic results than the benchmark group of schools, but that is not the case. So, there is a prima facie case at least for arguing that CLS is overstaffed with regard to teachers and LSAs. If only one reduction is sought from the teaching staff complement, it would be possible to avoid the upheaval and cost of redundancy as there will soon be a natural vacancy in the teaching staff complement as a result of one member of staff being expected to retire at the end of this school year. 	20	BCM: C2, D2 CGL: C2, D2, H4 FA: B1 SPF: B2 SPD: D3 SCS: A1-A5, B1-B4, C1-C2, D1-D3	K: BA, FI, LSP, SBMG S: BI, C, EI, L, PSDM B: AV, PS

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	<ul style="list-style-type: none"> • Though it would depend on the salary of the person concerned, reducing the teacher headcount by one, could save in the order of £53,000 in a full year (based on the average cost of teachers derived from the 2022/23 expected outturn). • However, it should be noted that only around 2/3 of the full year effect of the saving would be felt in the 2023/24 financial year as the retirement takes effect at the end of July 2023, 4 months into the financial year, though a full year effect would be felt in 2024/25. • If one teaching post is cut, based on current pupil numbers, it would increase the pupil/teaching staff ratio to 23.1, which would still be lower than the benchmark group of schools, and so it may be appropriate to consider further reductions in teacher headcount. • At current pupil numbers, CLS would only need 13 teachers to be in line with the comparator group, so that may be an initial guide at least to the teaching staff levels it should aim for and would require the reduction in two posts, and so most probably at least one redundancy. • If CLS were successful in filling the school to capacity, its current teaching complement would provide a pupil/teacher ratio of 24, which would still be below the current benchmark ratio. • Not filling the teacher vacancy is also likely to save recruitment costs. However, the school may already be well advanced in committing to recruit to the post and the option of not filling the vacancy may no longer be feasible. • The impact of a lengthy redundancy process (at least four months) if CLS wish to reduce the teacher headcount through redundancy or reduce LSA staff should also be borne in mind. Teachers also have 3 months' notice period to add to this. • So, if a redundancy process was started imminently for teachers, at most the salary cost saving would kick in from month 8 of the next financial year. • Most teachers also have been with CLS for a long time and so will be entitled to higher redundancy severance payments, so it is possible that the cost of these payments will outweigh the salary saving in 2023/24 and the school would not see much or any budget savings before 2024/25 as a result of implementing redundancies. 			

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	<ul style="list-style-type: none"> • There could be a knock-on effect on other costs. For example, with fewer teachers and/or LSA staff, it may be that spend on external temporary staff will increase. However, there is evidence that absence levels have fallen this year and so this potential cost impact may be easier to contain, albeit there is no evidence yet that lower absence has resulted in reduced spend on temporary staff. • School leaders would also want to consider the impact of reduced staffing in terms of the ability to make the improvements to classroom delivery that are needed, especially in the context of the imminent PEI inspection, and provide the support needed by the growing number of children with EENs. • A redundancy process is also likely to be very disruptive, and however efficiently and sensitively it is managed it could seriously damage morale within the team during and potentially after the process, at what is already likely to be a challenging and stressful time as the PEI inspection looms. • There is also a risk that a redundancy process could lead to industrial action by unions, which would add significantly to the disruption, the timing of which would be especially undesirable with the PEI inspection later this year. • CLS's staff costs are a high proportion of its cost base. There is also a risk of further increase as a result of the possible impact of industrial action. The costs are also high when compared to other schools. It is therefore difficult to imagine that CLS's cost base can be reduced without reducing its staff costs somehow, whether this involves compulsory redundancy or not. • A potential ethical issue here is that we are unlikely to be best placed to judge the impact of reduced staffing on the school's ability to meet its quality of education objectives and its ability to provide effective support for children suspected of having EENs. There is therefore a threat to the professional competence and due care principle. • Therefore, when decisions are reached about whether an option in this category should be pursued it will be necessary to seek advice from relevant education professionals. In doing so, it would be wise to factor in information sourced from benchmark sources in order to maximise the objectivity of this input to the decision-making. 			

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	<p>Reduced SLAs</p> <ul style="list-style-type: none"> • The SOM has questioned the benefit derived by the school from the SLAs, but it is noticeable that spend on them has increased in excess of inflation and exceeded budget in the past two years. As a result of the fee structure in place for these services this suggests that the school has had to make use of some of the more specialist services offered at a supplementary fee by BCC as part of the SLAs and so it may not be realistic to implement the SOM's suggestion. • The services are: governor advice and training; health and safety and property services; legal services; human resources; financial accounts and management; and, payroll. It seems likely that CLS will continue to need all of these. It may be that some items have not been used, such as legal services, and there is evidence that governor training activity has been limited of late, but it seems likely that CLS will still need access to these. • Many if not all of the services currently supplied to CLS by BCC via SLAs would therefore need to be replaced. The options would either be to provide these in-house or by sourcing the service from an external contractor. There is no guarantee that CLS could find alternative delivery methods that are cheaper or provide better value for money overall. • As BCC is supplying these services to many schools in the area, they are likely to have the scope to benefit from economies of scale which would not be the case if CLS delivered the services in-house or contracted from another provider. • BCC seems to have been successful at keeping price increases under control despite increasing inflation. That may not be the case if CLS instead sources the services from the market. • BCC is likely to possess sectoral expertise that may be hard to source from other contractors in the market. • If there is spare internal capacity within CLS's current complement then that may provide part of the solution. However, increasing the job description of existing staff may mean that they have a strong case for a pay rise. It also seems unlikely that these services could 			

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	<p>be absorbed within CLS without some expansion of staffing.</p> <ul style="list-style-type: none"> • However, even if the spare capacity existed, it is unlikely that the staff would be able to immediately take on the work as it is likely to require knowledge and skills they may not have as some of the services are very specialist, such as legal services and human resource. Therefore, there are likely to be training and development needs to identify and meet for these services to be delivered in-house by CLS. • There is a danger that BCC's service offer, which is presumably standardised across its schools, may not be sufficiently tailored to the needs of individual schools such as CLS. Taking the services in-house or seeking a market provider may mean that CLS is better placed to ensure that the services are more tailored to its needs, assuming it is capable of articulating its needs precisely enough. • It is not clear what may exist by way of potential alternative providers in the market. Most of the areas are services that most organisations would need to call on and so there are likely to be market providers, but whether many would have relevant sectoral experience would need to be investigated. • There would need to be a tendering process, so the cost of this, the expertise required (e.g. to develop the service specification and evaluate tenders) and the time it would all take would need to be considered. • CLS should also consider its capacity to manage the contracts effectively. While there should already be some resource devoted to this with respect to the existing SLAs with BCC and other services already provided by contract (e.g. ICT), it is likely that this work would increase if CLS instead worked with multiple new contractors for some of the services currently delivered by BCC. • Further, there is evidence (e.g. from the internal audit review) of weaknesses in CLS's existing arrangements for managing contractors, e.g. in relation to ICT. It is easy to underestimate the management capacity and capability needed to ensure contractors deliver value for money and in accordance with the contract, so CLS would need to ensure that capability exists, which may be costly. • This may not be a practical option that is likely to generate any short term financial benefit as with the SLAs being an annual agreement, 			

