

PERTH AND KINROSS COUNCIL**Lifelong Learning Committee****4 November 2015****Devolved School Management (DSM) Review****Report by Director (Education and Children's Services)****PURPOSE OF REPORT**

This report details proposed changes to the Perth and Kinross Devolved School Management (DSM) Scheme as a result of reviewing the current scheme in light of revised national guidelines.

1. BACKGROUND

- 1.1 After a national review the revised national DSM Guidelines were agreed by the COSLA Convention in March 2012 and by the Cabinet Secretary for Education and Lifelong Learning in June 2012. The revised national guidelines and associated self-evaluation toolkit were published on 16 August 2012.

The scoping report for the DSM review was approved by ECS Senior Management Team in April of 2013 with an update report being produced on 6 June 2014 which resulted in the creation of a taskforce to work towards implementation of the revised Perth and Kinross DSM scheme.

1.2 National Context

There are a number of key drivers for modernising the national DSM guidelines for example:

- 1.2.1 Since the establishment of Single Outcome Agreements (SOAs) there has been a growing recognition of the importance of an outcomes-based approach to planning, managing, monitoring and evaluating public services.
- 1.2.2 Schools have a key role in delivering improved outcomes for Scotland's children and young people and planning and budget management at school level should reflect that.
- 1.2.3 Local DSM schemes also need to take account of the range of strategic policy frameworks that have an impact on Education and Children's Services.
- 1.2.4 The revised national DSM Guidelines are intended to be flexible to incorporate future changes in community planning partnerships, reflecting outcome based resourcing and the contributions of schools to these partnerships.
- 1.2.5 The revised national DSM Guidelines have been considered in relation to the financial pressure that the public sector is experiencing. They take into

account the fact that many local authorities now provide a mixed economy of services which are procured and delivered on a strategic shared service basis to create efficiencies and reduce costs.

- 1.2.6 The revised national DSM Guidelines have statutory underpinning, as was the case for the 2006 guidelines, and are linked to the Standards in Scotland's Schools (2000) Act.

1.3 **National Guidelines and Self-Evaluation Toolkit**

The national DSM Guidelines are based on nineteen principles grouped around the following four headings:

- Subsidiarity;
- Partnership Working;
- Accountability and Responsibility; and
- Local Flexibility.

The national DSM Guidelines are supported by a self-evaluation toolkit that can be used to provide assurance to councils and schools that their local DSM scheme follows all of the principles laid out in the revised guidelines. Use of the toolkit allows local DSM schemes to be evaluated and should ensure that the revised national DSM Guidelines are being consistently applied across Scotland.

1.4 **PKC DSM Documentation**

The two main documents containing information on the current Perth and Kinross DSM Scheme are:

- The original Scheme Document which dates from 1998.
- ECS DSM Guidelines – updated every year and issued to Headteachers annually.

2. **OUTCOME/PROPOSALS**

2.1 **DSM Self-Evaluation Toolkit**

The questions in the toolkit have been considered by the original short term working group and also by the taskforce. The responses are attached to this report as Appendix 1. From these responses it can be concluded that the core values and principles of a robust DSM Scheme are being applied in the Perth and Kinross DSM Scheme.

2.2 **DSM Documentation**

The short term working group recommended that the documents currently containing DSM information be revised and updated.

To achieve this recommendation:

- The DSM scheme document has been reviewed by the taskforce and hyperlinks have been added where relevant to all related legislation, committee reports, guidelines and policies; and
- The ECS DSM guidelines are currently updated on an annual basis and are now linked to the scheme document.

The revised DSM Scheme document is attached as Appendix 2.

2.3 Property DSM Repairs and Maintenance Budget

2.3.1. Following on from discussions of the original short term working group and the taskforce it is proposed that from April 2016, Property Services will retain the budget that they currently devolve to schools and will therefore cover all costs that relate to property repairs and maintenance in schools.

2.3.2. This proposal will aim to improve asset management across the school estate and realise efficiencies around administration of the Repairs and Maintenance budget for Headteachers and their staff.

2.3.3. Property Services will commit to spending at least the same amount of budget that is currently devolved to schools (approximately £318k for 2015/16) on an annual basis, subject to Perth and Kinross Council's budget process.

2.3.4. An officer from Property Services will meet with the Headteacher of each school and agree a plan of works to be undertaken over an agreed time period, based on risk, any Health & Safety issues and taking into account any future capital works in the school estate.

2.3.5. Property Services will regularly communicate with schools on any outstanding issues relating to repairs and maintenance to ensure any agreed maintenance plans are kept up to date and relevant.

2.3.6. This proposal was taken to the Primary and Secondary Headteacher Executive Groups by representatives of the DSM taskforce and the responses received indicated the proposal had the support of the Headteachers.

