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**REPORT TO: CHILDREN AND YOUNG PEOPLE'S SERVICES COMMITTEE ON  
30 OCTOBER 2019**

**SUBJECT: DEVOLVING BUDGETS IN AN EMPOWERED SCHOOL SYSTEM**

**BY: CHIEF EXECUTIVE**

**1. REASON FOR REPORT**

- 1.1 To update Committee on progress to date with the Devolved School Management review which is part of Education Reform and School Empowerment and the plans to implement recommendations.
- 1.2 This report is submitted to Council in terms of Section III (D) 1 of the Council's Scheme of Administration relating to exercising the functions of the Council as an Education Authority.

**2. RECOMMENDATION**

**2.1 It is recommended that Committee:-**

- (i) acknowledge the current position;**
- (ii) acknowledge the importance of ensuring appropriate consultation arrangements with stakeholders with regard to devolving budgets to schools and associated schools groups and localities within the evolving budget context; and**
- (iii) note the establishment of a DSM project group to undertake work to specify the requirements of this project and prepare a work plan which will be reported to this committee as soon as possible.**

**3. BACKGROUND**

- 3.1 The Devolved School Management (DSM) Scheme, first implemented by Grampian Regional Council in 1993, was adopted by Moray Council at reorganisation in 1996. The Scottish Government (SG) published guidelines on DSM in 2006 with revised guidelines in 2012 and, updated guidelines on 25 June 2019. 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 children and young people.

- 3.2 Committee was briefed on Education Reform at its meeting on 29 August 2019 (para 8 of the meeting refers).
- 3.3 The 2019 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. The guidelines can be found at <https://www.gov.scot/policies/schools/devolved-school-management/>
- 3.4 The guidelines were co-produced by COSLA and Scottish Government with input from Association of Directors of Education (ADES) and other key stakeholders. An officer from a Local Authority was seconded to SG/COSLA to engage with stakeholders and co-ordinate the development of Guidelines. Collaboration is key to a successful local DSM scheme and this is captured within the Joint Agreement and Headteachers' Charter to which these guidelines align and support. The retired Acting Director of Education and Social Care represented Moray at meetings regarding DSM review.
- 3.5 The SGs vision for education is to close the gap in attainment between our most and least disadvantaged children. 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.
- 3.6 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 in June 2018 which detailed the shared commitment to close the attainment gap and raise attainment for all. The Agreement is a recognition by all parties that 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.
- 3.7 Another key element of the Joint Agreement was the development of a Head Teacher's Charter which advises that in an empowered system, headteachers 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.

#### **4. Key Principles of Devolved School Management**

- 4.1 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

- Clarity and Equity
- 4.2 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

## **5. Devolved School Management Guidelines (2019)**

- 5.1 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.
- 5.2 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.
- 5.3 These guidelines aim to encourage participation from Local Authority wider teams, schools and parents. It is recognised collaboration is key to a successful local DSM scheme, this is captured within the Joint Agreement and Headteachers' Charter to which these guidelines align and support.
- 5.4 In terms of collaboration, this will include key stakeholders with each Authority and, indeed, across Local Authorities (in our case Northern Alliance). Moray Council is also engaging with Aberdeenshire and Aberdeen City in a Pan Grampian collaborative activity in developing new schemes and approaches to self-evaluation.
- 5.5 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 there has already been some discussion on opportunities for joint working with the Northern Alliance and it is proposed to develop this over the coming months.

## **6. Devolved School Management in Moray**

- 6.1 Moray Council is committed to promoting an empowered school system and recognise devolving budgets as a key vehicle for empowerment.
- 6.2 The current Moray Council DSM scheme was formally updated in 2014. On an annual basis adjustments have been made to the scheme due to budgetary decisions by the Council. The current scheme does not reflect all of these decisions.
- 6.3 Capacity issues, changes in senior management posts and the management restructure has hampered progress with the DSM review. However this should be prioritised and progressed at pace in order to meet the timescales identified.

## **7. Devolved School Management in Moray Schools**

- 7.1 Schools recognise the benefits of any flexibility within the current scheme and particularly the ownership in determining management structures in response to their local context and to provide opportunities to empower staff to lead on areas within the school improvement plan.
- 7.2 Changes to the Moray scheme particularly staffing standards in Primary within the last two academic sessions has resulted in little flexibility particularly for schools who are close to a threshold. There are two staffing standards in operation, one for primary schools and one for paired headship schools. In addition, Primary schools with a role of less than 145 do not have a great deal of flexibility due to budget decisions.
- 7.3 Secondary Headteachers are using their flexibility particularly in middle management posts as and when vacancies arise and this allows them to be more creative with their curriculum offer, providing young people with additional opportunities.

## **8. Devolving Additional Support Needs Budgets**

- 8.1 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).
- 8.2 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 Moray 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.
- 8.3 Moray Council currently allocate ASN staffing resource teaching and non-teaching via a needs basis depending on the level of need. Although this was recognised as a three year programme which was extended to four years, this approach has not been reviewed for some time and no longer aligns with the

pupil profile in a school for ASN. There is an urgent need for a review of this and consideration should be given to a pilot to allocate funding by devolving to a school associated group or other methods. This will be taken forward as part of the ASN change management programme.

