

Devolved School Management Scheme

CONTROL SCHEDULE

Approved by	Education, Children and Families Committee
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Schedule for Review	3 years (2025 next review)

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1. INTRODUCTION

In Numbers: Our Schools and Pupils

As a successful growing city, our school population is increasing, and we are investing in our schools to meet our future needs. We currently have 23 secondary schools, 89 primary schools and 10 Special schools within our school estate. Being a city council, our school estate is varied, encompassing city centre, suburban and rural schools of varying size, building age, and deprivation indices. We have denominational and non denominational schools, a Gaelic medium primary school and we will soon have a Gaelic medium secondary school.

Our schools sit within the Council's Education & Children's Services, alongside centrally based teams that provide support to schools. (see section 4.14 Professional Support Teams)

The funding we receive from the Scottish Government closely links to pupil numbers, teacher numbers and deprivation indices, and in turn the funding devolved to individual schools for staffing and supplies also takes account of these factors.

	Pupil no.	Teacher FTE
Secondary	20,869	1,594
Primary	30,430	1,652
Special	659	157
Centrally Employed	-	114
TOTAL	51,958	3,518

Source: September 2020 Annual School Census
FTE = Full Time Equivalent

Our school roll projections and methodology, can be found here:
<https://www.edinburgh.gov.uk/school-places/school-roll-projections/1>

Parental Involvement

We recognise the importance of parental involvement in pupils learning and school life. Currently 114 of our 121 schools have an active Parent Council. Parent councils help parents and carers to become involved in their children's learning and provide a voice for them.

The role of a parent council is to

- help the school in its work with pupils
- take account of the views of parents and discuss these with the head teacher and the council

- take part in appointing promoted staff
- encourage links between the school, parents and carers, pupils, pre-school groups and the community
- support the school in developing home and school partnerships
- make use of the skills, knowledge and experience that parents can offer.

More information can be found at <https://www.edinburgh.gov.uk/parental-engagement/parent-groups/2?documentId=11934&categoryId=20073> and <https://education.gov.scot/parentzone/getting-involved/parent-councils/about-parent-councils/>

Our Consultative Committee with Parents (CCwP) is a forum that gives parents/carers from across the city the chance to discuss citywide and national issues with members of our staff and other groups. The CCwP meets four times a year. More information can be found at <https://www.edinburgh.gov.uk/parental-engagement/parent-groups/4>

Devolved School Management National Overview

Devolved School Management was introduced in 1993 to enhance and improve the management of resources at school level. The DSM guidance was reviewed in 2006, and again in 2012, taking account of the changing economic and financial climate for both Local Authorities and the Scottish Government. In June 2017 the Scottish Government consulted on changes to DSM as part of the wider "*Fair Funding to Achieve Excellence and Equity in Education*" consultation.

The updated national DSM guidelines, published in summer 2019, sought 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. These Guidelines can be found here <https://www.gov.scot/policies/schools/devolved-school-management/>

Principles of Devolved School Management

The updated DSM principles, agreed by the national Fair Funding Reference Group and building on and enhancing the foundations and principles of the 2012 guidance, are:

- Subsidiarity and Empowerment
- Collaboration
- Accountability and Responsibility
- Clarity and Equity

These principles reflect the National Improvement Framework aims of excellence through raising attainment and achieving equity. The principles also fully endorse those proposed in the Fair Funding consultation:

- **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

2. BUDGET OVERVIEW

The distribution of the City of Edinburgh Council’s Revenue Budget for Education is summarised in the following table.

Education & Children’s Services	Corporate Services
Employee Costs (excluding Facilities Management, Catering & Cleaning)	Employee Costs (Facilities Management, Catering & Cleaning)
Transport Costs	Premises Costs
Supplies and Services	
Transfer Payments	
Income	

Example Figures from 2020/21

In Financial Year 2020/21 the Education budget distribution to each directorate is:

Education & Children’s Services	£340.7m
Corporate Services	£86.3m
Total Education Budget	£427.0m

Budgets devolved to Schools in financial year 2020/21 are:

Primary	£114.6m
Secondary	£103.3m
Special	£18.1m
Pre-Primary	£16.7m
Total Devolved Budget	£252.7m

Full details of our devolved allocations (staffing and non staffing) are contained within our Finance Manual for schools (see Appendix A).

