

Argyll and Bute Council Devolved School Management Scheme

December 2021



ARGYLL AND BUTE COUNCIL

Devolved School Management Scheme 2020

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1. INTRODUCTION

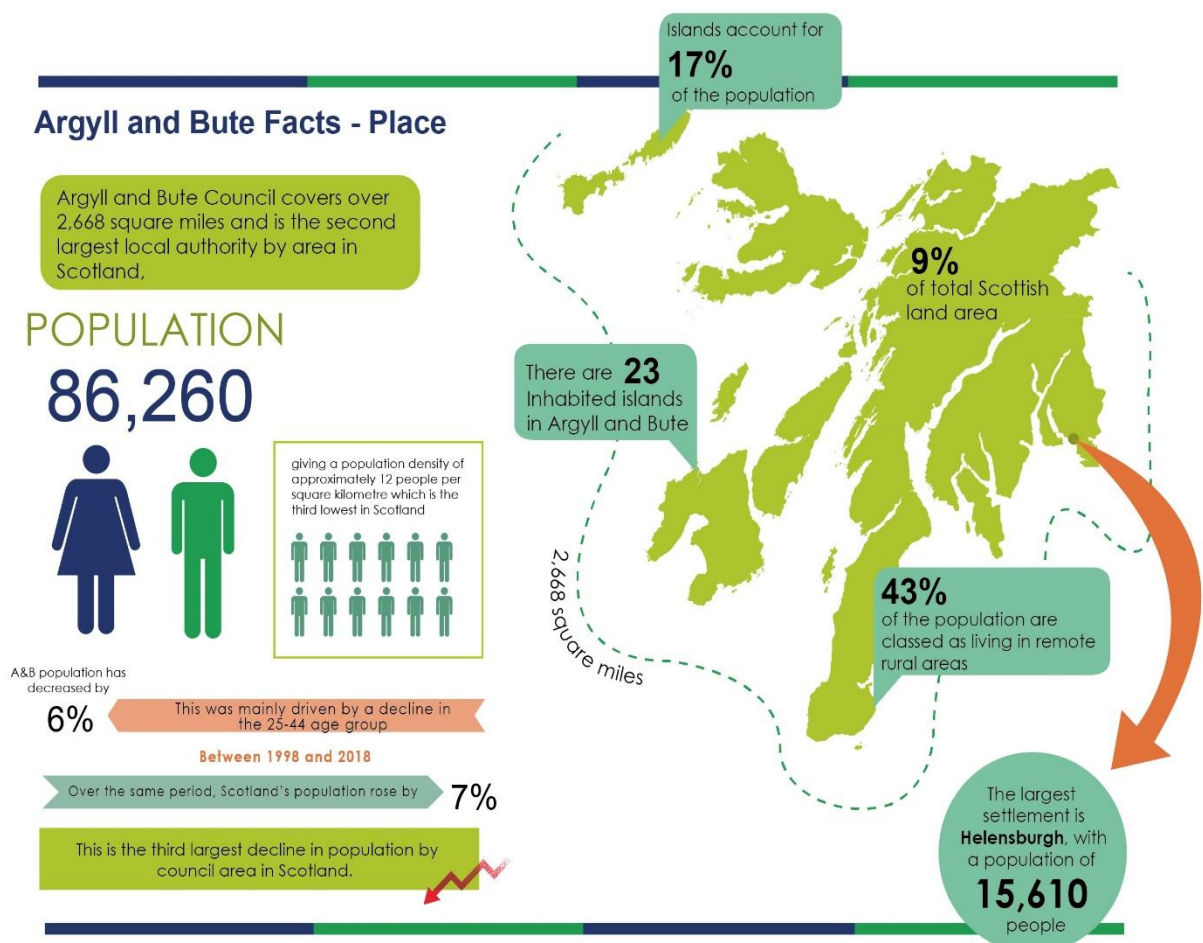
Welcome to Argyll and Bute Council’s Scheme of Devolved School Management. The scheme has been compiled in accordance with the updated DSM guidelines, published in summer 2019.

1.1 Profile of Argyll and Bute Council

Argyll and Bute Council is the second largest local authority by land area in Scotland and has a population of 86,260. Within the council area there are 70 Primary Schools, 10 Secondary Schools and 1 Special School meeting the needs of 10,167 pupils.

The size of schools varies significantly across the authority with primary school rolls ranging from under 5 to around 400, and secondary schools ranging from around 25 to over 1,300. The needs of most pupils, including those with significant and complex needs, are met within mainstream classes or in learning centres situated within mainstream schools.

Within the Council’s organisational structure the Education Service sits under Executive Director – Douglas Hendry. [Click here to view the Council’s Organisational Chart.](#)



1.2 Our Children, Our Vision

Argyll and Bute Council's mission is to make Argyll and Bute a place people choose to Live, Learn, Work and Do Business. Our aspiration is to ensure that Argyll and Bute is the best place in Scotland for our children and young people to grow up.

Our vision is that together we will realise **ambition**, **excellence** and **equality** for all. Our vision sends a signal about the importance we attach to education, is simple in message and is recognised by everyone.

Our vision for education is underpinned by our values: respect, openness and fairness. This vision will be delivered for all our children and young people through the following 6 key objectives.

We will:

- Raise educational attainment and achievement for all.
- Use performance information to secure improvement for children and young people.
- Ensure children have the best start in life and are ready to succeed.
- Equip young people to secure and sustain positive destinations and achieve success in life.
- Ensure high quality partnership working and community engagement
- Strengthen leadership at all levels.

1.3 Role of Parent Councils

We recognise the influence and impact that parents and carers have on their children's lives and learning, and value working in partnership with parents at a local school level through well-established Parent Councils.

The Parent Council is a group of parents selected by all parents in the school to represent their views. Parent Councils have an important role to play in school improvement by ensuring that the parental perspective is represented and taken into account.

The Parent Council helps to create an environment where all parents know that their views matter, and where they feel confident and comfortable putting them forward. They work on behalf of all parents to discuss educational matters that are of importance to all. They do not get involved in individual matters relating to children or staff in the school.

Parent Councils:

- Work in partnership with the school to decide on the key priorities to take forward;
- Provide a voice for parents in schools and in their local authority on issues that are important to them;
- Improve the school's understanding of how to engage parents in their children's learning and in the life of the school;
- Support the school to develop strong home/school partnerships;
- Communicate regularly with the Parent Forum to both hear their views and keep them informed;
- Support improvement by discussing the school's strengths and areas for development from a parental perspective;

- Help make links with the wider community;
- Capture the unique and varied skills, interests, knowledge and experience that parents can offer.

1.4 Devolved School Management Overview

Education is a fundamental core service that is delivered locally under the strategic democratic leadership and accountability of councils. A large proportion of Scottish Council budgets are currently spent on school education, with a significant proportion of this expenditure funding the salary costs of teaching and support staff. To enhance and improve the management of resources at local (school) level, Devolved School Management (DSM) was introduced in 1993.

The DSM guidance was reviewed in 2006, and again in 2012, taking account of the changing economic and financial climate for both Local Authorities and the Scottish Government. In June 2017 the Scottish Government consulted on changes to DSM as part of the wider "*Fair Funding to Achieve Excellence and Equity in Education*" consultation.

The updated DSM guidelines, published in summer 2019, seek to build and improve on previous DSM guidelines and can be found at:

<https://www.gov.scot/policies/schools/devolved-school-management/>

Argyll and Bute Council's updated DSM guidelines have been developed in collaboration with head teacher and finance colleagues to reflect and integrate with the Education Reform Programme, local financial arrangements and priorities emerging from the Scottish Government and COSLA Education Reform Joint Agreement of June 2018.

1.5 Principles of Devolved School Management

Argyll and Bute Council is committed to delegating responsibility for budget management and decision making to the most appropriate level in the organisation and seeks to ensure that the detailed regulations in its scheme of Devolved School Management (DSM) are consistent with the principles of the 2019 DSM Guidelines issued by Scottish Government/COSLA.

