

Edinburgh Primary Schools Headteachers' Association

Report: Response to the Proposed Reductions in the Schools' budget 2010 to 2013

November 2009

1 Purpose of Report

- 1.1 To respond to the request from the Director of Children and Families that Headteachers should give their opinions on the proposed budget reductions for the financial years 2010/11 to 2012/13.
- 1.2 This report represents the official response of the Edinburgh Primary Schools' Headteachers' Association.

2 Background to the Report

- 2.1 At a recent consultation meeting with Primary Headteachers, the Director of Children and Families described significant reductions in budget available to the Department in the next three financial years. The reduction to the Schools' budget was indicated to be 2.5% in year 2010/2011 with further additional reductions of 2.5% in years 2011/12 and 2012/13.
- 2.2 The budgets allocated to schools for 2009/10 were subject to efficiency savings of 1.5%. This reduction will be carried forward into future financial years in addition to any further reductions for the years to 2010/2013.
- 2.3 The Department of Children and Families devolve certain budgets to schools and retain others centrally. In the case of 'Non Devolved' and 'Notionally Devolved' budgets, the Department has historically taken responsibility for any overspends on the areas covered by these budgets. Among these are Waste Disposal, Water Charges, Examination Fees and Holiday Pay for Staff on Maternity Leave. Monitoring of these budgets has identified that a considerable overspend has been accrued for 2009/10 and so the Department decided to devolve these budgets and the related overspends to schools. Overspend of £676 000 has been transferred to schools and represents a significant and unexpected cost at that late this stage in the financial year.

- 2.4 The effect on individual schools over the current year and the next three years would be to reduce the 2008/09 base budgets by the following levels;

<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
1.5%	4%	6.5%	9%

Assuming that the newly devolved budgets run at the same level of overspend in future years and that they are permanently devolved as has been implied, school budgets will be even further reduced by a share of the £676 000 recently identified.

3 Main Report

- 3.1 The Edinburgh Primary Schools' Headteachers' Association acknowledges the significant financial pressures faced by the Council and the Department of Children and Families. As employees of the Council, its members recognise that they have a responsibility and a role to play in efforts to create a balanced budget.
- 3.2 The Association believes that in moving towards a balanced budget, the front line services provided in schools must be protected at all costs. If the indicative reductions are to be applied directly to individual schools' budgets, this will not be possible without a related reduction in the service offered to children, young people and families.
- 3.3 The Curriculum for Excellence is at a crucial stage of development that will require significant work in schools. The reductions in staffing that are implied by the budget reductions will impact severely on the ability of schools to implement the Curriculum for Excellence in the timescales expected and in the depth that our children deserve.
- 3.4 The Department of Children and Families has identified the need to improve educational outcomes for the lowest attaining 20% of pupils as a key priority. Achieving this aim has proved to be especially difficult in recent years and it is unlikely to be achievable in the future with the reductions in schools' budgets that are proposed.
- 3.5 The Director of Children and Families requested that individual Headteachers should indicate where savings might be made, both in school based services and central services. A number of Headteachers submitted responses which have been collated and shared. These comments, along with wider discussion at a meeting of the Association, have been taken into consideration in the preparation of this report.

3.6 Central Services

- 3.6.1 The Director of Children and Families informed Headteachers that annual reductions of 2.5% in schools budgets would be required and that 10% reductions would be applied to central services budgets. Without any indication of how these respective figures have been calculated, the Association must assume that no detailed work has been done to assess the effects of respective reductions in terms of the outcomes on children and families.
- 3.6.2 Against the need to protect front line school based services at all costs, the Association must question the respective reductions
- 3.6.3 The Association suggests that only central services related to the statutory responsibilities of the Council should be protected. All other central services should be considered at risk before any reductions in school based budgets.
- 3.6.4 In the longer term, a review of central services should be undertaken with a core focus on effectiveness of support in terms of the impact on schools, children and families. This should be undertaken in partnership with schools and with full consultation.

