

# Education, Children and Families Committee

10am, Tuesday, 23 January 2024

## Education Budget

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

---

- 1.1 1.1 The Education, Children and Families Committee is asked to.
  - 1.1.1 Note the methodology for adjusting Devolved School Management Allocations.
  - 1.1.2 Approve options to balance the budget.

**Amanda Hatton**

Executive Director of Children, Education and Justice Services

Lorna French, Service Director of Education

E-mail: [lorna.french@edinburgh.gov.uk](mailto:lorna.french@edinburgh.gov.uk)

## Education Budget

### 2. Executive Summary

---

- 2.1 Almost one third of the city's budget is used to provide education for children and young people (£350m), with most of that being controlled at school level through the Devolved School Management process. DSM is a regulated process with guidelines as to decisions are taken, and a Board that oversees these. The council has a forecast budget gap of £50.5m next financial year and this report provides detail of how £8.2m could be met through savings applied to DSM. A Budget Reference Group consisting of officers, and Headteachers from all sectors is consulted to shape proposals.
- 2.2 Within Education, in common with most other areas of the council, the biggest element of funding meets staffing costs, with the other budget lines for resources and curriculum forming a smaller portion. It is therefore unavoidable that funding cuts will have an impact on staffing groups. It should be noted however that due to rising rolls in Edinburgh and ongoing demographic investment we will continue to maintain overall numbers in compliance with the Scottish Government's commitments to teacher and support staff.
- 2.3 During COVID, additional non-recurring funding was distributed to support COVID recovery. These funds were distributed via DSM to provide additional teachers and support workers. The funds were then confirmed as recurring and part of the overall budget. It is predominantly these funds that have been identified for efficiencies, though the impact of COVID is noted to persist.

### 3. Background

---

- 3.1 Local Authorities adhere to national DSM guidance, with individual schemes varying across the country linked to local priorities. DSM Principles as outlined in the national guidance: Subsidiarity and Empowerment; Collaboration; Accountability and Responsibility; Clarity and Equity
- 3.2 The City of Edinburgh [DSM Scheme](#) is designed to be fair and transparent, provide an equal opportunity for all schools to be successful, and to deliver value for money.
- 3.3 In Edinburgh, the 85% of education funding is devolved to schools, managed by the Head Teacher with support from the School Senior Leadership Team. The

remainder of the funding is managed within the Education and Children's Services Department. Devolved funding should be meaningful, therefore the budgets retained centrally tend to have less flexibility.

- 3.4 Head Teachers have flexibility over the use of their funding so that they can best meet the individual needs of their schools. Schools receive an annual DSM budget allocation predominantly linked to pupil roll, but there are some enhancements for additional support needs and deprivation e.g. additional support workers and Positive Action funding are allocated based on the demography of the children and young people in school. Under the DSM Scheme, Head Teachers can move money between different budget headings and can plan to carry forward a percentage of their unspent budget from one financial year to the next.
- 3.5 It is important to note that Devolved budgets contain previously agreed recurring efficiency savings, in other words, cuts have previously been taken from these budgets. Whilst the level of savings are agreed by elected members, Head Teachers retain flexibility to determine how best to meet those savings.
- 3.6 The DSM scheme supports openness and working together, this happens through, but is not limited to:
- Finance and Staffing Boards with central officers, school staff and union representation, and associated short life working groups
  - Head Teacher Executive and wider Head Teacher meetings
  - Business Manager Working groups and wider meetings
  - School Finance Committees (school staff, parent/carer representation and other stakeholders as required).
  - Participatory budgeting
  - Specific government funding streams are allocated in addition to DSM funding streams e.g. Pupil Equity Funding (PEF), Strategic Equity Funding (SEF) and funding towards the reduction of core curriculum charges. Head Teachers manage these funding streams alongside their DSM funding.
- 3.7 The current education budget includes additional Scottish Government monies (£10.6m) intended to support recovery from the COVID lockdown. These monies were used to increase numbers of temporary teachers, temporary support staff and following Council's rejection of the savings proposals in 2023, to provide additional leadership time to prepare for curriculum (education) reform, and sustainability. Although welcome, the additional funds presented unintended challenges: back office administration for recruitment including HR, Finance; business support in schools. The most significant consequence was that the pool of available support workers which was already depleted across all sectors, became further pressured due to the creation of additional posts. This resulted in more vacancies across education and social care.
- 3.8 The above funds were distributed via the DSM formula, which necessitates consultation with Headteachers before they can be altered.

## 4. Main Report

---

- 4.1 To balance the education budget in the coming year, and following consultation with the Budget Reference Group, officers propose to reduce DSM by £8.2m across Early Years, Primary, Secondary and Special Sectors. This could be achieved through reviewing core DSM and the additional DSM funding as set out below:

Options 1-4 relate to the 'additional COVID' monies

### 4.2 Option 1

Ceasing the additional leadership time to develop Communities of Practice for Curriculum Reform [£1.4m]

#### Rationale

This additional funding was released to schools for Depute Headteachers to prepare for curricular reform. This enabled Communities of Practice to form and scope improvements, including action planning and professional learning.

