



R34 – A GUIDE TO BEST VALUE IN SCHOOLS (2002)

April 2008



Web: www.fmsis.info
Email: financial.management@dcsf.gov.uk

IPF

Web: www.ipf.co.uk
Email: info@ipf.co.uk

Contents

	Page
About this guide	2
Section 1 What does Best Value mean for schools?	3
Best Value and schools	3
School leadership and management	3
The Statutory Context of Best Value	4
Section 2 The Principles of Best Value- the Four Cs	5
Challenge	5
Compare	9
Consult	13
Compete	17
Following all four principles at once	19
Section 3 Writing a Best Value Statement	21
Section 4 Using performance indicators and benchmarking	23
Section 5 Useful information: publications and websites	26

About this guide

This guide describes what Best Value means for schools and how applying the Best Value principles might benefit your school. The guide will:

- outline how much current management practice in schools falls within the principles of Best Value; and
- show how these principles might have relevance to schools and help schools to sharpen procedures to secure continuous improvement.

It shows how much of what you are already doing fits into the Best Value framework and that you do not have to adopt a whole new management system.

Section 1 of this guide introduces what Best Value means for schools.

Section 2 shows how the principles of Best Value can be and are being used in schools to improve performance. Each principle is outlined using examples of recent practice observed in schools. Finally, examples are provided of how the principles can be applied together.

Section 3 offers guidance on writing a Best Value statement including a sample proforma.

Section 4 shows how performance indicators and benchmarking can help you apply the principles of Best Value.

Section 5 is a list of useful publications and websites.

Section 1

What does Best Value mean for schools?

Best Value and schools

Best Value is a government policy designed to further the cause of continuous improvement in services provided locally. In schools, this applies to raising standards of attainment through, for example, improved leadership and management.

Best Value goes beyond the value for money principles of economy, efficiency and effectiveness, which successful school managers have long applied. Value for money does lie at the core of Best Value. However, Best Value develops it into the idea that close partnership with those served by the school and the effective use of resources leads to:

- the raising of education standards; and
- continuous improvement.

Best Value should not be seen as a new process, rather an opportunity to improve the ways in which management decisions are made. It should infuse the overall approach to school management and evaluation. Best Value can help schools to improve performance by applying its principles. The principles of Best Value are known familiarly as the Four Cs:

- Challenge – why, how and by whom an activity is carried out;
- Compare – performance against other schools and between parts of each school;
- Consult – involving stakeholders, especially pupils and parents; and
- Compete – as a means of securing efficient and effective services.

The Four Cs can be considered separately for the sake of clarity. However, as schools make decisions, the principles are often applied in combination.

School leadership and management

The government intends to cut red tape in schools and to free them more for the vital business of managing improvement. The application of the Four Cs should not lead to more bureaucracy and paper work. Rather, they are a means to focus existing practices more sharply. Best Value principles should not increase

workloads but should help school managers to streamline aspects of their work, to raise educational standards through more effective management. The principles should be absorbed into existing management practices, where relevant, rather than be set up to replace or significantly extend them. In this way, the principles of Best Value can support and influence all management and decision-making activities, including:

- setting targets;
- planning for improvement;
- allocating resources to priorities;
- managing implementation;
- monitoring and evaluating the performance of the school; and
- managing the performance of the staff.

The Statutory Context of Best Value

The policy of Best Value was introduced in the Local Government Act 1999 as a means of securing greater value for money from local government services. Best Value is a statutory requirement for local authorities. They are expected to conduct regular, formal reviews of their services using the Four Cs to form judgements.

Best Value is **not a statutory requirement for schools** and it does not apply formally to governing bodies in their use of delegated and devolved budgets. Governing bodies are, however, required to set targets to raise standards. They are also expected to provide good quality schooling and to spend public money wisely.

The School Standards and Framework Act 1998 made changes to the way schools are funded, delegating to schools a greater proportion of funds to spend. Schools are expected, as part of Fair Funding, to follow the principles of Best Value in making decisions about major activities. LEA Schemes for Financing Schools, made under S.48 of the Act, require that when governing bodies submit their annual budget plans to their LEAs, they should include a brief statement 'setting out the steps they will be taking to ensure that expenditure reflects the principles of Best Value'. This is commonly known as a Best Value Statement. There is more on **Best Value Statements** in Section 3.

In summary, it is good practice for schools to make judicious use of the Four Cs in their efforts to manage improvement. To this end, OFSTED inspectors are expected to 'evaluate and report on how effectively the school applies Best Value principles in its management and use of resources' (Handbook for Inspecting Schools, OFSTED, TSO, 1999). <http://www.ofsted.gov.uk/public/index.htm>



Section 2

The Principles of Best Value – the Four Cs



Challenge

Running an effective school is a complex affair, in which many priorities compete for the attention of those who manage. Procedures followed can often come to reflect custom and habit rather than a considered response to changing circumstances. It is rarely easy, but is very important, to step back from busy management routines to ask such questions as:

- Why are we doing this?
- What do we need to achieve?
- Is this method the most economical, efficient and effective?
- What is in the best interests of our stakeholders?
- What is the evidence about levels of need?
- Are there better ways of achieving the desired results?
- Could another organisation do this for us more effectively and economically?
- Are our procedures competitive compared with possible alternatives?

