



## **Guidance on Devolved School Management 2019**

New Devolved School Management (DSM) guidelines on school funding decisions for Local Authorities were published in June 2019. The guidelines are available on the Scottish Government website at [www.gov.scot/policies/schools/devolved-school-management](http://www.gov.scot/policies/schools/devolved-school-management).

They are also included as Appendix 1 of this guide.

DSM was introduced in 1993 with the intention of enhancing and improving the management of resources at school level. The DSM guidance was refreshed in 2006 and then again in 2012. The Scottish Government issued a consultation on changes to DSM in June 2017 as part of the 'Fair Funding to Achieve Excellence and Equity in Education' consultation to which the NASUWT responded.

The new DSM guidelines were jointly produced between the Scottish Government and the Convention of Scottish Local Authorities (COSLA), and are part of the current Education Reform Programme. These new guidelines replace the 2012 DSM guidelines.

These guidelines are statutory guidance issued by Scottish Ministers under section 13 of the Standards in Scotland's Schools Act 2000 and are issued to local authorities further to their functions under Section 8[3] of the 2000 Act, in relation to delegation schemes.

Local authorities are expected to use the new guidelines, and the accompanying Framework, to update their Local Authority's DSM scheme as quickly as possible, with full implementation expected by April 2021. Local Association Secretaries, Negotiating Secretaries and School Representatives should, therefore, familiarise themselves with the new guidelines to support local discussions on DSM from August 2019.

## **NASUWT Position**

The NASUWT has advocated that the Government should adopt the following key principles to underpin its school funding system. The funding system for all state-funded schools should:

- (i) provide equality of opportunity and equitable access for all learners, including through the provision of a broad and balanced curriculum, and contribute to raising educational standards for all pupils and narrow the achievement gap;
- (ii) ensure that all schools are funded on the same basis, which should not result in anomalies between schools where their needs and circumstances and the expectations upon them are the same;
- (iii) reflect the additional costs related to pupil deprivation, socio-economic circumstances, school location and setting;
- (iv) ensure the provision of, and access to, high-quality education and related support services for children and young people, including vulnerable children;
- (v) provide equality of entitlement for all learners to be taught by qualified teachers and for the recruitment, retention and development of a world-class workforce in every school or setting as critical components in delivering better outcomes for all children, and ensure that these entitlements must not be based on parents' ability to pay;
- (vi) be clear and transparent so that school budgets are based upon clearly identified and agreed sets of expectations about what work schools should do and the performance expectations that will apply to them;
- (vii) be fit for purpose, taking account of local circumstances and needs and the expectations on schools and local authorities, while promoting public and professional confidence in the system;
- (viii) be sufficient in ensuring that the global amount available for the funding of schools takes full account of education priorities and needs and promotes fairness, equity, inclusion and social cohesion;
- (ix) ensure that changes to the funding for schools do not result in detriment to colleges or early years provisions, which are also essential in providing education for school-aged pupils;
- (x) be responsive to changing needs and circumstances;
- (xi) be predicated on consultation and democratic involvement at national, local and institutional levels, including full recognition of school workforce trade unions;
- (xii) promote stability for schools and enable them to plan and organise their priorities in the longer term, and help to minimise turbulence;
- (xiii) support the best use of resources, through arrangements for strategic planning of local provision, institutional collaboration, economies of scale and the pooling of resources to meet locally identified educational needs; and
- (xiv) ensure that schools in receipt of state funding should not be able to make a profit, and that they demonstrate the provision of good value for money. Greater autonomy at school level for teachers and headteachers is not synonymous with increased delegation of school funding.

The national experience in England is that devolution of funding to schools, in the context of exclusive freedoms and flexibilities, leads to the following detrimental outcomes:

- the diversion of resources away from teaching and learning;
- greater inequalities across the school system, both for children and young people and the schools workforce;
- the unwarranted building-up of reserves by schools, amounting to £2.1 billion in local authority maintained schools in England by 31 March 2016, with hundreds of millions of pounds more held in reserve by academies. In Wales, £64 million was held in reserves;
- school funding being siphoned off into leadership pay, with the highest paid academy trust board member in England earning a salary between £420,001 and £430,000 in 2016, with a second trust board member in the same trust earning a salary of between £240,001 and £250,000; and
- a 'race to the bottom' in terms of spending on teacher salaries during a teacher supply crisis.

Indeed, one of the most pernicious consequences of financial devolution has been to distract school leaders from their core responsibilities for leading teaching and learning. Over time, many school leaders in England have become increasingly distanced from the realities of classroom practice, as well as the working and professional lives of teachers. Most headteachers now have no current classroom experience at all, and this is increasingly the case for many other senior leaders. This lack of experience undermines their pedagogical credibility and their ability to manage teachers in an empathetic and appropriately informed way. The NASUWT considers that taking, for example, depute headteachers completely out of their classrooms makes them much less effective leaders.

While both the DSM guidelines and the Joint Agreement between the Scottish Government and COSLA state 'Headteachers are the leaders of learning and teaching in their school', the experience of financial delegation in England has been to weaken rather than enhance this dimension of school leadership.

The NASUWT has strongly urged the Government not to make the mistakes which England has made in its reforms to school governance.

The Union is pleased to note that the Scottish Government's guidelines for DSM do not increase school level delegation of education funding even close to the extent that it has been delegated in England. However, the direction of travel is one which will require close monitoring.

In general terms, the NASUWT considers that the guidelines are high on expectation, but very low on regulation, which is potentially stoking up problems for the future.

History shows us that voluntary codes are insufficient to ensure probity in school funding.

## **Key Issues**

### **1. Framework**

In addition to the DSM guidelines, a framework document exists which will allow local authorities to populate a standard format if they wish to do so. Given that the framework will allow for broader consistency of scheme presentation, the NASUWT is in support of local authorities utilising the standard framework.

### **2. Monitoring**

A key question in the absence of monitoring of DSM by school governing boards is: what are the safeguards in the system which prevent fraud and abuse of the funding regime, for example, if a headteacher wished to enrich themselves, their family and/or friends at the expense of the public purse?

The Scottish Government's position has been that it will be up to local authorities to effectively police the system to avoid abuses. Whilst we would not advocate this approach as sufficient, the NASUWT nevertheless suggests Local Association Secretaries and Negotiating Secretaries engage with local authorities as they develop DSM schemes and training in order to best support the creation and inclusion of a robust system of local authority audit of schools.

It is important that there are clear channels of locally agreed accountability and NASUWT Representatives should pose the question: 'How are headteachers accountable to the workforce and to workforce unions?'

### **3. Training**

The new DSM guidelines state:

*'Local Authorities are **expected** to provide specific training opportunities to individuals who make use of, or may influence, the DSM scheme. It is **expected** that this group would include headteachers and business managers or equivalent posts. It is **recommended** that training should also be considered for deputy headteachers, aspiring leaders, Local Negotiating Committee for Teachers (LNCT), trade union representatives and any other appropriate groups.'*

*'It is **expected** that appropriate training should be available on a recurring basis to ensure new appointments to posts can be given sufficient induction training and support to allow them to make informed decisions and to allow experienced staff to*

*refresh their knowledge. Training should be available when new systems or processes are introduced.'*

NASUWT LNCT representatives should ensure that trade unions are included in local training events, and that a timetable or criteria which will trigger refresher training is agreed at the start.

#### **4. Consultation**

The new DSM guidelines state:

*'It is **expected** that local DSM schemes are accessible and in plain language maximising engagement and supporting transparency. Local Authorities are **expected** to make information available to all stakeholders in relation to the Local Authority budget, delegated budgets to schools, including identifying areas of expenditure that are not devolved to headteachers.'*

*'It is **expected** that there will be meaningful consultation and engagement at all levels among the Local Authority, headteachers and all stakeholders. It is **expected** that meetings take place to inform appropriate resource decisions, including, for example budget, staffing models and savings.'*

*'Headteachers are **expected** to consult with staff, parent councils, pupils, trade unions and the wider community on appropriate matters to inform resource decisions. It is **expected** that headteachers provide clear information on local budgets and resource allocation including school staffing models, DSM decisions, allocation of departmental or class resources, formulae, criteria or methodologies used within the school. To facilitate consultation, it is expected that headteachers form appropriate mechanisms or forums for regular engagement and consultation with stakeholders to discuss and consult on any relevant area.'*

The NASUWT recommends that local guidance sets out a clear process for consultation with workforce unions on spending decisions both at LNCT level and school level. Ideally, the guidance should operationalise the expected collaboration.

