

**To: Education and Children's Services Policy Board**

**On: 24 August 2017**

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**Report by: Director of Children's Services**

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

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## **1. Summary**

- 1.1. The Scottish Government undertook a major consultation exercise on a review of education governance between September 2016 and January 2017. A total of 1154 submissions were received. These comprised responses from 382 organisations and 772 individuals. 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, Analysis of Consultation responses".
  - 1.2. The proposals outlined in the publication may potentially result in significant changes to the way in which education services are organised in Scotland. It is anticipated that these changes may have wide ranging consequences for the role of local authorities in the delivery of education to children and young people in their communities.
  - 1.3. 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. The stated purpose of this shift is to empower schools and teachers to drive improvement at a local level with others in the system sharing responsibility for collaborating to support this improvement.
  - 1.4. Coincident with the publication of the outcome of the governance review is a consultation paper entitled "Fair Funding to Achieve Excellence and Equity in Education". It has been asserted by many that the funding of schools across Scotland varies markedly based on where you live. In order to address this perception, the Scottish Government is seeking views on alternative funding models for schools.
  - 1.5. A draft response to these consultation questions can be found at Appendix 1 to this report for consideration.
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## **2. Recommendations**

- 2.1. The education and children's services policy board is asked to approve the consultation response (Appendix 1) for submission to the Scottish Government.

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## **3. Background**

- 3.1. On 13 September 2016, the Scottish Government announced a consultation exercise on the way in which schools in Scotland are governed. This is part of its delivery plan for education as announced in June 2016 and reported in the programme for government in September 2016.
- 3.2. The Depute First Minister made a statement in parliament on Thursday 15 June 2017 to support the publication of the document "Education Governance: Next Steps Empowering Our Teachers, Parents and Communities To Deliver Excellence and Equity For Our Children". This publication outlines the plans for the reform of educational governance in Scotland.
- 3.3. 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. The purpose of this shift is to empower schools and teachers to drive improvement at a local level with others in the system sharing responsibility for collaborating to support improvement.
- 3.4. The devolution of power to schools and teachers will mean that the role of the local education authority will change significantly. It is proposed that this revised role will be to support schools to drive improvement and deliver better outcomes for children.
- 3.5. Coincident with the publication of the outcome of the governance review is a consultation paper entitled "Fair Funding to Achieve Excellence and Equity in Education". It has been asserted by many that the funding of schools across Scotland varies markedly based on where you live. In order to address this perception, the Scottish Government is seeking views on alternative funding models for schools.

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## **Implications of this report**

### **1. Financial Implications**

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 the summer of 2018.

### **2. HR and Organisational Development Implications**

Changes to the way in which staff are recruited to schools by head teachers may have an impact on current recruitment practice. Changes to the role of the local authority in supporting professional development may have an impact on the relationship between the employer and employee in the longer term. In particular, further clarity will be required around performance management in light of shared responsibilities with regional improvement collaboratives. These areas should become clearer once a draft education bill is published in the summer of 2018.

### **3. Community Plan/Council Plan Implications**

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|----------------------------|--|
| Children and Young People  | - The review of governance seeks to ensure equity and excellence for all children and young people in their learning.          |
| Empowering our Communities | - Devolving powers to head teachers and schools will seek to ensure decisions are made to meet the needs of local communities. |

### **4. Legal Implications**

A new education Bill will be presented which will amend duties as they relate to local education education authorities.

### **5. Property/Assets Implications**

This will become clearer in due course.

### **6. Information Technology Implications**

None.

### **7. Equality and Human Rights Implications**

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 because for example it is for noting only. If required, following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored and the results of the assessment will be published on the Council's website.

### **8. Health and Safety Implications**

None.

### **9. Procurement Implications**

Changes to the way that schools are funded could result in implications for the council in the procurement of products and services.

### **10. Risk Implications**

It is possible that changes to the way in which schools are funded could result in changes to levels of risk across a range of indicators.

### **11. Privacy Impact**

None.

### **12. Cosla Policy Position**

Cosla is seeking to work closely with Scottish Government to ensure proposals are agreed which improve outcomes for all children and young people.

