Purpose of Report

The purpose of this report is to update the Learning and Leisure Services Committee on recent developments in Devolved School Management.

Recommendations

The Learning & Leisure Services Committee is recommended:

(i) To note that National Devolved School Management (DSM) guidelines have been revised; and

(ii) To note that the service will review the guidelines against our current scheme and an updated Devolved School Management policy will be presented to a future committee.

Members wishing further information please contact:

James McKinstry, Head of Resources, on 01236 812269, or
Thomas O'Hagan, Education Officer (Budget), on 01236 812297
1 BACKGROUND

1.1 Devolved School Management (DSM) was introduced in 1993 and the policy was made a statutory requirement within "The Standards in Scotland’s Schools etc Act 2000" which committed education authorities to operate a formal DSM scheme for individual schools. DSM is essentially a partnership agreement between an education authority and schools/ nursery centres which delegates responsibility and control of a large portion of a council’s education budget to heads of establishment.

1.2 The Scottish Government has periodically produced supplementary guidelines to support the practical implementation and operation of DSM schemes. Whilst the government guidance provides an overarching DSM framework, each authority is able to develop its own administrative and governance arrangements which reflect local needs and specific spending priorities.

1.3 The current North Lanarkshire DSM scheme incorporates previous national guidance issued by the Scottish Government in 2006.

2 REVISED DSM GUIDELINES

2.1 In 2011 the Cabinet Secretary for Education and Lifelong Learning commissioned a report on DSM by David Cameron. The Cameron Report was published in October 2011 and contained a recommendation that the existing 2006 national DSM guidance should be updated to reflect ongoing changes in education including the roll out of the Curriculum for Excellence and increasing collaborative and cluster working between schools and their partners.

2.2 In response the cabinet secretary convened a DSM review group to update the existing national guidance. The review group was supported and received contributions from key stakeholders including COSLA, The National Parent Forum, Scottish Government, Education Scotland, EIS, ADES and Association of Heads and Depute Heads.

2.3 Revised national DSM guidelines (Appendix A) were finalised by the review group in June 2012 and have been subsequently approved by the cabinet secretary and COSLA.

3 AIMS OF THE REVISED NATIONAL DSM GUIDELINES

3.1 There are two clear aims underpinning the new guidelines:-

1. To empower headteachers to meet local needs and deliver the best possible outcomes for young learners in line with the objectives of Curriculum for Excellence, GIRFEC and the Early Years Framework.

2. To ensure that existing best practice in relation to the operation of DSM schemes will become standard practice based on the core values of subsidiarity, openness, transparency and local accountability.
3.2 These aims are supported by a number of principles grouped within the following four headings:-

- Subsidiarity and Empowerment – To support decision making at the most appropriate point to empower headteachers and other teaching staff.

- Partnership Working – Joint work with partners should be guided by agreed local priorities and framed within the School Improvement Plan.

- Accountability and Responsibility – DSM Schemes should clearly state how budgets are devolved to establishments and which responsibilities have been devolved to school level.

- Local Flexibility – As the financial year does not run concurrently with the school academic year it is considered good practice to allow headteachers the ability to carry forward funds.

4 DSM SELF-EVALUATION TOOLKIT

4.1 In conjunction with the revised guidelines the review group also produced a DSM toolkit (Appendix B) to enable education authorities and schools to evaluate and contrast their DSM schemes against the revised guidance.

5 APPROACH TO DSM WITHIN NORTH LANARKSHIRE

5.1 The service has previously, and will continue to embrace the principles and practice of DSM as a key policy in achieving the best educational outcomes for pupils. Historically the service has always achieved the financial target outlined in the 2006 national guidance of allocating 90% of devolved budgets to schools. In 2010 following their self assessment review HMIE described the service’s financial management as strong and effective, and our DSM scheme as highly effective.

5.2 It is also apparent on application of the self evaluation checklist that the council, service and individual schools already implement and comply with many of the proposals contained in the revised guidance.

6 NEXT STEPS

6.1 In response to the revised DSM guidelines the service will critically review current processes and procedures and develop a draft updated DSM policy.

6.2 The draft DSM policy will be subject to future consultation with stakeholders including headteachers, unions, parents and corporate finance.

6.3 An updated DSM policy will be presented to a future Learning & Leisure committee for consideration and approval.

7 RECOMMENDATIONS

(i) To note that the National Devolved School Management (DSM) guidelines have been revised; and

(ii) To note that the service will review the guidelines against our current scheme and an updated Devolved School Management policy will be presented to a future committee.
Devolved School Management

Guidelines

A summarised report based on the considerations and outputs of the national DSM Steering Group.
ACKNOWLEDGEMENTS

The development of the new DSM Guidelines involved contributions from a wide range of stakeholders. The following organisations and committees are recognised and thanked for their contributions.