Taking the time to review and question performance and the school's routines and processes is precisely what the Best Value principle of challenge implies. One of the characteristics of effective leadership and management, whether it be of headteachers, key staff or governors, is the willingness to challenge current practice in order to improve it. Thus, in one junior school's inspection report:

“The headteacher is a very strong and extremely capable leader who has raised the expectations of the school community. His rigorous analysis of the areas that need improvement has resulted in a strong rise in national test results and an improvement in the confidence of teachers in their own leadership capabilities. Always keen to challenge weaknesses, he does not turn away from making difficult decisions or from taking action quickly and effectively. The headteacher does not shirk the responsibility to question the school's work on a very regular basis. All members of staff in leadership roles follow this example and the school takes every opportunity to review its work thoroughly.”



Routinely challenging aspects of what goes on in schools can be an effective way of stimulating evaluation and forging new ideas for better practice. This can lead to improved performance and reduce complacency, encouraging members of the school community to question long-held views. Challenge, when sensitively and appropriately applied, can play a useful role in a school's quest to improve.

Examples of good practice: Challenging

Improving continuity in teaching: A newly appointed headteacher of a junior school read the previous inspection report as part of his initial review of the school's performance. The report recorded weaknesses in planning: some teachers were not using schemes of work effectively to secure continuity in teaching. The headteacher used this to challenge the school's traditions of planning for teaching. Structured sessions were held in which teachers compared their planning procedures with each other. Development groups were then initiated allowing the less effective teachers to work with and learn from the better practitioners in the preparation of new schemes of work. The headteacher deliberately fostered a climate of trust and encouraged colleagues to learn from each other. In this way, the good practice exhibited by some teachers was shared throughout the school. The ensuing inspection report declared "schemes of work are now being used very well to improve standards".

Rationalising school management: A large comprehensive school saw its pupil roll shrink significantly and its income became too small to operate effectively. The headteacher needed to rationalise the staffing structure and make it affordable, and to seek out other means of reducing costs.

Long-held perceptions of staff about management responsibilities were challenged. The staff were persuaded of the need for critical examination of each major school function to see if they could be carried out more economically in alternative ways, for example, financial management was originally the task of one of the deputy headteachers. The post had become unaffordable and was ultimately removed from the senior management structure. The strategic aspects of financial management then fell to the headteacher and the more operational aspects were allocated to the school's registrar, who was promoted to take on the job. Financial management was subsequently carried out as effectively and efficiently as before, but at considerably less cost.

The school staff soon came to accept the need for these types of challenges and that the costs and consequences of all aspects of the work of the school had to be laid bare. As a result of such challenges and subsequent



rationalisation the school now gives good value for money. The management and staffing structures are in line with need and income. A recent inspection judged that the “headteacher and deputy head provide the school with very good leadership. They have been responsible for the rapid improvement made since the last inspection”.

Improving decision making: On appointment, a headteacher had to challenge the lack of openness in decision making which he found in his primary school. Previously, much of the discussion had been closed, and most members of the school had little influence on decision making. The headteacher planned to establish clear and open systems of communication throughout the school so that all school members could be encouraged to participate fully in decision-making, take ownership of decisions made and be fully committed to continuous school improvement.

As a result, all staff meetings have pre-published agendas and minutes are circulated afterwards. The governing body has been encouraged to become more involved in its strategic oversight of the school, for example, by assigning individual governors to particular link roles such as for literacy development. The views of pupils are carefully gathered through classroom ‘circle time’ and the meetings of the school council.

Departmental self review: In a comprehensive school, heads of departments were asked to draw up departmental handbooks containing proposals for self-evaluation, in which subject staff would routinely question what the department was providing for pupils. This has evolved into an annual and systematic process of review in which each department conducts, collectively, a review of the strengths and weaknesses, including an evaluation of teaching. Departments submit a written report to the school’s senior management team. This is followed up in a review meeting where the headteacher and the head of department examine all results in detail and the head of department has ample opportunity to account for them. Priorities for the coming year’s departmental development plan are also refined in the review meeting. This is now an established activity, conducted in a calm, positive and non-threatening way. Because all staff contribute to the review, a high level of ownership contributes to staff’s engagement in improvement work, and willingness to challenge constructively each other’s assumptions and practices. The science department is one example where this process has been used to good effect. The report for 2000-2001 gives a frank and detailed account of major developments, for example in the accommodation, in writing new schemes of work, and in inducting a new teacher. It contains a good, data-based analysis of Key Stage 3 and



GCSE test and examination results, showing the value added since pupils entered the school, and giving convincing explanations for any results above or below those predicted. Developments in resourcing and staffing are honestly evaluated and problems, for example in work experience, training, and finances, are well aired. The report is a thorough account of progress made and strengths and weakness overall: it provides a good basis for future planning.

