

Fair Funding

Policy Development

[Fair funding to achieve excellence and equity in education: A consultation](#) is a key element in the suite of policy which comes under the ultimate umbrella of the [Education Delivery Plan](#). Launched alongside [Education Governance: Next Steps](#), the consultation seeks views on a forward approach to school funding which will support the Scottish Government's overall education policy objectives.

Summary and Recommendations

The Fair Funding consultation closes on the 13th October. Views and deliberations from the Board meeting will influence the draft consultation response considered by COSLA Leaders on 29th September 2017.

This paper invites Board Members to:

- i. Agree to the proposal of a joint 'local government family' consultation response;
- ii. Discuss the approach outlined at paragraphs 17 and 18; and
- iii. Agree that Councillor McCabe requests a meeting with the Deputy First Minister to discuss our response once submitted.

References

Previous reports on Education Governance and Fair Funding:

- COSLA Leaders 25/08/17 – Education Governance and Regional Collaboration
- COSLA Leaders 30/06/17 – Education Governance
- COSLA Leaders 26/05/17 – Education Governance and Regional Collaboration
- COSLA Leaders 24/02/17 – Education Governance
- COSLA Leaders 13/12/16 – Education Governance Consultation Response
- COSLA Leaders, 25/11/16 – Regional Collaboration
- ECYP Executive Group, 11/11/16 – Education Governance Review

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1. [Fair funding to achieve excellence and equity in education: A consultation](#) is a key element in the suite of policy which comes under the ultimate umbrella of the [Education Delivery Plan](#). Launched alongside [Education Governance: Next Steps](#), the consultation seeks views on a forward approach to school funding which will support the Scottish Government's overall education policy objectives.
2. The Fair Funding consultation closes on the 13th October. The Fair Funding consultation closes on the 13th October. Views and deliberations from the Board meeting will influence the draft consultation response considered by COSLA Leaders on 29th September 2017.

Current COSLA Position

3. Fair Funding and Education Governance policy are intrinsically linked. Within COSLA, the Children and Young People team has been working closely with the Finance Team to develop a cohesive and holistic response to the consultation. Early dialogue between COSLA officers and civil servants began in June 2016 when the Education Delivery Plan outlined that work on a new funding formula would begin "immediately". However, Scottish Government progress has been relatively slow and it became clear that initial deadlines for policy development and consultation would not be met.
4. There was continued dialogue which developed into a group meeting when it emerged that SG wanted to undertake a 'deep dive' in Tayside – looking in detail at the funding allocations within individual authorities and also the Tayside Collaborative. This led to a meeting at COSLA in early March 2017 with representatives from COSLA, SG, Perth, Angus and Dundee. A 'deep dive' was avoided but it was agreed at that meeting that local government would work with SG with the intention of facilitating a sounding board for the on emerging education funding policy. Membership was extended to 'critical friends' from authorities not involved in either Tayside or the North as well as Directors of Finance. The group has been meeting on an ad hoc basis since.
5. A key aim of the group has been to communicate the complexity of funding in education and children's services and to reframe the Government's narrow focus on 'school-level funding' in the context of operational reality: Government policy means that certain costs are not within the gift of local authorities to control including pupil teacher ratio, teacher numbers, and the presumption against the closure of rural schools.

What is changing

6. The *Fair Funding* consultation is now live and outlines two options for comment: one which focuses on enhancing Devolved School Management (DSM) and another which explores a "PEF-type model". Both are discussed in more detail below. It is a measure of the success of the local government officials within the working group that the option to explore a national funding formula for schools, which civil servants were initially keen on, has now been discounted by the Scottish Government following our discussions.
7. As with *Next Steps*, the consultation document raises many questions which makes it difficult to assess the likely impact of policy proposals. It is clear that the consultation was

not designed with a full understanding of the current system. Since June, there has been movement in other key areas of policy development which have a direct impact on this consultation. Points of clarity have been drawn out through discussion and it has been confirmed that:

- the scope of the consultation does not cover funding currently in the local government settlement for education and there will be no change to the GAE distribution methodology. The scope of the consultation is how resources flow from the local authority to the school.
 - Regional Improvement Collaboratives will not be established as bodies in their own right, will not hold bank accounts, and therefore cannot have funding allocated to them as an entity.
8. The proposed outline response below is mindful of these clarifications, but COSLA officers and the wider local government family remain alive to the overall uncertainty and the interconnectivity of all elements of the Education Delivery Plan.

