

The Scottish Government

**Consultation on Draft Head Teacher and
Training Standards (Scotland)
Regulations**

A Submission by:

**The Chartered Institute of Public
Finance and Accountancy**

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CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

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1. Executive Summary

- 1.1 CIPFA believes that any mandatory standard would need to take into consideration the potentially far reaching changes proposed in the delivery plan for education.¹ There is a particular need to consider the impact of the proposed changes in the governance review on the nature of the head teacher leadership and its financial management role.
- 1.2 The Standard for Headship must reflect the importance of financial management and suitably upskill head teachers. The standard must be able to adapt to the changing circumstances within education to ensure that public funds are applied for purpose and that value for money is achieved.
- 1.3 CIPFA's review of the current position on devolved financial management indicates that the scope for head teachers for financial responsibility is limited. It is limited to managing day to day expenditure budgets that can be relatively fixed in nature.
- 1.4 Further financial management powers have been proposed to be transferred directly to schools. This would require an upskilling of the current expertise within schools to manage these resources.
- 1.5 Through partnership working with the National Association of School Business Management, CIPFA have developed and supported programmes for school leaders to support the necessary skills for enhanced leadership roles within Academies in England. .

¹ [Scottish Government, Delivering Excellence and Equity in Scottish Education - A Delivery Plan for Scotland](#)
June 2016

2. Introduction and Background

2.1 The background and driver for this consultation stems from the publication of the Scottish Government's delivery plan² for closing the educational attainment gap between the least and most disadvantaged young people during this Parliament. The Scottish Government made a range of commitments in the delivery plan to empower school leadership in order to deliver on improved outcomes for children.

2.2 The commitments include:

- continued support for new, aspiring and experienced teachers with a new package of support through the Scottish College for Educational Leadership (SCEL);
- a commitment to completing a governance review³ that focused on regional models of delivery and providing for provision of resources directly to head teachers;
- support for up to 160 aspiring head teachers to go through into the Headship programme each year for the next three years;
- making the Standard for Headship mandatory for all new head teachers by August 2019 and;
- investment in Master's level learning during 2016/17.

2.3 While this consultation is concerned with one point above, making the Standard for Headship mandatory, CIPFA's submission will focus on the current nature of financial management at school level. The submission will also consider the need to plan into the Standard for Headship necessary changes to facilitate a potential for enhanced financial management responsibilities.

3. Current position on Public Financial Management

3.1 Currently education is funded from Local Authority resources in Scotland. Education spend represents the single biggest service spend for Local Authorities in Scotland, amounting to over £5.0bn per

² Scottish Government, Delivering Excellence and Equity in Scottish Education - A Delivery Plan for Scotland, June 2016

³ The Governance Review consultation was completed in January 2017 [Empowering Teachers, Parents and Communities to Achieve Excellence and Equity in Education: A Governance Review](#)

annum.⁴ The education spending by Local Authorities comes from both the Scottish Government, through its general revenue grants, and through council tax raised by the Authorities themselves.

- 3.2 Local Authorities in Scotland since 1998 have operated a Devolved School Management (DSM) system.⁵ A key purpose of this system is to give individual head teachers and schools the autonomy to make decisions on resource allocation and priorities. Each individual council is responsible for its own DSM scheme, which will be set out in a policy approved by the Council.
- 3.3 Councils are encouraged to maximise the level of resources devolved to head teachers, however there are areas of expenditure that are not considered suitable for delegation to head teachers.⁶ Councils are able to set this out within their own policies subject to taking account of the current guidelines. This means that while the general approach is uniform, individual councils may differ in the level of devolved budgets to head teachers.
- 3.4 Councils do allow flexibility within the budget for head teachers to exercise power to transfer budgets within expenditure headings, known as virement.⁷ This will also be set out within the Council's policy on DSM. In effect the current position allows head teachers to manage a level of expenditure with some flexibility, within certain cost categories, to transfer underspends to areas of resource pressure.
- 3.5 CIPFA completed a review of a range of DSM schemes across councils in Scotland.⁸ This review identified that the level of devolution was in line with guidelines however, the budgets devolved are usually set by reference to formula, contractual arrangements or by councils themselves.

