

# Education, Children and Families Committee

10.00am, Tuesday, 10 October 2017

## Education Governance: Fair Funding to Achieve Excellence and Equity in Education

<b>Item number</b>	7.1
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	
<b>Council Commitments</b>	

### Executive Summary

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The Scottish Government is committed to making improvements in the way in which schools are governed and financed. Two major consultations were launched to inform new legislation. In June of this year, the Depute First Minister announced the results of the first consultation through the publication of the document “Education Governance: Next Steps Empowering Our Teachers, Parents and Communities To Deliver Excellence and Equity For Our Children”. That publication outlined intentions for the reform of educational governance in Scotland.

The supporting consultation, “Fair Funding to achieve Excellence and Equity in Education” will result in proposals to alter the way in which schools are funded. Appendix 1 contains the draft response from City of Edinburgh to the consultation for consideration.

## Education Governance: Fair Funding to Achieve Excellence and Equity in Education

### 1. Recommendations

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- 1.1. It is recommended that the committee approve the consultation response to “Fair Funding to achieve Excellence and Equity in Education” included in Appendix 1.

### 2. Background

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- 2.1 From September 2016 until January 2017 the Scottish Government undertook a consultation exercise on a review of education governance. Over one thousand submissions were received. A full analysis of all consultation responses can be found in the document “Education Governance: Empowering Teachers, Parents and Communities to Achieve Excellence and Equity in Education”.

### 3. Main report

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- 3.1 Following the first consultation on school governance, the Deputy First Minister published proposals which are highly significant in terms of their potential impact on how education services are organised in Scotland, and the role of local authorities therein.
- 3.2 The main principle of the review is to seek to devolve power from a national level to a regional level and from a local level to a school level with the expectation that this will empower schools and teachers to drive forward improvement.
- 3.3 A parallel consultation paper entitled “Fair Funding to Achieve Excellence and Equity in Education” has been circulated to seek views on the funding of schools. This report focuses on the impact of changes to the current funding model.
- 3.4 The ‘Fair Funding’ consultation paper seeks to elicit views on the strengths and challenges of the current model as well as the proposed changes. It asks for assessment of the support headteachers would require to implement new powers to manage larger budgets.
- 3.5 The Consultation response details the range of actions that would require to be made to support Head Teachers. These would include action across a range of

council services to assess and manage risk as well as additional focused professional learning and development for school leaders.

#### **4. Measures of success**

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- 4.1. As this is a draft consultation there are no specific measures of success.

#### **5. Financial impact**

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- 5.1 There are likely to be significant financial implications for the council. These should become clearer following the outcome of the national consultation on funding for schools in the autumn of 2017 and the publication of a draft Education Bill in 2018.

#### **6. Risk, policy, compliance and governance impact**

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- 6.1 There are likely to be significant implications in all areas through the increase in devolved powers and direct funding. With greater accountability, Head Teachers will need to ensure rigorous procedures are in place. Recruitment practices, personnel, professional development, quality assurance, procurement and devolved budget processes may alter. The role of the proposed Improvement Collaboratives will require clarification before proper analysis and planning can take place.

#### **7. Equalities impact**

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- 7.1 The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report.

#### **8. Sustainability impact**

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- 8.1. No negative impacts have been found.

#### **9. Consultation and engagement**

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- 9.1. Information has been circulated to individual Head Teachers and Parent Councils for discussion. Organisations and individuals are also free to comment.

## 10. Background reading/external references

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Fair Funding to Achieve Excellence and Equity in Education

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## 11. Appendices

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Appendix 1 - Draft Consultation Response

## Question 1

(a) What are the advantages of the current system of funding schools?

There are significant strengths to the current model of funding for schools. Schools operate within a wider council structure, around which strategic plans and priorities are set. These plans and policies are based on significant analysis of data and insight and often arrived at through widespread consultation with stakeholders and partners. To effectively meet the needs of all groups, a whole systems approach is taken and budgets set to support the partnership working we have been striving to embed for many years. For instance, implementation of the Getting it Right for Every Child priorities has been achievable due to the ability to evaluate, plan and resource at a strategic level. If one area of council resource was segregated, this would be much more difficult to achieve. The strength of GIRFEC is the connectedness of service delivery and partnership working. Resourcing schools individually may not have allowed progress to date to have been realised.