2.4 Ongoing review of DSM Scheme and Guidelines

It is proposed that the Perth and Kinross DSM Scheme is now reviewed on a regular basis, along with the ECS DSM Guidelines which are currently updated annually. The scheme and guidelines will also be considered on an annual basis by the JNCT ahead of being issued to Headteachers.

2.5 Implementation

2.5.1 It is intended that the revised scheme will be in place from 1 April 2016 and will be shared with all Headteachers prior to this, reminding them of their requirement to share their school's DSM plan with Parent Councils.

2.5.2 Training in DSM procedures will be offered to all Elected Members as part of their Development Programme.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 The revised Perth and Kinross DSM Scheme has been modernised to reflect the new national guidelines and created in a way that makes the information contained in it more user friendly and adaptable for any future changes that may occur.

A regular review of the DSM scheme and associated documents will ensure that it reflects current policy and practice.

- 3.2 It is recommended that the Committee:

- (i) Notes the outcome from the self-evaluation toolkit as shown in Appendix 1;
- (ii) Approves the revised Perth and Kinross DSM Scheme as shown in Appendix 2;
- (iii) Approves the proposal for Property Services to retain the budget and expenditure for repairs and maintenance;
- (iv) Approves the implementation process in 2.5; and
- (v) Agrees to a regular ongoing review of the Perth and Kinross DSM Scheme and associated guidelines.

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	No
Workforce	No
Asset Management (land, property, IST)	No
Assessments	
Equality Impact Assessment	No
Strategic Environmental Assessment	No
Sustainability (community, economic, environmental)	No
Legal and Governance	No
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan / Single Outcome Agreement

1.1 The proposals in this report relate to the delivery of the Perth and Kinross Community Plan / Single Outcome Agreement in terms of the following priorities:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

This report relates to Objective No (i) and (ii).

Corporate Plan

1.2 The Perth and Kinross Community Plan 2013-2023 and Perth and Kinross Council Corporate Plan 2013/2018 set out five strategic objectives:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

This report relates to Objective No (i) and (ii).

1.3 The report also links to the Education & Children's Services Policy Framework in respect of the following key policy area:

- Change and Improvement

2. Resource Implications

Financial

2.1 There are no financial implications to the Education & Children's Services Revenue Budget contained within the proposed changes to the Devolved School Management (DSM) Scheme.

Workforce

2.2 Not applicable

Asset Management (land, property, IT)

2.3 Not applicable

3. Assessments

Equality Impact Assessment

3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties. The Equality Impact Assessment undertaken in relation to this report can be viewed clicking [here](#).

This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

Not Applicable

Legal and Governance

- 3.4 Not Applicable

Risk

- 3.5 All risks relating to this review have been noted in the Risk Profile for the Review.

4. Consultation

Internal

- 4.1 Head of Finance, Head of Legal, Head of Democratic Services, Head of Human Resources, Head of Property Services, Heads of Primary and Secondary Education, Primary and Secondary Head Teachers Executive Groups, Property Services Service Manager, Secondary School Business Managers, members of Finance Support Team and JNCT Representatives.

External

- 4.2 Benchmarking visits have been held with Stirling, Dundee City and Fife Councils to inform the content of the report.

5. Communication

- 5.1 The revised DSM Scheme and associated documentation will be communicated to Headteachers, Business Managers and staff associated with administration of the DSM Scheme by way of a Briefing Note following approval of the revised scheme by Lifelong Learning Committee.

2. BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

Appendix 1 – Collated Perth and Kinross response to National DSM Self Evaluation Toolkit Questions
Appendix 2 – Revised Devolved School Management Scheme

Appendix 1 – Collated Perth and Kinross response to National DSM Self Evaluation Toolkit Questions

Toolkit questions with collated response

A. SUBSIDIARITY AND EMPOWERMENT		
Local Authority		
No.	Question	Collated PKC Response
A1	What arrangements are there in place to discuss future Education Service budgets and any impact on delegated school budgets?	Discussed at Senior Management Team Level and discussed as part of the Budget Review Process.
A2	Are there clear and transparent formulae in place to distribute staffing and non-staffing budgets?	<p>Details of all rates and formulae are available in the Devolved School Management (DSM) guidelines which are updated annually and published on the intranet.</p> <p>All schools are issued their budgets via email; the email refers to DSM guidelines and details of where to find this document on the internet.</p>
A3	Are Headteachers, depute Headteachers, heads of establishments (nursery and special schools) and officers with delegated finance responsibilities provided with training on the local authority's DSM Scheme and financial management?	<p>All new Headteachers attend a Headteacher induction meeting. Finance is on the agenda and a member of the Finance Support Team (FST) attends to present.</p> <p>Finance Officers also arrange to meet with all new Headteachers and make them aware of their roles and responsibilities as a budget manager and explain the budgets to them.</p> <p>FST do not provide any standard training to Deputy Headteacher's (DHT's) or Principal Teachers (PTs). FST have provided training in the past to PT's, through the Principal Teacher Network meetings and would provide training to DHT's if requested.</p> <p>Financial Management training is also provided by FST annually to candidates on the Scottish Qualification for Headship course.</p>
A4	Does your Council operate 3 year indicative budget cycles?	For the last 3 years schools have been issued with a one year budget. Previous to this, Schools were issued with a one year budget with a further 2 year indicative budget.

