

ITEM No ...2.....

REPORT TO: CHILDREN AND FAMILIES SERVICES COMMITTEE –
30 OCTOBER 2017

REPORT ON: EDUCATION GOVERNANCE: FAIR FUNDING TO ACHIEVE
EXCELLENCE AND EQUITY IN EDUCATION – A CONSULTATION
RESPONSE

REPORT BY: EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICES

REPORT NO: 313-2017

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to share with members of the Children and Families Services Committee the response to the Scottish Government's future approach to school funding as detailed in the consultation paper "Education Governance, Fair Funding to Achieve Excellence and Equity in Education."

2.0 RECOMMENDATIONS

2.1 Committee members are asked to:

- i. agree the response to the consultation; and
- ii. instruct the Executive Director of Children and Families Service to provide a future report on the outcome of the review.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from the consultation response to the Fair Funding Review. Committee members will be updated on any future financial implications.

4.0 MAIN TEXT

4.1 "Education Governance: Next Steps: Empowering our Teachers, Parents and Communities to Deliver Excellence and Equity for our Children" (Next Steps) sets out the Scottish Government's vision for a "school and teacher-led system where decisions on learning and teaching rest at school level" This document indicated the Scottish Government would consult on the "development of a more consistent approach to funding to ensure that schools have a greater role in how the education budget is spent"

4.2 The Fair Funding consultation document invites views on:

- The way school education is currently funded including Early Years provision within school settings
- The purpose of developing a new, more consistent approach to school funding
- The principles that should underpin any changes
- Possible future funding approaches to support the vision of excellence and equity for all children and young people across Scotland"

- 4.3 The consultation seeks views on the current system of funding for schools. There are clear and transparent approaches used for allocating money from the Scottish Government to Local Authorities through the Local Government Finance Settlement. Local Authorities use their existing Devolved School Management schemes to assess the level of funding to allocate to school level, based on local needs and priorities but recognising statutory obligations and agreed national priorities. The consultation document proposes this leads to a “wide variation in both the level and method of allocation of schools funding across Scotland”
- 4.4 The consultation document is also seeking views on the Next Steps intention to legislate to create Head Teacher Charter defining Head Teacher leadership responsibilities and devolving the maximum amount of funding to schools or alternatively building on the current approach in relation to Pupil Equity Funding and targeting directly to schools in relation to specific needs.
- 4.5 The consultation also seeks views on support, accountability and reporting mechanisms that should underpin greater devolution of responsibility for funding decisions to Head Teachers.
- 4.6 The proposed consultation response from Children and Families Service is included in Appendix 1 of the report. The response represents the views expressed by officers within the service and are intended to reflect the knowledge and experience across all sectors of the service.

5.0 POLICY IMPLICATIONS

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.
- 5.2 There are no major issues.

6.0 CONSULTATION

- 6.1 The Council Management Team has been consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

- Education Governance: Fair Funding to Achieve Excellence and Equity in Education, a consultation
- Education Governance: Next Steps, Empowering our Teachers, Parents and Communities to Deliver Excellence and Equity for our Children.

PAUL CLANCY
Executive Director of Children and Families Service

September 2017

Education Governance: Fair Funding to Achieve Excellence and Equity in Education – A Consultation



RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

Are you responding as an individual or an organisation?

- Individual
- Organisation

Full name or organisation's name

Dundee City Council	01382 433088
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Phone number

Address

Floor 2 Dundee House, 50 North Lindsay Street, Dundee	DD1 1UN
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Postcode

Email

paul.clancy@dundeecity.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
- Publish response only (without name)
- Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes
- No

Consultation questions

Question 1

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

The current system has a number of strengths within a coherent system that provides a number of checks and balances both for schools and the Central Service. The system is well understood by schools and good arrangements exist for Head Teacher support from the Central Service. There is a reasonable balance of independence for specific school initiatives with joint agreement where budgetary areas should be managed centrally to gain greatest advantage. The PEF has made a significant difference in providing targeted support based on need and this has provided needed flexibility. There is also clarity in relation to national and SNCT guidelines on staffing ratios, class levels and other details of school management. Other advantages include:

- Head Teachers have control of certain budgets eg. per capita to make decisions which impact on their schools
- Secondary schools have the flexibility to manage teaching budgets in order to use the funding effectively and creatively
- It is an advantage to have a formula which is transparent and recognises individual school context eg. staffing, per capita
- Some budgets are ring-fenced to target need

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

The current DSM distribution does not take fully into account pupil's level of need (although this has been addressed partially through the PEF). There are issues in relation to the capital costs of certain school equipment which is not devolved and this can create inherent unfairness in the system. ICT replacement is an example though where these issues have been overcome through a fair and transparent central system.

There is little cognisance taken in DSM or indeed PEF of the wider costs of Looked After and Accommodated Children and Young People. Although this support is managed through other council budgets, there is a growing overlap of support that is provided by the centre and school to meet learning and care requirements as a result of health and wellbeing needs. Mental Health support and nurture are two other areas that are not fully catered for through the current DSM system and PEF.

There are challenges in the operation of ASN budgets. Some of these budgets are logically split between schools and the Central Service and there is a growing trend for clusters or localities to manage budgetary functions. There is little in the way of experience in these type of evolving systems and require greater coordinated HR and financial support between the schools and the centre.

A growing number of elements of the budget (eg. PEF, SAC) are annually determined and have no guarantee of continuity. This makes extending the scope of this spending into areas such as staffing and changes in pupil support problematic and limit longer term strategic decision making.

Question 2

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

The current DSM system is clear and transparent and offers a reasonable degree of flexibility for HTs. The system is well established and clear and works with little impact on workload and is low in terms of bureaucracy. Information is readily available and support from the centre operates effectively.