The current system means that we download pro rata funds to schools based on roll. Current DSM budget allocation are as follows: Secondary Schools £80m (including SEN allocation £1.9m); Primary Schools, incl. nursery and special classes £103m (including SEN allocation £5.7m) and; Special Schools £13m. 89% of the total Communities and Families "Education" based budget is devolved to schools. This includes all schools – Primary/ Secondary/ ASL and Special; Home to School transport; Early Years and Childcare; Secure Services; Pupil and Parent Support. It does not include other budgets such as Property related budgets (~£26m), PPP (£40m) budgets and School Meals budgets (£6m).

We also ensure equity by downloading additional funds on the basis of demography. This long-standing commitment has enabled Head Teachers of schools in areas of deprivation to target funding to address specific needs, based on their self-evaluation. In addition to core funding, the current DSM system ensures that we are able to respond efficiently to local need such as, for example, additional staffing, requests for additional resources and emergency evacuations.

Economies of scale ensure that exceptional circumstances can be rationalized across the whole estate to more easily absorb losses and mitigate risk, such as the impact of conserved salaries, supernumerary staff, absence, resources of additional supports for staff and other human resource issues.

A significant human resource workstream is the arrangement for newly qualified teachers as part of the Teacher Induction Scheme. Local authority staff link closely with the GTC and the universities to ensure that effective arrangements are in place for placements and support. The centralization of this approach ensures that NQTs are deployed equitably thus ensuring that the principles of the scheme remain intact. Similarly, centralized budgets ensure that support can be provided for supply staff, those who require temporary redeployment and those who may have significant professional development needs.

b) What are the disadvantages of the current system of funding schools?

The current system is based predominantly on pupil numbers and, with the exception of small funding streams from Scottish Attainment Challenge and Pupil Equity Funding, do not take heed of other significant factors such as poverty. This means that, while the funding arrangements from Scottish Government to authorities is clear and transparent, the rationale is very simplistic and requires authorities to then weight funding based on local knowledge. The resultant costs per pupil can then vary and councils cannot responsively direct financial resources without recourse to local agreements. In addition, the cost per pupil is no indication of the quality of education ultimately delivered.

It is difficult to maintain simple funding mechanisms from local authority to schools due to the nature of budgetary pressures which councils are under. Annual savings put stress on council resources and require significant analysis, preparation and review as well as being subject to political debate and discussion.

## Question 2

- a) What are the benefits to headteachers of the current Devolved School Management System ?

Head Teachers are encouraged to use self-evaluation as the basis for improvement. Their relatively consistent budget allocation enables them to plan for improvements and allocate budgets to resource their development agenda. We fully support our head teachers' use of local data and insight to inform their plans. We do not place restrictions on their planning for improvement, rather we support them to meet local and national priorities. The costs which are outwith the control of Head teachers, such as staffing, are also outwith the control of local authorities, due to political priorities such as teacher numbers, statutory responsibilities such as employment law, and Scottish national arrangements.

The historical centralization of budgets and commitment to protect education services has ensured that council budget savings are considered across the whole service, thus ensuring consistent and fair treatment of all. Since many resources are purchased centrally, there are significant savings which are accrued on behalf of schools. Ensuring that costs such as energy, staffing, assets, facilities management, insurance etc are met centrally enables head teachers to focus more time on learning and teaching, a factor which is highlighted in the Fair Funding Consultation Document and which will resonate with most head teachers.

- b) What are the barriers that headteachers currently face in exercising their responsibilities under Devolved School Management? How could these barriers be removed?