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	<p>CLS may already have committed to them for 2023/24 or would need to do so imminently given the next financial year starts very soon.</p> <ul style="list-style-type: none"> • So, the costs of this option may be higher than first thought and the ability to implement it quickly, whatever the combination of in-house or external contractor delivery, is very questionable. • A potential ethical dilemma in this category is that BCC benefits from the income provided to it if CLS continues to buy into the SLAs, so there is a self-interest or advocacy threat, which would potentially undermine the objectivity principle. Losing another customer, from some or all of the SLAs, may threaten the viability of the services, not least given the likelihood that charges are likely to need to be raised quite a lot due to inflation. So, there is a potential conflict of interest for us when providing advice to CLS on these options. • To ensure that this issue is handled appropriately it would be prudent to seek advice from the relevant professional institute, as senior BCC colleagues who might otherwise be turned to for advice would suffer from the same potential conflict. <p>Income generation</p> <ul style="list-style-type: none"> • This would have a very unpredictable financial effect and so it is unlikely that it could form a major part of any financial recovery strategy, as it will be dependent on unknown demand. • The current financial climate is such that other organisations, who are potential clients, including schools, may not have the financial resources to buy into it, however attractive it may be to them. • Hiring out its facilities would involve extra work for school staff in areas such as marketing, payment systems, safeguarding checks etc., so it would need to gauge whether these can be absorbed within existing capacity or whether more staff resource would need to be recruited, at a cost. • Even if the administration of this can be absorbed within existing capacity, there may be extra associated costs to factor in, e.g. cleaning, maintenance of facilities, insurance, and premises running costs. • There would need to be work done to establish an appropriate pricing structure. While the price should ensure that marginal costs are covered, the amount of contribution that can be earned will depend on market 			

Q	Response points	Marks	Syllabus content	App St'd
	<p>factors. So CLS will need to research alternative facilities available in the area which would be potential competitors, as well as engage with potential customers to gauge the kind of amounts that they would be prepared to pay for hire.</p> <ul style="list-style-type: none"> • This work may require some market research and marketing skills that the school does not have ready access to from its existing team. • Spend on premises and grounds maintenance has been falling and under budget in the past two years, which may indicate that the facilities may not be in the kind of condition that would be required to generate a good income stream from their hire. • If there is out of term hire, while this seems likely to be less disruptive to day-to-day school life, it may mean extra costs associated with staff needing to be on site when they would otherwise not need to be. • For hire of facilities during term time, there is likely to be some disruption to school life which it would need to be recognised and carefully managed. • There is a danger that CLS children will be denied access to the facilities and reduce their overall curriculum experience, especially if CLS become dependent on this for regular income and so it becomes the norm. • Again, there is a potential ethical issue for us in that we are unlikely to be best placed to judge the scope for income generation and the impact of facilities hire on the ability of the school to meet its education objectives. There is therefore a threat to the professional competence and due care principle. • Therefore, when decisions are reached about whether an option in this category should be pursued it will be necessary to seek ensure that effective market research is conducted and that relevant education professionals provide an objective view on the impact on CLS children of the school facilities being hired to external users. 			
1iii	<p><i>Determine the charge that would need to be made to families for the after-school clubs to break even at current activity levels, evaluating the result and potential alternative pricing options.</i></p> <p>1 mark per developed point to a maximum of 9, plus up to 5 marks for calculations.</p> <ul style="list-style-type: none"> • To break even at existing activity levels (16,000 bookings per year), the charge 	12	FM: D1-2 MA: D3 SCS: A1-A4, B1-B3, C1, D1-D3	K: BA, FI, LSP, SBMG S: BI, C, L, PSDM

Q	Response points	Marks	Syllabus content	App St'd
	<p>would need to be raised from £7 to £8.82 a child per club, a 26% increase:</p> <p>Break-even price at 16,000 units: $\frac{\pounds 125,000}{\pounds(P-1)} = 16,000$</p> <p>$\pounds 125,000 = 16,000 \pounds(P-1)$</p> <p>$\frac{\pounds 141,000}{16,000} = P$</p> <ul style="list-style-type: none"> • P= £8.82. <ul style="list-style-type: none"> • Such an increase in the charge would be well in excess of the current inflation rate, and for a discretionary item it is possible that some families would cut their usage of the clubs or cease using them altogether especially in the challenging economic climate. For other parents, where the club is used to provide childcare while the parents work and where there are limited other childcare options, the increase may not affect their usage. • The change is likely to affect disadvantaged families most and may be viewed as a decision that is inconsistent with the school's inclusivity ambitions as per its vision and its objectives to provide high quality support for disadvantaged children/families. • However, it is clear from existing usage statistics that many disadvantaged families do not use the clubs, perhaps because the charge is already prohibitive. This suggests that there is a case for questioning the importance of the clubs as part of the school's overall approach to supporting disadvantaged children. • So, increasing the charge, may lead to a significant fall in demand from current levels, which would mean that it would not result in a break even position after all. To be reasonably confident of breaking even, it would be necessary to undertake some assessment of the likely relationship between different prices charged and demand. • With current cost assumptions, it would not be possible to break even as the break even point would be 20,833 sessions a year, which is above the annual capacity of 20,000: <p>$\frac{\pounds 125,000}{\pounds 7-\pounds 1} = 20,833$</p> 	<p style="text-align: center;">2</p> <p style="text-align: center;">1</p>		<p>B: AV, F, PS</p>

Q	Response points	Marks	Syllabus content	App St'd
	<ul style="list-style-type: none"> A pricing policy based on full cost may be justifiable, but it is also necessary to balance this with consideration of demand factors in setting a price for an organisation such as CLS, especially given the number of disadvantaged families served. However, some assumptions in the analysis should also be challenged. For example, the appropriateness of including in the fixed costs a share of LSA cost should be assessed. This cost may be borne by CLS regardless of whether the clubs run or not. So, there is an argument for excluding this from the analysis. We don't have the breakdown of the £50,000 of overheads identified by the SOM as chargeable to this activity, but if it was all excluded then on existing activity levels a charge of £5.69 would be enough to break even: $\frac{£75,000}{16,000} = P, \text{ so } P = £5.69$ This may mean that the current charge of £7, being a little above this amount is a reasonable approach in that although it produces a loss of £29,000, it provides a contribution to fixed overheads (of £21,000) which would be lost if the clubs were not run and provides a sensible balance between a price based on recovery and one that is acceptable to the market: Contribution: $(£6 \times 16,000) - £75,000 = £21,000$ A reduced fee would though worsen the school's financial position unless demand rose sufficiently. The impact would depend on the elasticity of demand and it would be helpful to have some market research evidence about likely price elasticity before committing to a price reduction. Also, it is worth bearing in mind that there is a limit to how much demand can increase, with currently 4,000 unfilled places, an average of 20 a day. If, for example the price was cut as far as £5.69, it would need 20,470 bookings a year to provide the same contribution as now (£21,000), which would be above the capacity: $\frac{£96,000}{£5.69 - £1} = 20,470$ 	<p>1</p> <p>1</p> <p>1</p>		