## List of Background Papers

- (a) Education Governance: Fair Funding to Achieve Excellence and Equity in Education – A Consultation

The foregoing background papers will be retained within children's services for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Gordon McKinlay, Head of Schools, 0141 618 7194, [gordon.mckinlay@renfrewshire.gcsx.gov.uk](mailto:gordon.mckinlay@renfrewshire.gcsx.gov.uk)

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**Children's Services**

GMCK/LG

17 August 2017

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## 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

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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 of funding schools has a number of significant advantages for both schools and local communities.

It ensures a whole system approach to improving outcomes for children and young people. Schools are embedded in a local context which seeks to meet the needs of local communities. In order to address holistic issues faced by children schools need to continue to work in partnership with a range of other services.

In Renfrewshire we have clearly defined and transparent methodologies to calculate individual school base budgets. Both the local joint negotiating committee and the appropriate policy board agree changes to Renfrewshire's devolved management scheme.

We augment this funding level by assigning centrally held budgets to meet specific school needs. For example, we may direct additional resources to particular schools if specific requirements are identified to address attainment issues within an area, to deal with increases in school roles resulting from placing request appeals, to meet the needs of refugees, or the additional costs arising from disability requirements of staff or pupils. In this way, budgets are devolved to schools and head teachers to ensure they can make appropriate decisions.

Where budgets are not devolved, there are specific reasons for this. For example, central retention of funds provides a "safety net" to small schools in the event of an outbreak of illness likely to impact on a number of staff simultaneously, such as flu or norovirus, as well as covering the cost of maternity or special leave.

Schools are also protected against the impacts changes to their budget requirements such as filling a vacancy with a teacher on a higher pay point than the previous incumbent.

It is our experience that the current system ensures schools contribute towards the local authority's obligations in pursuit of national commitments like maintaining pupil: teacher ratio and retaining places for newly qualified teachers.

The provision of a teacher induction scheme place to every newly qualified teacher who requires one is integral to the funding agreement between local and national government. Under the current arrangements we can direct probationers into vacancies, effectively utilising the schools devolved budget. Devolving more power to head teachers risks them making decisions in the interests of their school to recruit experienced staff in preference to probationers, potentially jeopardising the national agreement.

In Renfrewshire, the approach taken to tackling poverty has allowed schools to be seen in the context of a whole system approach including housing, benefits, employment and specialist support services for children. The positioning of our schools within a broader children's and wider council services approach has provided significant benefits and opportunities to tackle inequalities as a result of adverse childhood experiences. The funding of schools alongside broader children's services and other council provision ensures a whole system approach. Separating

this out may risk losing opportunities to tackle poverty, inequality and approaches to closing the poverty related attainment gap in a more structured manner.

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

The financial capacity of local authorities to meet the needs of local communities and deliver fundamental and sustainable change to address the poverty related attainment gap is heavily influenced by the resources distributed through the national distribution process.

The main disadvantage of the current system of funding schools relates to the absence of a nationwide funding model. This may lead to a perception of disparities in the budget attributable to similar schools in different areas given the differences in budget allocations to individual local authorities across the country.

Inclusion in the Scottish Attainment Challenge is very welcome and the targeting of pupil equity funding highlights a clear shift towards resources being targeted on the basis of the impact and incidence of deprivation. However, its focus and financial scale remains a small portion of overall school funding. As a result, the current approach can result in variability of provision where resource distribution across Scotland is driven predominantly by school pupil numbers irrespective of variation in underlying need.

## Question 2

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

In Renfrewshire, our experience is that the scheme of devolving resources to schools allows head teachers to make decisions locally which will have a positive impact on learning and teaching, attainment and school improvement. Head teachers find that a consistent allocation formula provides a degree of certainty of future budget. This facilitates effective planning and equity across the local authority area.

The consultation document indicates that there is wide variation of practice in relation to devolved school management of resources. Whilst this may be perceived to be the case it would also be recognised that the ability of head teachers to make decisions based on this devolution is not restricted by the scheme itself but a broad range of factors. Schools will still require a minimum number of teachers and will still require to comply with employment practices laid down in legislation and in national collective agreements and terms and conditions as established by tripartite agreements among the Scottish government, councils and teaching unions.

It has also been asserted that there has been an increase in the central management of budgets, and a consequent reduction in head teacher autonomy and control over decision making. In Renfrewshire we have not sought to reduce the areas of financial decision making exercised by head teachers. There are, however, a number of areas where we do agree central coordination. This includes areas such as the management of energy costs and long term teacher absence cover. Managing these budgets in this way allows more effective targeting of resources as well as the management of financial risk and allowing head teachers to focus on

education management and leadership, including the financial management of budgets which more directly impact on attainment and school improvement.

