



REPORT TO EDUCATION & CHILDREN'S SERVICES COMMITTEE – 29 AUGUST 2019

DEVOLVING BUDGETS IN AN EMPOWERED SCHOOL SYSTEM

1 Recommendations

The Committee is recommended to:

- 1.1 Acknowledge the work undertaken to date and agree the key workstreams as detailed.**
- 1.2 Acknowledge the importance of ensuring appropriate consultation arrangements with stakeholders with regard to devolving budgets to schools and clusters/localities within the evolving budget context.**
- 1.3 Acknowledge that a further report providing an update on the key workstreams will be brought forward to the Education & Children's Services Committee at an appropriate time.**

2 Background / Discussion

2.1 Devolved School Management (DSM): National Context

- 2.1.1** The Devolved School Management (DSM) Scheme, first implemented by Grampian Regional Council in 1993, was adopted by Aberdeenshire Council at reorganisation in 1996. The Scottish Government (SG) published guidelines on DSM in 2006, with revised guidelines in 2012. It is an underlying principle of these guidelines that financial management is most effective when spending power is aligned with responsibility for outcomes and for budget management. The assumption held is that distributed power and responsibility leads to more effective service delivery for pupils.
- 2.1.2.** The Scottish Government's (SG) vision for education is to close the unacceptable gap in attainment between our most and least disadvantaged children and to raise attainment for all. The belief is that decisions about a child's learning should be made as close to that child as possible. The vision is one of empowerment and devolution from local authorities to schools, to include teachers, headteachers, parents and communities – and devolution from a national to a local or a regional level
- 2.1.3.** To realise this vision, the SG progressed the Governance Review, including consultation on the empowerment of schools and on fair funding of schools. As a result of the extended review and consultation process, a Joint Agreement between SG and local government was announced which detailed the shared commitment to close the attainment gap and raise attainment for all. The Agreement is a recognition by all parties that all partners must work in a collegiate and collaborative way, keeping the interest of children and young

people front and centre. Empowered, responsible and collaborative schools are an important part of the shared vision.

- 2.1.4 A key element of the Joint Agreement, was the development of a Head Teacher's Charter. The Charter advises that in an empowered system, head teachers should lead learning communities to determine the most appropriate approach in the areas of leading learning and teaching, empowering the learning community and making best use of the school's resources.
- 2.1.5. Another key element of the Joint Agreement/empowerment agenda was the development of updated DSM guidelines, which were published in summer 2019. These guidelines seek to build and improve on the DSM Guidelines of 2012 and, critically, reflect and integrate with the Education Reform Programme and priorities emerging from the Scottish Government and COSLA Education Reform Joint Agreement of June, 2018. These Guidelines can be found here <https://www.gov.scot/policies/schools/devolved-school-management/>
- 2.1.6. It should be noted that the Guidelines were co-produced by COSLA and the Scottish Government with input from Association of Directors of Education (ADES) and other key stakeholders. An officer from a local authority was seconded to Scottish Government/COSLA to engage with stakeholders and co-ordinate the development of the Guidelines. Collaboration is key to a successful local DSM scheme and this is captured within the Joint Agreement and Head Teachers' Charter to which these guidelines align and support.

2.2. Key Principles of Devolved School Management

- 2.2.1. The updated DSM principles (2019), building on and enhancing the foundations and principles of the 2012 guidance, are: subsidiarity and empowerment; collaboration; accountability and responsibility; and clarity and equity.
- 2.2.2. These principles reflect the National Improvement Framework aims of excellence through raising attainment and achieving equity, to:
- Support excellence and equity - ensuring every child and young person has the same opportunity to succeed
 - Be fair - placing the needs of all children and young people at the centre
 - Be simple, transparent and predictable – ensuring the costs of delivering education can be easily understood and explained and that schools are able to manage and plan ahead with certainty
 - Deliver value for money – ensuring that every penny spent is used effectively

2.3. Devolved School Management Guidelines (2019)

- 2.3.1. These guidelines have been devised to help local authorities develop their own DSM schemes. They include advice on what is expected and recommended in a local scheme, alongside practical examples from local authorities. To aid local authorities, a framework document has been created

which will allow local authorities to populate a standard format (if they wish to do so), introducing consistency in how schemes are presented.

- 2.3.2. This document has two main sections. Section one covers the introduction, background, principles of DSM, framework document, the areas identified as expected or as recommendations, and self-evaluation. Section two provides detailed guidance for local authorities in developing their own DSM scheme, including format and publication, scheme review, training, accounting matters, consultation, engagement and, transparency, professional support, collaboration and staffing. Throughout this section, there are examples from local authorities, which will help inform schools in each local authority. Finally, Appendices A to E provide supporting information.
- 2.3.3. These guidelines aim to encourage participation from local authority wider teams, schools^[2] and parents. It is recognised that collaboration is key to a successful local DSM scheme. This is captured within the Joint Agreement and Head Teachers' Charter to which these guidelines align and support.
- 2.3.4. In terms of collaboration, this will include key stakeholders with each authority and, indeed, across local authorities (in our case Northern Alliance). Aberdeenshire Council is also engaging a Pan-Grampian collaborative activity in developing new schemes and approaches to self-evaluation.
- 2.3.5. Self-evaluation of schools is also a key feature of the new guidance and, again, there may be merit in undertaking this across local authorities. It should be noted that there has already been some discussion on opportunities for joint work with Northern Alliance and it is proposed to develop this over the coming months.