3. AREAS OF EXPENDITURE TO BE DEVOLVED

Whilst headteachers are given maximum flexibility over their budgets, there are areas of expenditure that are generally not considered suitable for devolution. The reasons for this may include, but are not limited to: areas outside the influence of a headteacher; areas that are too bureaucratic; have unacceptable levels of risk; benefit from economies of scale; require professional expertise; and complex by their nature.

Areas identified as not suitable for devolving:

- Rent in relation to school premises
- Capital expenditure, including PPP/PFI costs
- Property Insurance
- Non-Domestic Rates
- Statutory Local Authority contracted work on managing the school estate
- Corporate support function costs for example Finance, HR, and Legal functions
- School clothing grants
- Education Maintenance Allowances
- Home to school pupil transport
- Premature retirement costs
- Local Authority Information Management Systems (SEEMIS)
- School meals
- Janitorial and cleaning staff costs
- Central support services based within Schools and Lifelong Learning for example Education Psychology, Quality Improvement teams, Additional Support for Learning team and other centrally based support teams.
- Waste collection
- Energy costs
- Carbon charges
- Long terms sickness absence
- Family leave costs
- Music Instructors
- Centrally coordinated Visiting Specialist teachers
- Parent Council Expenditure

4. THE SCHEME IN DETAIL

This section covers the 9 key areas of our DSM Scheme, these are summarised in the Expected and Recommended Summary (Appendix B).

4.1 Financial Regulations

Financial Regulations are an integral part of the stewardship of Council Funds. Adhering to the Financial Regulations ensures that all financial transactions of the Council are conducted in a manner which demonstrates openness, integrity and transparency.

The DSM scheme formulae are driven by pupil rolls and demographic data to promote the effective, efficient and transparent distribution of resources.

4.2 Best Value Principles

The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003: <https://www.legislation.gov.uk/asp/2003/1/contents>

4.3 Local Authority Commitment to Devolved School Management

In an empowered system, Head Teachers, schools and Local Authorities are partners, each contributing and supporting each other and respecting the different role each plays. This guidance was developed by a collaborative short life DSM Review group with representation from sector Head Teachers, Business Managers, central colleagues and other stakeholders, to ensure the guidance works for all.

Our DSM Scheme provides a transparent, fair and equitable allocation of resources to schools. DSM formulae are agreed through short life DSM Review groups (as outlined above) and focussed sub-groups. These formulae, predominantly linked to school roll, have been designed with relative stability in mind, allowing for Head Teachers to effectively plan spend ahead. Draft August staffing allocations are shared with Head Teachers and Business Managers in February along with their roll projections. Longer term roll projections to assist with planning are published publicly <https://www.edinburgh.gov.uk/school-places/school-roll-projections/1>

Full details by sector of our DSM formulae are included in our Finance Manual (Appendix A).

Local Authorities have a responsibility to lead the review of the DSM scheme and to review associated systems to ensure that they enable key decisions to be made by those closest to the educational experience of children and young people in order to maximum outcomes.

We recognise the role we have in supporting schools to operate within the current financial guidelines when managing resources to promote equity. Following the draft publication of the *Improving school empowerment through self-evaluation: a framework for local authorities* (The Scottish Government, 2019), a short life working group within the Empowered Edinburgh strategic framework was set up in September 2019 with the clear focus of supporting schools in their managing of resources for equity (Quality Indicator 1.5 within the *How Good is Our School* framework). Feedback from schools led to the creation of action points which are incorporated into our scheme, particularly with regards to training and support for School Leaders and Business Managers.

Head Teachers, as budget holders, will be responsible for ensuring that the regulations, legislations and local guidance are followed fully, and that resource is used to directly improve outcomes for children and young people.

4.4 School Expenditure Within Wider Strategic Planning

Decisions are made closest to the learner wherever possible and are delegated to Headteachers and schools. Headteachers are accountable and responsible for the use of financial resources within their school following consultation with pupils, parents, staff and the wider community, and in line with their School Improvement Plan which reflects local authority strategic plans and priorities, and the National Improvement Framework. Strong and distributive leadership is necessary to establish effective systems to support partnership working with pupils, parents, staff and the wider community to determine how best to utilise resource to deliver on local and school level plans. Schools are empowered to make decisions that affect outcomes, while being part of a collaborative learning community and the Local Authority. Decisions about education spend are made in a collegiate and transparent way, paying due regard to wider responsibilities.