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:

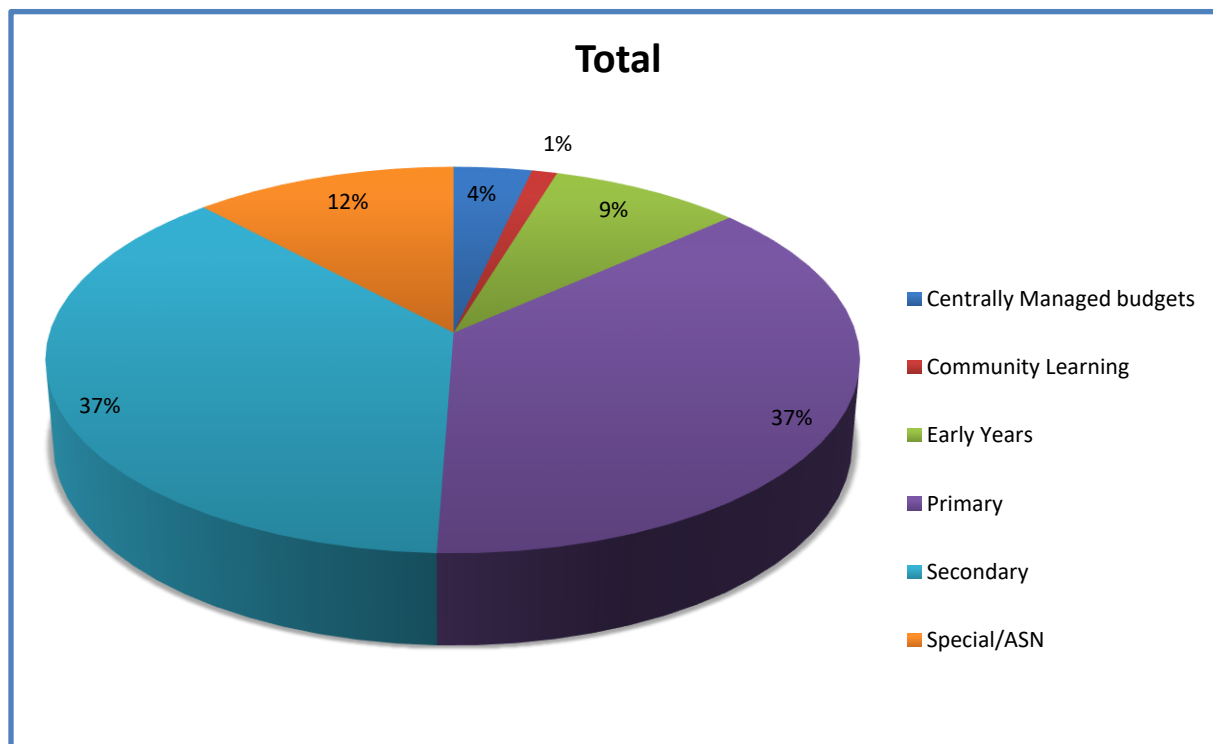
- **support excellence and equity** - ensuring every child and young person has the same opportunity to succeed
- **be fair** - placing the needs of all children and young people at the centre
- **be simple**, transparent and predictable – ensuring the costs of delivering education can be easily understood 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

Budgets within the Devolved Management Scheme are only one part of the overall financial management of the service and it is important to recognise that there is a strong relationship between devolved and non-devolved budgets in maintaining a sound and robust financial strategy for Education Resources.

It is important to also note that the Devolved Management Scheme sets out the rules and principles in which schools operate in normal circumstances. The financial climate is such that it may be necessary to review the scheme given changing financial circumstances of Education Resources and/or the Council. As a result it may be necessary to revise the rules of DSM in exceptional circumstances and this will be done at the discretion of the Executive Director should the need arise. Schools will be communicated of such intent as early as possible, with the implications of such a decision clearly identified and explained.

2. BUDGET OVERVIEW

Argyll and Bute Council's Education budget makes up 33% of the overall council revenue budget. The Education budget is made up as follows:



The table below shows the total budget allocated to Primary and Secondary Schools in 2020-21 and the amount devolved to Headteachers.

	Total Budget	Devolved	% Devolved
Primary	31,599,273	30,811,192	98%
Secondary	31,622,284	30,136,496	95%

2.1 School Budget Allocations

The Argyll and Bute Council Scheme of Devolved School Management (DSM) sets out the rules and formulae for the calculation of budgets for individual school establishments and sets out any restrictions on how those budgets may be used.

Like all other service areas within the Council, schools are allocated running cost budgets (also referred to as revenue budgets) for the period of a financial year (1 April to 31 March).

The main elements included in the initial school budgets are:

- Teacher Employee Costs (i.e. basic salary costs plus related Employer's National Insurance and Superannuation contributions plus any relevant individual allowances);
- Local Government Employee Costs (i.e. basic salary costs plus related Employer's National Insurance and Superannuation contributions plus any relevant individual allowances);

- An allowance for Teacher absence cover;
- An allocation for discretionary expenditure incurred by the school including educational equipment, materials, staff travel, postage, printing, etc.

All budgets listed above are seen as being within the direct control and responsibility of the Head teacher for the purposes of Devolved School Management.

In addition, the Scottish Government may award specific grants to schools which are devolved to Headteachers to be used in accordance with the grant conditions, i.e. Pupil Equity Funding, Gaelic Specific Grant and Scottish Attainment Funding

There are however several other budgets that are devolved to each school to assess its full running cost but which are not regarded as being within the direct control or responsibility of the Head teacher.

A full breakdown of devolved and non-devolved expenditure is listed in Section 3 below.

2.2 Primary School Budget Calculations

See Appendix 1

2.3 Secondary School Budget Calculations

See Appendix 2

2.4 Special Schools and Learning Centres

The budgets for special schools and learning centres are subject to the Scheme of Devolved Management. However rather than being calculated by formulas, their resource allocations are essentially by professional assessment of need based on expected service demand.

2.5 Early Learning and Childcare Settings

Budgets are agreed annually based on child numbers with staffing budget allocated as per current guidance. Each unit receives an allocation of teacher input time and management time, calculated using the standard formula. See Appendix 1.

Early Learning and Childcare settings receive a resource allocation based on a professional assessment of need.

3. AREAS OF EXPENDITURE TO BE DEVOLVED

Whilst headteachers are given maximum flexibility over their budgets, there are areas of expenditure that are generally not considered suitable for devolution. The reasons for this may include, but are not limited to, areas of spend that:

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

a. The following areas of expenditure are considered suitable for devolution in relation to budgets for schools:

- Teacher Employee Costs (i.e. basic salary costs plus related Employer's National Insurance and Superannuation contributions plus any relevant individual allowances);
- Local Government Employee Costs (i.e. basic salary costs plus related Employer's National Insurance and Superannuation contributions plus any relevant individual allowances);
- An allowance for Teacher absence cover;
- An allocation for discretionary expenditure incurred by the school including educational equipment, materials, staff travel, postage, printing, etc

b. The following areas of expenditure are generally not considered suitable for devolution in relation to the budget for schools:

- Capital expenditure, including PPP/PFI costs (this does not include Capital Items Replacement Fund which **is** within a Headteacher's delegated responsibility).
- 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)
- 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.
- Expenditure supported by Central Government specific grants where it is explicit that the purpose is to support Council wide initiatives.
- Centrally funded support for children and young people who require significant additional support whether from Education (e.g. ASN Assistant Support, specialist aids and appliances) or from other agencies (e.g. Health Services).
- Music Instructors

c. The following areas of expenditure are devolved to Headteachers but are not regarded as being within their direct control:

- Property and Staff Group Life Insurance
- Non-Domestic Rates and Water Rates
- Waste Collection
- Energy costs
- Carbon charges
- Cleaning
- School Meals
- SQA Examination fees
- Rent in relation to school premises

Virements to or from these budget lines are prohibited and any year-end balances are not included within school carry forward calculations.