Q	Response points	Marks	Syllabus content	App St'd
	<ul style="list-style-type: none"> • The assumption to make about the LSA time should depend on what would happen to it if it was not needed to run the clubs, in other words the opportunity cost. It may be that the school could reduce the overall number of LSA posts if the clubs were ceased, in which case the cost should be included in the analysis. • If the charge is to be based on full cost, it would be appropriate to further analyse the basis for the fixed overheads allocated to the clubs. To apply this approach, it seems reasonable that some share of energy, water, cleaning and maintenance costs would be appropriate, but the mechanism for determining the share should be checked for fairness. • It may be that there are some identifiable variable costs, at least per club session if not per child, that could be identified within the costs that are currently assumed to be fixed overheads. For example, if the clubs did not operate or operated with different numbers of children, this could have some measurable impact on costs such as energy consumption. • Further, a key weakness in the theory underlying this analysis, is that it assumes a single product (or a constant mix in the sales of the multiple products). It is clear that the clubs vary somewhat and this affects the resources consumed, so there is not a single product being sold. An average has been used for the variable cost assumption, but if the mix of clubs delivered varies from that assumed in arriving at the average, then the assumption is flawed. • It may be appropriate to revisit the pricing structure in at least two respects: <ul style="list-style-type: none"> ○ A standard price for all clubs may not be the best method. If the types of clubs vary significantly, and their resources used vary too, there may be a case for varying the charge per club more in line with the actual cost of each club. The fairness of this would though need to be set against the practical challenges of determining the costs of each club separately. ○ A standard price for all families may be worth reconsidering. Given that usage is split between disadvantaged children and others, and the school receives specific grant for disadvantaged children, it may be appropriate to apply a differential pricing approach, with disadvantaged 			

Q	Response points	Marks	Syllabus content	App St'd
	<p>children paying a lower fee for the clubs than other families. This may involve a reduction on the current price for the former and an increase for the latter.</p> <ul style="list-style-type: none"> ○ This raises a potential ethical issue in that while this may be considered to be equitable that those with greater ability to pay should pay more, another perspective on equity is that this could be considered inequitable in that people should not be pay different amounts for the same service. 			

	Response points	Marks	Syllabus content	App St'd
2i	<p><i>Critically assess the governance arrangements at Colodor Lower School (CLS).</i></p> <p>1 mark per developed point to a maximum of 14</p> <ul style="list-style-type: none"> • While it would have been better if governance processes had been more robust earlier on, it is a positive governance feature that a whistleblowing process exists and a member of school staff was sufficiently confident in it to use the process to register their concerns. • It is also positive that the Council are responding so quickly and objectively to the situation and do not appear to be speculating on who the whistleblower may be, or dismissing it as being malicious. • It is positive that the Board has in place a code of conduct for governors, to be signed annually, but not so good that two months into the school year, no governor had signed it and it not being clear if the action to have it signed by all governors has yet been completed over halfway through the school year. • In meeting only three times a year, it is doubtful that the Board can ensure sufficiently effective coverage of its business. While there is some evidence that attendance is already a problem, it is likely that more regular meetings would be advantageous, especially given the nature and scale of strategic issues faced by the school, which are the Board's responsibility to address. • This issue is possibly compounded by the lack of standing committees, such that all SGB business must be discharged at three meetings a year, plus the formal budget approval meeting in March. Though it may be difficult to resource committees with only seven governors, and Board attendance is already an issue, it is worth considering whether there are some issues that could be more effectively delegated to committees to allow the Board meetings to focus as much as possible on its strategy agenda, such as Finance and HR issues. • Despite the limited number of meetings, governor attendance is a problem, and likely to impact seriously on the effectiveness of the Board. It is not clear what actions are being taken by the Board in relation to governors being absent from meetings. • The effectiveness of the Board could also be adversely impacted by the evidence that most reports to the Board are either tabled or presented orally at the meeting, rather than provided to governors ahead of the meeting, which is likely to limit the scope for meaningful 	14	<p>AA: A6</p> <p>CGL: G1, H1-4</p> <p>FA: B2</p> <p>SCS: A1-A2, A5, B1, B3-B4, C1-C2, D1-D3</p>	<p>K: ARC, BA, LSP, SBMG</p> <p>S: BI, C, EI, L</p> <p>B: AV, PS</p>

	Response points	Marks	Syllabus content	App St'd
	<p>scrutiny and challenge and sufficiently informed decision-making by governors.</p> <ul style="list-style-type: none"> • The Chair (Hans Peco) has stepped down recently, citing work pressures, and none of the more experienced governors offered to take over as Chair, which raises questions about the sustainability of the Board, the commitment of governors and therefore how likely it is that the Board will be effective. • It is unclear if the new governor (Bel Colas) has suitable skills and experience to be Chair so soon after joining the Board. • At the February Board meeting in particular, several operational issues were discussed, which should not be the principal focus of an SGBs work. It also suggests that the new Chair did not chair the meeting effectively enough to focus on more appropriate issues for the Board. • There are five vacancies on the Board, and with seven governors, the Board has one fewer than the number that the government guidance suggests is needed as a minimum to ensure a SGB can fulfil its duties effectively. Though efforts have been made to recruit this year, with some success, it seems sensible to add further impetus to board recruitment. • It is conceivable that the co-opted governors with children near the end of their time at CLS may reduce their commitment to the role, or stand down, once their child no longer attends the school, which could add further to the recruitment issue quite soon. • A more strategic approach to governor recruitment would also be worth considering. It seems as if the board relies solely on using contacts within their personal network. This has potential disadvantages including that there is no guarantee that recruitment will focus on finding people with suitable skills and experience. • Also, by focusing on existing governor networks, there is a greater likelihood that the board will not become more diverse. Recruiting from such narrow networks probably makes it likelier that new recruits will have similar outlooks to existing governors. Greater diversity can mean that differing perspectives will be applied to board activities, which can enhance the quality of decision-making. • It is good that processes are in place to declare potential conflicts of interest based on the evidence of the SGB meeting minutes. • However, it is unclear if the potential conflict of interest for the new governor, Bel Colas (she 			