Examples, of a practical nature, of how schools are challenging their provision include:

Grounds maintenance: In one primary school, the role of the caretaker was reviewed and the position extended to include grounds maintenance. This proved to be more cost effective than purchasing the service externally. Similarly, a secondary school saved £6,500 by employing a site maintenance person rather than buying in the service from an external organisation. In both cases Best Value was achieved; costs were lowered and greater control over the grounds maintenance was also achieved.

Renewing contracts: Renewing contracts can act as a trigger point for the challenge process. A review of contract details can result in savings for the school, an improvement in service and/or an improvement in the terms and conditions of the contract. One school reviewed its contract for grounds maintenance and discovered that it was actually cheaper to change external provider, even with penalty payments for early termination of the initial contract.

Cleaning: A governing body agreed to invest in health and safety training and machinery to enable a school to carry out its own cleaning. As a result, the cleaning service has improved and the school is sharing its ideas with other schools interested in doing the same.

Payroll: One school decided to run its payroll privately. Although this is slightly more expensive than the local authority service, the school has greater autonomy, confidence in, and control over, the accuracy and efficiency of the system and has therefore secured Best Value.



Compare

The analysis of performance data is crucial to the successful management of schools. The data have steadily improved and it has become increasingly feasible to carry out rigorous analysis. It is now normal for schools to measure many aspects of their performance, making comparisons with key indicators or with the performance in other schools or other parts of the same school. School managers and other stakeholders are increasingly able to compare performance and, on this basis, to judge how well they are using their resources to meet their educational aims.

The Best Value principle of Compare involves asking such questions as:

- What are we achieving?
- How does this compare with what we should be achieving?
- What standards are similar schools achieving?
- How do our standards compare with theirs?
- Are we a relatively high performer?
- Are all subjects and classes performing consistently well?
- Do we cost more or less than similar schools? Why?
- What can we do to bring us up to or keep us at the level of the best?

Schools have access to a variety of ways of comparing performance. For example:

- OFSTED's PANDA reports and other data provide suitable benchmarks and other indicators to enable a school to monitor its performance, measure it against the performance of others, and set targets;
- the Audit Commission collects and publishes comparative data on the financial performance of schools (<http://www.schools.audit-commission.gov.uk>);
- the introduction of Consistent Financial Reporting (CFR) from April 2002 will build on the work of the Audit Commission, allowing comparisons across schools to take place on a national basis (<http://www.dfes.gov.uk/vfm/cfr1.shtml>);
- many LEAs publish detailed school profiles including contextualised school data, both financial and non-financial, for example, comparison of pupils' attainment, performance indicators and tracking mechanisms. This information allows schools to identify other schools with similar characteristics and to engage in benchmarking exercises; and



- schools can often also use their formal or informal contacts to gather information on more effective and economical ways of obtaining services, such as details of alternative suppliers.

A critical task for school managers is to make appropriate choices of relevant performance indicators. These indicators are mostly helpful when set alongside a school's own analyses of performance (including any value-added analysis undertaken) and of the management decisions taken about the use of resources. There is more on performance indicators and benchmarking in Section 4.

Examples of good practice: Comparing

Benchmarking: Benchmarking and its tools are covered in greater detail in Section 4. Many schools now compare themselves to other schools, for example, by benchmarking pupils' attainment, performance indicators and tracking mechanisms using data provided by LEAs. Consistent Financial Reporting will further aid cross-school comparisons.

Comparing pupils' performance: Over a number of years, a large comprehensive school has become adept at comparing pupils' performance, and through this the effectiveness of teaching and learning, with that elsewhere. A wide range of externally-provided data and support has been used to develop sharply-focused assessment and target-setting procedures throughout the school. These provide clear direction to the school's increasingly rigorous and evidence-based self-review activities.

A recent school inspection found a highly effective system by which teachers know their pupils' performance well, are able to set it against a variety of comparators and draw up appropriate improvement targets. The school has constructed a reliable framework for the analysis of data provided by its local education authority. Through this, teachers are precisely aware of the progress made by individual pupils as they proceed from Year 7 to Year 13. This accurate information informs guidance on target setting and identifies pupils who need additional tuition. Teachers can measure the value added to the prior attainment of each pupil and class, and see the relative success of subject departments. All of this focuses the school's efforts to improve the teaching of specific teachers and departments and to channel additional resources where they will promote Best Value.

GCSE targets are based on analysis of LEA test scores established at the age of 11, primary National Curriculum test scores from Year 6 and the school's internal assessment results. Teachers are increasingly able to set targets that



are realistic and challenging for individual students. Procedures in the sixth form are particularly sensitive to students' needs, for example, an analysis of GCE Advanced level results showed under-achievement among students with relatively low attainment on entry to Year 12. As a result, monitoring was more tightly adjusted to reveal lack of effort and allocate support and resources more precisely to where they were needed. Similarly, comparative analysis showed boys to be under-achieving at GCSE. In the spirit of the principles of Best Value, a whole-school policy of raising boys' attainment led to a significant improvement in just twelve months.