4. GENERAL INFORMATION ON DEVOLVED SCHOOL MANAGEMENT

4.1 Financial Regulations

As per Argyll and Bute Council's financial and security regulations, Head teachers, like all other Council officers, have a responsibility for taking reasonable action to provide for the security of the assets / resources under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves the statutory duty to secure best value. You can find the Council's Financial and Security Regulations [here](#)

The Council must also adhere to the requirements of the Procurement Reform (Scotland) Act 2014, and all other relevant procurement legislation. Council officers, including Head teachers, engaged in procurement activity must comply with the Council's contract standing orders and financial and security regulations as well as the approved Council Procurement Strategy and Procurement Manual. You can find the Council's Procurement Strategy [here](#)

Under the Council's Constitution, at 1.1.4. of the Council's Contract Standing Orders, all Council employees must comply with the Standing Orders and the Council's Procurement Manual and failure to comply may result in disciplinary proceedings. The Council's Procurement Manual is an Operational document and will be updated from time to time by the procurement Manager to reflect relevant thresholds, legislative documents and guidance.

Within the authority's financial reporting system, each Council organisational unit is referred to as a 'cost centre', and is allocated an 11 digit cost centre code. Actual income and expenditure transactions, and related budgets, are held against individual descriptive account codes (of 5 digits) therefore all actual expenditure and income, along with related budgets, will be held against the relevant cost centre and account code combinations indicating the organisational unit responsible and the exact nature of the income or expenditure incurred. It is essential that whenever income or expenditure is being incurred or accrued, the related cost centre account/code combination is identified from the outset.

Each cost centre will have a nominated Budget Holder authorised to act on the Executive Director's behalf in respect of payments, income collection and placing orders. In school establishments this will be the Head teacher. The Budget Holder is the person primarily responsible for the management of the budget and for all resulting actual expenditure and income. Whilst the Budget Holder may delegate some day-to-day budget operations to other staff, ultimate responsibility remains with the Budget Holder.

The Council's Administration and Finance Assistants (AFA's) are assigned a cluster of schools and are ordinarily based in the Secondary school within their cluster, they are the operational contact for school cost centres. One of the primary functions of the AFA's, working under the School Support Services Manager, is to ensure that high quality services and best value are delivered to service users by advising that all agreed plans are implemented efficiently and effectively. AFA's must ensure that Head Teachers are complying with the Council's Financial Regulations including those set out within the Scheme of Delegation and advise Head Teachers on the monitoring and operation of delegated budgets for the establishments allocated to their cluster. Directly reporting to the School Support Services Manager allows for an independent reporting process to ensure financial regularity is followed.

In addition to the school AFA's, schools are supported in the operation of their budgets by an assigned Finance Contact from the Council's Financial Services Team. Engagement meetings take place between the school AFA and their finance contact on a regular basis throughout the year.

Argyll and Bute Council's DSM scheme uses a formula based approach to calculate each individual schools budget allocation. This ensures a fair and equitable distribution of resources.

The formulas are detailed in Appendix 1 and 2.

4.2 Best Value Principles

All purchasing must take place in accordance with the Council's statutory duty to secure best value under the Local Government in (Scotland) Act 2003. Best Value means choosing a supplier that offers the best balance between the whole life cost (from acquisition to disposal) of goods and services against predefined requirements (which include quality) and this takes into account savings from collaborating with other public bodies and from streamlining the procurement process.

'Procurement' is the process followed when purchasing works, goods and services. This term applies to all aspects of the purchasing process, from the identification of a need to purchase, to the end of the contract or useful life of the item.

It is recognised that Devolved Management of Resources (DMR) applies to schools. However the above requirements still apply to all education staff. Head Teachers are empowered to determine the purchasing requirements for their schools within the budgets devolved to them. Where pre-existing contracts are in place, which cover such requirements, these must be utilised on every occasion in order to ensure best value is being obtained. Head Teachers (and their authorised delegates) will be enabled to place orders under such contracts through the PECOS system using external marketplaces and catalogued suppliers. Where there are no pre-existing contracts which meet their requirements, Head Teachers are required to work with the Procurement & Contract Management Team who will provide advice, source or assist in identifying best value recommendations/options for the required goods, services or works on their behalf.

The Procurement Team will ensure that suitable goods and services are sourced at best value to meet those requirements. They will co-ordinate and consolidate similar requirements across schools wherever possible in order to achieve best value.

Certain purchases can also be made by schools through authorised purchasing card payments. This is subject to agreed limits and categories which are agreed for each card with the cardholder. Such purchases must be made in accordance with the agreed terms and conditions attached to the card's use.

Any queries relating to any aspect of Procurement for Education should be addressed to the appropriate Category Management Officer or the Procurement Commercial and Contract Management Manager.

4.3 Local Authority Commitment to Devolved School Management

Argyll and Bute Council is committed to delegating responsibility for budget management and decision making to the most appropriate level in the organisation and seeks to ensure that the detailed regulations in its scheme of Devolved School Management (DSM) are consistent with the DSM Guidelines published as part of the "Fair Funding to Achieve Excellence and Equity in Education" consultation.

The Council's DSM has the twin aims of improving local decision making and providing greater flexibility to Headteachers and those closest to the educational experience of our children and young people in responding to the needs of individual schools.

As Argyll and Bute Council covers a large geographical area, including 23 islands and mix of urban and very rural settlements this makes local decision making essential in order to maximise outcomes for our children and young people.

Although the scheme endeavours to maximise the budget within the control of the headteacher some areas of the budget are unsuitable for devolution. These budgets are listed in section 3 above.

Education Scotland – **How good is our School 4** (HGIOS4) provides a national expectation of how headteachers will utilise resource to support improvement. School performance in the Management

of Resources to Promote Equity will be evaluated based on the quality indicator (QI) 1.5 and school leadership teams should be familiar with the expectations within the QI. QI 1.5 has two themes:

- Management of finance for learning
- Management of resources and environment for learning

Headteachers are expected to consider the challenge questions in HGIOS4 (pages 28-29) to self-evaluate their current processes to inform improvement. This will be further considered during training sessions to ensure those with budget responsibilities are aware of national and local expectations.

The expectations and challenge questions can be found in section 1.5 Management of Resources to Promote Equity at:

https://education.gov.scot/nih/Documents/Frameworks_SelfEvaluation/FRWK2_NIHeditHGIOS/FRWK2_HGIOS4.pdf

4.4 School Expenditure Within Wider Strategic Planning

School expenditure decisions are made, where possible, closest to the learner and are delegated to Headteachers and schools in line with the Education Reform Programme.

An empowered system is built on mutual trust, cooperation and highly effective communication. In an empowered system headteachers and the wider council are partners, each contributing and supporting each other to meet departmental and strategic plans whilst respecting the different role each plays. Decisions about education spending at council and school level are made in a collaborative and transparent way, paying due regard to wider responsibilities including Getting it Right for Every Child (GIRFEC)

The headteacher is accountable for the leadership and management of financial resources within their delegated budget following consultation with pupils, parents, staff and the wider community and with due consideration of the School's Improvement Plan and Local Authority's Annual Plan.

The Headteacher's Charter advises that 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.

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

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

In addition, some terms and conditions are governed by LNCT (local) agreements and there is also a requirement to adhere to these. Details of local agreements can be found within our Education Management Circulars on the Argyll and Bute Council Website and can be found [here](#)

PUBLICATION

4.6 Publication Availability

Argyll and Bute Council's Scheme of Devolved School Management is available to view on the Argyll and Bute Council website <https://www.argyll-bute.gov.uk/home>. A link to the scheme will be provided on all school websites.

TRAINING

4.7 Available Training

Training on the council's Devolved School Management Scheme forms part of the two day induction training programme for newly appointed headteachers. Additionally, within the 'Into Headship' qualification there is a module covering financial governance.

Adhoc training is provided to individual schools in each local area by cluster Administrative and Finance Assistants.

A short training programme is available for aspiring leaders, elected members and any other interested staff who utilise or influence devolved school management decisions.

A copy of the slides can be requested from your Admin and Finance Assistant.