	Response points	Marks	Syllabus content	App St'd
	<p>and her husband are suppliers to the school), have been formally declared or if any consideration was given to whether these interests provide too much of an inherent conflict prior to her appointment as a governor.</p> <ul style="list-style-type: none"> • Further, it is unclear if potential conflicts of interest are effectively managed. There is inherent potential for conflicts for governors who have a child in the school in that their role is to do what is in the best interests of the school when there is a risk that they are motivated more by what they perceive to be the best interests of their child, interests that may clash. There is some possible evidence of this with the comments of a governor at the February meeting about teaching quality and behaviour in the classes attended by their children. • Further, while at least two governors are required to be elected parents of children at the school (positions that account for two of the vacancies), the fact that a majority of current governors are parents of CLS children adds further to the importance that the potential conflict of interest this creates is handled effectively and that recruitment strategies do prioritise diversity. • It should also be determined whether there is an irreconcilable conflict of interest with Dina Elbia's children attending Surana school, given that Surana appears to be the school that is CLS's principal state school competition for filling its school roll. • The apparent lack of recent training activity for governors makes it likelier that governors that are relatively new to the role may not fully understand the requirements of the role or how these potential conflicts of interest should be handled. • It is not clear what steps are taken to ensure that the potential conflicts of interest of Bel Colas and Bel Argor (as suppliers to the school) are being effectively managed so, in particular in relation to associated procurement decisions and whether such decisions have applied appropriate ethical principles. • The significant increase in IT costs in recent years adds further to the concern that Cal Argor may be abusing his position as governor to further the interests of his company. • There is some evidence that governors may be too involved in operational matters at the school at the expense of their expected focus on strategic issues. For example, the Chair being involved as a volunteer providing reading 			

	Response points	Marks	Syllabus content	App St'd
	<p>support, with the Head asking other governors for further such help, blurs the intended role of governors, especially the Chair as leader of the Board, and suggests a misunderstanding of the role of governors on the part of the Chair and Head.</p> <ul style="list-style-type: none"> • There is evidence that the Board is approving relevant policies, but with the policies being tabled and no questions being asked, it is unclear how familiar governors are with their contents and therefore how effective their oversight and scrutiny is. • It may be that SGB meeting attendance is an issue because some governors perceive that their attendance is not crucial if they have such a limited impact on decisions made at the meetings. • With stakeholder engagement being a key part of effective governance, it is positive that mechanisms for this are used at the school; for example, there are the termly newsletters, the social media account, the termly meetings between the class teacher and families and the annual family survey. • However, there are concerns about how meaningful such stakeholder engagement is. For example, there were important concerns issues raised in the July 2022 family survey which could point to strategic issues for the Board to address, and the trend in the quantified responses was down on 2021 for most questions, yet it did not lead to a discussion at the next Board meeting, which even if it had would have been many months after receiving the survey feedback. • The concerns expressed in the survey about consultation on increasing the length of the school day, add further weight to the concerns about the meaningfulness of stakeholder engagement activities (consultation, post-decision communication and response to feedback) and the Board's scrutiny and challenge on strategic issues. • There seems to be a general acceptance of the Head's decision-making, with a lack of evidence of much scrutiny and challenge. For example, the Board accepted the way that the 2022 family survey was responded to without question, despite the indication of potentially important strategic issues from the responses. • There is good transparency with the publication of basic information about governors, and an annual governance report although it is not clear what this contains and whether there is sufficient openness with stakeholders about the 			

	Response points	Marks	Syllabus content	App St'd
	<p>SGB's activities, and about the school's vision, values and strategic priorities.</p> <ul style="list-style-type: none"> • It is not clear if appropriate policies regarding governor expenses are in operation. It is noteworthy that expenditure on this area exceeded budget in 2021/22 and the current year's expenditure is projected to be higher despite the relatively low number of governors and no evidence of increased governor activity. • There is limited evidence of the SGB giving sufficient attention to evaluating its performance in relation to leadership and ethical values. There are some positive signs, such as whistleblower arrangements and the staff survey, but no evidence that there are procedures in place for self-evaluation, performance appraisal, exit interviews or feedback from stakeholders about the Board's effectiveness and the school's performance generally in relation to ethical leadership. • While there is no evidence that the school breaches the rule of law, there is a question mark over whether some of the school's actions are fully in line with government regulations. For example, the Head's response to the new regulations regarding pupil attendance may suggest a disregard for the importance of adherence to regulations. • It is good governance practice that the SGB ensure clarity of vision and purpose, and the evidence from the minutes that this exists from 2020/21. Further, the annual SEP process requires focus on objectives and this was agreed for the current year at the November meeting. • However, the evidence suggests that there was limited input from governors into the renewal of the vision and setting of the objectives at the start of the current school year, which is a key strategic function of theirs. • It is also not clear that the SGB has articulated the vision and objectives into clear statements of intended outcomes and has in place a robust performance management and measurement framework to enable structured tracking of the impact of their decisions. • Ensuring that strategic plans are sustainable is another key governance requirement. However, there is some evidence that school leaders have not had due regard for economic sustainability. This is particularly important given that the school has inherent limits on its resource generating capability, being dependent on government funding for most of its resources, and wider economic pressures suggesting that 			

	Response points	Marks	Syllabus content	App St'd
	<p>there will be stricter limits on the scope to generate resources from elsewhere.</p> <ul style="list-style-type: none"> • It is clear that the school is in significant financial difficulties, but it is a weakness of governance that there has been limited discussion of these issues by the Board. • A budget for the coming year is due to be finalised soon, one being set in the context of serious financial challenges facing the school. However, there is no evidence of any Board-level discussions about the financial strategy and financial planning parameters that should underpin the new budget. • A key aspect of good governance is the need to have in place robust systems for continuous development of organisational capacity. It is clear that a performance management policy exists, performance reviews for staff take place and there is some consideration of training needs for staff and governors. • However, there appear to be some problems with the school's approach to identifying staff development needs and ensuring that these needs are met. It is a duty of the SGB to ensure staff performance management is effective, and there is little evidence from the SGB meeting minutes that the SGB is holding the school's leadership team account on this sufficiently robustly. • While reference is also made to the identification of governor training needs via the administration of a skills audit, there is no evidence of a training plan being in place or of any governor training happening in recent times. Further, most governors are relatively new to the role and in many instances, it is not clear that their professional background would mean that they would inherently possess the requisite skills and knowledge to be an effective governor, so such training is likely to be a key part of effective development of Board capacity. • Another means of facilitating effective development of an organisation's capacity is through effective benchmarking. While performance data is benchmarked, there is evidence that the school is not committed to benchmarking as a meaningful source of valuable information to learn from others and improve its operations. • There is no evidence that the Board focuses on risk management in terms of setting risk management strategy, integrating risk management activities into all areas of the organisation, and regularly reviewing risks. This is a significant gap in terms of good governance. 			