#### **5. Accounting procedures**

The new DSM guidelines state:

*'...headteachers should be permitted to move budgets between devolved budget headings... subject to Local Authority accounting principles, schemes of delegation and financial regulation. Locally determined virement criteria, including any maximum percentage, financial limits or excluded budget areas, are **expected** to be included within the published local scheme.'*

*'Headteachers are **expected** to be given the ability to carry forward budget underspends and overspends from one financial year to another in line with Local Authority criteria. Locally determined carry forward criteria, including any maximum percentage or financial limits, or where a carry forward provision is determined by the overall service, directorate or authority budget position, are **expected** to be published within the scheme.*

*'Local Authorities should give consideration to enabling schools and establishments to deposit funds to save budget underspends over a number of financial years for planned and agreed future spending requirements.'*

The NASUWT considers that devolved school funding should not enable significant surplus balances to be built up. This is endemic in the school system in England, where school and academy sector surpluses are currently running at close to £4 billion. If local funding systems do permit revenue balances to be carried over from one financial year to the next, these should, at the very least, be capped at no more than 5% of total revenue funding, although there is an argument that, in Scotland, where key services for schools are provided by local authorities and schools do not need to build up reserves, the figure should be even lower than this.

## **6. Areas not suitable for devolution**

The new DSM guidelines state:

*'It is expected that each Local Authority identifies and lists any areas that are not devolved to schools within their published schemes.*

*a. Areas identified as not generally 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 (currently SEEMIS)*
- *School*

*b. Areas which consultation highlighted as having a variety of approaches, and requiring local determination:*

- *Waste Collection*
- *Energy costs*
- *Carbon charges*

- *Janitorial and Cleaning staff costs*
- *Central support services. For example, Educational Psychology, Quality Improvement Teams, Learning Support and Behavioural Support Teams, Speech and Language Teams, hearing and visually impaired support, dyslexia or significant and enhanced provision for additional support. Each authority will have their own specialist teams which will differ.*
- *Examination fees*
- *Long Term Sickness Absence*
- *Family Leave Costs*
- *Visiting Teachers*
- *Music Instructors*
- *Parent Council expenditure.'*

The NASUWT has consistently argued that the costs of staffing should be excluded from devolved school funding streams. This creates an incentive to reduce staffing costs by employing cheaper staff and is one of the main causes of discrimination towards older teachers in England and Wales.

The new DSM guidelines stipulate that:

*'Local Authorities are **recommended** to consider the risks associated with devolved staffing. This includes discussing and consulting with headteacher and appropriate forums around the complexities and risks associated with staffing allocations.*

*'For all staffing matters, it is **expected** that headteachers must adhere to the appropriate legislation, Local Authority, SNCT and LNCT agreements, Working Time Agreements and guidelines.'*

The Union recommends that local procedures clearly set out the responsibilities for headteachers to consult, with a view to reaching agreement, with workforce unions over recruitment processes and the design of the school staffing structure. The Union further recommends that local agreements resist devolving staffing costs, such as central support services and specialist teachers and instructors, as devolving additional educational needs spending to schools can create an incentive to schools to cut staffing in these areas.

## **Contact**

For further advice or support, please contact the Scotland office on 0131 226 8480 or via [rc-scotland@mail.nasuwt.org.uk](mailto:rc-scotland@mail.nasuwt.org.uk)

# DEVOLVED SCHOOL MANAGEMENT Guidelines



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## Introduction

These guidelines have been devised to help Local Authorities<sup>1</sup> develop their own Devolved School Management (DSM) schemes. They include advice on what is expected and recommended in a local scheme, alongside practical examples from Local Authorities. To aid Local Authorities, a framework document has been created which will allow Local Authorities to populate a standard format if they wish to do so, introducing broader consistency of scheme presentation. This Framework can be found at <https://www.gov.scot/policies/schools/devolved-school-management/>.

This document has two main sections. The first section, ***Devolved School Management: Background and Principles*** sets out the background, context and principles of DSM, as well as providing a common framework and overview of the expectations and requirements. The second part, ***Devolved School Management: Detailed Guidance for Local Authorities in developing a DSM scheme***, provides detailed guidance for Local Authorities including regarding format and publication, scheme review, training, accounting matters, consultation, engagement and, transparency, professional support, collaboration and staffing. Throughout the second section, examples from Local Authorities are given. These are intended to offer ideas and aid discussion on areas a Local Authority may wish to include in its scheme. Finally, Appendices A to D provide supporting information.

These guidelines aim to encourage participation from Local Authority wider teams, schools<sup>2</sup> and parents. They have been prepared through collaboration and consultation with a wide range of stakeholders. Collaboration is key to a successful local DSM scheme; this is captured within the Joint Agreement and Headteachers' Charter to which these guidelines align and support.

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.

These updated DSM guidelines seek 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.

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<sup>1</sup> The terms "Local Authority" and "Local Authorities" are used throughout this guidance to mean the education authority, being a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994.

<sup>2</sup> The terms "school" and "headteacher" are used throughout this guidance. These guidelines recognise that in relation to DSM, the functions and roles undertaken within an empowered school system are not restricted to headteachers. Although the role of headteacher is identified throughout, shared and distributed leadership means that other staff members, or groups, may undertake an area or aspect of DSM. The guidelines support distributed leadership, collaboration and consultation, whilst recognising that the accountability and responsibility will reside with the headteacher as the leader of their school, supported by the Local Authority.

The guidelines were developed through extensive stakeholder engagement (Appendix C) and produced by the Scottish Government and COSLA in conjunction with the Fair Funding Working Group and Fair Funding Reference Group (Appendix D). These guidelines are issued by Scottish Ministers under section 13 of the Standards in Scotland's Schools etc Act 2000 (the 2000 Act). This guidance is issued to Local Authorities in relation to their functions under Section 8<sup>3</sup> of the 2000 Act in relation to delegation schemes. Before issuing this guidance, Scottish Ministers consulted those detailed in Appendix C about the proposed guidance. The guidelines are sufficiently flexible to support local variation and local circumstances, ensuring that the democratic right, aims and priorities of locally elected members remain fundamental to successful schemes.

The guidelines replace three separate documents from 2012 - Devolved School Management Guidelines, Devolved School Management Self-Evaluation Toolkit and Devolved School Management Examples of Practice from the Association of Directors of Education in Scotland (ADES) Resources Network.

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<sup>3</sup> In preparing a delegation scheme reference should be made to Section 8 of the 2000 Act which requires the Local Authority to have a delegation scheme, and provides more details on: the circumstances in which they can be applied; what they *must* contain and what they *may* contain. For example, section 8(2)(a) requires that where a delegation scheme is in place in respect of a school that scheme must delegate to the headteacher the preparation of the school improvement plan and section 8(3) requires that the scheme must require the headteacher to exercise the delegated functions in a manner consistent with the Local Authority's duties to secure improvement in the quality of school education which is provided in the school management by them and with a view to raising standards of education.

## 1. Devolved School Management: Background and Principles

### 1.1 Education Reform Joint Agreement 2018

In June 2018, the Joint Agreement between the Scottish Government and COSLA established the principles that:

- Effective system-wide improvement requires strong leadership, collaborative working and clarity of purpose at all layers of the system – school, local, regional and national.
- Headteachers are the leaders of learning and teaching in their school. They are senior officers of the Local Authority and have operational responsibility for the service they provide, therefore the majority of decisions should be made at school level.
- Schools are empowered to make the decisions that most affect their children and young people's outcomes, while being part of a collaborative learning community, the Local Authority and working with others.
- Empowered schools require both strong and distributive leadership, working in partnership with pupils, parents, staff and the wider community.
- The principle of headteacher empowerment will be applied consistently across Scotland.
- Local Authorities' duty to provide education for children and young people means that they must be able to intervene in decisions made by headteachers where statutory, financial, or contractual obligations would be breached.
- Local Authorities and their headteachers should have a mutually respectful and supportive relationship, with clear processes in place to minimise the need for such intervention.
- Decisions by all parties should reflect mutually supportive and respectful relationships.

The Joint Agreement advises that through the Headteachers' Charter, Local Authorities are to empower headteachers in areas of curriculum, improvement, staffing and funding. Regarding **funding**, it defines this further:

- 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.

- 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.

The Fair Funding Reference Group formed the Fair Funding Working Group to provide the detailed and practical insight necessary to deliver this guidance.