CONSULTATION, ENGAGEMENT AND TRANSPARENCY

4.8 Consultation and Engagement

Consultation is a key element in the process of devolved decision-making. Advice and support from all levels within the service should ensure that decisions are supported by the expertise that resides in the service as a whole.

A budget consultation exercise is undertaken as part of the annual budget setting process. Stakeholder views are sought on resources available and savings being considered. The responses are summarised and form part of the budget pack which is considered by elected members.

The Education Budget Working Group (EBWG) is the main forum for consulting on budget and resource decisions. The work of this group may also include developing and testing staffing models and savings options. The group consists of the Chief Education officer, members from the Education Management Team, Headteachers, Finance, Human Resources and Union representation. This enables views from across the service to be considered before decisions are made.

Recommendations from the EBWG are taken to the Education Transformation Board and thereafter the Strategic Management Team. Budget recommendations are also discussed fully at the Joint Services Committee (JSC) prior to any decisions being taken. Headteachers are informed of decisions taken at JSC and actions that require further consultation, will be delegated to Headteachers to undertake with staff.

Head Teachers should discuss detailed budget planning directly related to curriculum developments and school improvement planning with principal teachers and DHTs on an annual basis and consult on appropriate ratios for the distribution of departmental funding. Parents are consulted on school improvement planning which in itself directs the spending plans.

4.9 Transparency

Full details of Argyll and Bute Council's budget are published on the Council website https://www.argyll-bute.gov.uk/sites/default/files/sercop_budget_book_20-21_0.pdf which includes details of the budget allocated to Education.

In the spirit of genuine collaboration and consultation Headteachers should also discuss the budget and their spending proposals with their Parent Council and encourage meaningful discussion.

Headteachers are expected to ensure that any costs to be met by parents/carers related to the curriculum are minimised to ensure equality of access. It is recommended that where charges exist for pupils, including both curriculum and 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.

Argyll and Bute Council will ensure that DSM schemes, and information published for stakeholders is accessible and is written in plain English to maximise

engagement and support transparency.

COLLABORATION

4.10 Local Priorities

The Council Plan sets out its vision with a focus on making Argyll and Bute a place people choose to Live, Learn, Work and Do Business.

The strategic objectives are:

- Our economy is diverse and thriving;
- We have an infrastructure that supports sustainable growth;
- Education skills and training maximise opportunities for all;
- Children and young people have the best possible start;
- People live active, healthier and independent lives;
- People will live in safer and stronger communities

The Council's Corporate Plan is supported by Departmental Service Plans as well as our Health and Social Care Partnership (HSCP), all of which detail what we will do to deliver these outcomes.

These plans are key documents that provide the basis for how our services and budgets are planned and managed. The plans are monitored on an ongoing basis through our Performance and Improvement Framework (PIF).

Our PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

The performance of schools will be planned and monitored using School Improvement Plans and Standards and Quality reports.

Improving the wellbeing and attainment of children and young people is increasingly multi-agency in approach and it is important that decisions are taken with other key stakeholders wherever possible. This will include close collaboration with HSCP and with Partnership Forums to enable them to contribute towards shared agendas and 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.

Schools are encouraged to pool resources, where appropriate, in order to access a shared service/resource across a locality and this innovation is encouraged to make best use of resource.

Argyll and Bute Council Corporate Plan can be found [here](#)

Children and Young People's Service Plan can be found [here](#)

Education Annual Plan and Progress report can be found [here](#)

STAFFING

4.11 Staffing Structures

All staffing budgets are devolved under the scheme. The budgets for staff have been broken down into teaching and school support staff most of which are allocated on a formula basis.

Head Teachers will continue to appoint and manage employees in accordance with the Council's policies and procedures, and in line with SNCT and LNCT agreements. Head teachers are expected to empower school communities to consider how best to utilise the resource available to them and to consider the need to amend their staffing structure to better serve local need.

Although the scheme gives greater flexibility for the management of employee budgets, Head Teachers should always consider the wider implications of any proposals, for example, staffing standards, employment rights etc; and therefore Head Teachers should contact appropriate staff within the Education Central Support Team, who can assist them with any such decisions.

Significant changes to the management structure of a school requires full staff consultation and cannot be enacted by either the Headteacher or the Local Authority without such consultation.

4.12 Legislative and Contractual Requirements

Although staffing budgets are devolved to schools Argyll and Bute Council remains the employer and all conditions of service continue to be negotiated at national level. Within the DSM scheme schools must adhere to SNCT/LNCT national and local agreements in areas such as class sizes, staff structures and teaching time etc.

4.13 Staff Resource

Devolved budgets are issued to schools at the beginning of the financial year and the teaching budget is then adjusted to reflect any change in entitlement from the start of the academic year. This is called a mid-year adjustment and is calculated around October/November each year. Teaching and Support Staff, including Clerical and Classroom Assistant support, are allocated to schools on a formula basis and are reviewed every two years. Pupil Support Assistant hours have been allocated to each school based on a historical banding formula.

Staffing of Early Learning and Childcare settings is assessed annually by the Early Years team based on the model of delivery and child numbers within the setting.

PROFESSIONAL SUPPORT

4.14 Professional Support teams, functions and transparency

Schools have access to professional teams to support head teachers.

These include:

- Central Education Team;
- Education Business Support Manager;
- Financial Services;
- Procurement Service;
- Legal and Regulatory Support;
- Human Resources;
- IT and Payroll Services;
- Property Officers

Headteachers should contact the nominated contact within each of the services for guidance and advice.

ACCOUNTING

4.15 Budget Monitoring Arrangements

Schools will incur expenditure across the financial year either actively (e.g. by placing purchase orders for goods and services) or passively (e.g. by the payroll costs of their in-post staff being processed automatically through the payroll system). The key principle of financial control is that schools should only incur expenditure for which they have corresponding uncommitted budget.

Schools are issued with monthly budget monitoring reports showing spend to date, budget allocated to date and annual budget. They are also supplied with detailed monthly payroll reports showing cost details of all staff being charged to their budgets. In addition, all cluster AFA's have access to the Council's financial reporting system (Oracle Discoverer), which will allow them to run monitoring reports at any time and to identify the transactions which underlie any accounting total.

Head teachers should be assisted by their cluster AFA (Administration and Finance Assistant) and nominated Finance Contact (Financial Services) throughout the financial year for regular budget monitoring and to help them identify, explain and resolve any significant differences between actual and budgeted expenditure.

In the Council's financial reporting system, all expenditure is allocated to its appropriate accounting month. Therefore in order to monitor the progress of actual expenditure against corresponding budget and identify variances, it is important to have budget also allocated to separate accounting months (i.e. profiled) across the year.

Schools will generally only need to profile budget for the expenditure which they actively incur. The budget for all other expenditure including permanent staff and premises costs will normally be profiled centrally by Finance staff, based on the

expected pattern of actual expenditure.

The comparison of year-to-date actual expenditure against year-to-date budget can be a useful indicator of whether progress is on target or whether any intervention is required. This is particularly the case where the profile of expenditure can be accurately assessed from the outset (as in the case of permanent staff). Year-to-date information on its own however can be of limited value, or even misleading, unless one also takes account of what is likely to arise in the remainder of the financial year. It is for this reason that budget monitoring in Argyll and Bute Council now focuses primarily on each Budget Holder's assessment of the year-end outturn position (forecast of their estimated year end position).

Where routine budget monitoring alludes to a year-end overspend, which cannot be rectified or offset by transferring uncommitted budget from elsewhere, the Head teacher has a responsibility to report it in writing to the Head of Education, copied to the Education Finance Team, immediately. **Unplanned** overspends must be investigated as soon as they are identified and written confirmation should be sent to the Education Finance Team outlining the underlying reason for overspend and a detailed plan of how this will be addressed. Any **planned** overspends must be approved in writing by the Head of Education, prior to expenditure being committed.

Head teachers, with assistance from their Cluster AFA's, should prepare forecast outturns for their respective school budgets based on the position as at the end of month 9 (December) and submit these to the Education Finance Team, copied to the School Services Support Manager, by the end of month 10 (January).