	Response points	Marks	Syllabus content	App St'd
	<ul style="list-style-type: none"> The focus of risk management activities should be broader than financial risk, but the Board does not seem to have been sufficiently focused on its financial management duties and by implication will not have undertaken robust assessment of financial risks or have in place plans for mitigating financial risks. While it is positive that detailed internal audit reviews take place periodically, there are significant concerns about the operation of internal controls at CLS and how far internal audit can make an impact. While the school leadership changed significantly in 2020, the fact that some recommendations made in the 2019 internal audit were noted in the 2022 review as not having been implemented is still a major governance failure. Further, the SGB failed to ensure that the July 2022 audit findings were considered at its November 2022 meeting and did not appear to provide any challenge or scrutiny on the issue at the February 2023 meeting, suggesting that it is not giving due attention to its responsibilities regarding internal controls and financial and risk management. There is no specific evidence of fraud, but the findings from internal audit regarding procurement arrangements do add to the risk of fraud. This risk is compounded where members of the SGB are involved in supplying paid for services to the school, as is the case at CLS. It is important that the SGB goes further than ensuring that it maintains a register of business interests for SGB members, but also systematically assesses and mitigates fraud risks as part of its risk management arrangements. 			
2ii	<p><i>Evaluate the approach to performance measurement at CLS, and provide advice on a balanced approach to performance measurement at the school.</i></p> <p>1 mark per developed point to a maximum of 12.</p> <ul style="list-style-type: none"> Evidence from SGB meetings is that while there is some focus on educational performance measures, this could be more thorough, and that other aspects of the school's performance seem to receive little or no attention from the Board. It may be that performance management is largely carried out by the staff on the school's Senior Management Group. However, even if 	12	SPF: C5 SPD: B3 SCS: A1-A4, A6, B1-B3, C1-C2, D1-D3	K: ARC, BA, FI, LSP, SBMG S: BI, C, L, PSDM B: AV, F

	Response points	Marks	Syllabus content	App St'd
	<p>that is the case, there should still be robust mechanisms in place for the SGB to hold those school leaders to account for school performance and the evidence for this is currently somewhat lacking.</p> <ul style="list-style-type: none"> • Performance measures should be linked to the school’s vision and strategic objectives. There are key words in the vision that need to feed through into performance monitoring systems, such as ‘safe’, ‘caring’ and ‘inclusive’ – the SGB need to be clear about how these should be measured. Some reliance can be placed on feedback from stakeholders such as family surveys, and potentially surveys of children and staff, with specifically designed questions. Feedback from external reviews (e.g. by PEI) on these aspects should also feed into performance monitoring. • There may also be quantifiable indicators that would be relevant to one or more of these aims, e.g. numbers of safeguarding incidents, numbers of instances of bad behaviour, measures of diversity within the school population etc. • The focus of the school’s performance measurement appears to be academic attainment measures, principally Year 3 and 6 test results, and their comparison with past results and with other schools identified as being sufficiently similar and therefore useful comparators. That is to some extent inevitable and reasonable given the focus on these measures by the PEI and the likelihood that many stakeholders would use these measures to reach judgements about the school’s performance. • However, it may be useful to supplement these educational attainment measures with quantified measures based on the progress of children at CLS from their starting points, which is arguably at least as relevant a way of gauging the added value provided by the school. This would also seem to align with the reference in the vision statement for children to ‘...maximise their potential...regardless of ability...’. • Further, it would be worth trying to ensure that all the performance measures applied follow SMART principles as far as is possible, i.e. that they are Specific, Measurable, Attainable/Agreed, Realistic and Timed/Time-bound. A SMART approach, at least to a large extent, is probably already in place for the academic attainment measures with references to pass rates to be achieved in the Year 3 and 6 tests, though how realistic they are is not so 			

	Response points	Marks	Syllabus content	App St'd
	<p>clear, and it is unclear to what extent CLS teachers have been involved in setting them so there is a question over how agreed they are.</p> <ul style="list-style-type: none"> • It would likely improve performance management practices if the school formally monitored performance across multiple dimensions, rather than focusing so heavily on academic attainment. One approach here, particularly as a state funded organisation, is to apply the 4Es model: Economy, Efficiency, Effectiveness and Equity. <ul style="list-style-type: none"> ○ Economy measures could, for example, focus on aspects such as expenditure against budget (assuming that the approach to budget setting is robust), or to compare spend on particular items to other schools that are sufficiently similar to be valid comparators. ○ Efficiency measures could focus on ratios such as spend on teachers per pupil, and pupil/teacher ratios, again tracked over time or compared with other similar schools. ○ In addition to the Year 3 and 6 results, effectiveness measures could also focus on measurable aspects such as attendance, behaviour, and exclusions. ○ Equity measures could cover several aspects. As its intended focus is on ensuring that spend reaches those who it is intended to, one key measure would be to gauge whether the extra resources for EEN and DPG children are allocated to meeting their needs and to gauge the impact of these interventions (effectiveness). ○ With the evidence that CLS has an above average proportion of children for whom English is an additional language and the school's vision refers to an inclusive learning environment, some equity measures should focus on resources directed to supporting such children. ○ Linked to this, given the particularly diverse make-up of its families, there is also a case too for measuring engagement with these families of different ethnicities, particularly where English is not the main language spoken in their households. This could, for example, measure survey response rates by ethnic groups or attendance at progress meetings with class teachers by ethnic group. 			

	Response points	Marks	Syllabus content	App St'd
	<ul style="list-style-type: none"> • When using a basket of performance measures aligned to the 4Es framework, care needs to be taken when interpreting them as the measures can conflict with each other. For example, increased pupil numbers, which is important for CLS to maximise its income, would improve efficiency ratios such as teaching staff cost/pupil, as it is likely that the classes that are currently below full capacity and could absorb more pupils without increased staffing, but this could have an adverse effect on effectiveness as pupil achievement in tests may reduce as the quality of learning may suffer as class sizes grow. • Another approach that may be relevant to CLS is a balanced scorecard, which focuses on a blend of performance measures across four perspectives as follows: <ul style="list-style-type: none"> ○ Financial – for CLS, this could be various measures similar to those that would be set for the Economy criterion in the 4Es framework. ○ Financial – a key aspect would be the alignment of the budget to the school’s objectives, something that is made more challenging with the budget being set in advance for a financial year starting in April, before that school year’s educational outcomes are known and before the start of the next school year in September. ○ Customer – judgements need to be made about what the consumers (primarily families given the age of the children at CLS) particularly value. The family surveys provide some insight into this but it may be worth exploring whether it is possible to engage more with a larger sample of families to be sure that any different perspectives are heard. ○ Customer – in addition to items measured through family surveys, and feedback from children, customer retention measures may be useful, e.g. where a household has multiple children in the age groups covered by CLS, what proportion of younger siblings apply to CLS. Similarly, it could be useful to monitor leaver statistics for those leaving before the end of Year 6, and investigate the causes, which is not done systematically at the moment. ○ Customer – it would also be appropriate to consider the government (as funder), 			