2.4. Devolved School Management in Aberdeenshire

- 2.4.1. Aberdeenshire Council is committed to promoting an empowered school system and recognises devolving budgets as a key vehicle for empowerment.
- 2.4.2. In order to review and evaluate the Aberdeenshire position with regard to 'empowerment', the DSM Board was re-launched in October, 2018. The DSM Board is chaired by a Head of Service with representation from secondary, primary and special school sectors as well as officers from HR, Finance and Business Support.
- 2.4.3. The DSM Board has identified a number of workstreams to progress different areas of activity within the devolving budgets in an empowered school system agenda, as detailed in Sections 2.5 – 2.8.

2.5. Revision of Aberdeenshire DSM scheme

- 2.5.1. This workstream will progress revision of the Aberdeenshire DSM scheme in line with the recent national guidelines, including the development of a professional learning offer and a professional support offer to schools and system.
- 2.5.2. The DSM Guidelines (2019) emphasise the importance of professional learning to support understanding and enhance confidence in DSM, and

stipulate that local authorities are expected to provide specific training opportunities to individuals who make use of, or may influence, the DSM scheme. It is expected that this group would include head teachers and business managers or equivalent posts. It is recommended that training should also be considered for depute head teachers, aspiring leaders, LNCT trade union representatives and any other appropriate groups.

- 2.5.3. The DSM Guidelines (2019) emphasise the importance of professional support to support empowered schools, and stipulate that local authorities are expected to provide the appropriate support and challenge to head teachers. Empowered schools should be underpinned by professional high-quality teams with the appropriate capacity to support head teachers. This may be in the form of business managers (or equivalents), finance, human resources and facilities teams. It is expected that access to professional support is available to all head teachers, in all school establishments. It is expected that there should be transparency in any formulae or methodology used in allocating professional support to schools.
- 2.5.4. The DSM Board will work in collaboration with authority services and stakeholders to scope out a professional learning offer and professional support offer to provide support to schools and head teachers in managing all elements of devolved budgets within an empowered system.

2.6. Devolved School Management in the Secondary School Sector

- 2.6.1. In the Aberdeenshire secondary school sector, all teaching budgets have been fully devolved since 1 April, 2017. (Education and Children's Services Committee 23 March, 2017): Devolved School Management)
- 2.6.2. The proposed workstreams include a review and evaluation of the implementation 2 years on, but initial feedback indicates that secondary schools recognise the benefits of the increased flexibility and ownerships in determining management and staffing structures in response to local context.

2.7. Devolved Cluster Management of ASN budgets

- 2.7.1. Budgets to support children and young people with Additional Support Needs (ASN) are generally considered not appropriate for devolving to schools, as per previous national DSM guidelines (2012).
- 2.7.2. It is acknowledged that devolving centrally-held budgets for ASN to the individual school level could present significant risks in terms of ensuring equity across all Aberdeenshire schools. However, it is also recognised that ASN can be best met by local decision-making and local solutions in an inclusive context where schools (and partners) are mutually accountable for meeting needs within the community.
- 2.7.3. Aberdeenshire Council currently delegates the management of some ASN staffing resource teaching and non-teaching to the cluster level through school-specific allocations on a formulaic basis which are prioritised and deployed by cluster mechanisms.

- 2.7.4. The challenge for Aberdeenshire Council was to find approaches to ensure that budgets and accountability for meeting the needs of individual children / young people and vulnerable groups are fully devolved to a local level of decision-making, to promote flexibility/responsiveness and mutual accountability for meeting ASN at that level, and at the same time ensuring equity and transparency.
- 2.7.5. The opportunity for Aberdeenshire Council is to develop the local authority function of providing education support services for meeting ASN through empowering the 'mediating' layer of the school cluster, extending the scope and potential of DSM and building on the current good practice of the Local Management Groups (LMG).
- 2.7.6. ECS has developed and implemented a Pathfinder pilot programme in 2 clusters from April, 2018, bundling and devolving centrally-held ASN staffing and non-staffing budgets to the local level. Both clusters have been empowered to work collaboratively to strengthen ASL provision at the cluster level, and to respond through flexible and creative approaches to local opportunities and challenges, including recruitment challenges.
- 2.7.7. Significant work has been progressed through business planning and improvement planning in developing governance and management arrangements, operational processes, auditing of need, skills and services, and development of new approaches to service delivery.
- 2.7.8. The pathfinder pilot programme in 2 clusters has been referenced in the national DSM guidelines from 2019 as an example of local authority good practice.
- 2.7.9. The proposed workstream for 2019/20 includes a review and evaluation of the implementation of the Pathfinder pilot programme. Initial feedback indicates that clusters recognise the benefits of the increased flexibility and ownership of local solutions for their local context. The review evaluation will identify key learning to inform next steps in terms of roll-out.

