



# **Agenda Item 7**

**Education Governance – Response to  
Scottish Government’s Consultation  
on Fair Funding**

Falkirk Council

**Title:** Education Governance – Response to Scottish Government’s Consultation on Fair Funding  
**Meeting:** Education Executive  
**Date:** 7 November 2017  
**Submitted By:** Director of Children’s Services

**1. Purpose of Report**

- 1.1 To update the Education Executive with a summary of the main points contained in Falkirk Council’s response to the Scottish Government’s Consultation on “Fair Funding To Achieve Excellence And Equity In Education”.

**2. Recommendations**

- 2.1 **The Education Executive is asked to:-**  
**(1) endorse the Consultation response submitted to the Scottish Government (at Appendix 1);**  
**(2) request that the Director of Children’s Services keep the Education Executive informed of any key outcomes from this Consultation.**

**3. Background**

- 3.1 The Scottish Government published their response to the recent consultation on Education Governance in June 2017 in a document called “Education Governance: Next Steps – Empowering Our Teachers, Parents and Communities to Deliver Excellence and Equity For Children” which sets out the Scottish Government’s vision for a school and teacher led system, where decisions about learning and teaching rest at school level.

The Scottish Government is looking to establish a funding model that supports this concept and has launched a consultation called “Fair Funding To Achieve Excellence And Equality In Education”. The consultation seeks views on the Scottish Government’s future approach to school funding, including the way education is currently funded in Scotland, the purpose of developing a new, more consistent approach to school funding and the principles that should underpin any changes. It also sets out and seeks views on the possible future approaches to govern school funding, and on the support, accountability and reporting mechanisms that would underpin greater devolution of responsibility for funding decision to Headteachers.

Responses to the consultation had to be submitted to the Scottish Government by Friday 13 October 2017.

## 4. Considerations

### 4.1 Summary of Consultation Document

The consultation document contains four chapters with a set of eight questions in total to be answered as part of the consultation. The eight questions asked were:-

- 1a. What are the **advantages** of the current system of funding schools?
- 1b. What are the **disadvantages** of the current system of funding schools?
- 2a. What are the benefits to Headteachers of the current Devolved School Management schemes?
- 2b. What are the barriers that Headteachers currently face in exercising their responsibilities under Devolved School Management? How could these barriers be removed?
3. How can funding for schools be best targeted to support excellence and equity for all?
- 4a. What elements of school spending should Headteachers be responsible for managing and why?
- 4b. What elements of school spending should Headteachers **not** be responsible for managing and why?
- 4c. What elements of school spending are not suitable for inclusion in a standardised, Scotland-wide approach and why?
- 5a. 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?
- 5b. 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?
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?
7. What factors should be taken into account in devising accountability and reporting measures to support greater responsibility for funding decisions at school level?
8. Do you have any other comments about fair funding for schools?

#### 4.2 Falkirk Council Response to Consultation

Falkirk's full response to the Consultation is attached at Appendix 1. This response was submitted on 13 October 2017.

#### 4.3 Summary of Falkirk's Views

- That Headteacher's main focus must be on learning and teaching which includes raising attainment and providing equal opportunities for all pupils. It is vital that any changes made to funding models must not detract from this, not be overly bureaucratic and must recognise additional workload where possible.
- Any changes to funding models should be evidence based and must clearly articulate how they will improve both outcomes and attainment for pupils.
- That the current Devolved School Management System (DSM) meets the local needs within Falkirk Schools and has sufficient flexibility to enable it to be used when external funding is given to schools.
- There is merit in considering developing a national standardised DSM Scheme for all 32 local authorities which would provide increased transparency, clarity, equity and consistency. This would enhance and improve benchmarking and comparator information, and we would support working with Association of Directors of Education Scotland and the Scottish Government on such a project.
- The significance of recognising the key role that central support services have in supporting Headteachers and schools is also stressed. Headteachers and school management teams require professional advice and support on a regular basis to enable them to focus on learning and teaching and it is vital that any potential changes to funding ensures that this support continues.
- The planned changes in Education Governance around setting up Regional Improvement Collaboratives are still at a very early developmental stage, so it is unclear just exactly what effect or role these RICs may have on any potential changes to future funding arrangements.