## **1.2 Aims of Empowerment of Funding**

An empowered system is built on mutual trust, cooperation, transparency and highly effective communication. In an empowered system, headteachers, schools and their Local Authorities are partners, each contributing and supporting each other and respecting the different role each plays.

Local Authorities add value by enabling key decisions to be made by those who are closest to the educational experience of children and young people and who best understand the particular context of the learning community. Decision making about funding that affects the school should sit, therefore, at school level unless there is a compelling reason for this not to be the case. The headteacher is accountable and responsible for decisions that should be made in consultation with pupils, parents, staff and the wider community.

In an empowered school, decisions are based on local circumstances, delivering the highest impact on the learning experience of children and young people, and achieving the best outcomes for learners. Empowered schools require both strong and distributive leadership, again working in partnership with pupils, parents, staff and the wider community. An empowered school should have established systems and mechanisms which ensure that decisions are made in collaboration with stakeholders and which lead to better outcomes for children and young people.

Headteachers are expected to be able to manage a fair, equitable and transparent devolved budget that meets the needs and priorities of the school and local community. As senior officers of the Local Authority, responsible for the leadership and management of the service provided to children and young people and their families, headteachers are accountable to both their employer and to their learning community for the leadership and management of education and resources within their settings.

Headteachers, whilst being part of a collaborative community, the Local Authority and working with others, are accountable for the resources within their delegated budget responsibility.

These guidelines recognise that in relation to DSM the functions and roles undertaken within an empowered school system are not restricted to headteachers. Although the role of headteacher is identified throughout, shared and distributed leadership means that other staff members or groups may undertake an area or aspect of DSM. An empowered school system means that all teachers are empowered and have meaningful input to decisions about school funding. The guidelines support distributed leadership, collaboration and consultation whilst

recognising that ultimately the accountability and responsibility will reside with the headteacher as the leader of their school, supported by the Local Authority.

### 1.3 A Headteachers' Charter for School Empowerment

The Headteachers' Charter advises that in an empowered system, headteachers should lead learning communities to determine the most appropriate approach in the areas of leading learning and teaching, empowering the learning community and making best use of the school's resources.

In relation to making **best use of the school's resources**, headteachers are required to:

- Manage a delegated budget in a fair, equitable and transparent way, supported by the Local Authority and a fair, transparent and equitable local Devolved School Management Scheme.
- Deploy the school's budget in accordance with best value principles and Local Authority procurement arrangements, with appropriate support and guidance from their Local Authority.
- Play an active role in designing and reviewing recruitment and staffing approaches, both for their own school(s) and for the wider Authority.
- Be empowered to design a staffing structure which best supports the school's curriculum and leadership requirements, working within their delegated staffing budget and supported by their Local Authority and Scottish Negotiating Committee for Teachers (SNCT) / Local Negotiating Committee for Teachers (LNCT) agreements and guidance.
- Be integral to the appointment of staff in accordance with the best interests of children and young people, and work in partnership with the Local Authority to ensure good practice in recruitment and appointments, in line with SNCT/LNCT agreements and guidance.
- Work in partnership with the Local Authority, and within clearly defined roles, responsibilities and accountabilities, to ensure a highly professional school team is built and sustained to meet the needs of the learning community.

### 1.4 The Principles for Devolved School Management

The updated DSM principles, agreed by the 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

### **Subsidiarity and Empowerment**

DSM must provide headteachers and schools with the autonomy and flexibility to ensure decisions are made at the most appropriate level. Local Authorities should, within their DSM scheme, provide headteachers with clear information about which areas of expenditure are delegated to them. Whilst headteachers should have flexibility in the budgets required to operate and administer a school, there are also areas of expenditure that are not generally considered suitable for devolution to schools. Further guidance is provided in Appendix B. Devolution of budget must be supportive to the headteacher and allow a headteacher to make a positive impact on outcomes for children and young people, and must suit local context.

**Delegation:** Decisions are made closest to the learner wherever possible and should be delegated to headteachers and schools in line with the Education Reform programme. Schools are empowered to make the decisions that affect outcomes, while being part of a collaborative learning community and the Local Authority. Decisions about education spending at Local Authority and school level are made in a collegiate and transparent way, paying due regard to wider responsibilities including GIRFEC.

**Staffing:** headteachers are involved in the design of recruitment processes and can design a staffing structure that best supports learning and teaching in the school, within the budget delegated to the school by the Local Authority. Headteachers must comply with employment law and other relevant legislation, and the contractual obligations and policies of their Local Authority. Local Authorities and headteachers must have regard to supporting guidance and agreements developed by SNCT and LNCT (where appropriate).

**Budget:** The majority of budget decisions should be made at school level. Local Authority schemes should detail specific guidance for accounting policies with regard to areas such as budget setting, budget virement and carry forward of budget underspends based on locally determined criteria.

## **Collaboration**

All partners must work together in a collegiate and collaborative way, keeping the interests of children and young people front and centre.

**Consultation:** DSM should be designed and implemented in collaboration and consultation with stakeholders. Joint working with partners should be guided by, and support, the School Improvement Plan, Local Authority or education service, other plans, and local and national priorities.

**Partnership:** In an empowered system, Local Authorities, headteachers and other school staff should work collaboratively at a local, regional and national level. headteachers furthermore should ensure that the systems are in place to allow collaboration with their school community, so that decisions are taken through the principles of co-production.

**Combined budgets and integrated services:** Local Authority schemes should provide scope for combining budgets between schools, clusters, and other public partners (subject to any legal or contractual restraints), noting the requirements of Local Authority policies and frameworks, including, although not limited to: procurement, finance, and recruitment.

## **Accountability and Responsibility**

Accountability is required at all levels; with the Local Authority, headteachers and delegated budget holders all being accountable and responsible within an empowered DSM scheme.

**Accountability:** Headteachers are the leaders of learning and teaching in their school and are senior officers of the Local Authority with operational responsibility for the service they provide. Local Authorities will continue to be democratically accountable for the Local Authority education budget and the delegation of funding to schools, while headteachers in collaboration with stakeholders will make decisions on the spending within that delegated budget. As senior officers of the Local Authority, headteachers are accountable to both their employer and to their learning community for the leadership and management of education and resources within their setting.

**Quality Assurance and Review:** Local Authorities should review DSM schemes every three years through peer review; in consultation and collaboration with stakeholders. Quality assurance should be built into the scheme and should particularly consider best practice from other Local Authorities. Local Authorities should also consider, as part of their ongoing self-evaluation, updating DSM schemes if relevant changes occur, for example following annual budget setting.

**Support:** Local Authorities should ensure that appropriate professional support functions such as business management, finance, human resources teams and administrative support are in place to provide both support and challenge to headteachers exercising their delegated duties.



## Clarity and Equity

Clarity and equity is required at all levels; with the Local Authority and headteachers being clear and equitable with devolved resources.

Equitable budget allocation: Devolving resources at a local level will vary according to the characteristics of each authority. The local context, including whether an authority is based in an urban, rural or island setting will have influence regarding the budget decisions within an authority. However, for all authorities, in an empowered system, decisions regarding budget allocations should be made in consultation with stakeholders, including schools and should aim to deliver equity, ensuring that every child and young person has the same opportunity to succeed.

Clarity: Comprehensive and clear information about funding allocations detailing how local priorities and needs have determined these allocations should be made available to stakeholders. This applies to both Local Authority schemes and school decisions.

Value for money: All decisions regarding resource use at Local Authority or school level should provide best value and continuous improvement, drawing on corporate financial regulations, schemes of delegation and procurement guidance.

### 1.5 A Common Framework

To harmonise how local schemes are described, a framework is provided for Local Authorities to populate, containing all the essential elements of a good scheme. Local Authorities can incorporate their own scheme detail into the framework, tailoring the narrative to reflect their local context and decisions. This supports the empowerment of schools based on the Local Authority context, ensuring local democratic decisions can be applied whilst maintaining a broad consistency between schemes. This will support stakeholders undertaking benchmarking, introduce an element of common understanding for users, support shared training, and aid peer review. The framework will assist Local Authorities and their headteachers, providing increased clarity and transparency to stakeholders. The framework can be accessed on the Scottish Government website at <https://www.gov.scot/policies/schools/devolved-school-management/>.