Some head teachers have felt constrained by authority guidelines around, for example, procurement and insurance. There have been frustrations in restrictions being placed around how they appoint contractors and buy resources. Since head teachers' professional expertise centres more around learning and teaching than business, they have required support to fully implement certain business and finance requirements. The establishment, however, of the Pupil Equity Fund has been a driver for increased communication and greater understanding of statutory responsibilities. Significant support has been given to schools to ensure that Head Teachers meet requirements around PEF budgets – these relate to HR, finance, information sharing and more. Giving Head Teachers direct responsibility for budgets will still require corporate support to ensure compliance with Audit Scotland requirements.

### Question 3

How can funding for schools be best targeted to support excellence and equity for all?

We agree that a universal approach to funding schools, which does not take cognizance of other factors, can result in inequity. That is what has prompted the creation of our Positive Action funding to supplement those schools where pupils experienced significant barriers.

Schools should be supported to deliver the national priorities within a framework of their own self-evaluation. We believe that weighting should be in place to support schools to take forward their improvements, but that this should be done within a culture of the wider system, thus maximizing opportunities for economies of scale. We believe that the national funding model should take more categories into consideration than simply numbers of pupils on the roll. A nationally weighted funding model which applies data such as deprivation would be welcomed and arguably, could be within scope of the current review. By extension, the aim to eradicate the poverty-related attainment gap should be seen within a wider context than simply education. We are all aware that the factors related to poverty are those which require other resources such as social work, health and police. Schools or clusters do not have the capacity to deploy all of the staff required to close the gap.

As it stands, the aims of the National Improvement Framework can only be realized through joint working, within and across services. The budget of a single school will not go far enough to realise the aims to make such far-reaching improvements as are necessary.



#### Question 4a

What elements of school spending should headteachers be responsible for managing and why?

Head teachers should be responsible for managing finances that have a direct impact on learning and teaching. This is because they are best placed to decide on the school priorities and to judge how best to make improvements. They should be able to do this within a broader context of improvement around certain key priorities agreed by clusters and across the authority, for example resources to expand vocabulary in early years and primary; the development of numeracy skills such as SEAL. Authorities should be able to coordinate interventions for head teachers to opt into dependent on their self-evaluation. This will require some funding to be retained by the centre.

There are aspects of wellbeing and inclusion which should also be within the scope of the management of Head Teachers. All schools may not need to have the same suite of interventions or resources and should therefore be free to select those which best fit the school population. There are other aspects of wellbeing and inclusion which should remain central as to devolve would lead to increased risk and inequitable provision for learners, for example costly equipment for children with sensory impairments.

Aspects of the staffing structure, such as promoted posts, should be devolved to headteachers, within the parameters set by HR, management and professional organisations. This could result in greater flexibility of support for children and families. The recruitment of posts such as family learning workers through PEF suggest that responding to local need is very much within the spirit of devolving powers to headteachers.

#### Question 4b

What elements of school spending should headteachers not be responsible for managing and why?

As mentioned above, certain aspects of wellbeing and inclusion should remain with local authorities to ensure flexibility, economy and parity. The provision of expensive equipment for children with complex needs could drain a budget and parents' groups have expressed concern that children may not be supported as readily should budgets be devolved in this area.

Head teachers should not be responsible for managing other areas of staffing as national agreements such as 'teacher numbers' can only be maintained across the whole authority.

## Question 5

What elements of school spending are not suitable for inclusion in a standardised, Scotland-wide approach and why?

There would be concern if even greater levels of budget were devolved completely to schools. The interim learning from PEF is that some head teachers felt placed under pressure to spend money, rather than to use self-evaluation to decide on priorities to address. Council services which operate freely to support schools and families, paradoxically may not seem as attractive as new companies who invest in marketing campaigns and offer non-research based initiatives. With the competing priorities involved in running a school, head teachers may not have the time to fully investigate the claims of newly formed companies. This could also lead to a culture of income-generation within councils, keen to benefit from funding which goes directly to schools. The creation of a competitive private economy delivering services once held by councils could be counterproductive to the overall aims of the Scottish Attainment Challenge.