Comparing the value added to pupil's performance: The Autumn Package from the DfES shows a way of awarding points to National Curriculum test results. One infant school has developed this, combining it with its LEA's baseline assessment scheme by allocating points to performance. The system assumes that a typical child will progress by one point per term and any points gained above this will show extra value added. For example, the performance of Year 2 pupils in the National Curriculum tests are compared numerically with their performance in baseline assessments made when they started school. Although baseline assessments are not standardised nationally, this system enables the school to judge:

- the extent of the value added and whether it is good enough, compared with other schools, as each child progresses;
- the relative performance of different classes and teachers in particular year groups;
- whether results in reading, writing and mathematics are better or worse than one another; and
- the extent to which high, middle and low ability pupils are making acceptable progress.

The resulting comparative data gives the headteacher a clear indication of where additional resources might best be targeted to bring relatively low performance up to scratch.

Networking: Regular meetings with other schools can provide an opportunity for informal comparisons between schools. Meetings between headteachers and/or bursars or finance/school managers enable them to share information and network. Similarly, regular team meetings between teachers can help to identify and address strengths and weaknesses.



Suppliers' prices: Schools routinely use suppliers' catalogues to compare prices for books, stationery and other teaching materials. A comparison of catalogues can identify the most competitive prices and sometimes discounts can be negotiated. Larger discounts for bulk buying can sometimes be obtained when schools purchase together, for example, some LEA purchasing schemes give very favourable prices on a range of items, as long as schools are content to restrict their purchases to the items supplied in this way. Some curriculum support initiatives, such as the Technology Enhancement Programme, sell similar low-cost items based on their capacity to buy in bulk. The large educational suppliers are often able to offer good prices because of the efficiency savings they make, for example, by concentrating deliveries to schools at certain times of the year. Schools are usually able to plan their buying to take advantage of this. However, this often restricts those older pupils who are undertaking individual project work, for example in art or design and technology, where needs for materials cannot always be entirely foreseen in advance. In such cases, schools have to be able to buy specific items from local suppliers as the needs arise. Although their prices can be relatively high, Best Value is often still obtained as these items meet individualised educational needs exactly as they arise.

Cheapest price does not always bring Best Value: A school's windows needed to be replaced and so the school sought a number of quotes and awarded the contract to the lowest bidder. This was an instance of best price but not Best Value. It was a good quote but a poor job. The contractors didn't finish the job in time and so invoked the penalty clause. They were unable to pay and went bankrupt, leaving the school with an unfinished job. The school was left to reflect that it would have been better to carry out a thorough risk assessment before accepting a bid. The school could then consider whether to go with a bid that was slightly more expensive, but by paying a higher price would be completed on time. Further information on managing capital projects can be found in the DfES Estate Management Guide for Schools: <http://www.teachernet.gov.uk/management>



Consult

The application of this Best Value principle is intended to enable members of local communities to express their views on the quality of services and how they might best be improved. The gathering of local views through consultation should enable schools, for example, to improve their understanding of the needs and priorities of those whom they serve.

Beyond this, a school can support its quest for continuous improvement by forging purposeful partnerships with outside bodies. Schools function within a complex web of organisations, groups and individuals, each of which has some responsibility for the development of pupils. Forging consultative and working partnerships with such stakeholders can generate advice and assistance to help in the management of improvement. Listening to the views of such partners, if they wear the mantle of 'the critical friend', can help school managers to remain well aware of the expectations of the wider community.

Similarly, consultation within schools can help to strengthen efforts to manage improvement. Significant changes in a school can often be seen as a threat by staff, pupils and parents unless they: see the need for the change; understand and accept how a proposed change will improve performance; have the capacity to adopt the new practice; and find doing so rewarding. Winning 'hearts and minds' is thus essential to the successful management of improvement. Consulting those affected can help school managers to secure improvement, especially when those consulted believe that their views will be weighed before decisions are made.

At various points in a school's management cycle, consultations can be usefully made with such stakeholders as:

- pupils;
- parents;
- governors;
- teaching and support staff;
- professional associations;
- the LEA and Diocese;
- the local community;
- professional associations;



- employers;
- suppliers;
- neighbouring schools;
- early years development of children partnerships; and
- schools and colleges that are destinations for leavers.

Examples of good practice: Consulting

Schools can consult their stakeholders in a number of ways. Here are some examples.

Seeking pupils' views: The headteacher of a very small primary school serving an isolated rural community intended to improve pupils' social skills by increasing their participation in school life. They had previously been rather passive, especially in lessons. Setting up effective consultation procedures was a first step to this end. A school council has been set up, which consists of two pupils elected termly from each of the three classes. It meets fortnightly for 30 minutes at lunchtime and brief minutes are typed by one of the pupils for the noticeboard. The headteacher chairs the council, partly to show pupils how to conduct meetings. She aims eventually for the pupils to run the meetings. The council has brought several benefits. All pupils are aware of their representatives. Parents express satisfaction at the overall value of running such a council. Pupils have constructively challenged some of the ways in which the school is run, for example, a display of Tudor portraits was criticised for having been on the corridor wall for too long. It was replaced and the headteacher secured greater involvement in its replacement from the council representatives and other pupils. Also, pupils have sought more influence over the school's developing systems for rewarding good performance. They were able to persuade the headteacher to change the specific prize for the weekly house competition so that the winning team could go to lunch early in the following week.