### 1.6 Expected, Recommended and Examples

The guidelines identify which areas are defined as expected, or as recommended, for Local Authority schemes. In some cases, the guidelines note statutory requirements on Local Authorities, or legislation which Local Authorities, headteachers, or others must comply with. **For the avoidance of doubt, nothing in these guidelines detracts from those legislative requirements, which must always be complied with.**

It is anticipated that every Local Authority scheme will apply the areas identified as “expected” within their individual scheme. Areas identified as “recommended” enable the Local Authority to determine their own decision in meaningful consultation with stakeholders. This supports authorities implementing a scheme that is fit for

purpose based on their local priorities and context. These are summarised in Appendix A: “Expected and Recommended Summary”.

Local Authority examples are provided in some areas to support discussion with stakeholders at both authority and school level, reinforcing meaningful consultation and the transparency of schemes. Authorities are not expected to seek to implement each of the examples included within the guidelines, but may find it helpful to consider whether examples are relevant to their circumstances.

### 1.7 Self-evaluation

To support school improvement, headteachers are recommended to undertake self-evaluation drawing upon the most appropriate and current tools as self-evaluation toolkits. At date of publication these include: Education Scotland: How Good is Our School 4, Quality Indicator 1.5 Management of Resources ([HGIOS4](#)) and the General Teaching Council Scotland (GTCS) ‘The Standards for Leadership and Management’ ([GTCS Standards](#)). To avoid increasing workload no additional toolkit has been created.

Local Authorities can make use of the “Expected and Recommended Summary” (Appendix A) to self-evaluate their schemes in addition to the peer review.

### 1.8 Additional Funding

Additional funding streams, including for example, at the time of publishing, Pupil Equity Funding (PEF), are not core funding and are not included within the traditional funding mechanisms of DSM schemes. Funding directly allocated to schools from sources other than the Local Authority should be available to headteachers to utilise as outlined in any associated conditions of the budget allocation. It is recommended that the principles of DSM (subsidiarity and empowerment; collaboration; accountability and responsibility; and clarity and equity), in addition to Local Authority policies, apply to all funding streams.

Many schools operate School Funds<sup>4</sup> and Parent Council accounts; these are external to the Local Authority DSM scheme and are not included within the DSM guidelines.

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<sup>4</sup> School Funds refer to funding raised by the school through other avenues and are not devolved by the Local Authority, the headteacher is responsible and accountable for these funds. Each Local Authority will have their own processes and procedures for these funds.

## 2. Devolved School Management: Detailed Guidance for Local Authorities in developing a DSM scheme

### 2.1 General

Local Authority schemes are **expected** to demonstrate best value by following the characteristics of: commitment and leadership; sound governance at a strategic and operational level; accountability; sound management of resources; responsiveness and consultation; use of review and options appraisal; a contribution to sustainable development; equal opportunities arrangements and joint working.

DSM schemes are **expected** to support, promote and facilitate school empowerment, enabling headteachers to provide the efficient and most effective use of resources. Local Authorities, and their headteachers, are **expected** to demonstrate accountability at all levels, be clear and transparent, support collegiate working and strive to deliver national, Local Authority, local and school priorities.

It is **expected** that Local Authorities ensure that devolution is meaningful and empowers school leaders to make appropriate, and informed decisions to best meet their local needs in line with Local Authority policies, guidance and frameworks. It is recognised that there are areas of expenditure that are generally not considered suitable for devolution. These may be aspects that are beyond a headteacher's influence or are too bureaucratic to be managed at school level, have unacceptable levels of risk or have no impact on learning and teaching. A list of such aspects is detailed in Appendix B. It is **expected** that each Local Authority will identify any areas that are not deemed suitable for devolving to schools and include this information within their published schemes.

Headteachers are **expected** to deploy the school's budget in accordance with best value principles and Local Authority procurement arrangements, with appropriate support and guidance from their Local Authority. School expenditure should be in line with the School Improvement Plan supporting both Local Authority and national priorities and frameworks. Local Authorities and headteachers are required to support SNCT and LNCT agreements and guidance.

Local Authorities should aim to reduce, where possible, staff workload and bureaucracy in relation to the utilisation and the application of DSM schemes, including associated financial policies and procedures.

#### Local Authority Example

A recent Education Scotland inspection in **Renfrewshire** highlighted the importance of robust governance arrangements when dealing with the complexity of a range of different sources of funding. Although it could be argued that this is not entirely related to DSM, the overlaps and dependencies between each of them are highly significant if empowered headteachers are to feel supported by a strong central team from the Local Authority.

## 2.2 Format and Publication

Local Authorities are strongly encouraged and **recommended** to use the Scottish Government/COSLA common DSM framework document, which accompanies this document and can be downloaded from <https://www.gov.scot/policies/schools/devolved-school-management/>. The framework will support benchmarking, assist staff moving between Local Authorities, aid national and/or shared training opportunities and bring a common look and feel to Local Authority schemes.

It is **expected** that local schemes include any criteria and methodology used to create staffing models and other resource allocations as appropriate. If formulae have been applied, these should be included within the scheme. Headteachers should be able to interpret the formulae or resource allocations and reconcile this information with their school's resources.

Local Authorities are **expected** to publish their DSM scheme on an external facing authority website, providing access to public stakeholders. Where a school has a website, it is **recommended** that it includes a link to the Local Authority website directing parents and wider stakeholders to the scheme. As DSM schemes can be technical documents, and are **expected** to include detailed formulae, Local Authorities are **recommended** to consider publishing a summary of their detailed scheme using the Scottish Government/COSLA framework (available from <https://www.gov.scot/policies/schools/devolved-school-management/>) to provide all stakeholders with summary information which is both accessible and in plain language, maximising parental and/or stakeholder engagement.

## 2.3 Training

To support understanding and enhance confidence in DSM, Local Authorities are **expected** to provide specific training opportunities to individuals who make use of, or may influence, the DSM scheme. It is **expected** that this group would include headteachers and business managers or equivalent posts. It is **recommended** that training should also be considered for depute headteachers, aspiring leaders, LNCT trade union representatives and any other appropriate groups.

It is **recommended** that elected members, as decision makers responsible for the Local Authority corporate budget should also receive a tailored training programme. The National Parent Forum Scotland have advised that additional training for Parent Councils is not required as this may be viewed as a barrier for parental involvement. However, Local Authorities can offer training in conjunction with Parent Councils where they deem it appropriate.

It is **expected** that appropriate training should be available on a recurring basis to ensure new appointments to posts can be given sufficient induction, training and support to allow them to make informed decisions and to allow experienced staff to refresh their knowledge. Training should be available when new systems or processes are introduced. It is **recommended** that Local Authority headteacher induction programmes include a DSM element.

Where school or establishment staff have a delegated budget responsibility, it is **expected** that they will be aware of the aims and principles associated with DSM and best value and that they will adhere to financial regulations and Local Authority procedures and policies for the funds they are responsible for, which should include any staff member with a recognised budget responsibility.

### Local Authority Examples

**Falkirk** run regular training and update sessions for headteachers, deputy headteachers and new staff on all matters to do with Finance, Resource, Property and Planning matters.

**Inverclyde** Finance training is built into the practical guide to taking a school forward, which is available for any aspiring headteacher. The induction programme also includes one to one sessions on finance with the appropriate finance officer. This covers DSM.

As part of the leadership development programme, **Dumfries and Galloway** run two sessions each year to support current headteachers and aspiring leaders with managing resources - "Strategic Management of Budgets". As part of this session, some of the mechanics of DSM are covered, including the local scheme. The session also focuses on HGIOS4 Section 1.5 Management of Resources to promote equity, using the challenge questions from HGIOS4 to promote discussion, challenge and share experience.

Headteacher training in **Dundee** includes information on their Roles and Responsibilities related to Finance, and the recommendation that schools should have a DSM and School Fund Consultative Committee. Dundee also makes reference to HGIOS4 in training and the use of data when making spending decisions at school level

Dedicated training days are set up for **Shetland Islands** headteachers, as well as one-to one training opportunities for headteachers and their clerical staff.

## 2.4 Consultation, Engagement and Transparency

It is **expected** that local DSM schemes are accessible and in plain language, maximising engagement and supporting transparency. Local Authorities are **expected** to make information available to all stakeholders in relation to the Local Authority budget, delegated budgets to schools, including identifying areas of expenditure that are not devolved to headteachers.