		A decision was taken to change this as PKC have not always set 3 year budgets over the last few years.
A5	Are your Education Service financial plans linked to Corporate and Departmental plans and do they reflect national and local strategic priorities?	ECS Business Management and Improvement Plan linking to Corporate Plan.
A6	Are headteachers and other staff involved in discussions on DSM? Is the LNCT consulted?	Yes, at Primary and Secondary Headteachers executive groups.
A7	<p>What criteria are used to create budget formulae in your local authority? For example, do formulae take account of school roll, deprivation factors, the numbers of young people at each stage in the school and rurality issues?</p> <p>Are these criteria agreed by elected members in consultation with all appropriate stakeholders ie schools, parents and Parent Councils.</p>	<p>All formulae for school budgets with the exception of some of the property budgets are calculated using pupil numbers as the main driver, details of which are contained in the DSM Guidelines:</p> <ul style="list-style-type: none"> • Staff budgets - built using an agreed staffing standard which is based on school rolls. • Supply budgets – built using an agreed number of days per member of staff • Staff training budgets – built by allocating a lump sum then topped up with an amount based on school roll • Supplies and Services budgets – built by allocating a lump sum then topped up with a per pupil amount • Travel budgets – built using distance allowance per full time equivalent. <p>Small school allowances are also issued for teaching supply, per capita, outwith per capita and travel.</p> <p>Criteria are agreed by elected members.</p>
A. SUBSIDIARITY AND EMPOWERMENT		
<i>Establishment:</i>		
No.	Question	Collated PKC Response
A8	Are school spending plans consistent with the local authority's DSM Scheme along with any other strategic policy decisions of the council?	<p>Secondary Schools provided the points noted below:</p> <ul style="list-style-type: none"> • Benchmark against scheme if yes – ok if no – meeting with finance officer

		<ul style="list-style-type: none"> • Budgets issued with guidelines each year • Finance officer meets with Headteacher and Business Manager regularly • Regular reviews/contact to ensure consistency • Agreed action plans after each meeting <p>Primary schools responded positively to this question.</p>
A9	<p>Are decisions on resource use at establishment level based on actions that will best contribute to the educational outcomes of pupils?</p> <p>Are these decisions based within a best value context?</p>	<p>Secondary Schools provided the points noted below:</p> <ul style="list-style-type: none"> • Per Capita budgets devolved to PTs/faculty heads • Overspend/underspend carried forward by local agreement, aim to balance at zero • Training in use of Pecos <p>Primary schools responded positively to both questions.</p>
A10	Are all of the relevant staff in your establishment aware of their role in financial management?	Financial training as appropriate to PTs, DHTs, Business Managers depending on level of authority/budget control
A11	Can you reasonably project what the school budget will be, if budgets formulae remain constant, over a 3 year period?	In general, budget formulae do remain consistent and therefore it is possible to project what the school budget will be over a 3 year period. It should be noted however that the Council does not always set a 3 year budget. All ECS budgets, including DSM, are reviewed annually and any decisions taken by the Council to increase or decrease the budget are communicated to Headteachers through the DSM Guidelines.
A12	Do you, as a headteacher, have control over how to spend your budgetary allocations within agreed council policies?	DSM guidelines – stay within them. Control our planned maintenance. Unpredicted/unplanned maintenance in property costs may cause a pressure.
A13	Are there arrangements in place to delegate spending decisions to the appropriate level in your establishment?	Financial training as appropriate to PTs, DHTs, Business Managers depending on level of authority/budget control.
A14	Are Departmental and Faculty Heads within schools aware of the key aims and principles associated with any devolved funds they manage?	Financial training as appropriate to PTs, DHTs, Business Managers depending on level of authority/budget control.