Ceasing the funding will require DHTs to lead the work within their working days, however with sufficient notice and continued local authority support, this work is anticipated to continue.

### 4.3 Option 2

Removal of additional non-statutory staffing allocations made over the last 3 three years: PSAs for P1/2 [£1.1m]

#### Rationale

While Play Pedagogy was developed within a COVID recovery context it was anticipated that support workers would be required to provide enhanced support in early years. It is noted that additional support needs are higher in the early stages of primary school and was projected that our additional 'audit hours' might not have been sufficient. In practice, it has been difficult to recruit these posts, further it is accepted that Early Years practitioners (EYPs) provide more appropriate age-related support and interventions – an effective curriculum can reduce dysregulated behaviour and ensure more learners are included. Skilled EYPs (funded through the EY budget) are universally acknowledged as more effective in ensuring children have the best start to their learning.

### 4.4 Option 3

Removal of additional non-statutory staffing allocations made over the last 3 three years: Transition Teachers [£1.3m]

#### Rationale

These staff are highly regarded as providing the bridge between cluster primary and secondary schools, ensuring that the curriculum continues across sectors at appropriate levels (no repetition of learning, and support for vulnerable learners). There is universal concern among HTs at the proposal to remove them, however

they are additional and therefore cannot be protected when there are no other options available.

#### 4.5 Option 4

Ceasing the additional leadership time to develop Communities of Practice for Sustainability [£0.8m]

##### Rationale

The commitment to develop learning for sustainability in line with council and global priorities is gradually gaining traction across all schools, with the mandate that every school is involved, though developing plans as best fit their community. This work would not cease if funding was removed, as the Working Time Agreement could be used to ring-fence time, with union agreement.

#### 4.6 Option 5

A %age reduction to school DSM allocations [£3.6m]

Each 1% cut to core DSM allocations from would deliver a further saving across Primary and Secondary of £3.0m

A 1.2% cut would therefore be required to deliver the balance of savings to be achieved.

Headteachers seek approval to share cuts across the learning community

This excludes additional funding sources such as PEF, Audit and Positive Action Monies

As school years operate from August to June it is not possible to achieve a full year's savings in the financial year in which the measures are applied. It would therefore be anticipated that any measures agreed to deliver £8.2m over a full year would deliver £5.2m in 2024/25, with the full savings being delivered in subsequent years.

##### Rationale

Previous DSM budget cuts were weighted to protect schools in areas of deprivation, however did not fully acknowledge the funding streams available to those schools (PEF, Positive Action). DSM cuts to the extent proposed will result in staffing reductions, as the DSM budget for resources is now too small to absorb cuts. The resources budget is particularly impacted by Empowered Learning digital costs, and the inflationary pressures of other resources. It would not be possible to take another weighted budget cut, without also accepting the potential for reduced management time in the smallest schools. Other options explored with the Budget group included reducing business support, and support for learning teachers (additional posts) however these are seen as unpalatable in the current context.

## **5. Next Steps**

---

- 5.1 Although the DSM Guidance sets out the mechanism for altering DSM, the budget setting process requires Council to agree the overall tranches of savings.
- 5.2 A requirement for budget cuts across other areas of the Education Budget and have been identified for 25/26 and 26/27.

## **6. Financial impact**

---

- 6.1 The council faces a funding gap of £50.5m in 2024/25 as reported to F&R on 21 November 2023. The F&R report identified the requirement for directorate savings of £11.9m to be identified. The proposed savings outlined above represent the views of a group of Headteachers on how Children, Education and Justice Services may best address the savings requirements from their directorate.
- 6.2 If these savings are not approved alternative savings will require to be identified to allow for a balanced budget position to be presented to council in February.

## **7. Equality and Poverty Impact**

---

- 7.1 We will continue to work with the Headteacher Budget Reference Group to undertake an integrated impact assessment of approved savings. It should be noted that equity funding streams remain ringfenced and protected and will support the continued direction of resource towards closing the poverty related attainment gap.

## **8. Climate and Nature Emergency Implications**

---

- 8.1 As a public body, the Council has statutory duties relating to climate emissions and biodiversity.

## **9. Risk, policy, compliance, governance and community impact**

---

- 9.1 In considering these options, the clear driver has been to retain core funding, to ensure that quality delivery of service continues. All mitigations will be put in place to minimise the impact of cuts, as far as practicable. This will include revision of school improvement planning targets to release management time, though pace of improvement is likely to slow if all options are taken. Through thorough negotiation with the Budget Reference Group, DSM policy has been adhered to.

## **10. Background reading/external references**

---

None

## 11. Appendices

---

None