Consulting pupils: In an urban junior school, an impressive school council operates. Each class elects two representatives to attend monthly meetings of the council. The meetings are chaired by a pupil, elected by the group. The school's citizenship co-ordinator attends every meeting in an advisory role and the headteacher attends when invited. Weekly class discussions in 'circle time' are used to consider issues for the representatives to raise in council meetings. The pupils, who report back to their classes, minute the meetings. The headteacher presents their findings to governors' meetings and feeds back governors' responses to the council. A recent inspection report stated that the "care and attention shown to pupils' views is seen when pupils write



to the governing body to report on how well their school is doing in meeting their needs. They take this letter writing very seriously and in return governors act on pupils' concerns. This shows pupils that their opinions are valued and they grow in this caring atmosphere to be respected members of the school's learning community". The council's decisions are mainly about the environment but some concern the curriculum, for example, one meeting concluded that too little time was devoted to art and physical education. The deputy headteacher carried out a curricular audit and found this to be the case. The timetable was reorganised by lengthening the morning by five minutes, moving guided reading sessions from the afternoon to the early morning, thus freeing each afternoon for the foundation subjects. The recent inspection report concluded: "Of particular note is the pupils' reaction when they are given responsibility.... Perhaps most impressive is the work of the school council and the contribution it makes to the school. Because the school council's work is seen to be so important, pupils take very good care to appoint the most sensible and sensitive people to represent them".

Consulting parents: A primary school annually seeks the views of parents when advertising the annual general meeting. The letter asks for suggestions for development, which might be discussed at the meeting. A summary of such suggestions is circulated to all parents. The headteacher also writes to each respondent about the suggestions made. These suggestions are rare, but useful ideas can emerge which run contrary to existing practice in the school. For example, one parent argued that paper towels should replace hot air dryers in the pupils' toilets as the latter take up too much of the pupils' play time as they queue up to use them.

In order to attract parents into the school, social events are held. The school uses these events discretely to canvas parental opinion on current issues and seek their support. A recent coffee morning was much better attended than previous parents' evening meetings. The headteacher had timetabled a speaking slot to review the school's recent developments in ICT. It was argued that standards had improved to a certain level but would be unlikely to rise further until an effective ICT suite was equipped and properly used. Having gained parents' agreement that such a suite was needed, the financial hurdles the school needed to clear were outlined. Parents were invited to contribute by raising £5,500. The headteacher argued that the twenty parents attending the coffee morning were sufficiently convinced of the need to raise this money to spread the message informally through the local community. It was expected that they would exceed last year's fund raising by parents through which £4,350 was raised for the school's playground development.



Cross-school involvement: In one primary school the healthy eating agenda was inhibiting the viability of the catering operation. The number of pupils taking up school meals was falling and the catering service was losing money. The catering committee and the governors produced a pictorial questionnaire asking for pupils' own ideas on the range of food offered by the service. The results of the survey enabled the school to start to balance the need for healthy eating with the preferences of the pupils.

Consulting mid-day assistants: Mid-day assistants were consulted about the development of a primary school's playground and the purchase of play equipment. The headteacher meets them weekly for a general discussion and he often accompanies them on their mid-day supervision rounds to give them an opportunity to raise concerns. Every year, the mid-day assistants are interviewed during a formal job review. As a result of this, and of an effective mid-day assistant team leader, the assistants feel they make a contribution to the running of the school, and often make useful suggestions for improvement.

Networking: Many schools share their expertise and/or experts, for example, in some areas groups of bursars meet regularly to share advice, information and good practice.



Compete

Schools can apply the principles of **competition** by making sure they are providing or buying the best possible service at the best possible price.

Being competitive means asking questions like these:

- Is our provision at the right price?
- Could we provide it at a better price?
- If we are buying services, could these be obtained at a better price?
- How do we make sure we receive the most economic, efficient and effective service from suppliers?
- Do we have proper financial administration procedures, including competitive tendering for significant expenditure?
- Is purchasing on a fair and open basis or through personal connection?
- Is one supplier used regardless of price?

Schools can apply the principles of competition in a number of ways, including:

- inviting suitable contractors to make presentations to the school and the governing body;
- comparing tenders, discounts, delivery times, quality and overall ability to meet the specification;
- using a broker or forming a cluster of schools in order to increase their bargaining power and benefit from economies of scale;
- monitoring and evaluating the school's management and leadership; and
- being proactive rather than reactive, for example, looking at alternative providers.

Examples of good practice: Competing

Schools can become more competitive in a number of ways. Here are some examples.

Clusters: Clustering allows schools to procure quality services while at the same time taking advantage of potentially lower costs. For example, one school organised school insurance with two other schools and as a group they managed to obtain a discount of 15%. In one LEA, groups of ten schools



pay collectively for a shared ICT technician who provides a service for all ten schools. Some clusters of schools pay for a shared bursar, organised either by their LEA or by the schools themselves. Another example of schools working together is when a larger secondary school enters into a procurement arrangement with smaller (feeder) primary schools allowing all to benefit from bulk purchasing and economies of scale.