A15	Are you aware of where the current financial risks or pressures exist within your devolved budget? And, if so can you demonstrate what steps have been taken to help reduce/mitigate these risks or pressures?	<p>Budgets are monitored and reviewed on a regular basis with tools such as virement and carry forward used to good effect. Early identification of practical risk is used - eg IT (hardware), lamps and projectors.</p> <p>An example was given from a Campus where the per capita subject allocation was reduced to provide an amount for development of courses across the school. The Campus also advised that the slippage target is factored into the projected out- turn each month.</p> <p>Long term sick is an unpredicted financial risk and supply is highlighted as a risk for the Primary Sector specifically where staff absence cannot be predicted. Attempts are made whenever possible to cover the absence in-house.</p>
B. PARTNERSHIP WORKING		
Local Authority		
	Question	Collated PKC Response
B1	Is there an appropriate framework in place to deliver strategic outcomes and local priorities?	Community Planning Partnership and Golden Thread Principle.
B2	Do schools contribute to partnership working?	Yes, on a regular basis. GIRFEC. Enhancing the curriculum.
B3	Is there an appropriate consultation mechanism to engage with relevant stakeholders when the Council sets its Revenue Budget?	No. This happens after the budget is set.
B4	Do schools link with other services and agencies in line with the principles outlined in Getting it Right for Every Child (GIRFEC) and the Early Years Framework?	Yes. This happens as part of the business of the school. Regularly involved with Children's Services, NHS, Police and the Voluntary Sector.
B5	Are headteachers, other staff and parents involved in discussions on DSM?	The Finance Support Team advises that this does not happen regularly. Parent Councils are advised of the budget.
B6	Are consultation arrangements in place to ensure that relevant stakeholders are involved in setting the Education Service budget as part of the wider Council budget, in terms of likely impact on the level of resources delegated to schools?	The Finance Support Team advises that this does not happen at present. Impacts are felt after cuts are made.

B7	How do the objectives of your Corporate Plan and/or Community Plan promote cross sectoral working?	Golden Thread and School Improvement Plan
B8	Is there a framework at authority level that sets out clearly how schools will work with other schools and agencies?	There is no Framework as such but there are a number of Service Level Agreements that set out working arrangements for specific circumstances. Transition Framework, Placing requests, Staff Excess process, College Partnership, Skills Development Scotland, City Campus protocol, Local management Group etc.
B9	As part of the budget setting process, does your local authority create separate budgets at Learning Community level (school clusters) which can be accessed by all establishments collaboratively to ensure successful outcomes?	The Finance Support Team advises that Local Management Group budgets exist. They are small allocations that should be used to cover costs of LMG Representatives attending meetings.
B. PARTNERSHIP WORKING		
<i>Establishment</i>		
	Question	Collated PKC Response
B10	Do you consult with staff on budgetary matters and how often? For example, does your establishment have a DSM Committee to oversee spending decisions?	Should be discussed at School Planning Consultative Group. Secondary Schools advised as follows: <ul style="list-style-type: none"> • SMT discussion – for dissemination as appropriate • Assistance of “micro-management” • Encourage PTs to alert/advise SMT of future spending plans • Appropriate channels of communication for “new courses”, new spend decisions. The Primary School response was yes. The individual School concerned was still to establish a DSM Committee.
B11	How do you consult with Parent Councils, Parents and the wider education community on budgetary matters and how often? Do you consult with Student/Pupil representative bodies and local employers on appropriate or relevant issues?	Information is provided to parent councils/parents/communities as necessary but those groups are not consulted directly. There are examples of staff, parent and pupil consultation at Secondary Level to seek improvement suggestions which are then considered when the school sets its priorities.
B12	What arrangements are in place to alter spending plans, having taken	Virement, carry forward and subsequent years planning through regular

	stakeholder views on board?	<p>monitoring and review.</p> <p>There are examples of staff, parent and pupil consultation at Secondary Level to seek improvement suggestions which are then considered when the school sets its priorities.</p>
B13	To what extent have you considered pooling resources with other schools within your Learning Community (school clusters) to achieve better educational outcomes for learners?	<p>A number of Local Management Groups have shown examples of pooling of resources where possible, eg shared Pupil Support Assistants, Physical Education facilities.</p> <p>Example of a Campus developing shared access to educational opportunities where available, eg skills for work, advanced higher, transition.</p> <p>An example was given from a Campus where specialist staff resource is shared to provide a learning experience in Modern Languages for Cluster P7 pupils.</p> <p>An example given from a Primary School regarding joining together with other Primary Schools for transportation to an event but another Primary School has not considered pooling resource at all. Pooling happens where possible but this is dependent on location and size of school itself. There is more frequent pooling between Primary and Secondary.</p>
B14	Has consideration been given to sharing teaching or support staff with other schools in your Learning Community?	<p>This has been considered for Secondary Schools and opportunities have been created around literacy, numeracy and health and wellbeing – subject specialist support from secondary to primary.</p> <p>Technicians from the Secondary Schools support the Primaries which is particularly relevant at times of transition.</p> <p>An example was given from a Campus where specialist staff resource is shared to provide a learning experience in Modern Languages for Cluster P7 pupils. The response from the Primary School was that this had not been considered. Pooling happens where possible but this is dependent on location and size of school itself. There is more frequent</p>