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

Although the totality devolved to schools in percentage terms appears large, the actual areas of flexibility and control are limited. The bulk of the devolvement is in the area of staff salaries. The totality of staff required is clearly regulated and there is limited scope for virement of funds. Property costs are centralised on the whole and although this has advantages in relation to immediate workload, schools are not able to respond as quickly as they would wish to certain property matters. The planning and procedures for capital improvements and capital maintenance work need to be better understood and shared in partnership with schools.

Question 3

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

The PEF provides the beginnings of a model to support equity and excellence, however an agreed core budget must remain to allow schools to function. It is also clear that not all ASN and a significantly increasing number of issues in mental health and wellbeing can be catered for within a simplistic model such as the model used for PEF.

School roll will remain critical, along with factors of deprivation and importantly the total LAC population in school.

Greater awareness of the quality of community assets needs to be taken account of in school estate development to ensure equity across the entire city. Greater work needs to be done within the existing DSM formula for ensuring the balance across sectors and within sectors and to ensure that fairness is built in to the DSM system. PEF assists here but further work within the core DSM system should be explored.

Question 4

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

Schools should be responsible for the following areas of spend:

- Learning and teaching
- Curriculum
- Resources including staff – teaching and support
- Providing additional support / early intervention at a local establishment level
- Autonomy to be flexible over staffing including management structures over and above a core allocation
- Head Teachers are best placed to determine their requirements in their local context.

(b) What elements of school spending should headteachers **not** be responsible for managing and why?

Schools should not be responsible for the following areas of spend:

- Statutory functions eg placing requests/ Additional Support for Learning Act requirements/school meals/transport
- Psychological and mental health support costs
- Transport costs
- IT infrastructure costs
- Property costs – rates, cleaning, energy, repairs and maintenance
- HR and recruitment procedures
- Management of a financial matter
- Ensuring compliance with procurement legislation.
- All support services need to be delivered across all council services and therefore there are economies of scale opportunities that can be achieved by providing the support centrally.

It is accepted that some of these functions will be shared with the centre, but greater cognisance needs to be given to emerging locality models and regional models that would allow these functions to be delivered more efficiently and achieve better outcomes.

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

The following would not be suitable for a standardised approach:

- Staffing formula for teaching staff
- Staffing formula for support staff
- Transport
- ASN functions
- College/University/Employer engagement
- Any function that is curricular.

There are real dangers in looking at national standardised approaches to elements of funding. This would require a standardisation that would not reflect individual need or be reflective of the differences in local communities and runs entirely counter to the principles of CfE that are built on local autonomy in the decision making around the curriculum and pupil support requirements.

Question 5

- (a) 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?

Schools

More flexibility would be available to target need, however this could not come at a cost to the core budget that is devolved through current DSM. It would require to be in addition to this as is the case with the PEF or there would be no perceivable benefit.

Clusters

School clusters/localities and groups of schools (and even education authorities) currently do share budget in a variety of projects and functions. This facility is not prohibited under the current DSM arrangements.

Regional Collaborative

No perceived advantage, just additional bureaucracy.

- (b) 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?

1. Schools

Schools would require to have back office functions in place to support a greater degree of functions in a directly devolved budget. It would be potentially time consuming and bureaucratic. In addition to this there would need to be a clearly agreed national formula for any direct devolvement and the Fairer Funding Paper seems to indicate that national formulae had already been ruled out. This is a real issue. Devolvement outwith the current arrangements through GAE to councils would require the establishment of an agreed national formula. This would have potentially the danger of destabilising the entire local government financial model. It would also be very difficult to agree how a formula such as this could be concluded without significant unintended consequences.

2. Clusters

Any central devolution to clusters could be very difficult. There would be a need to clearly define the cluster. Clusters vary in size and operate in different groupings for different purposes. For example, clusters in Dundee are formed based on catchments, but there are different groups for quality improvement processes and other arrangements in localities that take no formal account of the denominational status of schools. Cluster arrangements would then add a significant additional layer of bureaucracy, workload, and make scrutiny and challenge very difficult.

3. Regional Improvement Collaboratives

The following have been identified as problematic:

- Size, geography, complexity and context of region may vary and impact on equity across Scotland
- This may cause additional layers of bureaucracy
- Reduces the autonomy of HTs
- Governance arrangements may be complex in administering funding
- Impact of PEF model / Attainment Challenge funding needs to be assessed to determine if improvements have been achieved.

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?

The amount and type of support will be dependent on decisions around the degree and method for funding and any associated changes from the current system so it is difficult to determine what support would be required. Schools already enjoy significant central support in HR, finance and scrutiny of back office functions. This support would require to continue. Particular challenge would be experienced in the primary sector, requiring a Business Manager type role.

Support might need to be located within locality or cluster models and would need to allow Head Teachers to retain their concentration on learning, teaching and supporting the health and wellbeing of young people.

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?

Any additional accountability or monitoring needs to be built into current procedures such as:

- Financial review meetings
- School Reviews
- Standard and Quality reports
- Self-evaluation
- School Improvement planning

There are some significant unintended consequences in changing the current pattern unless accountability and reporting are considered.

School financial accountability must remain within the overall Council accountability and the mechanisms that have been set up through national government to monitor and support financial management. Any changes need to be consistent with the current direction of travel in community empowerment and any future changes to the role of parents in their involvement with financial decision-making in schools.

Question 8

Do you have any other comments about fair funding for schools?

Schools would welcome the opportunity for more flexibility and autonomy in deciding on the allocation of funding to meet the needs of their own school community however continuing to receive high quality support in meeting their statutory duties from the local authority is essential.

Head Teachers time must be safeguarded to enable them to focus on the core business of Learning and Teaching and ensuring that high quality staff are available to meet learners needs.