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

In Renfrewshire, we believe that our approach in relation to the resourcing of schools is managed in a collegiate manner which seeks to reduce and remove barriers to local decision making wherever possible. Our head teachers already exercise extensive autonomy within the context of delivering local and national priorities.

Schools work in very close partnership with a broad range of other services. In order to get it right for every child, our leaders work effectively in a complex environment with a broad range of partners. Such children's services partnerships take account of significant aspects of child development outwith the school. Where changes are considered to devolved school management these should ensure barriers are not in evidence across services and agencies in order to ensure effective working to meet the needs of the whole child however these services are funded.

### **Question 3**

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

In Renfrewshire, our approach seeks to ensure funding is targeted appropriately to schools to support equity and excellence within the context of national priorities. The budget derived by the devolved management scheme forms the basis of budget allocations to each school. Funds are also distributed by the council to support individual school needs and to implement national and local priorities. The distribution of additional support needs budget is informed by specialist educational managers to ensure it is targeted to those pupils who need it most.

Any change to the current model of the targeting of funding directly to schools suggests a level which is significantly above those needed to meet statutory requirements for areas such as class size maxima. As referred to earlier, the current national funding distribution arrangements to local authorities takes more limited account of deprivation indicators. Addressing this issue at the same time as part of a more holistic system wide review is likely to have a much greater impact on addressing the poverty related attainment gap across Scotland. This link between funding distribution and deprivation levels may have a significant role to play in explaining some of the underlying reasons for the variation in funding levels across schools. Local authorities with higher levels of deprivation will experience greater demands on their funding across a wide range of services including social care, employability and welfare services. Consequently, this will limit their ability to direct resource to education to the same extent as other more affluent areas. Although a major undertaking, before any further targeting of funds directly to schools is considered, a more fundamental whole system review at a national level would aid in supporting equity and excellence.



Recent models for targeting resource through SIMD or free meal entitlement, as outlined by the Scottish Attainment Challenge and Pupil Equity Funding, may not take enough account of a number of factors relating to deprivation. For example, SIMD does not acknowledge poverty which relates to levels of privately rented accommodation in particular communities. Within Renfrewshire, we have highlighted areas within certain communities where this has a significant impact on the provision of services.

Similarly, free meal entitlement, has limitations as it is dependent on families claiming the benefit. There is considerable evidence to indicate that the uptake of free meal entitlement tails off as children become older which may undermine the robustness of this as a basis for distribution.

In light of such issues, it would also be helpful to take a more sophisticated approach, using a wider range of indicators of poverty to ensure the targeting of such additional resources actually impact where they should.

#### **Question 4**

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

Head teachers already have responsibility for managing the spending that will have a direct impact on learning and teaching. Current schemes of devolved school management are in line with the guidance produced in 2012. This takes account of local and national priorities as well as recognising the level of resources available to the local authority. It should be recognised that tension between the devolution of resources to schools and the duty on the local authority to ensure best value may lead to decisions which can appear as though they have removed autonomy from head teachers. Care should be taken when drawing such a conclusion. Efficiency derived from scale should lead to an increase of resources being made available to schools rather than a perceived reduction in autonomy.

It is worth recognising that devolution of budget may not lead to an increase in devolved power for head teachers. Legislation as well as local and national priorities may also impact on the flexibility available in relation to many budget decisions. It may appear reasonable to devolve all budgets in relation to staffing directly to schools. This, however, could mean that all the risk associated with terms and conditions of employment, absence cover and national targets relating to teacher numbers would also have to transfer from the local authority to the school and head teachers. Current arrangements support managing such risk through centralised budget mechanisms, providing protection and mitigation to individual head teachers from such issues.

The mainstreaming of and inclusion of all children has been an established principle for many years. Where a child has additional support needs these should be catered for in the mainstream setting wherever possible. If spending on additional support needs is retained by the local authority when all other influential areas of spending are devolved to the school there is an implication that schools should not have to manage such situations.

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

Schemes of delegation already seek to exclude areas of spend that cannot be directly influenced by schools. The proposals do not appear to have included spending on additional support needs. It is unclear as to why this is the case. In Renfrewshire, the majority of these budgets are currently largely part of the devolved scheme in order to meet specific need at the local level.