		pooling between Primary and Secondary.
B15	How closely do you work with other council departments and external agencies (Social Work, NHS, Leisure etc) to ensure the best possible outcome for all learners?	<p>Inter-agency working is now normal with Integrated Teams (ITM's) in all Secondary Schools and many sites are also co-located with Live Active Leisure (LAL). Other examples are the PKC schools guarantee initiative, work experience programmes and youth philanthropy initiatives.</p> <p>In the campuses the presence of other Council Services on site has helped strengthen joint working.</p> <p>Primary Schools also work very closely with other agencies.</p>
B16	How often do you optimise opportunities to pool resources with other council departments and external agencies to meet the needs of your young people?	<p>Secondary Schools always consider opportunities, eg with environmental services.</p> <p>Campuses share many resources. Examples would be franking machines, photocopiers, stationery, first aid staff.</p> <p>From a Primary perspective this happens if the Primary School is aware that a service can be provided by another area of the Council or external agency. Pooling has been made easier through PECOS.</p>
C. ACCOUNTABILITY AND RESPONSIBILITY		
Local Authority		
	Question	Collated PKC Response
C1	Is the content of the Corporate Plan/Community Plan/Single Outcome Agreement shared with headteachers?	Yes
C2	Is elected member training on DSM offered?	No
C3	Have the Education Service Plan objectives been discussed with headteachers?	Yes
C4	Does your scheme set out a policy on deficits, carry-forwards and virement?	The DSM guidelines set out guidance on virements and carry forwards. The DSM scheme encourages flexibility as the scheme allows planned over and underspends. Under the scheme schools can carry forward an underspend of up to 10% of their devolved budget. Overspends must be requested in writing and approved prior

		to expenditure being committed. The DSM carry forward exercise is completed Jan/Feb of the current financial year where all schools are required to detail any projected over or underspends and how the carry forwards will be used.
C5	Does the scheme encourage responsible use of these flexibilities in line with the principles of DSM?	See answer above. The decision was taken to stop the 3 year budget. Medium to long term financial plans are used.
C6	Do school leaders have access to local and/or national leadership programmes and training which ensures an approach to DSM that encourages enterprising decision-making to promote better outcomes?	Yes. Headteacher induction programme also has a Financial element included.
C7	Has the local authority given clear guidelines to headteachers on how to prepare School Improvement Plans?	Yes
C8	Have Parent Councils been given training on their role?	The only official role Parent Councils have is for recruitment of Headteachers and Deputy Headteachers for which they receive training. In terms of other information Parent Focus Group meetings provide information.
C. ACCOUNTABILITY AND RESPONSIBILITY		
<i>Establishment:</i>		
	Question	Collated PKC Response
C9	Has the School Improvement Plan followed local authority guidance?	Yes
C10	Does the School Improvement Plan have clear links to the Corporate Plan, the Education Service Plan, the Single Outcome Agreement and national targets and outcomes?	Yes, the Golden Thread. Priorities also have to be localised to ensure any improvements are relevant to the learning experience in the establishment.
C11	Do your spending plans promote and focus on positive outcomes for all learners and meet the four capacities of Curriculum for Excellence?	Yes, the spending plan links with the improvement plan which is linked to meeting the needs of all learners.
C12	Are school budgets broken down to Departmental or Faculty level?	This occurs regularly in Secondary Schools. FST can allocate budgets to specific departments if requested by the School.

		Answered as N/A for Primary Schools.
C13	What control do departmental or faculty heads have over spending decisions?	In Secondary Schools they have control devolved to them within the parameters of DSM guidelines.
C14	If the above applies, are those responsible for departmental budgets trained in planning and monitoring?	In Secondary Schools individual training is given to budget holders as and when required by Business Manager and/or Admin Assistant. A copy of their spending and budget remaining is sent out every month.
C15	How are staff made accountable for spending decisions?	In Secondary Schools Budget spending is monitored by Business Manager/Admin Assistant and Budget holders have "sub" accounts. In certain Primary Schools each teacher has a per capita budget that they can spend. The Headteacher is ultimately responsible for signing off on any spend, assisted by the Business Assistant.
C16	Has the School Improvement Plan been discussed with staff and the Parent Council?	Yes
C17	Does the School Improvement Plan set clear unambiguous objectives for the academic session?	Yes
C18	Do spending priorities match the objectives of the School Improvement Plan?	Secondary Schools indicated that they link spending priorities to the plan. Objectives are costed and funding is allocated appropriately. The Primary School response was that this was more reactive than planned and would require further consideration.
C19	Is progress towards the School Improvement Plan targets monitored throughout the year?	Yes
C20	Has the devolved budget been aligned in such a way that allows allocated resources to be clearly shown, monitored and reported against key targets within your establishment?	Secondary School responses were positive to this question also advising that the recent change to on line monitoring statements provides immediate data on actual spend. Primary School response to this question was No because resources are allocated at Secondary level because of larger numbers but they are not allocated at Primary level.