### 5. **Consultation**

- COSLA, ADES and Directors of Finance have discussed this matter and views have been widely shared.
- Locally, Falkirk hosted a meeting with our Regional Improvement Collaboratives partners to discuss all aspects associated with "Fair Funding".

## **6. Implications**

### **6.1 Financial/Resources/Legal**

There are no implications associated with submitting Falkirk's response. Any potential implications will be linked to the Scottish Government's decision as to how they take matters forward in future.

### **6.2 Risk**

None

### **6.3 Equalities**

None

### **6.4 Sustainability/Environmental Impact**

None

## **7. Conclusions**

- 7.1 Any potential change to the current system or methodology of distributing and allocating funding to schools and Education Services will have an impact on Falkirk Council. The exact impact can only be assessed once the Scottish Government publish the Consultation findings and their proposed action plans.

It is important that officers monitor this position closely in the coming months and keep Education Executive informed.

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### **Director of Children's Services**

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Date:

## **Appendices**

Appendix 1: Falkirk's Council's Response

### **List of Background Papers**

Scottish Government's Education Governance: Fair Funding to Achieve Excellence & Equity in Education Consultation Document



## 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

Falkirk Council – Children's Services

Phone number

01324 - 506600

Address

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Postcode

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Email

director.childrengovernance@falkirk.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?

- It is well established and forms an integral part of Council's overall funding package.
- The current funding model provides resources to support the wide variety of central services that support schools. If resources are targeted in a narrow way, there is a risk that central support services are overlooked.
- It can take account of recognise national SNCT agreements regarding pay, conditions and class sizes.
- It ensures that all schools receive an equitable amount of funding in a transparent manner based around size of school roll and individual pupil needs.
- It allows each Council to develop their own Devolved School Management system (DSM) in an individual manner that best suits and supports local needs.
- Significant resources are already devolved to schools to specifically support young people with additional support needs (ASN).
- Current DSM systems have flexibility embedded that allows them to account for additional resources being devolved to specific schools that may have one-off/individual needs (e.g. external funding allocations). This system can also manage devolved staffing structures which includes the need to meet national commitments such as pupil/teacher ratios.
- The local DSM schemes allow mechanisms for schools to carry forward resources at the end of the financial year, but within the same academic year.

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

- **Increased Bureaucracy** – new funding such as PEF and the Attainment Challenge Fund, whilst welcomed, have introduced individual local school accounting and monitoring arrangements.
- **Maintaining National Targets/Commitments** – Headteachers can be restricted in how they use resources locally by having to meet commitments such as maintaining teacher numbers/pupil teacher ratios.
- **Operate Out-with Council's Own DSM Schemes** – Many of the same outcomes and targeting of resources could still be achieved if funding was directed through local DSM schemes.
- **Benchmarking** – It is difficult to make comparisons between local authorities (e.g. LFRs)

**Question 2**

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

- Enables Headteachers to plan expenditure and allocate resources over the academic year and ensures that day-to-day management decisions can be taken at school level.
- It allows the school to target resources to meet local needs, priorities and objectives in a flexible manner that is beneficial to the school
- It provides an agreed mechanism for schools to carry forward under or overspends at the end of the financial year.
- Schemes are designed to minimise paperwork and bureaucracy.
- Authority retains a strategic and supportive role.
- It supports improved decision making at school level which in turn can lead to improved morale as more local control is exercised.
- It clearly identifies some expenditure areas that are deemed not suitable for devolving to school level. (E.g. school meals, PPP and capital costs). Provides more efficient use of resources including targeted funding allowing Headteachers to apply as appropriate.

