

**REPORT TO: CHILDREN AND FAMILIES SERVICES COMMITTEE –
23 JANUARY 2017**

REPORT ON: REVIEW OF THE DEVOLVED SCHOOL MANAGEMENT SCHEME

REPORT BY: EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE

REPORT NO: 26-2017

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to outline proposals to review the Devolved School Management (DSM) Scheme to provide headteachers with additional responsibilities and flexibility in the areas of staffing, recruitment and procurement. This is in preparation for the introduction of the ‘Pupil Equity Funding’ in April 2017. This will be allocated directly to headteachers and will require close partnership working with the centre to maximise the impact of the funding in closing the poverty related attainment gap.

2.0 RECOMMENDATIONS

- 2.1 Committee members are asked to:
- Note the projected allocation for Dundee schools ;
 - Note the implications for areas such as staff recruitment, procurement, fiscal reporting and accountability; and
 - Instruct the Executive Director of Children and Families Service to provide a future report on the final allocation of funding, the associated terms and conditions and the ways in which the funds have been used.

3.0 FINANCIAL IMPLICATIONS

3.1 The projected allocation of Pupil Equity Funding to schools across Dundee will be 4.975m. This is in addition to the Scottish Attainment Challenge funding of 4.5m per year for the next four years.

4.0 MAIN TEXT

- 4.1 “Delivering Excellence and Equity in Scottish Education: A Delivery Plan for Scotland” (June 2016) stated that the Scottish Government is committed to a publicly owned and run, comprehensive education system but that the Government would seek more autonomy for schools by providing them with the responsibilities and resources to make this happen. As a consequence, a Governance Review was launched in September 2016 with the policy objective of devolving increased aspects of decision making and funding directly to schools.
- 4.2 As part of the budget settlement for 2017-18, the Cabinet Secretary for Finance and Constitution announced that the sum of £120m was to be allocated directly to headteachers in 2017-18 to help close the poverty related attainment gap. Provision

for the additional funding will be met from the resources available to the Government at a national level, from the total Scottish Budget and overall national taxation income. The allocation will be based on the numbers of children in primary school and S1-3 in secondary school who meet the eligibility criteria for free school meals.

- 4.3 The £120m Pupil Equity Funding will be paid as part of a ring fenced grant and will be allocated directly to Dundee schools (primary, secondary and Kingspark) on the basis of the numbers of pupils from P1 to S3 known to be eligible and registered for free school meals, as estimated by using data from the Healthy Living Survey and pupil census data. The rate will be around £1,200 per pupil. This funding will be on top of the existing Attainment Scotland funding received by Dundee to provide targeted support for children and young people in greatest need.
- 4.4 The exact individual school level allocations will be provided during the week commencing 23 January 2017. A range of support measures will be put in place to assist schools to plan for the effective use of this funding. This will include a series of events organised by Scottish Government and Education Scotland to provide advice and guidance for headteachers and colleagues on how the funding may be used at school level. A meeting took place on 17 January 2017 between Scottish Government officials and Directors of Education to discuss the Pupil Equity Funding and the associated advice and guidance that will accompany it. Grant letters will be issued to all Local Authorities by the end of March 2017 with school allocations and associated terms and conditions.
- 4.5 The allocation of additional funding for headteachers and schools is to be welcomed however there are no precedents for this method of distribution and there are a number of implications to be considered and addressed in order that the monies can be spent on improving outcomes for children and young people. A key consideration is that the Pupil Equity Funding will be separate from the Devolved School Management scheme which is managed and scrutinised centrally. As a result the existing DSM scheme will require to be reviewed to accommodate the revised funding arrangements.
- 4.6 Given that the most effective lines of professional accountability are based on the existing partnership between the central team and headteachers, it is clear that a review of the DSM scheme is necessary for the following reasons:
 - The staffing formula for teaching and support staff is used to allocate staff to each school based on factors such as school roll, free school meal entitlement and the social demographics of the school catchment area. This provides the core staffing level in schools across the city. Although headteachers will be able to use Pupil Equity Funding to employ teachers or non-teaching staff such as Additional Support Needs Assistants, there is no mechanism at present for headteachers to employ staff directly on a school by school basis. This will require to be addressed in conjunction with teams in Corporate Services and Human Resources so that appointments can be discussed, advertised and made with the support of the centre. Given the current arrangements with the staff recruitment through the Scottish Attainment Challenge, a distinction may have to be made between core staffing from the central budget and additional staffing employed through alternative means including Pupil Equity Funding.
 - There are clear protocols and processes in relation to the management and application of the Devolved School Management funds. These are well understood and rigorously applied to a very high standard of scrutiny. It is not yet clear how the Pupil Equity Funding spend will be scrutinised. The fact that the

monies will be allocated directly to headteachers alters the role of the centre in planning or shaping school based spending decisions using Pupil Equity Funding. This mirrors the position with School Funds raised by schools and parents on an individual school basis since the centre has an audit role but is not directly involved in determining how the monies should be spent. Given that the Pupil Equity Funding will be allocated directly to headteachers it is not yet clear if the audit trail and fiscal accountability will be between the Scottish Government and headteachers therefore potentially adding an additional layer of bureaucracy. The initial indications are that headteachers will report on their use of the Pupil Equity Funding in their annual Standards and Quality report using a revised format.

- The issue of procurement will be a consideration in terms of the ways in which the Pupil Equity Funding is used. The procurement model is designed to maximise purchase power and is a requirement for headteachers using Devolved School Management funds since these form part of the public purse. Given that the Pupil Equity Funding is also part of the public purse it would make sense to adopt the same procurement model but this will require to be clarified in discussion with Scottish Government officials.
- Partnership working approaches using Third Sector groups, organisations or agencies will require to be planned well in advance since headteachers do not presently organise or fund external support. This is done centrally and there are protocols in place to procure, commission and monitor the services of the Third Sector. Schools may well decide to work at cluster level using a Third Sector approach to target specific groups of children or to engage with families at community level. This would require advance guidance and support to maximise the impact and ensure that all parties were in agreement over the nature of the activities to be delivered and the strategies to be used to evaluate impact.
- The importance of cluster working to share best practice and maximise resources is an area for further development across schools. This could involve combined staff development events or activities as well as joint working arrangements to share staffing and resources. This can be supported centrally within the current budgetary arrangements but would require to be reviewed should schools decide to extend the scope and nature of cluster working arrangements.

4.7 It is clear that the Pupil Equity Funding will offer many advantages to headteachers and schools given the potential impact on pupils, families and the wider school community. What is apparent is that a considerable amount of planning and preparation must take place between January and March 2017 to ensure that headteachers are best placed to work with the central team to maximise the additional funding in order that it can be targeted in the most effective manner.

5.0 POLICY IMPLICATIONS

5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATION

- 6.1 The Chief Executive, Executive Director of Corporate Services and Head of Democratic and Legal Services have been consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

- 7.1 Delivering Excellence and Equity in Scottish Education.

MICHAEL WOOD
Executive Director of Children and Families Service
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