	Response points	Marks	Syllabus content	App St'd
	<p>including the perspective of its regulator (PEI), at this point. This is likely to underpin a range of educational attainment and progress measures.</p> <ul style="list-style-type: none"> ○ Internal business process – measures should focus on alignment of business processes with financial and customer perspectives. Measures could focus on the efficiency of budgetary control processes or customer satisfaction in various areas, such as staff responsiveness and the ability to arrange meetings with school staff, and their effectiveness. ○ Learning and development – measures here could usefully focus on staff training and development activity, staff feedback on their attitudes to and their application of learning from CPD, staff turnover etc. <ul style="list-style-type: none"> • In applying a balanced scorecard approach, school leaders should recognise the importance of differentiating between leading and lagging indicators. For example, CPD days could be an effective leading indicator for measures of teaching quality and success rates in tests. • In finalising the framework of PIs, it is important to be clear about the intended benefit of monitoring a particular PI, and to set that against any associated costs such as the establishment and operation of systems to track progress against the PI, especially as the school is in major financial difficulties and may reasonably be assumed to have several competing priorities for its management and administrative resource. • Further, before finalising the PI framework, it is important to be wary of any unintended perverse incentives that may result from starting to monitor a particular PI. For example, an excessive focus on maximising educational attainment may lead the school to direct resources towards those children most likely to succeed, which may reduce the chances of more disadvantaged children, perhaps clashing with equity measures. 			
2iii	<p><i>Demonstrate how Porter's value chain analysis (VCA) model can be applied to CLS in order to provide input into an analysis of its strategic position.</i></p> <p>1 mark per developed point to a maximum of 12 marks overall</p> <ul style="list-style-type: none"> • As state education is free at the point of consumption, except for fees for extras and 	12	SPD: A4 SCS: B2- B3, C1- C2, D1- D3	K: BA, SBMG S: BI, C, L

	Response points	Marks	Syllabus content	App St'd
	<p>costs to families such as for uniforms, it is harder to measure the value being received by consumers and so it is not so straightforward to apply the VCA model as for commercial entities.</p> <ul style="list-style-type: none"> • However, families have some choice over the school that their child attends and the maximisation of value for money provided by public services is key, so it is pertinent to apply VCA in order to determine how CLS adds value from the perspective of users and for it to try to gauge to what extent it does so more effectively than competitors. • The focus in VCA is on how CLS organises and performs activities, including linkages between them that are intended to add value to the user experience. Each activity should be analysed for the extent to which it adds value from the perspective of users (and, to some extent, regulators) and provides the basis for competitive advantage. • An example of such linkages between secondary and primary activities could be the Human Resource Management activities such as teaching staff recruitment, management and development and the quality of teaching (Operations). • An example of linkages between primary activities could be the effectiveness of engagement with families prior to a child starting at CLS (Inbound Logistics) and the impact on their preparedness for school, which may underlie some of the behaviour problems being experienced at CLS and thereby reduce the added value provided in the classroom (Operations). • An example of linkages between secondary activities could be the value for money achieved in procurement decisions (Procurement) and the resources therefore generally available for the school (Infrastructure). • One key application of VCA is in relation to the outsourcing decision. One area that CLS currently outsources is ICT support. It is clear that technology is an increasingly important part of ensuring a high-quality classroom experience but there are concerns that CLS is lagging behind. It is unclear how far this may be associated with the indications that staff development is not being sufficiently prioritised. • But it could also be that the outsourced relationship with Argor IT Services is not adding sufficient value relative to its cost, which has been increasing in excess of inflation. If the contractual arrangement cannot be significantly 			B: AV, F

	Response points	Marks	Syllabus content	App St'd
	<p>improved a new contractor should be sought or an in-house approach considered.</p> <ul style="list-style-type: none"> • ICT could also provide a further example of another of the potential applications of VCA, which is to explore the scope to reduce cost in an activity without damaging the value provided by it. Given the evidence of increasing costs of ICT, while the value added does not appear to be increasing, and may have reduced, there may be scope for this via improved contract management or by re-tendering. • Further, on outsourcing, CLS should assess whether there are other activities, currently provided in-house, that are not the highest priority in terms of added value to customers, that may be able to be provided more cost-effectively via outsourcing. This may apply to support services such as financial management, the effectiveness of which is in question given the financial difficulties facing CLS. • In addition to considering areas of its wider value system where CLS has a choice over whether activities should be part of the internal value chain or outsourced, it should consider the value added from linkages with other parts of its value system where it does not have such decision-making power. This could include assessing the effectiveness of relationships with supplier value chains such as pre-school settings. There is some evidence that this could be strengthened which may add value in terms of children being better prepared to start lower school and in terms of promoting CLS to prospective families. • Also, BCC could be seen as a supplier to CLS's VC, for example in relation to its role in assessing EEN applications and facilitating appropriate support for children with EEN. The issues with these processes are clearly causing difficulties for CLS and many of its families, and may be worthwhile for CLS leaders to consider whether they can do anything more to support families making or waiting for EEN assessments. <p><u>Primary activities</u></p> <ul style="list-style-type: none"> • Inbound logistics <ul style="list-style-type: none"> ○ This could refer to the initial school admissions processes when an application is made for a child to join CLS and the processes leading up to their first day if accepted, including the communication of requirements to families about their obligations, e.g. obtaining uniform and other preparation 			

	Response points	Marks	Syllabus content	App St'd
	<p>that may be needed to support their child at school.</p> <ul style="list-style-type: none"> ○ At a more micro level, this category of activity could also refer to the daily processes associated with the start of each school day, how efficient they are, ease of access to the school (e.g. the ability to park nearby if a family drives their child to school), to what extent families feel confident in how the school welcomes their child into school, the ability for a parent to speak to a member of staff if they want to do so etc. ● Operations <ul style="list-style-type: none"> ○ This category will contain a wide range of elements associated with the education of children at CLS. This will cover the organisation of the curriculum, delivery of lessons, teaching resources used, delivery of extra support to EEN children, administration of assessments, providing feedback etc. ○ As a result of the criticisms in the PEI report, problems which still exist to an extent as per September's consultant's report, there remains work for CLS to do to ensure that added value is maximised in these activities and that this is perceived to be so by inspectors and families (prospective and current). ○ It is evident that CLS has redirected some resources towards core subjects and away from subjects such as Art and SPE. VCA can be used to gauge to what extent the reallocation of resources is adding the extra value that would be necessary to demonstrate the effectiveness of this decision. In doing so, this would need to be balanced against the potential for reduced value as a result of spending less time on non-core subjects like Art and SPE. ○ It is evident that some aspects of the operations category of activities are outsourced, e.g. the SPE curriculum delivery. Also, the school makes use of temporary agency staff when classroom staff are absent. It is essential that the linkages with such external agencies in their wider value system are effectively managed in order that value is added rather than lost through the contractor relationship. ● Outbound logistics 			