- Association of Directors of Education (ADES) in particular the ADES Resources Committee
- ADES/COSLA DSM Working Group
- Association of Heads and Depute Heads Scotland (AHDS)
- COSLA Education, Children and Young People Executive Group
- Educational Institute of Scotland (EIS)
- Education Scotland
- Local Authority Directors of Finance
- School Leaders Scotland (SLS)
- Scottish Government
- Society of Local Authority Chief Executives (SOLACE)
- The Improvement Service (IS)
- The National Parent Forum Scotland (NPFS)
3. Updated DSM 2012 Guidelines: Key Contexts

National Policies

There are a number of key national drivers for modernising DSM Guidelines. The implementation of the national reform of the school curriculum is well advanced. Curriculum for Excellence affords individual schools and groups of schools working together considerable autonomy in shaping a curriculum which best meets their circumstances. As such, an increase in curricular autonomy will require a greater and more consistent level of resource and management autonomy across Scotland's schools.

Since the establishment of Single Outcome Agreements (SOAs) there has been a growing recognition of the importance of an outcomes-based approach to planning, managing and evaluating public services. Schools have a key role in delivering improved outcomes for Scotland's children and young people. Therefore, planning and budget management at school level need to be increasingly aligned to that end.

DSM schemes in 2012 and beyond need to take account of the range of strategic policy frameworks that impact on children's services including 'The Early Years', 'Reaching Our Potential', 'Equally Well', 'Looked after Children and Young People: We can and must do better' and 'More Choices, More Chances'. These policy frameworks are underpinned by the 'Getting it right for every child' (GIRFEC) agenda. GIRFEC is not a policy framework but rather a programme for delivering more responsive and better integrated services, through significant culture and practice change.

The report of the Christie Commission published in June 2011 recommended that public services should be built around people and communities, achieve outcomes, prioritise prevention, improve performance and reduce costs. The report is of clear relevance to DSM and the direction of public services since the management of schools is crucial to the ambitions of local authorities and their community planning partners for children's services.

Community planning is currently the subject of a formal national review. Therefore, the revised DSM Guidelines are intended to be flexible to incorporate potential future changes for community planning.

Financial Climate

The revised DSM Guidelines have been considered in relation to the financial pressures that the public sector is experiencing and will continue to experience over the years ahead. In Scottish Councils there are around fifty thousand teachers (Full Time Equivalent) employed with approximately £5 billion spent on school education.

The DSM Guidelines take into account that the fact that many local authorities now provide a mixed economy of services which are procured and delivered on a strategic
reviewed at a local level e.g. every three years in terms of their implementation and at a national level within an appropriate timeframe.

The DSM Steering Group considered specific case studies from Angus, East Ayrshire and West Lothian Councils to inform discussions about wider organisational approaches to DSM and about more specific aspects such as parental involvement and the virement of budgets. The potential use of “pooled” budgets in different models of learning communities or school groupings was also discussed with reference to community planning arrangements for a more integrated approach to public service delivery. Given the ongoing national review of community planning, it was agreed that in developing new DSM Guidelines, it would be important to ensure a degree of flexibility to reflect future changes to the operation of community planning partnerships and the contributions of schools to these partnerships.

The DSM Steering Group is of the view that the revised guidelines are sufficiently flexible to support local variation and local circumstances. In carrying out this review exercise, the Steering Group has had regard to the outputs of previous discussions on DSM, and crucially to the continuing need for a DSM framework which recognises that local education services are accountable to elected members and other key stakeholders. The DSM 2012 Guidelines will have a statutory underpinning since the new guidelines, as was the case for the 2006 guidelines are linked to the Standards in Scotland’s Schools (2000) etc Act.
7. Principles for Devolved School Management (DSM)

The principles below should form the basis of local DSM schemes. The principles are grouped under headings which are reflected in the DSM Self-Evaluation toolkit. These principles are similar to some of those set out in the 2006 guidelines, which are still considered relevant to the operation and management of DSM schemes within local authority frameworks.

**Subsidiarity and Empowerment**

- Devolved school management schemes should provide headteachers and other school staff with the autonomy and flexibility to make decisions at the appropriate level and to make the most effective use of resources which best suit local circumstances.