3.7 Schools

- 3.7.1 As senior managers in the Authority charged with responsibility for the quality of educational provision, Association members cannot endorse any further reductions in individual schools' budgets.
- 3.7.2 A Schools Rationalisation programme involving all sectors should be taken forward more radically and with the minimum of delay. The typical savings generated by school closures have been indicated as £300,000 on an ongoing annual basis for a primary school and £1 million for a secondary school. Even without taking account of any capital receipts generated by closures, these figures would be significant in the attempt to deliver a balanced budget.
- 3.7.3 In the longer term, a cost benefit analysis should be carried out on the value of the Oracle purchasing system and associated contracts to schools.

4 Other Comments

- 4.1 The teaching staffing budget in a typical primary school accounts for around 80% of overall expenditure, with other staff making up as much as a further 15%. The remainder is made up of a range of costs, mainly the supplies and services budget that provides the books and equipment that children require on a daily basis, and the premises costs such as utilities. With very little room for manoeuvre, to make reductions on the scale advised would require, among

other drastic actions, the loss of non teaching time for Heads and Deputes to a level that would make it impossible to carry out the duties expected of them.

- 4.2 The current problem of having surplus staff unplaced in permanent posts is due in some degree to schools being forced to declare staff surplus as a result of previously applied efficiency savings. If schools are forced to declare even more staff as surplus due to further budget reductions, this problem is likely to create a financial pressure on its own. In the first instance, the burden is likely to fall on the Department of Children and Families, though should it revert to schools in the future it is unlikely that they will be able to carry the cost. If this 'vicious circle' of surplus staff costs cannot be managed through 'natural wastage', it may only be able to be solved through adopting a policy of redundancy or early retirement.
- 4.3 'A Teaching Profession for the 21st Century', commonly known as the 'McCrone Agreement', introduced staffing standards that are reflected in current school budgets. It also introduced expectations in relation to the support that teachers can expect in schools, including the allocation of Learning Assistants to carry out the duties that will release teachers to concentrate on making best use of their professional skills of teaching. It is difficult to see reductions in budgets of the magnitude suggested, without at least a perception of compromising the spirit of the agreement.
- 4.4 If the required reductions are achieved by significantly increasing the teaching commitment of Depute Heads, this may result in applications for a review of job sizing. If the additional teaching commitment for Deputes leads to Headteachers taking on increased duties and responsibilities, then it could in turn lead to requests for Headteacher posts to be resized. Any additional points allocated under such an exercise could result in additional salary costs, though any associated reductions in salary for individuals would be protected for a period of at least three years. The net effect could be to increase the cost of Headteacher and Depute Headteacher salaries, at least in the medium term.
- 4.5 The Association is concerned by the full devolution of further budgets to schools without proper consultation, especially those previously described as 'notionally devolved'. It is accepted that budgets carrying overspends were discussed with Headteacher representatives at the Headteachers' Executive meeting in October. However, while Headteachers were expecting further clarification, the decision to fully devolve 'notional' budgets was taken without their agreement.
- 4.6 Historically, budgets which were not devolved to schools were retained centrally because of the difficulty in forecasting annual costs. Typically, these budgets have protected schools from major, single costs that would be difficult to accommodate. The retention of these budgets within the department has effectively acted as an insurance policy by spreading the risk of unforeseen events across all schools. The Association is strongly of the opinion that this 'insurance principle' must be continued and that this implies that it is inappropriate to devolve certain budgets to schools. Included in this would be

the holiday pay for staff on maternity leave and any extension of the responsibility for absence cover beyond the 20 days for which schools are currently responsible. If these budgets are devolved to schools, then the result will almost certainly be an increase in the number of schools that are forced into an overspend position simply to meet their statutory obligations or the terms of Council agreements.

- 4.7 Much has been made of the fact that schools are expressing major concerns over budget allocations, yet at the same time have unspent funds from the previous financial years, generating 'carry forwards'. It should be understood that carry forwards represent prudent financial planning and are the equivalent of the 'contingency' that the Department of Children and Families has identified as one of its own priorities to create. Current year carry forwards are often the result of savings made in much earlier years and brought forward year on year as contingency.

5 Recommendations

- 5.1 The Association recommends that this paper should be given consideration by the Director of Children and Families.
- 5.2 The report should be shared more widely so that stakeholders in the budget process are aware of the views of the Primary Headteachers' Association
- 5.3 Representatives of the Association should be given the opportunity to meet with senior Elected Members to discuss the serious concerns outlined in this report and to give detailed examples of the effects on future service levels.

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