	Response points	Marks	Syllabus content	App St'd
	<ul style="list-style-type: none"> ○ This is likely to be most relevant at the macro level in terms of the move from lower school to upper school for children at the end of Year 6. This could focus on results in official tests, and the grounding that provides for further study and achievement in subsequent tests at upper school. ○ It may be just as relevant to also focus on how well-prepared children are generally for the move to upper school as they reach the end of lower school, in terms of more qualitative matters such as maturity, behaviour, attendance, social skills etc. ○ As CLS's value chain links with other organisation's value chains, our outbound logistics could involve developing links with the inbound logistics of the local secondary schools, to ensure an effective transition from CLS to secondary education. ● Marketing and Sales <ul style="list-style-type: none"> ○ This category of activities would focus on all the activities undertaken by CLS to promote its services to prospective families. There are potential improvements in this area which will be examined in more detail in the next section of this report. ● Service <ul style="list-style-type: none"> ○ This category is likely to comprise activities that could make a significant contribution to added value. As it relates to those activities that enhance or maintain the value of the school's core service, it could, for example, relate to the effectiveness of work done by the school to maintain the quality of the curriculum delivered to children during their six years at the school. ○ Also, there are many optional services offered to parents such as after-school clubs and trips for children. Many of these involve a charge to families, so the assessment of value added can be more directly compared to the value being purchased by families, albeit at present, the school provides some subsidy and families are not therefore being charged the full cost for them. ● Procurement <ul style="list-style-type: none"> ○ There is ample evidence, particularly from internal audit, that CLS has weaknesses in procurement and so there 			

	Response points	Marks	Syllabus content	App St'd
	<p>is likely to be scope for significant added value that is not being exploited. This is likely to involve more consistent use of market testing, stronger contract management processes, more effective internal controls and potentially joining procurement networks for items such as energy supplies.</p> <ul style="list-style-type: none"> • Human Resource Management (HRM) <ul style="list-style-type: none"> ○ As this category of activities refers to all aspects of recruiting, inducting, managing, training, developing, and rewarding people involved in delivering the school's products and services it is critical that added value is maximised, especially given the criticisms in the PEI report and the evidence since that work remains to be done to achieve consistently high standards of teaching. ○ It may be fruitful for the school to analyse the root causes of the stronger and weaker areas within the school, due to the evidence of inconsistencies. This may identify how modified HRM practices could improve the latter, such as more targeted and extensive development activities. There may be opportunities for the weaker areas to learn from the stronger areas, for example via the use of peer observation. • Technology Development <ul style="list-style-type: none"> ○ All value activities have a technology, which may just be knowhow, so this category of activities focuses on identifying and understanding how good CLS is at ensuring effective ongoing maintenance and development of these technologies. This could be in relation to the development of the curriculum, or best practice in teaching, or in the use of modern IT systems and packages in the classroom and in support services such as financial management. • Infrastructure <ul style="list-style-type: none"> ○ This activity refers to all support systems of the school, in particular finance, information management, quality control and how the school is structured and led. There is ample evidence that value added may not be maximised in this category of activities. For example, the effectiveness of financial management work (e.g. budgeting, budgetary control, the operation of 			

	Response points	Marks	Syllabus content	App St'd
	<p>internal controls etc) should be questioned.</p> <ul style="list-style-type: none"> ○ There is evidence that those responsible for strategic management, i.e. the SGB, are not receiving all the information needed to undertake their duties as effectively as possible; e.g. the provision of financial information to the SGB appears to be a weak area. ○ Further, given the variation in teaching standards highlighted by the PEI and the consultants, it suggests that quality management processes in this area are not working effectively enough and so not adding sufficient value. 			
2iv	<p><i>Assess how CLS could use the marketing mix model as part of its future strategy.</i></p> <p>1 mark per developed point to a maximum of 12, including at least 1 mark reserved for each of the 7 Ps.</p> <p><u>Product</u></p> <ul style="list-style-type: none"> • It is important that the design and delivery of the school's products/services meet customer needs. To a large extent, the school is guided by national curriculum requirements, which places some limit on how far they can flex the products/services. However, there are areas of flexibility that are the school's judgement in terms of product/service design and delivery, be it in relation to the curriculum, or other aspects of the school experience such as what equipment is in the playground and what food is served at lunch. • For these areas of flexibility, it is important to engage with customers to ensure that needs and expectations are identified and met as effectively as possible. There is some evidence that mechanisms exist for this, with, for example, the School Forum, annual family survey and the termly parent teacher consultation meetings. • There is also evidence of strengths in their curriculum offer in these areas of flexibility, such as the PEI feedback on Music and History, and the SPE facilities, which are elements that can be highlighted in the marketing strategy. • There is some evidence from the family survey that while the curriculum is increasingly seen positively by families, there is work to be done by the school to promote it more effectively, a point which highlights the importance of 	12	SPD: C2 SCS: B2- B3, C1- C2, D1- D3	K: BA, SBMG S: BI, C, L B: AV, F

	Response points	Marks	Syllabus content	App St'd
	<p>coherence between different elements of the marketing mix.</p> <ul style="list-style-type: none"> • Also, CLS can influence the quality of its products and services, in areas such as the quality of teaching. While the 2020 PEI report yielded a 'weak' rating and the consistency of teaching standards was criticised, there were positive comments in the report about teaching quality and there is evidence of further improvement in this area since. <p><u>Price</u></p> <ul style="list-style-type: none"> • Although state-funded education is free at the point of consumption, it is necessary to consider the costs to families that are associated with their child attending CLS, costs that are either unavoidable to them (e.g. uniform) or costs where there may be such significant pressure that they hard or impossible to avoid (e.g. after school clubs, school trips). • There are also knock-on costs for families. For example, changes to the length of the school day will affect childcare costs for some families and may affect the earnings of some. • This should also be placed in the context of the worsening economic situation, whereby some families will be experiencing reduced real incomes due to inflation outstripping wage rises and unemployment increasing. This is likely to be an even bigger issue for CLS families than for many schools given the deprivation levels in its catchment area. • CLS may not be able in future to subsidise these optional activities due to its own financial difficulties, which is likely to adversely impact the financial viability of the activities. It may therefore be worthwhile for CLS to subject each of these optional activities to a robust cost-benefit analysis to determine the most rational approach to scaling them back if that becomes necessary. • It may be worth CLS considering whether there are options for easing the price impact of its activities. For example, while there are likely to be positive image and perhaps behaviour benefits from the uniform, ways to reduce the financial impact on families should be explored. • Further, it would be worth investigating the scope for payment regimes that spread the cost to families over a longer time period, and whether some better-off families are prepared to pay more for activities, thereby subsidising more disadvantaged families and making it likelier that the activity will still go ahead. 			