2.8. Devolved School Management in Primary and Special Schools

- 2.8.1. In comparison with the Secondary sector, very little has been devolved to Primary and Special schools. Accordingly, a priority of the DSM Board is to address this situation. It was agreed that a DSM (Primary/Special) Reference Group be established (consisting of Primary Head Teachers representing a range of schools in terms of size, CSN Support Services Co-ordinators from a range of secondary schools and Finance representatives).
- 2.8.2. Following a process of scoping the opportunities and challenges around DSM in the primary and special sectors, the DSM (Primary/Special) Reference Group agreed, in principle, for the devolvement of all staffing budgets to Primary (teaching) and Special schools (teaching and non-teaching) be developed for wider discussion with all HTs and clusters.
- 2.8.3. The DSM (Primary/Special) Reference Group further considered that, in view of the diversity and variation of the school system in Aberdeenshire, 3 distinct

groups of school were identified for the development of a model for piloting in academic session 2019/2020.

- 2.8.4. The implementation of such a pilot model will allow for key learning to be generated, including the development of system 'safety nets' during a pilot phase where the 'centre' retains overall budget responsibility and the risk to schools is mitigated. This is particularly important as we work to a timeframe for full implementation in financial year 2021/22.
- 2.8.5. The DSM (Primary/Special) Reference Group developed a proposal for 3 pilot groups for further consultation with relevant HT stakeholders:
- Pilot Group 1 includes all large primary schools i.e. those with a roll in excess of 221 pupils which all have an entitlement to a DHT
 - Pilot Group 2 includes all 4 stand-alone 'special schools'
 - Pilot Group 3 includes 2 identified school clusters, Banff and Mintlaw, which encompass a range of schools sizes and categorisation (i.e. urban, semi-rural, rural etc). This will provide a more in depth understanding of the issues that would be faced by a range of schools in managing budgets
- 2.8.6. The model for devolving budgets and the identified cohorts of schools was identified by the DSM Board reference group and agreed by PHTC, and further consultation with the 3 pilot cohorts groups has been progressed through a series of engagement events. In general terms, feedback has been positive, although a number of questions have been raised, including local support for administration and management of budgets, arrangements for managing long-term supply on individual schools, and clarification of business support services for schools.
- 2.8.7. Further work is being progressed to identify solutions and ensure appropriate support arrangements are in place as required by the Scottish Government DSM Guidelines (2019). The DSM Board will be collaborating with colleagues from Finance, HR, Legal, IT and Property to scope and develop service specifications within the context of a Professional Support offer to schools and head teachers. This will be complemented by a Professional Learning for all stakeholders involved in DSM processes and decision-making, as well as parents, communities and partners.
- 2.8.8. The budgets for the pilots will reflect the Council's approved budget for 2019/20 and the additional funding received received in relation to teachers' pay award and superannuation increase. The pilots, which are outlined below, will help inform the Medium Term Financial Strategy.

Pilot Cohort 1: Large primary schools: complete staffing budget including management relief and all supply (long-term and short-term) will be fully devolved from October, 2019 (mid-point of FY 19/20)

Pilot Cohort 2: Special schools: complete staffing (teaching and non-teaching) budget including management relief and all supply (long-term and short-term) will be fully devolved from August, 2019.

Pilot Cohort 3: School clusters

Notional staffing (teaching) budgets will devolved to all schools in the cluster. Notional bundled ASN budgets (teaching, non-teaching, alternative packages, CPD, per capita) will be devolved to the LMG/cluster (on the model of the Devolved Cluster Management pilot referenced above). The overall budget responsibilities will remain with the relevant Head of Service, but the schools and LMG/cluster will be supported by officers to consider best allocations of the budgets at both school and cluster level, subject to Head of Service approval. A key emphasis will be on the development of appropriate governance arrangements at the cluster level and strategic planning for deployment of staff across the cluster to maximise the benefits of empowered decision-making about budgets at the local level, with a view to full devolving of budgets from April, 2020.

- 2.9 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report. They are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to take a decision on this item in terms of Section E1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to allocation of resources to schools.

4 Implications and Risk

- 4.1 An Equalities Impact Assessment is not required for this report as the report deals with E&CS budget headings which have been approved previously. The approval of this report will not have an impact on any of the protected characteristics.
- 4.2 There are staffing and financial implications in the development and implementation of the DSM and DCM models in terms of the delivery of the professional learning offer and the professional support offer to head teachers and schools, as required in the new Scottish Government DSM guidelines (2019). Further, there requires to be officer capacity within the new ECS and Finance structures to develop and deliver on the systems and structures to underpin the devolving budgets agenda.
- 4.3 The following Risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures (Corporate Risk Register). The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books (Directorate Risk Registers]. These risks will be monitored and remedial action taken as part of the pilot process.

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