

The background of the slide features the Falkirk Council Coat of Arms. It is a shield divided into four quarters. The top-left quarter shows a saltire (X-shaped cross) with a castle tower in the center. The top-right quarter shows a stag's head facing left. The bottom-left quarter shows a sailing ship on wavy lines representing water. The bottom-right quarter shows a lion's head facing left. Above the shield is a crown with four fleurs-de-lis. Below the shield is a ribbon with the motto 'A'NE FOR A'.

Agenda Item 5

Implementing the Council's Medium Term Financial Plan in Falkirk's Schools

Falkirk Council

Title: Implementing the Council's Medium Term Financial Plan in Falkirk's Schools
Meeting: Education Executive
Date: 6 November 2018
Submitted By: Director of Children's Services

1. Purpose of Report

1.1. This report provides the Education Executive with:

- the current estimated financial savings target that Children's Services are expected to achieve in terms of the Council's current Medium Term Financial Plan (MTFP);
- a proposed approach to achieving school level savings within the context of the Council's MTFP; and
- details of the proposed timeframes for schools and other direct services to consult with parents, staff, pupils, clients and other stakeholders on the savings options that are likely to be considered.

2. Recommendations

2.1 The Education Executive is asked to:

- (i) agree the principle of requiring schools to identify targeted savings from with their Devolved School Management (DSM) "funding envelope" as proposed at paragraph 4.1 below;
- (ii) agree that the Director of Children's Services can direct Headteachers to consult locally with parents, staff, pupils, and other stakeholders on the savings options likely to be considered in order to achieve their (school level) proportionate share of the savings that have been attributed to Children's Services in the MTFP;
- (iii) agree that the Director of Children's Services report back on the development of schools' budget savings plans to the January meeting of the Education Executive.

3. Background

Medium Term Financial Plan

3.1 The MTFP presented to the Executive on 25 September 2018 highlighted the Council need to address an estimated budget gap of £60m over the next 5 years as shown in the table below.

5 YEAR INDICATIVE BUDGETS AND SAVINGS								
Service		2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	TOTAL SAVINGS £'000	% Target
Children's	Budget	198,656	207,348	208,792	208,139	206,832		
	Savings	5,853	5,853	5,853	5,853	5,853	29,265	2.8
Development	Budget	27,855	27,297	26,467	25,699	24,847		
	Savings	2,003	2,003	2,003	2,003	2,003	10,015	7.8
Corporate & Housing	Budget	26,604	26,005	25,240	24,811	23,932		
	Savings	1,448	1,448	1,448	1,448	1,448	7,240	5.7

The report also estimated that the budget gap for the next 2 years is:

2019/20 - £14.1m; and 2020/21 - £13.6m.

It should also be noted that there is a real risk that this overall budget gap could increase as there are a number of other key factors, for example pay awards, that remain uncertain.

- 3.2 As can be seen in the above table Children's Services have been given a savings target of £5.853m for each of the next 5 financial years (2019/20 – 2023/24), £29.265m in total.
- 3.3 To meet this level of unprecedented budget savings Children's Services need to consider a range of budget options now, in order to both undertake consultation and make potential plans for their implementation either from the start of the next financial year (April 19) or from the start of the next academic school session (August 19).
- 3.4 There is no doubt that to achieve this level of savings Children's Services will have to carefully manage radical restructuring, re-engineering, downsizing and re- prioritisation across all areas of current service provision within the context of both Council and national priorities and legislative frameworks. This level of budget savings cannot be met without having a direct and significant impact on schools.

National Context: Empowering Schools

- 3.5 Following the publication of the "Next Steps" Consultation response (*Education Governance – Next Steps: Empowering our teachers, parents and communities to deliver excellence and equity for our children, June 2017*) the Scottish Government developed a draft Education Bill which was published in June 2018. The Bill was not however introduced to Parliament and a Joint Agreement was reached between the Scottish Government and COSLA to progress aspects of what was included within the draft Bill on a collaborative basis.

- 3.6 Included within the Joint Agreement are areas contained within the original consultation on:
- The Headteachers' Charter;
 - Parental and Community Engagement;
 - Pupil Participation;
 - Regional Improvement Collaboratives; and
 - Fair Funding.
- 3.7 In relation to The Headteacher's Charter the Joint Agreement states:
- Local Authorities will continue to be responsible for the local authority education budget and the delegation of funding to schools. Headteachers will make decisions on the spending within that delegated budget;
 - Decisions about education spending at local authority and school level are made in a collegiate and transparent way paying due regard to Getting it Right for Every Child (GIRFEC) and local authorities' role as Corporate Parents; and
 - Local Authorities have regard to updated statutory guidance setting out a clear national framework for the delegation of funding to schools. This guidance is being co-produced through the Fair Funding Reference Group following the consultation exercise.
- 3.8 Until now the local authority has been responsible for directing the school sector regarding the savings that are required. We are now however entering an arena where the "Empowering Schools" and the "school autonomy" agendas mean that a different approach will be required. In particular the expectation that *"Headteachers will make decisions on the spending within that delegated budget"* requires that a different approach is adopted to the identification of savings from school budgets.