	Response points	Marks	Syllabus content	App St'd
	<p><u>Place</u></p> <ul style="list-style-type: none"> • With the school's physical location fixed, this element of marketing should focus on the ease of access for potential customers. The school is located near to the centre of the city, which may imply that there are nearby car park options, and with several bus routes nearby, so it could be that this aspect is a positive feature to highlight in the marketing strategy. • However, developments triggered by the pandemic also potentially enhance access for customers. For example, the use of online facilities for the periodic parent:teacher meetings is likely to be convenient for many families. Further, the development of its well-regarded online learning offer is something to highlight in its marketing. • The scope to realise further benefits from its online capability may be worth exploring; for example, the family survey pointed to concerns that some families do not feel they are sufficiently familiar with the curriculum to support their children and complement the school's work effectively – it may be that there is an opportunity to draw on its online capability to rectify this problem somehow. <p><u>Promotion</u></p> <ul style="list-style-type: none"> • The website sounds as if it is well set-up to meet the needs of families with children at CLS, but less effective as a vehicle for communicating the benefits of CLS to potential customers, especially as it is likely that many families thinking about which school to apply for are likely to undertake some internet research. • It is likely that potential families would note the 2020 PEI report, with its 'weak' overall rating, and the most recent Year 3 and 6 test results. It appears that CLS is not maximising the opportunity to use the website to promote the positive aspects of attending the school, in terms of its vision, objectives, activities and the progress being made. The lack of images and broken links feel like a missed opportunity in this regard. • It may be worth reconsidering the need to again offer open days to prospective families. Though time-consuming, they may be the most effective way of promoting what the school is doing currently to help counteract the adverse impact of the evidence of historic results (the PEI report and the Year 3 and 6 results). The fact that not all schools offer them, may also be a positive for CLS, by providing something 			

	Response points	Marks	Syllabus content	App St'd
	<p>different to competitors that is valued by potential customers.</p> <ul style="list-style-type: none"> • Another option may be to upload to the website a well-produced virtual tour of the school, including interviews with key players. • There is reference to a private social media account for CLS families. While it may be necessary for the account to be private for safeguarding reasons, the school may be missing a valuable promotional opportunity by not having a public-facing social media profile. This could provide the opportunity to convey a strong impression of the school's current activities to prospective families, which may help counteract any negative impact of measurables such as the PEI rating and most recent assessment results. • Previously, CLS had strong links with pre-school settings, but these were fractured during the pandemic, and it appears as if these links have not been fully revived. While this is important in many respects, there is also potentially a valuable promotion opportunity associated with forging strong links with pre-school operators. This could be in the sense of ensuring that there are CLS promotional materials available at the pre-school site, but also it may help with positive word of mouth marketing from the people working at the pre-school setting. <p><u>People</u></p> <ul style="list-style-type: none"> • There are several service delivery relationships relevant to CLS's marketing. There are the direct interactions between family members and CLS staff, be they teachers, LSAs or other staff. There is some evidence from the last family survey that this may be a growing problem area for CLS, albeit that there are still high satisfaction levels showing for staff responsiveness. A governor has also referred to the rudeness of a teacher who conducted the last online meeting with parents. • There are also perceptions of the service delivery relationship between school staff and children. There is a lot of evidence to suggest that CLS still has some way to go to strengthen this area given the criticisms in the 2020 PEI report, not all of which have been addressed according to the 2022 consultant's report. Individual governors have also recently referred to issues with the quality of teaching and the ability to manage behaviour in class. • There are strengths to build on in this area, with, for example, references to how committed staff are to ensuring children maximise their 			

	Response points	Marks	Syllabus content	App St'd
	<p>potential and the fact that a lot of the teaching delivered is of a high standard.</p> <ul style="list-style-type: none"> It is also important that those staff that interact with prospective families have strong interpersonal skills. So, if, for example, CLS do revive the open days the staff involved in them need to have appropriate interpersonal skills to minimise the risk of the open day having a negative impact on potential families' views about CLS. <p><u>Process</u></p> <ul style="list-style-type: none"> There is evidence that CLS has well-developed online systems in some areas that can improve the experience for families, for example in relation to bookings and making payments and online education. Offering meetings with teachers online will also be a positive for many families, however it seems likely that some would also like the opportunity to schedule in person meetings with teachers. CLS should also consider associated processes in their wider value system. One of these of relevance to some families is the process relating to EEN applications made to BCC. While the problems with this are largely the same for all schools in BCC's area, and so not necessarily a marketing issue, there may be scope for improving the experience for CLS families with children that have or may have EEN. There is evidence that CLS is already strongly committed to supporting children with EEN or those that may have EEN but have not had their diagnosis officially recognised by BCC. However, for CLS families it may be able to offer them further help with making their EEN applications to BCC for their child. Given that some applications are made prior to children starting lower school, by strengthening its links with pre-school settings, it may also be able to provide effective support to prospective families that think they need to make an EEN application ahead of their child starting at lower school. <p><u>Physical Evidence</u></p> <ul style="list-style-type: none"> CLS could consider making more effective use of its website and start a public social media profile to help to provide some physical evidence to prospective families about the quality of its services. This could include images of the school premises and activities, interviews 			

	Response points	Marks	Syllabus content	App St'd
	<p>with staff and testimonials from families with children currently at CLS.</p> <ul style="list-style-type: none"> • Though there would be a cost attached, it should consider the use of physical promotion materials with images and testimonials, which could usefully be placed in places like pre-school settings and perhaps other local outlets such as shops and doctor's surgeries. • Also, though resource-intensive, revising the open days would also be a mechanism for providing prospective families with some physical evidence of CLS's service offer. <p><u>General points</u></p> <ul style="list-style-type: none"> • While each element of the model needs to be considered, the resulting marketing strategy needs to involve a harmonious blend of the seven elements. It is imperative that inconsistencies between two or more elements are avoided. • As, in effect, CLS is competing with other local schools, it is important to consider how the elements of its marketing mix compare to those of its competitor schools, particularly in the context of overall demand being unlikely to rise in the coming years due to the stable birth rate. • A differentiation strategy, compared with other local schools, seems likely to be the most successful generic strategy as education is free at the point of consumption and the costs borne by families may not be easily apparent when making decisions about schools to apply for. • However, as economic conditions become tougher and with its catchment area and environs having above average deprivation, there is an argument for CLS revisiting and re-considering the financial implications of its overall offer, e.g. around uniform, clubs and trips. 			