- 8.4 The challenge for Moray Council, like many authorities, is to find approaches to ensure that budgets and accountability for meeting the needs of individual children, young people and vulnerable groups may be 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. Officers have visited other local authorities to look at how they allocate funding and will use this learning to review our approaches.

## **9. Revision of Moray DSM Scheme**

- 9.1 In order to review and evaluate the Moray position with regard to 'Empowerment' a project group should be established. The Group will be chaired by a relevant Head of Service with representation from secondary, primary school sectors, Central Education, Human Resources, Finance and Business Support. The Group will consider workstreams to progress different areas of activity within the devolving budgets in an empowered school system agenda.
- 9.2 At a recent Education Strategy Group meeting and a separate Secondary Headteacher Meeting, a number of possible workstream areas were identified which could be pursued which include alternate management structures, managing long term supply, clarification of business support services for schools and devolving the Scottish Qualifications Authority (SQA) budget.
- 9.3 In addition to this, Empowerment and the DSM review should be a standing item on the Education Strategy Group in order to consider future workstreams within this area.
- 9.4 DSM working groups should then be established to take forward the workstreams with representation from LNCT. Workstreams may overlap with those to take forward the Learning Estate Strategy and Improvement and Transformation projects and this will be considered as the work is developed in order to avoid unnecessary duplication. This would include changes in relation to Additional Support Needs and how funding is allocated to early years establishments, schools and enhanced provisions.
- 9.5 A workstream should be established to progress the revision of the Moray 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.
- 9.6 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 individual who make use of, or may influence, the DSM scheme. It is expected that this group would include headteachers and

business managers or equivalent posts. It is recommended that training should also be considered for depute headteachers, aspiring leaders, LNCT trade union representatives and any other appropriate groups. Moray already offers training but this should be reviewed in line with expectation and recommendations.

- 9.7 The DSM project group should 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 headteachers in managing elements of devolved budgets within an empowered system.
- 9.8 The DSM project group should progress work to identify solutions and ensure appropriate support arrangements are in place as required by the SG DSM Guidelines (2019). The DSM Group should collaborate with colleagues from HR, Finance, Legal, IT and Property to scope and develop service specifications within the context of a Professional Support offer to schools and headteachers and other relevant staff. This will be complemented by a Professional Learning for all stakeholders involved in DSM processes and decision-making, as well as partners, communities and partners.
- 9.9 Any budget to take forward workstreams will reflect the Council's approved budget for 2019/20 and may draw on the transformation fund to progress work in order to achieve efficiencies.

## **10. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

This report relates the priority 'Provide a sustainable education service aiming for excellence' from the Corporate Plan and to 'Building a better future for our children and young people in Moray' from the LOIP.

### **(b) Policy and Legal**

Raising attainment is a key priority of the Scottish Government as part of the National Improvement Framework. Moray Council has a duty each year to report on progress to meet national priorities and to provide evaluative evidence of improvement which informs the National Improvement Framework annual report. The 2019 guidelines on Devolved School management were issued by the Scottish Government under Section 13 of the Standards In Scotland's Schools etc. Act 2000

### **(c) Financial implications**

There are financial implications in the review and development of DSM within Moray. The finance department are vital in progressing this work locally.

### **(d) Risk implications**

The risks lie mainly with the Council's ability to meet requirements from the joint agreement and the timescales involved. Members will be updated regarding risks and mitigating actions.

**(e) Staffing implications**

There are staffing implications in term of delivery of the professional learning offer and the professional support offered to headteachers and schools as required in the new SG DSM Guidelines (2019). Further there requires to be officer capacity across Education, Business Support, Finance and HR structures to develop and deliver on the systems and structures to underpin the devolving budgets agenda. If alternative management structures are to be considered across schools, it would be beneficial to add capacity from LNCT in order to review and develop Job Descriptions. A Head of Service needs to be identified to take forward the DSM Group and either the Head of Transformation or Head of Education Resources would be best placed to accommodate this.

**(f) Property**

There are no property issues arising directly from this report.

**(g) Equalities**

None arising directly from this report

**(h) Consultations**

Chief Executive, Education and Social Care SMT, Quality Improvement Officers, Education and Integrated Children's Services officers, the HR Manager, Paul Connor, Principal Accountant, Tracey Sutherland, Morag Smith, Senior Solicitor ( Litigation and Social Care) Committee Services Officer, Headteachers, Local Negotiating Committee for Teachers (LNCT) Union side joint chair and the Equal Opportunities Officer have been consulted and are in agreement with the contents of this report as regards their respective responsibilities.

## **11. CONCLUSION**

### **11.1 In order to implement the DSM Guidelines (2019) key personnel need to be identified and workstreams moved at a pace.**

Author of Report: Vivienne Cross (Head of Schools and Curriculum Development)

Background Papers: <https://www.gov.scot/publications/education-bill-policy-ambition-joint-agreement/>

<https://education.gov.scot/improvement/Documents/EmpoweringSchoolLeadersFinal.pdf>

<https://www.gov.scot/publications/devolved-school-management-guidelines-draft/pages/4/>