Local authorities would face further constraints to deliver on wider national policy such as GIRFEC and corporate parenting if budgets were further devolved as there would be less money at the centre to coordinate services. Edinburgh head teachers already have significant support from Business Managers and while this has freed them up to be more responsive to learning and teaching, the increased expectations placed on them through PEF, Head Teachers' Charter or a standardized approach would necessitate even greater time spent on business matters. There would need to be a much greater change to the system, similar to that in England, to ensure that Head teachers were fully able to lead and manage their schools. Again, this may run counter to the overall principles of the Scottish system.

### Question 5a

What would be the advantages of an approach where the current system of funding schools is largely retained, but with a greater proportion of funding allocated directly to:

1. Schools;
2. Clusters; or
3. Regional Improvement Collaboratives?

The advantage to this model could be that the strengths of the current system could be maximized and used to support small increases of devolved budgets to schools, cluster and/or collaboratives. The significant support that schools received from HR, finance, risk, assets would be much harder to replicate in a system where budgets were more fully devolved.

This model would be based on the principles of self-evaluation and would enable support and structure to be provided within which headteachers could operate. The management of change involving finances would require significant forward planning and risk management. This approach would lessen the risk and provide greater scaffold.

### Question 5b

What would be the disadvantages of an approach where the current system of funding schools is largely retained, but with a greater proportion of funding allocated directly to:

1. Schools;
2. Clusters; or
3. Regional Improvement Collaboratives?

Head teachers would still need significant support to plan and administer large budgets. The work of clusters and collaboratives would also presuppose significant self-evaluation and coordination. Without more information on the way collaboratives are expected to function it would not be appropriate to comment.

## Question 6

The Scottish Government's education governance reforms will empower headteachers to make more decisions about resources at their school. What support will headteachers require to enable them to fulfil these responsibilities effectively?

Although headteachers manage budgets just now much of their budget is actually managed centrally by HR, procurement, finance and business teams. Head teachers can plan for improvements and ensure that resources are in place to fulfil their proposed actions. These mainly relate to staff cover costs and costs for IT or hard copy resources. The risks attached to managing relatively small budgets is low.

Schools perform highly when they are led by head teachers who provide strong leadership of learning and teaching. Organisations such as SCEL and the masters-level learning we have encouraged leaders to complete has reinforced a model where pedagogy is the main driver for improvement. The overwhelming majority of Head teachers have not therefore developed business skills. There would require to be a significant re-focus on leadership development for head teachers.

The vocabulary associated with high performing head teachers changed from 'management' to 'leadership'. The current version of HGIOS4 has one theme connected to management of resources. By devolving budgets to schools in some of the ways suggested, management of resources, in addition to management of inclusion and pupil support, staffing, parental issues and the other aspects of a Head Teacher's day might eclipse the ability to drive forward improvements in pedagogy. Although the local authority will, we understand, remain the employers, head teachers would need significant professional development in all aspects of business: risk, HR and employment law, procurement and finance rules, budgets and taxation, planning and strategy.

## Question 7

What factors should be taken into account in devising accountability and reporting measures to support greater responsibility for funding decisions at school level ?

One of the main factors to consider is the amount of time it will take Head Teachers to comply with their new duties while factored in to the other duties they have on a day to day basis. Dealing with children and families always has to take priority in a school. Back office staff are able to manage their remits with fewer immediate challenges such as sickness, behaviour, staff absence and so on. The wider aspects of the job should firstly be scoped out to ensure that there is sufficient time to undertake new functions. This may in turn require new posts to be created, which in turn will require funding and line-management. As the Head Teacher, however, the overall responsibility will rest with the post-holder. Increases to salaries should therefore be considered at this juncture.

As the employer, the authority will continue to require accountability from Head Teachers. The roles of Parent Councils will be strengthened through the process, whether by accident or design. Consultation around this should be considered and new guidance issued.

The success of any improvements to children's attainment can only be judged on data. Head teachers will need support to ensure that their plans are robustly scoped with clear, empirical indicators of success. The ability to plan strategically is often assumed rather than taught to senior leaders. This work is beginning but must be developed and sustained.

The role of Education Committees and other democratic functions of the council will need to be reviewed. Currently elected members are technically the employers. They require reports and plans and these are coordinated by officers. Should the current proposals for funding and governance be implemented these other arrangements would need to be reviewed.