One of the advantages of the current approach of funding schools relates to the sharing of risk. This is particularly important when considering small or rural schools. In such settings risks may be greatly increased through no fault of the school itself. For example, a single, long term absence of a member of staff could consume the absence cover budget for such a school. The local authority is best placed to continue to manage this risk. Great care should be given to the preparation of funding devolved to head teachers to ensure no school becomes compromised in its ability to meet all needs.

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

A standardised, Scotland-wide approach to funding would allow the distribution mechanism to local authorities to better recognise the impact of deprivation on need.

Care should be taken when specifying which costs are included as this could be perceived as overruling the management and organisation of local authorities. For example, Renfrewshire Council has brought together budgets to improve coordination and overall management of building maintenance arrangements whilst simultaneously freeing up head teachers to focus more of their time on leading learning and teaching. Similarly, we have centralised management of administration functions. These activities do not directly impact on learning and teaching and devolving responsibility could risk reducing coordination, economies of scale, and increasing duplication and inefficiency. Retaining flexibility to design service, management and budget arrangements which best meet the needs locally should remain a key principle in the delivery of local services.

If a standardised approach results in a set percentage or amount of the local authority budget that should be allocated to education, this further dilutes the democratic authority of councils to make funding decisions based on local circumstances. As the current allocation to schools is already the full amount available within Renfrewshire it is difficult to see how this would improve circumstances from head teachers.

### 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?

As the distinct roles of schools, clusters and regional improvement collaboratives, as envisioned by the review of governance, become more clearly defined it should be easier to comment on the advantages of an approach where the current system of funding is largely retained.

At this point, however, it is difficult to comment on an approach to the funding of clusters and regional improvement collaboratives without further clarification. This is particularly the case with regards to their legal standing as it relates to their ability to enter in to legal contracts, meet procurement legislation, hire staff, meet audit, accounting and taxation requirements.

- (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?

As noted above.

### 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?

Increasing the range and scope of duties and responsibilities on head teachers in order to empower them to make decisions about resources in their school will be welcomed by many. They will, however, require appropriate support to be in place to ensure such decision making improves outcomes for our children and young people.

Education support services will require to be constructed in way that is able to respond in an agile and flexible manner to meet the individual needs of schools whilst ensuring the efficient practices established by local authorities in recent years. In Renfrewshire, our experience is that many of these services are provided on a council wide or cluster basis which has sought to ensure best value for local communities. Whilst this approach has many benefits and ensures consistently high standards of support it could be challenging to devise bespoke models which could respond on an individual basis.

Head teachers will continue to require a range of support services including administrative, legal, procurement, HR, catering, cleaning and maintenance. They will also require support within the context of broader children's services in order to ensure a consistent high quality approach to GIRFEC and child protection. These are best organised at local authority level to ensure consistency and in order to achieve best value and allow levels of resources to be maintained within schools in order to focus on learning and teaching.

**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?

It is our understanding that funding decisions made at school level will remain within accountability and reporting frameworks laid out by the local authority as part of their role in providing education support services.

For example, the recommendations indicate that the local authority will remain the employer while the head teacher will have responsibility to recruit and manage the staff in their school. This will mean that the local authority will ultimately be accountable for staffing decisions made by the head teacher. As such, clear separation of responsibilities between the head teacher and the local authority will require to be established. This will be necessary in order to protect both head teachers as they discharge their duties and employees in their relationship to their employer.

Differentiation between the responsibilities of the local authority for support services and the regional improvement collaborative for improvement of performance will also require to be carefully considered. Where duties lie with the local authority assurance will be needed in adhering to financial and employment duties. Where these overlap with school or regional aspirations mechanisms will require to be established in order to ensure the best outcomes for all concerned.

**Question 8**

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

We welcome any approach to the funding of schools which improves outcomes for children and young people. Head teachers are best placed to make many decisions within the context of their local community. There remain, however, aspects of the universal offer to our children which are better organised in a way that sees the school in a much wider context. To this end, GIRFEC should remain at the heart of good decision making at school, local authority and regional collaborative level. The relationship between the proposals and broader planning for integrated children's services should not lose sight of the highly effective partnership working which has been embedded across Scotland.