Brokerage: Seeking high quality impartial advice before buying goods and services is often an essential part of good procurement. A broker can be used as an intermediary to provide impartial procurement/purchasing expertise and obtain the best deal for your school. Some LEAs provide this service. Schools will need to satisfy themselves that whoever is providing the advice is acting impartially.

Leasing versus purchasing: One school wanted a new photocopier and explored the different options: leasing, leasing with a purchase option, and buying outright. At first, leasing seemed the best option but after three years the school would have to take out another lease even though they would probably keep the same photocopier. The school took a longer-term view, choosing to buy a photocopier over a period of five years. The photocopier was initially under warranty and after the payback period the school owned the equipment. Although this was the most competitive option for this school, other schools may apply the same tests and arrive at a different conclusion. Individual schools must make Best Value decisions that fit their own needs and context.

Buying in bulk: One school wanted to buy a number of laptop computers. Staff with responsibility for ICT looked through catalogues to find the one that was most suitable and offered the Best Value. Initially the school bought just one laptop to see how they liked it. After a trial period, they decided it was a good buy and they were happy with the service provided by the company. They then negotiated a discount for purchasing ten laptops and were also able to negotiate a few extra benefits such as computer cases.

Tendering: For expenditure over a predetermined limit schools should obtain three written quotations unless it is impractical to do so (for more on this see the OFSTED/Audit Commission publication *Keeping Your Balance*). The cheapest quote is not necessarily the one deemed to provide Best Value. For example, one school decided to upgrade and extend its IT network and three companies submitted tenders including the existing network supplier. The existing supplier did not submit the cheapest quote but because of their proven and consistent reliability, they won the tender.



Planned maintenance: A small, rural primary school needed to improve and maintain relatively new accommodation. After tendering, a local building consultancy was contracted once the school had satisfied themselves that the contractor had sufficient professional and public indemnity insurance. This company was chosen because the school felt they had offered better value in providing a detailed analysis of the requirements for maintenance and improvement, giving the school a clearer idea of likely costs. As a result of this contract, the school has greater control over the nature, costs and timing of the service and has been able to move from simply reacting to building problems to planning ahead.

Following all four principles at once

The Four Cs are often applied in combination. Managing continuous improvement requires monitoring, evaluating and planning, which will inevitably involve following all of the principles simultaneously or within a short timescale. Here are two examples of how schools have followed all four principles of Best Value and progressed towards continuous improvement and greater competitiveness.

Curriculum planning: In one school, attainment levels in mathematics were identified as weak when **compared** with other subjects, and senior managers felt that their delivery of the mathematics curriculum needed updating. They invited the head of department to put forward a range of alternative plans to meet the identified needs (**challenge**). The school considered the various alternatives (**compete**). Parents and pupils were **consulted** at an open evening to see which they thought was the most suitable. Parents' involvement was integral to the choice of approach, especially as they had agreed to monitor their children's homework books regularly. The input from parents and pupils was instrumental in reaching a decision. When the new approach was established, parents and pupils were again **consulted** on the effects of the change. Teachers, parents and pupils were pleased with the changes made. It remains to be seen whether attainment levels will improve, but improvement is expected.

Facilities management: Another school **challenged** the procurement of facilities management (i.e. grounds and building maintenance, cleaning and catering) in an attempt to improve the overall quality of the service. Senior managers reviewed how facilities management could be provided. They decided they wanted to develop (outside of any Private Finance Initiative (PFI) or Public Private Partnership (PPP) initiative) a 'partnership with a single



contractor' to manage all the facilities on site (**compete**). The governors decided to let the contract for a long term (7 years plus 3 years – an initial agreement covering the first 7 years with a possible extension of a further three years if both parties are in agreement). A number of organisations bid for the contract (**compare**). The governors **consulted** staff on their preferred options before awarding the contract to a single external provider. Best Value came via the successful contractor committing to a £50K refurbishment of the school kitchens as part of 'partnership' agreement. In addition, the contractor has addressed concerns about a classroom at the bottom of a sloping playing field that has regularly flooded in the past. The contractor has suggested tiering the sloping field to prevent the flooding, allowing the classroom to be used all year round. As a bonus, it is planned that the tiered banking will also act as an amphitheatre for school performances.

Section 3

Writing a Best Value Statement

Best Value statements can help schools achieve Best Value by:

- giving direction to the school;
- helping the school link priorities to resource allocations;
- turning commitment into action; and
- making governors and schools more accountable.

Your LEA may ask you for a Best Value statement. Your governing body can submit the statement with your annual budget plan. The annual budget plan should be used to meet the stated priorities of the School Improvement Plan. In this way Best Value can become explicitly linked to **continuous improvement**.

A Best Value statement should show how the Best Value principles are applied in the running of the school, particularly in working to secure continuous improvement, through your School Improvement Plan. It may refer to other aspects of a schools' management, such as the systems used for performance management.