D. LOCAL FLEXIBILITY <i>Education Authority:</i>		
	Question	Collated PKC Response
D1	An underlying principle should be that devolution should be meaningful and allow Headteachers genuine flexibility. Does your local authority scheme follow these guidelines?	<p>Secondary Schools have full responsibility and flexibility for their budget, with the exception of Property Budgets. Repairs & Maintenance is the only Property Budget the School has any flexibility over.</p> <p>Primary Schools have the same responsibility and flexibility as Secondary Schools with the exception of staff salary.</p> <p>Those with a bigger budget have more flexibility.</p>
D2	Once the budget is set, and in the context of 3 year indicative budget horizon, councils should seek to avoid mid-year reductions to school budgets. Is this the case in your local authority area?	Due to the school academic year not being in line with the financial year, adjustments may be required to be made to Staff Budgets in August. HR representatives meet with schools in January/February to discuss staffing requirements in the following academic year, based on projected rolls. These figures are agreed with the School before FST adjust the budgets in August.
D. LOCAL FLEXIBILITY <i>Establishment:</i>		
	Question	Collated PKC Response
D3	How well as headteacher are you able to meet your establishment's local needs using the resources allocated?	<p>Secondary Schools advise that the "Cloth is cut to suit". Finite resources are prioritised and allocated in line with the school plan.</p> <p>The question has been raised about how much more will be devolved to secondary schools, eg ASN, SQA, sickness absence, energy, transport, grounds maintenance.</p> <p>Primary response was positive for this question in terms of current staffing levels but advised that this position could change.</p>
D4	Are you limited in the amount of funding you can move between budget lines?	The Finance Support Team advise that Headteachers have full flexibility in the Budgets they are responsible for. Headteachers and Business Managers advised that they are limited. They need to follow specific criteria and current restrictions include staffing maintenance.

		<p>It was also mentioned that the minimum of £5k can be a barrier.</p> <p>The Finance Support Team advise that moving amounts between budget heads has been limited to cut down on administration. Virement regulations also have to be maintained.</p>
D5	<p>Are you able to carry forward funding between financial years, including deficits? If so, is there a limit on the funding which can be carried forward?</p> <p>Are you able to deposit funds to save towards long term bigger spend items eg school refurbishments etc?</p>	<p>The DSM guidelines set out guidance on virements and carry forwards.</p> <p>The DSM scheme encourages flexibility as the scheme allows planned over and underspends. Under the scheme Schools can carry forward an underspend of up to 10% of their devolved budget. Overspends must be requested in writing and approved prior to expenditure being committed.</p> <p>The DSM carry forward exercise is completed Jan/Feb of the current financial year where all schools are required to detail any projected over or underspends and how the carry forwards will be used.</p> <p>Secondary Schools don't consider saving funds for school refurbishments as they are considered part of capital spend projects. Long term bigger spend items will generally be discussed and planned for strategically.</p> <p>The Primary School questioned does save funds for bigger spend items but this is a very slow process for a small school.</p>

Appendix 2 – Revised Devolved School Management Scheme



Devolved School Management Scheme

Perth and Kinross Council

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Devolved School Management

1. Introduction

Devolved School Management (DSM) has been in place in Schools since 1993 and was last revised nationally in 2006. Since that time there have been significant policy changes that impact on DSM and the economic and financial climate for the public sector in Scotland has changed considerably.

In 2011 it was agreed between the Scottish Government and Convention of Scottish Local Authorities (COSLA) that the national DSM guidelines should be reviewed to take account of this changed environment and a set of National [DSM Guidelines](#) and an [associated self-evaluation toolkit](#), were produced in 2012 with the following aims:-

“The aims of the revised Devolved School Management Guidelines are to empower headteachers to meet local needs and deliver the best possible outcomes for young learners, in line with the objectives of Curriculum for Excellence, GIRFEC and the Early Years Framework.”

The revised national DSM Guidelines are underpinned by the Standards in Scotland’s Schools (2000) etc Act and are based on nineteen principles grouped in the following four main headings:-

Subsidiarity and Empowerment.
Partnership Working
Accountability and Responsibility
Local Flexibility

The Perth and Kinross Council (PKC) DSM Scheme was originally approved in 1998, although DSM Guidelines have been updated and issued to headteachers on an annual basis. It was considered that it would be appropriate to revise the original scheme to ensure it reflects the 2012 Guidelines and this document is the result of that process.