⁴ Data taken from the Accounts Commission report: Local Government in Scotland, Financial Overview 2015/16, November 2016. The data source in this report is the audited financial statements for Scottish Councils

⁵ Promoted by the Scottish Government in its 1993 circular 'Devolved School Management; Guidelines for Schemes. DSM guidelines were last updated in 2012 from output by the National DSM Steering Group and have statutory underpinning from the Standards in Scotland's Schools etc. Act (2000) section 8.

⁶ DSM Guidelines 2012, section 8, Advisory Notes for Devolved School Management

⁷ Virement is encouraged within the DSM guidelines 2012 under the Local Flexibility section within section 7

⁸ A review of DSM schemes in place across eight councils in Scotland that publish details of their schemes

- 3.6 Responsibilities for areas such as Capital Investment and in many cases maintenance budgets in the Schools are not devolved. For some schools the devolved budgets can involve what are relatively fixed costs, such as rents, cleaning contracts, grounds maintenance and vehicle contract hire. These devolved budgets in reality allow minimum flexibility in terms of being able to utilise resources to collaborate across schools or make local decisions on the level of budgets required.
- 3.7 Head teachers will also be supported by the Councils finance expertise, or any local business manager resource within the schools, in terms of providing support, information and best practice to ensure spending decisions achieve best value.

Conclusions and Recommendations:

- **CIPFA's review of the current position on devolved financial management indicates that the scope for head teachers for financial responsibility is limited. It is limited to managing day to day expenditure budgets that can be relatively fixed in nature.**
- **Head teachers scope for flexibility on budgets is further limited due to a lack of involvement in budget setting and planning. Head teachers are also excluded from responsibility for certain areas of the school budget.**

4. Impact of Proposed Future Education Reforms

- 4.1 The Scottish Government's delivery plan for achieving excellence and equity in education covers a wide range of interconnected commitments to empower school leadership. While CIPFA supports the view that the Standard for Headship should be mandatory, it must also keep pace with developments in the sector in order to remain relevant for the profession.

- 4.2 Key proposals that the Scottish Government has recently consulted upon include the school governance review.⁹ This consultation included proposals to drive more decisions affecting school life and educational outcomes to schools themselves. Alongside this is the proposal to extend to schools responsibilities that currently sit with local authorities and to allocating more resources directly to head teachers to enable them to take those decisions.
- 4.3 CIPFA believes that the proposed changes in the governance review amount to a significant increase in the financial management responsibilities of head teachers. It also brings the possibility of schools being further outside of local authority control, bringing with it potential for less access to financial management support. When assessing the requirements for headship standards, the Scottish Government must consider whether the current standards are sufficient to embrace proposed new responsibilities.
- 4.4 CIPFA's submission to the recent governance review highlighted the need to address public financial management skills and capacity.¹⁰ The requirement for head teachers to directly manage resources will require upskilling in financial management expertise at the school level.
- 4.5 CIPFA has supported education reform in England by development of a suite of tools and materials to support the changing nature of the role of head teacher. CIPFA and the National Association of School Business Management (NASBM) have worked in partnership to develop and provide high quality training for school business management professionals. CIPFA in association with NASBM has developed an accredited certificate in School Financial and Operational Leadership specifically to develop the necessary skills for such an enhanced role.¹¹

Conclusions and Recommendations:

⁹ Empowering Teachers, Parents and Communities to Achieve Excellence and Equity in Education: A Governance Review – closes January 2017

¹⁰ [CIPFA Submission to the Scottish Government Consultation - Education Governance Review, January 2017](#)

¹¹ [CIPFA NASBM Accredited Finance Training for School Business Managers](#)

- **Further financial management powers have been proposed to be transferred directly to schools. This would require an upskilling of the current expertise within schools to manage these resources.**
- **The Standard for Headship will need to keep pace with the developments and increased financial management responsibilities that schools may potentially inherit.**