4.16 Virement

Where schools wish to use budget for a different purpose from the one to which it was originally allocated, they may arrange to transfer the budget (i.e. 'vire') to a different account line.

The principal reason for processing virements within a school is to ensure there is a reasonable match between budget and actual expenditure. We therefore want to avoid a situation where there are numerous, potentially offsetting over and under-spends, and the overall variance position is unclear.

The virement limits are as follows:

Budget Type	Virement Limit (total)
Employee Costs (including Teacher Cover)	Unlimited. Virements will not be permitted until month 10 (January) when it is clear that uncommitted budget is available for use.
School Discretionary Budget	Unlimited. Virements to employee lines will be monitored and explanations may be required.
School Carry-Forwards	Virements prohibited.
Other school budgets	Virements prohibited.

In line with the Council's financial regulations virements up to £25,000 will be authorised at Head of Service level and virements over £25,000 by the Executive Director.

When requesting virements, schools should ensure that there are no outstanding commitments against the budget which they propose to transfer. For proposed staffing virements, including teacher cover, Head teachers in conjunction with their Cluster AFA, should submit a case to the Education Finance Team explaining how the underspend has been calculated.

They must also be sure that unspent staffing budget to date will not be offset by future overspends, perhaps arising from an unplanned level of absence cover. This means that staffing virements should not be submitted until month 10 (January), when forecast underspends will be more certain.

It is imperative that no budget should be transferred out to an area where there is 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. This principle also applies to temporary grant funding. If schools do this, they will be deemed to have accepted full financial risk.

4.17 Year End Under/Over Spends

In accordance with the principles of devolved school management Argyll and Bute Council adheres to the principle of local flexibility which states that, as the financial year does not run concurrently with the academic year, it is considered good practice to allow establishment Head teachers the ability to carry forward funds.

This in effect means that Argyll and Bute schools may be able to transfer unspent budget from one financial year to the following financial year subject to various conditions as follows:

The carry-forward facility relates only to budgets that are deemed to be under the direct control of the Head teacher. This therefore essentially includes all staff costs (i.e. all account codes starting with 0 except those relating to insurance which are applied centrally) plus the school discretionary budget, taking account of the fact that this may have been distributed (vired) to various other non-staff account lines.

The calculation must also take account of any overspends on controllable budgets to ensure the carry-forward does not leave the whole controllable budget in a net overspend position. This is not acceptable.

It should however be noted that as all carry-forwards are subject to Council approval, the allocation of carry-forward balances to schools will be dependent on the overall year-end position of the Education Service and the Council as a whole as well as the demands of any future year saving targets

The carry-forward calculation looks individually at the categories of payroll costs and discretionary non-payroll costs:

- Where both categories are underspent at the year-end, the respective balances are carried forward into the corresponding carry-forward budget codes in the following year.
- Where one category is underspent and the other overspent however the net position is still an underspend, the net balance is carried forward and allocated to the carry-forward budget code of the category which had been underspent.
- Where one category is underspent and the other overspent and the net position is an overspend, no carry forward is made.
- Where both categories are overspent, no carry forward is made.

Budgets carried forward into the subsequent year must be utilised as soon as possible and must be entirely utilised within that year. Intended use of budgets carried forward should be included in School Improvement Plans or school budget spending plans. Any surplus budget remaining within the carry-forward line at the year-end will not be permitted carry-forward again.

At present, if a school overspends in one year this does not have any impact on its budget

for the following year – despite the fact that national DSM guidelines indicate that deficits should be carried forward. This is justified on the basis that any such overspend is most likely to have been beyond the control of the Head teacher. However, such assumptions are subject to investigation and verification. Therefore, in line with national DSM guidelines, deficits will be carried forward – subject to justification and approval by Education Services.

4.18 Capital Items Replacement Fund (repairs and renewals)

The capital items replacement fund (CIRF) is a tool available to schools that provides Head Teachers with the opportunity to place annual revenue funding into Council reserves in order to allow planning for larger areas of investment in the future to meet the needs of the school.

The CIRF enables Head Teachers to essentially ‘save up’ for the purpose of defraying expenditure to be incurred from time to time in repairing, maintaining and renewing any buildings, works, equipment or articles belonging to the school. This allows resources to be more efficiently managed and offer greater flexibility and control of budget at a local level within the principles of the scheme.

For contributions to the fund, a CIRF contribution form (attached as Appendix 3) should be completed by the Headteacher, with assistance from the cluster AFA, and be submitted to the Education Finance Team in month 12 (March). Head Teachers are required to submit and hold relevant spending plans to enable the contribution to reserves to be made at the end of the financial year and these plans will be subject to Education Management approval.

For withdrawals from the fund the current process is:

Headteachers, via their cluster AFA, firstly get written approval for all purchases from the School Support Services Manager. This is to ensure that the planned spend is Capital in nature and aligns to spending plans. Once approved schools then proceed with the purchase and after invoices have been processed a CIRF withdrawal form (attached as Appendix 4) should be completed by the Headteacher and submitted to the Education Finance Team, routed via their cluster AFA. The CIRF withdrawal form should be accompanied by the written approval from the School Support Services Manager. Funds are then withdrawn from the Capital Items Fund and budget added into the school cost centre.

CIRF balances will be reviewed regularly by Education Management to ensure that valid supporting spending plans are held and expenditure is being incurred in line with them.

4.19 Donations

Where a school receives money from a third-party, e.g. Parent Council or school fund, to allow the school to make corresponding additional expenditure, this is treated as a donation. The income received should be credited to the Donations account line. AFA's will arrange for any budget adjustments to be processed through AFA reprofiling templates.

4.20 Purchases on Behalf of Pupils

Under Appendix 3 of Standard Circular 1.10 (General Purpose Fund Procedure Manual), schools may purchase equipment on behalf of pupils, provided this meets all the relevant conditions specified in the circular. This allows pupils to obtain the financial advantage of the Council's special VAT reclaim status. Under this arrangement, the Council expenditure and the corresponding income from the pupil should be offset against the same account line. This is just about the only situation where such netting-off is permitted. It is important that both sides of the transaction take place as close together in time as possible to avoid any imbalances appearing.

4.21 Grants

The Education service can be offered, or can bid for, additional external funding over and above their mainstream Council budget allocation. These are ordinarily referred to as 'Grants'. Grants are offered by various organisations, such as the Scottish Government, The Big Lottery and Scottish Arts Council, etc.

The Education Management team approve acceptance of these grants and appoint a budget holder. The budget holder may devolve part of the grant funding to schools or ask schools to bid for funding.

Grant funding must be spent within the terms and conditions of each individual awarding body and within the timescales set by them. No carry forwards are permitted unless written approval is obtained from the awarding body.

If a Head teacher wishes to bid for additional funding from external bodies a copy of the bid must be sent to the Education Manager and respective Finance Contact. Head teachers should advise the Education Manager and respective Finance Contact if the bid has been successful, or not. Projections for the year-end position pertaining to grants must be provided to your Finance Contact in advance of the year-end.

4.22 VAT

VAT-related issues / queries will arise frequently both internally and from schools. VAT can be problematic because it is complex and occasionally subject to change. Unless completely sure of the answer to a VAT issue, the recommended action is to refer it to the Council's VAT officer who will normally refer it to the Council's VAT advisors.

Donations:

The most common issue to arise from the schools is how non-Council parties can take advantage of the Council's 'Section 33 status' which allows it to reclaim VAT incurred in carrying out activities which are non-business and outside the scope of VAT. There have been many different approaches to this issue depending on the exact circumstances of each case however essentially these have evolved into a single procedure which appears to be acceptable to all parties including auditors. This involves the third party (i.e. school fund, parent Council or external donor etc.) paying money to the school which it then treats as a donation. This involves the actual income being coded to Donations account 62290. This in

turn allows the school to increase the budget in account 62290 and also an appropriate expenditure account by the corresponding amount. The school can then make actual expenditure, at some point, against this increased expenditure budget. This will be regarded as school expenditure, like any other, and will mean that any VAT can be reclaimed by the Council.