It has now been agreed that updated DSM Guidelines will be added to the agenda of the Joint Negotiating Committee for Teachers (JNCT) on an annual basis for noting before being issued to headteachers.

2. Aims and General Principles of PKC Scheme

The overall aim of the scheme is to allow headteachers to best support learning and teaching in PKC schools through the identification of well planned improvements supported by targeted, planned expenditure.

There is recognition in PKC that there are advantages for schools in having a measure of delegation. It is important that headteachers have the responsibility which enables them to take decisions quickly whilst remaining accountable to the Council, e.g. having some control over their own budgets and planned expenditure.

The scheme seeks to promote consensus by:

Providing a framework wherein schools can take important decisions about expenditure of their budget to support the smooth running of their schools whilst at the same time, continuing to make available strong centralised support in some areas of strategic planning, enabling some developments to be supported at scale beyond that which any one school could support.

It is vital to emphasise that it is the role of the Education Authority, the Director of Education and Children's Services and the Headteacher to ensure that all policies of the Council are adhered to including:

- Lifelong Learning Committee approved policies and procedures
- All JNCT agreements approved through local negotiating structures
- JCC

Further aims of the DSM scheme are:

To provide a DSM framework appropriate to PKC context and circumstances

To commit schools to the principles of Best Value: accountability, transparency, continuous improvement and ownership

To allocate resources in a clear and transparent manner which uses pupil numbers as the major factor in determining resources allocated, but also takes account of specific circumstances

To allow schools to respond more quickly to changing needs and priorities

To emphasise and support the role of the Headteacher

To encourage staff involvement in decision-making at school level, leading to benefits of 'ownership' and greater financial awareness across all staff

To achieve more efficient use of educational resources

To achieve a balance between enabling appropriate decision making at local level with the necessary support arising from the resources and economies of scale at the centre

To promote consistency and quality rather than uniformity of service delivery

The successful implementation of the scheme depends on the involvement and participation of all staff. All schools are required to set up a Staff Consultative Committee (SCC) for staff consultation – see Section 3.5 below.

3. Responsibilities

The Education (Scotland) Act 1980 places a duty on the Local Authority “to secure that there is made for the area adequate and efficient provision of school education”.

In the scheme of Devolved School Management, it is therefore very important that there is a clear definition of the functional responsibilities of:

- Education and Children’s Services
- Director of Education and Children’s Services
- the Headteacher
- the Parent Council
- the Staff Consultative Committee

These functional responsibilities, encompassing the principles and aims of the PKC DSM Scheme, are set in the context of existing legislation.

3.1 Education and Children’s Services

The main roles and responsibilities of Education and Children’s Services are largely determined and shaped by statute and legislation. The Service works closely with other services across PKC, some of which have their own statutory responsibilities.

It is essential that the Service as a whole functions efficiently and in a consistent way, and that the right levels of support are provided for schools and other individual parts of the Service enabling them to meet their responsibilities in this regard fully.

Education and Children’s Services issues a [Business Management & Improvement Plan \(BMIP\)](#) which is approved by Lifelong Learning Committee each year and sets out the key actions which will be delivered by the Service to ensure better outcomes and the contribution to delivery of the Council’s five strategic objectives noted below:

1. Giving every child the best start in life
2. Developing educated, responsible and informed citizens
3. Promoting a prosperous, inclusive and sustainable economy
4. Supporting people to lead independent, healthy and active lives
5. Creating a safe and sustainable place for future generations

This plan, which is an integral part of the system of performance review agreed by PKC, identifies the Key Performance Indicators (KPI’s) from the previous financial year, and highlights areas of planned improvement for the future in line with the strategic objectives.

The DSM Scheme supports sensible and appropriate devolution which is consistent with the strategic objectives.

3.2 Director of Education and Children’s Services

It is the responsibility of the Director of Education and Children’s services to manage the Education Service within the context of the Local Authority. The principal

responsibilities and accountabilities of the post relate to ensuring the 4 aims of the service are met, these are:

- raising achievement for all;
- supporting vulnerable children and families;
- improving the quality of life for individuals and communities; and
- enabling the delivery of high quality public services.

3.3 The Headteacher

The role of the Headteacher is, within the resources available, to direct and manage the affairs of the school to the benefit of the pupils and the community it serves, through pursuing objectives and implementing policies set by the education authority under the overall direction of the Director of Education and Children's Services.

Headteachers are responsible to the Director through Heads of Service and effective co-operation between headteachers and the Senior Management Team is one of the most essential partnerships in the successful delivery of the Education Service. The role of the Headteacher as principal adviser is crucial to the success of the DSM scheme. Headteachers receive support and guidance from Education and Children's Services and the Director.