Headteachers are accountable to both the local authority and to their learning community for the leadership and management of resources within their settings, and must comply with the financial and procurement regulations to ensure that the Local Authority is not compromised and that all legislation is adhered to. Any issues regarding adherence to Council Contract Standing Orders which reflect the financial and procurement regulations will be identified by accountants and escalated to the Senior Education Manager.

Additional payments to members of school staff for designated projects/commissions over and above their contracted responsibilities can be agreed at school level and processed in the usual way via claim forms at supported study rates.

4.5 Scottish Negotiating Committee for Teachers and Local Negotiating Committees for Teachers Agreements

Head Teachers are required to operate within the agreed SNCT terms and conditions for all staff who come under this scheme. The SNCT handbook is available: <http://www.snct.org.uk/>

In addition, some terms and conditions are governed by LNCT (local) agreements and there is also a requirement to adhere to these. Details of local agreements can be found: <https://www.snct.org.uk/lncatAgreements.php>

All members of the Edinburgh LNCT are encouraged to submit relevant agenda items. These can include matters where it is felt that:

- A new LNCT agreement is needed
- An existing LNCT agreement needs updating, or replacing

SNCT circulars and guidance are a standing item on the agenda and, where required, local advice and guidance will be issues to supplement these. Further, there are opportunities to discuss and review areas where it is felt that SNCT agreements and guidance are not being properly implemented.

All members of the LNCT have responsibility for feeding back to relevant stakeholders, through a range of forums (HTs via HT focus groups, union representatives to teachers via their networks etc) and make efforts to ensure all are informed of, and comply with, local and national guidance. They also encourage people to raise concerns with them, to better inform the deliberations of the LNCT, and to ensure that any issues are identified at an early stage.

The Joint Secretaries of the LNCT also offer advice and support to HTs and others about how to implement local agreements, and what to do if there are issues. By ensuring a wide knowledge and understanding of SNCT and LNCT agreements, and encouraging all staff to engage with them, there is a strengthened culture of adherence, as agreements are seen as belonging to the wider school community.

PUBLICATION

4.6 Publication Availability

This framework document is available within the Schools section of our Council website. A summary aimed at all stakeholders is also available.

TRAINING

4.7 Available Training

Training is available for Head Teachers, aspiring Head Teachers, Business Managers, school admin staff on all aspects of DSM. A detailed matrix of all essential learning for school staff by role is located on The Orb:

<https://orb.edinburgh.gov.uk/site-search/results/?q=essential+learning>

This training includes the essential training for effectively managing devolved matters including:

- Workforce Controls
- Work Force Control Policies
- Resilience
- Child Protection
- GIRFEC and ASN
- Finance
- Health & Safety

Training is delivered in a variety of ways through e-learning, group training sessions, videos, workshops and one to one sessions. A group of central officers consulted with Head Teachers and Business Managers and have designed a suite of Finance and Resources CLPL.

Should a member of school staff require advice or clarification on a devolved matter, centrally based colleagues are available to assist (see section 4.14). CLPL calendar is available to all schools via sharepoint.

CONSULTATION, ENGAGEMENT AND TRANSPARENCY

4.8 Consultation and Engagement

Empowerment is core to all work in schools and is embedded in the model of support provided by the local authority. To ensure robust, transparent decision making and best value, Empowerment Boards have been established to oversee both Finance and Staffing. These Boards are attended by officers and senior leaders and professional association representatives and follow clear Terms of Reference and governance structures. All actions relating to schools are referred to the Boards for discussion and approval. Short Life Working Groups are often established to take forward specific pieces of work. Membership is reviewed every two years.

At school level, as at local authority level, empowerment is fundamental to all decision making. This means that Headteachers consult on appropriate matters, for example staffing, DSM, resources. Consultation is meaningful and extends beyond mere reporting. It includes arrangements for how major financial decisions, including

spending linked to Pupil Equity Fund, are compliant and meet procurement and other statutory arrangements.