Best Value statements should be live documents, indicating your school's intentions, and featuring real examples of your school's work. They should evolve over time; once a statement has been drawn up its implementation will need to be regularly monitored and updated to ensure that it is an accurate reflection of the way in which you are applying the principles of Best Value. It will not necessarily be a long document; as a statement of intent it is likely to be between 1 and 2 pages long.

Your Best Value statement should apply to the major functions of your school. It might, for example, include reference to key areas such as:

- education functions;
- care of pupils;
- staffing;
- the school environment;
- resources;
- school leadership and management; and
- financial management.

Example

Following is an example of a Best Value statement, which you can use to help you to begin to structure your own statement.

Best Value Statement

The Governors of (school) are committed to achieving Best Value in all decisions made. We use the principles of Best Value as they apply to securing continuous improvement in this school and will:

- regularly review the functions of the school, **challenging** how and why services are provided and setting targets and performance indicators for improvement;
- monitor outcomes and **compare** performance with similar schools and within the school;
- **consult** appropriate stakeholders before major decisions are made; and
- promote fair **competition** through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

We will strive to ensure that the school is using its resources effectively to meet the needs of pupils.

We will submit our Best Value statement with the annual budget plan. The progress of the annual budget plan and the Best Value statement will be monitored with the school improvement plan in order to determine the extent of continuous improvement.

The school has in place a strategy and a set of guidelines, updated annually, which will ensure that Best Value will be reviewed and demonstrated. This year we will focus on *(school to define and develop the areas depending on specific circumstances)*:

- education functions
- care of pupils
- staffing
- the school environment
- resources
- school leadership and management
- financial management

Section 4

Using performance indicators and benchmarking

Comparing performance is central to the success of Best Value. Best Value will help headteachers implement performance management systems, for example, in reviewing how individual, departmental, unit or curriculum areas are progressing towards targets. It can be an effective way for schools to challenge themselves to improve performance, deliver better services, and learn from other schools.

To compare your own school's performance you can use:

- performance indicators; and
- benchmarking.

Performance indicators

Performance indicators can be used to measure and compare your school's performance, to inform managers, to develop your service, and to help in benchmarking.

Performance indicators should be:

- **valid and reliable;**
- **relevant** to the aims and objectives of the school;
- **clearly defined** to ensure consistent collection and measurement;
- **easy to understand and use;**
- **comparable** and sufficiently **accurate** to allow comparisons between schools and over time;
- **cost effective** to collect;
- **attributable** so that responsibility for performance is clear; and
- **timely**, with reports of performance being made periodically and soon after the end of an agreed time period.

Performance indicators should be seen as an aid to understanding and measuring school performance, they should not constrain change and innovation.

Areas for performance indicators include:

- records of pupils' behaviour;
- budget allocation information;
- PANDA reports;
- National Curriculum test results and comparisons with similar schools;
- in-school, inter-subject comparisons;
- spend per pupil , for example, on equipment, staffing, maintenance;
- staffing structure reviews;
- staffing costs per pupil; and
- pupils' and parents' satisfaction.

Benchmarking

Benchmarking is a technique for improving performance and promoting efficiency. A school can benchmark its current performance against past performance, or compare itself with other schools. In this way the school can see how well it is doing in relation to the past or relative to other schools and can therefore identify areas for improvement.

Successful benchmarking involves:

- planning and resourcing benchmarking adequately;
- having clear objectives;
- focusing on important issues;
- identifying partners;
- organising the process of benchmarking;
- defining the measures for comparison;
- understanding why performance varies; and
- implementing change.

Benchmarking 'clubs' consisting of groups of representatives from different schools may be established. Clubs can meet to compare performance on specific services or activities, review how services are delivered, and use structured comparisons to define and implement good practice.

Benchmarking tools

The Audit Commission has two online, interactive, self-evaluation websites:

- *Managing School Resources* is based on the principles set out in *Getting the Best from Your Budget*. It contains comprehensive good practice guidance and

self-evaluation questions which, if completed, can produce an action plan for the school. It also features a year planner setting out a resource management cycle for schools to amend and personalise.

- *Controlling School Finances* is designed to help schools assess how far they comply with the standards set out in *Keeping Your Balance*. The website provides good practice guidance, and the system will generate a score to tell schools how well they are doing, together with a series of feedback tables and a prioritised action plan. It provides information on budget reviews and can help to guard against unhelpful historic spending patterns.

<http://www.schools.audit-commission.gov.uk>

Consistent Financial Reporting (CFR) gives school resource managers a national benchmarking tool against which they can compare how their school uses resources relative to other similar schools, including schools in different LEAs and schools that are funded differently. The CFR framework is designed to meet the needs of different users of school financial information and will also help to streamline administration in schools. Every school should have a copy of *School Finance Pack*, which outlines the CFR process.

<http://www.dfes.gov.uk/vfm/cfr1.shtml>

Section 5

Useful information

Publications

Getting the Best from Your Budget

This Audit Commission/OFSTED guide to effective management in schools explores the decision-making processes which help schools to focus their resources on improvement. The booklet includes practical illustrations of how schools can successfully implement these principles.