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

- National commitments such as maintaining the pupil/teacher ratio which focus on statistics rather than outcomes mean that Headteachers have less flexibility in the way they utilise devolved resources.
- Bureaucracy created from governance arrangements for the new funding streams such as Pupil Equity Fund and Attainment Fund projects may divert the Headteacher's focus from learning and teaching and school improvement.
- Primary Schools do not have the administrative support (Secondary Schools have Resource/Business Managers) to deal with the additional workload that flows from this.
- Budgetary pressures may mean that some reductions in "back office" support and administrative resources will also take place.
- Headteachers still need to follow Council procedures which can be perceived to be lengthy especially in areas of recruitment and procurement. It would be difficult to see how some of the tasks involved could be shortened particularly in areas such as pre-employment checks (PVGs and References etc) without increasing risk.



**Question 3**

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

- Developing budgets that direct support schools by using a variety of data and allocation methodologies:
  - Deprivation indices/SIMD areas
  - Pupil Roll and Size of School
  - Rural factors
  - ASN – universal and individualised.
  - Attainment levels/gaps
  - No of staff
  - Community Usage
- Centralising specialised budgets, such as property to where they are best placed to be managed by professional staff, allowing Headteachers to focus on learning and teaching.
- It is important that funding for schools is not however looked at individually or at the expense of the way in which funding is allocated to the overall Service (Education or Children's Services).

**Question 4**

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

Headteachers should be responsible for managing the following elements of school spending:-

- School staffing budgets for both teaching and non-teaching staff.
- Other budgets directly relevant to the school or pupils such as training, supplies per capita, energy, training, curricular ICT, examination fees and other school budgets which support pupils.
- Some parts of property maintenance.

Headteachers should be responsible for these areas of school spending because they:-

- allow Headteachers to deploy resources in a way they think will best benefit the school and improve attainment.
- allow Headteachers to manage local issues.
- Offer Headteachers flexibility to work in collaboration within clusters, groups of schools and other sectors, in a way that maximises efficiency and improves outcomes.

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

- Employee Costs - Long Term Absence (Maternity Cover)
- Specialised Education Functions - ASN, Psychological Services, Quality Improvement, entitlement assessments (inc. clothing, EMAs & School Meals), school admissions, early years provision (out-with school setting and school day).
- Central Support Services - Property management (landlord maintenance responsibilities, statutory functions, PPP contracts and ground maintenance), Legal Services, ICT networks, financial management, insurance, payroll, human resources, school transport, school meals, cleaning and procurement.
- Capital related expenditure.
- Parent Council expenditure.

Headteachers should not be responsible for managing areas of expenditure that:

- have no direct correlation with raising attainment
- require specific professional support
- have a strategic responsibility
- they have no direct control or influence over.

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

- All areas as highlighted in 4b above.

Where expenditure has significant local or individual pupil/school dimensions attached it would be difficult to agree a national allocation basis for these areas. Examples of this would be:

- School Transport
- ASN
- ICT
- Property
- Individual curriculum area expenditure

**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?

1. Allocating a greater proportion of funding directly to schools would enable Headteachers to have greater influence and flexibility on how the resources are targeted (using local data) within the school to raise attainment and improve learning outcomes for pupils.
2. Falkirk Council has already developed strong collaboration through clusters and hubs (groups of schools), empowering teachers to lead improvement in quality and performance and providing a high level of effective collaboration amongst teachers and practitioners. Decisions on funding cluster collaborative work and projects should still be made at a local level by Headteachers to ensure that it meets the local needs and targets of each specific school. Funding could be utilised at a cluster level when common priorities are determined.
3. The consultation document does not make it clear what the role and function of Regional Improvement Collaboratives would be so it is difficult to answer this question. The Scottish Government have however intimated that these Collaboratives will not be set up as individual bodies and will not hold bank accounts so therefore no funding can be given directly to them.