As far as the accounting system is concerned, there is no necessary relationship between the donation and the resulting expenditure, albeit there may have been such an underlying intention. The only things to watch out for in such an arrangement is that there are no factors involved which appear to contradict what appears in the accounting system. For example, there should be nothing in any donation documentation to suggest that this is anything but a gift for the school to spend for the benefit of the school and pupils (i.e. the donor should not get any part of whatever is purchased). Any resulting orders must be placed by the school and not the donor. Resulting goods or services must be supplied direct to the school and not the donor. The school should retain clear ownership of any items purchased.

The whole point about this process is that it ensures that the transactions are actually in accordance with the VAT regulations rather than just being made to appear so. Standard Circular 1.10 on school funds sets out conditions whereby goods purchased by the Council may still be owned by the school fund however this is not an issue which has arisen as far as we are aware and the preferred approach is still for the school to own any items purchased.

Education Non-Core Purchases:

Standard Circular 1.10 on school funds (appendix 3 par 9) sets out the conditions on the resale of goods purchased by schools (for which VAT will have been reclaimed). This is important as some schools or individuals will seek to use the Council's VAT status to obtain goods for personal use at a price excluding VAT. These guidelines are fairly clear and are generally understood by AFAs and schools. Few issues arise unless they are raised by someone new to the process. The actual accounting procedure is to charge both the cost of the items and the related income to account code 29906 (Education non-core purchases). This is just about the only account which permits the netting of expenditure and income (i.e. there is no need for budgets presumably on the basis that the money is just passing through the Council's accounts rather than being proper Council income and expenditure). This is a long established practice which is generally acceptable to auditors. The main accounting problem is where there is a timing difference between the expenditure and income. Ideally AFAs should ensure that there no balances on account 29906 as the postings should be made as close together as possible (i.e. expenditure should only be charged to this account when offsetting income will be received soon thereafter).

Purchase of Musical Instruments

The supply of musical instruments is standard rated for VAT purposes. The Assisted Instrument Purchase Scheme (AIPS) enables pupils of local authority and academy schools to purchase musical instruments through their school net of VAT providing the sale to the

pupil meets the criteria below. If the school sells the instrument to the pupil at a profit this is a standard-rated supply. The scheme is described below.

For the purchase to qualify for the AIPS, the following criteria must be met:

- The instrument or item must be sold to the local authority or school and then supplied onto the pupil or their guardian;
- The pupil must be receiving state education;
- The instrument must be used as part of their musical tuition;
- The instrument must be appropriate to the pupil's needs; and
- The price charged to the pupil for the purchase of the instrument must be at or below cost (please see [VATGPB7815](#) for a definition).

“State education” includes the following:

- Musical tuition at a local authority school;
- Musical tuition at an academy;
- Musical tuition in either a school orchestra or local authority orchestra; and
- Musical tuition in a local music hub.

“Musical Instruments” includes replacement parts.

The process for purchasing a musical instruments for pupils is that schools should order instruments through account code 29925 - Assisted Instrument Purchase Scheme (AIPS). The income from parents/carers should be credited to account code 62293 - Assisted Instrument Purchase Scheme (AIPS) Income.

School Photographs:

VAT on school photographs is an issue which comes up very occasionally. Current guidance is available from various sources including the HMRC website. Usually the problem centres around trying to clarify exactly what role the Council plays in the process. Normally, but not always, the school photographer will effectively give the school some level of commission payment (either directly or as the net result of money collected and that actually taken by the photographer). Any such commission payment is seen as a business activity and is therefore deemed to contain an element of VAT. The schools and AFAs are normally aware of this and know that when they are coding the income they need to code the appropriate element to the VAT code.

SCHEME REVIEW

4.23 Review Methodology and Stakeholders

The scheme will be fully reviewed every three years in line with national recommendations. The DSM review group will include representation from schools, central education team, finance, trade unions and other stakeholders where appropriate. Elements of the scheme may be reviewed separately on occasions such as the annual budget process.

Any changes in financial governance agreed by Council will be reflected through a fully communicated review of this guidance if required.

The formulae within the scheme will be considered annually to ensure the models still reflect the current guidance.

APPENDICES

Appendix 1 – Primary School Budget Calculations

Appendix 2 – Secondary School Budget Calculations

Appendix 3 – Capital Items Replacement Fund Contribution Form

Appendix 4 – Capital Items Replacement Fund Withdrawal Form

Appendix 1 - Primary School Budget Calculations

Teachers

The total number of Full Time Equivalent (FTE) Teachers to which a Primary school is entitled is calculated based on the following elements:

Number of classes

This is currently determined by an Education Management professional decision, and takes cognisance of the Scottish Negotiating Committee for Teachers (SNCT) class size maxima, as to the number of classes required to provide for the specific number and age of the pupils in each school.

Each class is given an allocation of 1.0 FTE and the legislative class sizes are outlined below:

Stage / Composition	Class Size Maxima
P1	25
P2 – P3	30
P4 – P7	33
Composite	25
Multi-composite	25

McCrone Time

This is a related allowance to provide for the non-class contact time in teachers conditions. Currently an addition of 0.1FTE per class is added.

Promoted Post Structure

The relevant Education Management Circular (currently 2.03) sets out the scheme for the determination of promoted posts in Primary schools. In addition to classroom teacher, the following grades of posts are applicable:

- Principal teacher
- Depute Head teacher
- Head teacher

The establishment of Principal teacher posts will be determined by a ratio of one Principal teacher post for every six full-time equivalent members of teaching and non-teaching staff.

Where a Head Teacher is leading and managing two schools under a shared headship arrangement then a 0.6FTE Principal Teacher is appointed in both schools.

In schools with a roll exceeding 220 pupils a Depute head teacher will be appointed. This post carries the equivalent value of two principal teacher posts. Accordingly the overall entitlement of Principal teacher posts will be reduced by two.

Principal Teacher (PT) Management Time

For those schools which are allocated Principal Teachers, additional management time is allocated on the basis of 0.1FTE for each PT at scale point 1 and 0.2FTE for each PT at scale point 2. Thereafter principal teacher management time will be increased by 0.05 FTE per job sized scale point.

Post	Minimum Management Time
Principal teacher scale point 1	0.1 FTE
Principal teacher scale point 2	0.2 FTE

Deputy Head Teacher (DHT) Management Time

For those schools which are allocated Deputy Head Teachers, additional management time is allocated on the basis of 0.3 FTE for each DHT.

Post	Minimum Management Time
Depute head teacher	0.3 FTE

HT Management Time

The relevant Education Management Circular (currently 2.03) sets out the sub-formula for the calculation of Head teacher management time (at Appendix 1 of the circular) within the overall teaching staff entitlement. This table is outlined below:

Core Teaching Staff (FTE)	HT Management Element (FTE)	Time Allocation (based on a 35 hour week i.e. 5 days x 7 hours)
1 – 1.9	0.2	7 hours
2 – 2.9	0.29	10 hours 09 minutes
3 – 3.9	0.38	13 hours 18 minutes
4 – 4.9	0.47	16 hours 27 minutes
5 – 5.9	0.56	19 hours 36 minutes
6 – 6.9	0.65	22 hours 45 minutes
7 – 7.9	0.74	25 hours 54 minutes
8 – 8.9	0.83	29 hours 03 minutes
9 – 9.9	0.92	32 hours 12 minutes
10 – 10.9	1.01	35 hours 21 minutes
11 – 11.9	1.10	38 hours 30 minutes
12 – 12.9	1.19	41 hours 39 minutes
13 – 13.9	1.28	44 hours 48 minutes
14 – 14.9	1.37	47 hours 57 minutes
15 – 15.9	1.46	51 hours 06 minutes
16 – 16.9	1.55	54 hours 15 minutes
17 - 17.9	1.64	57 hours 24 minutes

Where a Head Teacher is leading and managing two or more schools under a shared headship arrangement then they are allocated non-teaching time to each school.

Teacher Absence Cover

This allocation is essentially provided in order to allow schools to bring in cover for teaching staff who are absent. It is not intended to be a source of funding for extra staff or materials.