- Local and national leadership programmes linked to the Donaldson Review should be developed to foster an approach to DSM which encourages enterprising decision-making, with a focus on maximising outcomes for children and young people. Other professional and support staff should also have access to training to support the operation of more enabling and more comprehensive DSM schemes.

- Councils should continue to explore ways of increasing devolution of budgets and/or decision making where there are clear benefits for school communities.

- Local DSM arrangements should seek to support the delivery of the best possible outcomes for children and young people in line with the strategic direction and policies of the council and its community planning partners.

**Partnership Working**

- Devolved school management should be informed by local priorities and issues to ensure it contributes towards shared agendas and improved outcomes. Devolved school management schemes should also enable stronger partnership working with other agencies and stakeholders in community planning partnerships and effective collaboration between education providers as part of learning communities where this adds value.

- Effective joint working involving chief officers, education directorates, headteachers and other school staff is an important element of a robust DSM Framework overseen by local elected members. Given the importance of multi-agency approaches to meeting the needs of children and young people, headteachers need to understand and take account of the corporate and wider community planning partnership arrangements in managing their schools and, therefore, devolved budgets.
Local Flexibility

The scope of devolved schemes should enable devolution to a local level of the resources needed to allow a headteacher to plan and make provision for services that require to be delivered at school level.

- Criteria for devolving resources to a local level will vary according to the characteristics of each council. However, key criteria will be based around school roll, deprivation and rurality factors. The criteria should be transparent and be 'owned' by the main stakeholders i.e. elected members, headteachers, teaching staff and parents.

- All decisions about resource use at school level should have regard to the actions that will best meet the needs of the school and its pupils and to inevitable judgements about what provides best value, drawing on corporate finance and procurement guidance.

- Councils should decide where appropriate and possible within the context of three year indicative budgets, what flexibility to allow for carry forwards, positive or negative, having due regard to a school's agreed improvement priorities. It will also be a matter for individual councils to agree the percentage limits to be applied to carry forward facilities.

- Three year indicative budgeting horizons, where appropriate and possible, should allow schools to manage their staffing over a period of years within a clearer distribution framework. Headteachers should be able to anticipate student roll movements in most circumstances, although there will be a need for flexibility to allow for unexpected changes.

- Local DSM schemes should clearly set out the council’s policy on virement. They should encourage the responsible use of this facility with due regard to corporate guidance.
INTRODUCTION

The DSM 2012 Guidelines aim to meet local needs and support the delivery of the best possible outcomes for young learners, in line with the objectives of Curriculum for Excellence, GIRFEC and the Early Years Framework.

This initial version of the DSM Self Evaluation toolkit should be used in conjunction with the revised DSM Guidelines by elected members, chief executives, directors of education, headteachers, teaching staff and Parent Councils.

A key function of this Self Evaluation toolkit is to ensure that the updated DSM Guidelines are being consistently applied across Scotland. The purpose of this first version of the toolkit is therefore to provide local authorities and schools with assurance that their DSM schemes follow all of the principles laid out in the new guidelines.

The DSM Self Evaluation toolkit can be used at a local level to assess DSM schemes by an appropriate group of stakeholders within a local authority. This group of stakeholders could consist of representatives from an existing or new group and would include local elected members, directors of education, headteachers, heads of establishment (nursery or special schools), parent representatives, other teaching staff etc.

It is suggested that the stakeholder group overseeing DSM should not be overly bureaucratic and should help to facilitate more collegiate working across a council and its partners. However, it is entirely the decision of local councils to how these arrangements should be established to meet local circumstances.

Furthermore, it is recommended that once the DSM Self Evaluation toolkit has been used an analysis of current local DSM arrangements is undertaken through a workshop based approach with a focus on identifying improvement actions that can also be potentially informed by best practice from other councils.

CORE VALUES AND PRINCIPLES OF A ROBUST DSM SCHEME

The 2012 Guidelines are based on the core values of subsidiarity, openness, transparency and local accountability. The DSM Guidelines are also based on nineteen principles that are grouped under the following four broad headings accompanied by some brief explanatory information.

Subsidiarity and Empowerment
Scottish local authority education services should support decision making at the most appropriate point to empower headteachers and other teaching staff.

For schools this would mean ensuring that directors of education, headteachers, other staff and Parent Councils understand the key aims and principles associated with the management of devolved budgets. These arrangements should be managed in ways which ensure a clear focus on the best educational outcomes for learners.