3.4 Parent Councils

Parent Councils are established through the [Scottish Schools \(Parental Involvement\) Act 2006](#) and PKC have a published [strategy for parental involvement](#) which details how Parents can be involved with Education and Children's Services as partners in their child's learning.

It is considered best practice for Parent Councils to be regularly involved in discussions relating to the ambitions for the School, linking to the School Improvement Plan and the administration of the DSM Budget.

National standards, policies and further information on Parent Councils can be found at Parentzone Scotland – [Parent Councils – Getting Involved](#).

3.5 The Staff Consultative Committee (SCC)

The SCC should ensure the more effective management of the school planning process and encourage the full participation of staff in the life and work of the school including all aspects of DSM. The SCC is intended to support the objectives of the Council in improving consultation mechanisms for staff in schools. The Group's remit, membership and operation should be as set out in Education Committee Reports [97/278](#) and [00/566](#):

Staff should be informed of and consulted on major issues which are likely to affect their work. The SCC should therefore:

- Receive regular information about the general operations of the devolved school budget
- Be consulted on budget carry forwards to the next financial year

The scheme gives responsibility to the Headteacher, with requirement to consult the SCC.

When consulted, the SCC should respond to the Headteacher within what they and the Headteacher agree is a reasonable timescale for the issue concerned.

If the SCC and the Headteacher disagree on any matter on which consultation takes place in terms of the DSM scheme, the final decision will lie with the headteacher but the SCC may refer the matter to the Director of Education and Children's Services for resolution.

4. Devolved School Budgets

Schools participating in the scheme shall be given a devolved school budget. The details of how this budget is calculated are contained in the [ECS DSM Guidelines](#).

The DSM Guidelines are updated and issued annually to provide reference for all headteachers in PKC schools. It explains the procedure in place for DSM at the current time and how the DSM budgets are produced. Review of these procedures and formulae is an on-going process and regular additions and updates are produced and issued to schools as appropriate.

The scheme is committed to devolving as much of the DSM revenue budget as possible to Headteachers, however in line with the updated 2012 guidelines, there are a number of expenditure areas, some of which are listed below, that are not considered suitable for devolution.

- Capital expenditure, including all PPP/PFI costs;
- Central support services e.g. English as an additional language support, hearing, visually impaired services, educational psychology services;
- School meals;
- Bursaries, clothing and footwear grants;
- Expenditure supported by central government specific grants, where it is explicit that the purpose is to support council wide initiatives;
- Home-to-school transport;
- Premature retirement costs;
- Centrally funded support for children and young people who require significant additional support;
- Education Maintenance Allowances;
- Council contracted work on managing the School Estate where applicable;

The issued Revenue and Capital budgets for Perth and Kinross Council, including detailed Education and Children's Services information, can be found at the following link <http://eric/atozofresources/ResourceDirectory/CouncilBudget/default.aspx>

4.1 Determination of Devolved School Budget

The Authority shall each year, determine the school's devolved budget. The Authority will set a budget for at least one year, sometimes a two or three year budget may be set. Any decisions made at Full Council, in relation to increases or decreases in the Education and Children's Services revenue budget, that impact on DSM budgets, will be highlighted in the updated DSM Guidelines.

The Authority will notify the headteacher of the provisional budget for the forthcoming financial year no later than 31 March.

4.2 Variation of Revenue Budget

The Authority may, if it appears to them during any financial year appropriate to do so, increase or decrease the school's budget after consultation with the Headteacher.

4.3 Monitoring and Control of Revenue Budget

The Headteacher will be responsible for managing, monitoring and controlling the DSM budget in line with the [ECS Financial Policies and Procedures \(FPP\)](#).

4.4 Virement

In order to respond to changes in the educational needs of children within a particular area, a Headteacher may need to reallocate resources within a school to where they are most needed. "Virement" is the process of moving the provision for anticipated expenditure from one budget head to another. Virement of a devolved budget does not increase the total resources available to a school but reallocates the existing devolved budget. Guidance on Virements is contained in the DSM Guidelines.

4.5 Carry Forwards

Where there is a planned underspend of the school's devolved budget, for any financial year and this does not exceed 10% of the total devolved budget, it may be carried forward to the next financial year.

Planned overspends must be approved in writing by the Head of Finance, prior to the expenditure being committed.

Any unplanned overspends will be investigated as soon as they are identified. Written confirmation should be sent to the Finance and Governance Manager with a reason given for the unplanned overspend and a detailed plan of how this will be repaid.

Finalised carry forwards must be agreed before inclusion in the new financial year budget.

4.6 Training

The Finance Support Team will deliver financial training on DSM to any new Headteacher, Business Manager or general support staff that deal with DSM matters, where possible within the first 4 weeks of employment in that role.

Ongoing additional finance training will be available from the Finance Support team if required.