It is **expected** that there will be meaningful consultation and engagement at all levels among the Local Authority, headteachers and all stakeholders. It is **expected** that meetings take place to inform appropriate resource decisions, including, for example: budget, staffing models and savings. To facilitate meaningful consultation and collaborative decision making, it is **expected** that Local Authorities form appropriate mechanisms or forums for regular engagement and consultation with headteacher

and wider stakeholders. These should be formed in conjunction with headteachers and Local Authority education management. A range of consultation approaches are already in place within Local Authorities including:

- regular finance forums
- headteacher/trade unions/staff working groups
- DSM committees
- area / school cluster meetings
- quality improvement forums
- feedback from surveys at school, school cluster and Local Authority levels
- headteacher short-life work streams

It is an **expectation** that headteachers have an input into areas affecting school resources, at a local, area or schools cluster level. This includes criteria used when determining how a formula is devised, how the formula is applied to schools, methods of calculating and distributing budget, any associated savings, school staffing models and any other appropriate allocations of resources.

#### Local Authority Examples

The **Dundee** Star Chamber group meets four times per year with all headteachers invited to attend. The Star Chamber meetings specifically focus on budget issues, with the meeting chaired by the Executive Director and Senior Management Team. In addition, Dundee's Staffing review group is chaired by the Chief Education Officer and consists of headteachers and central managers. This group covers all areas associated with the staffing process including allocation of staffing budgets. Lastly, there are sub-groups chaired by headteachers who involve other headteachers in taking forward certain areas. This year these groups were involved in revising staff formulae, given the budget pressures that the authority faced, and also focused on improving the recruitment process.

School Operating Management meetings in **Fife** are held termly; the meetings are chaired by a Head of Service and all headteachers are invited. The meetings focus on business matters including such areas as recruitment, staffing models, budget allocations, savings and facilities management. Three meetings are scheduled over different days to provide headteachers with the flexibility to attend the most suitable meeting to maximize attendance. This format is used for meaningful consultation with all headteachers (over 170 including nursery, special, primary and secondary). In addition, Cluster Chair Headteacher Meetings, Working Groups or sector specific headteacher meetings are also utilised for particular areas of work and for detailed discussion regarding specific budget savings.

In **North Ayrshire**, all schools are required to have a DSM Committee to discuss resource matters, the committee is formed from all staff groups and includes parent council representatives.

Transparency is further supported by the sharing of devolved staffing allocations with all school sectors in the local authority area - Nursery, Special, Primary and Secondary.

As the leaders of learning in their schools, and as senior officers of the Local Authority, headteachers are **expected** to take the lead role in ensuring their school community is empowered at all levels, this includes full consultation with staff. Headteachers are **expected** to consult with staff, parent councils, pupils, trade unions and the wider community on appropriate matters to inform resource decisions. It is **expected** that headteachers provide clear information on local budgets and resource allocation including school staffing models, DSM decisions, allocation of departmental or class resources, formulae, criteria or methodologies used within the school. To facilitate consultation, it is **expected** that headteachers form appropriate mechanisms or forums for regular engagement and consultation with stakeholders to discuss and consult on any relevant area. To facilitate collective decision making a range of consultation approaches are in place within schools which include:

- School committees
- staff meetings
- parent council
- pupil councils
- working groups

Headteachers are **expected** to ensure that any costs on families are minimised to ensure equality of access. However, where charges are deemed unavoidable, it is **recommended** that any anticipated pupil charges for curricular or extra-curricular activities (for example Home Economics, or school trips), or other costs (such as school uniform) requiring funding contributions from parents/carers are clearly detailed in school information published at the start of the academic session, supporting transparency. It is further **recommended** that any potential financial assistance or opportunities available to the pupil, or any discounts or exemptions available, for example in relation to pupils in receipt of free school meals, are included within this information.

## 2.5 Collaboration

DSM schemes should be informed by local priorities to enable them to contribute towards shared agendas and improved outcomes, allowing stronger partnership working between schools and with other agencies and stakeholders.

Local Authority decisions about education spending are expected to be made in a collegiate and transparent way, paying due regard to their wider responsibilities, including Getting it Right for Every Child (GIRFEC) and the role of Local Authorities as Corporate Parents.

Effective joint working, encompassing headteachers, school staff, Local Authority chief officers, community partners, other schools, colleges, universities and the Regional Improvement Collaborative are key. Meaningful collaboration can support the best use of resources, through arrangements for strategic planning of local provision, economies of scale and the pooling of resources to meet locally identified educational needs. To further develop this, it is **recommended** that Local Authorities consider empowering an area or school cluster, enabling headteachers to influence decisions and resource use across a geographical or cluster basis.

Devolving budget resource on an area or school cluster basis also requires headteachers to be responsible for these resources to their stakeholders and Local Authority.

The Regional Improvement Collaborative should consider developing and sharing models of best practice in empowerment and effective decision making within the funding and resources context.

In an empowered system, headteachers are **expected** to be collaborative and collegiate in their approach, challenging themselves and stakeholders to be solution focused and embrace joint working with the learning community, teachers, support staff, partners, other schools and the Local Authority. It is **recommended** that headteachers work together to share and maximise resources in order to influence outcomes across geographical areas or school clusters.

### Local Authority Examples

In **Inverclyde**, the recently implemented ASN review has devolved management of resources to localities of schools. This means that headteachers discuss allocations of support on a locality basis and can allocate resources accordingly.

The **Falkirk** Senior Management Team holds termly meetings with Parent Council Chairs and representatives to discuss all matters relating to budgets, finances and resources. In addition through collaboration, secondary schools now manage the provision and distribution of PE and Music teachers across all primary schools within their cluster.

In **Glasgow**, by headteachers pooling funding together, Secondary schools have engaged STEM staff to work collegiately to deliver training and staff development.

**West Dunbartonshire** have robust systems in place for the effective management and monitoring of finance, ensuring strong financial governance and delivery of best value at both corporate and project level. At corporate level, the Community Planning Partnership and Educational Services committee ensure accountability for the delivery of Education objectives. The Council provides the conditions and environment for leaders to make innovative decisions on available spend, based on research and self-evaluation activities. Through a variety of consultation processes, headteachers engage well with stakeholders in their school community to gather views on how funding is used, and to report on progress with delivery of projects/interventions. Through a variety of communications channels, headteachers share successes of projects/interventions, ensuring stakeholders are aware of impact to help inform next steps.

**Na h-Eileanan Siar** Primary and Secondary headteachers have collectively identified a set of nine key actions based on the Department's four priorities and Business Plan as well as current national priorities and developments in education. To deliver the nine actions, a model of Headteacher Hubs has been developed that has created three hub teams of headteachers, each led by one of the headteachers and supported by a Senior Education Officer. Each of the hubs has been assigned three of the nine priorities. Headteacher Hubs serve two key purposes. They



empower headteachers, as senior officers of the Comhairle, to lead on the delivery of key priorities as well as to take devolved responsibility for budget spending. It also addresses the national priority to tackle bureaucracy through more effective sharing of development work across the three Hubs to benefit all schools, and raise learners' attainment. Each Hub is led by a headteacher with a group of other associated headteachers, as well as any co-opted members they wish to include for the purposes of meeting their specific objectives.

## 2.6 Staffing

Local schemes are **expected** to devolve the appropriate resources to schools, whilst ensuring that legislative and contractual requirements are met and local circumstances and needs taken into account.

Local Authorities are required to develop and implement staffing models for all school sectors, within which headteachers are **expected** to deliver the most appropriate and efficient use of staff, ensuring equity, transparency and clarity whilst promoting and supporting collaboration and collegiate working. To facilitate this, it is **expected** that headteachers are empowered to design a staffing structure to suit their school's context, within the budget delegated to the school by the authority.

Local Authorities are **recommended** to consider the risks associated with devolving staffing. This includes discussing and consulting with headteacher and appropriate forums around the complexities and risks associated with staffing allocations. Local schemes will vary and may be determined or influenced by systems and processes in place for finance budget setting. This may include budgets based on named individual salary placements, average staff salaries, top of teaching scale salary, cash or points models, or any other methodology used.

Consideration should also be given in relation to long term absence and family leave costs which may impact on budgets. Variances in local schemes may also exist owing to the accounting approach applied for specific individual circumstances noting the salary differentials for roles such as chartered teachers, assimilated teachers, career pathway lead teachers or in relation to conservation of salary or changes to job sizing grades. For all staffing matters, it is **expected** that headteachers must adhere to the appropriate legislation, Local Authority, SNCT and LNCT agreements, Working Time Agreements and guidelines.

Headteachers are **expected** to play an active role in designing and reviewing the recruitment processes and staffing approaches, both for their own school/s and for the Local Authority.

It is **expected** that headteachers are consulted on the allocation of all staff groups to their schools, including support staff. Staffing allocations of support staff should be supported by a clear and transparent methodology for the distribution of staff either to schools or clusters.