Partnership Working
Each local authority should have in place appropriate arrangements to review and update their own DSM Scheme, which will include input from and consultation with headteachers, teachers, parents and other key stakeholders to promote effective partnership working between education providers within learning communities. Joint work with partners should be guided by agreed local priorities framed in the School Improvement Plan, the Education and Children’s Services Plans and the Community Plan.

DSM schemes should also facilitate and promote effective joint working involving chief executives, education directorates, headteachers, other staff and parents within a DSM framework overseen by local elected members.
## THE DSM SELF EVALUATION TOOLKIT

### SUBSIDIARITY AND EMPOWERMENT

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Establishment</th>
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<tbody>
<tr>
<td>What arrangements are there in place to discuss future Education Service budgets and any impact on delegated school budgets?</td>
<td>Are school spending plans consistent with the local authority's DSM Scheme along with any other strategic policy decisions of the council?</td>
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<tr>
<td>Are there clear and transparent formulae in place to distribute staffing and non staffing budgets?</td>
<td>Are decisions on resource use at establishment level based on actions that will best contribute to the educational outcomes of pupils?</td>
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<tr>
<td>Are headteachers, depute headteachers, heads of establishments (nursery and special schools) and officers with delegated finance responsibilities provided with training on the local authority's DSM Scheme and financial management?</td>
<td>Are these decisions based within a best value context?</td>
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<tr>
<td>Does your Council operate 3 year indicative budget cycles?</td>
<td>Are all of the relevant staff in your establishment aware of their role in financial management?</td>
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<tr>
<td>Are your Education Service financial plans linked to Corporate and Departmental plans and do they reflect national and local strategic priorities?</td>
<td>Can you reasonably project what the school budget will be, if budgets formulae remain constant, over a 3 year period?</td>
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<tr>
<td>Are headteachers and other staff involved in discussions on DSM? Is the LNCT consulted?</td>
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<tr>
<td>What criteria are used to create budget formulae in your local authority? For example, do formulae take account of school roll, deprivation factors, the numbers of young people at each stage in the school and rurality issues?</td>
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<tr>
<td>What criteria are used to create budget formulae in your local authority? Do budget formulae take account of school roll, deprivation factors, the numbers of young people at each stage in the school and rurality issues? Are these criteria agreed by elected members in consultation with all appropriate stakeholders i.e. schools, parents and Parent Councils?</td>
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<td>Do you, as a headteacher, have control over how to spend your budgetary allocations within agreed council policies?</td>
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<td>Are there arrangements in place to delegate spending decisions to the appropriate level in your establishment?</td>
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<td>Are Departmental and Faculty Heads within schools aware of the key aims and principles associated with any devolved funds they manage?</td>
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<td>Local Authority</td>
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<tr>
<td>Is the content of the Corporate Plan / Community Plan / Single Outcome Agreement shared with headteachers?</td>
<td>Has the School Improvement Plan followed local authority guidance?</td>
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<td>Is elected member training on DSM offered?</td>
<td>Does the School Improvement Plan have clear links to the Corporate Plan, the Education Service Plan, the Single Outcome Agreement and national targets and outcomes?</td>
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<tr>
<td>Have the Education Service Plan objectives been discussed with headteachers?</td>
<td>Do your spending plans promote and focus on positive outcomes for all learners and meet the four capacities of Curriculum for Excellence?</td>
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<tr>
<td>Does your scheme set out a policy on deficits, carry-forwards and virement?</td>
<td>Are school budgets broken down to Departmental or Faculty level?</td>
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<tr>
<td>Does the scheme encourage responsible use of these flexibilities in line with the principles of DSM?</td>
<td>What control do departmental or faculty heads have over spending decisions?</td>
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<td>Do school leaders have access to local and / or national leadership programmes and training which ensures an approach to DSM that encourages enterprising decision-making to promote better outcomes?</td>
<td>If the above applies, are those responsible for departmental budgets trained in planning and monitoring?</td>
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<tr>
<td>Has the local authority given clear guidelines to headteachers on how to prepare School Improvement Plans?</td>
<td>How are staff made accountable for spending decisions?</td>
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<td>Have Parent Councils been given training on their role?</td>
<td>Has the School Improvement Plan been discussed with staff and the Parent Council?</td>
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<td>Does the School Improvement Plan set clear unambiguous objectives for the academic session?</td>
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<td>Do spending priorities match the objectives of the School Improvement Plan?</td>
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<td>Is progress towards the School Improvement Plan targets monitored throughout the year?</td>
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<td>Has the devolved budget been aligned in such a way that allows allocated resources to be clearly shown, monitored and reported against key targets within your establishment?</td>
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