<http://www.ofsted.gov.uk/public/docs00/budget.pdf>

Keeping Your Balance

This OFSTED/Audit Commission guide to financial management provides a set of standards for financial management and control, taking account of the increased level of delegation and financial responsibility introduced in the School Standards and Framework Act 1998.

<http://www.ofsted.gov.uk/public/docs00/balance.pdf>

<http://www.audit-commission.gov.uk/publications/brbalance.shtml>

Money Matters: School Funding and Resource Management

This Audit Commission report explores how schools and LEAs have responded to the recent fundamental shifts in financial responsibility. It looks at the extent to which schools have mastered day-to-day financial management and how well they make strategic decisions about the deployment of resources. This report also examines the support provided by LEAs to help schools manage their resources.

<http://www.audit-commission.gov.uk/publications/brmonmat.shtml>

DfES Purchasing Guide for Schools

This guide is designed to help schools make the best use of the school budget. Maximising the impact of the school budget on raising education standards is a key responsibility for all school governors and managers.

<http://www.dfes.gov.uk/vfm/pg.shtml>

DfES Energy and Water Management in Schools

This guide details the energy and water issues affecting schools in England and informs school energy managers, teachers and governors of the energy and water management actions they can take to reduce costs. It supports references to further information, including web links, e.g. for performance benchmarks or grant schemes.

<http://www.dfes.gov.uk/vfm/>

DfES Insurance Guide for Schools

A forthcoming guide will provide good practice guidance on schools' use of insurance, to ensure that schools have appropriate controls in place to assess the effectiveness of insurance schemes, and so to ensure value for money. The guide will also provide advice on insurable interest, a buyer's guide to obtaining insurance, and guidance on running a scheme at school level.

Estate Management Guide for Schools

With an increasing proportion of funding being delegated to schools, including significant sums of capital grant, this guide will provide clear and straightforward guidance on how to manage a school estate. The guide will be in two parts and aimed principally at headteachers, governors, premises managers and all of those involved in the running of schools. It may also be useful to a wider audience of educationalists and building consultants. The main text will cover the principles and benefits of good estate management, without being over technical. The appendices will cover the details, including guidance on legislation, maintenance schedules and safety checks. The guide will be available in late summer 2002.

<http://www.teachernet.gov.uk/management>

Websites

Audit Commission

<http://www.audit-commission.gov.uk>

<http://www.schools.audit-commission.gov.uk>

Office for Standards in Education

<http://www.ofsted.gov.uk>

Department for Education and Skills

<http://www.dfes.gov.uk>

Value for Money Unit

<http://www.dfes.gov.uk/vfm>

Investors in People

<http://www.iipuk.co.uk/>

Acknowledgements

This guide would not have been possible without the contributions of schools and LEAs. Our appreciation and thanks goes to all who took part in the research. In recognition of contributions made, we would like to thank the following:

- Alfred Sutton Primary School, Reading
 - John Willmott School, Sutton Coldfield
 - Aylesbury Grammar School
 - Bacup & Rawtenstall Grammar School
 - St James CE Primary School, Kettleshulme, Cheshire
 - Blacon High School, Chester
 - Millfields Primary School, Wivenhoe
 - Nottingham Bluecoat School
 - Neston High School
 - Oakwood Infant School, Derby
 - Bordesley Green Girls' School, Birmingham
 - Robinswood Primary School, Gloucester
 - Brocklewood Infant & Nursery School, Nottingham
 - St Augustine's Catholic High School, Redditch
 - St Bernard's Convent School, Slough
 - Castleview Primary School, Slough
 - Slough Grammar School
 - Cledford Junior School, Middlewich
 - Tamarside Community College, Plymouth
 - Childwall Comprehensive School, Liverpool
 - The Hill Primary School, Reading
 - Easthampsted Park School, Bracknell
 - Kendrick School, Reading
 - Foxborough Primary School, Slough
 - Garstang High School
 - Washwood Heath Technology College, Birmingham
 - Jesse Gray Primary School, West Bridgford; and
-
- Bolton LEA
 - Bracknell Forest LEA
 - Cheshire LEA
 - East Sussex LEA
 - Norfolk LEA
 - Sheffield LEA
 - Thurrock LEA
 - Westminster LEA
 - West Sussex LEA
 - Wigan LEA.

Please send your comments on this guide to the Value for Money Unit at:
<http://www.dfes.gov.uk/vfm>

Copies of this document can be obtained from:

DfES Publications
PO Box 5050
Sherwood Park
Annesley
Nottingham NG15 0DJ
Tel 0845 60 222 60
Fax 0845 60 333 60
Textphone 0845 60 555 60

Prolog ref no. DFES/0090/2002
ISBN no. 1 84185 729 7

Crown copyright 2002
Produced by the Department for Education and Skills – Value for Money Unit

Extracts from this document may be reproduced
for non-commercial or training purposes on the
condition that the source is acknowledged

www.dfes.gov.uk