### Local Authority Examples

A primary school in **Dumfries and Galloway** was entitled to two deputy headteachers. The headteacher has chosen to put in place only one deputy headteacher post and utilise the funding from the other position to support development opportunities across the staff group. These are project type arrangements to complete designated pieces of work.

A Primary School in **East Lothian** had an increasing school roll and were entitled, per the staffing model to receive an additional deputy headteacher, increasing from one to two deputy headteachers. The headteacher elected to utilise the budget resource to maximise the existing deputy headteacher's management time, thereby removing the teaching commitment. This further enabled the headteacher to create a principal teacher post through use of the balance of resource available.

In **Falkirk** the annual teacher recruitment and probationer intake exercise for primary schools is centrally coordinated with input from headteachers groups to reduce the demands on their time. Primary headteachers have also used their devolved budgets to collectively fund a central support post to source and manage supply cover on their behalf.

**Fife** manage a generic recruitment campaign for class teacher posts for the new August academic session. This generic campaign is led by headteachers, supported by the central team. Headteachers attend a centrally led recruitment session at which the headteachers devise the interview format and questions. The interview panels are solely formed by headteachers who make a recommendation to appoint candidates to Fife, or not. The central team then undertake all reference and recruitment checks before allocating the candidate to a post in Fife. To staff schools, headteachers submit a 'Staffing Return' for the new August session whereby they identify vacancies or surplus staff. For vacancies, the headteacher identifies the nature of the vacancy (permanent/temporary/full time/part time) and can identify how they wish the post to be filled, for example the allocation of a new probationer or the appointment of a teacher.

Furthermore, for the allocation of a new probationer they can request a student who has completed a placement within their school, or are allocated a name by the central team. For the allocation of a teacher, they can request a named individual from the generic interviews and this allows headteachers to request to retain their current probationer if they wish to do so. Through this system headteachers are able to greatly influence their school staffing allocation. The Directorate seeks to accommodate headteacher requests whilst taking account of any other factors, including staff members requiring transfer, the overall school pupil roll, the authority's probationer allocation and any other local matters.

**Perth & Kinross** Headteachers are authorised to organise their support staff structure as required. Resources continue to be allocated to schools using the DSM funding allocation annually.

**Renfrewshire** engaged extensively with primary headteachers in order to design a revitalised recruitment process for the annual staffing exercise, which sees

headteachers lead the selection procedures forming interview panels and recommending deployment based on a competence based approach. This is backed up by support from HR and recruitment professionals within the Local Authority in order to ensure openness, fairness and transparency. By empowering headteachers in this way, workload has been reduced and both schools and individual teachers feel more valued for their contribution.

## 2.7 Professional Support

To support empowered schools, Local Authorities are **expected** to provide the appropriate support and challenge to headteachers. Empowered schools should be underpinned by professional high-quality teams with the appropriate capacity to support headteachers. This may be in the form of business managers (or equivalents), finance, human resources and facilities teams. It is **expected** that access to professional support is available to all headteachers, in all school establishments. It is **expected** that there should be transparency in any formulae or methodology used in allocating professional support to schools.

### Local Authority Examples

**Argyll and Bute** Finance Assistants are assigned to schools to provide financial advice to the headteacher. These roles are managed by the corporate finance teams with the posts being based in schools. The finance assistants provide support to more than one school, usually on a cluster basis.

Each secondary school in **Falkirk** has a dedicated Resource Manager and other schools are supported by a centrally based team of Resource Officers.

**Scottish Borders** undertook a review during 2016/17, with the aim of developing more integrated and streamlined management and administration arrangements on a locality, cluster basis. A new structure was developed and consulted on, and a Business Manager was appointed for each high school cluster (of which there are 9) and administration staff for both secondary and primary schools were matched into the new, cluster-based structure. The resulting standardisation and improvement of processes and policies has enabled a necessary move away from inconsistencies in approaches to business support across over 70 Scottish Borders schools, and is facilitated by investment in digital improvements for staff, parents and pupils. The clusters vary in size, and contain a mix of rural and urban settings. The Business Manager posts are line managed by a Business Support Service Manager at Council HQ, who reports to the Service Director, Customer and Communities, and funding for the new structure now sits within this service.

**Stirling** Business Managers are based in each of the 7 secondary schools and support the specific secondary school. The posts are managed by the headteacher and funded by the overall secondary staffing model. 40 primary schools are supported by 2 Primary School Resource Officers, who in turn support a cluster of nursery, primary schools and one special school. They are managed by the Business Improvement Team Leader within the Broad General Education Service. The secondary business managers manage the non-teaching staff, monitor and

report on the school devolved budget; assist the headteacher in the strategic deployment of staff and day to day management and co-ordination of all HR issues devolved to schools. They are responsible for all buildings and facilities management issues and liaise with other Council Services or contractors as appropriate. They assist the headteacher in the strategic management of all finance related issues. The Primary School Resource Officers support, advise and assist headteachers in the strategic management of all resource related issues. They all support the schools in working within the Legal and Financial Framework of the Council and are supported by our Corporate Teams including Finance, HR, procurement and property teams.

## 2.8 Accounting Matters

Headteachers are **expected** to be given the flexibility to manage and determine the best use of the resources devolved to schools. To facilitate this, headteachers should be permitted to move budgets between devolved budget headings (referred to as budget virement) subject to Local Authority accounting principles, schemes of delegation and financial regulations.

Locally determined virement criteria, including any maximum percentage, financial limits or excluded budget areas, are **expected** to be included within the published local scheme.

### Local Authority Examples

In **Angus** headteachers are permitted to divert monies between devolved budgets. However, no funds should be diverted which have an ongoing commitment into future years e.g. diverted funds cannot be used to permanently increase staffing levels as the source of funding cannot be guaranteed in future years.

To support Schools with their individual budget control and financial reporting, **Falkirk** provide schools with 10 unique financial ledger devolved cost codes that allow schools to decide themselves what costs should be charged and monitored against them. A bespoke devolved budget report is also available to headteachers to monitor devolved budgets directly.

In **Glasgow**, virement of up to £1,000 across all supplies and services budget lines and Virement of up to £5,000 across all classroom supplies lines is allowed. However, virement of up to 10% of the entitlement budget of a school's sickness absence cover (5% pre-Christmas and 5% post-Christmas) is subject to approval from the Executive Director of Education Services.

**Inverclyde** currently allow virements of up to £20,000 out of employee budget lines to any budget lines within the overall DSM budget. They also allow virements of up to 10% of non-salary budget lines to any DSM budget line.

In **Aberdeenshire Council** headteachers are provided with details of devolved budgets at the beginning of each financial year, which are updated post September-Census to reflect roll movements. Although Primary schools do not have access to the General Ledger, transaction reports are provided regularly. Budget monitoring

statements are also provided quarterly by a centrally based Finance team, who are available to provide advice and support to headteachers.

Secondary Teaching staff costs, including long and short-term supply, are now fully devolved to schools. Budgets are based on the actual cost of staff in place and likewise expenditure is also on actual costs charged through the ledger. All schools are provided with an annual monitoring template, which allows them to record actual costs against budget and also to forecast the impact of staff changes.

Secondary schools also have access to monthly payroll reports, which are used to monitor the devolved teaching budget, and members of the Finance team are currently available to provide advice and support to Secondary headteachers and Business Managers. In terms of process, an accountant will visit each secondary at the beginning of the financial year to discuss the devolved budget and associated spending plans. Follow up visits are then offered later in the year to discuss the forecasted budget position and an update on spending plans. A meeting is held with a Head of Service/HR/Finance prior to the commencement of the new financial year to discuss staffing entitlement and address any budget issues. Secondary schools do have access to the Ledger, but also receive regular reports from the centre on all devolved budgets.

**Aberdeenshire** is also piloting the devolvement of ASN budgets to cluster schools. Two clusters representing different school sizes and demographics have been involved in this pilot. The budgets involved include teaching and non-teaching staff, together with budgets for flexible learning pathways, per capita and Continuing Professional Development. Each cluster collectively is then responsible for determining the spending plan for their budget that best meets the ASN needs within their cluster. Support from the Finance team is provided on a similar basis to that provided to secondary schools.

Headteachers are **expected** to be given the ability to carry forward budget underspends and overspends from one financial year to another in line with Local Authority criteria. This will provide greater flexibility, maximise best value and align school year expenditure with the School Improvement Plan, recognising that expenditure commitments operate on an academic and not financial year basis. Locally determined carry forward criteria, including any maximum percentage or financial limits, or where a carry forward provision is determined by the overall service, directorate or authority budget position, are **expected** to be published within the scheme.