4 Considerations

Proposal to adopt a "Funding Envelope Approach"

- 4.1 It is proposed that the existing DSM allocation to schools is identified as that school's "funding envelope" and that schools be tasked to identify specified savings from within that "envelope" in line with the approach agreed by the Executive with respect to the Council's MTFP.
- 4.2 Schools would develop their savings proposals to take account of their local context in partnership with parents, staff, pupils and other stakeholders.
- 4.3 Children's Services will clearly set out for schools the parameters within which these savings can be identified. For example schools will be advised that they must adhere to all legislative requirements and to all national and local agreements with respect to staff terms and conditions.

Planning Consultation Timeframe – Schools

- 4.4 As schools start their curricular and workforce planning for 2019/20 from November 2018, it is important that they have time to assess what the potential consequences and impact these estimated budget cuts may have on their curricular and school improvement plans for next year now, so that they can undertake appropriate consultation with their stakeholders now.
- 4.5 Head Teachers will need to consult with parents, staff, pupils and other stakeholders now to help assess opinions and options on how to effectively manage and implement various savings options and changes to existing curricular and service delivery models.
- 4.6 Of the £5.83m annual target for Children's Services the corresponding proportionate amount for the secondary school sector is £2.5m and for the primary sector is £1.8m. Schools will, in the first instance, be asked to identify how they would meet this target for 2019/20 and to give consideration to how they would identify further savings for subsequent years.
- 4.7 A list outlining potential areas that schools are likely to consider for budget savings options is shown at Appendix 1.

5. Consultation

Consultation Timescale

- 5.1 If approved then Headteachers and Service Managers will be asked to undertake consultation with their individual stakeholders over a 4 week period from 19 November 2018 – 14 December 2018.
- 5.2 Children's Services Senior Leadership Team will convene a meeting of parent Council Chairpersons during this period to discuss the budget options likely to be considered by schools.
- 5.3 It is likely that this consultation will overlap with the Council's budget consultation exercise.
- 5.4 The Director of Children's Services will produce a report for the Education Executive in January 2019 that summarises the development of schools' savings options.

6. Implications

Financial

- 6.1 Children's Services as the largest budget holder within the Council (c £190m) must achieve a level of significant budget savings to ensure that the Council can address the current estimated budget gap.

Resources

- 6.2 The exact outcome and individual savings targets for each budget savings option will be decided once the feedback from the consultation exercise is received and assessed.

Legal

- 6.3 The current budget options that have been tabled will significantly reduce the current service and curricular provision offered within Children's Services but they do not infringe our requirement to provide statutory duties.

Risk

- 6.4 The council would be exposed to financial, governance and reputational challenge should the budget gap not be addressed.

The level of budget savings allocated to Children's Services may result in:

- compulsory redundancies;
- reduction in teacher numbers which would affect our pupil teacher ratio target;
- reduction in curricular choices;
- reduction in support staff numbers and consequent supervision capacity; and
- increased social media and press attention.

Equalities

- 6.5 Equality, Poverty and Impact Assessments will be finalised for all of the budget savings options that are progressed once the consultation feedback has been assessed and reviewed. Specific targets for individual schools from their "funding envelopes" will be developed and will take account of socio-demographic factors and the moderating impact of Pupil Equity Funding to address inequalities of opportunity.

Sustainability/Environmental Impact

- 6.6 None

7. Conclusions

- 7.1 As outlined earlier in this report the level of expected savings from Children's Services means that immediate actions must be taken to consult relevant stakeholders, on possible budget savings options, in order to meet the lengthy lead in times that schools, in particular, need to implement from the start of the 2019/20 academic year, in August 2019.

- 7.2 While budgets reductions of any type present challenges, it is important to recognise that the current level of estimated savings will require significant resource input from all Managers and Headteachers to ensure that the consultation exercises are conducted and completed in a professional manner.

Director of Children's Service

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Appendix

Appendix 1 Children's Services – Potential Budget Cut Options

List of Background Papers:

None

CHILDREN'S SERVICES – POTENTIAL SCHOOL BUDGET SAVINGS OPTIONS

Primary Schools

- Potential to revise school staffing arrangements, management structures and allocation of management time;
- Review allocation of supplies and services and expenditure on external activities;
- Review allocation of support staffing for supervisory duties – eg pre-school start supervision, playground and dining hall monitoring; and
- Review expenditure on certain curricular provision.

Secondary Schools

- Potential to revise school staffing arrangements, management structures and allocation of management time;
- Review allocation of supplies and services and expenditure on external activities;
- Review allocation of support staffing;
- Review of Senior Phase: delivery model (including digital learning) and revised curricular offer;
- Review of the efficiency of the current Broad General Education offer and its sustainability;
- Potential to re-configure the school day; and
- Review the efficiency of operating curricular courses in smaller classes.