As part of the Empowered system, Headteachers are required to have formal mechanisms in place to ensure that financial decision making is transparent and adheres to principles of Best Value. In practice this means that all Headteachers have a Financial Procedure in place which is shared on the school website. The Financial Procedure sets out the following arrangements:

- A School Finance Committee meet a minimum of 4 times per year, to discuss
 - School Fund
 - DSM
 - PEF
 - Any other relevant funding
 - Arrangements for communication and consultation with staff, parents, pupils and the wider community

A local authority template which outlines the requirements for membership of these meetings, and allows schools to record agreed actions, is available to schools (see Appendix C).

A survey asking schools to feed back on their confidence levels regarding all essential and desirable DSM criteria was issued in 2021 and feedback informed further improvement.

4.9 Transparency

Local Authority Budgets and education budgets are reported annually at the Finance and Resources Committee and published on the Council website. Delegated school budgets are shared with Head Teacher and Business Managers who in turn will discuss with the Parent Council. In addition, the Empowerment Finance Board reviews and publishes the DSM scheme every 3 years. This review sets out any amendments to the DSM scheme, specifically where council budget setting priorities have, following discussion at the Finance Board, impacted on DSM arrangements. The annual report prepared by the Finance Board is also shared at the Consultative Committee with Parents and circulated to schools for discussion at school Finance Committee meetings.

COLLABORATION

4.10 Local Priorities

The Edinburgh City Plan sets out 3 clear priorities which are reflected in the Education Strategy: Edinburgh Learns for Life, namely a fairer, healthier, greener

future for everyone. As such all priorities taken forward are explicitly to improve outcomes for children and young people by eradicating poverty and narrowing the poverty related attainment gap.

All financial decisions therefore link clearly to the priorities of poverty, sustainability and health and wellbeing. Headteachers are aware that best value principles apply and that they cannot take any decision which excludes any learner or exacerbates the poverty related attainment gap.

As Corporate Parents, Headteachers and staff in schools are mindful of the significant pressures facing children and young people who are care experienced. As such all staff pledge to keep The Promise and take great care to ensure outcomes for this group are promoted and secured. This includes all financial decisions which may impact on vulnerable learners, including those currently or previously in care.

In addition, all staff are aware of the explicit aims of GIRFEC in which children and young people's views influence all decisions affecting them, including financial decisions.

Headteachers fully endorse prevention and early intervention in a spend to save model. This requires collaboration across Learning Communities to assess need and set out priorities for improvement. For example, Headteachers pool resources such as PEF to employ Home Link Workers and Speech and Language Therapists to work across 3-18 schools and centres.

In line with national guidance on PEF, the local authority has organised and delivered support sessions for schools on Participatory Budgeting (PB), whereby members of the school community can be involved in key decisions about how to allocate agreed amounts of funding.

STAFFING

4.11 Staffing Structures

Staffing structures are formula driven and predominantly link to school roll. Under our DSM scheme, Head Teachers can choose to operate the staffing structure in line with the formulae or they have some flexibility to use their budget in a different way to create a different structure within their existing budget (see 4.16). Head Teachers are expected to empower school communities to consider how best to utilise the resources available to them and to consider the need to amend staffing structures to better suit local need.

Where a change is to be made on a permanent basis, for example, a restructuring of the school management team or faculties, plans should be discussed with a Senior Education Officer and/or Manager. Head Teachers must consider longer term roll projections and how these could impact on the staffing allocation when establishing if there is sufficient budget available. For any proposals involving promoted posts, a Job Sizing coordinator should also be contacted to ensure that the correct procedures are followed in terms of salary grading.

Discussions around restructuring and the potential risks form part of the DSM training provided for new and aspiring Head Teachers. Central staff are available to discuss this.

The allocation criteria are contained within our Finance Manual (see Appendix A).

4.12 Legislative and Contractual Requirements

Although staffing budgets are devolved to schools, City of Edinburgh Council is the employer and all major conditions of service continue to be negotiated at national level.

Within the devolved scheme, schools must adhere to SNCT/LNCT agreements in areas such as class sizes, staff structures, length of the school day etc.

Pupil numbers will be the major factor in determining budget allocations, however account will also be taken of exceptional individual circumstances which may not be capable of adequate determination by a simple roll-based formula.

4.13 Staff Resource

It is expected that headteachers should play an active role in designing and reviewing recruitment and staffing approaches, both for their own school/s and for the Local Authority. For information, on all staffing matters, headteachers must adhere to the appropriate legislation and Local Authority, SNCT and LNCT agreements and guidelines. Headteachers should also be consulted on the allocation of support staff to schools. For information, on all staffing matters, Head Teachers must adhere to the appropriate legislation and Council, SNCT and JNCT agreements and guidelines.