It is **recommended** that local consideration is given to the use of carry forward of underspends and that the intended uses of any carry forwards are identified in School Improvement Plans or school budget plans.

Local Authorities should give consideration to enabling schools and establishments to deposit funds to save budget underspends over a number of financial years for planned and agreed future spending requirements.

It is **recommended** that Local Authorities consider how carry forward of overspends are managed and that associated processes or arrangements are included within the published scheme.

### Local Authority Examples

In the **City of Edinburgh Council** headteachers may carry forward any surplus funds from one financial year to another, subject to this surplus being less than 2.5% of the school's total delegated budget. In addition, Nursery schools may carry forward 10% of their total delegated budget. Any budget deficit incurred by the headteacher 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. The Executive Director of Communities and Families may instruct headteachers not to budget a deficit where there is reason to believe that this would create financial difficulties for the Council. In exceptional circumstances the Executive Director of Communities and Families may amend the amount of surplus or deficit to be carried forward but will give reasons for doing so.

Over the period 2017/18 to 2019/20 initially headteachers in **East Renfrewshire** have the facility to carry forward a percentage of their DSM allocation as budget underspend at the financial year end, subject to the overall Education Department budget being underspent. For 2017/18 this was set at a maximum of 5% of devolved resources, reducing to 3.5% in year two and 2% the following year with a wider review of DSM thereafter to take account of new national guidance. The budget devolved to a school in any financial year should be targeted at the priorities in the School's Improvement Plan and should be for the benefit of current pupils. Headteachers must therefore ensure that all carry forwards are planned and should not be used as a means of setting aside resources for the future with no identified plans for the carry forward. All carry forwards must be entirely used within a three-year period aligning with the School Improvement Plan and its timeframe. Where an overspend occurs, the shortfall in budget will be deducted from the school's DSM budget via an increased savings target in the following financial year and the headteacher would be required to provide an action plan to evidence how they will deliver a balanced budget by the end of that same financial year. If a school's DSM budget outturn position is unreasonably or persistently overspent, despite strong budget monitoring and support, then such action could be considered by the Director of Education as grounds for disciplinary action.

To reduce bureaucracy **Falkirk** has set financial levels for each school sector whereby underspends falling within these parameters are automatically carried forward. Underspends above these levels are subject of a simple business case being submitted to explain the reason for underspend and what the schools plans are for it. The acceptable parameters are: Early Years establishments £5,000, Primary Schools (Single Stream) - £10,000, Primary Schools (2/3 Stream) - £15,000; Secondary Schools - £30,000; and Special/ASN Establishments - £15,000.

The **West Lothian** the maximum carry forward is set at 2.5% of all fully devolved budget headings. Any balance greater than 2.5% will not be available to the school in the following financial year. Any carry forward above 1% requires Head of

Service. Schools may wish to use this carry forward not only for on-going revenue expenditure, but may also wish to save towards a longer term planned objective (e.g. school refurbishment).

**Inverclyde** allows a carry forward of up to 10% of the entitlement budget. In addition to this, headteachers are allowed a carry forward of planned underspend to be placed into a capital item replacement fund (CIRF) which can be held for up to 3 years. The minimum deposit is £500 and the maximum is £10,000 annually. This fund can then be used in the future 3 years to purchase planned equipment or resources e.g. reading schemes / smaller capital items .

**Renfrewshire** allows schools to carry forward a proportion of funds in particularly budget lines. Headteachers are expected to justify the purpose of such carry forward to ensure it is in line with the expectations of the 2012 guidance that ‘today’s money be for today’s children’. This provides a degree of accountability, whilst ensuring flexibility for the purchase of larger items which may not be possible within a single financial year.

## 2.9 Scheme Review

Local Authorities are **expected** to undertake a full review of their scheme every three years through peer and stakeholder evaluation. Local Authorities may wish to consider utilising the Regional Improvement Collaborative which they are a member of, although consideration should also be given to working with Local Authorities beyond the collaborative where demographics, scale, size and context may be comparable. Peer review should utilise the Scottish Government and COSLA quality assurance template.

In addition to working with a partner Local Authority, it is **expected** that the three-year review should include stakeholders from the home Local Authority and the wider community. It is **recommended** that these stakeholders include headteachers and other Local Authority representatives, for example, business managers or equivalent, school staff groups, trade unions, parents, pupils, corporate partners (such as finance, human resources and procurement) and any other community stakeholders as deemed appropriate.

It is **recommended** that Local Authorities, as part of their ongoing self-evaluation, update the DSM scheme if required following formal agreement of the Local Authority budget, or to recognise any Local Authority policy decisions which may have a consequential impact on their scheme.

It is **recommended** that headteachers undertake self-evaluation of DSM in their own school’s context using the most appropriate and current tools available. At date of publication these include; Education Scotland - How Good is Our School 4 (HGIOS4), Quality Indicator 1.5 Management of Resources; GTC Scotland - The Standards for Leadership and Management: supporting leadership and management development; Scottish Government and COSLA – Education Reform Joint Agreement and Headteachers’ Charter.

Local Authorities may wish to utilise the “Expected and Recommended Summary” (Appendix A) as their self-evaluation checklist or for use during their annual internal review.

#### Local Authority Example

**East Lothian’s** Service is incorporating HGIOS4, Quality Indicator 1.5 Management of Resources as part of their internal reviews and improvement processes within their school establishments.



## Appendix A: Expected and Recommended Summary

These guidelines recognise that in relation to DSM the functions and roles undertaken within an empowered school system are not restricted to headteachers. Although the role of headteacher is identified throughout, shared and distributed leadership means that other staff members or groups may undertake an area or aspect of DSM. The guidelines support distributed leadership, collaboration and consultation whilst recognising that the accountability and responsibility will reside with the headteacher as the leader of their school, supported by the Local Authority.

In some cases the guidelines note statutory requirements on Local Authorities. For the avoidance of doubt, nothing in these guidelines detracts from those statutory requirements, which all Local Authorities must comply with.

General	
Expected	Recommended
Local Authorities schemes adhere to financial regulations, deliver best value and ensure the efficient, fair and equitable distribution of resources.	
Headteachers deploy the school's budget in accordance with best value principles and Local Authority procurement arrangements, with appropriate support and guidance from their Local Authority.	
Local Authorities should ensure that devolution is meaningful and empowers school leaders to make appropriate, and informed decisions to best meet their local need in line with legislation and Local Authority policies, guidance and frameworks.	Local Authorities scheme clearly define areas of resources that are not devolved to schools.
Headteachers are expected to ensure school expenditure is in line with the School Improvement Plan supporting the relevant Local Authority strategic plans, priorities and the National Improvement Framework.	
Local Authorities and headteachers must adhere to legislative requirements, SNCT and LNCT agreements and guidance.	

<b>Format and Publication</b>	
<b>Expected</b>	<b>Recommended</b>
	Local Authorities are strongly encouraged to utilise the format of the DSM Framework for their scheme. This is available from <a href="https://www.gov.scot/policies/schools/devolved-school-management/">https://www.gov.scot/policies/schools/devolved-school-management/</a> .
Local Authorities are expected to publish the DSM scheme on the external facing website.	Where a school has a website, it is recommended that it should include a web link to the Local Authority published scheme.
	Local Authorities should consider publishing a summary of the authority's scheme, providing stakeholders summary information in an accessible way, using plain language.
Published schemes should include the criteria and methodology used to create formulae-based allocations, staffing models and other resource allocations as appropriate. If formulae have been applied, the formulae should be included within the scheme.	
<b>Training</b>	
<b>Expected</b>	<b>Recommended</b>
Local Authorities should provide specific DSM training to key staff groups including headteachers and business managers or associated posts.	It is recommended that training opportunities are made available to depute headteachers, aspiring leaders, elected members, and any other appropriate staff who utilise or influence DSM decisions.
Where school or establishment staff have a delegated budget responsibility they should be aware of the aims and principles associated with DSM, best value and adhere to financial regulations and Local Authority policies for the funds they are responsible for.	Training should be available for new and experienced staff members.
Training should be available on a frequent and recurring basis.	School leaders have access to local and/or national leadership programmes and training which ensures an approach to DSM that encourages confident decision-making to promote better outcomes for learners.