The number of days Teacher absence cover allocated to each school should be the equivalent of:

$$= (5.22 \text{ fixed days plus } 4.30 \text{ days for each Teacher FTE}) \times 80\%$$

A review is currently underway through the Education Budget Working Group to revisit the basis of the formula allocation going forward. This document will be amended to reflect the outcome of this.

The budget allocations for cover days are currently based on the cost of a teacher at the top of the basic teacher scale.

Early Learning and Childcare Teacher Input Time

If a school has an Early Learning and Childcare setting a further allowance will be given for teacher input time depending on the number of children. Whilst this provides the school with some additional flexibility, and is managed as part of the overall school staffing within the Head Teacher's control, the ELC teacher allowance is budgeted and accounted for against the ELC cost centre rather than that of the school. Teacher time is calculated using the following formula bandings and is calculated annually as part of the staffing exercise.

ELC Projected Roll	Head Teacher Input FTE	Teacher Input FTE
0- 8 children	0.100	0.100
9-16 children	0.129	0.129
17-24 children	0.143	0.143
25-32 children	0.157	0.157
33-40 children	0.171	0.171
41-48 children	0.186	0.186
49-56 children	0.200	0.200
If setting has a Cluster/Lead Childcare & Education Worker post, entitlement is reduced by one banding		

Early Level Classes

Where an early level class can be accommodated within school staffing, Early Years fund 0.55 FTE teacher time

Where an early level class cannot be accommodated within school staffing, Early Years fund 1.10 FTE teacher time

Newly Qualified Teachers

Special additions may be included in school entitlements for newly qualified teacher placements. For newly qualified teachers being placed into vacancies the allowance is currently 0.28 FTE (0.18 FTE to cover class contact shortfall – i.e. newly qualified teachers are only expected to fulfil 18.5 of 22.5 hours class contact time - and 0.1 to provide mentoring). Where a newly qualified teacher is ‘fully-funded’ by the Scottish Government, an additional 1.1 FTE cost will be added to the staffing budget.

Teacher Entitlement (FTE) Adjustments

Once the teaching establishment of each school has been determined, including promoted posts, the corresponding financial budget is calculated. This is done by entering details of each post/postholder onto a staffing ‘template’. This is routinely a large Excel workbook which holds details of posts at each school, the staff filling these posts (if known), their grades, salary scale points and any allowances such as those for island/remoteness or first aid qualifications. It also includes formulae for calculating Employer’s National Insurance and Superannuation contributions. Extracts from this staffing template form an essential part of the budget monitoring process as they explain the detail behind the financial budget figures and also allow variances to be identified by comparing actual staff being paid with those budgeted.

One point to note about this method of budget preparation is that when all details of current teaching staff in a school (according to latest payroll records) have been entered onto the staffing template, there may be differences between the related current total FTE and the total FTE according to the entitlement calculation. In such cases an FTE adjustment will be entered as additional posts (or part thereof) costed at the top of the teacher main grade scale. Where these FTE adjustments are positive (i.e. the current FTE is less than entitlement) these are additions available for the school to use. However where the FTE adjustments are negative (i.e. the current FTE is more than entitlement) schools must be aware that action is required on their part to bring actual staffing in to line with entitlement, as soon as possible, otherwise an overspend will arise and continue to grow as the year progresses.

Local Government Employees

Local Government employees provided in the Primary school budget will normally include Clerical Assistants, Classroom Assistants, Pupil Support Assistants and Janitors.

Clerical Assistants

The total number of weekly clerical assistant hours allocated to each school is based on the following formula bandings:

Band	Pupil Roll including FTE Pre-5s	Hours of Clerical Assistant Allocation
1	0-19	16.50
2	20-50	21.50
3	51-75	26.00
4	76-100	28.50
5	101-150	33.25
6	151-200	42.75
7	201-250	52.25
8	251-300	61.75
9	301-350	76.00
10	351-400	90.25
11	401-450	104.50

Classroom Assistants

The total number of weekly Classroom Assistant hours allocated to each school is based on the formula:

= Number of classes x 4.75 hours (rounded up to the nearest 0.25) with a minimum floor allocation of 5 hours.

In practice there may be some discretion exercised by Education Management as to when schools will receive a change in allocation arising from a change in the number of classes. Schools however should plan to staff in accordance with the formula entitlement as set out within this DSM scheme.

Pupil Support Assistants

The total number of weekly Pupil Support Assistant hours allocated to each school was historically based on a banding formula

Absence Cover for Local Government Employees

An annual budget is available for Local Government Employee absence cover and this is pooled to create cluster totals that can be operated more effectively by the AFAs. Therefore Primary schools should consult with their AFAs in the first instance if they need cover for local government employee absences.

Janitors

Janitor staff transferred from Customer Services to Education in 2011. Janitor budgets are essentially based on the details of the actual posts transferred at that time and are reviewed periodically. There is a small centrally held budget for Janitor absence cover and any requests for cover should be discussed with the cluster AFA in the first instance and then routed via them to Education Management.

School Discretionary Budget

This allocation formula was based on the general concept that all schools require finance for basic establishment expenditure irrespective of the number of pupils however schools will also have expenditure that is mainly driven by pupil numbers. The values in the formula are only intended to reflect that there is such a split, rather than prescribe how schools should use this allocation.

The allocation for Primary schools is currently calculated as:

= (£4,000 per school plus £32 per pupil x 86%) x 80% (routinely based on the most recent pupil census figures when the budget is being calculated).

A review is currently underway through the Education Budget Working Group to revisit the basis of the formula allocation going forward. This document will be amended to reflect the outcome of this.

Other Budgets Allocated to Schools

There are several other budgets devolved to each school which are not regarded as being within the direct control of the Head teacher and therefore not available for use. These include premises-related items such as Electricity, Heating Oil, Gas, Water, telephone line and rental costs, school meal costs and related income. The reason for allocating these budgets to individual schools is to achieve a more realistic cost of running each establishment. Head teachers, in their capacity as budget holder, are however expected to be aware of the cost behaviour associated with these cost types and should raise appropriate query with the Education Finance team where variations/deviations from budget exist.

Please note that formulas may be subject to review in line with Corporate Budget decisions.

Appendix 2 – Secondary School Budget Calculations

Teachers

The teacher staffing budget within Secondary schools is based on an allocation to cover the basic number of full time equivalent (FTE) teacher posts plus an allocation to cover the additional cost of the promoted element of the staff in the schools promoted post structure.

Basic Teacher Entitlement

The total teacher FTE posts that a Secondary school is entitled to is currently based on the following formula. This formula has two parts. Firstly, there is an element which is directly related to the number of pupils:

$$= \text{Pupil roll} \times 0.06 \times 95\%$$

Secondly, there is a fixed stepped element which is related to the size banding of which the total school roll falls within:

Pupil Roll Banding	FTE Allocation
1-499	9.85 x 95%
500-999	10.00 x 95%
1000-1499	10.25 x 95%

The 95% factor applied to these allocations relates to a historic budget saving reduction applied.

Mid-Year Adjustments

The pupil roll figures used in these calculations will normally be those from the most recent census prior to the commencement of the budget preparation exercise. The pupil rolls for September of one year therefore will be used as the basis of the teacher entitlement to be in place from April the following year through to March in the year after that. In previous years, adjustments to teacher entitlements for the new school year would have been applied based on the updated rolls from the census of the September in that financial year. Following representations from Head teachers, these so-called mid-year adjustments were discontinued on the basis that they were applied too late in the school year to assist with staff planning. However, due mainly to pressures on the budgets caused by exceptional adjustments being made for increases but not decreases, mid-year adjustments have been re-instated.

Promoted Structure

Schools should operate on the basis of reasonable, sustainable promoted structures agreed between Head teachers and Education Management. These structures should be revised every 3 years and in line with School Plans. Promoted posts may be subject to job-sizing at the discretion of the Executive Director of Community Services in line with national guidelines.

Teacher Absence Cover

This allocation is essentially provided in order to allow schools to bring in cover for teaching staff who are absent. It is not intended to be a source of funding for extra staff or materials.