- (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. Allocating a greater proportion of funding directly to schools would change the nature of the Headteacher role, and may mean their focus is diverted from improving learning and teaching. This also would potentially lead to increased bureaucracy and may create additional workloads and a greater burden in relation to administration. It could also lead to Headteachers managing areas that they do not have direct experience in such as property or ICT. Within Falkirk our central support services and business managers provide support to Headteachers to allow the focus of Headteachers and their staff to remain on learning and teaching and this is a model that has proven to be successful over a number of years.
2. Allocating a greater proportion of funding directly to clusters would potentially lead to duplication and unnecessary structural changes. Effective collaboration is not dependent on structural or governance arrangements and would not recognise and

deal with local issues. Individual schools within clusters may have different priorities and may have significantly different attainment levels, socio-economic factors and levels of deprivation.

3. As outlined in 5a (3) above under the current proposals no funding can be allocated directly to Regional Improvement Collaboratives.  
The Council believes that the local authority should continue to play a central role in school improvement and performance, including accountability and responsibility, therefore funding allocations should following this principle.

### 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 Education Governance review (depending on its final outcome) may impose responsibilities on Headteachers which could divert them from focusing on learning, teaching and improving attainment and may lead to increased administrative workload and bureaucracy within schools.
- Headteachers require support from enabler services within Councils, including Financial Management, Property Services, Human Resources, IT and other Council services, such as Procurement, to provide expertise and ensure a co-ordinated approach to service delivery across all Council Services whilst enabling Headteachers to continue to focus on learning, teaching and school improvement.
- Headteachers will continue to need support, direction and assistance from specialist central education professionals and assistance in areas such as psychological services, ASN, ICT, property, statistical data and performance management and customer services etc.
- The impact of national commitments such as the pupil/teacher ratio should be reviewed as these limit Headteacher's flexibility over the prioritised use of school budgets as a result.

### 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?

- Local DSM schemes make Headteachers responsible and accountable for their school's devolved financial resources and enables day-to-day management decisions to be taken at school level and permits local issues to be addressed directly. The focus of devolved budgets are local accountability and decision making.
- Headteachers (as mentioned in earlier answers) may require additional professional support in areas where they lack expertise and specialist knowledge. They may also require additional administrative support within schools to deal with the additional workload and bureaucracy that could come from devolving increased responsibility, autonomy and decision making powers. The Headteacher's Charter may provide a clearer definition of just what areas of additional responsibility would be.

- If Headteachers assume full responsibility for staff, will this mean fully managing discipline, grievance, absence and capability matters and making decisions on probationers, staff contract types and staff dismissal? Will they assume responsibility for managing teachers who become surplus? Having a robust central system for the strategic management of staffing is critical and any distillation of that centrally controlled system would lead to increased risk and create additional workload and bureaucratic burdens.
- Having central support services that can offer specialist and professional advice and direction is critical should additional responsibilities be delegated to schools.
- Performance measures should be outcome rather than input focussed e.g. pupil/teacher ratios.
- The level of additional bureaucracy created from new governance arrangements must be considered. New funding streams such as Pupil Equity Fund and the Attainment Fund projects have generated additional workload and administrative demands within schools which if not properly resourced and managed may divert the Headteacher's focus from learning and teaching.

### Question 8

- Falkirk Council supports developing a national standardised DSM scheme to provide a consistent approach to funding across all Scottish Authorities. This could include setting of minimum staffing/funding standards and the development of national benchmarking statistics and data to ensure equality. We believe that the current DSM schemes across Scotland largely meet the principles set out in the consultation.
- Headteachers should be responsible and accountable for resources allocated to their school. However, their focus should continue to be on raising attainment whilst closing the gap, learning and teaching and leading the school. Any increased level of responsibility must be carefully managed and resourced to ensure that the additional administrative workload will not detract Headteachers away from their focus on learning and teaching.
- It must be recognised that Headteachers will still require significant professional support from centralised teams.
- Any changes to funding allocations must be evidence based and it should be clear how they will contribute to the stated outcome of raising attainment.

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