PROFESSIONAL SUPPORT

4.14 Professional Support teams, functions and transparency

Schools are allocated a range of support staff based on the school roll and sector. These include Business Managers, Administrative and clerical staff, support assistants and early years staff if applicable. Full details of their individual role and responsibilities are contained in their job description and employee specification. The allocation criteria are contained in our Finance Manual (see Appendix A).

There are centrally based teams available to assist on all functions within DSM. For full, live details visit: [How We're Organised](#) . A summary is provided:

Education & Children's Services Teams	Functions
Estates & Operational Support	support with school extensions, new school builds, school capacities, catchment review, home to school transport (mainstream)
Schools & Lifelong learning	support with early years, quality improvement and curriculum, advice and complaints, lifelong learning, pupil and parent support, DSM, schools operational support, parental engagement, job sizing, home schooling, student teacher placements and teacher induction scheme
Children Services	support with special schools and ASN, young people services, looked after children, occupational therapy
Corporate Services Teams	Functions
Commercial and Procurement Services	support will all aspects of procurement including Oracle and payment services
Financial Services	support with finance, budget statements, monitoring, carry forwards, Frontier
Human Resources	support with all aspects of HR including recruitment, supply staff, PVG, contracts, disciplinaries
Customer and Digital Services	support with ICT including SEEMiS, free school meals, EMA payments, P1 and S1 places
Property & Facilities Management	support with catering, cleaning, facilities management, repairs and maintenance (Non PPP)
Legal & Risk	support with Legal issues, Risk and Health & Safety

ACCOUNTING

4.15 Budget underspend / overspend

Head Teachers may carry forward any surplus funds from one financial year to another subject to this surplus being a maximum of 2.5% of the total devolved budget. Nursery Schools may carry forward up to 10% of their total devolved budget. Any additional underspend in excess of 2.5% or 10% will be retained centrally. Business Managers are able to contact school.monitoring@edinburgh.gov.uk to raise any circumstances that may be exceptional.

The Executive Director of Education and Children's Services may instruct Head Teachers not to budget an overspend where there is reason to believe that this would create financial difficulties for the Council. Any budget overspend incurred by the Head Teacher will be carried forward in full to the next financial year and will

have the effect of reducing the total funds available for expenditure in that year. It is expected that any overspend is repaid the following financial year, however, in some exceptional cases a three year repayment plan may be agreed.

In exceptional circumstances the Executive Director of Education and Children's Services may amend the amount of surplus or deficit to be carried forward but will give reasons for doing so.

4.16 Virement

The Head Teacher may transfer funds from one account code to another subject to any minimum standards or other specific restrictions set down by the Authority being observed. This includes the ability to transfer funds between staffing and non staffing account codes. Head Teachers must ensure:

- Any virement of funds from one account code to another must be properly recorded in the school's financial records
- Virement of funds applies to delegated account codes only
- Adherence to legislation and national agreements on conditions of service
- The virement of funds must not be used to incur any continuing liability for increased expenditure in future financial years for which budget provision may not be available
- The financial cost of any variance to the promoted and unpromoted staffing structure must remain within allocation and effective school management must be ensured
- Funding for Special Units attached to schools and for identified pupils must be spent on pupils with additional support needs
- Positive Action funding must be used to improve the educational progress of pupils from deprived backgrounds and/or provide educational experiences which would otherwise be denied pupils because of home circumstances. This funding can be used for staffing and/or non staffing purposes.
- No monies are diverted from Staff Development before all identified staff development needs of both teaching and non-teaching staff have been met

SCHEME REVIEW

4.17 Review, methodology and Stakeholders

Funding decisions taken by Council will be communicated annually in February. There will be a formal review of the scheme every three years. This will be carried out through a short life DSM Review working group with representation from relevant stakeholders (including, Head Teachers, Business Managers, Local Authority

officers and relevant professional associations). A peer review will also take place with another appropriate Local Authority. Local representation on the ADES Resources Network will enable access to formal/informal inter-authority benchmarking exercises.

APPENDICES

Appendix A: Finance Manual

Appendix B: Expected and Recommended Summary

Appendix C: School Finance Committee Template