The number of days Teacher cover allocated to each school should be the equivalent of:

= (2.38 fixed days plus 4.27 days for each Teacher FTE) x 80%

A review is currently underway through the Education Budget Working Group to revisit the basis of the formula allocation going forward. This document will be amended to reflect the outcome of this.

The budget allocations for cover days are currently based on the cost of a teacher at the top of the basic teacher scale.

Additional Teacher Staffing

In addition to the basic Teacher FTE, schools may be allocated further entitlements for specific purposes. Historical additional allocations to schools have included those for alternatives to exclusion and chronic illness cover.

Newly Qualified Teachers

Special additions are also applied for newly qualified teacher placements. For newly qualified teachers being placed into vacancies this allowance is currently 0.28 FTE (0.18 FTE to cover class contact shortfall – i.e. newly qualified teachers are only expected to fulfil 18.5 of 22.5 hours class contact time - and 0.1 FTE to provide mentoring).). Where a newly qualified teacher is 'fully-funded' by the Scottish Government, an additional 1.1 FTE cost will be added to the staffing budget.

Teacher Entitlement (FTE) Adjustments

Once the teacher establishment of each school has been determined, including promoted posts, the corresponding financial budget is calculated. This is done by entering details of each post/postholder onto a staffing 'template'. This is routinely a large Excel workbook which holds details of posts at each school, the staff filling these posts (if known), their grades, salary scale points and any allowances such as those for island/remoteness or first aid qualifications. It also includes formulae for calculating Employer's National Insurance and Superannuation contributions. Extracts from this staffing template form an essential part of the budget monitoring process as they explain the detail behind the financial budget figures and also allow variances to be identified by comparing actual staff being paid with those in the budget.

One point to note about this method of budget preparation is that when all the details of the current teacher staff in a school (according to latest payroll records) have been entered onto the staffing template, there may be differences between the current total FTE and the total FTE according to the entitlement calculation. In such cases an FTE adjustment will be entered as additional posts (or part thereof) costed at the top of the teacher main grade scale. Where these FTE adjustments are positive (i.e. the current FTE is less than entitlement) these are additions available for the school to use.

However, where the FTE adjustments are negative (i.e. the current FTE is more than entitlement) schools must be aware that action is required on their part to bring actual staffing into line with entitlement as soon as possible otherwise an over spend will arise and continue to grow as the year progresses.

Local Government Employees

Local Government employees in the Secondary school budget will normally include Clerical Assistants, Classroom Assistant and Janitors.

Clerical Assistants

The total number of weekly clerical assistant hours allocated to each school is based on the following formula bandings:

Band	Pupil Roll	Hours of Clerical Assistant Allocation
1	0-19	16.50
2	20-50	21.50
3	51-75	26.00
4	76-100	28.50
5	101-150	33.25
6	151-200	42.75
7	201-251	52.25
8	251-300	61.75
9	301-350	76.00
10	351-400	90.25
11	401-450	104.50
12	451-500	118.75
13	501-750	147.25
14	751-1000	175.75
15	1001-1250	204.25
16	1250+	232.75

Senior Clerical Assistants are not included in the above formula but are allocated at the discretion of Education Management in relation to specific workloads and other senior administration staffing at the schools i.e. AFAs.

Classroom Assistants

The total number of weekly Classroom Assistant hours allocated to each school is based on the formula:

= 27.5 hours plus (Pupil Roll x 0.17) hours (rounded up to the nearest 0.25).

In practice there may be some discretion exercised by Education Management as to when schools will receive a change in allocation arising from a change in the number of classes. Schools however should plan to staff in accordance with the formula entitlement

Janitors

Janitor staff transferred from Customer Services to Education in 2011. The Janitor budgets are essentially based on the details of the actual posts that transferred and are reviewed periodically. There is a small centrally held budget for Janitor absence cover and any requests for cover should be discussed with the cluster AFA in the first instance and then routed via them to Education Management.

School Discretionary Budget

This allocation formula was based on the general concept that all schools require finance for basic establishment expenditure irrespective of the number of pupils however schools will also have expenditure that is mainly driven by pupil numbers. The values in the formula are only intended to reflect that there is such a split, rather than prescribe how schools should use this allocation.

The current allocation for Secondary schools is calculated as:

= (£25,000 per school plus £73 per pupil x 86%) x 80% (routinely based on the most recent pupil census figures when the budget is being calculated).

A review is currently underway through the Education Budget Working Group to revisit the basis of the formula allocation going forward. This document will be amended to reflect the outcome of this.

Examination Fees

The cost of fees for pupils sitting SQA examinations will be charged directly to their respective school. Specific budget will be allocated for this expenditure and schools will not normally be required to find funds from their main allocation nor will they be able to use any underspend from the exam fees budget. Schools will however be responsible for the costs of dual presentations, late entry changes, clerical checks, marking reviews and priority marking reviews from their discretionary allocations. Further guidance can be accessed from the SQA using the following hyperlink. <http://www.sqa.org.uk/sqa/65427.html>

Other Budgets Allocated to Schools

There are several other budgets devolved to each school which are not regarded as being within the direct control of the Head teacher and therefore not available for use. These include premises-related items such as Electricity, Heating Oil, Gas, Water, telephone line and rental costs, school meal costs and related income. The reason for allocating these budgets to individual schools is to achieve a more realistic cost of running each establishment. Head teachers, in their capacity as budget holder, are however expected to be aware of the cost behaviour associated with these cost types and should raise appropriate queries where variations / deviations from budget exist.

Please note that formulas may be subject to review in line with Corporate Budget decisions.

Appendix 3 - Sample of Capital Items Replacement Fund Contribution Form

EDUCATION SERVICE - ARGYLL & BUTE COUNCIL																	
2020-2021																	
WITHDRAWAL FROM CAPITAL ITEMS REPLACEMENT FUND																	
SCHOOL ESTABLISHMENT																	
			CURRENT BALANCE										WITHDRAWAL				NEW BALANCE
AMOUNT															0.00		
WITHDRAWAL SPENDING PLAN																	
<p style="font-size: small; color: red;">The Capital Items Replacement Fund can ONLY be used to replace or renew equipment of a capital nature, such as computers, PE equipment, lathes, furniture and mini-buses. The fund CANNOT be used to finance the appointment of staff posts or purchase consumable items.</p>																	
BUDGET ALLOCATION:			BUDGET PROFILE														
COST CENTRE	ACCOUNT	AMOUNT	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	CHECK		
															0		
															0		
															0		
															0		
SCHOOL ESTABLISHMENT:																	
	NAME		DESIGNATION				SIGNATURE				DATE						
Completed:																	
Authorised:																	
FINANCE DEPARTMENT ONLY:																	
	NAME		DESIGNATION				SIGNATURE				DATE						
Checked:																	
Authorised																	

Appendix 4 - Sample of Capital Items Replacement Fund Withdrawal Form

EDUCATION SERVICE - ARGYLL & BUTE COUNCIL																	
2020-2021																	
WITHDRAWAL FROM CAPITAL ITEMS REPLACEMENT FUND																	
SCHOOL ESTABLISHMENT																	
			CURRENT BALANCE										WITHDRAWAL				NEW BALANCE
AMOUNT															0.00		
WITHDRAWAL SPENDING PLAN																	
The Capital Items Replacement Fund can ONLY be used to replace or renew equipment of a capital nature, such as computers, PE equipment, lathes, furniture and mini-buses. The fund CANNOT be used to finance the appointment of staff posts or purchase consumable items.																	
BUDGET ALLOCATION:			BUDGET PROFILE														
COST CENTRE	ACCOUNT	AMOUNT	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	CHECK		
															0		
															0		
															0		
															0		
SCHOOL ESTABLISHMENT:																	
		NAME	DESIGNATION				SIGNATURE				DATE						
Completed:																	
Authorised:																	
FINANCE DEPARTMENT ONLY:																	
		NAME	DESIGNATION				SIGNATURE				DATE						
Checked:																	
Authorised																	