<b>Consultation, Engagement and Transparency</b>	
<b>Expected</b>	<b>Recommended</b>
Consultation and engagement at all levels between Local Authorities, headteachers and stakeholders should take place to inform appropriate resource decisions, including: budget, staffing models and savings. This includes consultation on criteria used when determining how a formula is devised or applied and other methodology of distributing resources.	
Local Authorities should form appropriate mechanisms or forums for regular engagement and consultation with headteachers and wider stakeholders as appropriate.	
Consultation and engagement between headteachers and staff groups should take place to inform appropriate resource decisions, including: budget, staffing models, department budget allocations and savings.	Headteachers should form appropriate mechanisms or forums for regular engagement and consultation with staff, parents and wider stakeholders as appropriate.
Headteachers should consult with staff, parent councils, pupils and the wider community on appropriate matters, these may include school staffing models, DSM decisions, allocation of departmental or class resources and include formulae or criteria used within the school.	
Headteachers share and discuss local school decisions, budget and resource allocations with staff groups and wider stakeholders as appropriate.	It is recommended that at school level this includes methodology and distribution of budgets and resources.
Local Authorities make information available to all stakeholders in relation to the Local Authority budget, education budget and delegated budgets to schools, including identifying areas of expenditure that are not devolved to headteachers.	
It is expected that DSM schemes, and information published for stakeholders is accessible and is in plain language.	
Headteachers are to ensure that any costs related to the curriculum are minimised to ensure equality of access.	Where charges exist for pupils, including both curriculum or extra-curricular activities (class materials, school trips, school uniform, etc.) they should be clearly detailed in school information published at the start of the academic session.

	Any potential financial assistance, discounts or exemptions available, for example in relation to pupils in receipt of free school meals, should be included within this information.
Collaboration	
Expected	Recommended
DSM schemes should be informed by local priorities to enable it to contribute towards shared agendas and improved outcomes, it should enable stronger partnership working between schools and other agencies and stakeholders.	
Local Authority decisions about education spending are made in a collegiate and transparent way paying due regard to Getting it Right for Every Child (GIRFEC) and the role of Local Authorities as Corporate Parents.	It is recommended that Local Authorities consider empowerment on an area or school cluster basis, enabling headteachers to influence decisions across geographical areas or school clusters.
Headteacher are expected to be collaborative and collegiate in their approach, challenging themselves and stakeholders to be solution focused embracing joint working with the learning community, parents, children and young people, teachers and support staff, partners, other schools and the Local Authority.	It is recommended that headteachers work together to share and maximise resources to influence outcomes across geographical areas or school clusters.
Staffing	
Expected	Recommended
Local Authorities should empower headteachers to design a staffing structure to suit the school's context within their delegated budget and in accordance with SNCT and LNCT agreements and guidelines.	Local Authorities consider their approach when devolving staffing, this includes discussing with Headteachers the complexities and risks associated with staffing allocations.
Schemes should seek to devolve the appropriate resources to schools, whilst ensuring that legislative and contractual requirements are met and local circumstances and need taken into account.	
The Local Authority with headteachers will seek to deliver the most appropriate and efficient use of staff resource ensuring equity, transparency and clarity whilst promoting and supporting collaboration and collegiate working.	

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 all staffing matters, headteachers must adhere to the appropriate legislation and Local Authority, SNCT and LNCT agreements and guidelines.	
Headteachers should be consulted on the allocation of support staff to schools.	

### Professional Support

Expected	Recommended
Headteachers in all schools should have access to professional support teams and functions.	
There should be transparency in the formulae or methodology in allocating professional support to schools.	

### Accounting

Expected	Recommended
Headteachers should have the provision to carry forward budget underspend or overspend in line with agreed and published Local Authority policy and criteria.	Intended use of carry forward of budget underspends are identified in School Improvement Plans or school budget spending plans.
	Procedures for managing carry forward of overspends are included within the scheme.
	Consideration is given towards enabling schools to deposit funds to save budget for planned and agreed future spend.
Headteachers should have the provision to vire budget between budget headings in line with agreed and published Local Authority policy and criteria.	

<b>Scheme Review</b>	
<b>Expected</b>	<b>Recommended</b>
Local Authorities undertake a three-year review with stakeholders and a peer Local Authority as they determine appropriate.	Stakeholders may include headteachers, business managers, all staff groups, trade unions, parents, pupils and corporate partners such as finance, human resources and procurement as examples.
	Local Authorities are recommended, as part of ongoing self-evaluation, to update DSM schemes if changes are made which have a consequential impact on a scheme.
	<p>Headteachers are recommended to apply national standards and to undertake self-evaluation drawing upon the most appropriate, and current tools, at date of publication these include, but are not limited to:</p> <p>Education Scotland - HGIOS4 QI 1.5 Management of Resources</p> <p>GTC Scotland - The Standards for Leadership and Management: supporting leadership and management development</p> <p>Scottish Government and COSLA – Education Reform Joint Agreement and Headteachers’ Charter</p>

## Appendix B: Areas of expenditure that are generally not considered suitable for devolution

It is **expected** that Local Authorities support meaningful devolution that empowers school leaders to make appropriate, and informed decisions to deliver the best outcomes for children and young people.

Whilst headteachers should be 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 of spend that:

- are outside the influence of a headteacher
- are too bureaucratic
- have unacceptable levels of risk
- benefit from economies of scale
- require specific professional expertise
- are complex by their nature

Through consultation it is clear that for a variety of locally determined reasons, differing approaches exist within the Local Authorities. The first list, presented below (**a**), covers areas that are generally recognised as *not* enhancing headteacher empowerment, and the second list (**b**) presents areas that Local Authorities may have determined locally agreed procedures according to their existing systems and processes.

It is **expected** that each Local Authority identifies and lists any areas that are not devolved to schools within their published schemes.

### a. Areas identified as not generally 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 (currently SEEMIS)
- School meals

**b. Areas which consultation highlighted as having a variety of approaches, and requiring local determination:**

- Waste Collection
- Energy costs
- Carbon charges
- Janitorial and Cleaning staff costs
- Central support services for example Educational Psychology, Quality Improvement Teams, Learning Support and Behavioural Support Teams, Speech and Language Teams, hearing and visually impaired support, dyslexia or significant and enhanced provision for additional support. Each authority will have their own specialist teams which will differ.
- Examination fees
- Long Term Sickness Absence
- Family Leave Costs
- Visiting Teachers
- Music Instructors
- Parent Council expenditure



## Appendix C: Stakeholder Engagement

The following organisations have been consulted during the preparation of this guidance. The draft Guidelines was also published on the Scottish Government website for comment between 5 April 2019 and 8 May 2019 date, to fulfil Scottish Ministers' duty to consult on proposed guidance under section 13 of the Standards in Scotland's Schools Act 2000.

Aberdeen City Council	Renfrewshire Council
Aberdeenshire Council	Scottish Borders Council
Angus Council	Shetland Islands Council
Argyll and Bute Council	South Ayrshire Council
City of Edinburgh Council	South Lanarkshire Council
Clackmannanshire Council	Stirling Council
Comhairle nan Eilean Siar	West Dunbartonshire Council
Dumfries and Galloway Council	West Lothian Council
Dundee City Council	ADES Resources Network
East Ayrshire Council	ADES Personnel Network
East Dunbartonshire Council	Association of Headteachers and Deputies in Scotland (AHDS)
East Lothian Council	Educational Institute of Scotland (EIS)
East Renfrewshire Council	Education Scotland
Falkirk Council	National Parent Forum Scotland
Fife Council	The National Association of Schoolmasters Union of Women Teachers (NASUWT)
Glasgow City Council	School Leaders Scotland (SLS)
Highland Council	Scottish Secondary Teachers Association (SSTA)
Inverclyde Council	Voice
Midlothian Council	
Moray Council	
North Ayrshire Council	
North Lanarkshire Council	
Orkney Islands Council	
Perth and Kinross Council	

## **Appendix D: Fair Funding Reference Group and Working Group Membership**

### **Fair Funding Reference Group Membership**

Scottish Government  
Convention of Scottish Local Authorities (COSLA)  
Association of Directors of Education Scotland (ADES)  
Directors of Finance  
Society of Personnel and Development Scotland (SPDS)  
Society of Local Authority Chief Executives (SOLACE)  
Society of Local Authority Lawyers and Administrators (SOLAR)

### **Fair Funding Working Group Membership**

Scottish Government  
Convention of Scottish Local Authorities (COSLA)  
Association of Directors of Education Scotland (ADES)  
Association of Headteachers and Deputies in Scotland (AHDS)  
Educational Institute of Scotland (EIS)  
School Leaders Scotland (SLS)



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