Proposed COSLA Position

9. Building on the collaborative approach which has been taken with the Working Group, it is proposed that the consultation response will be joint between the Local Government family – SOLACE, ADES, Directors of Finance, SOLAR and SPDS are all happy in principle for a collective response. This would be a clear and strong message about the united view of local government.
10. The set questions within the consultation are restrictive and so it is proposed that to put forward the fullest response, the set questions are not followed. Instead key headings will set out:

Context

11. The following are the points of context which it is essential we address:

- Local Government are committed to the high level aims of achieving equity and excellence, and to closing the poverty related attainment gap.
- Any discussions about funding in relation to education must be considered in the context of the overall Local Government settlement which has declined in real terms.
- Policy decisions at a national level have a direct impact on the availability of resources at a local and school level. There is no discretion around the money required to maintain teacher numbers and pupil teacher ratio. Once this money has been allocated, any cuts are applied to the remaining money in the pot which leaves little room for flexibility. Flexibility is reduced further where, for example, a national presumption against the closure of rural schools means savings cannot be achieved by amalgamating two small rural schools into one bigger one. This means that the cost per pupil will be higher as a result. Nuances like this which the government have highlighted as 'inconsistencies' must be addressed.
- Schools sit within a wider landscape of children's and family services. There is a balance between these services which local authorities manage operationally and financially – ensuring that the right support is available at the right time based on the needs of the child. A sole focus on school funding will risk removing schools from this strategic environment and could work to increase the gap.
- There are assumptions made in the consultation document which must be challenged. Key amongst these are:

- **Funding is currently unfair** – by framing the consultation as ‘fair funding’ there is an implication that funding is not currently fair. This is not evidenced.
- **Consistency** – the consultation document raises concerns about variation between local authorities – for example in spend per pupil. However, there are many explanations for this (school size, new build vs older school estate, island education vs mainland) and so difference in spend cannot be used as a proxy for the quality of education which children and young people receive.
- **Decisions are not being taken at school level** – the ideal that decisions should be taken by headteachers is repeated throughout policy documents. It will be important to outline that this does already happen to a large extent but that there are areas where local authority decision making is important for maximising spend and ensuring strategic operation.
- **In scope/out of scope** – page 9 of the consultation lists elements which are in and out of scope. However, it is not possible to consider individual elements in complete isolation from the bigger picture. Clarity is also needed on the fact that “some aspects” of ASN are not in scope but it is not clear what those aspects are.

The Consultation Options

DSM

12. The option set out at 4.1 of the consultation is essentially a reviewed DSM model. It is suggested that the Headteachers Charter could be a vehicle to enshrine DSM and, potentially, proportions of funding which should be allocated to schools to increase (as the Government would argue) consistency.
13. There are real concerns with some of the suggestions in this approach which would completely undermine local democratic decision making and local prioritisation of budgets. However, there is the possibility of re-framing this option in a way which would achieve the policy shift the Government need to show but without being damaging to the role that local government plays in representing its communities. This is described in more detail below.

PEF-type model

14. The option set out at 4.2 would see additional resources more routinely made available to target specifically identified national priorities. The money would be additional to allocation in the GAE and distribution would change depending on the priority. The additional funds would come through the local authority as a grantor but the funds would be ring-fenced as with PEF.
15. There are significant concerns about this approach. Although no funding has come into the local authority to support PEF, the level of resource which has been required at all levels throughout the local authority has been considerable. There are also concerns about the rate at which national priorities may be identified with reorganisation required to meet those priorities, and potential changes to distribution which do not follow standard distribution discussions. This could adversely impact on schools having predictable levels of fund.
16. In addition, questions could be raised about accountability for public funds if, on one hand, Government prioritises the need to lessen bureaucracy but, on the other, schools could be accountable directly for large sums of money.

The Local Government Offer

17. It is proposed that an important element of the local government response is to put forward a constructive option for the development of Fair Funding policy - that Local

Government will offer to work in a partnership with SG to develop the policy in a way that works for all involved and, crucially, retains local democratic accountability.

18. Our offer would be a revised, refreshed DSM scheme which builds on current good practice and expressly aligns aims with GIRFEC and closing the attainment gap. In balancing current operation with SG rhetoric and language from *Next Steps*, the aim of the local government offer would be to influence the development of any policy towards a workable solution. The revision would also include a review of the DSM toolkit produced in 2012, which could be used by local authorities to benchmark against authorities of similar sizes, geographies or levels of deprivation. If accepted, it is proposed that COSLA would continue to work collaboratively with relevant professional associations – primarily SOLACE, ADES and Directors of Finance.

Next Steps

19. If Members are content with the proposal of a joint response and the offer outlined above, COSLA officers will liaise with the relevant professional associations towards producing a draft response for consideration by COSLA Leaders at the September meeting. Discussion from the Board meeting will be reflected in this draft, which will be finalised and submitted in line with the 13th October deadline.

Recommendations

20. This paper invites Board Members to:

- i. Agree to the proposal of a joint 'local government family' consultation response
- ii. Discuss the approach outlined at paragraphs 17 and 18
- iii. Agree that Councillor McCabe requests a meeting with the Deputy First Minister to discuss our response once submitted

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